



Agenda
City of Beaumont Finance and Audit Committee Meeting
Regular Session 6:00 PM

550 E. 6th Street, Beaumont, Ca
Monday, November 4, 2019

Materials related to an item on this agenda submitted to the Finance and Audit Committee after distribution of the agenda packets are available for public inspection in the City Clerk's office at 550 E. 6th Street during normal business hours

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Page

REGULAR MEETING

CALL TO ORDER

Committee Members: Mayor Martinez, Council Member Carroll, Treasurer Baron Ginnetti, Chair Steve Cooley, Vice Chair Thomas LeMasters, Member Richard Bennecke, Member Ana Olvera, Member Billiath Bengesa, and Alternate Member Andrew Forster

Action on any requests for excused absence:

Pledge of Allegiance:

Approval/Adjustments to Agenda:

Conflict of Interest Disclosure:

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA):

Any one person may address the Committee on any matter not on this agenda. If you wish to speak, please fill out a "Public Comment Form" provided at the back table and give it to the Committee Chair or Secretary. There is a three (3) minute limit on public comments. There will be no sharing or passing of time to another person. State Law prohibits the Committee from discussing or taking actions brought up by your comments.

ACTION ITEMS/PUBLIC HEARINGS/REQUESTS

- | | |
|---|--------|
| 1. Adoption of Minutes
FAC Minutes 10.07.19 | 3 - 5 |
| 2. September Financial Reports
Receive and file.
Staff Report - Html
2019-09-30 Financial Reports | 7 - 13 |

3. List of Council Assigned Tasks:

1. **Develop a CFD Training Program for Local Realtors and Develop a CFD Frequently Asked Question (FAQ) Document to Post on the City's Website,**
2. **Assist with the Request for Proposal (RFP) Process for Independent Financial Audit Services,**
3. **Evaluate the City of Beaumont Investment and Financial Policies,**
4. **Evaluate the Security of the City of Beaumont's Telecommunications System(s),**
5. **Develop a Process for Grant Reporting, and**
6. **Develop a Financial Training Program for the General Public.**

[CFD Community Outreach draft](#)

4. Future Agenda Items

5. Meeting Review - Treasurer's Monthly Finance and Audit Committee Report to Council

6. Finance Director's Comments

Adjournment of the Finance and Audit Committee of the November 4, 2019 Meeting at ___ p.m.

The next regular meeting of the Finance and Audit Committee Meeting is scheduled for Monday, December 2, 2019 at 6:00 p.m.

Beaumont City Hall – Online www.BeaumontCa.gov



MINUTES
Finance and Audit Committee Meeting
Monday, October 7, 2019
Council Chambers
550 E 6th St. Beaumont, Ca
Regular Session: 6:00 PM

REGULAR MEETING

CALL TO ORDER at 6:00 p.m.

Committee Members: Mayor Martinez, Council Member Carroll, Treasurer Baron Ginnetti, Chair Steve Cooley, Vice Chair Thomas LeMasters, Member Richard Bennecke, Member Ana Olvera, Member Billiath Bengesa

Absent: Alternate Member Andrew Forster

Action on any requests for excused absence:

Pledge of Allegiance:

Approval/Adjustments to Agenda:

Conflict of Interest Disclosure:

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA):

Any one person may address the Committee on any matter not on this agenda. If you wish to speak, please fill out a "Public Comment Form" provided at the back table and give it to the Committee Chair or Secretary. There is a three (3) minute limit on public comments. There will be no sharing or passing of time to another person. State Law prohibits the Committee from discussing or taking actions brought up by your comments.

No speakers.

ACTION ITEMS/PUBLIC HEARINGS/REQUESTS

1. Adoption of Minutes

Motion by Member Bennecke

Second by Member Olvera

To approve the minutes dated September 9, 2019

Approved by a 7-0 vote

Abstain: Treasurer Ginnetti

Approved by a unanimous vote.

2. August Financial Reports

Motion by Vice Chair LeMasters

**Second by Member Bennecke
To receive and file.**

Approved by a unanimous vote.

3. List of Council Assigned Tasks:
1. Develop a CFD Training Program for Local Realtors and Develop a CFD Frequently Asked Question (FAQ) Document to Post on the City's Website,
 2. Assist with the Request for Proposal (RFP) Process for Independent Financial Audit Services,
 3. Evaluate the City of Beaumont Investment and Financial Policies,
 4. Evaluate the Security of the City of Beaumont's Telecommunications System(s),
 5. Develop a Process for Grant Reporting, and
 6. Develop a Financial Training Program for the General Public.

