

**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, MAY 18, 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 APRIL 8, 2011**
Staff Recommendation: Approve as submitted.
- 4. PROPOSED AUDIT COMMITTEE CHARTER**
Staff Recommendation: Recommend adoption of an Audit Charter to the Board of Directors.
- 5. DEMANDS – MARCH 2011**
Staff Recommendation: Receive and file the Demands for March 31, 2011
- 6. FINANCIAL STATEMENTS – MARCH 31, 2011**
Staff Recommendation: Approve the Financial Statements for submittal to the Board of Directors.
- 7. RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING MARCH 31, 2011**
Staff Recommendation: Approve the Investment Report for March 31, 2011.
- 8. PROMERICA BANK COMMUNITY BANKING UPDATE**
Staff Recommendation: For discussion.
- 9. LETTER OF INTEREST**
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, May 13, 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.

UNAPPROVED
MINUTES

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**MINUTES OF APRIL 8, 2011
SPECIAL MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A special meeting of the Finance Committee of the Board of Directors of the Water Replenishment District of Southern California was held on April 8, 2011 at 1:20 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: Robb Whitaker, Scott Ota, Jenna Shaunessy
Public: Bill Minasian, resident of the City of Downey

2. PUBLIC COMMENT

Bill Minasian, resident of the City of Downey, stated that he was pleased to attend the meeting.

Director Rob Katherman was an observer and did not participate in the discussions.

Chief Financial Officer Scott Ota stated that Nossaman, the District's bond counsel, has completed the analysis of the CEQA requirements relating to WRD's capital improvement projects for potential bond financing. Mr. Ota stated that the projects include the Robert W. Goldsworthy Desalter expansion, the Leo J. Vander Lans Water Treatment Facility expansion, Groundwater Monitoring Wells, and the Groundwater Reliability Improvement Program (GRIP) and are bond ready. He noted that these projects can be financed up to the pre-construction phase.

3. MINUTES OF THE MEETINGS OF MARCH 4, 2011 AND MARCH 16, 2011

The minutes were approved as submitted.

4. FISCAL YEAR 11-12 DRAFT BUDGET

Manager of Finance and Accounting Jenna Shaunessy presented the draft fiscal year 2011-12 budget, noting the increasing spreading water costs in the Central Basin which have a direct pass-through impact to WRD's replenishment assessment.

Ms. Shaunessy stated that the draft 2011-12 water costs exceed the 2010-11 adopted budget as follows:

- Imported spreading water – increase of \$628,680 due to increased cost of Tier 1 imported spreading water

- West Coast Barrier – increase of \$2.9 million due to a decrease in supply of recycled water that must be supplemented with Tier 1 imported water and increase in injection
- Alamitos Barrier – increase of \$299,735 due to an increase in MWD rates and water demand

Ms. Shaunessy also stated that during the 2010-11 rate assessment workshop series, WRD, along with input from the stakeholders, developed a five-year forecast which anticipated a \$229 per acre foot replenishment assessment. She stated that the material difference between the \$229 per acre foot projection and the 2011-12 draft budget is related to additional increases in water costs, project/programs, litigation costs and possible debt financing.

Chief Financial Officer Scott Ota presented different scenarios for the 2011-12 budget. Discussion followed and the Committee made recommendations as to each scenario. Scenario 1 included all the Water Independence Now (WIN) projects for debt-financing with In-Lieu, a replenishment assessment of \$255.95 or a 24.9% increase. Scenario 2 included all the WIN projects for debt-financing without in-Lieu, with a replenishment assessment of \$240.75 or a \$17.4% increase. Scenario 3 included all the WIN projects for debt-financing with partial In-Lieu, a replenishment assessment of \$245.25 or a 19.6% increase.

The Committee recommended presenting the scenarios at the first budget workshop on April 15 during the Board meeting.

5. DIRECTORS EXPENSES

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

6. ADJOURNMENT

With no further business for the Committee, the meeting was adjourned at 2:45 p.m.

ATTEST:

Chair

Director



MEMORANDUM

ITEM NO. 4

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

DATE: MAY 18, 2011
TO: FINANCE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: PROPOSED AUDIT COMMITTEE CHARTER

SUMMARY

On February 16, 2011, Vasquez and Company presented the results of the June 30, 2010 annual comprehensive annual financial audit (CAFA). As part of their report, the auditors presented the Finance Committee with various items which are considered "best practices" in the audit and governmental finance industry. One of the items reported to the Committee was the need to designate an Audit Committee to act as a liaison between the independent auditor and the Board of Directors. This recommendation is in line with the District's ongoing commitment to transparency and accountability. Additionally, along with the Audit Committee would be an accompanying Audit Charter which documents the responsibilities of the Audit Committee. The Finance Committee referred the development of an Audit Committee to the Administrative Committee and to recommend to the Board of Directors any change in the Administrative Code.

On May 9, 2011, the Administrative Committee reviewed the delineation of duties performed by the various Standing Committees of the Board of Directors. As part of this review, the Administrative Committee reviewed a draft Audit Charter and has referred this item back to the Finance Committee for a final recommendation to the Board of Directors. This proposed charter emphasizes enhanced accountability, independent lines of formal communication with the independent financial auditors and strengthened controls.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Recommend adoption of an Audit Charter to the Board of Directors.

FINANCE/AUDIT COMMITTEE CHARTER

PURPOSE

To assist the Finance/Audit Committee in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the District's process for monitoring compliance with laws and regulations.

AUTHORITY

The Finance/Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Oversee the work of any registered public accounting firm employed by the organization.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Recommend approval to the Board of Directors of all auditing and non-audit services.
- Seek any information it requires from external parties.
- Meet with staff, external auditors, or outside counsel, as necessary.

COMPOSITION

The Finance/Audit Committee will consist of at least two members with one alternate of the Board of Directors. The Board President or its nominating committee will appoint Committee members and the Committee chair.

RESPONSIBILITIES

The Committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the committee under Generally Accepted Auditing Standards.
- Understand how management develops interim financial information, and the nature and extent of external auditor involvement.

- Review interim financial reports with management and the external auditors and consider whether they are complete and consistent with the information known to committee members.

Internal Control

- Consider the effectiveness of the District's internal control system, including information technology security and control.
- Understand the scope of external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort.
- Review the performance of the external auditors, review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the District, including non-audit services, and discussing the relationships with the auditors.
- Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

Compliance

- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Obtain regular updates from management and legal counsel regarding compliance matters.

Reporting Responsibilities

- Regularly report to the Board of Directors about committee activities, issues, and related recommendations.
- Provide an open avenue of communication between the external auditors, and the Board of Directors.
- Review any other reports the District issues that relate to Committee responsibilities.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Directors.
- Review and assess the adequacy of the Committee Charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

- Confirm annually that all responsibilities outlined in this charter have been carried out.



MEMORANDUM

ITEM NO. 5

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

DATE: MAY 18, 2011
TO: FINANCE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: DEMANDS - MARCH 2011

SUMMARY

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

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

Demands Summary – March 2011

Replenishment Fund	\$ 4,254,788.03
Clean Water Fund	<u>383,421.47</u>
Total	<u>\$ 4,638,209.50</u>

STAFF RECOMMENDATION

Receive and file the Demands for March 31, 2011.



