

## **MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JULY 23, 2020:**

*A meeting of the Finance Committee of the Palmdale Water District was held Thursday, July 23, 2020, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order at 1:00 p.m.*

### **1) Roll Call.**

#### **Attendance:**

Committee:

Gloria Dizmang, Chair (via teleconference)

Don Wilson,

Committee Member (via teleconference)

#### **Others Present:**

Dennis LaMoreaux, General Manager (via teleconference)

Adam Ly, Assistant General Manager (via teleconference)

Mike Williams, Finance Manager (via teleconference)

Judy Shay, Public Affairs Director (via teleconference)

Bob Egan, Financial Advisor (via teleconference)

Danielle Henry, Management Analyst

0 members of the public

### **2) Adoption of Agenda.**

It was moved by Committee Member Wilson, seconded by Chair Dizmang, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

### **3) Public Comments for Non-Agenda Items.**

There were no public comments for non-agenda items.

### **4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)**

#### **4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held June 18, 2020.**

It was moved by Committee Member Wilson, seconded by Chair Dizmang, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held June 18, 2020.

#### **4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of May 2020. (Financial Advisor Egan)**

Financial Advisor Egan provided an overview of the May to June Activity Report and Investment Funds Report, including Capital Improvement Funds received and the fluctuations in the checking account balance, and then reviewed the Cash Flow Statement, including assessments projected and received, the scheduled Butte County payment, and the projected year-end balance and stated that the quarterly Activity Report has been sent to the Committee Members.

**4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for June 2020. (Finance Manager Williams)**

Finance Manager Williams reviewed in detail the balance sheet, profit and loss statement and trends, and revenue and expense analysis reports for the period ending June 2020 and stated that most departments are operating at or below the targeted expenditure percentage of 50% followed by discussion of budgeting for vacation and benefit expenses and consultants.

**4.4) Discussion and Overview of Committed Contracts Issued. (Finance Manager Williams)**

Finance Manager Williams provided an overview of the Contractual Commitments and Needs Report for new and replacement capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, and the payout summary for the Water Revenue Bond Series 2018A through June 2020.

**4.5) Presentation, Consideration, and Possible Action on Receiving and Filing of 2019 Annual Financial Report. (Finance Manager Williams/Paul Kaymark, Nigro & Nigro)**

Finance Manager Williams provided an overview of the District's financial position for 2019, including the net position, operating revenues, operating expenses, water sales trends, and assessed valuation after which Mr. Paul Kaymark, of Nigro & Nigro, reviewed the remote audit process due to COVID-19 and thanked District staff for their cooperation in providing the necessary information for completion of the Annual Financial Report.

Controls and administrative expenses were then discussed after which Financial Advisor Egan reviewed the District's available cash position, which has increased approximately \$500,000.00.

It was then moved by Committee Member Wilson, seconded by Chair Dizmang, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to receive and file the 2019 Annual Financial Report and that this item be presented to the full Board for consideration at the July 27, 2020 Regular Board Meeting.

**5) Reports.**

**5.1) Finance Manager Williams:**

**a) Effect of COVID-19 Event.**

Finance Manager Williams stated that due to COVID-19 events, collection efforts were stopped March 17, 2020; that as of June 9, 2020, staff resumed sending late notices with no shut-off dates; that there will be no disconnections for non-payment of bills; that there is still no end date to the moratorium on shut-offs; that as of May 31, approximately \$95,805 in penalties have been deferred for billings from February through April; that as of June 30, there were 653 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$220,780 compared to 831 accounts at May 31 with an outstanding balance of \$227,644 indicating customers are beginning to pay on their past-due accounts; and that bills are being paid but at a slower pace.

**b) Rate Assistance Program Status.**

He then stated that as of June 30, there were 738 participants in the Rate Assistance Program with 390 being seniors, seven veterans, and 341 low income.

**c) Billing and Collection Statistics.**

He then stated that through May 2020, there is a slight increase in bills issued but a slight decrease in notices mailed compared to May 2019.

**d) Revenue Projections.**

He then stated that revenue is ahead of projections by approximately \$480,000.00.

**e) Accounts Receivable Aging Report.**

He then stated that the aging report shows receivables at June 30, 2020 are approximately \$457,000 higher than June 30, 2019; that comparing June 30, 2020 to June 30, 2019, there has been an increase in sixty-day delinquencies of approximately \$61,000; that there is a decrease in delinquencies from May 31 to June 30 of approximately \$16,000; but that there is an increase of approximately \$11,000 in ninety-day delinquencies.

**f) Payment Transactions by Type.**

He then stated that as of the second quarter, there has been a reduction in total payments of approximately 6,000 due to COVID-19 and the lobby being closed but that there is a 10,000 increase in electronic payments.

**5.2) Financial Advisor Egan:**

**a) Debt Service Coverage Status.**

Financial Advisor Egan stated that the Debt Service Coverage audited number for 2019 is 1.27 and that for the period of July 2019 through June 2020, it is 1.77.

**6) Board Members' Requests for Future Agenda Items.**

There were no requests for future agenda items.

**7) Date of Next Committee Meeting.**

It was determined that the next Finance Committee meeting will be held August 20, 2020 at 1:00 p.m.

**8) Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:15 p.m.

  
Chair