

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

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, April 22, 2025, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 2:01 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
Danielle Henry, Executive Assistant
0 members 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 March 27, 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 March 27, 2025, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of March 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 March 2025, including account transfers, assessments received, increased capital improvement funds, interest and market values, and scheduled payments followed by a brief discussion of the projected year-end balance with the decrease of approximately six percent in assessments received, of anticipated Redevelopment Agency (RDA) passthroughs, and of declining interest rates on various investment types.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for March 2025. (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 March 2025, including the decrease in assessments received, the anticipated Table A water transfer sales, the revenue bond payments, increased meter fees and anticipated year-end water sales, and the increase in collected capital improvement funds and stated that operating revenues are above the historical trend average at 24.8%, that expenses are below the historical trend average at 20.7%, and that most departments are above the traditional budgetary percentage of 25% due to the front loading of Health Spending Accounts (HSA).

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

Finance Manager Hoffmeyer stated that a new General Fund Report has been provided along with the standard Contractual Commitments and Needs Report per discussions from the last Finance Committee Meeting and then provided a detailed overview of active District projects and contractor payments through the general construction fund and the 2023A and 2024A Series Water Revenue Bonds in March 2025 followed by a brief discussion of anticipated grant funding reimbursement and interest gains from the water revenue bonds.

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 March 31, there are twenty-six payment arrangements totaling \$9,975.81 with \$4,973.49 collected to date and that the majority of arrangements are related to leak adjustments and posting errors.

b) Revenue Projections.

He then stated that based on selling 15,000 Acre Feet (AF) of water, 2025 revenue is ahead of projections by approximately \$923,000.00 as of March 31.

c) Payment Transactions by Type.

He then stated electronic payments continue to lead in payment type.

d) Billing and Collection Statistics.

He then provided a brief overview of the delay in shutoffs for non-payment followed by a brief discussion of the smart meter customer notification capabilities for high usage and of arrangements for leak adjustments.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for April 2024 to March 2025, including the Rate Stabilization Fund transfer, is 3.51 and remains strong.

5.3) Other.

Finance Manager Hoffmeyer stated that staff anticipates receipt of the draft audit reports for the Palmdale Recycled Water Authority (PRWA) and the Antelope Valley State Water Contractors Association (AVSWCA) and that the draft audit report for the District is scheduled to be presented at the next Finance Committee Meeting.

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 May 20, 2025 at 2:00 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:01 p.m.

A handwritten signature in blue ink, appearing to read "Alan O'Neil", is written over a horizontal line.

Chair