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

June 17, 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 March 31, 2011

Check #	Payee	Description	Total	Replenishment Fund	Clean Water Fund
P0076	ALBERT ROBLES	03/11 DIRECTORS COMPENSATION	1,753.42	1,648.22	105.20
P0078	ALBERT ROBLES	03/11 EXPENSE REIMBURSEMENT	50.00	47.00	3.00
P0078	ALBERT ROBLES	03/11 DIRECTORS COMPENSATION	573.64	539.22	34.42
P0074	LILLIAN Y. KAWASAKI	02/11 DIRECTORS COMPENSATION	582.44	547.49	34.95
P0071	SERGIO J. CALDERON	02/11 DIRECTORS COMPENSATION	675.37	634.85	40.52
P0073	SERGIO J. CALDERON	03/11 DIRECTORS COMPENSATION	882.19	829.27	52.92
P0077	SERGIO J. CALDERON	03/11 DIRECTORS COMPENSATION	614.38	577.52	36.86
P0077	SERGIO J. CALDERON	03/11 EXPENSE REIMBURSEMENT	280.53	263.70	16.83
V1073	WILLARD H. MURRAY, JR	02/11 DIRECTORS COMPENSATION	736.84	692.63	44.21
V1074	ROBERT E. KATHERMAN	02/11 DIRECTORS COMPENSATION	999.56	939.59	59.97
P0072	ROBERT E. KATHERMAN	02/11 EXPENSE REIMBURSEMENT	206.04	193.68	12.36
P0075	ROBERT E. KATHERMAN	03/11 EXPENSE REIMBURSEMENT	411.00	386.34	24.66
DD	AFSCME LOCAL 1902 UNION	UNION DUES	577.80	489.25	88.55
DD	AFSCME LOCAL 1902 UNION	UNION DUES	577.80	471.10	106.70
DD	EDD	DIR STATE TAX W/H	21.74	20.43	1.31
DD	EDD	STATE TAX DEPOSIT	4,914.08	4,004.31	909.77
DD	EDD	STATE TAX DEPOSIT	4,797.93	3,749.35	1,048.58
DD	EMPLOYEE PAYROLL	SALARY EXPENSE	72,463.78	61,072.31	11,391.47
DD	EMPLOYEE PAYROLL	SALARY EXPENSE	76,277.09	62,004.49	14,272.60
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	2,911.01	2,736.35	174.66
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	374.95	352.45	22.50
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	1,043.23	980.64	62.59
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	1,458.92	1,371.38	87.54
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	2,982.45	2,803.50	178.95
DD	FLEX-PLAN SERVICES, INC	HRA & FSA REIMBURSEMENT	9,669.98	9,089.79	580.19
DD	FLEX-PLAN SERVICES, INC	HRA & FSA REIMBURSEMENT	2,479.80	2,331.01	148.79
DD	INTERNAL REVENUE SERVICE	DIR FEDERAL TAX DEPOSIT	1,310.23	1,231.59	78.64
DD	INTERNAL REVENUE SERVICE	DIR FEDERAL TAX DEPOSIT	406.04	381.68	24.36
DD	INTERNAL REVENUE SERVICE	DIR FEDERAL TAX DEPOSIT	563.04	529.25	33.79
DD	INTERNAL REVENUE SERVICE	FEDERAL TAX DEPOSIT	29,413.89	24,545.65	4,868.24
DD	INTERNAL REVENUE SERVICE	FEDERAL TAX DEPOSIT	29,631.86	23,941.04	5,690.82
DD	PARS	DIR PARS PAYMENT	1,613.95	1,517.10	96.85
DD	PARS	DIR PARS PAYMENT	621.07	583.80	37.27
DD	PARS	DIR PARS PAYMENT	310.53	291.90	18.63
DD	PRUDENTIAL	DIR DEFERRED COMP	3,310.60	3,111.97	198.63
DD	PRUDENTIAL	DIR DEFERRED COMP	2,700.00	2,538.00	162.00
DD	PRUDENTIAL	DIR DEFERRED COMP	450.00	423.01	26.99
DD	PRUDENTIAL	DEFERRED COMP	24,471.84	20,270.89	4,200.95
DD	PRUDENTIAL	DEFERRED COMP	24,683.37	20,214.84	4,468.53
DD	PERS	DIR PERS PAYMENT	585.19	550.08	35.11
DD	PERS	PERS PAYMENT	26,870.02	22,550.69	4,319.33
DD	PERS	PERS PAYMENT	26,905.50	21,958.11	4,947.39
DD	FLEX-PLAN SERVICES	01/11 MONTHLY SVC CHR	2,271.00	2,134.74	136.26
DD	FLEX-PLAN SERVICES	02/11 MONTHLY SVC CHR	966.00	908.04	57.96
2701	FRANCHISE TAX BOARD	PAYROLL DEDUCTION	584.48	549.41	35.07
2319	ALBRIGHT, YEE & SCHMIT	11/10 LEGAL SERVICE	(7,670.25)	(7,210.03)	(460.22)
2473	INSTRUMENTATION NORTHWEST	011: REPAIR MAINT SERVICE	(221.57)	(110.79)	(110.78)
2476	MEYERS & NAVE	11/10 LEGAL SERVICE	(14,921.90)	(13,476.09)	(1,445.81)
2584	AVISTA TECHNOLOGIES	001: PROFESSIONAL SERVICE	103.89	103.89	-
2585	CALIFORNIA VERDE MAGAZINE	2011 WRD GRNDWTR FESTIVAL AD	1,125.00	1,057.50	67.50
2586	CALIFORNIA WATER SERVICE	WATER USAGE THRU 02/17/11	52.20	49.06	3.14
2587	CERRITOS CHAMBER	STATE OF THE CITY	60.00	56.40	3.60



