

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

FINANCE COMMITTEE
REGULAR MEETING

REPORT

TUESDAY JUNE 2, 2026 – 3:00 PM
BOARD ROOM
500 W. RIDGECREST BLVD., RIDGECREST

ATTENDEES: Ron Kicinski, Mallory Boyd, Ty Staheli, John Svika, Justin Thompson, 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. First 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 MARCH 2026**

INVESTMENTS	UNRESTRICTED	RESTRICTED	TOTAL
Cash in Bank	\$ 3,638,589	0	
Local Agency Investment Fund	361,830		
Kern County Treasurer	7,385,594	150,478	
BNY Mellon 2024 Bond Project Fund		2,843,135	
Total Water District Investments	<u>\$ 11,386,013</u>	<u>\$ 2,993,612</u>	<u>\$ 14,379,625</u>

RESERVES	DISTRICT DESIGNATED	RESTRICTED	TOTAL
Capital Improvements & Replacements (Committed)	\$ 770,961		
Vehicle Replacement (Assigned)	353,010		
Computer Equipment Replacement (Assigned)	100,860		
Emergency Reserve (Committed)	3,484,418		
Alternate Water Supply/Future Source of Supply (Assigned)	2,307,347		
Miscellaneous Capital (Assigned for projects postponed)	21,019		
Customer Deposits & Credits (Nonspendable)	285,009		
Prepaid Connection Fees (Nonspendable)	451,597		
Post-Retirement Health Benefits - Kern County (Assigned)	347,978		
Emergency Reserve (Uncommitted)	3,263,813		
AD 87-1 Reserve Funds		76,968	
2024 Bond Project Funds		2,843,135	
Capital Facility Fees		<u>73,510</u>	
Total Water District Reserves	<u>\$ 11,386,013</u>	<u>\$ 2,993,612</u>	<u>\$ 14,379,625</u>

5. Financial Statements May 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 May 31, 2026, are \$16,929,714 and expenses are \$15,926,269, therefore expenditures exceeded revenues by \$1,003,445, which is better than budget by \$1,272,256.

To date, the District rate payers have paid the Groundwater Authority \$19,742,841 in fees.

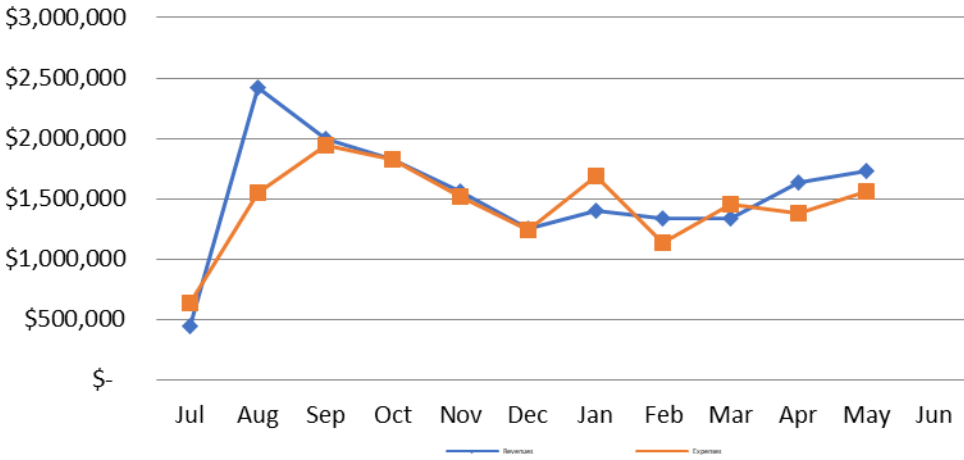
Staff presented the following spreadsheet, which compares May year-to-date actual to budgeted revenues and expenses by category:

Indian Wells Valley Water District

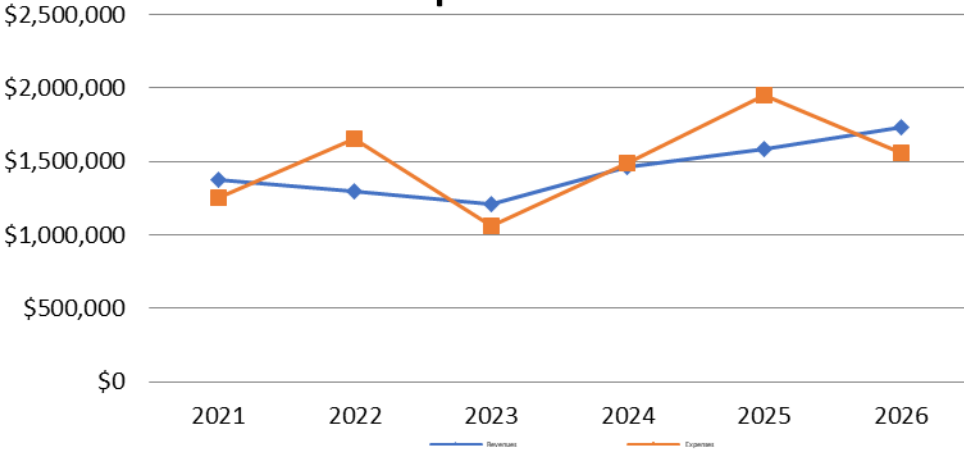
**Revenues vs. Expense
 Actuals & Budget through May 2026 (Preliminary)**

