

**MEETING OF THE FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA  
4040 PARAMOUNT BOULEVARD, LAKEWOOD, CALIFORNIA 90712  
12:00 P.M., WEDNESDAY, MARCH 16, 2011**

**AGENDA**

EACH ITEM ON THE AGENDA, NO MATTER HOW DESCRIBED, SHALL BE DEEMED TO INCLUDE ANY APPROPRIATE MOTION, WHETHER TO ADOPT A MINUTE MOTION, RESOLUTION, PAYMENT OF ANY BILL, APPROVAL OF ANY MATTER OR ACTION, OR ANY OTHER ACTION. ITEMS LISTED AS "FOR INFORMATION" OR "FOR DISCUSSION" MAY ALSO BE THE SUBJECT OF AN "ACTION" TAKEN BY THE BOARD OR A COMMITTEE AT THE SAME MEETING.

- 1. DETERMINATION OF A QUORUM**
- 2. PUBLIC COMMENT**
- 3. MINUTES OF THE MEETING OF FEBRUARY 16, 2011**  
*Staff Recommendation:* Approve as submitted.
- 4. DEMANDS – JANUARY 2011**  
*Staff Recommendation:* Receive and file the Demands for January 31, 2011.
- 5. FINANCIAL STATEMENTS – JANUARY 31, 2011**  
*Staff Recommendation:* Approve the Financial Statements for submittal to the Board of Directors.
- 6. RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING JANUARY 31, 2011**  
*Staff Recommendation:* Approve the Investment Report for submittal to the Board of Directors.
- 7. CONSIDERATION OF RESOLUTION NO. 11-899 – A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA AUTHORIZING SIGNERS ON DISTRICT ACCOUNTS WITH UNION BANK OF CALIFORNIA**  
*Staff Recommendation:* Adopt Resolution No. 11-899.
- 8. GASB 45 OPEB IRREVOCABLE TRUST**  
*Staff Recommendation:* Recommend approval by the Board of Directors to establish an irrevocable Other Post-Employment Benefit (OPEB) trust with California Public Employees' Retirement System (CalPERS) through the CalPERS California Employers' Retirement Benefit Trust (CERBT) and to instruct staff to fund the OPEB trust liability as calculated in accordance with the Government Accounting Standards Board (GASB) Statement 45.

**9. MID-YEAR BUDGET REVIEW**

Staff Recommendation: For discussion.

**10. DIRECTORS EXPENSES**

Staff Recommendation: Approve Directors Expenses for submittal to the Board of Directors.

**11. DIRECTORS REPORTS, INQUIRIES, AND FOLLOW-UP OF DIRECTIONS TO STAFF**

**12. ADJOURNMENT**

Posted by Abigail C. Andom, Deputy Secretary, March 11, 2011.

In compliance with the Americans with Disabilities Act (ADA), if special assistance is needed to participate in the Board meeting, please contact Deputy Secretary Abigail Andom at (562) 921-5521 for assistance to enable the District to make reasonable accommodations.

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 4040 Paramount Boulevard, Lakewood, California 90712.

Agendas and minutes are available at the District's website, [www.wrd.org](http://www.wrd.org).

UNAPPROVED  
MINUTES

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MINUTES

**MINUTES OF FEBRUARY 16, 2011  
MEETING OF THE FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A meeting of the Finance Committee of the Board of Directors of the Water Replenishment District of Southern California was held on February 16, 2011 at 12:12 p.m. at the District office, 4040 Paramount Boulevard, Lakewood, California. Director Albert Robles called the meeting to order and presided thereafter. Deputy Secretary Abigail C. Andom recorded the minutes.

**1. DETERMINATION OF A QUORUM**

Directors: Albert Robles, Sergio Calderon

Staff: Scott Ota, Jenna Shaunessy,  
Interim District Counsel Francisco Leal

Public: Tom DeMars and Dan Wiles of Fieldman Rolapp, Gilbert Vasquez and Cristy Canieda of Vasquez & Company, and Archie Davenport of Golden State Consultants

**2. PUBLIC COMMENT**

None.

**3. MINUTES OF THE MEETINGS OF DECEMBER 9, 2010, JANUARY 3, 2011, AND JANUARY 25, 2011**

The minutes were approved as submitted.

The agenda items were taken out of order.

**5. COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE PERIOD ENDING JUNE 30, 2010**

Gilbert Vasquez and Cristy Canieda of Vasquez & Company, Inc., the District's independent financial auditor, provided a report on the results of their financial audit.

Cristy Canieda, Engagement Manager, stated that the District's financial statements present fairly the financial position of the District as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the US as well as the accounting standards prescribed by the State Controller's Office and State regulations governing special districts. Ms. Canieda noted that the results of their tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Gilbert Vasquez, Managing Partner, stated that the District has implemented all but two of recommended corporate governance best practices. Mr. Vasquez stated that the two items are the formation of an Audit Committee and an Audit Charter.

Manager of Finance and Administration Jenna Shaunessy stated that the Administrative Committee is currently reviewing the District's committees' structure and a recommendation is expected to be finalized before the next audit takes place in April 2011.

Mr. Vasquez stated that he would also like to express his thanks to the District's audit team for their assistance in a very smooth audit.

**4. FIVE-YEAR CAPITAL IMPROVEMENT PLAN**

Chief Financial Officer Scott Ota presented a spreadsheet on the proposed WRD project workplan budget and schedule.

Discussion followed on possible debt financing for District projects. The Committee recommended the Board President create an Ad Hoc Bond Financing Committee.

**6. DEPARTMENT REPORT**

None.

**7. DIRECTORS EXPENSES**

Directors' expenses were reviewed and the Committee recommended the item be submitted to the Board for approval.

**8. DIRECTORS REPORTS, INQUIRIES AND FOLLOW-UP OF DIRECTIONS TO STAFF**

A Special Finance Committee Meeting is scheduled Tuesday, March 1, 2011 at 12:00 p.m.

**9. ADJOURNMENT**

With no further business for the Committee, the meeting was adjourned at 1:50 p.m.

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Chair

ATTEST:

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Director



**MEMORANDUM**

**ITEM NO. 4**

*Prepared by:* Binhyen Bui  
*Reviewed by:* Scott M. Ota  
*Approved by:* Robb Whitaker

**DATE: MARCH 16, 2011**  
**TO: FINANCE COMMITTEE**  
**FROM: ROBB WHITAKER, GENERAL MANAGER**  
**SUBJECT: DEMANDS - JANUARY 2011**

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**SUMMARY**

At the request of the Finance Committee, the following items are attached:

1. The demands list for the period January 1st, 2011 –January 31st, 2011.
2. The demands sorted by vendor with an additional column showing fiscal year-to-date payments

**Demands Summary – January 2011**

Replenishment Fund	\$ 7,078,843.21
Clean Water Fund	<u>250,930.08</u>
Total	<u>\$ 7,329,773.29</u>

**STAFF RECOMMENDATION**

Receive and file the Demands for January 31, 2011.



**WRD**  
**WATER REPLENISHMENT DISTRICT**  
**OF SOUTHERN CALIFORNIA**

DIRECTORS

SERGIO CALDERON, PRESIDENT  
 WILLARD H. MURRAY, JR., VICE PRESIDENT  
 ROBERT KATHERMAN, SECRETARY  
 ALBERT ROBLES, TREASURER  
 LILLIAN KAWASAKI, DIRECTOR

ROBB WHITAKER, P.E., GENERAL MANAGER

March 25, 2011

Board of Directors  
 Water Replenishment District of Southern California

Submitted herewith for action by the Board of Directors are the following demands for the period ending January 31, 2011

Check #	Payee	Description	Total	Replenishment Fund	Clean Water Fund
DD	ALBERT ROBLES	01/11 DIRECTORS COMPENSATION	2,911.54	2,736.85	174.69
DD	ALBERT ROBLES	01/11 EXPENSE REIMBURSEMENT	51.50	48.41	3.09
DD	ALBERT ROBLES	12/10 DIRECTORS COMPENSATION	2,889.28	2,715.92	173.36
P0062	LILLIAN Y. KAWASAKI	11/10 DIRECTORS COMPENSATION	612.45	575.70	36.75
P0064	LILLIAN Y. KAWASAKI	12/10 DIRECTORS COMPENSATION	612.45	575.70	36.75
DD	SERGIO J. CALDERON	12/10 DIRECTORS COMPENSATION	876.42	823.83	52.59
DD	SERGIO J. CALDERON	01/11 DIRECTORS COMPENSATION	1,938.65	1,822.35	116.30
DD	WILLARD H. MURRAY, JR	12/10 DIRECTORS COMPENSATION	815.08	766.18	48.90
DD	WILLARD H. MURRAY, JR	01/11 DIRECTORS COMPENSATION	701.44	659.35	42.09
DD	ROBERT E. KATHERMAN	12/10 DIRECTORS COMPENSATION	999.56	939.59	59.97
DD	ROBERT E. KATHERMAN	01/11 DIRECTORS COMPENSATION	999.56	939.59	59.97
PP0061	ROBERT E. KATHERMAN	12/10 EXPENSE REIMBURSEMENT	312.92	294.14	18.78
PP0065	ROBERT E. KATHERMAN	01/11 EXPENSE REIMBURSEMENT	121.38	114.10	7.28
DD	AFSCME LOCAL 1902 UNION	UNION DUES	556.40	471.66	84.74
DD	AFSCME LOCAL 1902 UNION	UNION DUES	556.40	462.47	93.93
DD	EDD	DIR STATE TAX W/H	12.32	11.58	0.74
DD	EDD	DIR STATE TAX W/H	86.63	81.43	5.20
DD	EDD	STATE TAX DEPOSIT	5,011.59	4,169.75	841.84
DD	EDD	STATE TAX DEPOSIT	4,964.85	4,040.62	924.23
DD	EMPLOYEE PAYROLL	SALARY EXPENSE	71,978.91	60,613.79	11,365.12
DD	EMPLOYEE PAYROLL	SALARY EXPENSE	69,896.01	58,302.40	11,593.61
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	5,857.93	5,506.46	351.47
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	2,130.25	2,002.43	127.82
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	3,043.26	2,860.66	182.60
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	549.66	516.68	32.98
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	3,717.37	3,494.33	223.04
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	4,359.96	4,098.36	261.60
DD	INTERNAL REVENUE SERVICE	DIR FEDERAL TAX DEPOSIT	2,011.00	1,890.34	120.66
DD	INTERNAL REVENUE SERVICE	DIR FEDERAL TAX DEPOSIT	2,478.34	2,329.62	148.72
DD	INTERNAL REVENUE SERVICE	FEDERAL TAX DEPOSIT	28,489.73	23,872.82	4,616.91
DD	INTERNAL REVENUE SERVICE	FEDERAL TAX DEPOSIT	28,348.38	23,321.08	5,027.30
DD	PARS	DIR PARS PAYMENT	2,374.74	(315.41)	2,690.15
DD	PARS	DIR PARS PAYMENT	2,615.76	2,458.83	156.93
DD	PRUDENTIAL	DIR DEFERRED COMP	6,823.56	6,414.15	409.41
DD	PRUDENTIAL	DIR DEFERRED COMP	6,784.75	6,377.67	407.08
DD	PRUDENTIAL	DEFERRED COMP	21,579.99	18,424.14	3,155.85
DD	PRUDENTIAL	DEFERRED COMP	23,202.84	19,350.62	3,852.22
DD	PERS	DIR PERS PAYMENT	579.61	544.83	34.78
DD	PERS	DIR PERS PAYMENT	585.19	550.08	35.11
DD	PERS	PERS PAYMENT	27,325.68	21,882.54	5,443.14
DD	PERS	PERS PAYMENT	25,911.23	21,535.57	4,375.66
DD	FLEX-PLAN SERVICES	11/10 MONTHLY SVC CHRGE	969.30	911.14	58.16
I0149	CHICAR ORG	MLK PARADE REGISTRATION FEE	85.00	79.90	5.10
1866	CITY OF CARSON	011: WELL INSPECTION FEE	(2,500.00)	(1,250.00)	(1,250.00)
2317	ACCOMTEMP	TEMP SERVICE THRU 12/17/10-MW	4,250.99	3,995.92	255.07
2318	ACWA	FALL SEMINAR REGIS FEE - AY	664.00	624.16	39.84
2319	ALBRIGHT, YEE & SCHMIT	11/10 LEGAL SERVICES	7,670.25	7,210.03	460.22
2320	AT&T MOBILITY	MONTHLY CELL PHONE SERVICE	144.17	135.52	8.65
2321	CALIFORNIA WATER SERVICE	MONTHLY WATER USAGE	56.84	53.43	3.41
2322	CDW GOVERNMENT	COMPUTER SUPPLIES	1,574.51	1,480.04	94.47
2323	CENTRAL BASIN MWD	11/10 WATER PURCHASE	3,553,174.40	3,553,174.40	-
2324	CAL FOUNDATION ON ENVIRONMENT	ERSFCWS ROUNDTABLE WORKSHOP	5,000.00	4,700.00	300.00
2325	CH2M HILL	005: PROF SERVICE THRU 09/24/10	91,808.91	91,808.91	-
2326	CHEVRON AND TEXACO	MONTHLY FUEL CHARGES	722.18	526.90	195.28
2327	CLIMATEC BUILDING	HVAC MAINT SERVICE	1,500.00	1,410.00	90.00
2328	COUNTY SANITATION DISTRICT 2	08/10 WATER PURCHASE REVISED-WN	6.30	6.30	-