Check #	Payee	Description	Total	Replenishment Fund	Clean Water Fund
2588	CHEVRON AND TEXACO	MONTHLY FUEL CHARGES	177.85	118.84	59.01
2589	ARTESIA, CITY OF	XERISCAPE PROJECT GARDEN	750.00	705.00	45.00
2590	COUNTY SANITATION DISTRICT 2	10/10 WATER PURCHASE - SJC	199,611.78	199,611.78	-
2591	COUNTY SANITATION DISTRICT 2	11/10 WATER PURCHASE - WVN	4,558.40	4,558.40	-
2592	COUNTY SANITATION DISTRICT 2	12/10 WATER PURCHASE - WVN	1,542.80	1,542.80	-
2593	DANCE PENINSULA BALLET	OUTREACH PROGRAM SPONSORSHIP	500.00	470.00	30.00
2594	DELL BUSINESS CREDIT	COMPUTER SUPPLIES	2,601.75	2,445.64	156.11
2595	DEPT OF HEALTH SERVICES	09/10 PROJ RECYCLED WATER FEES	4,898.00	4,898.00	-
2596	DOWNEY CHAMBER	05/07/11 STREET FAIRE EVENT	1,000.00	940.00	60.00
2597	ELSIE BAKONIS	MEDICAL REIMBURSEMENT	9,970.18	9,371.97	598.21
2598	ENRIQUE'S RESTAURANT	01/18/11 LEGIS TEAM PLANNING MTG	349.38	328.42	20.96
2599	ERHART'S CATERING	02/11/11 BOARD OF DIRECTORS MTG	222.45	209.10	13.35
2600	GARDENA VALLEY CHAMBER	2011 MEMBERSHIP DUES	266.25	250.28	15.97
2601	GEOTECH ENVIRONMENTAL	011: FIELD SUPPLIES	3,262.48	1,631.24	1,631.24
2602	HELPMATES STAFFING	TEMP SERVICE THRU 02/13/11 - MC	867.68	815.62	52.06
2603	CITY OF HUNTINGTON PARK	012: CONS SERVICE-GAC EXPANSION #7	100,746.63	-	100,746.63
2604	IN-SITU INC.	011: MAINT SERVICE	310.82	155.41	155.41
2605	KELLY PAPER	PAPER SUPPLIES	902.19	848.06	54.13
2606	LOS ANGELES COUNTY DPW	001: 03/01/11-02/28/12 LEASE - 00-39	600.00	600.00	-
2607	McMASTER-CARR	011: FIELD SUPPLIES	278.64	139.32	139.32
2608	MONTEBELLO CHAMBER	2011 MEMBERSHIP DUES	399.00	375.06	23.94
2609	PACIFIC ATLANTIC PARTNERS	02/11 LEGISLATIVE SERVICE	15,000.00	14,100.00	900.00
2610	PALACIO DE LONG BEACH	2011 GRNDWTR FEST NEWSPAPER AD	558.00	524.52	33.48
2611	PEPSI BOTTLING	SUPPLIES	316.87	297.86	19.01
2612	PR NEWswire ASSOCIATION	01/21/11 PRESS RELEASE	715.00	672.10	42.90
2613	SCHOOL OUTFITTERS	OFFICE SUPPLIES	401.19	377.12	24.07
2614	SEPARATION PROCESSES	002: 01/11 PROF SERVICE	472.50	-	472.50
2615	SB CITIES COUNCIL OF GOVERNMENT	2011 GENERAL ASSEMBLY EVENT	5,000.00	4,700.00	300.00
2616	STAR OFFICE PRODUCTS	OFFICE SUPPLIES	667.32	627.29	40.03
2617	THE CASTLE PRESS	MAPS OF CALIFORNIA	2,050.13	1,927.12	123.01
2618	THOMSON-WEST/BARCLAYS	2011 CA WATER CODE	628.33	590.63	37.70
2619	TORRANCE-SOUTH BAY YMCA	2011 COMMUNITY SUPPORT EVENT	500.00	470.00	30.00
2620	WATER KOOLER KING	REPAIR MAINT SERVICE	267.50	251.45	16.05
2621	WEST BASIN MWD	2010 EMPLOYEE RECOGNITION EVENT	2,207.36	2,074.92	132.44
2622	WEST BASIN WATER ASSOC	QRTL Y LUNCHEON MEETING	75.00	70.50	4.50
2623	VOID	VOID	-	-	-
2624	AAA RENTS AND EVENTS	2011 GRNDWTR FEST RENTAL SUPPLIES	6,471.70	6,083.40	388.30
2625	MEYERS & NAVE	11/10 LEGAL SERVICE	15,150.70	13,704.89	1,445.81
2626	PAGEANTRY PROD & AWARDS	2011 GRNDWTR AMBASSADOR AWARD	1,207.25	1,134.82	72.43
2627	CENTRAL BASIN MWD	01/11 WATER PURCHASE	993,928.90	993,928.90	-
2628	WEST BASIN MWD	01/11 WATER PURCHASE	1,765,956.65	1,765,956.65	-
2629	1-800-CONFERENCE(R)	025: 02/11 CONFERENCE CALLS	223.47	111.74	111.73
2630	AT&T	002: MONTHLY PHONE SERVICE	243.53	-	243.53
2631	AT&T MOBILITY	MONTHLY CELLPHONE SERVICE	144.75	136.07	8.68
2632	CONTROLLED KEY SYSTEM	MAINTENANCE SERVICE	120.00	112.80	7.20
2633	VOID	VOID	-	-	-
2634	FEDERAL EXPRESS	FEDEX SERVICE	703.09	548.59	154.50
2635	FOUNDATION FOR SPECIAL PEOPLE	COMMUNITY SPONSORED EVENT	5,000.00	4,700.00	300.00
2636	IN-N-OUT BURGER	2011 GRNDWTR FESTIVAL EVENT	3,080.00	2,895.20	184.80
2637	BINHUYEN BUI FOR WRD	PETTY CASH REIMBURSEMENT	498.50	461.79	36.71
2638	LA EXPRESS ONE INC	02/23/11 COURIER SERVICE	75.00	70.50	4.50
2639	LEO'S SILK SCREEN	2011 GRNDWTR FEST SHIRTS	3,281.31	3,084.43	196.88
2640	McMASTER-CARR	011: FIELD SUPPLIES	408.33	204.17	204.16
2641	TGIS CATERING SERVICES	02/22/11 EA COMM MEETING	278.49	261.78	16.71
2642	VERIZON WIRELESS	MONTHLY CELL PHONE SVC	2,017.08	1,896.05	121.03
2643	MAYWOOD MUTUAL NO. 2	012: PROGRESS PAYMENT #10	139,511.94	-	139,511.94
2644	ACCOUNTEMPs	TEMP SERVICE THRU 02/25/11 - MW	3,665.52	3,445.59	219.93
2645	ACWA JOINT POWERS	04/01/11-04/01/12 EPEFF INS PREMIUM	965.00	907.10	57.90
2646	AMY'S TROPHIES & SPECIALTIES	NAME BADGES - SC	27.44	25.79	1.65
2647	BACKFLOW APPARATUS	2011 BACKFLOW DEVICE INSPECTION	143.00	134.42	8.58
2648	BOOKMAN-EDMONSTON	023: PROF SERVICE THRU 02/26/11	5,050.00	5,050.00	-
2649	CINCO DE MAYO COMMITTEE	2011 CULT & EDU AWARENESS PROGRAM	500.00	470.00	30.00
2650	COLORADO SCHOOL OF MINES	004: PROFESSIONAL SERVICE	12,939.00	12,939.00	-
2651	COUNTY SANITATION DISTRICT 2	11/10 WATER PURCHASE - SJC	162,527.35	162,527.35	-
2652	COUNTY SANITATION DISTRICT 2	12/10 WATER PURCHASE - SJC	56,766.03	56,766.03	-
2653	DISCOVERY SCIENCE CENTER	2011 GRNDWTR FEST EDU PROGRAM	2,539.20	2,386.85	152.35
2654	EASTSIDE WINDOW CLEANING	WINDOW CLEANING SERVICE	900.00	846.00	54.00
2655	EAST WEST BANK	CC CHARGES THRU 03/04/11	768.40	722.30	46.10
2656	ERHART'S CATERING	03/14/11 ADMIN COMM MEETING	431.81	415.28	16.53
2657	F&M BANK: CC PAYMENT	02/11 CC CHARGES	1,542.27	1,449.73	92.54
2658	FM THOMAS AIR CONDITIONING	QRTL Y MAINT SERVICE	608.25	571.75	36.50

<u>Check #</u>	<u>Payee</u>	<u>Description</u>	<u>Total</u>	<u>Replenishment Fund</u>	<u>Clean Water Fund</u>
2659	VOID	VOID	-	-	-

