

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JULY 16, 2024:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, July 16, 2024, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 2:03 p.m.

1) Roll Call.

Attendance:

Committee:
Don Wilson, Chair
Scott Kellerman,
Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Adam Ly, Assistant General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Wendell Wall, Facilities Manager
Joe Marcinko, Operations Manager
Claudia Bolanos, Resource and Analytics Dir.
Judy Shay, Public Affairs Director
Diana Gunn, Accounting Supervisor
Cynthia Sanchez, Alternate Committee Member
Danielle Henry, Executive Assistant
4 members 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 June 18, 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 June 18, 2024, as written.

4.2) Consideration on a Recommendation to Receive and File the 2023 Annual Financial Report. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer introduced Mr. Paul Kaymark and Mr. Jared Solmosen, of Nigro & Nigro, who provided an overview of the District's 2023 Annual Financial Report, including the statement of revenues, expenses, capital expenses, debt service, acquisition of State Water Project rights, and the change in net position, and after a brief discussion of capital improvement fees, surplus water sales and purchases, and clarification of the audit delay due to GASB 75 reporting, 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 recommendation to receive and file the 2023 Annual Financial Report as presented and that this item be presented to the full Board for consideration at the July 22, 2024 Regular Board Meeting.

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

Financial Advisor Egan clarified the difference between ad valorem and State Water Project taxes and then provided an overview of the monthly Major Account Activity Report, the Quarterly Major Account Activity Report, the Investment Funds Report, and the Cash Flow Statement through June 2024, including account transfers, assessments received, capital improvement funds, interest and market values, scheduled payments, water transfer revenue, and the projected positive year-end balance followed by a brief discussion of projected capital improvements fees and State Water Project Table A water transfer sales.

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

Finance Manager Hoffmeyer reviewed in detail the Balance Sheet Report, the Balance Sheet Annual Quarterly Comparison Report, the Profit and Loss Statement, the Profit and Loss Quarterly Comparisons, the departmental budgets versus actual, the projected year-end interest earnings, and individual departmental reports for the period ending June 2024, including GASB reporting and bond issue liabilities, and stated that

operating revenues are above the historical trend average at 46.1%, that expenses are below the historical trend average at 38.4%, and that most departments are at or below the traditional budgetary percentage of 50% followed by a brief discussion of Customer Care expenses.

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

Finance Manager Hoffmeyer provided a brief 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 2023A and 2024A Series Water Revenue Bonds in June 2024 followed by a brief discussion on the progress of the meter exchange project, the WIFIA Loan, and grant opportunities.

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 June 30, there are fifteen payment arrangements, including nine leak-related, totaling \$16,350.63 with \$11,673.65 collected to date.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, 2024 revenue is behind projections by approximately \$127,650 as of June 30 and that staff anticipates that revenues will soon be ahead of projections.

c) Payment Transactions by Type.

Electronic payments and staff time were briefly discussed.

d) Billing and Collection Statistics.

Finance Manager Hoffmeyer stated that this report was included in the agenda packet for information.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for July 2023 to June 2024 is 2.04 and remains strong.

5.3) Other.

Finance Manager Hoffmeyer provided a brief update on the transfer of online payment platforms from Electronic Payment Exchange (EPX) to Pace Payment Systems, Inc. followed by a brief discussion of the platform service charges and the additional features and payment options.

General Manager LaMoreaux then stated that the preliminary results of the 2024 Rate Study will be presented at the August 12 Regular Board Meeting.

6) Board Members' Requests for Future Agenda Items.

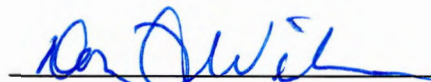
There were no requests for future agenda items.

7) Date of Next Committee Meeting.

It was determined that the next Finance Committee meeting will be held August 20, 2024 at 2:00 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:15 p.m.


Chair