



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, September 2, 2021 at 3:00 p.m.

***Meeting held via teleconference pursuant to
California Government Code Section 54950 et. seq. and
California Governor's Executive Order N-08-21***

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:22 p.m.

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-08-21 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 and Director Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Acting Director of Finance and Administrative Services William Clayton Senior Engineer Mark Swanson Human Resources Coordinator Sabrina Foley Accounting Technician Erica Gonzales
Members of the public who registered:	None.

PUBLIC INPUT: None.

ACTION ITEMS

1. Adjustments to the Agenda: *None.*
2. Introduction of Committee Members / Committee Reorganization by appointment of President Daniel Slawson on August 11, 2021

Chair Hoffman announced that Director Lona Williams has been appointed as a member of the committee, and Director Covington will serve as alternate.

3. Receive and file the Check Register for the Month of July 2021

The Committee received and filed the July 2021 Check Register as presented.

4. Financial Reports/Recommendations

- a. Review of the July 2021 Budget Variance Reports
- b. Review of the July 31, 2021 Cash/Investment Balance Report
- c. Review of Check Register for the Month of August 2021
- d. Review of August 2021 Invoices Pending Approval

General Manager Jagers drew attention to the San Geronio Pass Water Agency water importation charges and noted a variance. Of the \$3.87 million budgeted, \$660,000 has been spent. Mr. Jagers advised that there may or may not be more water available. He said if there are opportunities to obtain more water, they will be pursued in order to limit taking water out of the District's basin storage account.

Director Hoffman observed the low interest rates received. He pointed out that operating revenue received is on target and personnel expenditures are under budget. He noted that due to increased costs, the District may go over budget on materials and supplies. Mr. Clayton advised that electric rates have also increased, and Mr. Jagers noted an increase in cost of chemicals.

Director Williams noted that the health insurance budgeted for the Board of Directors has not been as costly as had been anticipated. Mr. Jagers advised that open enrollment is upcoming and may result in changes.

Ms. Gonzales responded to questions about the Employees' Flexible Spending Accounts.

Director Hoffman noted the purchase of meters and Mr. Clayton clarified the AMR/AMI project grant funding. Mr. Jagers pointed out expenditures on materials related to the Antonell Court pipeline project. In response to Director Hoffman, Mr. Jagers explained paving costs resulting from the City of Beaumont's new paving requirements. He estimated that new patches are costing approximately \$9,000 whereas the previous cost was around \$1,200. Jagers explained additional detail about the City's new fees and processes.

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

5. Expense and Per Diem Compensation Claims Submitted for Approval

General Manager Jagers introduced this first-time item as directed by the Board. Mr. Clayton explained the F&A Committee responsibility and a process to determine whether items are or are not reimbursable under policy.

Director Williams asked if events should be preapproved prior to coming to the Committee. Ms. Gonzales indicated that policy allows reimbursement after the attendance, but ideally, events should be preapproved by the full Board. Director Williams stated it should be a rare occasion that an event is not preapproved. Mr. Jagers indicated that the clarity of the policy will dictate, and noted this review will give a level of checks and balances.

Director Hoffman indicated concern with assurance that there is no abuse of the per diem compensation for online meetings for which attendance is not verifiable. Staff may not be able to obtain attendance records, Jagers noted, and this lends itself to an element of trust. It is a delicate process for staff to make determinations, he emphasized.

Director Williams suggested briefing the Board on the F&A Committee process at the next Board meeting. Mr. Jagers suggested a report out for transparency. Chair Hoffman will make the presentation to the Board.

6. Quarterly Report on District Vendor Expenditures in Fiscal Year 2021

Mr. Jagers acknowledged the report.

7. Review of Revenues Loss, Accounts Receivable Balances, and Cash Flows as related to the ongoing COVID-19 Local State of Emergency

General Manager Jagers provided background. Acting Director of Finance and Administrative Services Bill Clayton noted a September 10 deadline to identify revenue loss and other items to meet guidelines for potential reimbursement from the State Water Board.

Payment plans requested total \$104,000 and the current outstanding balance is only \$1,002, Clayton said. Mr. Jagers surmised these arrearages will be resolved, as customers are making payments.

The District is looking at a potential loss of \$420,000, plus arrearages of \$292,485 for a total possible exposure of \$720,000, Jagers advised; but the outstanding balances must be paid, he pointed out.

Director Williams asked about nonpaying customers. Mr. Clayton explained those that would have been disconnected.

Chair Hoffman pointed out that the average past due balance for accounts over 120 days is \$647, which is a fairly considerable amount for people to catch up and may be difficult to collect. Mr. Jagers noted that the District has the ability to lien the property, but is pursuing the State's solution.

8. Action List for Future Meetings

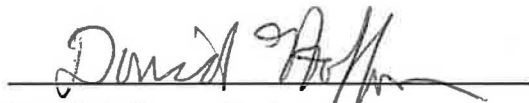
- *Fleet Maintenance opportunities*
- *Drought*

ANNOUNCEMENTS

Chair Hoffman read the following announcements:

- District offices will be closed Monday, Sept. 6 in observance of Labor Day
- Regular Board Meeting: Wednesday, Sept. 8, 2021 at 6 p.m.
- Personnel Committee Meeting: Monday, Sept. 20, 2021 at 5:30 p.m.
- Engineering Workshop: Thursday, Sept. 23, 2021 at 6 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, Oct. 6, 2021 at 10 a.m.
- Collaborative Agencies Meeting: Wednesday, Nov. 3, 2021 at 5:30 p.m.
- Finance and Audit Committee Meeting: Thursday, Oct. 7, 2021 at 3 p.m.

ADJOURNMENT: 4:36 P.M.

A handwritten signature in cursive script, 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