

BOARD OF DIRECTORS  
INDIAN WELLS VALLEY WATER DISTRICT

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FINANCE COMMITTEE  
REGULAR MEETING

REPORT

TUESDAY, SEPTEMBER 7, 2021 – 3:00 PM

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ATTENDEES: Mallory Boyd, Stan Rajtora, Don Zdeba, 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. Second Quarter 2021 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 2021**

<b>INVESTMENTS</b>	<b>UNRESTRICTED</b>	<b>RESTRICTED</b>	<b>TOTAL</b>
Cash in Bank	\$ 3,832,527	0	
Local Agency Investment Fund	1,373,009		
Kern County Treasurer	8,887,341	481,429	
BNY Mellon 2018 COP Project Fund		6,376,165	
Total Water District Investments	<u>\$ 14,092,877</u>	<u>\$ 6,857,594</u>	<u>\$ 20,950,471</u>

<b>RESERVES</b>	<b>DISTRICT DESIGNATED</b>	<b>RESTRICTED</b>	<b>TOTAL</b>
Capital Improvements & Replacements (Committed)	\$ 2,187,969		
Vehicle Replacement (Assigned)	350,000		
Computer Equipment Replacement (Assigned)	100,000		
Emergency Reserve (Committed)	3,112,031		
Alternate Water Supply/Future Source of Supply (Assigned)	1,544,383		
Miscellaneous Capital (Assigned for projects postponed)	1,278,225		
Customer Deposits & Credits (Nonspendable)	248,629		
Prepaid Connection Fees (Nonspendable)	430,908		
Post-Retirement Health Benefits - Kern County (Assigned)	314,733		
Emergency Reserve (Uncommitted)	4,525,999		
AD 87-1 Reserve Funds (Restricted to pay Prop 55 Loan)		481,422	
2018 COP Project Funds		6,376,165	
Capital Facility Fees		<u>7</u>	
Total Water District Reserves	<u>\$ 14,092,877</u>	<u>\$ 6,857,594</u>	<u>\$ 20,950,471</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*

**5. Financial Statements August 31, 2021 (preliminary)**

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

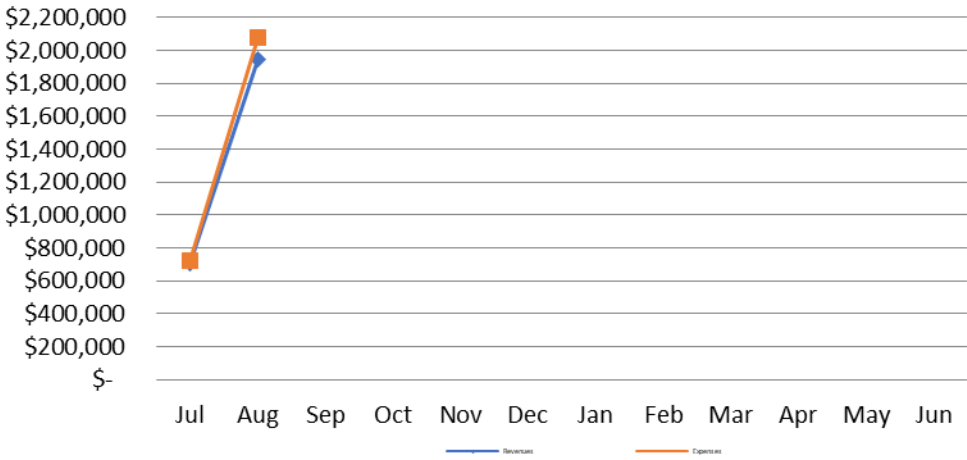
Estimated year-to-date revenues as of August 31, 2021, are \$2,652,159 and expenses are \$2,802,351, therefore expenditures exceeded revenues by \$150,192, which exceeds budget by \$56,897.

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

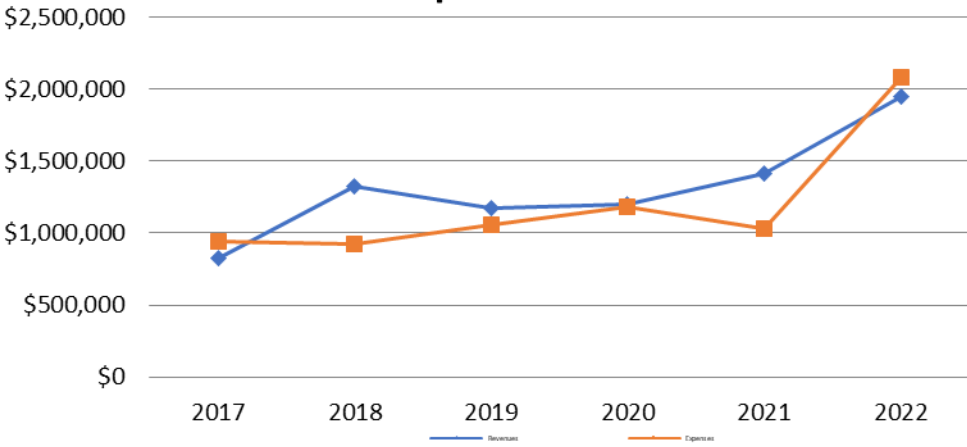
**Indian Wells Valley Water District**  
**Revenues vs. Expense**  
**Actuals & Budget through August 2021 (Preliminary)**