Check #	Payee	Description	Total	Replenishment Fund	Clean Water Fund
2329	DANNY L. GLASGOW	MEDICAL REIMBURSEMENT	1,422.39	1,337.05	85.34
2330	VOID	VOID	-	-	-
2331	ERHART'S CATERING	12/09/10 FINANCE COMM MEETING	288.54	271.23	17.31
2332	FEDERAL EXPRESS	FEDEX SERVICE	358.56	329.06	29.50
2333	GRNDWTR RESOURCES ASSOC	2011 MEMBERSHIP DUES	1,300.00	650.00	650.00
2334	HARRIS & ASSOCIATES	11/10 LEGAL SERVICE	9,310.00	8,751.40	558.60
2335	HELPMATES STAFFING	TEMP SERVICE THRU 12/12/10 - MC	4,308.48	4,049.97	258.51
2336	VOID	VOID	-	-	-
2337	JAN-PRO CLEANING	01/11 JANITORIAL SERVICE	2,743.00	2,578.42	164.58
2338	REMY HERNANDEZ FOR WRD	PETTY CASH REIMBURSEMENT	480.47	433.59	46.88
2339	LA EXPRESS ONE INC	COURIER SERVICE	178.88	168.15	10.73
2340	LAKEWOOD, CITY OF	MONTHLY WATER USAGE	107.55	101.10	6.45
2341	LAKEWOOD SELF STORAGE	STORAGE RENTAL LEASE	3,300.00	3,102.00	198.00
2342	LONG BEACH, CITY OF	001: 12/10 O & M SERVICE	68,461.92	68,461.92	-
2343	LONG BEACH, CITY OF	01/01/10-06/30/10 CAPACITY CHARGE	30,015.83	30,015.83	-
2344	LONG BEACH, CITY OF	001: 08/28/10-11/26/10 PROF SERVICE	1,277.61	1,277.61	-
2345	LOS ANGELES COUNTY DPW	001: PERMIT FEE - PCFA201000114	250.00	250.00	-
2346	MILLENNIUM ADVOCATES	12/10 LEGISLATIVE SERVICE	15,000.00	14,100.00	900.00
2347	MWH LABORATORIES	09/10 & 10/10 LAB SERVICE	189,826.50	140,812.00	49,014.50
2348	NORWALK PRINTING	BUSINESS CARDS - WM	200.80	188.75	12.05
2349	OFFICE TEAM	TEMP SERVICE THRU 12/24/10	8,632.56	8,114.61	517.95
2350	PARS	10/10 REP FEES	500.00	470.00	30.00
2351	POSTAGE BY PHONE	POSTAGE DEPOSIT	3,000.00	2,820.00	180.00
2352	PR NEWSWIRE ASSOCIATION	12/02/10 PRESS RELEASE	605.00	568.70	36.30
2353	SEPARATION PROCESSES	002: 11/10 PROF SERVICE	1,075.00	-	1,075.00
2354	SPARKLETT'S	SUPPLIES	63.49	59.68	3.81
2255	STAR OFFICE PRODUCTS	OFFICE SUPPLIES	556.77	523.37	33.40
2356	TGIS CATERING SERVICES	12/13/10 ADMIN COMM MEETING	291.70	274.20	17.50
2357	THE SIGNAL TRIBUNE	12/10/10 NEWSPAPER AD	600.00	564.00	36.00
2358	TORRANCE, CITY OF	002: 11/10 O & M SERVICE	30,111.95	-	30,111.95
2359	UNIVERSITY OF CALIFORNIA, SB	004: PROFESSIONAL SERVICE	6,445.50	6,445.50	-
2360	VERIZON WIRELESS	MONTHLY CELL PHONE SERVICE	811.65	762.95	48.70
2361	WATER WISE CONSULTING	12/10 ECO PRO TRAINING PROGRAM	23,425.00	22,019.50	1,405.50
2362	WEST BASIN MWD	11/10 WATER PURCHASE	1,450,122.94	1,450,122.94	-
2363	XEROX CORPORATION	12/10 COPIER SERVICE - TR561586	934.49	878.42	56.07
2364	RJB ELECTRICAL CONTRACTOR	032: ELECTRICAL MAINT SUPPLIES	460.29	432.67	27.62
2365	GOGREEN EXPO LLC	LA GO GREEN EXPO EXHIBITOR	2,995.00	2,815.30	179.70
2366	INDEPENDENT CITIES ASSOC	REGISTRATION FEE - RK	450.00	423.00	27.00
2367	NAME BADGE PRODUCTION	OFFICE SUPPLIES	906.25	851.88	54.37
2368	WATEREUSE ASSOCIATION	WATEREUSE CONF EXHIBITOR	1,300.00	1,222.00	78.00
2369	VOID	VOID	-	-	-
2370	VOID	VOID	-	-	-
2371	US BANK TRUST N.A.	01/11 2004 COP INTEREST EXPENSE	303,018.44	284,836.76	18,181.68
2372	US BANK TRUST N.A.	01/11 2008 COP INTEREST EXPENSE	498,075.00	468,190.50	29,884.50
2373	1-800-CONFERENCE(R)	025: 12/10 CONFERENCE CALLS	278.31	139.16	139.15
2374	ACQUANTEMS	TEMP SERVICE THRU 12/31/10 - MW	1,629.12	1,531.37	97.75
2375	ALLIANCE CONSULTING	PROFESSIONAL SERVICE - WQPM	5,000.00	4,700.00	300.00
2376	AT&T	002: MONTHLY PHONE SERVICE	260.61	-	260.61
2377	AWWA	2011 MEMBERSHIP DUES	1,270.00	1,193.80	76.20
2378	BROWNSTEIN HYATT	11/10 LEGISLATIVE SERVICE	15,000.00	14,100.00	900.00
2379	CDW GOVERNMENT	COMPUTER SUPPLIES	386.95	363.73	23.22
2380	DMJ CONSULTING GROUP	011: PROF SERVICE THRU 12/23/10	1,653.95	826.98	826.97
2381	INGLEWOOD AIRPT CHAMBER	2011 MEMBERSHIP DUES	300.00	282.00	18.00
2382	KONE INC	ELEVATOR MAINT SERVICE	172.29	161.95	10.34
2383	LA EXPRESS ONE	12/28/10 COURIER SERVICE	69.54	65.37	4.17
2384	LAKEWOOD, CITY OF	MONTHLY WATER USAGE	54.30	51.04	3.26
2385	LONG BEACH, CITY OF	11/10 WATER PURCHASE	99,263.60	99,263.60	-
2386	LONG BEACH, CITY OF	001: 01/11 O & M SERVICE	68,461.92	68,461.92	-
2387	LOS ANGELES COUNTY FIRE DEPT	002: 10/11 HAZ MTRL DISCL FEE	735.40	-	735.40
2388	MWH LABORATORIES	LAB SERVICES THRU 12/10/10	122,058.50	119,545.75	2,512.75
2389	NELLOR ENVIRONMENTAL	004: 12/10 PROF SERVICE	6,253.24	6,253.24	-
2390	NORWALK PRINTING	BUSINESS REPLY ENVELOPES	226.57	212.97	13.60
2391	OFFICE TEAM	TEMP SERVICE THRU 12/31/10	1,714.45	1,611.58	102.87
2392	PARS	RETIREMENT PLAN ANALYSIS	8,300.00	7,802.00	498.00
2393	PHILLIPS 66-CONOCO-76	MONTHLY FUEL CHARGES	500.00	300.00	200.00
2394	PBCC	POSTAGE STAMPS METER LEASE	1,300.54	1,222.51	78.03
2395	RBF CONSULTING	005: PROF SERVICE THRU 12/13/10	11,321.08	11,321.08	-
2396	RMC WATER AND ENVIRONMENT	005: PROF SERVICE THRU 10/26/10	23,904.55	23,904.55	-
2397	VOID	VOID	-	-	-
2398	SOUTHERN CALIFORNIA EDISON	MONTHLY ENERGY USAGE	2,427.76	2,282.09	145.67
2399	SOUTHERN CALIFORNIA EDISON	002: MONTHLY ENERGY USAGE	20,203.18	-	20,203.18
2400	STANLEY CONVERGENT SECURITY	ALARM MAINT SERVICE	715.08	672.17	42.91
2401	STAR OFFICE PRODUCTS	OFFICE SUPPLIES	27.35	25.71	1.64
2402	TESTAMERICA	006: 12/10 PROF SERVICE	3,137.00	-	3,137.00
2403	TGIS CATERING SERVICES	12/20/10 EA COMM MEETING	262.12	246.39	15.73

