

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, FEBRUARY 20, 2024:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, February 20, 2024, 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
Scott Kellerman,
Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Adam Ly, Assistant General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Diana Gunn, Accounting Supervisor
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 January 16, 2024.

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 January 16, 2024, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of January 2024. (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 January 2024, including account transfers, assessments received, interest and market values, scheduled payments, capital improvement funds and the projected year-end balance followed by a brief discussion of interest rates, of the stock market, of the District's Investment Policy, and of the increased assessments received.

4.4) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for January 2024. (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 reports for the period ending January 2024 and stated that operating revenues are above the historical trend average at 7.38%, that expenses are below the historical trend average at 7.32%, and that most departments are above the traditional budgetary percentage due to the annual front loading of employer contributions for Health Spending Accounts followed by a brief discussion of staff overtime and final 2023 audit adjustments.

4.5) 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 and 2023A Series Water Revenue Bonds through January 2024 and stated that the Well 36 Project will soon be open for rebids.

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 as of January 31, there are seventeen payment arrangements totaling \$17,433.36 with \$8,066.54 collected to date.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, 2024 revenue is behind projections by approximately \$41,347 as of January 31 followed by a brief discussion of customers' water usage and account types.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for February 2023 to January 2024 is 1.50 and that staff has done an excellent job with managing finances.

5.3) Other.

Finance Manager Hoffmeyer stated that staff is preparing for the 2024 Rate Study including Drought Surcharge adjustments and reclassification of Multi-Family fire protection rates.

There were no other items to report.

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 March 19, 2024 at 1:30 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:19 p.m.



Chair