

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JULY 22, 2025:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, July 22, 2025, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 2:30 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 Hloffmeyer, Finance Manager
Bob Egan, Financial Advisor
Cynthia Sanchez, Committee Member Alt.
Danielle Henry, Executive Assistant
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 June 17, 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 June 17, 2025, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of June 2025. (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 June 2025, including account transfers, assessments received, capital improvement funds, interest and market values, Redevelopment Agency (RDA) passthrough funds received, scheduled payments, and the projected year-end balance followed by a brief discussion of water revenue bond interest, interest rates on various investment types, and staff's recommendation to make another transfer into the Rate Stabilization Fund before year end.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for June 2025. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the Balance Sheet, the Balance Sheet Variance, the Income Statement, the Income Statement Variance, and the Departmental Reports for the period ending June 2025, including account transfers, investments and interest earnings, capital improvement fees and project funding, Table A Water sales, increased water sales and meter fees, and GASB 101 adjustments related to sick leave and then stated that operating revenues are above the historical trend average at 53.4%; that expenses are below the historical trend average at 42%; and that two departments are above the traditional budgetary percentage of 50% due to the front-loading of employee Health Savings Accounts (HSA) and payment of annual contracts followed by a brief discussion of electrical expenses and the status of the District's solar projects.

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

Finance Manager Hoffmeyer provided an overview of the Project Expense Transactions Report, including payments made from the General Fund, the General Fund Grant Offset, and Water Revenue Bonds in June 2025 followed by a brief discussion of unallocated 2023A and 2024A Water Revenue Bond funds, contractor penalties, and anticipated tax obligations on the restricted interest earnings.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer provided a brief update on outstanding balances for accounts 60 days delinquent and stated that as of June 30, there are eight payment arrangements totaling \$3,179.40 with \$834.11 collected to date with leak adjustments, financial hardships, and reinstatement of prior arrangements as the contributing factors.

b) Revenue Projections.

He then stated that based on selling 15,000 AF of water, 2025 revenue is ahead of projections by approximately \$2,185,095.00 as of June 30 providing a healthy position to make an additional transfer into the Rate Stabilization Fund.

c) Payment Transactions by Type.

He then stated that electronic payments continue as the lead payment type.

d) Billing and Collection Statistics.

He then reported that staff processed 463 off & locks for non-payment in June.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the audited Debt Service Coverage for 2024 is 3.18 and for July 2024 to June 2025 is 3.94, both being very healthy numbers.

5.3) Other.

Finance Manager Hoffmeyer stated that staff is preparing the required WIFIA pro forma reporting and the C-DAC annual reporting.

6) Board Members' Requests for Future Agenda Items.

General Manager LaMoreaux suggested that "Discussion of the Rate Stabilization Fund" be added to the next meeting agenda.


There were no further requests for future agenda items.

7) Date of Next Committee Meeting.

It was determined that the next Finance Committee Meeting will be held August 19, 2025 at 2:30 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:34 p.m.



Chair