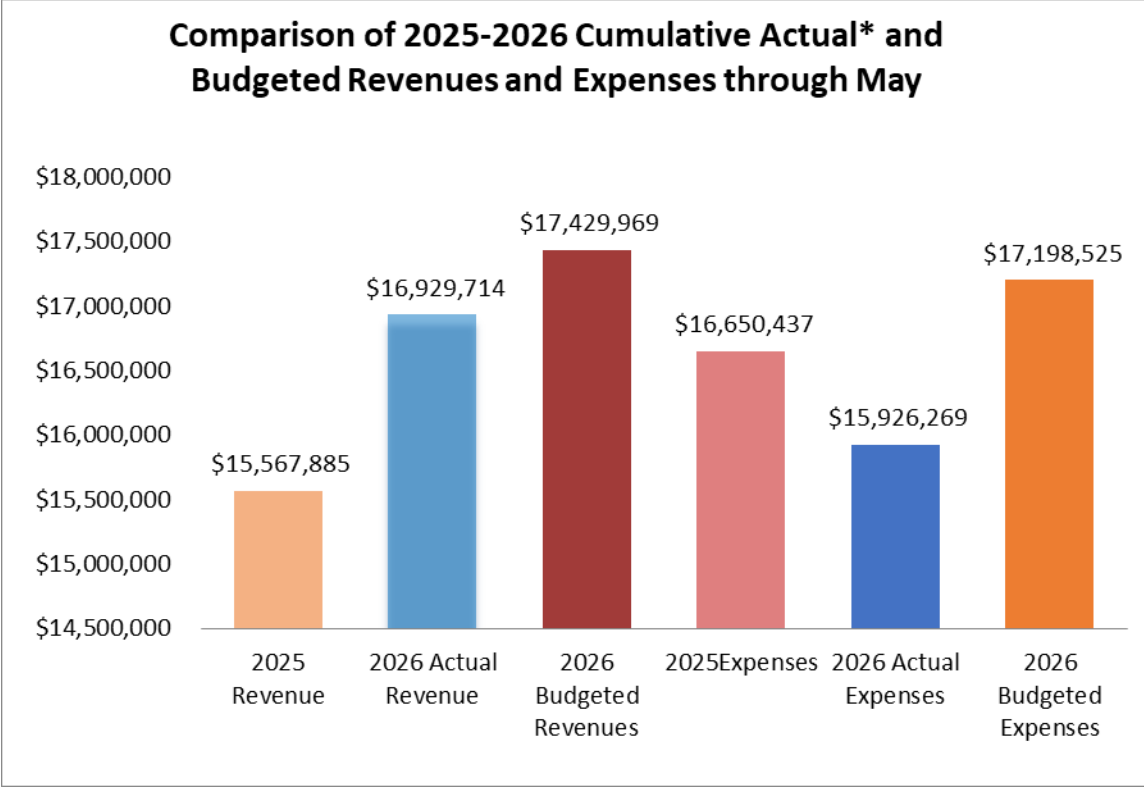
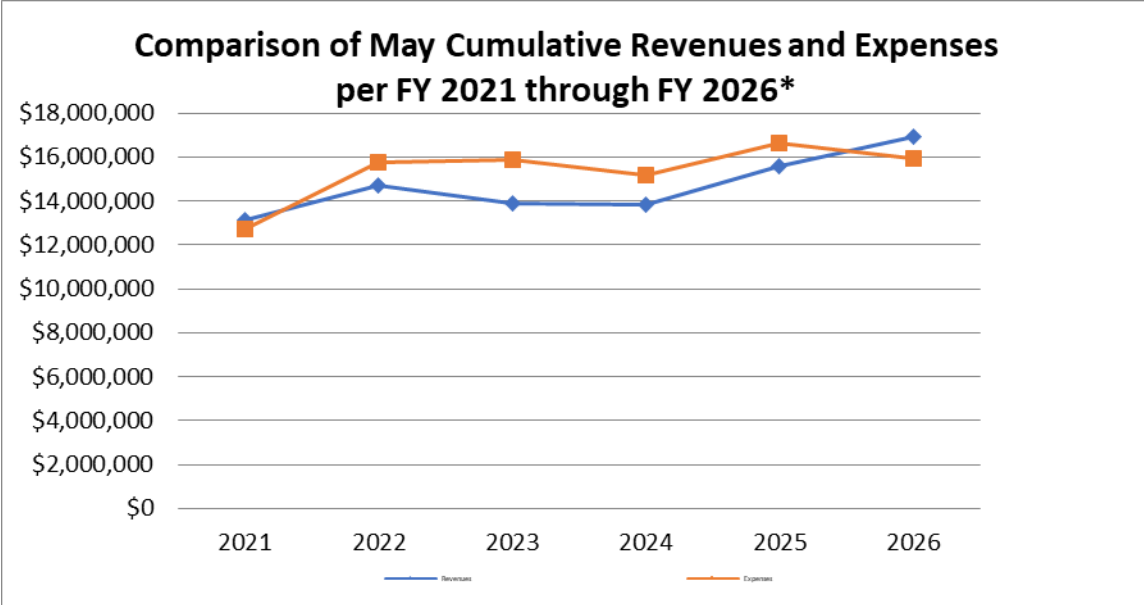
	2026 Budget	YTD Budget	Actuals	Δ
Revenues				
Total Water Sales	14,939,300	12,799,908	12,769,290	-30,617
GSA Fees	3,377,580	2,824,218	2,841,969	17,751
Total Water Service Revenue	375,900	316,809	392,875	76,066
Total Non-Operating Income	172,400	145,299	235,045	89,746
Capital Contributions	1,594,372	1,343,737	690,535	-653,201
Total Revenues	20,459,552	17,429,969	16,929,714	-500,255
Expenses				
Water Supply	1,907,557	1,710,888	1,492,962	-217,926
Arsenic Treatment Plants	462,519	414,833	152,771	-262,063
Transmission & Distribution	1,898,115	1,702,419	1,280,781	-421,638
Engineering	696,189	624,412	616,504	-7,908
Customer Service	566,939	508,488	407,691	-100,797
Field Services	600,408	538,506	524,778	-13,728
General & Administration	3,169,078	2,842,346	2,618,285	-224,061
Legal	1,500,000	1,345,350	1,523,584	178,234
Legislative	107,100	96,058	105,523	9,465
Depreciation	3,300,000	3,025,000	3,025,000	0
Non-Operating, Interest	1,674,379	1,420,785	1,419,929	-856
Non-Operating, Miscellaneous	437,500	392,394	455,758	63,364
GSA Fees	3,420,830	2,463,858	2,245,649	-218,209
Non-Operating, Conservation	34,200	30,674	15,594	-15,080
Non-Operating, Alternate Water	92,000	82,515	41,459	-41,056
Total Expenses	19,866,814	17,198,525	15,926,269	-1,272,256
Net Revenue Increase (Decrease)	592,738	231,444	1,003,445	772,001
Capital Expenditures			2,354,520	
-Bond or Grant Funded			1,739,902	
Debt Service Principle			1,137,986	
Total GSA Extraction Fee Paid			3,826,705	
Total GSA Replenishment Fee Paid			15,916,136	
			19,742,841	

