



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF MEETING OF THE FINANCE AND AUDIT COMMITTEE
Thursday, March 5, 2020 at 3:00 p.m.
560 Magnolia Avenue, Beaumont, CA 92223**

Directors present:	Director Hoffman and Director Williams (alternate)
Directors absent:	Director Slawson
Staff present:	General Manager Dan Jagers, Assistant Director of Operations James Bean, Senior Engineer Mark Swanson, 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 February 6, 2020 Minutes of the Finance and Audit Committee

The Committee accepted the minutes of February 6, 2020 as presented.

3. Receive and File the Check Register for the Month of January 2020

The Committee received and filed the January 2020 Check Register as presented.

4. Financial Reports/Recommendations

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

Director Hoffman reviewed the reports. He pointed out the total budget of \$2,617,701 for Operations, Materials and Supplies and asked about a variance. General Manager Jagers explained the budget and expenditures. Senior Finance and Administrative

Analyst Bill Clayton indicated there may be an error in the Excel spreadsheet related to calculation of the total percentage of budget.

In response to a question from Director Hoffman, Mr. Clayton explained the encumbered expenses are related to a purchase order or contract that is three to four months out, and those amounts are not available.

Mr. Jagers noted that interest rates are declining. Director Hoffman noted the contract for Well 4A and Mr. Bean advised it is completely installed and is awaiting Edison to re-install electrical.

Director Hoffman asked about conference expenses. Mr. Clayton noted that four employees will attend the Springbrook users conference in May. This is the financial and utility billing software used by the District, he said.

General Manager Jagers answered questions regarding accounts receivable, refunds of unused fees, and expenses related to recording documents with the County.

Staff responded to questions regarding specific information technology expenses.

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

General Manager Jagers advised that next month, there will likely be a large bill from the San Geronio Pass Water Agency due to recharge of 2,069 acre-feet at their facility.

5. Analysis: Monthly electricity expenditures related to production

Director Hoffman acknowledged the report.

6. Correspondence – Receive and File

- a. Letter outlining the Planned Scope and Timing of the Audit for Fiscal Year Ended December 31, 2019, pursuant to Statements on Auditing Standards No. 114 (SAS 114)

Senior Finance and Administrative Analyst Bill Clayton explained this is a standard letter required to be sent. It is a statement on auditing standards to increase the effectiveness of the auditor's communication with those charged with governance, i.e. the Finance and Audit Committee members.

Director Hoffman noted that an audit is done every year. Mr. Clayton reminded that this is the third year of a three-year contract with possible two-year extension for this auditor. In response to Director Hoffman, Mr. Clayton explained it is not required but recommended to change auditors after five years; or to switch partners at the auditing firm for a fresh look at everything.

GM Jagers pointed out the audit process has been more than satisfactory over the last two years. If this experience is similar, staff will come to the board for approval of a contract extension. Mr. Clayton pointed out that this auditor was on board for the first award received by the District, and an award has been again received this year.

Director Hoffman asked about the cost of the audit; Mr. Clayton said the 2018 cost was \$22,700. The amount increases in the fourth and fifth year of the contract, he noted. At the five-year mark, the District would likely go back out to bid for the service.

Given the unusual fiscal year end at BCVWD, getting new audit bids is rather easy, Clayton explained. Jagers explained the audit process.

7. Action List for Future Meetings:

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

ANNOUNCEMENTS

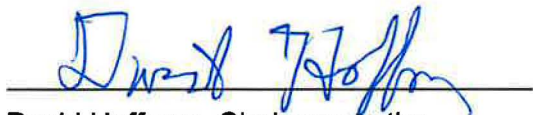
Director Hoffman read the following announcements:

- Regular Board Meeting: Wednesday, March 11, 2020 at 6:00 p.m.
- Personnel Committee meeting: March 23, 2020 at 5:30 p.m.
- Engineering Workshop: Thursday, March 26, 2020 at 6:00 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, April 1, 2020 at 10 a.m.
- Finance and Audit Committee Meeting: Thursday, April 2, 2020 at 3:00 p.m.

Director Hoffman advised that he will not attend the March 11 Board of Directors meeting.

ADJOURNMENT

Director Hoffman adjourned the meeting at 3:47 p.m.



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