

BOARD OF DIRECTORS  
INDIAN WELLS VALLEY WATER DISTRICT

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FINANCE COMMITTEE  
REGULAR MEETING

REPORT

TUESDAY JUNE 4, 2024 – 2:30 PM  
BOARD ROOM  
500 W. RIDGECREST BLVD., RIDGECREST

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ATTENDEES: David Saint-Amand, Mallory Boyd, Ty Staheli, Jason Lillion, and Renee Morquecho

**1. Call to Order**

The Finance Committee Meeting was called to order at 2:30 pm.

**2. Committee/Public Comments**

None.

**3. Fraud Risk Discussion**

Description: Discuss potential or actual fraud risks within the organization.

None to report.

**4. Payment Processor**

Description: Discuss switching the District's payment processor from CivicPay to Xpress Bill Pay for increased customer payment options and features.

Staff provided the Committee with a proposal for migrating bill payment processing from Springbrook's CivicPay to Springbrook's third-party partner, Xpress Bill Pay, to provide a more robust payment platform for minimal cost increase.

Xpress Bill Pay integrates with your Springbrook software to allow your customers to: view their bills electronically online; make one-time payments or recurring automatic payments with credit card, debit card, or ACH; save payment information securely online for future use, receive automatic email/text notifications when new bills are generated, payments are scheduled, payments are made, credit cards are going to expire, etc.; view up to 24 months of past billing information, and more.

Committee recommends approval.

**5. GA Imported Water Costs**

Description: Discuss imported water costs and potential impact to customers' bills

Staff has been working with Clean Energy Capital and Kreiger & Stewart to develop the costs associated with the proposed pipeline design. Initial draft of the cost matrix was provided to the Groundwater Authority for comments and will be presented at the June 10 Board meeting.

**6. First Quarter 2024 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 MARCH 2024**

<b>INVESTMENTS</b>	<b>UNRESTRICTED</b>	<b>RESTRICTED</b>	<b>TOTAL</b>
Cash in Bank	\$ 1,201,401	0	
Local Agency Investment Fund	329,934		
Kern County Treasurer	7,349,902	627,477	
BNY Mellon 2024 Bond Project Fund		7,495,712	
Total Water District Investments	<u>\$ 8,881,237</u>	<u>\$ 8,123,189</u>	<u>\$ 17,004,426</u>

<b>RESERVES</b>	<b>DISTRICT DESIGNATED</b>	<b>RESTRICTED</b>	<b>TOTAL</b>
Capital Improvements & Replacements (Committed)	\$ 1,277,112		
Vehicle Replacement (Assigned)	352,795		
Computer Equipment Replacement (Assigned)	100,799		
Emergency Reserve (Committed)	3,284,704		
Alternate Water Supply/Future Source of Supply (Assigned)	1,959,366		
Miscellaneous Capital (Assigned for projects postponed)	44,818		
Customer Deposits & Credits (Nonspendable)	311,594		
Prepaid Connection Fees (Nonspendable)	408,610		
Post-Retirement Health Benefits - Kern County (Assigned)	330,308		
Emergency Reserve (Uncommitted)	811,131		
AD 87-1 Reserve Funds (Restricted to pay Prop 55 Loan)		557,700	
2024 Bond Project Funds		7,495,712	
Capital Facility Fees		<u>69,777</u>	
Total Water District Reserves	<u>\$ 8,881,237</u>	<u>\$ 8,123,189</u>	<u>\$ 17,004,426</u>

*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*

**7. Accounts Payable Disbursements**

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

The Committee recommended approval of accounts payable disbursements totaling \$752,641.87 as follows:

Checks through:	<u>5/9/24</u>	<u>5/23/24</u>
Prepaid	\$ 54,929.45	\$ 48,480.23
Current	<u>289,624.04</u>	<u>359,608.15</u>
Total	<u>\$ 344,553.49</u>	<u>\$ 408,088.38</u>