Check #	Payee	Description	Total	Replenishment Fund	Clean Water Fund
2404	THE GAS COMPANY	MONTHLY UTILITY CHARGES	442.15	415.62	26.53
2405	TIME WARNER CABLE	MONTHLY INTERNET SERVICE	1,000.00	940.00	60.00
2406	VERIZON COMMUNICATION	MONTHLY PHONE CHARGES	341.30	320.82	20.48
2407	WEST BASIN MWD	002: 06/10 PROF SERVICE	1,970.00	-	1,970.00
2408	WESTERN EXTERMINATOR	12/10 PESTICIDE SERVICE	65.00	61.10	3.90
2409	XEROX CORPORATION	01/11 COPIER SERVICE - FR550179	2,978.85	2,800.12	178.73
2410	HELPMATES STAFFING	TEMP SERVICE THRU 12/26/10 - MC	1,907.40	1,792.95	114.45
2411	KINDEL GAGAN	12/10 LEGISLATIVE SERVICE	10,000.00	9,400.00	600.00
2412	LOS ANGELES, CITY OF DWP	11/18/10-12/20/10 WATER PURCHASE	82,631.34	82,631.34	-
2413	PARS	11/10 REP FEES	500.00	470.00	30.00
2414	ROBERT E. BUSH	005: PROF SERVICE THRU 12/31/10	12,000.00	12,000.00	-
2415	THE GROUNDWATER FOUNDATION	GRNDWTR EDU DEMO SUPPLIES	434.40	408.34	26.06
2416	F&M BANK: CC PAYMENT	12/10 CC CHARGES	6,592.03	6,196.51	395.52
2417	WESTERN TRUCK EXCHANGE	011: FUSO FE145 FIELD TRUCK	39,707.00	19,853.50	19,853.50
2418	1-800-CONFERENCE(R)	025: 01/11 CONFERENCE CALLS	251.96	125.98	125.98
2419	ACCOUNTEMPS	TEMP SERVICE THRU 01/07/11 - MW	2,036.40	1,914.22	122.18
2420	ACWA 1	02/11 EAP PREMIUM	127.44	119.81	7.63
2421	ACWA - HBA	02/11 MED/LIFE/DEN PREMIUM	55,903.86	52,549.63	3,354.23
2422	ARCADIA SIGN COMPANY	WRD BRONZE PLAQUE DEPOSIT	1,150.00	1,081.00	69.00
2423	DELL MARKETING	COMPUTER SUPPLIES	306.20	287.83	18.37
2424	EAST WEST BANK	CC CHARGES THRU 01/05/11	1,167.80	1,097.73	70.07
2425	EXXON MOBIL	MONTHLY FUEL PAYMENT	500.00	470.00	30.00
2426	INDEPENDENT CITIES ASSOC	REGISTRATION FEE - RB	450.00	423.00	27.00
2427	INFINITE CONFERENCING	PHONE CONFERENCING SERVICE	26.87	25.26	1.61
2428	INTER-TEL NETSOLUTIONS	MONTHLY PHONE CHARGES	788.35	741.05	47.30
2429	MARTIN E WHELAN. JR.	02/11 MEDICAL PREMIUM	733.35	689.35	44.00
2430	VERIZON BUSINESS	MONTHLY INTERNET SERVICE	623.84	586.41	37.43
2431	McMASTER-CARR	SUPPLIES - DISTRICT BUILDING	742.92	698.34	44.58
2432	PEPSI BOTTLING	SUPPLIES	236.02	221.86	14.16
2433	SPARKLETTS	SUPPLIES	63.49	59.68	3.81
2434	STANDARD INSURANCE COMPANY	02/11 STD/LTD PREMIUM	1,321.00	1,241.74	79.26
2435	STAPLES CREDIT PLAN	OFFICE SUPPLIES	128.33	120.63	7.70
2436	XO CORPORATION	MONTHLY PHONE CHARGES	102.60	96.44	6.16
2437	ACWA JOINT POWERS	WORKERS' COMP PROGRAM	9,568.00	8,153.57	1,414.43
2438	VOID	VOID	-	-	-
2439	COUNTY OF LOS ANGELES DAC	2011 LOBBYIST FILLING FEE	75.00	70.50	4.50
2440	INTERIOR PLANT DESIGN	01/11 PLANT MAINT SERVICE	2,000.00	1,816.00	184.00
<b>Total Demands from January 1, 2011 to January 31, 2011</b>			<b>7,329,773.29</b>	<b>7,078,843.21</b>	<b>250,930.08</b>

Robb Whitaker, P.E., General Manager

Water Replenishment District of Southern California  
Demands List - Current and YTD By Vendor

<u>Payee</u>	<u>Description</u>	<u>Current Demands</u>	<u>YTD Demands</u>
PAYROLL	BENEFIT/DEDUCTION/REIMBURSEMENT	138,554.58	1,635,583.74
PAYROLL	PAYROLL	141,874.92	1,186,075.60
PAYROLL	TAXES	71,402.84	559,178.53
ALBERT ROBLES	DIRECTORS' COMPENSATION	5,800.82	21,024.29
ALBERT ROBLES	EXPENSE REIMBURSEMENT	51.50	3,458.23
ROBERT E. KATHERMAN	DIRECTORS' COMPENSATION	1,999.12	7,979.50
ROBERT E. KATHERMAN	EXPENSE REIMBURSEMENT	434.30	4,932.08
LILLIAN Y. KAWASAKI	DIRECTORS' COMPENSATION	1,224.90	6,626.41
SERGIO J. CALDERON	DIRECTORS' COMPENSATION	2,815.07	16,266.90
WILLARD H. MURRAY, JR	DIRECTORS' COMPENSATION	1,516.52	6,071.39
1-800-CONFERENCE(R)	025: 12/10 CONFERENCE CALLS	278.31	1,009.65
1-800-CONFERENCE(R)	025: 01/11 CONFERENCE CALLS	251.96	1,261.61
ACCONTEMPS	TEMP SERVICE THRU 12/17/10 - MW	4,250.99	5,112.11
ACCONTEMPS	TEMP SERVICE THRU 12/31/10 - MW	1,629.12	6,741.23
ACCONTEMPS	TEMP SERVICE THRU 01/07/11 - MW	2,036.40	8,777.63
ACWA	FALL SEMINAR REGIS FEE - AY	664.00	22,630.50
ACWA - HBA	02/11 MED/LIFE/DEN PREMIUM	55,903.86	355,670.60
ACWA 1	02/11 EAP PREMIUM	127.44	902.70
ACWA JOINT POWERS	WORKERS' COMP PROGRAM	9,568.00	175,422.00
ALBRIGHT, YEE & SCHMIT	11/10 LEGAL SERVICES	7,670.25	64,925.36
ALLIANCE CONSULTING	PROFESSIONAL SERVICE - WQPM	5,000.00	22,000.00
ARCADIA SIGN COMPANY	WRD BRONZE PLAQUE DEPOSIT	1,150.00	1,150.00
AT&T	002: MONTHLY PHONE SERVICE	260.61	1,679.44
AT&T MOBILITY	MONTHLY CELL PHONE SERVICE	144.17	1,018.75
AWWA	2011 MEMBERSHIP DUES	1,270.00	1,415.00
BROWNSTEIN HYATT	11/10 LEGISLATIVE SERVICE	15,000.00	120,000.00
CAL FOUNDATION ON ENVIRONMENT	ERSFCWS ROUNDTABLE WORKSHOP	5,000.00	5,000.00
CALIFORNIA WATER SERVICE	MONTHLY WATER USAGE	56.84	384.44
CDW GOVERNMENT	COMPUTER SUPPLIES	1,574.51	8,958.50
CDW GOVERNMENT	COMPUTER SUPPLIES	386.95	9,345.45
CENTRAL BASIN MWD	11/10 WATER PURCHASE	3,553,174.40	3,573,922.00
CH2M HILL	005: PROF SERVICE THRU 09/24/10	91,808.91	721,763.56
CHEVRON AND TEXACO	MONTHLY FUEL CHARGES	722.18	1,245.89
CHICAR ORG	MLK PARADE REGISTRATION FEE	85.00	85.00
CITY OF CARSON	011: WELL INSPECTION FEE	(2,500.00)	2,948.00
CLIMATEC BUILDING	HVAC MAINT SERVICE	1,500.00	3,000.00
COUNTY OF LOS ANGELES DAC	2011 LOBBYIST FILLING FEE	75.00	9,506.37
COUNTY SANITATION DISTRICT 2	08/10 WATER PURCHASE REVISED-WN	6.30	1,218,356.68
DANNY L. GLASGOW	MEDICAL REIMBURSEMENT	1,422.39	3,086.89
DELL MARKETING	COMPUTER SUPPLIES	306.20	94,803.94
DMJ CONSULTING GROUP	011: PROF SERVICE THRU 12/23/10	1,653.95	48,519.95
EAST WEST BANK	CC CHARGES THRU 01/05/11	1,167.80	27,688.68
ERHART'S CATERING	12/09/10 FINANCE COMM MEETING	288.54	4,800.40
EXXON MOBIL	MONTHLY FUEL PAYMENT	500.00	1,360.28
F&M BANK: CC PAYMENT	12/10 CC CHARGES	6,592.03	19,522.06
FEDERAL EXPRESS	FEDEX SERVICE	358.56	4,145.35
FLEX-PLAN SERVICES	11/10 MONTHLY SVC CHRGR	969.30	6,774.10
GOGREEN EXPO LLC	LA GO GREEN EXPO EXHIBITOR	2,995.00	2,995.00
GRNDWTR RESOURCES ASSOC	2011 MEMBERSHIP DUES	1,300.00	1,300.00
HARRIS & ASSOCIATES	11/10 LEGAL SERVICE	9,310.00	58,510.24
HELPMATES STAFFING	TEMP SERVICE THRU 12/12/10 - MC	4,308.48	29,822.76
HELPMATES STAFFING	TEMP SERVICE THRU 12/26/10 - MC	1,907.40	31,730.16
INDEPENDENT CITIES ASSOC	REGISTRATION FEE - RK	450.00	450.00
INDEPENDENT CITIES ASSOC	REGISTRATION FEE - RB	450.00	900.00
INFINITE CONFERENCING	PHONE CONFERENCING SERVICE	26.87	90.01
INGLEWOOD AIRPT CHAMBER	2011 MEMBERSHIP DUES	300.00	1,795.00
INTERIOR PLANT DESIGN	01/11 PLANT MAINT SERVICE	2,000.00	14,550.28
INTER-TEL NETSOLUTIONS	MONTHLY PHONE CHARGES	788.35	6,010.27
JAN-PRO CLEANING	01/11 JANITORIAL SERVICE	2,743.00	19,201.00

Water Replenishment District of Southern California  
Demands List - Current and YTD By Vendor

