

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, FEBRUARY 18, 2025:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, February 18, 2025, 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
Scott Rogers, Assistant General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Cynthia Sanchez, Committee Member Alternate
Patricia Guerrero, Management Analyst
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 January 21, 2025.

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 January 21, 2025, as written.

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

Financial Advisor Egan 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 December 2024, including account transfers, assessments received, capital improvement funds, interest and market values, and scheduled payments, and stated that the year-end balance is very healthy followed by a brief discussion of transfers to the Rate Stabilization Fund, of the Debt Service Coverage, of anticipated assessments and grant reimbursements, and of revenue received from State Water Project Table A water transfers.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for December 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 December 2024, including bond payments, payment of 2024 invoices received in 2025, and the continued increase in water sales and stated that operating revenues are above the historical trend average at 104.6%, that expenses are below the historical trend average at 87.1%, that most departments are at or below the traditional budgetary percentage of 100%; and that staff is preparing for the annual audit followed by a brief discussion of the WIFIA Loan, of land leases, of sales tax on chemical costs; and of the personnel to operations ratio.

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 2023A and 2024A Series Water Revenue Bonds in December 2024 and stated that all funds have been committed for the 2023A Water Revenue Bond and that \$6,345,000.00 remains unallocated for the 2024A Water Revenue Bond.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Rate Assistance Program Status.

Finance Manager Hoffmeyer stated that the Rate Assistance Program is nearing full capacity of 700 customers with 668 processed applicants.

b) Accounts Receivable Overview.

He then provided a brief update on outstanding balances for accounts 60 days delinquent and stated that as of December 31, there are nine payment arrangements totaling \$6,134.63 with \$3,625.93 collected to date and that December experienced delays in delinquent shutoffs due to office holiday closures.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, 2024 revenue was ahead of projections by approximately \$360,600.00 as of December 31.

c) Payment Transactions by Type.

He then stated electronic payments continue to lead in payment type and that there has been an increase in front counter payments.

d) Billing and Collection Statistics.

He then provided a brief overview of the delay in shutoffs for non-payment.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for January 2024 to December 2024 is very strong at 2.95 and includes the \$857,000.00 transfer to the Rate Stabilization Fund.

5.3) Other.

Finance Manager Hoffmeyer stated that the audit inventory concluded in January and that the fieldwork will begin in March.

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 March 18, 2025 at 2:00 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:03 p.m.



Chair