**8. Financial Statements May 31, 2024 (preliminary)**

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

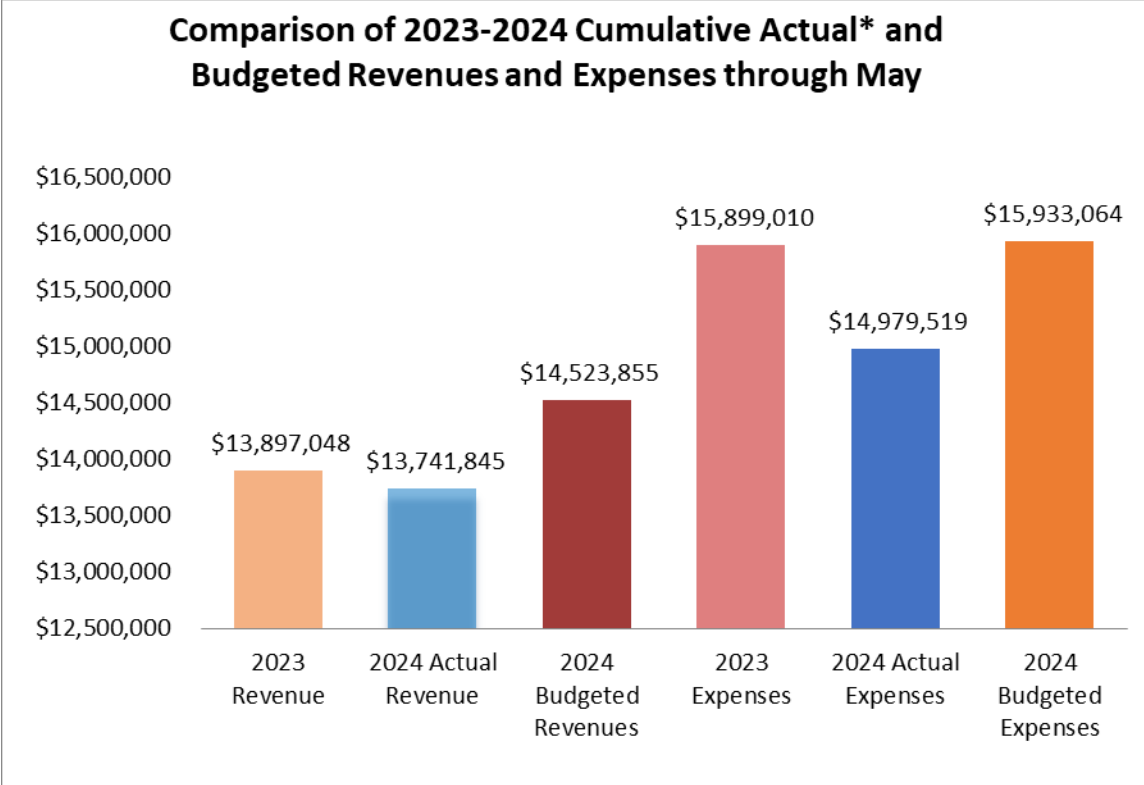
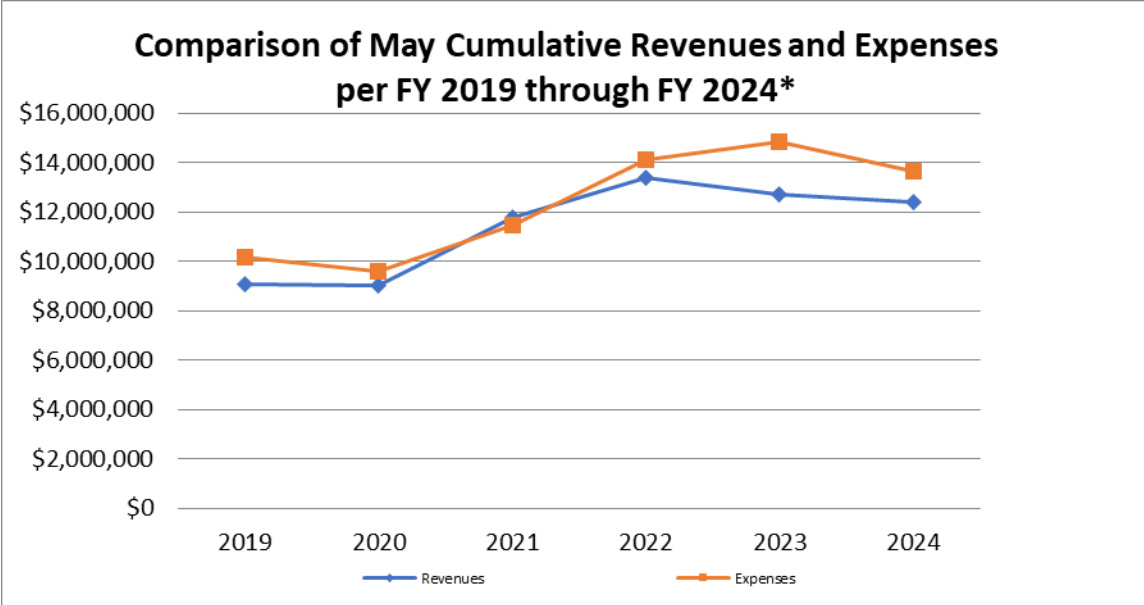
Estimated year-to-date revenues as of May 31, 2024, are \$13,741,845 and expenses are \$14,979,519, therefore expenditures exceeded revenues by \$1,237,673, which is better than budget by \$171,535.