<u>Payee</u>	<u>Description</u>	<u>Current Demands</u>	<u>YTD Demands</u>
KINDEL GAGAN	12/10 LEGISLATIVE SERVICE	10,000.00	73,656.25
KONE INC	ELEVATOR MAINT SERVICE	172.29	6,017.55
LA EXPRESS ONE	COURIER SERVICE	69.54	920.88
LA EXPRESS ONE	COURIER SERVICE	178.88	1,099.76
LAKEWOOD SELF STORAGE	STORAGE RENTAL LEASE	3,300.00	13,152.70
LAKEWOOD, CITY OF	MONTHLY WATER USAGE	107.55	299,313.95
LAKEWOOD, CITY OF	MONTHLY WATER USAGE	54.30	29,368.25
LONG BEACH, CITY OF	001: 12/10 O & M SERVICE	68,461.92	981,411.69
LONG BEACH, CITY OF	01/01/10-06/30/10 CAPACITY CHARGE	30,015.83	1,011,427.52
LONG BEACH, CITY OF	001: 08/28/10-11/26/10 PROF SERVICE	1,277.61	1,012,705.13
LONG BEACH, CITY OF	11/10 WATER PURCHASE	99,263.60	1,111,968.73
LONG BEACH, CITY OF	001: 01/11 O & M SERVICE	68,461.92	1,180,430.65
LOS ANGELES COUNTY DPW	001: PERMIT FEE - PCFA201000114	250.00	1,500.00
LOS ANGELES COUNTY FIRE DEPT	002: 10/11 HAZ MTRL DISCL FEE	735.40	735.40
LOS ANGELES, CITY OF DWP	11/18/10-12/20/10 WATER PURCHASE	82,631.34	569,603.43
MARTIN E WHELAN. JR.	02/11 MEDICAL PREMIUM	733.35	5,148.35
McMASTER-CARR	SUPPLIES - DISTRICT BUILDING	742.92	4,054.46
MILLENNIUM ADVOCATES	12/10 LEGISLATIVE SERVICE	15,000.00	90,000.00
MWH LABORATORIES	09/10 & 10/10 LAB SERVICE	189,826.50	570,354.50
MWH LABORATORIES	LAB SERVICES THRU 12/10/10	122,058.50	692,413.00
NAME BADGE PRODUCTION	OFFICE SUPPLIES	906.25	906.25
NELLOR ENVIRONMENTAL	004: 12/10 PROF SERVICE	6,253.24	12,193.24
NORWALK PRINTING	BUSINESS CARDS - WM	200.80	2,962.33
NORWALK PRINTING	BUSINESS REPLY ENVELOPES	226.57	3,188.90
OFFICE TEAM	TEMP SERVICE THRU 12/24/10	8,632.56	60,287.62
OFFICE TEAM	TEMP SERVICE THRU 12/31/10	1,714.45	62,002.07
PARS	10/10 REP FEES	500.00	3,000.00
PARS	RETIREMENT PLAN ANALYSIS	8,300.00	11,300.00
PARS	11/10 REP FEES	500.00	11,800.00
PBCC	POSTAGE STAMPS METER LEASE	1,300.54	3,928.21
PEPSI BOTTLING	SUPPLIES	236.02	1,871.05
PHILLIPS 66-CONOCO-76	MONTHLY FUEL CHARGES	500.00	4,095.37
POSTAGE BY PHONE	POSTAGE DEPOSIT	3,000.00	8,000.00
PR NEWSWIRE ASSOCIATION	12/02/10 PRESS RELEASE	605.00	1,365.00
RBF CONSULTING	005: PROF SERVICE THRU 12/13/10	11,321.08	11,803.08
REMY HERNANDEZ FOR WRD	PETTY CASH REIMBURSEMENT	480.47	1,402.11
RJB ELECTRICAL CONTRACTOR	032: ELECTRICAL MAINT SUPPLIES	460.29	460.29
RMC WATER AND ENVIRONMENT	005: PROF SERVICE THRU 10/26/10	23,904.55	141,933.75
ROBERT E. BUSH	005: PROF SERVICE THRU 12/31/10	12,000.00	21,000.00
SEPARATION PROCESSES	002: 11/10 PROF SERVICE	1,075.00	12,605.00
SOUTHERN CALIFORNIA EDISON	MONTHLY ENERGY USAGE	2,427.76	124,516.85
SOUTHERN CALIFORNIA EDISON	002: MONTHLY ENERGY USAGE	20,203.18	144,720.03
SPARKLETTS	SUPPLIES	63.49	1,078.49
SPARKLETTS	SUPPLIES	63.49	1,141.98
STANDARD INSURANCE COMPANY	02/11 STD/LTD PREMIUM	1,321.00	9,342.81
STANLEY CONVERGENT SECURITY	ALARM MAINT SERVICE	715.08	1,168.99
STAPLES CREDIT PLAN	OFFICE SUPPLIES	128.33	1,818.13
STAR OFFICE PRODUCTS	OFFICE SUPPLIES	556.77	8,903.64
STAR OFFICE PRODUCTS	OFFICE SUPPLIES	27.35	8,930.99
TESTAMERICA	006: 12/10 PROF SERVICE	3,137.00	38,076.60
TGIS CATERING SERVICES	12/13/10 ADMIN COMM MEETING	291.70	2,988.87
TGIS CATERING SERVICES	12/20/10 EA COMM MEETING	262.12	3,250.99
THE GAS COMPANY	MONTHLY UTILITY CHARGES	442.15	1,472.24
THE GROUNDWATER FOUNDATION	GRNDWTR EDU DEMO SUPPLIES	434.40	434.40
THE SIGNAL TRIBUNE	12/10/10 NEWSPAPER AD	600.00	2,625.00
TIME WARNER CABLE	MONTHLY INTERNET SERVICE	1,000.00	4,000.00
TORRANCE, CITY OF	002: 11/10 O & M SERVICE	30,111.95	318,827.59
UNIVERSITY OF CALIFORNIA, SB	004: PROFESSIONAL SERVICE	6,445.50	19,336.50
US BANK TRUST N.A.	01/11 2004 COP INTEREST EXPENSE	303,018.44	1,759,296.58

Water Replenishment District of Southern California  
Demands List - Current and YTD By Vendor

<u>Payee</u>	<u>Description</u>	<u>Current Demands</u>	<u>YTD Demands</u>
US BANK TRUST N.A.	01/11 2008 COP INTEREST EXPENSE	498,075.00	2,257,371.58
VERIZON BUSINESS	MONTHLY INTERNET SERVICE	623.84	4,347.37
VERIZON COMMUNICATION	MONTHLY PHONE CHARGES	341.30	2,386.75
VERIZON WIRELESS	MONTHLY CELL PHONE SERVICE	811.65	6,117.01
WATER WISE CONSULTING	12/10 ECO PRO TRAINING PROGRAM	23,425.00	48,500.00
WATEREUSE ASSOCIATION	WATEREUSE CONF EXHIBITOR	1,300.00	8,491.47
WEST BASIN MWD	11/10 WATER PURCHASE	1,450,122.94	10,573,703.44
WEST BASIN MWD	002: 06/10 PROF SERVICE	1,970.00	10,575,673.44
WESTERN EXTERMINATOR	12/10 PESTICIDE SERVICE	65.00	455.00
WESTERN TRUCK EXCHANGE	011: FUSO FE145 FIELD TRUCK	39,707.00	49,707.00
XEROX CORPORATION	12/10 COPIER SERVICE - TR561586	934.49	34,703.76
XEROX CORPORATION	01/11 COPIER SERVICE - FR550179	2,978.85	37,682.61
XO CORPORATION	MONTHLY PHONE CHARGES	102.60	729.83
		<u>7,329,773.29</u>	<u>44,253,445.33</u>



## MEMORANDUM

### ITEM NO. 5

*Prepared by:* Scott M. Ota

*Reviewed by:* Scott M. Ota

*Approved by:* Robb Whitaker

**DATE: MARCH 16, 2011**

**TO: FINANCE COMMITTEE**

**FROM: ROBB WHITAKER, GENERAL MANAGER**

**SUBJECT: FINANCIAL STATEMENTS – JANUARY 31, 2011**

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The attached financial statements include the Statement of Net Assets (Balance Sheet) as of January 31, 2011 and the Statement of Revenues, Expenditures and Changes in Net Assets (Income Statement) for the month ending January 31, 2011. Explanation of selected account balances are as follows:

### Statement of Net Assets

#### **ASSETS**

Cash and Cash Equivalents – The decrease in cash is primarily due to the payment to Central Basin Municipal Water District for the purchase of untreated Tier 1 spreading water as well as the semi-annual payment of the District's 2004 and 2008 Certificates of Participation. See below for the corresponding decreases in Accounts Payable and Bond Interest Payable.

Accounts Receivable – This account has a decrease of approximately \$844,000 from the prior month and the change is due to the collection of outstanding replenishment assessment revenues.

#### **LIABILITIES**

Accounts Payable – The decrease of about \$1.91 million is mainly due to the payment to Central Basin Municipal Water District for the purchase of untreated Tier 1 spreading water. (See cash above)

Interest Payable – This account decreased due to the semi-annual payment to the District's 2004 and 2008 Certificates of Participation (see cash above).

**NET ASSETS**

Invested in Capital Assets – This is a formula and related to the changes in all capital asset accounts:

<u>Accounts</u>	<u>Change</u>
Plant & Equipment	\$ 43,923
Construction-In-Progress	141,581
Accumulated Depreciation	(191,719)
Total	<u>\$ (6,206)</u>

Unrestricted – The Change/Variance of Total Assets, Total Liabilities and Invested in Capital Assets from December to January is \$(1,210,829)

**Statement of Revenues, Expenditures and Changes in Net Assets**

**REVENUES**

Operating Revenues – This account has a decrease due to a seasonal reduction of water pumped in December 2010.

**EXPENSES**

Cost of water – The cost of water decreased \$790,000 due to a reduction in the amount of untreated Tier 1 spreading water purchased from Central Basin Municipal Water District in January 2011.

Material & Equipment – The increase of about \$97,000 to materials and equipment is due to the replacement of ultraviolet lamps used for water disinfection at the Leo J. Vander Lans Water Treatment Facility.

Professional Fees – As part of the WRD's agreement with the Long Beach Water Department, the operating costs associated with the Leo J. Vander Lans Water Treatment Facility is reconciled on a semi-annual basis. In January 2011, the WRD reimbursed the Long Beach Water Department for operating costs for the period of July 2010 through December 2010.

**FISCAL IMPACT**

None.

**STAFF RECOMMENDATION**

Approve the Financial Statements for submittal to the Board of Directors.

**Water Replenishment District of Southern California**  
**Statement of Net Assets**  
**January 31, 2011**

Assets	Total	Prior Month Total	Variance
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 27,616,130	\$ 30,354,548	(2,738,418)
Restricted Cash	16,734,681	16,734,671	10
Accounts Receivable	5,946,580	6,790,388	(843,808)
Interest Receivable	37,712	37,712	-
Prepaid Expenses	106,405	121,999	(15,594)
<b>Total Current Assets</b>	<b>\$ 50,441,508</b>	<b>\$ 54,039,318</b>	<b>(3,597,810)</b>
<b>Noncurrent Assets</b>			
Notes Receivable, Noncurrent	\$ 4,032,113	\$ 4,221,002	(188,889)
Plant & Equipment	63,447,876	63,403,953	43,923
Land	2,644,753	2,644,753	-
Construction-In-Progress	7,136,918	6,995,337	141,581
Deferred Charges	782,332	782,332	-
Accumulated Depreciation	(17,016,009)	(16,824,289)	(191,720)
<b>Total Noncurrent Assets</b>	<b>\$ 61,027,983</b>	<b>\$ 61,223,089</b>	<b>(195,105)</b>
<b>Total Assets</b>	<b>\$ 111,469,491</b>	<b>\$ 115,262,407</b>	<b>(3,792,916)</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 8,355,114	\$ 10,261,922	(1,906,808)
Interest Payable - Bond	-	667,576	(667,576)
Accrued Payroll	-	-	-
Accrued Employee Benefits	7,655	15,358	(7,703)
Accrued Postemployment Benefits	1,205,822	1,205,822	-
Deferred Compensation	-	-	-
Cal Trans 0690	5,973,828	5,973,828	-
Long term Debt - Bond Payable	31,535,300	31,535,300	-
Other Liabilities	450,000	450,000	-
<b>Total Current Liabilities</b>	<b>\$ 47,527,719</b>	<b>\$ 50,109,806</b>	<b>(2,582,087)</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	\$ 344,522	\$ 344,522	-
<b>Total Noncurrent Liabilities</b>	<b>\$ 344,522</b>	<b>\$ 344,522</b>	<b>-</b>
<b>Total Liabilities</b>	<b>\$ 47,872,241</b>	<b>\$ 50,454,328</b>	<b>(2,582,087)</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Del	\$ 35,439,091	\$ 35,445,297	(6,206)
Unrestricted	28,158,160	29,362,782	(1,204,623)
<b>Total Net Assets</b>	<b>\$ 63,597,250</b>	<b>\$ 64,808,079</b>	<b>(1,210,829)</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 111,469,491</b>	<b>\$ 115,262,407</b>	<b>(3,792,916)</b>

**Water Replenishment District of Southern California**  
**Statement of Revenues, Expenditures and Changes in Net Assets**  
**For the Month of January 2011**

