

**MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE  
WATER DISTRICT, APRIL 25, 2011:**

*A meeting of the Finance Committee of the Palmdale Water District was held Monday, April 25, 2011, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Godin called the meeting to order at 5:15 p.m.*

**1) Roll Call.**

**Attendance:**

Finance Committee:  
Linda Godin, Chair  
Gordon Dexter, Committee  
Member

**Others Present:**

Dennis LaMoreaux, General Manager  
Mike Williams, Finance Manager  
Bob Egan, Financial Advisor  
Dennis Hoffmeyer, Senior Accountant  
Dawn Deans, Executive Assistant  
1 member of the public

**2) Adoption of Agenda.**

It was moved by Committee Member Dexter, seconded by Chair Godin, and unanimously carried to adopt the agenda, as written.

**3) Public Comments.**

There were no public comments.

**4) Action Items:**

**4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held March 21, 2011.**

It was moved by Committee Member Dexter, seconded by Chair Godin, and unanimously carried to approve the minutes of the meeting held March 21, 2011, as written.

**4.2) Presentation of Draft December 31, 2010 Financial Statements and Management Report. (Financial Advisor Egan/Paul Kaymark-Charles Z. Fedak & Company)**

Financial Advisor Egan introduced Mr. Paul Kaymark, Charles Z. Fedak & Company, who provided a detailed analysis and overview of the types of accounting found in a water district and the 2010 financial statements including the balance sheet, unrestricted net assets, statement of revenues and expenses, variable and fixed revenue coverage, operating reserves ratio, the change in net assets, and fully burdened scenarios.

Financial Advisor Egan then provided clarification on the District's net assets, statement of cash flow statement, the financial statements, limits for capital expenditures, and the statement of revenues, expenses, and changes in net assets, and additional language regarding the City litigation section of the 2010 financial statements was discussed and recommended.

**4.3) Discussion of Status Report on Cash Report at March 31, 2011 and Cash Flow Report Through December 31, 2011. (Financial Advisor Egan)**

Financial Advisor Egan reviewed the March 31 cash report, which included the bond interest payment resulting in a decrease in UBS investments, and stated that the prior month will be included on future reports; that assessments were received in March with a larger amount received in April, which is still less than budgeted; that the next large payment due is in December based on new assessed rates; and then reviewed in detail the UBS investments including rates, invested amounts, and market values. He continued that water sales were down this March; that unanticipated grant funds were received in April; that to date, capital improvement fees are way ahead of budget; that an additional grant reimbursement is anticipated in July; and that anticipated year-end cash is expected at \$8 million.

**4.4) Discussion of Status Report on Financial Statements and Departmental Budget Reports for March 2011. (Finance Manager Williams)**

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year and month-to-month revenue and expense analysis, departmental reports through March 2011, active connections, and graphs for these reports and stated that the target expenditure percentage is 25%; that overall, departments are at or below this expenditure; and then provided specific detail on these reports and individual budget line items over-budget.

**4.5) Discussion of Status Report on Engineering Department Contractual Commitments and Projected Payout Schedule. (Finance Manager Williams)**

Finance Manager Williams stated that the Contractual Commitments and Projected Payout Schedule has been updated through April 2011; that February and March indicate actual expenditures; and that this schedule will continue to be modified to include all outflows of cash.

**4.6) Discussion of Status Report on Lease Financing Program. (Finance Manager Williams)**

Finance Manager Williams stated that difficulties with the Lease Financing Program continue due to the City of Palmdale litigation; that a Lease Financing Program with Citizens Business Bank is currently on hold but will move forward if the appeal in this litigation is favorable; that staff is also negotiating a program with Go West Leasing and is waiting for their response; and that Department Heads are also discussing lease purchase options for specific equipment with individual vendors.

**5) Information Items.**

There were no further information items to discuss.

**6) Public Comments on Closed Session Agenda Matters.**

There were no public comments on closed session agenda matters.

**7) Closed Session Under Government Code Section 54957, Personnel Matters: Financial Advisor Evaluation.**

At 6:25 p.m., Chair Godin called for a closed session pursuant to Government Code Section 54957, Personnel Matters: Financial Advisor Evaluation. She reconvened the Committee meeting at 6:50 p.m.

**8) Public Report of Any Action Taken in Closed Session.**

Chair Godin reported that a closed session had been held under Government Code Section 54957, Personnel Matters: Financial Advisor evaluation; that no action reportable under the Brown Act was taken in closed session on this matter; that no Finance Committee meeting will be held in May; and that this item will be considered at the June Finance Committee meeting and the evaluation finalized.

**9) Board Members' Requests for Future Agenda Items.**

Chair Godin requested that "Closed session under Government Code Section 54957, Personnel Matters: Financial Advisor evaluation" remain on the next agenda for the next Finance Committee meeting along with other continuing agenda items.

It was then requested that an item be placed on the June Finance Committee meeting agenda for "Discussion of status of the District's investments."

There were no further requests for future agenda items.

It was then clarified that monthly financial reports will be prepared for presentation to the full Board at the May 25 meeting.

The next Finance Committee meeting was then scheduled for June 20, 2011 at 5:15 p.m.

**10) Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 6:54 p.m.

  
Chair