

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

FINANCE COMMITTEE
REGULAR MEETING
REPORT

TUESDAY, JUNE 7, 2022 – 2:30 PM
BOARD ROOM
500 W. RIDGECREST BLVD., RIDGECREST

ATTENDEES: Mallory Boyd (participating remotely), Chuck Griffin, Don Zdeba, 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. Banking RFP

Description: Review proposals submitted by banks that responded to the District's RFP.

On April 19, 2022, staff mailed requests for proposals to six banks or credit unions that have branches locally. The RFP stated the District is seeking an agreement with the Institution providing the highest quality service at the lowest overall cost. Alta One Federal Credit Union was the only institution that submitted proposals by the May 23, 2022 due date. Currently, the District uses Mission Bank for daily banking services though Mission Bank has recently pulled out of Ridgecrest. Staff reviewed the proposal and found that it met the requirements outlined in the RFP. Alta One's standard charges were provided and the institution has agreed to meet or beat all charges currently being charged by Mission Bank. These charges include on-line banking services, monthly statements via the web (including image on demand), ACH, Positive Pay (fraud protection), wire transfers, direct debits (i.e., auto payment), direct credits (direct deposit of paychecks), and remote deposits (electronic deposits).

The Committee recommended the General Manager negotiate and enter into a banking services agreement with Alta One Federal Credit Union.

5. Financial Statements May 31, 2022 (preliminary)

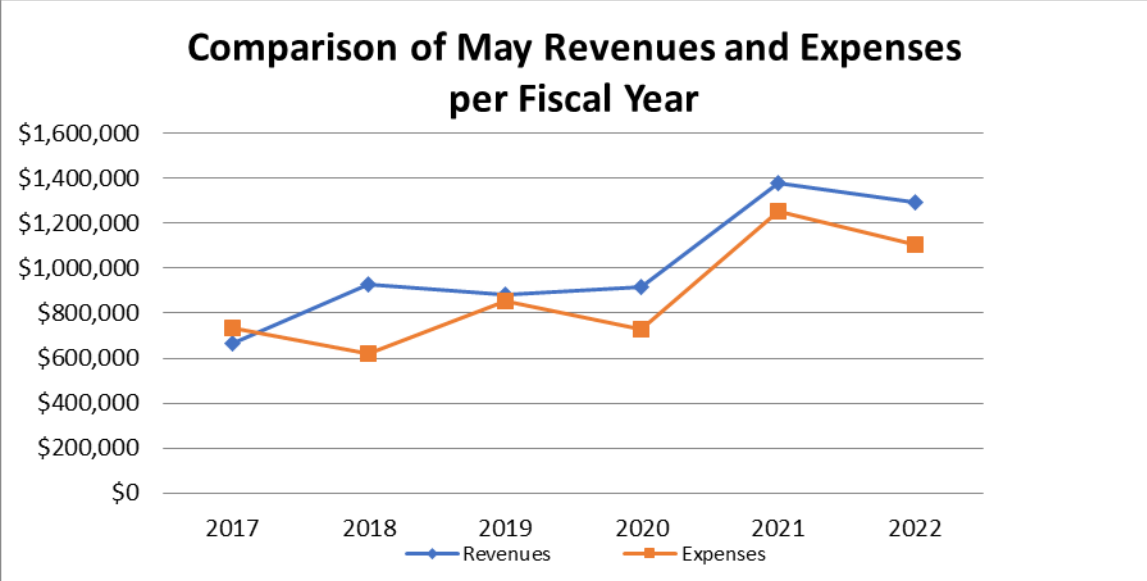
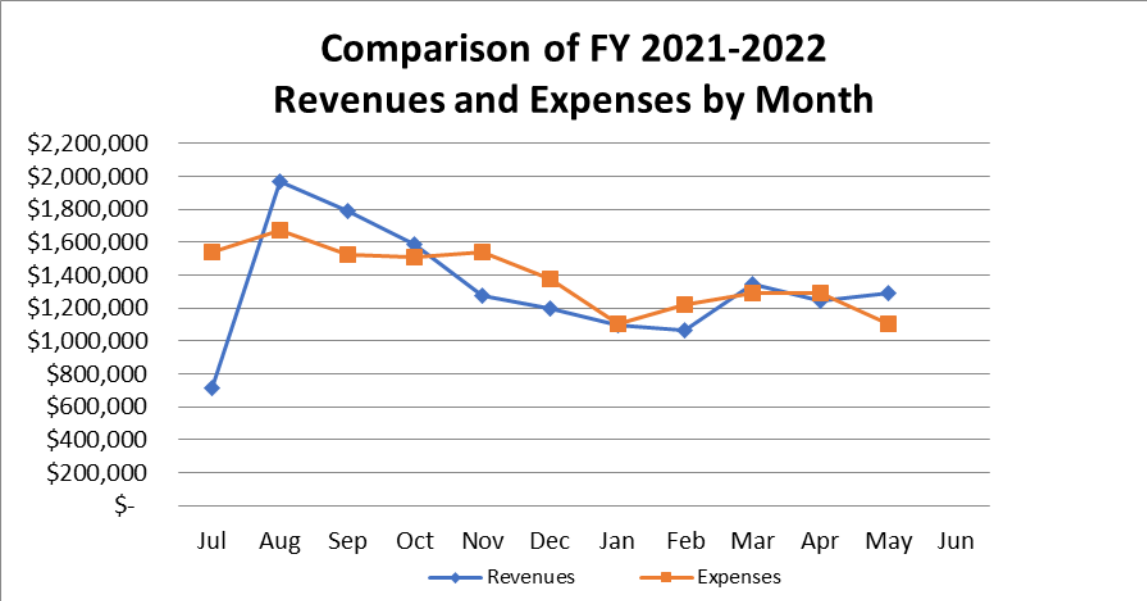
Description: Presentation to Committee of financial reports and graphs depicting current revenue and expense trends compared to budget and previous fiscal year actuals.

