



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF MEETING OF THE FINANCE AND AUDIT COMMITTEE
Thursday, February 6, 2020 at 3:00 p.m.
560 Magnolia Avenue, Beaumont, CA 92223**

Directors present:	Director Hoffman and Director Slawson (Committee members)
Directors absent:	None
Staff present:	Director of Finance and Administrative Services Yolanda Rodriguez, Assistant Director of Operations James Bean, Administrative Assistant Erica Gonzales, Senior Finance and Administrative Analyst Bill Clayton, and Accounting Technician Sally Hernandez
Members of the public who registered:	None.

CALL TO ORDER

Director Hoffman called the meeting to order at 3:05 p.m. at 560 Magnolia Avenue, Beaumont, California.

PUBLIC INPUT: *None.*

ACTION ITEMS

1. Adjustments to the Agenda: *None.*
2. Review and Acceptance of the January 2, 2020 Minutes of the Finance and Audit Committee

The Committee accepted the minutes of January 2, 2020 as presented.

3. Receive and File the Check Register for the Month of December 2019

The Committee received and filed the December 2019 Check Register as presented.

4. Financial Reports/Recommendations

- a. Review of the December 2019 Budget Variance Report
- b. Review of the December 31, 2019 Cash/Investment Balance Report
- c. Review of Check Register for the Month of January 2020
- d. Review of January 2020 Invoices Pending Approval

Director Hoffman noted this is a preliminary version of the Budget Variance Report; Director of Finance and Administrative Services Yolanda Rodriguez said the final year-end transfers must still be done.

Chair Hoffman pointed out that income over the budgeted amount had been received and pointed out that later, expenses in excess of what was budgeted will be realized. He focused mostly on purchases of available imported water. Ms. Rodriguez added that the District is in a good position.

Director Slawson pointed out \$1 million less income than budgeted for water sales. Chair Hoffman noted the difference of \$13 million in income to \$14 million in expenses. Ms. Rodriguez explained the \$1 million difference. There were additional costs in salaries, and increased payments to suppliers and service providers which consists of imported water and Southern California Edison (electricity) from \$5.6 million in 2018 to \$6.8 million in 2019, she stated. In 2019, Rodriguez acknowledged, the District was in negative cash from operating activities as compared to 2018 due to the \$1 million less due to decreased receipts from customers and the increased payments as described.

Ms. Rodriguez pointed out that acquisition and construction of capital assets was \$1.8 million in 2019 as compared to \$2.4 million in 2018 and Senior Finance and Administrative Analyst Bill Clayton indicated the main cause was fewer meter installations and less activity related to Capital Improvement Program projects.

Interest income via CalTRUST is still positive at an anticipated \$1.5 million, Rodriguez noted. In response to Director Hoffman, Ms. Rodriguez said the amounts being invested have increased, and Hoffman added that the interest rate is a little higher. Once the District begins construction on CIP assets and infrastructure, Ms. Rodriguez cautioned, these interest earnings will drop. Director Hoffman noted that construction costs increase annually, also. Assistant Director of Operations James Bean noted the well-drilling market is competitive now, and the District is working to expedite projects to take advantage of the market.

Ms. Rodriguez gave an overview of investments and responded to questions from Chair Hoffman. Restricted cash has increased to \$32 million in December 2019, she noted, and \$28 million in operations for a total of \$61 million, an increase of \$3 million from December of 2018. Chair Hoffman noted a drop in total cash and investments; the first time he has seen a decrease in overall balance.

On the check register, Chair Hoffman pointed to an expense for CLA-Val and Mr. Bean said it was work on Well boosters 21A and B.

Director Slawson asked about the Beaumont Basin Watermaster Consolidated annual report; Ms. Rodriguez confirmed it is an expense shared among the members.

Director Slawson acknowledged a payment of \$211,869 for imported water. In response to Chair Hoffman, Mr. Bean explained an expense for purchase of a California Building Code book and online access for Engineering. Staff responded to additional questions from the Committee on the January check register.

Mr. Bean and Mr. Clayton commented on water supply.

After review and discussion, the Committee recommended presenting the Financial Reports to the Board for approval.

5. Analysis: Monthly electricity expenditures related to production

The Committee reviewed the report. Director Hoffman noted that the costs from 2017 and 2019 were about the same. Mr. Clayton suggested production in 2019 was lower than previous years. Mr. Bean noted that a new rate structure was effective in 2019.

6. Action List for Future Meetings:

- Update on Water Supply Conditions
- Water rates
- Capacity charges

ANNOUNCEMENTS

Director Hoffman read the following announcements:

- Regular Board Meeting: Feb. 12, 2020 at 6:00 p.m.
- District Offices will be closed on Monday, Feb. 17, 2020 in observance of Presidents' Day
- Town Hall Meeting: Thursday, Feb. 20, 2020 at 6:00 p.m.
- Engineering Workshop: Thursday, Feb. 27, 2020 at 6:00 p.m.
- Collaborative Agencies Committee meeting: March 4, 2020 at 5:00 p.m.
- Finance and Audit Committee Meeting: Thursday, March 5, 2020 at 3:00 p.m.

Ms. Rodriguez added that the Ad Hoc Communications Committee (Director Williams and Director Ramirez, with Director Hoffman as alternate) will meet on Monday, February 10 at 5:30 p.m.

ADJOURNMENT

Director Hoffman adjourned the meeting at 3:55 p.m.

A handwritten signature in black ink, appearing to read "David Hoffman", is written over a horizontal line.

David Hoffman, Chairman to the
Finance and Audit Committee of the Beaumont-Cherry Valley Water District