

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

FINANCE COMMITTEE
REGULAR MEETING

REPORT

TUESDAY MAY 6, 2025 – 3:00 PM
BOARD ROOM
500 W. RIDGECREST BLVD., RIDGECREST

ATTENDEES: Ron Kicinski, Stan Rajtora, George Croll, Ty Staheli, Jason Lillion, and Renee Morquecho

1. Call to Order

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

2. Committee/Public Comments

None.

3. Fraud Risk Discussion

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

None to report.

4. GA Imported Water Costs

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

George Croll informed the Committee that after recent conversations with the City, there may be an opportunity to discuss alternatives to the proposed pipeline project.

5. First Quarter 2025 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 2025**

INVESTMENTS	UNRESTRICTED	RESTRICTED	TOTAL
Cash in Bank	\$ 1,683,027	0	
Local Agency Investment Fund	346,518		
Kern County Treasurer	7,095,332	132,542	
BNY Mellon 2024 Bond Project Fund		5,000,805	
Total Water District Investments	<u>\$ 9,124,877</u>	<u>\$ 5,133,347</u>	<u>\$ 14,258,224</u>

RESERVES	DISTRICT DESIGNATED	RESTRICTED	TOTAL
Capital Improvements & Replacements (Committed)	\$ 753,006		
Vehicle Replacement (Assigned)	354,617		
Computer Equipment Replacement (Assigned)	101,319		
Emergency Reserve (Committed)	3,390,627		
Alternate Water Supply/Future Source of Supply (Assigned)	2,136,730		
Miscellaneous Capital (Assigned for projects postponed)	19,159		
Customer Deposits & Credits (Nonspendable)	336,170		
Prepaid Connection Fees (Nonspendable)	429,261		
Post-Retirement Health Benefits - Kern County (Assigned)	339,874		
Emergency Reserve (Uncommitted)	1,264,114		
AD 87-1 Reserve Funds		60,744	
2024 Bond Project Funds		5,000,805	
Capital Facility Fees		<u>71,798</u>	
Total Water District Reserves	<u>\$ 9,124,877</u>	<u>\$ 5,133,347</u>	<u>\$ 14,258,224</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

6. Financial Statements April 30, 2025 (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 April 30, 2025, are \$13,957,853 and expenses are \$15,172,428, therefore expenditures exceeded revenues by \$1,214,575, which is better than budget by \$539,205.

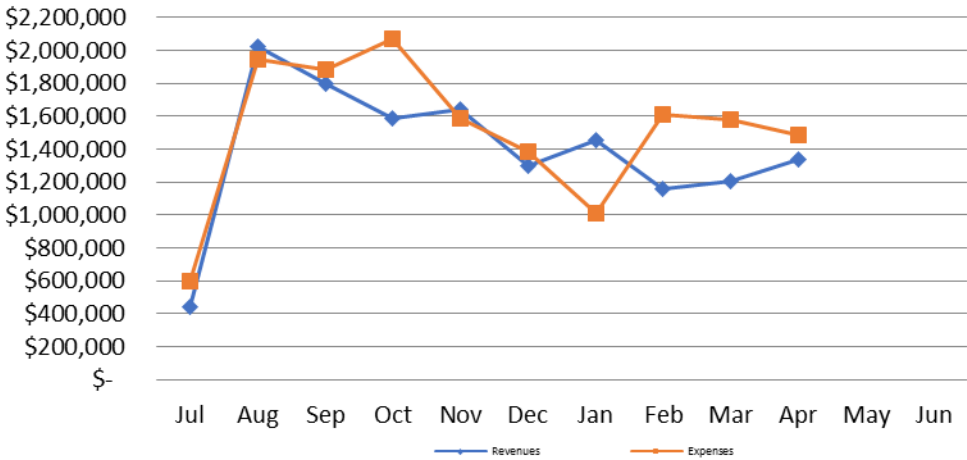
To date, the District rate payers have paid the Groundwater Authority \$17,195,265 in fees.

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

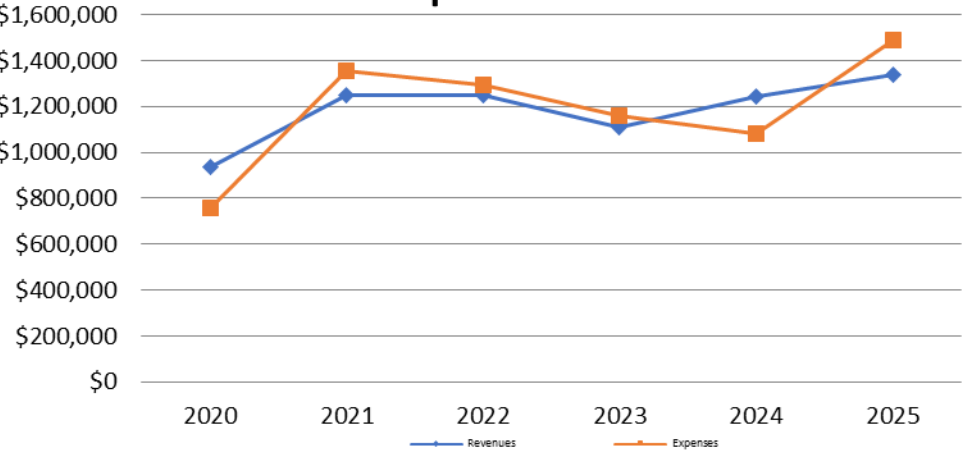
Indian Wells Valley Water District
Revenues vs. Expense
Actuals & Budget through April 2025 (Preliminary)

