

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, FEBRUARY 22, 2022:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, February 22, 2022, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Wilson called the meeting to order at 2:00 p.m.

1) Roll Call.

Attendance:

Committee:

Don Wilson, Chair

Gloria Dizmang, Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Dennis Hoffmeyer, Finance Manager

Judy Shay, Public Affairs Director

Diana Gunn, Accounting Supervisor

Bob Egan, Financial Advisor

0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Dizmang, 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 25, 2022.

It was moved by Committee Member Dizmang, 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 25, 2022, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of December 2021. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, Investment Funds Report, and Cash Flow Statement through December 2021, including transfers to investment accounts and the Rate Stabilization Fund, assessments received, Mojave water costs, capital improvement funds, anticipated pay-outs, and the projected year-end balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for December 2021. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the balance sheet, profit and loss statement and trends, quarter to quarter comparisons, and revenue and expense analysis reports for the period ending December 2021 and stated that departments are operating at or near the targeted expenditure percentage of 100% followed by discussion of state arrearages applied, the increased cost of electricity, and Director meetings and expenses.

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 the payout summary for the 2018A Series and 2021A Series Water Revenue Bonds through December 2021.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) The Effect of COVID-19 Event.

Finance Manager Hoffmeyer stated that due to COVID-19 events, as of December 31, 2021, there were 2,172 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$871,057, which includes state arrearage funding, compared to 2,047 accounts at November 30, 2021 with an outstanding

balance of \$1,333,999 and 1,644 accounts at December 31, 2021 with an outstanding balance of \$764,227.

b) Revenue Projections.

He then stated that 2021 revenue is ahead of projections by approximately \$668,000 as of December 31, 2021.

c) Rate Assistance Program Status:

He then stated that as an update, there are now 584 accounts qualified for the Rate Assistance Program with one opening remaining in the Program.

d) Billing & Collection Statistics:

He then stated that the billing and collection cycle through December 2021 shows a slight increase in bills issued and notices mailed compared to December 2020 and that the District began issuing shut-off notices last month in accordance with SB 998 with larger account delinquencies being shut off first.

e) Payment Transaction Statistics:

He then stated that electronic payments continue to increase and that a large amount of customers continue to pay with cash.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for January 2021 to December 2021 is 2.00 and remains strong.

5.3) Other.

General Manager LaMoreaux provided an update on the ongoing fraudulent claim with the Employment Development Department and the District's efforts to recoup monies required to be paid on the fraudulent claim.

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 29, 2022 at 2:00 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:02 p.m.



Chair