

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MAY 21, 2024:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, May 21, 2024, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 2:00 p.m.

1) Roll Call.

Attendance:

Committee:
Don Wilson, Chair
Scott Kellerman,
Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Diana Gunn, Accounting Supervisor
Cynthia Sanchez, Alt. Committee Member
Danielle Henry, Executive Assistant
1 member of the public

2) Adoption of Agenda.

It was moved by Committee Member Kellerman, seconded by Chair Wilson, 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 April 16, 2024.

It was moved by Committee Member Kellerman, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held April 16, 2024, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of April 2024. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, the Investment Funds Report, and the Cash Flow Statement through April 2024, including account transfers, assessments received, interest and market values, capital improvement funds, and the projected year-end balance followed by a brief discussion of asset receivables.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for April 2024. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the Balance Sheet Report, the Profit and Loss Statement, the departmental budgets versus actual, and individual departmental reports for the period ending April 2024 and stated that operating revenues are above the historical trend average at 28.9%, that expenses are below the historical trend average at 24.9%, and that four departments are above the traditional budgetary percentage of 30.3% due to the annual front loading of employer contributions for Health Spending Accounts, salaries, annual contract service renewals and permits, equipment, and telecommunication costs followed by a brief discussion of staff cell phone use and stipends.

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

Finance Manager Hoffmeyer 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 projects paid out through the 2021A and 2023A Series Water Revenue Bonds through April 2024 and stated that all 2021A Series Water Revenue Bond funds are now exhausted followed by a brief discussion of District investments.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer provided an overview of outstanding balances of amounts greater than \$50.00 for each account type at sixty and ninety days past due and stated that as of April 30, there are eleven payment arrangements totaling \$14,979.60 with \$9,232.56 collected to date and that the Low-Income Household Water Assistance Program (LHIWAP) concluded on March 31 and final one-time LHIWAP payments have been credited towards accounts that were enrolled in this Program.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, 2024 revenue is behind projections by approximately \$110,204 as of April 30 followed by a brief discussion of customer usage and the District's collection process on delinquencies.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for May 2023 to April 2024 is 1.77 and remains strong after which Finance Manager Hoffmeyer highlighted the contributing factors of the Debt Service Coverage.

5.3) Other.

Finance Manager Hoffmeyer stated that staff met with UBS Bank regarding the District's rate of return on investments and that the District is in a positive position after which Financial Advisor Egan commended Finance Manager Hoffmeyer on his work with UBS and the District's investments.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

7) Date of Next Committee Meeting.

After a brief discussion, it was determined that the next Finance Committee meeting will be held June 18, 2024 at 2:00 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:42 p.m.



Chair