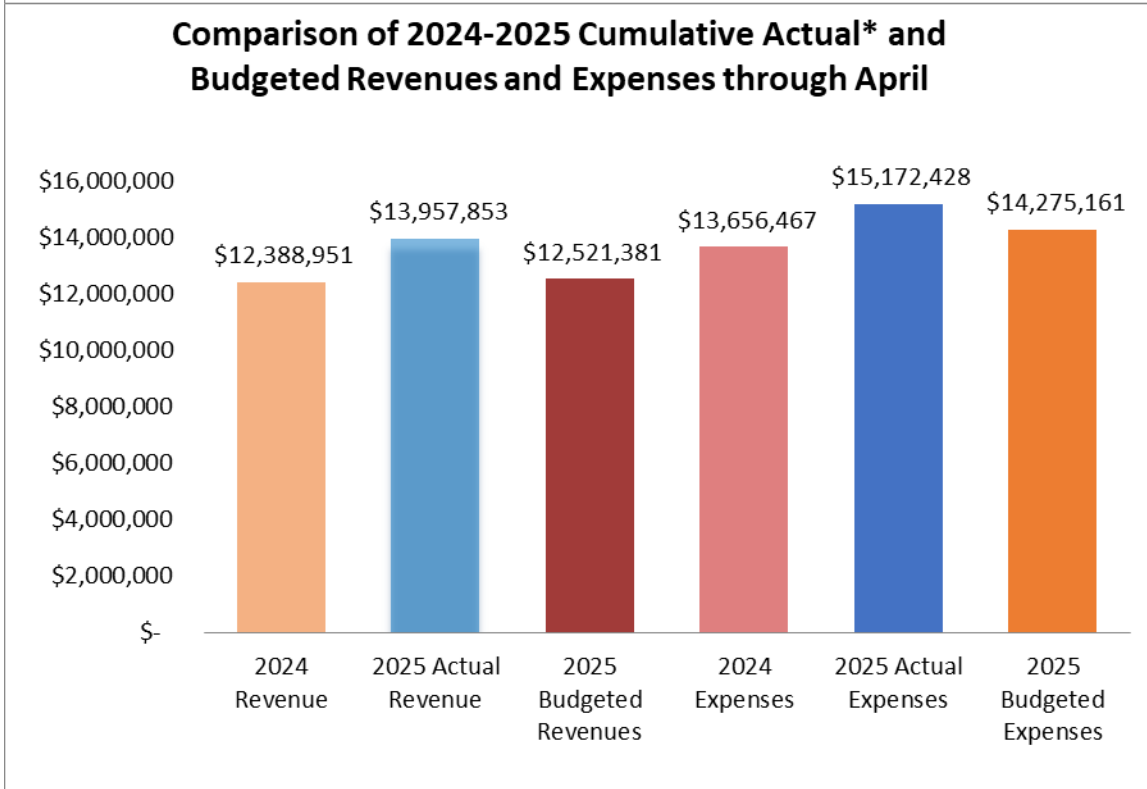
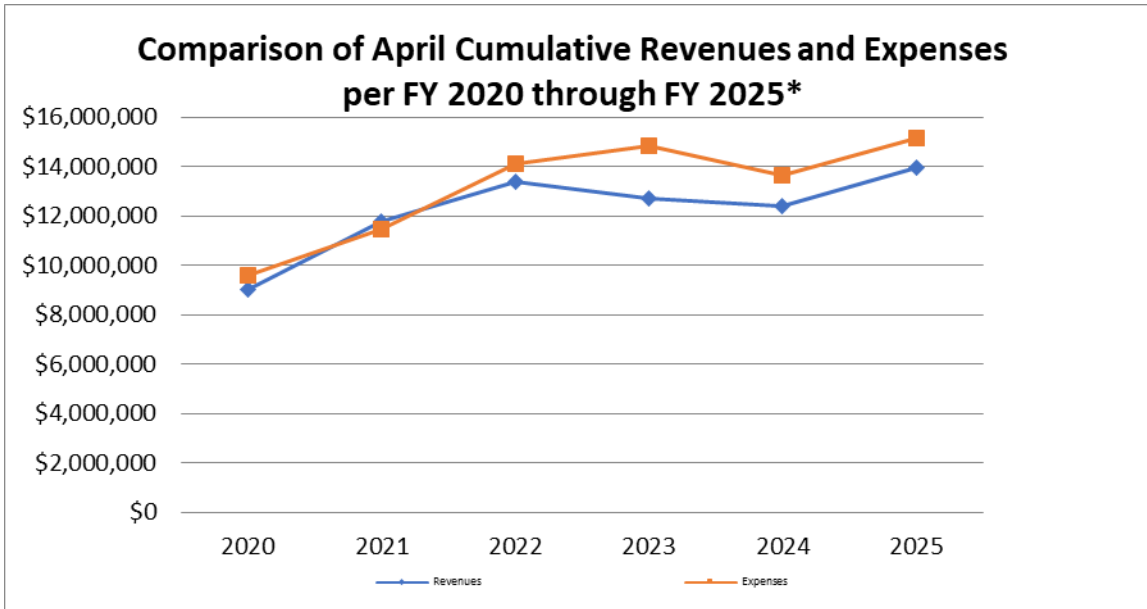
	2025 Budget	YTD Budget	Actuals	Δ
Revenues				
Total Water Sales	13,064,552	9,605,466	10,294,628	689,162
GSA Fees	3,112,486	2,254,941	2,669,627	414,686
Total Water Service Revenue	375,900	353,529	380,670	27,141
Total Non-Operating Income	172,400	145,305	203,502	58,197
Capital Contributions	154,500	162,140	409,426	247,286
Total Revenues	16,879,838	12,521,381	13,957,853	1,436,472
Expenses				
Water Supply	1,622,677	1,333,191	1,308,714	-24,477
Arsenic Treatment Plants	456,719	375,240	175,831	-199,409
Transmission & Distribution	1,861,515	1,529,421	1,203,147	-326,273
Engineering	544,019	455,182	481,256	26,074
Customer Service	516,579	424,421	352,267	-72,154
Field Services	570,208	468,483	467,989	-494
General & Administration	2,758,794	2,266,625	2,266,909	284
Legal	1,050,000	862,680	954,739	92,059
Legislative	119,400	98,099	83,761	-14,338
Depreciation	3,300,000	2,750,000	2,750,000	0
Non-Operating, Interest	1,747,156	1,327,598	1,326,798	-800
Non-Operating, Miscellaneous	436,000	234,978	453,862	218,884
GSA Fees	3,111,310	2,045,557	3,288,858	1,243,301
Non-Operating, Conservation	34,200	28,099	15,078	-13,021
Non-Operating, Alternate Water	92,000	75,587	43,219	-32,369
Total Expenses	18,220,578	14,275,161	15,172,428	897,267
Net Revenue Increase (Decrease)	-1,340,740	-1,753,780	-1,214,575	539,205
Capital Expenditures			7,455,025	
-\$3 mil grant, 555k AD, balance bond			6,095,609	
Debt Service Principle			1,039,985	
Total GSA Extraction Fee Paid			3,191,337	
Total GSA Replenishment Fee Paid			14,003,928	
			17,195,265	