Check #	Payee	Description	Total	Replenishment Fund	Clean Water Fund
2660	VOID	VOID	-	-	-
2661	IN-SITU	011: FIELD SUPPLIES	5,295.95	2,647.98	2,647.97
2662	INSTANT IMPRESSIONS	2011 GRNDWTR FEST FLYERS	274.38	257.92	16.46
2663	INSTRUMENTATION NW	011: REPAIR MAINT SERVICE	221.57	110.79	110.78
2664	INTERA INCORPORATED	025: PROF SERVICE THRU 01/31/11	17,294.56	17,294.56	-
2665	INTERIOR PLANT DESIGN	001: 03/11 MAINT SERVICE	2,000.00	1,816.00	184.00
2666	INTER-TEL NETSOLUTIONS	MONTHLY PHONE CHARGES	874.80	822.31	52.49
2667	JAN-PRO CLEANING	03/11 JANITORIAL SERVICE	2,743.00	2,578.42	164.58
2668	KINDEL GAGAN	005: 02/11 PROFESSIONAL SERVICE	10,000.00	10,000.00	-
2669	KONE INC	QRTL ELEVATOR MAINT SERVICE	180.42	169.59	10.83
2670	LEAL & TREJO	033: 12/10 LEGAL SERVICE	8,518.43	8,095.64	422.79
2671	LONG BEACH, CITY OF	01/11 WATER PURCHASE	130,101.30	130,101.30	-
2672	LOS ANGELES, CITY OF DWP	01/21/11-02/22/11 WATER PUCHASE	43,076.88	43,076.88	-
2673	MARTIN E WHELAN. JR.	2010 MEDICAL REIMBURSEMENT	15,023.45	14,122.04	901.41
2674	VERIZON BUSINESS	MONTHLY INTERNET SERVICE	623.84	586.41	37.43
2675	METROPOLITAN NEWS	03/25/11 NOTICE OF PUBLIC HEARING	45.50	42.77	2.73
2676	MWH LABORATORIES	02/11 LAB FEES	4,917.50	3,137.00	1,780.50
2677	NATIONAL AUDUBON SOCIETY	2011 BIRD FESTIVAL EVENT	600.00	564.00	36.00
2678	OCB REPROGRAPHICS	2011 REGIONAL GRNDWTR REPORT	943.13	886.54	56.59
2679	OFFICE TEAM	TEMP SERVICE THRU 02/25/11 - ME	4,268.42	4,012.31	256.11
2680	PACIFIC ATLANTIC PARTNERS	03/11 LEGISLATIVE SERVICE	15,000.00	14,100.00	900.00
2681	PAGEANTRY PROD & AWARDS	RECOGNITION WATER AWARD	241.45	226.96	14.49
2682	PARS	01/11 REP FEES	500.00	470.00	30.00
2683	PHILLIPS 66-CONOCO-76	MONTHLY FUEL CHARGES	489.93	383.92	106.01
2684	U.S. POSTAL SERVICE	POSTAGE USAGE	500.00	470.00	30.00
2685	SOUTHERN CALIFORNIA EDISON	02/11 ENERGY USAGE	2,448.32	2,301.42	146.90
2686	SOUTHERN CALIFORNIA EDISON	002: ENERGY USAGE THRU 03/09/11	16,125.24	-	16,125.24
2687	STAR OFFICE PRODUCTS	OFFICE SUPPLIES	1,566.34	1,472.36	93.98
2688	T & A SIGNS & PRINTING	2011 GRNDWTR FEST BANNERS	589.95	554.55	35.40
2689	TESTAMERICA	006: 02/11 PROF SERVICE	3,598.00	-	3,598.00
2690	THE GAS COMPANY	MONTHLY UTILITY CHARGES	425.85	400.30	25.55
2691	TIME WARNER CABLE	MONTHLY INTERNET SERVICE	1,000.00	940.00	60.00
2692	TORRANCE, CITY OF	002: 03/11 PLANT SITE RENT	3,373.48	-	3,373.48
2693	TORRANCE, CITY OF	002: 12/10 O & M SERVICE	29,963.99	-	29,963.99
2694	TODD HEARD	WATER CYCLE SUPPLIES	1,875.00	1,762.50	112.50
2695	TROJAN TECHNOLOGIES	001: ULTRAVIOLET LIGHT SENSOR	4,421.65	4,421.65	-
2696	VASQUEZ & COMPANY	2009/10 FIN AUDIT SERVICE	6,898.00	6,484.12	413.88
2697	VERIZON COMMUNICATION	MONTHLY PHONE CHARGES	356.30	334.92	21.38
2698	WESTERN EXTERMINATOR	02/11 PESTICIDE SERVICE	65.00	61.10	3.90
2699	ALSTON & BIRD LLP	005: 01/11 LEGAL SERVICE	31,769.29	31,769.29	-
2700	XEROX CORPORATION	03/11 COPIER SERVICE - MR	3,645.07	3,426.36	218.71
2702	FRIENDS OF CABRILLO MARINE AQRM	2011 GRAND GRUNION GALA EVENT	3,000.00	2,820.00	180.00
2703	ALBRIGHT, YEE & SCHMIT	12/10 LEGAL SERVICE	15,789.00	14,841.66	947.34
2704	MILLENNIUM ADVOCATES	02/11 LEGISLATIVE SERVICE	15,000.00	14,100.00	900.00
2705	OCEANOGRAPHIC TEACHING STATIONS	ROUNDHOUSE MARINE STUDIES	30,000.00	28,200.00	1,800.00
2706	ACWA 1	04/11 EAP PREMIUM	130.98	123.13	7.85
2707	VOID	VOID	-	-	-
2708	ACWA - HBA	04/11 MED/DEN/LIFE PREMIUM	57,373.00	53,930.62	3,442.38
2709	ALBRIGHT, YEE & SCHMIT	02/11 LEGAL SERVICE	8,709.00	8,186.46	522.54
2710	ALLIANCE RESOURCES	PROFESSIONAL SERVICE	5,000.00	4,700.00	300.00
2711	MARTIN E WHELAN. JR.	04/11 MEDICAL PREMIUM	733.35	689.35	44.00
2712	STANDARD INSURANCE	04/11 STD/LTD PREMIUM	1,374.00	1,291.56	82.44
2713	ACWA JOINT POWERS	04/01/11-04/01/12 PROPERTY PROGRAM	37,153.00	34,923.82	2,229.18
2714	CAL CONTRACT CITIES ASSOC	2011 MUNICIPAL SEMINAR	750.00	705.00	45.00
2715	THE ROGERS GROUP	033: 02/11 PROF SERVICE	138,145.44	138,145.44	-
2716	ACCOMTEMP	TEMP SERVICE THRU 03/11/11 - MW	4,092.80	3,847.24	245.56
2717	AT&T MOBILITY	MONTHLY CELLPHONE SERVICE - RW	9.61	9.03	0.58
2718	BACKFLOW TESTING	002: BACKFLOW PREVENTOR TESTS	80.00	-	80.00
2719	CALIFORNIA WATER SERVICE	WATER USAGE THRU 03/18/11 - 4555	59.41	55.84	3.57
2720	ERHART'S CATERING	03/23/11 GRNDWTR QUALITY MEETING	405.23	159.40	245.83
2721	EXXON MOBIL	MONTHLY FUEL PAYMENT	500.00	470.00	30.00
2722	FEDERAL EXPRESS	FEDEX SERVICE	581.58	503.30	78.28
2723	HARRIS & ASSOCIATES	02/11 LEGAL SERVICE	43,493.78	40,884.16	2,609.62
2724	LA EXPRESS ONE INC	03/22/11 COURIER SERVICE	66.88	62.87	4.01
2725	MARCIA FORKOS	MEDICAL REIMBURSEMENT	975.26	916.74	58.52
2726	McMASTER-CARR	011: FIELD SUPPLIES	53.52	26.77	26.75
2727	METROPOLITAN NEWS	NOTICE OF PUBLIC HEARING	259.00	243.46	15.54
2728	MONROE ALEXANDER	MOVING SERVICE - MISC ITEMS	225.00	211.50	13.50
2729	OFFICE TEAM	TEMP SERVICE THRU 03/11/11 - ME	3,719.84	3,496.65	223.19
2730	PEPSI BOTTLING	SUPPLIES	322.58	303.23	19.35
2731	SEPARATION PROCESSES	002: 02/11 PROF SERVICE	390.00	-	390.00

<u>Check #</u>	<u>Payee</u>	<u>Description</u>	<u>Total</u>	<u>Replenishment Fund</u>	<u>Clean Water Fund</u>
2732	SPARKLETTS	SUPPLIES	118.79	111.66	7.13

<u>Check #</u>	<u>Payee</u>	<u>Description</u>	<u>Total</u>	<u>Replenishment Fund</u>	<u>Clean Water Fund</u>
2733	STAPLES CREDIT PLAN	CREDIT MEMO	1,006.74	946.34	60.40
2734	STAR OFFICE PRODUCTS	OFFICE SUPPLIES	83.65	78.63	5.02
2735	XO CORPORATION	PHONE CHARGES THRU 04/14/11	107.20	100.77	6.43
2737	XEROX CORPORATION	01/23/11-02/25/11 COPIER PRINTING	1,719.31	1,616.15	103.16
2738	PROMERICA BANK	DIR MURRAY CC CHARGES	64.17	60.32	3.85
Total Demands from March 1, 2011 to March 31, 2011			4,638,209.50	4,254,788.03	383,421.47

Robb Whitaker, P.E., General Manager



MEMORANDUM

ITEM NO. 6

Prepared by: Scott M. Ota
Reviewed by: Scott M. Ota
Approved by: Robb Whitaker

DATE: MAY 18, 2011
TO: FINANCE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: FINANCIAL STATEMENTS – MARCH 31, 2011

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

Statement of Net Assets

ASSETS & LIABILITIES

Current Assets – These accounts have a decrease of about \$1.26 million primarily due to the payment to Central Basin for the purchase of untreated Tier 1 spreading water.

Current Liabilities – Decreased over prior month. The changes are mainly due to partial accrued expenses for the November 2010 general election.

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	\$ 0
Construction-In-Progress	78,587
Accumulated Depreciation	(192,169)
Total	<u>\$ (113,582)</u>

Unrestricted – The Change/Variance of Total Assets, Total Liabilities and Invested in Capital Assets from February to March is \$(372,307)

Statement of Revenues, Expenditures and Changes in Net Assets

EXPENSES

Cost of Water– The decreases from these accounts are mainly due to no purchases of the untreated Tier 1 spreading water in March as well the County has been repaired many injected wells; therefore, it is currently adjusting overall injections.

Other General & Administrative Expenses – Increased approximately \$1.04 million primarily due to payment to the County of Los Angeles – Registrar/Recorder County Clerk office for the November 2010 general election.