Creation of a sub-committee to create ideas and concepts to address priority no. 1 and report back at the November Finance and Audit Committee. Members of the sub-committee: Olvera, Bennecke, Mohlenkamp, and Parton.

Creation of a sub-committee to start evaluating the RFP to address priority no. 2. Members of the sub-committee: Cooley, Ginnetti, Mohlenkamp, and Parton.

Creation of sub-committee to address priority no. 3. Members of the sub-committee: Bengesa, Ginnetti, LeMasters.

Schedule a presentation by the IT department to present the policies and procedures to the Finance and Audit Committee to address priority no. 4.

Schedule a presentation regarding grants to the Finance Audit Committee in July of 2020 to address priority no. 5.

Creation of sub-committee to research a training program to address priority no. 6. Members of the sub-committee: Cooley and Mohlenkamp.

Approved by a unanimous vote.

4. Future Agenda Items
 - **CFD Allocation Report**
 - **Report back regarding priority no. 1**
5. Finance Director's Comments

Welcoming of new Finance Director, Jeffrey Mohlenkamp.
6. Meeting Review - Treasurer's Monthly Finance and Audit Committee Report to Council

ADJOURNMENT

Adjournment of the Finance and Audit Committee of the October 7, 2019 Meeting at 7:03 p.m.

The next regular meeting of the Finance and Audit Committee Meeting is scheduled for Monday, November 4, 2019, at 6:00 p.m.

Beaumont City Hall – Online www.BeaumontCa.gov

Staff Report

TO: Finance and Audit Committee Members
FROM: Jeff Mohlenkamp, Finance Director
DATE: November 4, 2019
SUBJECT: September Financial Reports

Background and Analysis:

September 2019 Monthly Financial Reports are attached for review, as follows:

1. General Fund (summary level) – Actual versus Budget, current month and year to date
2. General Fund (summary level) – Current versus Prior Year, current month and year to date
3. Waste Water Fund (summary level) – Actual versus Budget, current month and year to date
4. Waste Water Fund (summary level) – Current versus Prior Year, current month and year to date
5. Treasurer’s Report – Cash Account Reconciled Balance allocations by Fund

The August financials should result in 75% of the budget remaining. Because the budget to actual variances can be deceiving, please note the following:

Revenues	Actual greater than Budget	Positive Overall Effect
	Actual less than Budget	Negative Overall Effect
Expenses	Actual greater than Budget	Negative Overall Effect
	Actual less than Budget	Positive Overall Effect

Bank reconciliations are completed as follows:

Pooled Cash (Citibank)	thru 10/02/19
Bank of Hemet:	
Payroll	thru 9/30/19
Gas Tax	thru 9/30/19
Workers Comp	thru 9/30/19
Seizure/Evidence	thru 9/30/19
Construction	thru 9/30/19
Trustee Accounts	thru 9/30/19
LAIF	thru 9/30/19

CITY OF BEAUMONT
Cash Balance Analysis and Reconciliation
For the Three Months Ending September 30, 2019

Fund	Fund Name	Beginning Cash 6/30/19	Revenues	Expenses	Fund Transfers	Net Change Assets	Net Adjmts to Equity	Net Change Liabilities	Ending Cash 9/30/19
	GENERAL FUNDS	11,494,611.20	8,132,189.25	(8,065,174.84)	-	2,830,153.34	-	(3,405,367.75)	10,986,411.20
	SPECIAL REVENUE FUNDS	18,038,065.93	398,661.52	(261,973.75)	-	289,070.58	-	(10,116.63)	18,453,707.65
	CAPITAL FUNDS	39,815,584.68	758,041.85	(2,103,989.88)	10,413,503.03	4,464,650.12	-	(9,507,777.80)	43,840,012.00
	WASTEWATER FUNDS	11,184,422.59	1,366,339.00	(13,348,229.11)	-	16,800,755.85	-	(6,403,576.35)	9,599,711.98
	TRANSIT FUNDS	(1,333,771.14)	42,152.46	(678,713.36)	-	880,754.93	-	(81,738.69)	(1,171,315.80)
	AGENCY FUNDS	27,817,432.72	26,415,634.64	(40,542,034.51)	6,677,571.40	(29,659.07)	(28,609,262.14)	22,975,385.81	14,705,068.85
	TOTAL FUNDS	107,016,345.98	37,113,018.72	(65,000,115.45)	17,091,074.43	25,235,725.75	(28,609,262.14)	3,566,808.59	96,413,595.88