Comparison of FY 2024-2025 Revenues and Expenses by Month



Comparison of April Revenues and Expenses per Fiscal Year





**Actual Revenues and Expenses are Estimated*

7. Accounts Payable Disbursements

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

The Committee reviewed the accounts payable disbursements totaling \$848,781.19 as follows:

Checks through:	<u>4/10/25</u>	<u>4/24/25</u>
Prepaid	\$ 121,464.62	\$ 54,253.49
Current	<u>327,556.37</u>	<u>345,506.71</u>
Total	<u>\$ 449,020.99</u>	<u>\$ 399,760.20</u>

8. Fiscal Year 2026 Budget Update

Description: Discuss updates to the FY 2026 Budget Development

The Committee reviewed the current draft of the FY 2026 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, increased budget demand for the adjudication, and capital projects, the District will not meet the first of these goals. The District will meet its debt service obligation and will use the balance of the 2024 bond funds and grant funding for capital projects. The proposal projects revenues at \$19,009,680 and expenses at \$19,802,514 for a difference in which expenses exceed revenues by \$792,834. Specific budget changes compared to the 2024-2025 Fiscal Year General Fund Budget are as follows:

- Total water sales, budgeted a 97.5% of previous year's consumption, increased by \$1,874,748 due to implementation of the scheduled 10% rate increase.
- All labor and benefits costs increased due to an estimated COLA, applicable merit raises, and benefit cost increases.
- Water Supply increased by \$284,880. Increases are due to increased power and chemical costs of the Plants.
- Administration increased by 410,283 due to property and liability insurance premium increases, PERS contributions, and lobbyist.
- Legal fees increased \$450,000 due to ongoing adjudication costs.
- GSA replenishment fee expense increased due to increased demand

The 2025-2026 General Fund and Capital Improvements and Projects Budgets will be presented to the Board at the May 28 Special Board Meeting.

9. Future Agenda Items

None

10. Adjournment

The Committee adjourned at 3:56 pm.