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
March 31, 2011

Assets	Total	Prior Month Total	Variance
Current Assets			
Cash and Cash Equivalents	\$ 25,545,060	\$ 25,699,240	(154,180)
Restricted Cash	16,734,661	16,734,681	(19)
Accounts Receivable	5,019,119	6,111,071	(1,091,953)
Interest Receivable	37,712	37,712	-
Prepaid Expenses	75,215	90,810	(15,595)
Total Current Assets	\$ 47,411,767	\$ 48,673,514	(1,261,747)
Noncurrent Assets			
Notes Receivable, Noncurrent	\$ 4,171,625	\$ 4,032,113	139,512
Plant & Equipment	63,447,876	63,447,876	-
Land	2,644,753	2,644,753	-
Construction-In-Progress	7,386,618	7,308,030	78,587
Deferred Charges	782,332	782,332	-
Accumulated Depreciation	(17,400,348)	(17,208,178)	(192,169)
Total Noncurrent Assets	\$ 61,032,857	\$ 61,006,927	25,930
Total Assets	\$ 108,444,624	\$ 109,680,441	(1,235,816)
Liabilities			
Current Liabilities			
Accounts Payable	\$ 9,727,878	\$ 10,164,977	(437,098)
Interest Payable - Bond	267,034	133,517	133,517
Accrued Payroll	-	-	-
Accrued Employee Benefits	15,643	11,970	3,673
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)
Total Current Liabilities	\$ 48,725,506	\$ 49,475,414	(749,908)
Noncurrent Liabilities			
Compensated Absences	\$ 344,522	\$ 344,522	-
Total Noncurrent Liabilities	\$ 344,522	\$ 344,522	-
Total Liabilities	\$ 49,070,028	\$ 49,819,936	(749,908)
Net Assets			
Invested in Capital Assets, Net of Related Del	\$ 35,304,432	\$ 35,418,033	(113,601)
Unrestricted	24,070,164	24,442,472	(372,307)
Total Net Assets	\$ 59,374,596	\$ 59,860,504	(485,909)
Total Liabilities & Net Assets	\$ 108,444,624	\$ 109,680,441	(1,235,816)

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

	Total	Prior Month Total	Variance
Revenues			
Operating Revenues			
Water Replenishment Assessments	3,309,096	3,431,943	(122,847)
Late Payment Penalties	-	-	-
MWD Subsidy	-	68,988	(68,988)
OCWD Recycled Water Product	52,127	38,023	14,104
Desalter Revenue	-	83,064	(83,064)
Title 22 Monitoring Program	-	-	-
Total Operating Revenues	3,361,223	3,622,018	(260,795)
Operating Expenses			
Cost of Water			
Spreading	9,354	4,406,012	(4,396,658)
Injected	1,422,697	1,799,522	(376,825)
In-Lieu	-	-	-
Connection Fees	74,777	51,715	23,062
Total Cost of Water	1,506,828	6,257,250	(4,750,421)
General & Administrative			
Salaries, Taxes & Benefits	420,580	378,484	42,096
Postemployment Benefits	-	-	-
Conference & Travel	4,274	6,984	(2,710)
Office Expenses	48,600	50,792	(2,192)
Utilities	28,967	24,245	4,722
Rents & Leases	14,214	5,683	8,531
Repairs & Maintenance	38,129	7,439	30,689
Material & Equipment	34,411	16,141	18,270
General Liability Insurance	15,595	15,595	0
Professional Fees	415,276	338,874	76,402
Other General & Administrative	1,133,981	96,011	1,037,970
Total General & Administrative	2,154,026	940,248	1,213,778
Depreciation	192,169	192,169	-
Total Operating Expenses	3,853,023	7,389,666	(3,536,643)
Operating Income (Loss)	(491,800)	(3,767,648)	3,275,848
Non-Operating Revenues (Expenses)			
Revenues			
Property Taxes	2,648	28,093	(25,445)
Investment Earnings	2,747	2,810	(63)
Miscellaneous	497	-	497
Total Non-Operating Revenues (Expenses)	5,892	30,903	(25,011)
Income (Loss) Before Contributions	(485,909)	(3,736,746)	3,250,837
Contributions			
Capital Contributions- Grant	-	-	-
Change in Net Assets	(485,909)	(3,736,746)	3,250,837



MEMORANDUM

ITEM NO. 7

Prepared by: Scott M. Ota
Reviewed by: Scott M. Ota
Approved by: Robb Whitaker

DATE: MAY 18, 2011
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING MARCH 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.

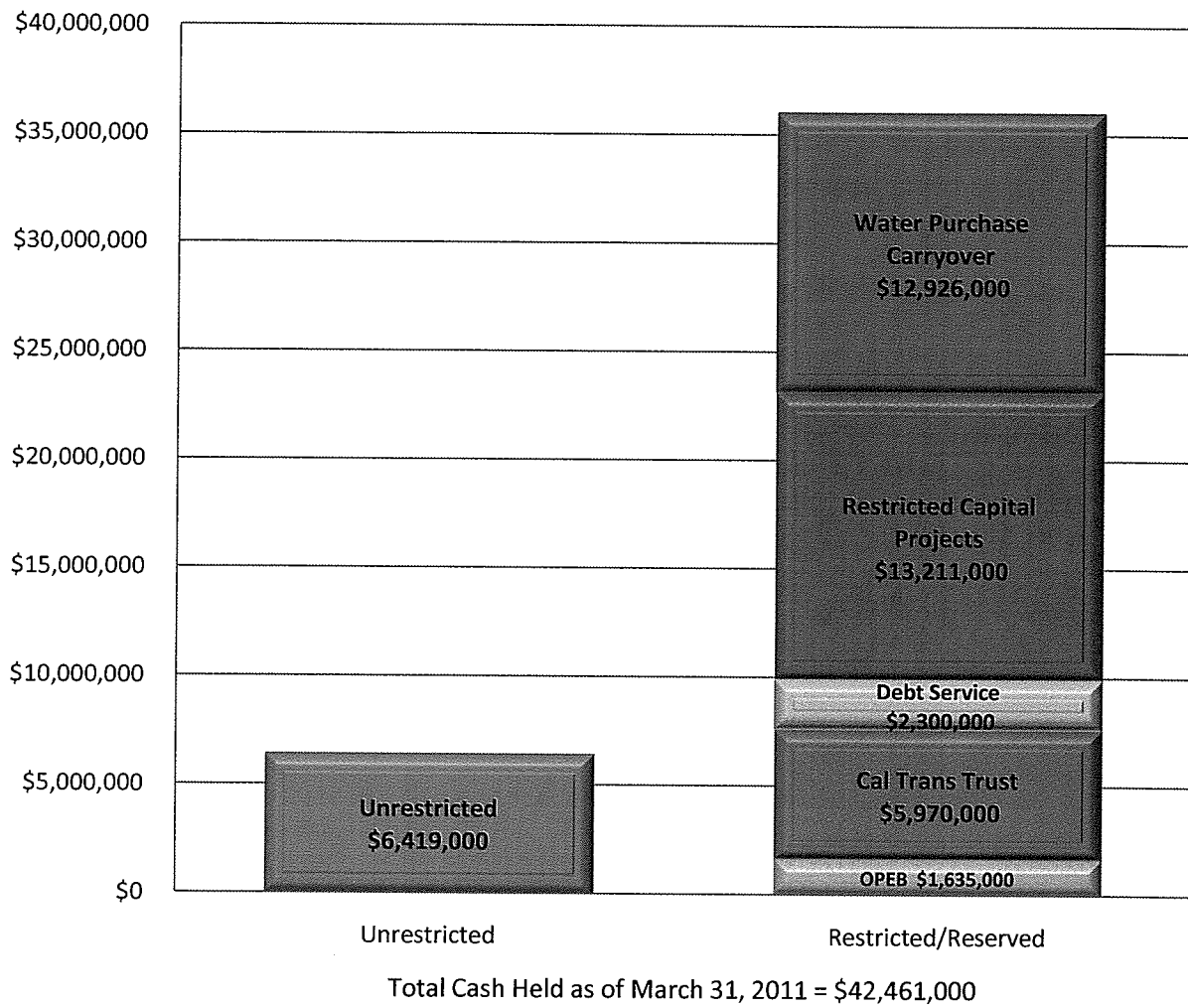
If for some reason, the District has more than \$10,000,000 (adjusted for the blended cost of water), §60328.1 states that the District shall apply the estimated fiscal year end balance in excess of the amount allowed in §60290 to a replenishment assessment rate reduction or to the purchase of water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

