

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

FINANCE COMMITTEE
REGULAR MEETING

REPORT

TUESDAY FEBRUARY 7, 2023 – 2:30 PM
BOARD ROOM
500 W. RIDGECREST BLVD., RIDGECREST

ATTENDEES: David Saint-Amand, Stan Rajtora, Don Zdeba, Ty Staheli, Jason Lillion, and Renee Morquecho

1. Call to Order

The Finance Committee Meeting was called to order at 2:33 pm.

2. Committee/Public Comments

None.

3. Fraud Risk Discussion

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

None to report.

4. SRF Loan Application Assistance

Description: Discuss SRF loan application process.

Committee received two charts (attached) developed by Krieger and Stewart, in collaboration with District Staff, that show the tasks, cost, and timeline differences between State Revolving Fund and Bond financing.

Director Rajtora directed staff to verify timelines with State officials and other SRF consultants prior to the next Board meeting.

Committee recommends presenting the financing findings to the Board at the next Board Meeting.

5. Construction Meter Rates

Description: Discuss Construction Meter Rate options.

At the recent Board Workshop, Director Griffin, with the support of the Board, asked that Staff reevaluate the proposed construction meter fixed monthly fee amount. Staff discussed options with the rate analyst Mark Hildebrand of Hildebrand Co and developed a recommended solution.

Staff is recommending the fixed monthly fee mirror the bulk water monthly fee with an added \$25

fee to cover the handling, storage, reading, and tracking of the construction meters.

Committee recommends the Board approve the recommended new construction meter rates (attached) at the February 27th Board Hearing.

Staff reported that the District is purchasing 5 AMI registers for testing on construction meters to evaluate further expansion.

6. Fourth Quarter 2022 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 DECEMBER 2022**

INVESTMENTS	UNRESTRICTED	RESTRICTED	TOTAL
Cash in Bank	\$ 2,475,472	0	
Local Agency Investment Fund	1,384,113		
Kern County Treasurer	9,204,484	1,270,881	
BNY Mellon 2018 COP Project Fund		608,964	
Total Water District Investments	<u>\$ 13,064,070</u>	<u>\$ 1,879,845</u>	<u>\$ 14,943,914</u>

RESERVES	DISTRICT DESIGNATED	RESTRICTED	TOTAL
Capital Improvements & Replacements (Committed)	\$ 2,221,512		
Vehicle Replacement (Assigned)	351,815		
Computer Equipment Replacement (Assigned)	100,519		
Emergency Reserve (Committed)	3,164,306		
Alternate Water Supply/Future Source of Supply (Assigned)	1,748,954		
Miscellaneous Capital (Assigned for projects postponed)	1,297,821		
Customer Deposits & Credits (Nonspendable)	304,183		
Prepaid Connection Fees (Nonspendable)	413,957		
Post-Retirement Health Benefits - Kern County (Assigned)	319,558		
Emergency Reserve (Uncommitted)	3,141,446		
AD 87-1 Reserve Funds (Restricted to pay Prop 55 Loan)		515,644	
2018 COP Project Funds		608,964	
Capital Facility Fees		<u>755,237</u>	
Total Water District Reserves	<u>\$ 13,064,070</u>	<u>\$ 1,879,845</u>	<u>\$ 14,943,914</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. Financial Statements January 31, 2023 (preliminary)

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

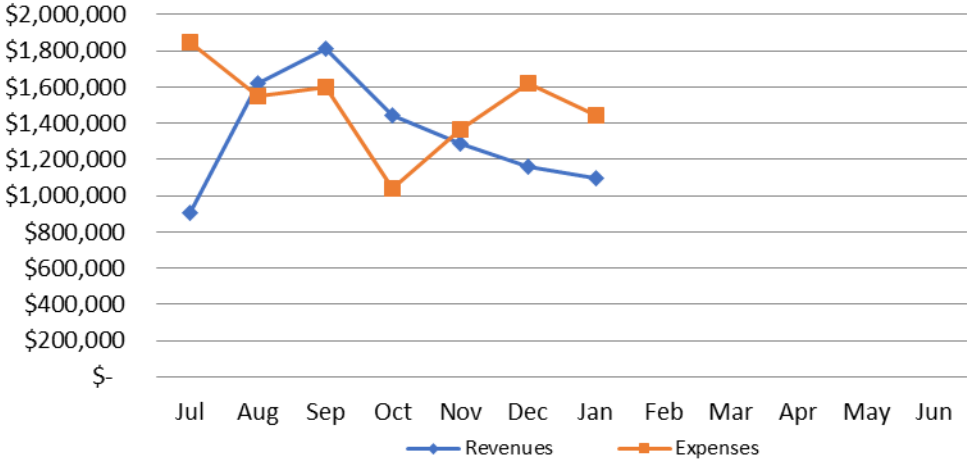
Estimated year-to-date revenues as of January 31, 2023, are \$9,318,913 and expenses are \$10,464,974, therefore expenditures exceeded revenues by \$1,146,061, which is less than budget by \$356,848.

