



**BEAUMONT-CHERRY VALLEY WATER DISTRICT**  
560 Magnolia Avenue, Beaumont, CA 92223

**MINUTES OF THE SPECIAL MEETING OF THE  
FINANCE AND AUDIT COMMITTEE**  
Thursday, May 25, 2021 at 3:00 p.m.

*Meeting held via teleconference pursuant to  
California Government Code Section 54950 et. seq. and  
California Governor's Executive Orders N-29-20 and N-33-20*

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**CALL TO ORDER**

*Chair Hoffman called the meeting to order at 3:04 p.m. via video teleconference.*

**Announcement of Teleconference Participation**

Acting Director of Finance and Administrative Services William Clayton clarified that this meeting is conducted via teleconference pursuant to California Government Code Section 54953, and under Executive Order N-29-20 and N-33-20 of the Governor of California.

The teleconference capabilities of this meeting have been identified in the Notice and Agenda for this meeting. Due to the danger of COVID-19, the teleconference locations are not publicly accessible. The public's right to comment and participate in the meeting is being assured via teleconference and Zoom meeting capabilities.

The Beaumont-Cherry Valley Water District (BCVWD) will adhere as closely as reasonably possible to the provisions of the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to meetings.

*Attendance*

Directors present:	Director Hoffman, Director Covington
Directors absent:	None.
Staff present:	General Manager Dan Jagers Senior Engineer Mark Swanson Acting Director of Finance and Administrative Services William Clayton Human Resources Coordinator Sabrina Foley Senior Accountant Sylvia Molina Accountant III Lorena Lopez Administrative Assistant Erica Gonzales
Members of the public who registered:	Director Andy Ramirez (observer only) From Rogers, Anderson, Malody and Scott: Scott Manno

Acting Director of Finance and Administrative Services William Clayton verified that all members of the Finance and Audit Committee and staff have indicated that they are able to hear the other members clearly on the teleconference. No member expressed any reason to believe, based on voice recognition or otherwise, that those persons representing themselves to be directors are not truly so.

**PUBLIC INPUT:** *None.*

## **ACTION ITEMS**

1. Adjustments to the Agenda: *None.*

The following two items were discussed together.

2. Review 2020 External Audit

*General Manager Jagers and Acting Director of Finance and Administrative Services William Clayton introduced the report and gave some background.*

*Mr. Scott Manno of Rogers Anderson, Malody & Scott, the District's external auditors, described their responsibilities and presented the report. He expressed an unmodified opinion – the highest level of assurance on the financial statements. There were no internal control issues or findings, he explained. There was one journal entry proposed by the auditors, and any time there are three or less, the District is doing well, he noted. There were no other findings or issues with management, and no indications of fraud.*

*By consensus, the Committee recommended the audit move forward to the Board of Directors.*

3. Review Draft 2020 Comprehensive Annual Financial Report

*Acting Director of Finance and Administrative Services William Clayton introduced the report and noted that the name of the report has changed to the Annual Comprehensive Financial Report (ACFR).*

*Mr. Clayton shared highlights of the report. The District's net position as of December 31, 2020 was \$176.4 million, an increase of \$4.2 million from 2019, he noted. Operating reserves equal three months of the following year's budgeted operating expenses less depreciation, he added, and emergency reserves total 15 percent.*

*He explained a jump in liabilities due to the 20-year municipal bond rate used for calculation. He noted that it may be advisable for the District to set up a trust to pre-fund some liabilities. Mr. Jagers added detail on the trust option.*

*Clayton shared pension liabilities and Mr. Manno added detail. Director Covington asked about increases. Clayton explained the information from CalPERS and the budgeting of liabilities. He reminded the Committee of the presentation by Urban Futures regarding methods to pre-fund liabilities. Covington acknowledged the presentation and asked about intended action; Jagers noted that the action has been to add to the budget for*

*the liabilities. Clayton indicated that the determined amounts were built into the rate study. Monies are being collected and set aside toward those liabilities, he explained. Discussion ensued about alternatives. Covington suggested a topic on the Finance and Audit Committee agenda to re-examine the pension liabilities.*

*A revenue increase was seen due to greater water sales, Clayton noted, and an increase in cost of imported water.*

*Director Covington asked about a potential adjustment of rates; Mr. Jagers assured that staff would examine those and come back to the Board.*

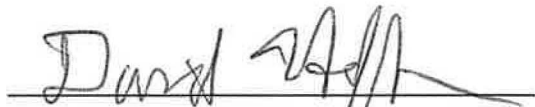
*Chair Hoffman observed that all records are in good order based on the audit and the rules and regulations followed by the auditor. Hoffman noted that in 2020, there were 188 new connections; a 1.8 percent increase in connections year over year which seems low. Hoffman commented that when capital purchases are made, funds are approved and set aside, so the District is not borrowing money and uses the pay-as-you-go system. He pointed to activities for which funds are fully or partially set aside.*

*In response to a question from Chair Hoffman, Mr. Clayton explained tracking of developer deposit-based fees, use of deposit funds and under collected fees. Some of the developers are now defunct and Jagers agreed that this is something to be resolved.*

*Hoffman asked about a note related to the Bonita Vista Water Company, which was absorbed by BCVWD. Jagers provided some history.*

*Mr. Manno added that Committee members may contact him with questions. He reiterated that the auditor works for the Board.*

**ADJOURNMENT: 4:34 P.M.**

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

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