Currently the District has \$6,418,000 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:

Operating Reserve Fund	\$ 6,419,000
Reserved or Encumbered:	
Water Purchase Carryover Fund	12,926,000
Restricted for Capital Projects	13,211,000
Debt Service Reserve Fund	2,300,000
Cal Trans Trust Fund	5,970,000
Other Post Employment Benefit Obligation (OPEB)	1,635,000
Reserved or Encumbered Subtotal	<u>\$ 36,042,000</u>
 Total Cash and Investments	 <u>\$ 42,461,000</u>

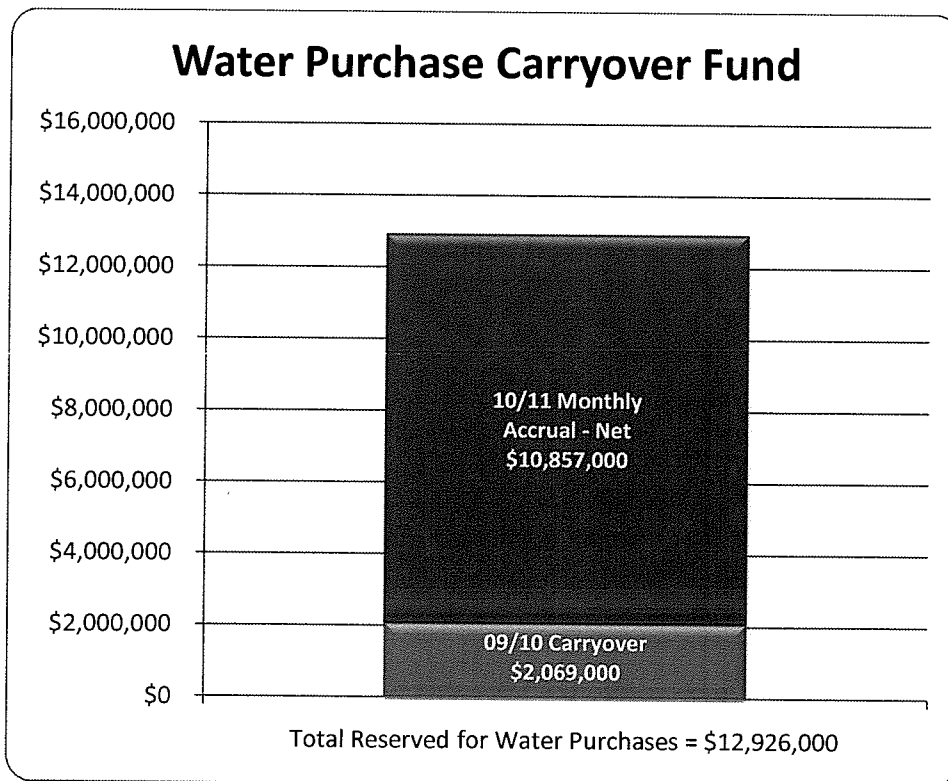
WRD Funds as of
March 31, 2011



Water Purchase Carryover Fund – This category of represents:

<u>Source of Funds:</u>	<i>Replenishment Assessment</i>
<u>Use of Funds:</u>	<i>Restricted for Water Purchases Only</i>

1. Monthly accrual of budgeted amount for fiscal year 10/11	
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	\$ 19,269,000
	÷ 12 months
Accrual per month (1/12 th – rounded) x nine months	\$ 14,454,000
 Net of 10/11 monthly accrual after adjusting the purchases of untreated Tier 1 spreading water	 <u>\$10,857,000</u>
 2. Budget 10/11 Rate Relief – As a result of public budget workshops, \$8,270M was allocated from the Water Purchase Carryover Fund as rate relief (1/12 th accrual per month: \$8,270,000 ÷ 12 = \$689,000 rounded)	
09/10 Water Purchase Carryover (decreases by \$689,000 monthly for fiscal year 10/11)	\$ (6,201,000)
Total	<u>8,270,000</u> <u>\$ 2,069,000</u>



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

1. Safe Drinking Water Program

Source of Funds:

Replenishment Assessment

Use of Funds:

Encumbered for Safe Drinking Water Projects

Maywood Mutual Water Company #2 – Central Basin	\$ 10,000
Park Water Company– Central Basin	2,000,000
Vernon Wells #9 and #10 – Central Basin	1,000,000
Huntington Park Well #17 – Central Basin	42,000
Total	<u>\$ 3,052,000</u>

2. Capital Replacement / Construction

Source of Funds:

Replenishment Assessment

Use of Funds:

Encumbered for Projects Below

Leo J. Vanderlans Water Treatment Facility:	
Capital Replacement	\$ 974,000
Preliminary and Final Design for Expansion	380,000 ¹
Goldsworthy Desalter:	
Capital Replacement	245,000
Preliminary Design	100,000 ¹
Total	<u>\$ 1,699,000</u>

3. Proceeds from the 2008 Certificates of Participation

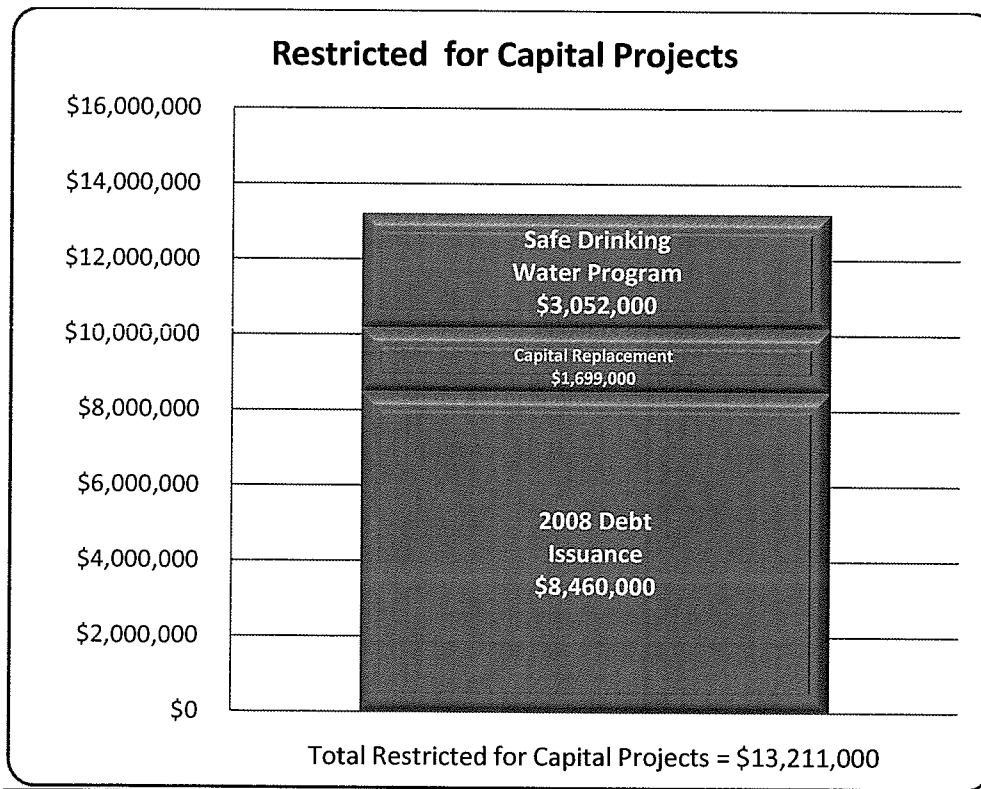
Source of Funds:

2008 Debt Issuance

Use of Funds:

Restricted for Capital Projects Only – Interconnection Pipeline and Regional Groundwater Monitoring Wells

Held by Independent Trustee – Restricted for Capital Projects Only	<u>\$ 8,460,000</u>
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¹ 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.

