

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, AUGUST 23, 2023:

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, August 23, 2023, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 2:18 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
Diana Gunn, Accounting Supervisor
Danielle Henry, Executive Assistant
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 July 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 July 18, 2023, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of July 2023. (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 July 2023, including account transfers, assessments received, increased interest and market value received, and the projected year-end balance, and then highlighted the importance of maintaining a positive cash balance in relation to the District's bond rating.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for July 2023. (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 budgets for the period ending July 2023, including the anticipated 2023-2024 tax assessments, and then stated that operating revenues are slightly below the historical trend average at 53.5%; that expenses are slightly below the historical trend average at 54.4%; that most departments are operating at or below the traditional budgetary percentage of 58.3%; and that chemical costs have increased due to additional surface water treatment followed by clarification that the increase in purchased water is the transportation costs of State Water Project water and a brief discussion of the collections process.

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 July 2023.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer provided a detailed overview of outstanding balances of amounts greater than \$50.00 for each account type at sixty and ninety days past due and stated that there are eleven payment arrangements as of July 31.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, revenue is behind projections by approximately \$1,301,523 as of July 2023.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for August 2022 to July 2023 is 1.36 and remains strong after which Finance Manager Hoffmeyer provided a brief overview of the outstanding 2013 Bond payoff.

5.3) Other.

Finance Manager Hoffmeyer stated that staff received notification of an increase in United States Postal Service rates from InfoSend, Inc. resulting in an estimated increase of \$4,000.00 in postage expenses for the year.

There were no other items to report.

6) Board Members' Requests for Future Agenda Items.

Committee Member Mac Laren-Gomez inquired about the potential budget impact regarding the change in medical benefit coverage considered by the Personnel Committee for presentation to the full Board after which Finance Manager Hoffmeyer stated that this information will be included in the agenda packet for the September 11, 2023 Regular Board Meeting.

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 September 19, 2023 at 1:30 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:53 p.m.



Chair