Comparison of FY 2025-2026 Revenues and Expenses by Month



Comparison of May Revenues and Expenses per Fiscal Year





*Actual Revenues and Expenses are Estimated

6. Fiscal Year 2027 Proposed Budget

Description: Discuss the proposed FY 2027 Budget

The Committee reviewed the proposed FY 2027 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. Despite leveling revenues outside of the GA Fees, inflationary cost increases of operating expenses, increased budget demand for the adjudication, the District will meet the first and third of these goals. The District will use the balance of the 2024 bond funds and grant funding for capital projects which will create a negative cashflow. The proposal projects revenues at \$20,643,400 and expenses at \$20,563,235 for a difference in which revenues exceed expenditures by \$80,165. Specific budget changes compared to the 2025-2026 Fiscal Year General Fund Budget are as follows:

- Total water sales, budgeted a 95% of previous year’s consumption, increased by \$1,525,000 due to implementation of the scheduled 10% rate increase.
- Total Capital Contributions decreased \$1 million due to unrealized grant revenue
- All labor and benefits costs increased due to an estimated COLA, applicable merit raises, and benefit cost increases.
- Water Supply increased by \$133,139. Increases are due to increased power and chemical costs of the Plants.
- Administration increased by 581,478 due to property and liability insurance premium increases, PERS contributions, and Special Projects Coordinator.
- Legal fees increased \$180,000 due to ongoing adjudication costs.
- GSA replenishment fee expense decreased due to decreased demand

The 2026-2027 General Fund and Capital Improvements and Projects Budgets will be presented to the Board at the June 11th Special Board Meeting.

7. Accounts Payable Disbursements

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

The Committee reviewed the accounts payable disbursements totaling \$1,102,361.06 as follows:

Checks through:	<u>5/7/26</u>	<u>5/21/26</u>
Prepaid	\$ 54,691.56	\$ 64,544.74
Current	583,581.78	399,542.98
Total	<u>\$ 638,273.34</u>	<u>\$ 464,087.72</u>

8. Future Agenda Items

Credit Card Fees
Brady Cost Breakdown

9. Adjournment

The Committee adjourned at 3:53 pm.