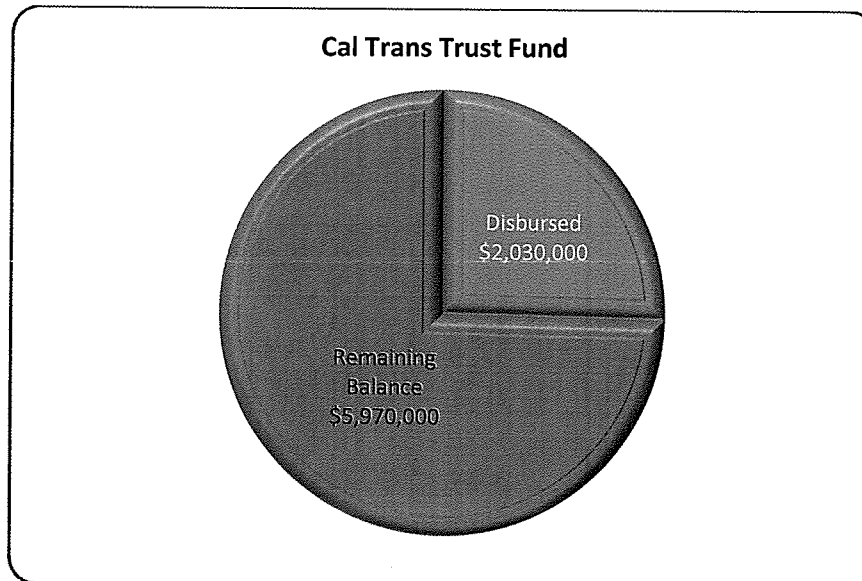
Source of Funds:

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.



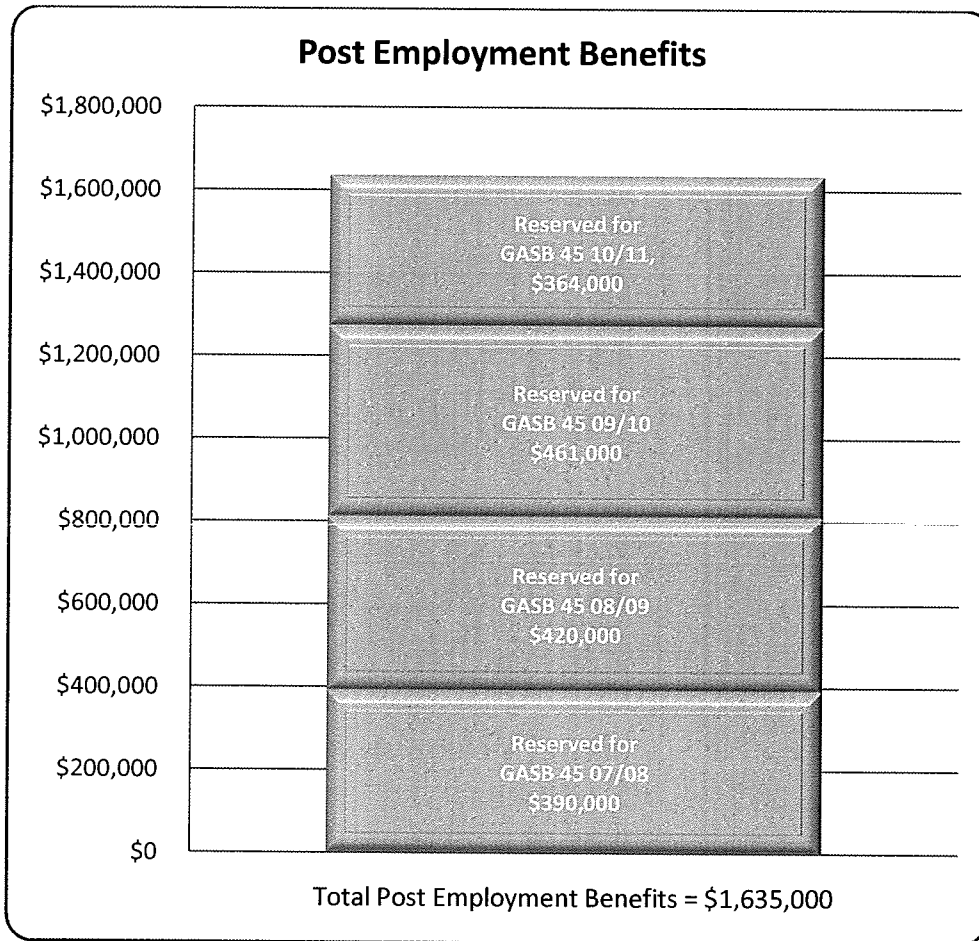
Other Post Employment Benefit Obligations (OPEB)

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	\$ 474,000
	<u>÷ 12 months</u>
10/11 Accrual per month (1/12 th – rounded) x nine months	\$ 364,000
09/10 Annual Required Contribution after adjustments	461,000
08/09 Annual Required Contribution	420,000
07/08 Annual Required Contribution	390,000



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).

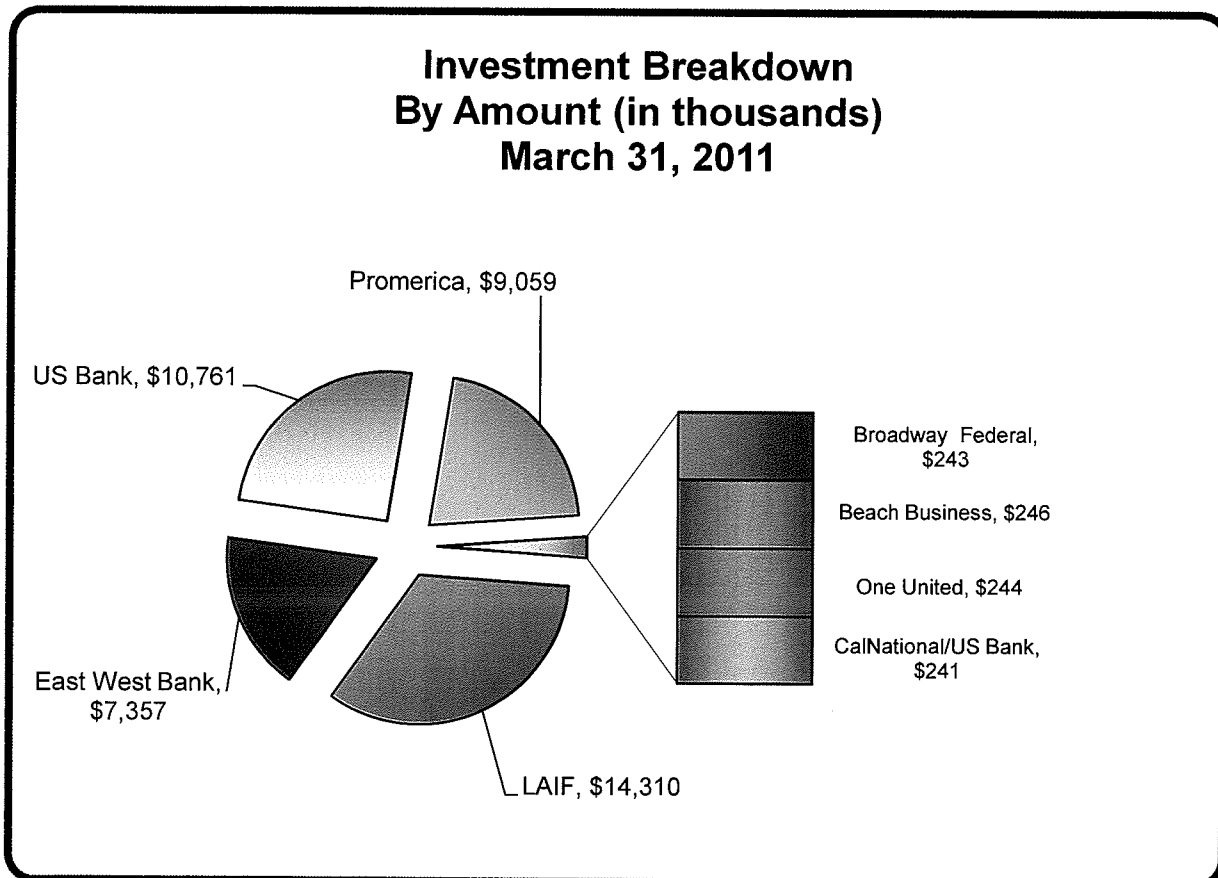
Cash and Investments By Institution (Rounded to nearest ten thousand)