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

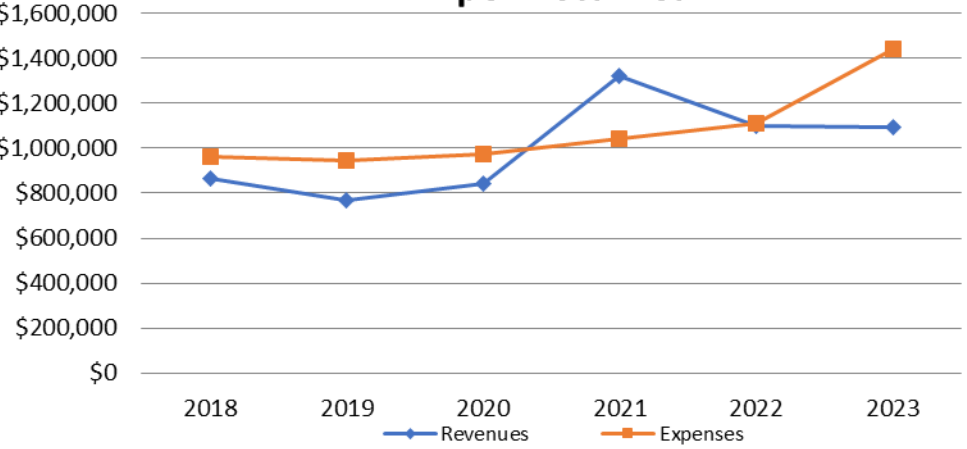
**Indian Wells Valley Water District
 Revenues vs. Expense
 Actuals & Budget through January 2023 (Preliminary)**