	Total	Prior Month Total	Variance
<b>Revenues</b>			
<b>Operating Revenues</b>			
Water Replenishment Assessments	3,130,172	3,437,137	(306,965)
Late Payment Penalties	-	-	-
MWD Subsidy	88,852	58,756	30,096
OCWD Recycled Water Product	67,223	32,246	34,977
Desalter Revenue	99,533	72,204	27,329
Title 22 Monitoring Program	33,480	-	33,480
<b>Total Operating Revenues</b>	<u>3,419,260</u>	<u>3,600,343</u>	<u>(181,083)</u>
<b>Operating Expenses</b>			
<b>Cost of Water</b>			
Spreading	1,373,125	2,105,693	(732,568)
Injected	1,920,283	1,896,232	24,051
In-Lieu	-	-	-
Connection Fees	51,715	133,251	(81,536)
<b>Total Cost of Water</b>	<u>3,345,124</u>	<u>4,135,176</u>	<u>(790,052)</u>
<b>General &amp; Administrative</b>			
Salaries, Taxes & Benefits	401,075	468,450	(67,375)
Postemployment Benefits	-	-	-
Conference & Travel	4,732	9,214	(4,482)
Office Expenses	64,919	35,284	29,635
Utilities	31,419	28,055	3,364
Rents & Leases	6,975	9,056	(2,081)
Repairs & Maintenance	10,572	8,332	2,240
Material & Equipment	112,265	15,665	96,600
General Liability Insurance	15,595	15,595	-
Professional Fees	560,585	365,652	194,933
Other General & Administrative	98,426	95,951	2,475
<b>Total General &amp; Administrative</b>	<u>1,306,562</u>	<u>1,051,256</u>	<u>255,306</u>
Depreciation	191,720	191,720	-
<b>Total Operating Expenses</b>	<u>4,843,405</u>	<u>5,378,152</u>	<u>(534,747)</u>
<b>Operating Income (Loss)</b>	<u>(1,424,145)</u>	<u>(1,777,809)</u>	<u>353,664</u>
<b>Non-Operating Revenues (Expenses)</b>			
<b>Revenues</b>			
Property Taxes	46,350	183,174	(136,824)
Investment Earnings	65,407	4,176	61,231
Miscellaneous	11,146	1	11,145
<b>Total Non-Operating Revenues (Expenses)</b>	<u>122,902</u>	<u>187,351</u>	<u>(64,449)</u>
<b>Income (Loss) Before Contributions</b>	<u>(1,301,243)</u>	<u>(1,590,458)</u>	<u>289,215</u>
<b>Contributions</b>			
Capital Contributions- Grant	90,414	-	90,414
<b>Change in Net Assets</b>	<u>(1,210,829)</u>	<u>(1,590,458)</u>	<u>379,629</u>



**MEMORANDUM**

**ITEM NO. 6**

*Prepared by:* Scott M. Ota

*Reviewed by:* Scott M. Ota

*Approved by:* Robb Whitaker

**DATE: MARCH 16, 2011**

**TO: BOARD OF DIRECTORS**

**FROM: ROBB WHITAKER, GENERAL MANAGER**

**SUBJECT: RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING JANUARY 31, 2011**

Each month, the Finance Department reports the District's reserve balances as well as cash & investment activities to the Finance Committee for subsequent approval by the Board of Directors.

**RESERVE BALANCE**

Based on §60290 of the Water Code, the District may establish an annual reserve fund in an amount not to exceed ten million dollars (\$10,000,000). This ten million dollars may be adjusted for the percentage increase or decrease in the blended cost of water from district water supply sources on an annual basis. In addition, §60291 states that the limitation on the reserve established in §60290 does not apply to funds appropriated for capital projects.

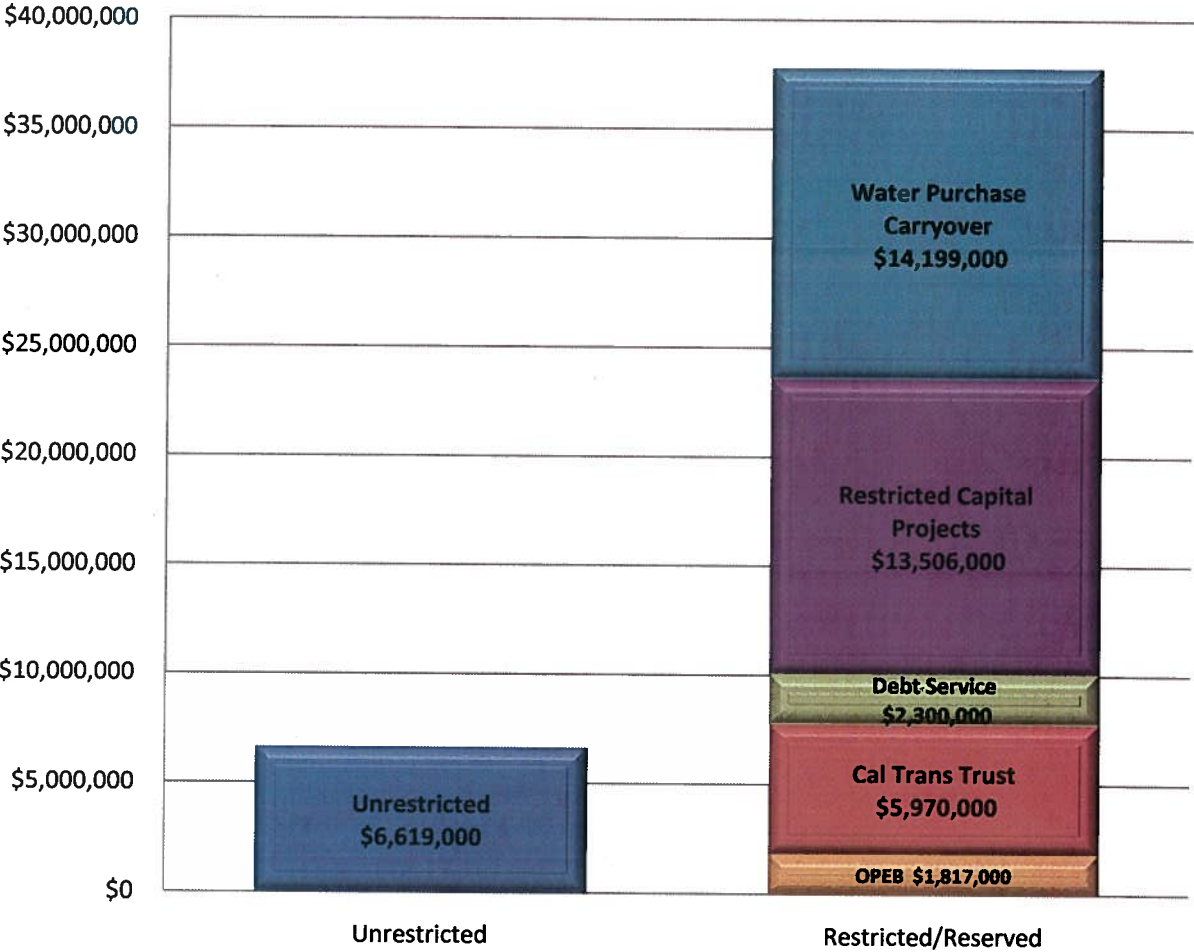
If for some reason, the District has more than \$10,000,000 (adjusted for the blended cost of water), §60328.1 states that the District shall apply the estimated fiscal year end balance in excess of the amount allowed in §60290 to a replenishment assessment rate reduction or to the purchase of water in the succeeding fiscal year.

**Currently the District has \$6,394,000 in operating reserve.** The following pages provide specific breakdowns of the District cash and investments.

The District's reserve balances are presented in Figure A below:

<b>Operating Reserve Fund</b>	<b>\$ 6,619,000</b>
Reserved or Encumbered:	
Water Purchase Carryover Fund	14,199,000
Restricted for Capital Projects	13,506,000
Debt Service Reserve Fund	2,300,000
Cal Trans Trust Fund	5,970,000
Other Post Employment Benefit Obligation (OPEB)	1,817,000
Reserved or Encumbered Subtotal	<u>37,795,000</u>
 Total Cash and Investments	 <u><b>\$ 44,411,000</b></u>

**WRD Funds as of September  
January 31, 2011**



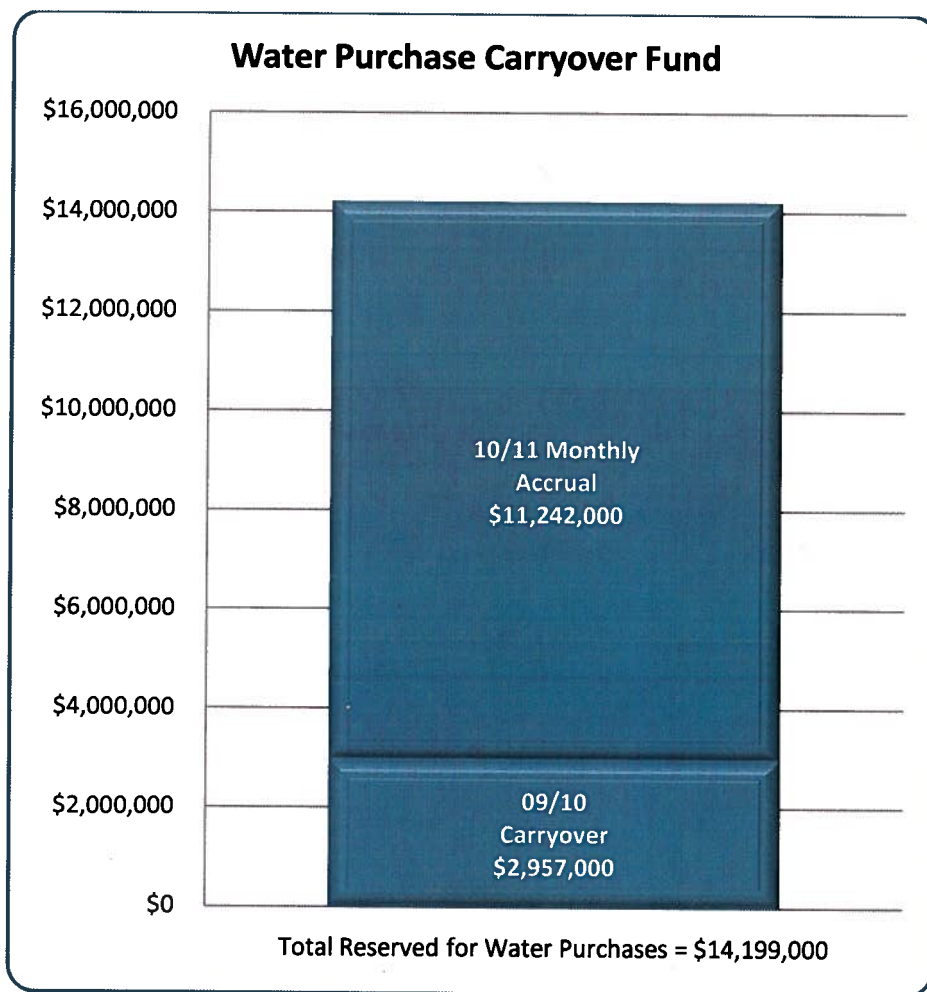
**Total Cash Held as of January 31, 2011 = \$44,411,000**

**Water Purchase Carryover Fund** – This category of represents:

**Source of Funds:**  
**Use of Funds:**

***Replenishment Assessment***  
***Restricted for Water Purchases Only***

<b>1. Monthly accrual of budgeted amount for fiscal year 10/11</b>	
Untreated Tier 1 Spreading Water Budgeted in 10/11	\$ 13,424,000
In Lieu Budgeted in 10/11	3,608,000
3,500 acre feet of Make Up Water Budgeted in 10/11	<u>2,237,000</u>
Total Budget for Spreading Water in 10/11	<u>\$ 19,269,000</u>
	+ 12 months
Accrual per month (1/12 <sup>th</sup> – rounded) x seven months	<u>\$ 11,242,000</u>
<b>2. Budget 10/11 Rate Relief</b> – As a result of public budget workshops,	
\$8,270M was allocated from the Water Purchase Carryover Fund as rate relief (1/12 <sup>th</sup> accrual per month: \$8,270,000 ÷ 12 = \$689,000 rounded)	\$ (4,823,000)
09/10 Water Purchase Carryover (decreases by \$689,000 monthly for fiscal year 10/11)	
Total	<u>7,780,000</u> <u>\$ 2,957,000</u>



