

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, OCTOBER 19, 2021:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, October 19, 2021, 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

Mike Williams, Finance Manager

Judy Shay, Public Affairs Director

Angelica Barragan-Garcia, Human Resources Dir.

Dennis Hoffmeyer, Finance Manager

Bob Egan, Financial Advisor

Dawn Deans, Executive Assistant

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 on the following roll call vote to adopt the agenda, as written:

Chair Wilson – aye

Committee Member Dizmang – aye

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 September 22, 2021.

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 September 22, 2021, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of September 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 September 2021 and through the quarter ending September 2021, including assessments, interest, and capital improvement fees received, bond debt payments, and the projected year-end balance.

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

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 September 2021 and stated that departments are operating at or below the targeted expenditure percentage of 75% followed by discussion of Palmdale Recycled Water Authority and CalPERS expenses.

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

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 September 2021.

4.5) Discussion and Overview of Draft 2022 Budget. (Finance Manager Williams/Accounting Supervisor Hoffmeyer)

Finance Manager Hoffmeyer provided an overview of the initial draft 2022 Budget, including projected water sales based on the 2019 Water Rate Study, projected

operating revenue and expenses, anticipated personnel expenses, and departmental expenses.

5) Reports.

5.1) Finance Manager Williams:

a) The Effect of COVID-19 Event.

Finance Manager Williams stated that due to COVID-19 events, as of September 30, 2021, there were 1,769 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$1,146,664 compared to 1,575 accounts at June 30, 2021 with an outstanding balance of \$919,061 and 1,274 accounts at September 30, 2020 with an outstanding balance of \$475,744 and that cash received for September 2021 was 5.48% higher than August 2021, 8.95% higher than July 2021, and 6.39% higher than September 2020.

b) Revenue Projections.

He then stated that 2021 revenue is ahead of projections by approximately \$705,000 as of September 30, 2021.

c) Payment Transactions by Type.

He then stated that the third quarter report shows a slight reduction in total payments of 4,200 compared to 2020 but a huge increase in electronic payments of approximately 9,000.

d) Accounts Receivable Aging Report.

He then stated that the Accounts Receivable Aging Report as of September 30, 2021 shows an increase of approximately \$695,000 compared to September 30, 2020 and an increase in 120+ delinquencies of \$373,000 compared to September 30, 2020.

e) Rate Assistance Program Status.

He then stated that as of September 30, 2021, there are 709 Rate Assistance Program participants with 359 seniors, 14 veterans, and 336 low income.

f) Billing and Collection Statistics.

He then stated that the billing collection cycle through August 2021 shows a slight increase in bills issued and a slight increase in notices mailed compared to August 2019 and 2020.

The effect of COVID-19 on the District's finances and funding for the Rate Assistance Program were then discussed after which Finance Manager Williams stated that the District has applied to the state for relief of past due water bills due to COVID-19 in the amount of \$757,000 for the period of March 2020 to June 15, 2021 and that funds are anticipated to be received in November 2021.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for October 2020 to September 2021 is 2.75.

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 a special Finance Committee meeting will be held November 4, 2021 at 2:00 p.m. to review the 2022 Budget and that the regular Finance Committee meeting will be held November 23, 2021 at 2:00 p.m.

Finance Manager Hoffmeyer then provided an update on the recent Request for Proposals process for auditing services.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:58 p.m.



Chair