Cash and Investments:

Local Area Investment Fund (LAIF) ¹	\$ 14,310,000
East West Bank ²	7,357,000
Beach Business Bank ²	246,000
One United Bank ²	244,000
Broadway Federal Bank ²	243,000
US Bank (formerly CalNational Bank) ²	241,000
Promerica Bank ²	9,059,000
US Bank (Trustee) ²	<u>10,761,000</u>

Total Cash and Investments

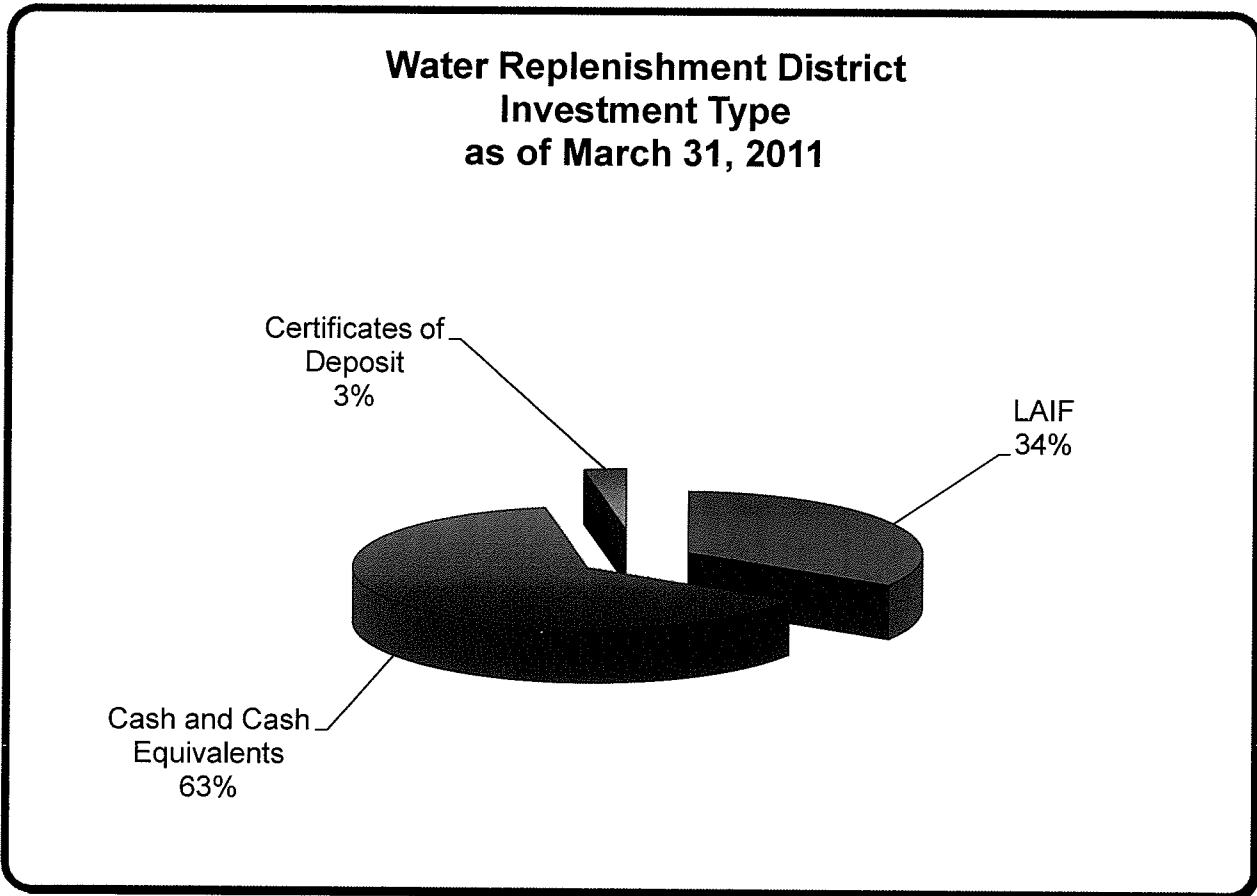
\$ 42,461,000



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

Cash and Investments:

Local Area Investment Fund (LAIF) ¹	\$ 14,310,000
Cash and Cash Equivalents ²	26,922,000
Certificates of Deposit ²	<u>1,229,000</u>
 Total	 <u>\$ 42,461,000</u>



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

Footnotes:

¹ – 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.

² – 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.

³ – 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.

FINANCE COMMITTEE RECOMMENDATION

Approve the Investment Report for March 31, 2011.



MEMORANDUM

ITEM NO. 8

Prepared by: Scott M. Ota

Reviewed by: Scott M. Ota

Approved by: Robb Whitaker

DATE: MAY 18, 2011

TO: FINANCE COMMITTEE

FROM: ROBB WHITAKER, GENERAL MANAGER

SUBJECT: PROMERICA BANK – COMMUNITY BANKING UPDATE

SUMMARY

In 2008, the Board of Directors approved the District's Community Banking Program to expand community involvement by establishing banking relationships with financial institutions that reinvest and finance projects in communities the District services.

Representatives from Promerica Bank will be present at the Committee meeting to give an update on how the District's Community Banking Program is successfully impacting local communities.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

For Discussion.



MEMORANDUM

ITEM NO. 9

Prepared by: Scott M. Ota

Reviewed by: Scott M. Ota

Approved by: Robb Whitaker

DATE: MAY 18, 2011

TO: FINANCE COMMITTEE

FROM: ROBB WHITAKER, GENERAL MANAGER

SUBJECT: LETTER OF INTEREST

SUMMARY

In May 2007, the Metropolitan Water District (MWD) suspended the availability of imported seasonal spreading water. Since that time, the WRD has carried-over excess funds earmarked for water purchases in order to have cash on-hand to purchase water when MWD makes it available. During the 2010-11 budgeting process, the WRD held five (5) public workshops and with the input of stakeholders, the WRD Board of Directors agreed to spread out the water purchase deficit cause by the lack of availability of water from MWD. The deficit of 17,500 acre-feet was spread out over the next five fiscal years at a rate of 3,500 acre-feet per year. This action allowed the WRD to use \$8.27M of cash held in the Water Purchase Carryover Fund to stabilize the fiscal year 2010-11 replenishment assessment increase. This increase was caused by a paradigm shift from budgeting for imported seasonal spreading water to budgeting for tier 1 water.

On May 6, 2011, the WRD Board of Directors established a replenishment assessment of \$244 per acre-foot for the fiscal year beginning July 1, 2011. This rate included the use of \$10M held in the Water Purchase Carryover Fund to help relieve and mitigate the increase to the ensuing year's replenishment assessment.

On May 10, 2011, the Board of Directors of the Metropolitan Water District approved a motion to offer water under the existing Replenishment Service Program and the associated discounted water rate, in an amount limited to additional increases beyond current water supplies. Therefore, there will be an estimated 225,000 acre-feet of discounted replenishment water available for the first time since May 2007. This water will only be available through the end of 2011.

In preparation of the purchase of seasonal spreading water and due to the fact that WRD has utilized a large portion of its reserves to subsidize the impact of rate increases over the past two fiscal years, staff would like the Finance Committee to review ways to possibly finance the purchase of seasonal spreading water while it is available. Promerica Bank has prepared a Letter of Interest which outlines general terms and conditions to be reviewed by the Finance Committee for borrowing funds through either a line of credit or term loan. Representatives from Promerica Bank will be available to discuss any questions the Committee may have.

Additionally, the costs associated with this type of agreement will be discussed at the Committee meeting.

FISCAL IMPACT

To be determined.

STAFF RECOMMENDATION

For discussion.