**Restricted for Capital Projects** – This category represents funds encumbered for the following:

**1. Safe Drinking Water Program**

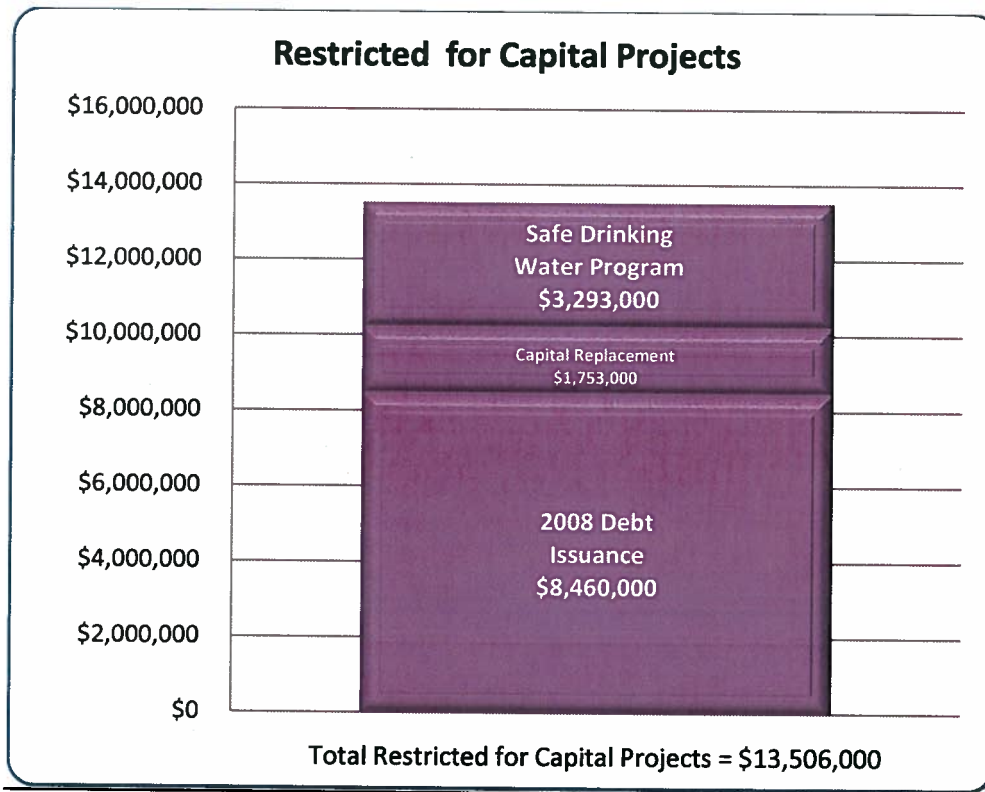
<u>Source of Funds:</u>	<i>Replenishment Assessment</i>	
<u>Use of Funds:</u>	<i>Encumbered for Safe Drinking Water Projects</i>	
Maywood Mutual Water Company #2 – Central Basin		\$ 150,000
Park Water Company– Central Basin		2,000,000
Vernon Wells #9 and #10 – Central Basin		1,000,000
Huntington Park Well #17 – Central Basin		143,000
Total		<u>\$ 3,293,000</u>

**2. Capital Replacement / Construction**

<u>Source of Funds:</u>	<i>Replenishment Assessment</i>	
<u>Use of Funds:</u>	<i>Encumbered for Projects Below</i>	
Leo J. Vanderlans Water Treatment Facility:		
Capital Replacement		\$ 1,036,000
Preliminary and Final Design for Expansion		380,000 <sup>1</sup>
Goldsworthy Desalter:		
Capital Replacement		237,000
Preliminary Design		100,000 <sup>1</sup>
Total		<u>\$ 1,753,000</u>

**3. Proceeds from the 2008 Certificates of Participation**

<u>Source of Funds:</u>	<i>2008 Debt Issuance</i>	
<u>Use of Funds:</u>	<i>Restricted for Capital Projects Only – Interconnection Pipeline and Regional Groundwater Monitoring Wells</i>	
Held by Independent Trustee – Restricted for Capital Projects Only		<u>\$ 8,460,000</u>



<sup>1</sup> This amount was budgeted in fiscal year 2009/10 and encumbered for capital expenditure in fiscal year 2010/11

**Debt Service Reserve Fund** – Based on the District’s Master Trust Agreement related to the 2004 and 2008 Revenue Certificates of Participation (COP), the District must maintain a Reserve Fund, held by an independent Trustee to pay principal and interest in the event the WRD does not have the funds to properly pay its debt. These funds are unavailable to the District until the debt matures 30 years after issuance of the debt.

Source of Funds:

*2004 and 2008 Debt Issuance*

Use of Funds:

*Restricted based on Master Trust Agreement*

2004 Trustee Reserve Fund	\$ 968,000
2008 Trustee Reserve Fund	<u>1,332,000</u>
Total	<u>\$ 2,300,000</u>

**Cal Trans Trust** – These funds are held in trust by WRD as part of a settlement with the California Department of Transportation (CalTrans) for dewatering the 105 freeway.

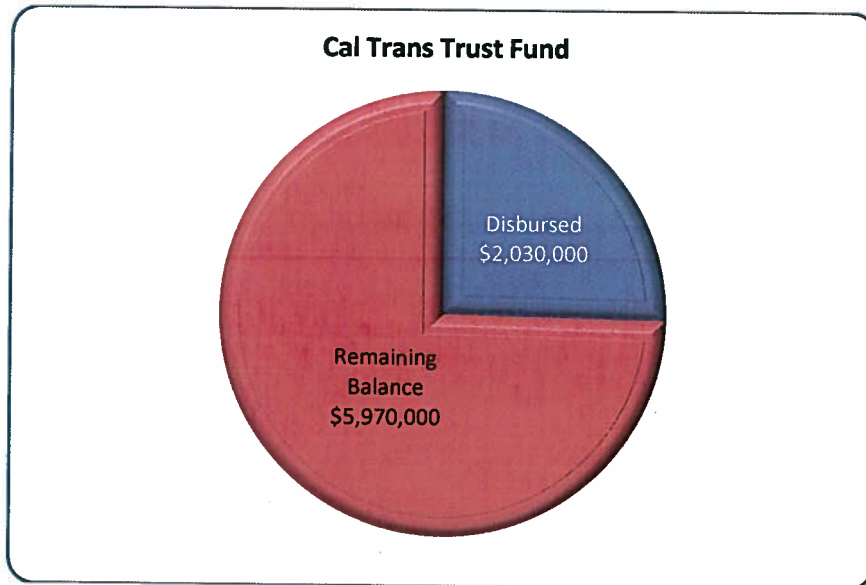
Source of Funds:

*CalTrans Settlement*

Use of Funds:

*Restricted for CalTrans Project and RA*

Originally, the CalTrans settlement of \$8 million was received in June 2004. Since that time, the District has been reimbursed \$2.03 million for costs associated with the project, as well as for charges tied to the amount of water pumped from the basin for dewatering of the freeway.



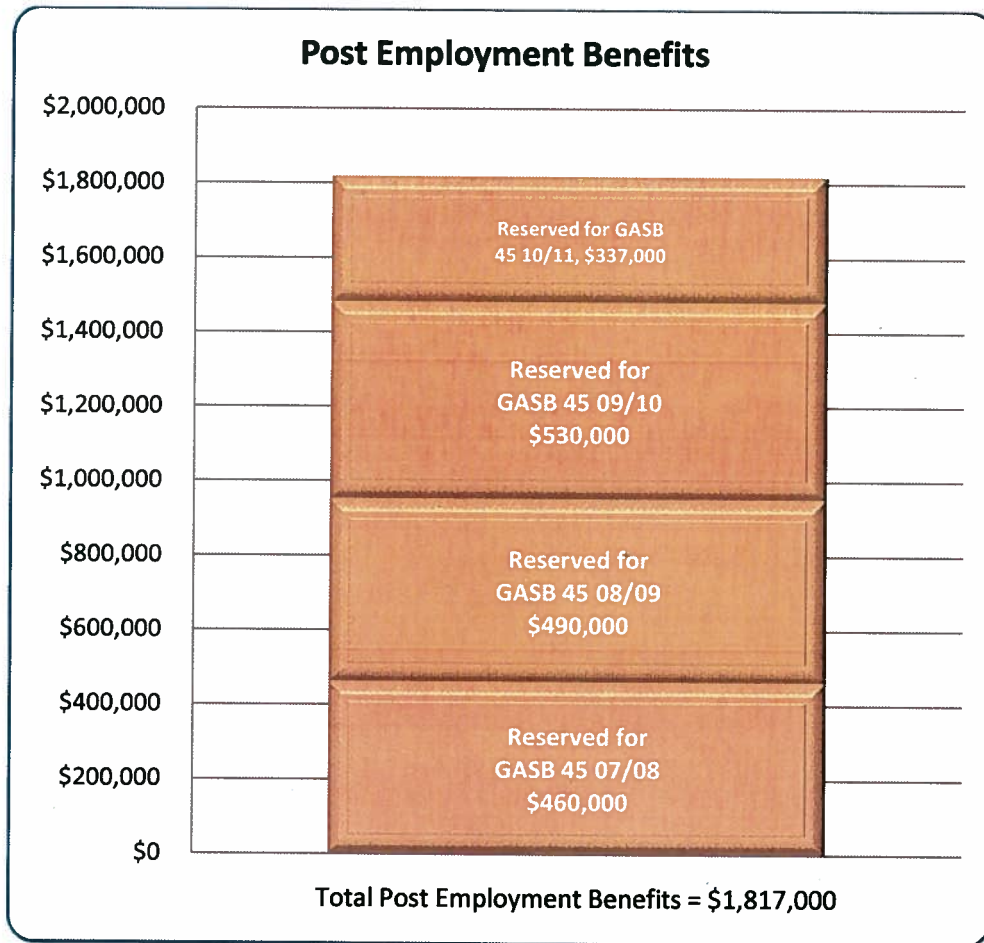
**Other Post Employment Benefit Obligations (OPEB)**

**Source of Funds:**  
**Use of Funds:**

***Replenishment Assessment***  
***Post Employment Benefits***

This category of funds accounts for the WRD's Annual Required Contribution (ARC) related to Other Post Employment Benefits (OPEB) in compliance with the Government Accounting Standards Board (GASB) statement number 45. The following costs have been accrued based on an independent actuarial study:

10/11 Annual Required Contribution	\$ 580,000
	<u>÷ 12 months</u>
10/11 Accrual per month (1/12 <sup>th</sup> – rounded) x seven months	\$ 337,000
09/10 Annual Required Contribution	530,000
08/09 Annual Required Contribution	490,000
07/08 Annual Required Contribution	460,000