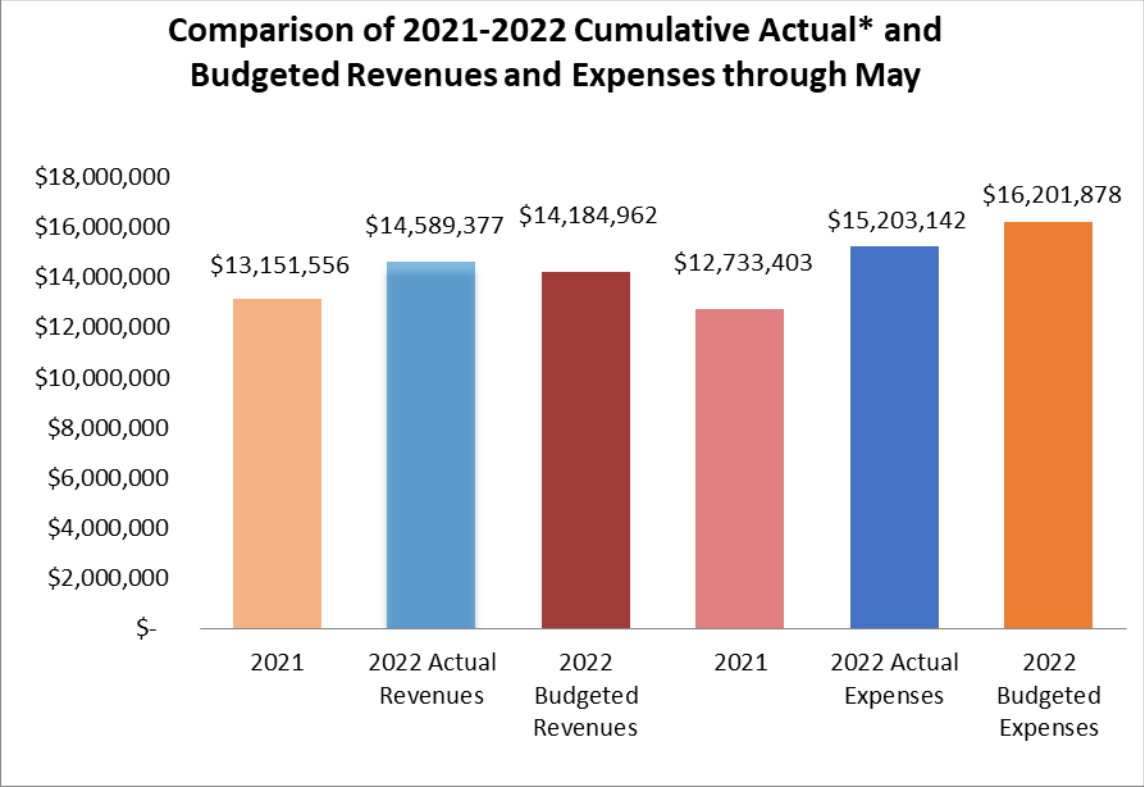
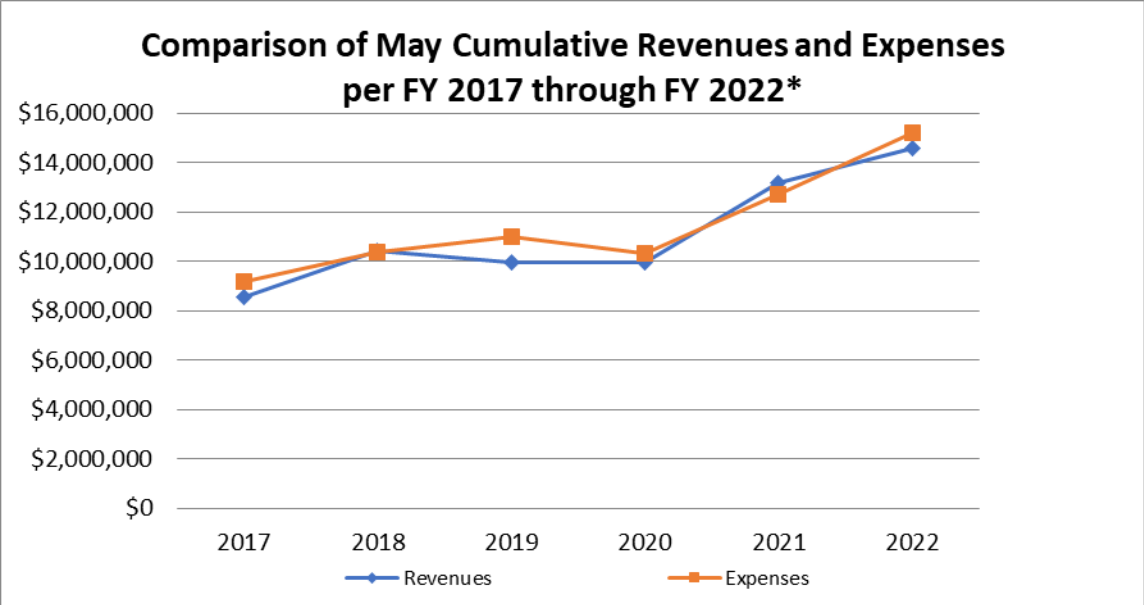
Estimated year-to-date revenues as of May 31, 2022, are \$14,589,377 and expenses are \$15,203,142, therefore expenditures exceeded revenues by \$613,766, which exceeds budget by \$1,403,151.

