

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MAY 16, 2023:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, May 16, 2023, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 1:30 p.m.

1) Roll Call.

Attendance:

Committee:

Don Wilson, Chair

Kathy Mac Laren-Gomez,

Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Dennis Hoffmeyer, Finance Manager

Bob Egan, Financial Advisor

Judy Shay, Public Affairs Director

Diana Gunn, Accounting Supervisor

Danielle Henry, Executive Assistant

Patricia Guerrero, Management Analyst

0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Mac Laren-Gomez, 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 18, 2023.

It was moved by Committee Member Mac Laren-Gomez, 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 18, 2023, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of April 2023. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Reports, the Investment Funds Report, and the Cash Flow Statement through April 2023, including assessments received, account transfers, increased interest, face and market values, and the projected year-end balance.

General Manager LaMoreaux then recommended that Agenda Item No. 5.2 be presented by Financial Advisor Egan to conclude his reporting.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for May 2022 to April 2023 is 1.48 and remains in a positive position.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for April 2023. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the balance sheet, profit and loss statement, departmental budgets versus actual, and individual departmental budgets for the period ending April 2023 and stated that operating revenue is on track with the historical trend average of 28%, that expenses are slightly below the historical trend average at 27%, and that most departments are operating at or below the traditional budgetary percentage of 33.3% followed by a brief discussion of capital assets, tax assessments, and retention payment refunds.

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 Series Water Revenue Bonds through April 2023 and stated that all

bond funding has been allocated and is expected to be funded ahead of the three-year payout schedule.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer stated that as of April 2023, there are 13 commercial/industrial accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$10,945 and \$822 over ninety days past due; that there are 2 multi-family residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$921 and \$7 over ninety days past due; that there are 837 single-family residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$237,662 and \$31,773 over ninety days past due; that there are 4 unclassified accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$6,825 and \$28 over ninety days past due; and that staff continues to offer payment arrangements encouraging the payment of outstanding balances.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, revenue is behind projections by approximately \$980,558 as of April 2023.

5.3) Other.

Finance Manager Hoffmeyer stated that information has been provided today regarding bond funding for capital projects and that staff is working with NHA Advisors to pursue the additional \$10 million in bond funding per the 2019 Rate Study followed by a brief discussion of inflation and of grant funding and the project timeline for Pure Water AV.

He then stated that staff anticipates presentation of the 2022 draft audit report at the June 12, 2023 Regular Board meeting.

There were no other items to report.

6) Board Members' Requests for Future Agenda Items.

The project timelines of the 6M Clearwell and 3M Booster Station replacement were briefly discussed.


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 20, 2023 at 1:30 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:09 p.m.



Chair