

**MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE
WATER DISTRICT, SEPTEMBER 26, 2011:**

A meeting of the Finance Committee of the Palmdale Water District was held Monday, September 26, 2011, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Godin called the meeting to order.

1) Roll Call.

Attendance:

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

Others Present:

Mike Williams, Finance Manager
Ed Boka, Treatment Plant Supervisor
Dennis Hoffmeyer, Senior Accountant
Bob Egan, Financial Advisor
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.

Ms. Joan Guyer, Ana Verde Rural Association, questioned the GAC units being included in the 2011 Budget after which Senior Accountant Hoffmeyer reviewed the budget line items for the GAC units.

There were no further public comments.

4) Action Items:

**4.1) Consideration and Possible Action on Approval of Minutes of Meeting
Held August 22, 2011.**

It was moved by Committee Member Dexter, seconded by Chair Godin, and unanimously carried to approve the minutes of the meeting held August 22, 2011, as written.

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

Financial Advisor Egan reviewed the investment funds report and cash flow report for August 31 and stated that the bottom line ending cash balance is significantly lower than expected.

Senior Accountant Hoffmeyer then informed the Committee that the District just received \$315,000.00 in redevelopment agency funds.

4.3) Discussion of Status Report on Financial Statements and Departmental Budget Reports for August 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, and individual departmental reports through August 2011, along with the graphs for these reports and a graph comparing personnel costs to operational costs, and stated that the target expenditure percentage should be at or below 66.6%; that departments are at or below this expenditure; and then reviewed specific detail for these reports.

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

Finance Manager Williams reviewed the updated Contractual Commitments and Projected Payout Schedule and stated that the Avenue Q-3 water main replacement project will be budgeted at \$900,000 for 2012.

4.5) Discussion and Review of Draft Projections Through 2013. (Financial Advisor Egan)

Financial Advisor Egan reviewed anticipated cash flow projections through 2012 and through 2013 with no water rate increase and anticipated cash flow projections through 2012 and through 2013 with the scheduled 8% water rate increase and stated that year-end projections are low; that operating expenses are anticipated to increase; that it is important to determine specific operating expenses for 2012; that the District cannot continue with merely rate increases and must combine rate increases and substantial operating expense cuts based on water sales, operating expenses, and debt payment; and that he recommends a cut in operating expenses by \$2 to \$2.5 million.

4.6) Consideration and Possible Action on Financing of Security System at the Leslie O. Carter Water Treatment Plant. (\$50,000.00 – Budgeted in 2011; \$170,000.00 to be Budgeted in 2012; Total Project Cost \$220,000.00 – Treatment Plant Supervisor Boka)

Treatment Plant Supervisor Boka reviewed the cost for either purchasing or entering into a lease-purchase option for a security system at the Leslie O. Carter Water Treatment Plant, and after a discussion of the details of the system, the costs, and funding, the Committee recommended this project be deferred.

5) Information Items.

Finance Manager Williams reviewed a breakdown of the water budget rate structure for the period July 2010 through June 2011 showing revenue by category followed by discussion of fixed meter costs and stated that this same information can be presented to the full Board at the next regular meeting.

Financial Advisor Egan informed the Committee that the District's auditor has submitted a proposal for a three-year contract, and he recommends additional firms be solicited for proposals for presentation at the next Committee meeting after which Chair Godin directed Financial Advisor Egan to obtain auditing proposals for presentation at the next Committee meeting.

Finance Manager Williams then informed the Committee that credit calculations for the change in the District's rate structure for the period October through December 2009 amount to approximately \$87,000.00 with this amount credited to customer's bills beginning in October.

There were no further information items to discuss.

6) Board Members' Requests for Future Agenda Items.

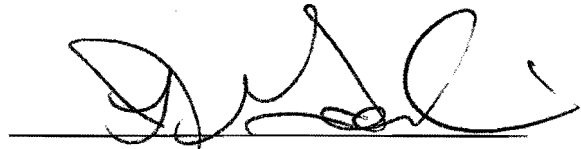
Chair Godin stated that "Consideration and possible action on proposals received for preparation of the District's audit" will be placed on the next agenda along with standing agenda items.

There were no further requests for future agenda items.

The next Finance Committee meeting was then scheduled for October 24, 2011 at 5:15 p.m.

7) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned.


Chair