## CASH AND INVESTMENTS

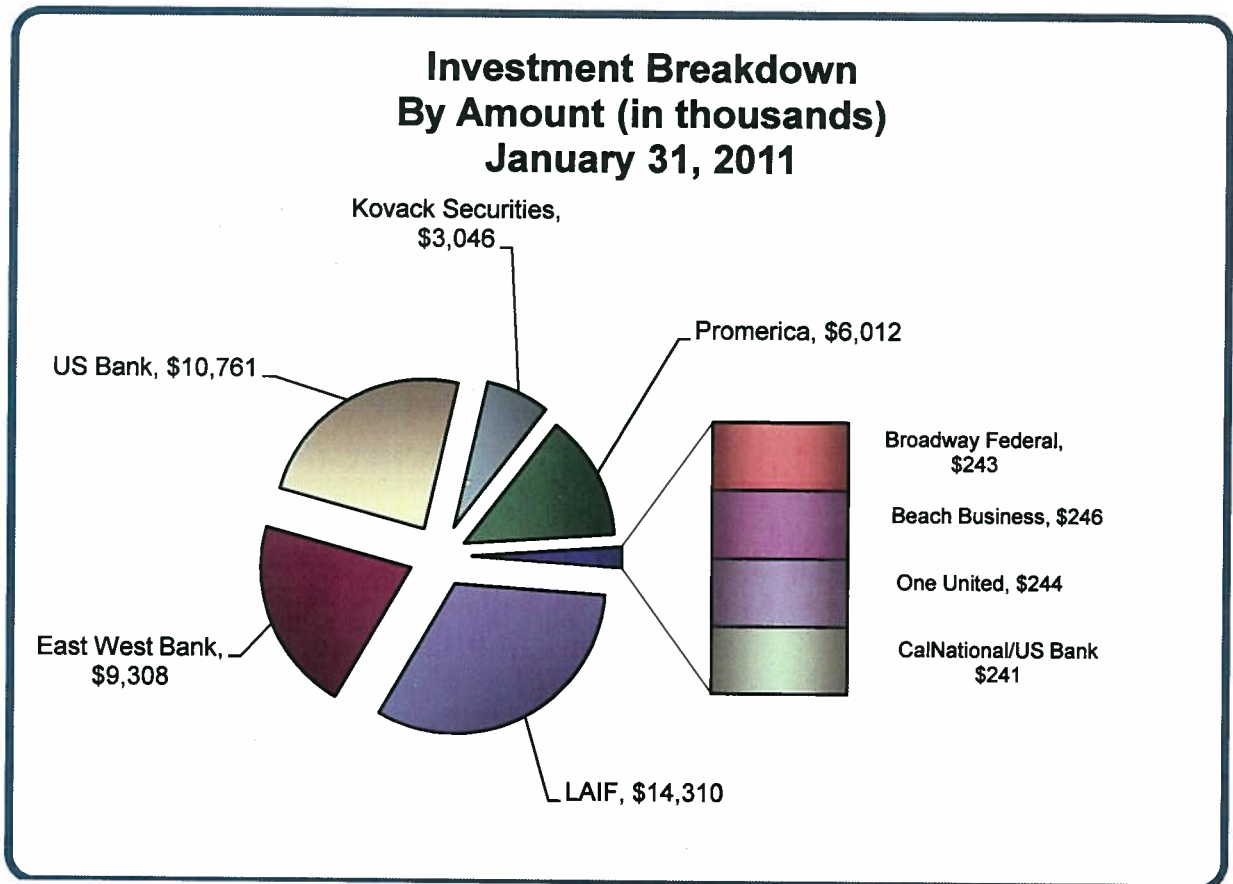
At the direction of the Board of Directors, on February 20, 2009 the District implemented its Community Banking Program and has invested in several community banks in addition to the Local Area Investment Fund (LAIF).

### Cash and Investments By Institution (Rounded to nearest ten thousand)

#### Cash and Investments:

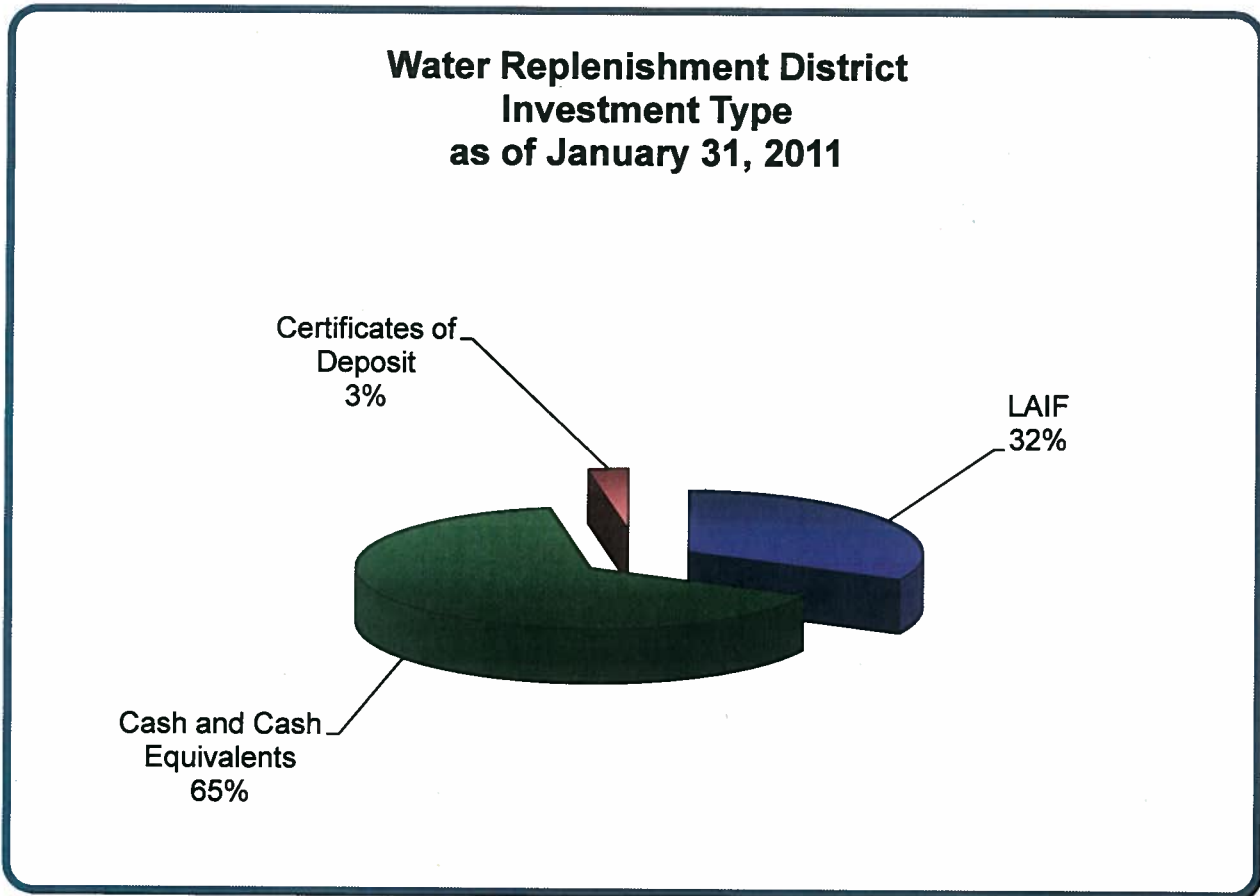
Local Area Investment Fund (LAIF) <sup>1</sup>	\$ 14,310,000
East West Bank <sup>2</sup>	9,308,000
Beach Business Bank <sup>2</sup>	246,000
One United Bank <sup>2</sup>	244,000
Broadway Federal Bank <sup>2</sup>	243,000
US Bank (formerly CalNational Bank) <sup>2</sup>	241,000
Promerica Bank <sup>2</sup>	6,012,000
US Bank (Trustee) <sup>2</sup>	10,761,000
Kovak Securities <sup>2,3</sup>	<u>3,046,000</u>

Total Cash and Investments \$ 44,411,000



**Cash and Investments By Type**  
(Rounded to nearest ten thousand)

<b>Cash and Investments:</b>	
Local Area Investment Fund (LAIF) <sup>1</sup>	\$ 14,310,000
Cash and Cash Equivalents <sup>2</sup>	28,872,000
Certificates of Deposit <sup>2</sup>	<u>1,229,000</u>
<b>Total</b>	<b><u>\$ 44,411,000</u></b>



Staff has attached a detailed investment report for January 31, 2011 for approval.

Footnotes:

<sup>1</sup> – The Local Area Investment Fund (LAIF): There is no insurance applied to individual securities, sectors of the portfolio, or the portfolio in general. However, due to the characteristics of the Pooled Money Investment Account for LAIF, credit risk is minimal. Additionally, LAIF monies are protected by statute. The State of California cannot borrow or withhold LAIF monies per California Government Code §16429.4.

<sup>2</sup> – Cash & Cash Equivalents and Certificates of Deposit: Amounts are either insured by the Federal Deposit Insurance Company (FDIC) or secured by the bank's assets. Most funds are held in Certificate of Deposit Account Registry Service or CDARS; a very safe way to invest funds up to \$50 million while continuing to be FDIC insured.

<sup>3</sup> – US Treasury Notes and Corporate Bonds: These amounts are not insured by the FDIC however, they fall within the District's Investment Policy.

*Any slight differences are due to rounding. For presentation purposes, staff has rounded dollar values to the nearest thousand.*

**FISCAL IMPACT**

None.

**STAFF RECOMMENDATION**

Recommend approval to the Board of Directors of the Investment Report for January 31, 2011.

**Water Replenishment District of Southern California**  
**Cash and Investment Report**  
**January 31, 2011**

	LAIF	CalNational/ US Bank	East West Bank	Beach Business	One United Bank	Broadway Federal	Promerica Bank	US Bank	Kovak Securities	Total
<b>BALANCE 1/1/2011</b>	\$14,294,057	\$240,774	\$12,161,943	\$245,498	\$243,738	\$243,092	\$6,011,716	\$10,760,852	\$3,031,782	
INTEREST RECEIVED/REINVESTED	16,418	93	2,417	227	124	31	258		34,518	
DISBURSEMENTS			(7,730,199)							
UNREALIZED GAIN/(LOSS)									\$11,320	
DEPOSITS/PURCHASES/FEEES			4,873,921							
TRANSFER IN/(OUT)										
ACCRUED INTEREST									(31,433)	
<b>BALANCE 1/31/2011</b>	\$14,310,476	\$240,867	\$9,308,082	\$245,725	\$243,862	\$243,123	\$6,011,974	\$10,760,852	\$3,046,187	\$44,411,147
<hr/>										
<b>CURRENT YIELD</b>										
INTEREST EARNED FISCAL YTD	0.538%	0.450%	1.01% / 5%	1.100%	0.600%	0.150%	varies	varies	varies	
	\$54,619	\$699	\$19,646	\$1,890	\$860	\$228	\$12,474	\$10	\$78,771	\$169,197.54

I HEREBY CERTIFY THAT ALL INVESTMENT ACTIONS EXECUTED SINCE THE LAST REPORT  
 HAVE BEEN MADE IN FULL COMPLIANCE WITH THE INVESTMENT POLICY  
 AS TREASURER OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA,  
 I HEREBY CERTIFY THAT SUFFICIENT INVESTMENT LIQUIDITY AND ANTICIPATED REVENUE  
 ARE AVAILABLE TO MEET ESTIMATED EXPENDITURES FOR THE NEXT SIX MONTHS.

ALBERT ROBLES      DATE

\$14,310,000      \$241,000      \$9,308,000      \$246,000      \$244,000      \$243,000      \$6,012,000      \$10,761,000      \$3,046,000      \$44,411,000



## **MEMORANDUM**

### **ITEM NO. 7**

*Prepared by:* Abbie Andom

*Reviewed by:* Scott M. Ota

*Approved by:* Robb Whitaker

**DATE: MARCH 16, 2010**

**TO: FINANCE COMMITTEE**

**FROM: ROBB WHITAKER, GENERAL MANAGER**

**SUBJECT: CONSIDERATION OF RESOLUTION NO. 11-899 – A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA AUTHORIZING SIGNERS ON DISTRICT ACCOUNTS WITH UNION BANK OF CALIFORNIA**

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### **BACKGROUND**

The District has implemented its Community Banking Program, utilizing financial institutions that reinvest and finance projects in communities the District services. These banks include Broadway Federal Bank, One United Bank, East West Bank, Promerica Bank, Beach Business Bank, Cal National Bank (now US Bank) and Manufacturers Bank.