Reconciled Balances

Pooled Cash - Checking	57,846,047.53	54,694,674.04
Certificate of Deposit	200,000.00	200,000.00
Payroll	2,125,437.51	793,099.15
Workers Compensation	108,637.41	121,375.52
Gas Tax/Transportation	2,281,131.76	2,535,313.71
Construction	7,679,428.13	1,063,479.66
Seizure/Evidence	524,325.75	522,666.75
LAIF	36,251,337.89	36,482,987.05
Total Reconciled Balances	107,016,345.98	96,413,595.88



City of Beaumont, CA

PRELIMINARY

GENERAL FUND
Income Statement - Budget to Actual
For the Three Months and Year to Date 09/30/19

	Current Total Budget	September 2019 Activity	Year to Date Activity	Variance Favorable (Unfavorable)	% Remaining	FY19-20 Projection
REVENUES						
40 - TAXES	18,233,044.87	755,597.93	871,888.97	(17,361,155.90)	-95.22%	18,233,044.87
41 - LICENSES	214,221.00	8,653.45	112,985.98	(101,235.02)	-47.26%	214,221.00
42 - PERMITS	5,167,885.00	195,831.88	606,939.20	(4,560,945.80)	-88.26%	5,167,885.00
45 - INTERGOVERNMENTAL	21,288.00	0.00	0.00	(21,288.00)	-100.00%	21,288.00
47 - CHARGES FOR SERVICE	2,852,950.00	639,172.40	6,386,534.41	3,533,584.41	123.86%	2,852,950.00
50 - FINES AND FORFEITURES	133,850.00	4,307.64	14,357.29	(119,492.71)	-89.27%	133,850.00
53 - COST RECOVERY	125,000.00	62,587.07	119,076.04	(5,923.96)	-4.74%	125,000.00
54 - MISCELLANEOUS REVENUES	22,500.00	16,174.61	20,407.36	(2,092.64)	-9.30%	22,500.00
58- OTHER FINANCING SOURCES	5,000.00	0.00	0.00	(5,000.00)	0.00%	5,000.00
TOTAL REVENUES	<u>26,775,738.87</u>	<u>1,682,324.98</u>	<u>8,132,189.25</u>	<u>(18,643,549.62)</u>	<u>-69.6%</u>	<u>26,775,738.87</u>
EXPENSES						
60 - PERSONNEL SERVICES	19,419,793.00	1,187,892.55	4,965,507.50	14,454,285.50	74.4%	19,419,793.00
65 - OPERATING COSTS	12,378,437.56	683,470.26	2,986,539.86	9,391,897.70	75.9%	12,378,437.56
70 - CAPITAL IMPROVEMENTS	463,008.52	101,213.66	113,127.48	349,881.04	75.6%	463,008.52
TOTAL EXPENSES	<u>32,261,239.08</u>	<u>1,972,576.47</u>	<u>8,065,174.84</u>	<u>24,196,064.24</u>	<u>75.0%</u>	<u>32,261,239.08</u>
TRANSFERS						
90 - TRANSFERS	5,533,300.00	0.00	0.00	(5,533,300.00)	-100.0%	5,533,300.00
NET CHANGE	<u>47,799.79</u>	<u>(290,251.49)</u>	<u>67,014.41</u>	<u>19,214.62</u>	<u>40.2%</u>	<u>47,799.79</u>

FY19-20 PROJECTED NET CHANGE 47,800



City of Beaumont, CA

PRELIMINARY

GENERAL FUND
Comparative Income Statement
For the Three Months and Year to Date 09/30/2018 and 2019