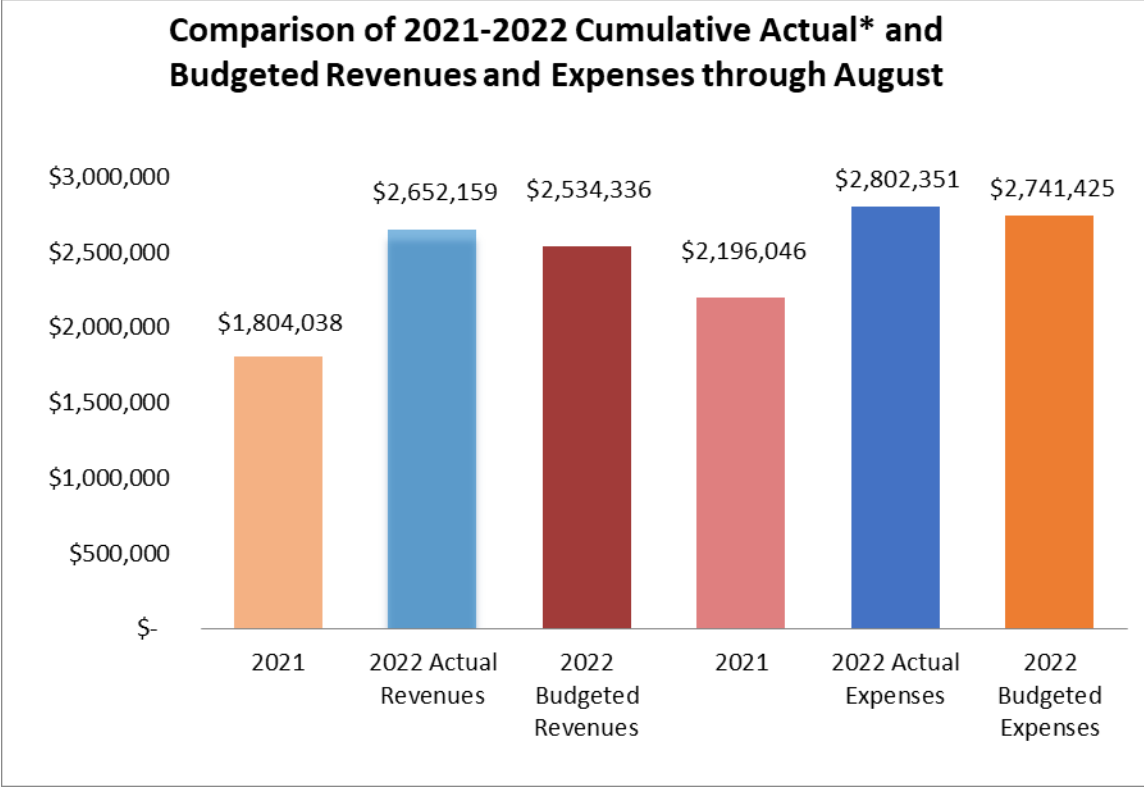
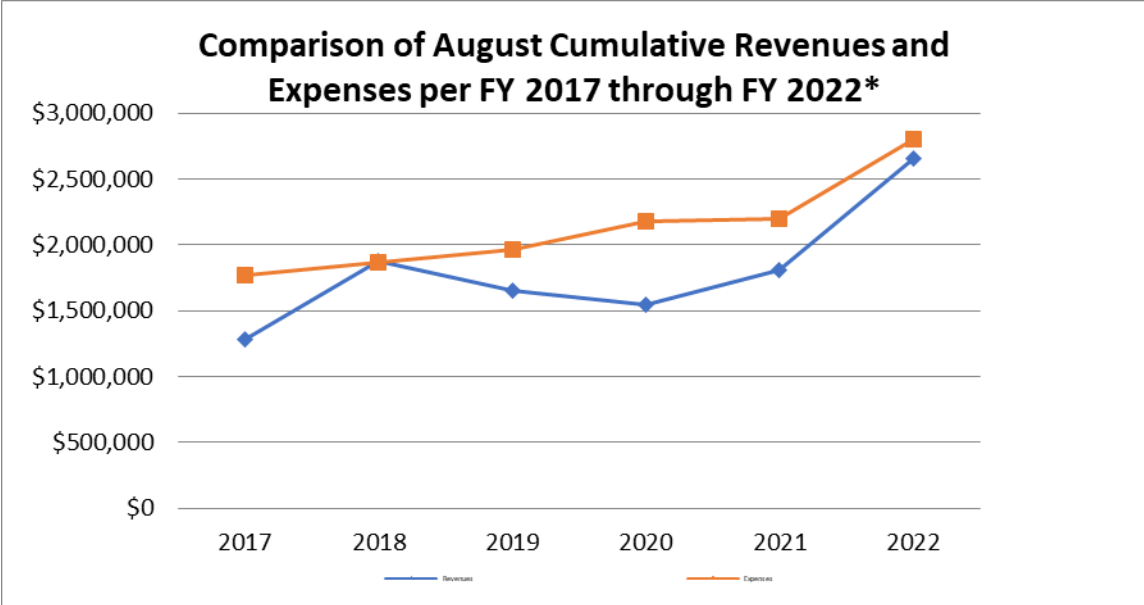
	Budget	Actuals	Δ
<b>Revenues</b>			
Total Water Sales	1,516,461	1,637,614	121,153
GSA Fees	794,182	820,754	26,572
Total Water Service Revenue	53,503	88,411	34,908
Total Non-Operating Income	2,511	5,605	3,094
Capital Contributions	167,680	99,775	-67,905
<b>Total Revenues</b>	<b>2,534,336</b>	<b>2,652,159</b>	<b>117,823</b>
<b>Expenses</b>			
Water Supply	183,027	205,155	22,128
Arsenic Treatment Plants	36,360	18,989	-17,371
Transmission & Distribution	288,606	196,587	-92,020
Engineering	60,582	85,175	24,593
Customer Service	70,996	77,231	6,235
Field Services	82,353	65,969	-16,384
General & Administration	509,799	623,918	114,119
Legislative	17,061	12,426	-4,635
Depreciation	583,333	583,333	0
Non-Operating, Interest	241,602	220,651	-20,951
Non-Operating, Miscellaneous	52,393	191,880	139,487
GSA Fees	598,750	515,303	-83,447
Non-Operating, Conservation	2,271	4,424	2,152
Non-Operating, Alternate Water	14,292	1,310	-12,982
<b>Total Expenses</b>	<b>2,741,425</b>	<b>2,802,351</b>	<b>60,926</b>
<b>Net Revenue Increase (Decrease)</b>	<b>-207,089</b>	<b>-150,192</b>	<b>56,897</b>
<b>Capital Expenditures</b>		<b>58,567</b>	
- COP Funded		32,300	
<b>Debt Service Principle</b>		<b>185,277</b>	