On February 18, 2011, the Board of Directors took action to include Union Bank of California as part of the District's community banking program. Staff has contacted Union Bank of California and obtained the necessary information to utilize their services within the District's community banking guidelines. Adoption of Resolution No. 11-899 would authorize signers on the District's account and complete the process.

### **FISCAL IMPACT**

No fiscal impact.

### **STAFF RECOMMENDATION**

Adopt Resolution No. 11-899.

**RESOLUTION NO. 11-899**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE WATER REPLENISHMENT DISTRICT  
OF SOUTHERN CALIFORNIA  
AUTHORIZING SIGNERS ON DISTRICT ACCOUNTS  
WITH UNION BANK OF CALIFORNIA**

Name of District: Water Replenishment District of Southern California  
Address: 4040 Paramount Blvd., Lakewood California 90712  
Telephone: (562) 921-5521

RESOLVED, that Union Bank of California (hereinafter called the "Bank") hereby is designated as a depository in which the funds of the District may be deposited, that any officer or the General Manager, Chief Financial Officer or the Manager of Finance and Administration of this District hereby is authorized for and on behalf of the District to open an account or accounts with said Bank to accept the provisions and conditions set forth on the Bank's signature card relating to said account or accounts, and to make arrangements for the conduct thereof as he shall deem proper, that any two of the following officers or persons, as shown on bank signature cards, for any check above \$5,000 and that any one of the following named officers or persons, as shown on bank signature cards, for a check of \$5,000 or less:

1. Director – President
2. Director – Vice President
3. Director – Treasurer
4. Director – Secretary
5. Director
6. General Manager
7. Chief Financial Officer
8. Manager of Finance and Administration

of this District, each of whom is a qualified and acting representative of this District as stated after his name, be and they (he/she) hereby are (is) authorized to sign checks of this District and orders for the payment of money withdrawing funds from the Bank, and the Bank be, and it hereby is, authorized and directed to honor and pay checks and orders so executed or drawn, whether such checks or orders be payable to the order of the person or persons signing or countersigning the same, or any of said persons or officers of this District in their individual capacities or not, and whether or not the same are deposited to the individual credit of, or are used in payment of the individual obligations of, or are tendered for cashing by, the persons signing or countersigning the same or of or by any officer or employee of this District; and that any one of said persons named above be, and he/she hereby is authorized to endorse for deposit, credit

or negotiation any and all checks, drafts, notes, bills of exchange or other evidences of indebtedness and orders for the payment of money belonging to, payable to or in the possession of this District and that all endorsements for credit may be made by the written or stamped endorsement of the name of this District without designation of the person making the same; and

RESOLVED FURTHER, that the foregoing Resolution shall remain in full force and effect until written notice of the amendment or rescission thereof shall have been delivered and receipted for by the Bank, and that the Bank be, and it hereby is authorized and directed to honor and pay checks, orders, and other items made, drawn, accepted or endorsed by the persons named above prior to the date of receipt by the Bank of the written notice of amendment or recession of the foregoing resolutions whether such checks, orders or items are presented for payment before or after the receipt by the Bank of such written notice of amendment or recession, and

RESOLVED FURTHER, that the Secretary of this District be, and hereby is, authorized and directed to certify to said Bank these resolutions and that the provisions thereof are in conformity with California Law. And that the signatures contained on these cards are genuine signatures of the persons named and referred to in the Resolution set forth above.

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President

ATTEST:

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Secretary

The undersigned does hereby certify that she is the Deputy Secretary of the Water Replenishment District of Southern California, a Special District of the State of California (hereinafter called the "District") and has the custody of the corporate records, minutes, and corporate seal, that at a meeting of the Board of Directors of the District duly called, convened and held in accordance with California Law, on the \_\_\_ day of \_\_\_, 2011, at which a duly authorized quorum of the members of the Board of Directors of the District were present in person, the above Resolution was duly adopted in accordance with the California Law and now is in full force and effect.

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Deputy Secretary



## MEMORANDUM

ITEM NO. 8

*Prepared by:* Scott M. Ota

*Reviewed by:* Scott M. Ota

*Approved by:* Robb Whitaker

**DATE: MARCH 16, 2011**  
**TO: FINANCE COMMITTEE**  
**FROM: ROBB WHITAKER, GENERAL MANAGER**  
**SUBJECT: GASB 45 OPEB IRREVOCABLE TRUST**

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### SUMMARY

On November 19, 2010, as required in §10.3.2 of the District's Administrative Code, the Board of Directors approved the mailing of a request for proposals for Other Post-Employment Benefit (OPEB) irrevocable trust services. Staff contacted 24 different financial institutions and only five of those contacted were able to meet the District's need for a Government Accounting Standards Board (GASB) Statement 45 OPEB trust. These institutions were as follows:

#### Submitted Proposal

1. California Public Employees' Retirement System (CalPERS) California Employers' Retiree Benefit Trust (CERBT)
2. Public Agency Retirement Services (PARS)
3. Wells Fargo Institutional Retirement and Trust

#### Declined to submit Proposal

4. Bank of New York – Mellon

#### Did not reply

5. ING National Trust

Based on the submitted proposals, staff recommends that the Finance Committee recommend approval by the Board of Directors to establish an irrevocable Other Post-Employment Benefit (OPEB) trust with California Public Employees' Retirement System (CalPERS) through the CalPERS California Employers' Retirement Benefit Trust (CERBT) and instruct staff to fund the OPEB trust liability as calculated in accordance with the Government Accounting Standards Board (GASB) Statement 45.

### BACKGROUND

Under Governmental Accounting Standards Board ("GASB") Statement 45, a ruling to provide required government-wide accounting practices, public employers must account differently for "other post-employment benefits" ("OPEB Benefits") than they have in the past. OPEB Benefits include various non-pension benefits, such as healthcare and life insurance, which

are often provided to retirees. Historically, public employers have used a pay-as-you go method when accounting for OPEB Benefits, resulting in recognition of the cost of these benefits occurring only when premiums or benefit claims for these retirees were actually paid.

The GASB issued Statement 45 to require more complete and reliable financial reporting regarding the costs and financial obligations that governments incur when they provide OPEB Benefits. Thus, Statement 45 requires that public employers annually expense OPEB Benefits that are earned today by active employees but that will be paid only after the employee retires.

### ***Why Establish an OPEB Irrevocable Trust?***

While there is no obligation to fund for OPEB Benefits, there are several advantages for an agency, which prefunds its GASB 45 liability:

- The discount rate assumption - This assumes that the employer will be able to invest longer at a higher rate of interest. This investment income can then be used to lower the overall OPEB liability as well as saving the employer money.
- Earnings on assets reduce employer contributions (see 1 above)
- Prefunding enables an agency to make actuarially determined periodic contributions to fund future obligations
- Prevents the employer's net OPEB obligation from becoming a significant liability on the balance sheet
- Contributes to a positive credit rating – creation of an OPEB Irrevocable Trust is a positive sign to rating agencies that the District is actively seeking ways to manage future costs. Higher underlying debt ratings equal cost savings
- Fulfills fiduciary duty to maintain financial security for retirees

### ***Important Considerations when establishing an OPEB Irrevocable Trust***

- Contributions are Irrevocable
- Assets are dedicated to providing plan benefits to retirees and their beneficiaries
- Assets are protected from creditors

Currently, the WRD is accruing for these costs on an annual basis as determined by a Certified Actuary approved to perform GASB 45 OPEB Irrevocable Trust actuarial reports.

Establishing an OPEB Irrevocable Trust is not required by government employers under GASB 45 rules; however, it is recommended if the employer has the financial means to make regular contributions to an Irrevocable Trust. This leads to an accumulation of assets in order to gain the advantage of using a higher discount rate allowed by GASB 45 for those who fund their liabilities as they accrue. *This results in significantly lower future liabilities.*

## Results of RFP

Three institutions responded to the District's RFP for OPEB irrevocable trust services and the results are as follows:

	<u>CalPERS/CERBT</u>	<u>PARS</u>	<u>Wells Fargo</u>
Plan Administrator	CERBT	PARS	Wells Fargo
Investment Manager	CalPERS	Union Bank / HighMark Capital Management	Wells Fargo
Plan Administrator Fee	0.20%	0.35%	Not Provided
Investment Manager Fee	0.00%	0.25%	\$12,500*
Total GASB 45 Assets	\$1.7 Billion	\$302 Million	Not Provided
Total GASB 45 Agencies	280	61	Not Provided
2010 Return on Investment	13.4%	1.69% - 14.11%	Not Provided

\* - Wells Fargo fee is based on the amount of funds in the trust. \$0 - \$2,500,000 is \$12,500 per year. \$2,500,000 - \$5,000,000 is 0.50% of trust assets; \$5,000,001 - \$10,000,000 is 0.45% of trust assets; \$10,000,001 - \$15,000,000 is 0.40% of trust assets.

Based on the information in the table above, staff recommends using the CalPERS CERBT as the trustee for the District's GASB 45 OPEB trust account. In summary:

1. Oversight – The California Employers' Retirement Benefit Trust (CERBT) program is managed under authority of the CalPERS Board of Administration. The 13 member CalPERS Board of Administration oversees all CERBT services. The Board consists of six officials elected by CalPERS members, two officials appointed by the Governor, one official appointed by the Speaker and Senate Rules Committee, and four statutory officials (the State Treasurer, State Controller, Director of the Department of Personnel Administration, State Personnel Board designee).
2. Staffing – The CERBT is staffed with 10 administrative staff. In addition, CalPERS investment programs are supported by more than 200 staff dedicated to managing the assets administered by the CalPERS trust program.
3. Experience – CalPERS has extensive experience in managing an OPEB Trust. Currently more than 280 agencies have contracted to participate in the CERBT and CalPERS manages \$1.60 billion in trust assets.
4. Cost – As a state government program, the CERBT does not profit from its program services. All costs are measured, reported and deducted from the investment return of the fund. During the first three years of CERBT operation, the total cost to participating employers was less than 0.1% per year. As the CERBT program matures, CalPERS expects the average total annual employer cost to be less than 0.2% per year.
5. Return on Investment – In 2010, CalPERS CERBT earned 13.4%. This means participating public agencies will save money in the future by using the investment earnings instead of taxpayer dollars to pay for retiree health benefits.

**FISCAL IMPACT**

The fiscal impact to the District is estimated to be 0.20% of the total assets of the trust, which will be offset by the investment earnings of the fund.

**STAFF RECOMMENDATION**

Recommend approval by the Board of Directors to establish an irrevocable Other Post-Employment Benefit (OPEB) trust with California Public Employees' Retirement System (CalPERS) through the CalPERS California Employers' Retirement Benefit Trust (CERBT) and to instruct staff to fund the OPEB trust liability as calculated in accordance with the Government Accounting Standards Board (GASB) Statement 45.



## MEMORANDUM

ITEM NO. 9

*Prepared by: Abbie Andom*  
*Reviewed by: Scott Ota*  
*Approved by: Robb Whitaker*

**DATE: MARCH 16, 2011**

**TO: FINANCE COMMITTEE**

**FROM: ROBB WHITAKER, GENERAL MANAGER**

**SUBJECT: MID-YEAR BUDGET REVIEW**

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### SUMMARY

Each year, staff prepares a midyear analysis of the current year's budget. The analysis will include 6 months of actual data from July 1, 2010 and December 31, 2010 along with projected data from January 31, 2011 through June 30, 2011. This information gives the Board and staff a "snapshot" of how the District is progressing with planned projects and programs. The midyear review analysis is used as a guide for the ensuing year's budget.

A presentation and additional information will be provided at the meeting.

### FISCAL IMPACT

None.

### STAFF RECOMMENDATION

For discussion.