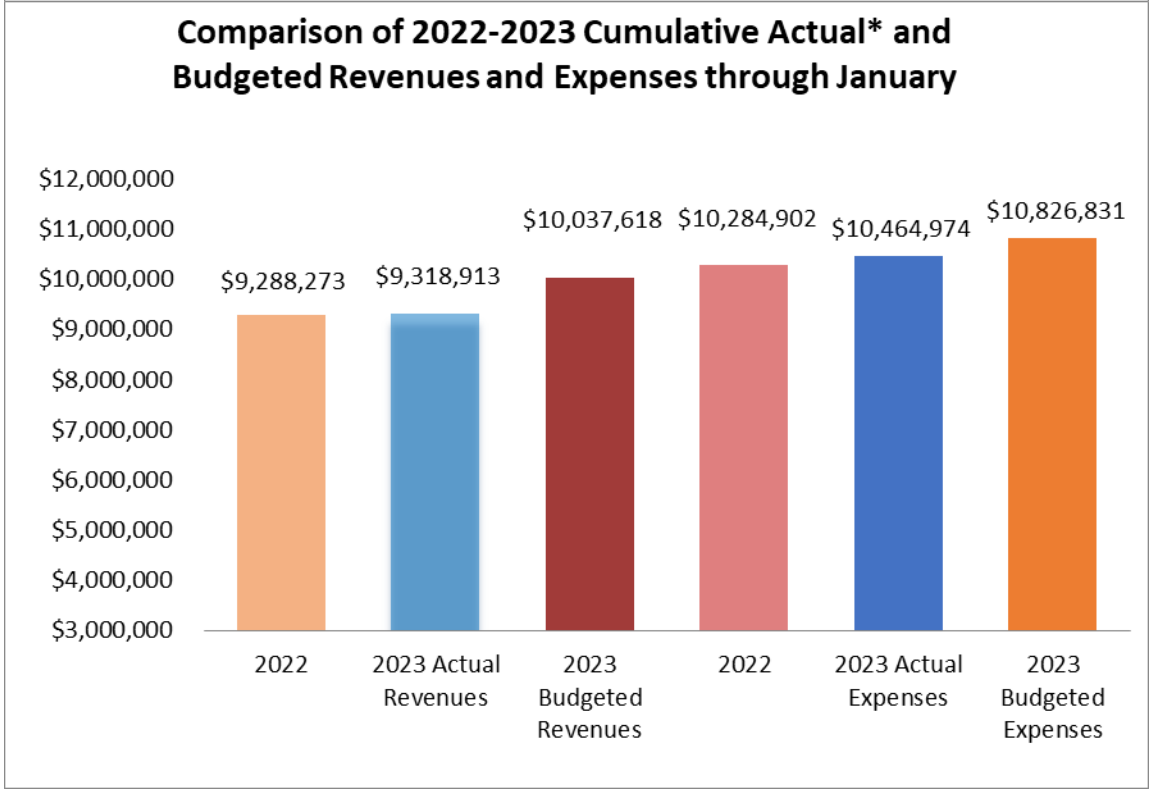
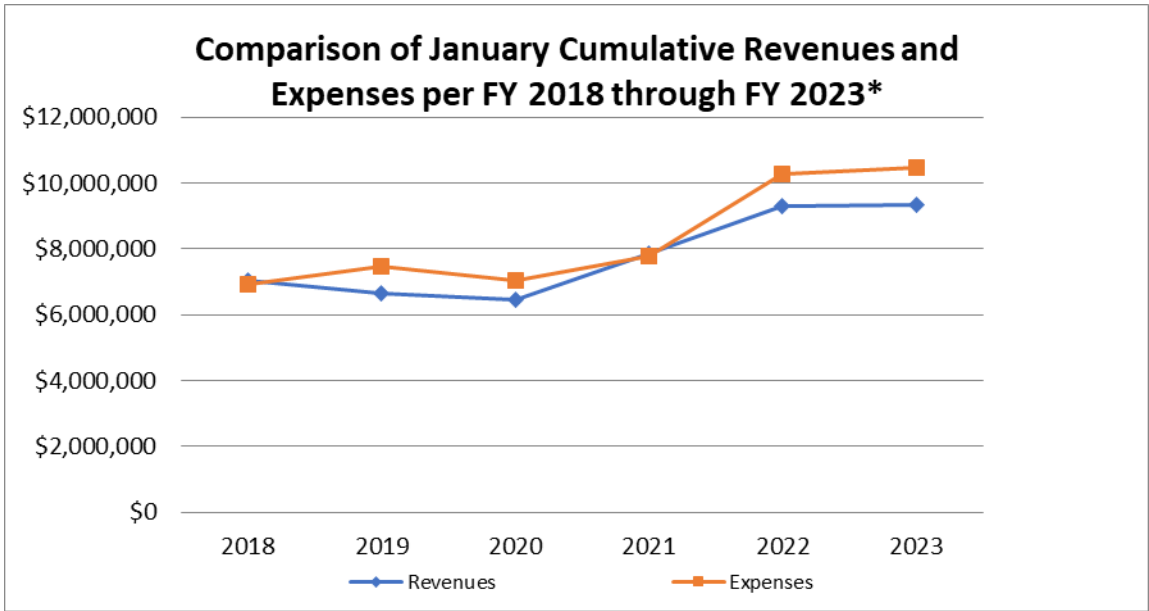
	Budget	Actuals	Δ
Revenues			
Total Water Sales	6,685,289	6,062,655	-622,633
GSA Fees	2,647,080	2,518,660	-128,420
Total Water Service Revenue	218,210	240,707	22,497
Total Non-Operating Income	89,687	95,462	5,775
Capital Contributions	397,352	401,429	4,077
Total Revenues	10,037,618	9,318,913	-718,705
Expenses			
Water Supply	732,865	720,603	-12,262
Arsenic Treatment Plants	152,981	85,787	-67,194
Transmission & Distribution	1,165,425	990,945	-174,480
Engineering	256,271	304,911	48,641
Customer Service	298,706	195,471	-103,235
Field Services	314,081	327,428	13,347
General & Administration	2,063,126	2,252,997	189,870
Legislative	70,971	50,429	-20,542
Depreciation	2,041,667	2,041,667	0
Non-Operating, Interest	839,192	616,987	-222,205
Non-Operating, Miscellaneous	156,518	321,939	165,422
GSA Fees	2,660,000	2,455,257	-204,743
Non-Operating, Conservation	21,033	21,421	388
Non-Operating, Alternate Water	53,997	79,133	25,136
Total Expenses	10,826,831	10,464,974	-361,857
Net Revenue Increase (Decrease)	-789,213	-1,146,061	-356,848
Capital Expenditures		4,125,796	
- COP Funded		3,244,596	
Debt Service Principle		648,470	

Comparison of FY 2021-2022 Revenues and Expenses by Month



Comparison of January Revenues and Expenses per Fiscal Year





*Actual Revenues and Expenses are Estimated

8. Accounts Payable Disbursements

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

The Committee recommended approval of accounts payable disbursements totaling \$1,675,669.07 as follows:

Checks through:	<u>1/12/23</u>	<u>1/25/23</u>
Prepaid	\$ 428,315.77	\$ 43,956.80
Current	<u>689,758.99</u>	<u>515,162.94</u>
Total	<u>\$ 1,118,074.76</u>	<u>\$ 559,119.74</u>

9. Future Agenda Items

Sales and Service Policy Manual

10. Adjournment

The Committee adjourned at 3:24pm.