To date, the District has paid the Groundwater Authority \$14,018,816 in fees.

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

**Indian Wells Valley Water District**  
**Revenues vs. Expense**  
**Actuals & Budget through May 2024 (Preliminary)**

	Budget	Actuals	Δ
<b>Revenues</b>			
Total Water Sales	10,525,639	10,545,737	20,098
GSA Fees	3,295,627	2,301,191	-994,436
Total Water Service Revenue	320,981	372,800	51,819
Total Non-Operating Income	234,396	225,260	-9,136
Capital Contributions	147,212	296,857	149,644
<b>Total Revenues</b>	<b>14,523,855</b>	<b>13,741,845</b>	<b>-782,010</b>
<b>Expenses</b>			
Water Supply	1,083,903	1,289,716	205,813
Arsenic Treatment Plants	370,041	208,008	-162,033
Transmission & Distribution	1,845,910	1,519,934	-325,977
Engineering	444,497	490,570	46,073
Customer Service	433,937	343,522	-90,415
Field Services	462,887	519,544	56,657
General & Administration	2,330,494	2,327,771	-2,723
Legal	715,920	1,198,200	482,280
Legislative	85,731	78,749	-6,982
Depreciation	3,025,000	3,025,000	0
Non-Operating, Interest	1,256,963	1,171,143	-85,820
Non-Operating, Miscellaneous	241,623	287,534	45,911
GSA Fees	3,523,221	2,428,896	-1,094,326
Non-Operating, Conservation	30,606	30,076	-529
Non-Operating, Alternate Water	82,331	60,855	-21,476
<b>Total Expenses</b>	<b>15,933,064</b>	<b>14,979,519</b>	<b>-953,545</b>
<b>Net Revenue Increase (Decrease)</b>	<b>-1,409,209</b>	<b>-1,237,673</b>	<b>171,535</b>
<b>Capital Expenditures</b>		<b>2,234,463</b>	
<b>Debt Service Principle</b>		<b>1,019,025</b>	
<b>Total GSA Extraction Fee Paid</b>		2,603,118	
<b>Total GSA Replenishment Fee Paid</b>		11,415,698	
		<b>14,018,816</b>	



\*Actual Revenues and Expenses are Estimated

## **9. 2024-2025 General Fund and Capital Projects Budget**

Description: Present 2024-2025 proposed General Fund and Capital Improvements and Projects budgets.

The Committee reviewed the 2024-2025 General Fund and Capital Improvements and Projects budget proposals. The District's financial goals are to have a balanced budget in which revenues exceed expenses, have positive cash flow, meet debt service obligations. Due to leveling revenues outside of the GA Fees, inflationary cost increases of operating expenses, and significant capital projects, the District will not meet the first of these goals. The District will meet its debt service obligation and has incurred new debt or grant funding for capital projects. The proposal projects revenues at \$16,879,838 and expenses at \$18,230,578 for a difference in which expenses exceed revenues by \$1,350,740. Specific budget changes compared to the 2023-2024 Fiscal Year General Fund Budget are as follows:

- Total water sales, budgeted a 97.5% of previous year's consumption, increased by \$738,005 due to implementation of the scheduled 8% rate increase.
- All labor and benefits costs increased due to an estimated COLA, applicable merit raises, and benefit cost increases.
- Water Supply increased by \$411,477. Increases are due to increased power and chemical costs of the Plants to supplement the capacity loss of the Inyokern 30" transmission line.
- Administration increased by 154,599 due to property and liability insurance premium increases.
- Legal fees increased \$400,000 due to ongoing adjudication costs.
- GSA replenishment fee expense decreased due to application of the 4390 acre foot federal reserve allotment.
- Interest costs increased due to 2024 Bond

The 2024-2025 General Fund and Capital Improvements and Projects Budgets will be presented to the Board at the June 10 Board Meeting.

## **10. Future Agenda Items**

None

## **11. Adjournment**

The Committee adjourned at 3:04 pm.