	2018-2019 September 2018	2019-2020 September 2019	September Activity Favorable / (Unfavorable)	Variance %	2018-2019 Year to Date Activity	2019-2020 Year to Date Activity	YTD Variance Favorable / (Unfavorable)	Variance %
REVENUES								
40 - TAXES	778,379.42	755,597.93	(22,781.49)	-2.93%	948,714.90	871,888.97	(76,825.93)	-8.10%
41 - LICENSES	7,457.27	8,653.45	1,196.18	16.04%	60,467.18	112,985.98	52,518.80	86.86%
42 - PERMITS	376,209.60	195,831.88	(180,377.72)	-47.95%	1,521,952.67	606,939.20	(915,013.47)	-60.12%
45 - INTERGOVERNMENTAL	0.00	0.00	0.00	0.00%	11,730.00	0.00	(11,730.00)	-100.00%
47 - CHARGES FOR SERVICE	1,059,552.76	639,172.40	(420,380.36)	-39.68%	1,668,786.20	6,386,534.41	4,717,748.21	282.71%
50 - FINES AND FORFEITURES	7,582.82	4,307.64	(3,275.18)	-43.19%	7,976.32	14,357.29	6,380.97	80.00%
53 - COST RECOVERY	55,401.85	62,587.07	7,185.22	12.97%	87,121.24	119,076.04	31,954.80	36.68%
54 - MISCELLANEOUS REVENUES	1,723.42	16,174.61	14,451.19	838.52%	4,205.35	20,407.36	16,202.01	385.27%
58 - OTHER FINANCING SOURCES	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
TOTAL REVENUES	<u>2,286,307.14</u>	<u>1,682,324.98</u>	<u>(603,982.16)</u>	<u>-26.42%</u>	<u>4,310,953.86</u>	<u>8,132,189.25</u>	<u>3,821,235.39</u>	<u>88.64%</u>
EXPENSES								
60 - PERSONNEL SERVICES	1,321,858.24	1,187,892.55	133,965.69	10.13%	4,182,287.92	4,965,507.50	(783,219.58)	-18.73%
65 - OPERATING COSTS	2,111,990.78	683,470.26	1,428,520.52	67.64%	4,247,378.09	2,986,539.86	1,260,838.23	29.69%
70 - CAPITAL IMPROVEMENTS	5,418.34	101,213.66	(95,795.32)	-1767.98%	160,588.24	113,127.48	47,460.76	29.55%
TOTAL EXPENSES	<u>3,439,267.36</u>	<u>1,972,576.47</u>	<u>1,466,690.89</u>	<u>42.65%</u>	<u>8,590,254.25</u>	<u>8,065,174.84</u>	<u>525,079.41</u>	<u>6.11%</u>
TRANSFERS								
90 - TRANSFERS	<u>319,074.91</u>	<u>-</u>	<u>(319,074.91)</u>	<u>0.00%</u>	<u>(510,107.56)</u>	<u>0.00</u>	<u>510,107.56</u>	<u>100.00%</u>
NET CHANGE	<u>(833,885.31)</u>	<u>(290,251.49)</u>	<u>543,633.82</u>	<u>-65.19%</u>	<u>(4,789,407.95)</u>	<u>67,014.41</u>	<u>4,856,422.36</u>	<u>101.40%</u>



City of Beaumont, CA

PRELIMINARY

WASTE WATER FUNDS
Income Statement - Budget to Actual
For the Three Months and Year to Date 9/30/19

	Current Total Budget	September 2019 Activity	Year to Date Activity	Variance Favorable (Unfavorable)	% Remaining	FY19-20 Projection
REVENUES						
47 - CHARGES FOR SERVICE	2,441,957.00	268,591.43	601,739.32	(1,840,217.68)	-75.4%	2,441,957.00
53 - COST RECOVERY	0.00	0.00	6,236.10	6,236.10	0.0%	0.00
54 - MISCELLANEOUS REVENUES	(3,843,687.50)	97,062.05	99,319.11	3,943,006.61	-102.6%	(3,843,687.50)
56 - PROPRIETARY REVENUES	9,862,625.00	1,594,161.71	659,044.47	(9,203,580.53)	-93.3%	9,862,625.00
58 - OTHER FINANCING SOURCES	0.00	0.00	0.00	0.00	0.0%	0.00
TOTAL REVENUES	<u>8,460,894.50</u>	<u>1,959,815.19</u>	<u>1,366,339.00</u>	<u>(7,094,555.50)</u>	<u>-83.9%</u>	<u>8,460,894.50</u>
EXPENSES						
60 - PERSONNEL SERVICES	1,895,369.00	84,516.39	371,942.37	1,523,426.63	80.4%	1,895,369.00
65 - OPERATING COSTS	2,922,998.18	736,164.81	2,052,571.36	870,426.82	29.8%	2,922,998.18
70 - CAPITAL IMPROVEMENTS	1,303,637.64	4,513,802.80	10,923,715.38	(9,620,077.74)	-737.9%	1,303,637.64
TOTAL EXPENSES	<u>6,122,004.82</u>	<u>5,334,484.00</u>	<u>13,348,229.11</u>	<u>(7,226,224.29)</u>	<u>-118.0%</u>	<u>6,122,004.82</u>
DEBT SERVICE						
80 - DEBT SERVICE PAYMENT	(1,000,000.00)	-	-	(1,000,000.00)	100.0%	(1,000,000.00)
TRANSFERS						
90 - TRANSFERS	-	-	-	-	0.0%	-
NET CHANGE	<u>1,338,889.68</u>	<u>(3,374,668.81)</u>	<u>(11,981,890.11)</u>	<u>(868,331.21)</u>	<u>-64.9%</u>	<u>1,338,889.68</u>
FY19-20 PROJECTED NET CHANGE	1,338,889.68					



