BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

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FINANCE COMMITTEE
REGULAR MEETING

REPORT

TUESDAY SEPTEMBER 8, 2026 – 3:00 PM
BOARD ROOM
500 W. RIDGECREST BLVD., RIDGECREST

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ATTENDEES: Ron Kicinksi, Mallory Boyd, Renee Morquecho, Ty Staheli, John Svika, and Justin Thompson

**1. Call to Order**

The Finance Committee Meeting was called to order at 3:00 pm.

**2. Committee/Public Comments**

The Committee heard comment for the Ground Water Authority General Manager.

**3. Fraud Risk Discussion**
Description: Discuss potential or actual fraud risks within the organization.

The District has scheduled the final 2026 Audit for the end of October.

**4. Credit Card Fees**
Description: Options on mitigating credit card fee cost increases

Over the last few years, payment processing costs have increase from an average of $60,000 per year to $250,000 per year. We have seen an industry-wide movement to push some of these fees to the customer.

Our payment processor provides a Revenue Neutral option that removes the District from the collection and payment of these credit/debit card processing fees. The cost to the customer, if choosing to pay by credit or debit card, is the greater of $3.00 or 3.5% of the payment.

Cash, check, Electronic check, ACH, and bank BillPay payments would continue to be accepted at no cost to the customer.

Anticipated savings to the District from this action would approximate $110,000.

Committee recommends bringing the item to the Board.

**5. Second Quarter 2026 Investment Reports**

Description: Presentation to Committee of the quarterly investment earnings of the District's reserves in the Kern County Treasury and the State Treasury's Local Agency Investment Fund (LAIF).

**INDIAN WELLS VALLEY WATER DISTRICT**
**QUARTERLY INVESTMENT REPORT**
**QUARTER ENDING JUNE 2026**

| INVESTMENTS | UNRESTRICTED | RESTRICTED | TOTAL |
|---|---|---|---|
| Cash in Bank | $ 3,922,484 | 0 | |
| Local Agency Investment Fund | 365,376 | | |
| Kern County Treasurer | 7,528,864 | 155,194 | |
| BNY Mellon | | | |
| 2024 Bond Project Fund | | 2,843,135 | |
| Total Water District Investments | $ 11,816,723 | $ 2,998,328 | $ 14,815,052 |

| RESERVES | DISTRICT DESIGNATED | RESTRICTED | TOTAL |
|---|---|---|---|
| Capital Improvements & Replacements (Committed) | $ 782,890 | | |
| Vehicle Replacement (Assigned) | 355,545 | | |
| Computer Equipment Replacement (Assigned) | 100,700 | | |
| Emergency Reserve (Committed) | 3,542,983 | | |
| Alternate Water Supply/Future Source of Supply (Assigned) | 2,372,045 | | |
| Miscellaneous Capital (Assigned for projects postponed) | 21,338 | | |
| Customer Deposits & Credits (Nonspendable) | 279,282 | | |
| Prepaid Connection Fees (Nonspendable) | 391,006 | | |
| Post-Retirement Health Benefits - Kern County (Assigned) | 353,363 | | |
| Emergency Reserve (Uncommitted) | 3,617,572 | | |
| AD 87-1 Reserve Funds | | 80,546 | |
| 2024 Bond Project Funds | | 2,843,135 | |
| Capital Facility Fees | | 74,647 | |
| Total Water District Reserves | $ 11,816,723 | $ 2,998,328 | $ 14,815,052 |

*In the event of an emergency, the District may be required to use any or all unrestricted funds in Mission Bank, Kern County Treasury and LAIF*

**6. Financial Statements June 30, 2026 (preliminary)**

Description: Presentation to Committee financial report depicting preliminary revenue and expense of the previous fiscal year.

Estimated year-to-date revenues as of June 30, 2026, are $20,537,353 and expenses are $1,774,378, therefore revenues exceeded expenditures by $1,774,378, which is better than budget by $1,181,640. Additional year-entries have yet to be made that will impact the net revenue.

Staff presented the following spreadsheet, which compares June year-to-date actual to budgeted revenues and expenses by category:

## Indian Wells Valley Water District

### Revenues vs. Expense

### Actuals & Budget through June 2026 (Preliminary)

| | FY2026 Budget | Actuals | Δ |
|---|---|---|---|
| **Revenues** | | | |
| Total Water Sales | 14,939,300 | 15,343,205 | 403,905 |
| GSA Fees | 3,377,580 | 3,564,922 | 187,342 |
| Total Water Service Revenue | 375,900 | 434,498 | 58,598 |
| Total Non-Operating Income | 172,400 | 482,726 | 310,326 |
| Capital Contributions | 1,594,372 | 712,002 | -882,370 |
| **Total Revenues** | **20,459,552** | **20,537,353** | **77,801** |
| **Expenses** | | | |
| Water Supply | 1,907,557 | 1,731,547 | -176,010 |
| Arsenic Treatment Plants | 462,519 | 189,842 | -272,677 |
| Transmission & Distribution | 1,898,115 | 1,552,712 | -345,403 |
| Engineering | 696,189 | 689,213 | -6,976 |
| Customer Service | 566,939 | 470,896 | -96,043 |
| Field Services | 600,408 | 597,277 | -3,131 |
| General & Administration | 3,169,078 | 2,939,251 | -229,827 |
| Legal | 1,500,000 | 2,098,617 | 598,617 |
| Legislative | 107,100 | 117,060 | 9,960 |
| Depreciation | 3,300,000 | 3,300,000 | 0 |
| Non-Operating, Interest | 1,674,379 | 1,746,104 | 71,725 |
| Non-Operating, Miscellaneous | 437,500 | 467,294 | 29,794 |
| GSA Fees | 3,420,830 | 2,806,107 | -614,723 |
| Non-Operating, Conservation | 34,200 | 15,594 | -18,606 |
| Non-Operating, Alternate Water | 92,000 | 41,459 | -50,541 |
| **Total Expenses** | **19,866,814** | **18,762,975** | **-1,103,839** |
| **Net Revenue Increase (Decrease)** | **592,738** | **1,774,378** | **1,181,640** |
| **Capital Expenditures** | | **2,927,989** | |
| -Bond or Grant Funded | | 2,170,063 | |
| **Debt Service Principle** | | **1,235,611** | |
| **Total GSA Extraction Fee Paid** | | 3,942,611 | |
| **Total GSA Replenishment Fee Paid** | | 16,360,688 | |
| | | **20,303,299** | |

**7. Financial Statements August 31, 2026 (preliminary)**

Description: Presentation to Committee financial reports and graphs depicting current revenue and expense trends compared to budget and previous fiscal year actuals.

Estimated year-to-date revenues as of August 31, 2026, are $2,562,261 and expenses are $2,268,010, therefore revenues exceeded expenditures by $294,251, which is better than budget by $840,589.

To date, the District rate payers have paid the Groundwater Authority $20,791,956 in fees.

Staff presented the following spreadsheet, which compares August year-to-date actual to budgeted revenues and expenses by category:

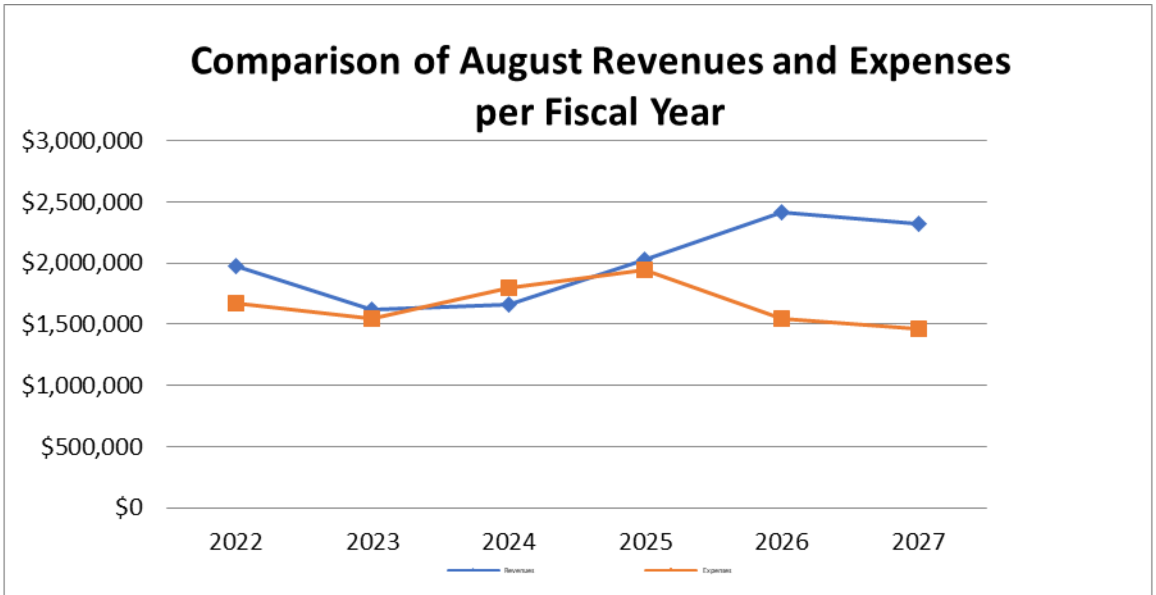
## Indian Wells Valley Water District

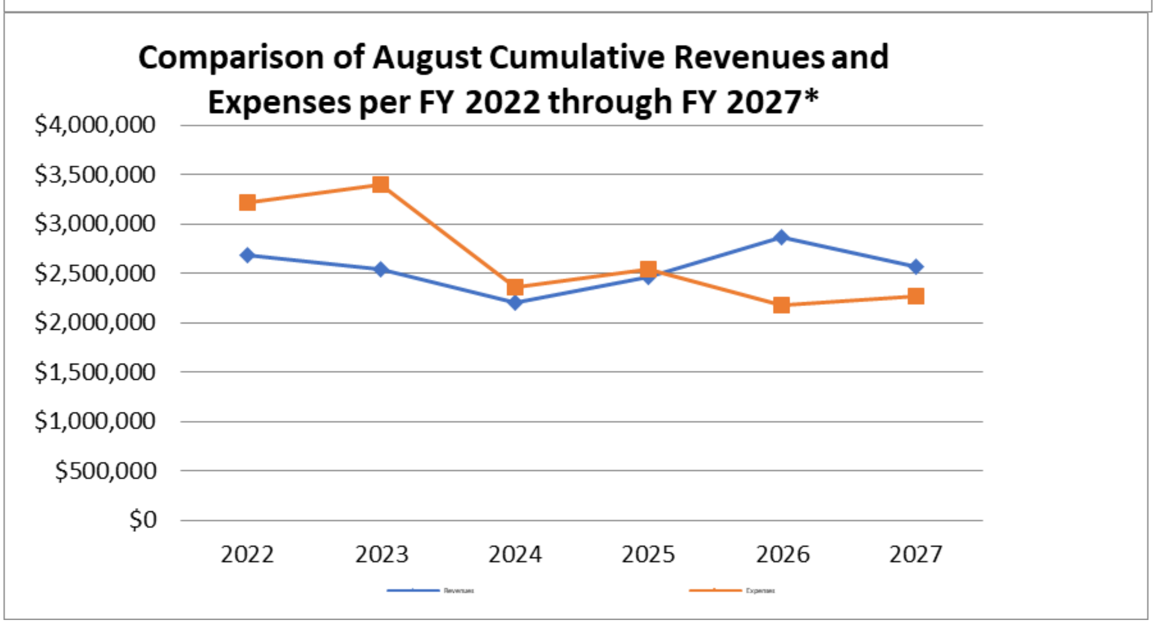
### Revenues vs. Expense

### Actuals & Budget through August 2026 (Preliminary)

| | 2027 Budget | YTD Budget | Actuals | Δ |
|---|---|---|---|---|
| **Revenues** | | | | |
| Total Water Sales | 16,464,300 | 2,024,871 | 1,771,218 | -253,653 |
| GSA Fees | 2,962,200 | 452,471 | 576,353 | 123,882 |
| Total Water Service Revenue | 410,900 | 57,731 | 66,183 | 8,452 |
| Total Non-Operating Income | 591,000 | 83,036 | 27,108 | -55,928 |
| Capital Contributions | 215,000 | 30,208 | 121,399 | 91,192 |
| **Total Revenues** | **20,643,400** | **2,648,316** | **2,562,261** | **-86,055** |
| **Expenses** | | | | |
| Water Supply | 2,040,696 | 323,450 | 170,613 | -152,837 |
| Arsenic Treatment Plants | 413,231 | 65,497 | 39,777 | -25,720 |
| Transmission & Distribution | 1,929,167 | 305,773 | 156,322 | -149,451 |
| Engineering | 615,404 | 97,542 | 91,131 | -6,410 |
| Customer Service | 652,104 | 103,358 | 52,496 | -50,863 |
| Field Services | 696,494 | 110,394 | 42,492 | -67,902 |
| General & Administration | 3,750,556 | 594,463 | 358,588 | -235,875 |
| Legal | 1,680,000 | 266,280 | 87,436 | -178,844 |
| Legislative | 125,900 | 19,955 | 17,666 | -2,289 |
| Depreciation | 3,300,000 | 550,000 | 550,000 | 0 |
| Non-Operating, Interest | 1,614,366 | 177,864 | 177,605 | -259 |
| Non-Operating, Miscellaneous | 497,500 | 78,854 | 22,225 | -56,629 |
| GSA Fees | 3,166,617 | 488,354 | 488,657 | 304 |
| Non-Operating, Conservation | 34,200 | 5,421 | 0 | -5,421 |
| Non-Operating, Alternate Water | 47,000 | 7,450 | 13,000 | 5,551 |
| **Total Expenses** | **20,563,235** | **3,194,655** | **2,268,010** | **-926,645** |
| **Net Revenue Increase (Decrease)** | **80,165** | **-546,339** | **294,251** | **840,589** |
| **Capital Expenditures** | | | **295,526** | |
| -Bond or Grant Funded | | | 162,230 | |

| | |
|---|---|
| **Debt Service Principle** | **168,992** |
| | |
| **Total GSA Extraction Fee Paid** | 4,008,303 |
| **Total GSA Replenishment Fee Paid** | 16,783,654 |
| | **20,791,956** |




**Actual Revenues and Expenses are Estimated*

**8. Accounts Payable Disbursements**
Description: Presentation to Committee of Accounts Payable Disbursements reports for Board approval.

The Committee reviewed the accounts payable disbursements totaling $1,339,365,58 as follows:

| Checks through | 8/13/2026 | 8/27/2026 |
|---|---|---|
| Prepaid | 53,989.51 | 58,399.60 |
| Current | 449,089.57 | 777,886.90 |
| Total | 503,079.08 | 836,286.50 |

**9. Future Agenda Items**

Unanticipated Use Claim Program

**10. Adjournment**

The Committee adjourned at 3:35 pm.