### Comparison of FY 2021-2022 Revenues and Expenses by Month



### Comparison of August Revenues and Expenses per Fiscal Year





\*Actual Revenues and Expenses are Estimated

**6. Delinquent Accounts Report**

Description: Status report on delinquent accounts including financial impact.

Staff provided a delinquent account update as of August 31<sup>st</sup>. 302 accounts, for a total of \$195,215.32, would be shut-off in the absence of the Governor’s executive order set to expire September 30<sup>th</sup>. This represents a decrease of 13 accounts and an increase of \$15,712.53 past due over July, that number is an increase over recent months, likely due to higher summer consumption rates, but still represents a significant decrease over the last 12 months due to increased outreach of the District to include flow restrictor letters, door hangers, customer account conversations.

**7. Future Rate Study Objectives:**

Description: Committee to discuss rate study objectives to be incorporated in the District’s next rate study.

Mr. Worth and Ty spoke with Mark Hildebrand who conducted the 2018 study. Mr. Hildebrand has indicated he is familiar with financial impacts SGMA has presented to water agencies and can share his experience to assist the Board in determining further possible SGMA impacts and the necessity of adjusting the timing for the next Cost of Service Study. Mr. Hildebrand has prepared a proposal for discussion and consideration at the September 13<sup>th</sup> Board Meeting.

**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 \$1,286,349.02 as follows:

Checks through:	<u>8/13/21</u>	<u>8/26/21</u>
Prepaid	\$ 720,812.00	\$ 41,672.84
Current	<u>345,226.12</u>	<u>178,638.06</u>
Total	<u>\$ 1,066,038.12</u>	<u>\$ 220,310.90</u>

**9. Future Agenda Items**

**10. Adjournment**

The Committee adjourned at 3:21pm.