City of Beaumont, CA

PRELIMINARY

WASTE WATER FUNDS
Comparative Income Statement
For the Three Months and Year to Date 09/30/2018 and 2019

	2018-2019 September 2018	2019-2020 September 2019	September Activity Favorable / (Unfavorable)	Variance %	2018-2019 Year to Date Activity	2019-2020 Year to Date Activity	YTD Variance Favorable / (Unfavorable)	Variance %
REVENUES								
47 - CHARGES FOR SERVICE	386,446.91	268,591.43	(117,855.48)	-30.50%	740,633.21	601,739.32	(138,893.89)	-18.75%
53 - COST RECOVERY	0.00	0.00	0.00	0.00%	0.00	6,236.10	6,236.10	0.00%
54 - MISCELLANEOUS REVENUES	0.00	97,062.05	97,062.05	0.00%	0.00	99,319.11	99,319.11	0.00%
56 - PROPRIETARY REVENUES	1,466,648.39	1,594,161.71	127,513.32	8.69%	1,460,899.18	659,044.47	(801,854.71)	-54.89%
58- OTHER FINANCING SOURCES	8,895,000.00	0.00	(8,895,000.00)	0.00%	8,895,000.00	0.00	(8,895,000.00)	0.00%
TOTAL REVENUES	<u>10,748,095.30</u>	<u>1,959,815.19</u>	<u>(8,788,280.11)</u>	<u>-81.77%</u>	<u>11,096,532.39</u>	<u>1,366,339.00</u>	<u>(9,730,193.39)</u>	<u>-87.69%</u>
EXPENSES								
60 - PERSONNEL SERVICES	62,200.07	84,516.39	(22,316.32)	-35.88%	134,805.30	371,942.37	(237,137.07)	-175.91%
65 - OPERATING COSTS	435,821.75	736,164.81	(300,343.06)	-68.91%	856,259.97	2,052,571.36	(1,196,311.39)	-139.71%
70 - CAPITAL IMPROVEMENTS	8,636.46	4,513,802.80	(4,505,166.34)	-52164.50%	34,545.84	10,923,715.38	(10,889,169.54)	-31520.93%
TOTAL EXPENSES	<u>506,658.28</u>	<u>5,334,484.00</u>	<u>(4,827,825.72)</u>	<u>-952.88%</u>	<u>1,025,611.11</u>	<u>13,348,229.11</u>	<u>(12,322,618.00)</u>	<u>-1201.49%</u>
DEBT SERVICE								
80- DEBT SERVICE PAYMENT	0.00	(1,000,000.00)	1,000,000.00	0.00%	0.00	0.00	0.00	0.00%
TRANSFERS								
90 - TRANSFERS	0.00	-	0.00	0.00%	3,136,047.00	-	(3,136,047.00)	-100.00%
NET CHANGE	<u>10,241,437.02</u>	<u>(3,374,668.81)</u>	<u>(13,616,105.83)</u>	<u>-132.95%</u>	<u>13,206,968.28</u>	<u>(11,981,890.11)</u>	<u>(25,188,858.39)</u>	<u>-190.72%</u>

FOR AUDIT/FINANCE COMMITTEE REVIEW

CFD COMMUNITY OUTREACH: Talking Points

Charge Given To Audit/Fin. Committee by Beaumont City Council

1. Develop a CFD Training Program for local realtors.

Determined not to be cost effective due to the transient nature of real estate sales force. Real Estate Brokers and their agents are responsible for full disclosure of all pertinent and relevant information associated with the purchase of real property. This includes any and all data on taxes, special liens, special assessments, etc.

2. Develop FAQ to post on City's website.

Recommend to City Council that their consultant charged with CFD clarifications, Webb & Associates, develop a comprehensive FAQ pamphlet based on recent questions from concerned citizens. Make this FAQ available, in pamphlet form, to Real Estate Brokers and their sales force and publish FAQ on City's web-site.

3. Full Transparency.

Recommend to the City Council that a quarterly publication (newsletter, magazine) be published with current, relevant information to include budget status, CFD status, economic development activity, City wide meetings and upcoming events, etc. Mail this publication to all citizens and business owners and post on the City's web-site.

4. Develop Video For CFD Presentation.

Recommend that this not be undertaken at this time.

5. Implementation of Grand Jury Recommendation # 7, Bond Fund Security.

Recommend that the City Council add to the Audit/ Fin. Committee responsibilities, quarterly review of how Bond Money is being spent. Committee should make sure that Bond Money funds are directed for their intended purpose

and any diversion from the intent of the CFD Act, be reported to the appropriate authority.

Presented By Audit/ Finance Committee Members:

Ana Olvera, Richard Bennecke

10/19/2019