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

Indian Wells Valley Water District
Revenues vs. Expense
Actuals & Budget through May 2022 (Preliminary)

| | Budget | Actuals | Δ |
|--|-------------------|-------------------|------------------|
| Revenues | | | |
| Total Water Sales | 8,809,209 | 9,385,050 | 575,841 |
| GSA Fees | 3,992,944 | 3,934,476 | -58,468 |
| Total Water Service Revenue | 310,799 | 493,221 | 182,421 |
| Total Non-Operating Income | 97,948 | 194,298 | 96,350 |
| Capital Contributions | 974,062 | 582,332 | -391,730 |
| Total Revenues | 14,184,962 | 14,589,377 | 404,415 |
| Expenses | | | |
| Water Supply | 1,009,737 | 929,585 | -80,152 |
| Arsenic Treatment Plants | 200,594 | 58,541 | -142,053 |
| Transmission & Distribution | 1,592,209 | 1,425,658 | -166,551 |
| Engineering | 334,222 | 433,815 | 99,593 |
| Customer Service | 391,675 | 456,582 | 64,907 |
| Field Services | 454,331 | 396,245 | -58,087 |
| General & Administration | 2,812,505 | 2,806,695 | -5,810 |
| Legislative | 94,123 | 85,936 | -8,187 |
| Depreciation | 3,208,333 | 3,208,333 | 0 |
| Non-Operating, Interest | 1,332,892 | 1,133,730 | -199,162 |
| Non-Operating, Miscellaneous | 289,045 | 482,738 | 193,693 |
| GSA Fees | 4,390,833 | 3,680,907 | -709,926 |
| Non-Operating, Conservation | 12,531 | 25,302 | 12,770 |
| Non-Operating, Alternate Water | 78,847 | 79,074 | 227 |
| Total Expenses | 16,201,878 | 15,203,142 | -998,736 |
| Net Revenue Increase (Decrease) | -2,016,916 | -613,765 | 1,403,151 |
| Capital Expenditures | | 2,428,957 | |
| - COP Funded | | 990,333 | |
| Debt Service Principle | | 1,019,025 | |





*Actual Revenues and Expenses are Estimated

6. 2022-2023 General Fund and Capital Improvements and Projects Budgets

Description: Present 2022-2023 proposed General Fund and Capital Improvements and Projects budgets.

The Committee reviewed the 2022-2023 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 and not incur new debt. 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 two of these goals. The District will meet its debt service obligation and is not anticipating incurring new debt. The proposal projects revenues at \$17,291,332 and expenses at \$18,019,617 for a difference in which expenses exceed revenues by \$728,285. Specific budget changes compared to the 2021-2022 Fiscal Year General Fund Budget are as follows:

- Total water sales increased by \$948,762 due to budgeting a 3% consumption reduction due to conservation and implementation of the scheduled 3% rate increase.
- All labor and benefits costs increased due to an estimated COLA, applicable merit raises, and benefit cost increases.
- Administration, Accounting and General increased by \$1,457,190. Increases include liability insurance, PERS unfunded liability and legal costs.
- GSA Fee Pass-through expense decreased due to reduced consumption.
- Offsetting Reductions across many departments to maintain the debt service coverage of 1.20.
- Does not include potential January 1st rate adjustment.

The Committee recommended approval of the 2022-2023 General Fund and Capital Improvements and Projects Budgets.

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 \$1,421,968.87 as follows:

| Checks through: | <u>5/10/22</u> | <u>5/23/22</u> |
|-----------------|----------------------|----------------------|
| Prepaid | \$ 403,449.90 | \$ 50,182.14 |
| Current | <u>372,474.86</u> | <u>595,861.97</u> |
| Total | <u>\$ 775,924.76</u> | <u>\$ 646,044.11</u> |

8. Future Agenda Items

None

9. Adjournment

The Committee adjourned at 2:49pm.