

**TRABUCO CANYON WATER DISTRICT  
FINANCE AUDIT COMMITTEE MEETING RECAP  
FEBRUARY 10, 2016**

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**DIRECTORS PRESENT**

Committee Chair James Haselton  
Committee Member Michael Safranski

**STAFF PRESENT**

Hector Ruiz, General Manager  
Michael Perea, District Secretary  
Karen Warner, Accounting Supervisor  
Lisa Carmouche, Administrative Assistant

**CONSULTANT(S) PRESENT**

Cindy Byerrum, District Treasurer (Platinum Consultants)

**PUBLIC PRESENT**

There were no members of the public present

**CALL MEETING TO ORDER**

Director Haselton called the February 10, 2016, Finance/Audit Committee Meeting to order at 7:07 A.M.

**VISITOR PARTICIPATION**

No visitor participation was received.

**ORAL COMMUNICATION**

No oral communication was received.

**COMMITTEE MEMBER COMMENTS**

Director Safranski had no comments.

Director Haselton had no comments.

**REPORT FROM THE GENERAL MANAGER**

Mr. Ruiz had no comments.

**ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP**

The January 13, 2016, Finance/Audit Committee Meeting Recap was presented to the Committee.

**RECOMMENDED ACTION:**

The Committee approved and recommended that the January 13, 2016, Finance/Audit Committee Meeting Recap be received and filed by the Board (Consent Calendar).

**TRABUCO CANYON WATER DISTRICT  
FINANCE AUDIT COMMITTEE MEETING RECAP | FEBRUARY 10, 2016**

**ITEM 2: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/ ATTENDANCE ITEMS**

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The Committee reviewed the information presented.

**RECOMMENDED ACTION:**

The Committee recommended that the Directors' expenses and fees for January, 2016, and the tentative future meetings be forwarded to the Board for ratification (Consent Calendar).

**ITEM 3: DISCUSSION CONCERNING FISCAL YEAR 2014/2015 FINANCIAL REPORTS (AUDITS) FOR TRABUCO CANYON PUBLIC FINANCING AUTHORITY & TRABUCO CANYON IMPROVEMENT CORPORATION**

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Mr. Ruiz presented this matter for Committee review, and mentioned that the District's Auditor, The Pun Group (Auditor), has prepared and submitted the Fiscal Year 2014/2015 Financial Reports (Audits) for the Trabuco Canyon Public Financing Authority (TCPFA) and Trabuco Canyon Improvement Corporation (TCIC). Mr. Ruiz added that the Audits are typically presented at the annual meetings of the TCPFA and TCIC, and that District staff, with the assistance of District Legal Counsel, are currently reviewing the TCPFA Agreement and TCIC Bylaws for the annual meeting requirements. Ms. Byerrum reviewed the Balance Sheet of both audits, and mentioned that both the TCPFA and TCIC do not generate any revenue as they are set up to facilitate Community Facilities Districts (CFDs) in the District's service area and provide assistance to the District for the financing of water improvement facilities for proposed future developments within the District. Discussion occurred concerning the possible defeasement of the TCPFA and TCIC. Mr. Ruiz commented that both are needed for current and potential future bonding purposes.

**RECOMMENDED ACTION:**

The Committee recommended that the Fiscal Year 2014/2015 Financial Reports (Audits) for Trabuco Canyon Public Financing Authority and Trabuco Canyon Improvement Corporation be forwarded to the respective Board for receipt and file (Action Calendar).

**ITEM 4: DISCUSSION CONCERNING TCWD'S FISCAL YEAR 2015/2016 MID-YEAR BUDGET REVIEW**

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Mr. Ruiz presented this matter to the Committee, and mentioned that Ms. Byerrum was in attendance to answer their questions concerning the Fiscal Year 2015/2016 Mid-Year Budget. Mr. Ruiz commented that the Mid-Year Budget Review is an optional matter per the District's Rules and Regulations, and that as a result of the adoption of the new water, wastewater, and recycled water rates and meter flat rates at the middle of the fiscal year, the FY2015/2016 Budget has been impacted. Discussion occurred concerning the necessity of a Mid-Year Budget Review at the February 17, 2016 Regular Board Meeting; Director Safranski commented that District staff should present a Mid-Year Budget Review for the Board of Directors. Mr. Ruiz presented a FY2015/2016 Capital Improvement Program (CIP) handout for Committee review, and highlighted the following projects:

**WATER SYSTEM**

- Cooks Reservoir:  
Mr. Ruiz commented that District staff is currently working on this project, and will present information concerning the project status to the Engineering/Operational Committee next month.
- Dimension Water Treatment Plant Backwash Recycling:  
Mr. Ruiz commented that District staff may not complete this project, and mentioned that the project was originally designed to assist the District in meeting its State Water Board mandated Conservation Standard, but actually, it does not provide any credits per the emergency regulations.

**TRABUCO CANYON WATER DISTRICT  
FINANCE AUDIT COMMITTEE MEETING RECAP | FEBRUARY 10, 2016**

**WASTEWATER SYSTEM**

- Chiquita Wastewater System & SMWD Plano Sewer Lift Station:  
Mr. Ruiz commented that these projects represent facility shared costs with Santa Margarita Water District (SMWD).
- Access/Service Road Desilting:  
Mr. Ruiz commented that this project has been completed.
- Via Allegre Wet Well Replacement:  
Mr. Ruiz commented that this is a new, developer-funded project related to the William Lyon Homes development on Plano Trabuco Road. Mr. Ruiz added that it is a hybrid project comprised of in-house work with assistance from a contractor.

**RECYCLED WATER SYSTEM**

- Recycled Water Conversions:  
Mr. Ruiz commented that District staff is currently working on a project for the extension of the recycled water system to the TY Nursery, and that this project will help the District in meeting its State Water Board mandated Conservation Standard.
- Recycled Water Hydrant Connection:  
Mr. Ruiz commented that this project has been completed, and reviewed site photos.

**MAJOR REPAIRS**

- Pressure Regulating Station Rehabilitation:  
Mr. Ruiz commented that this is an important project for the District, and that Water Department is close to completing this project.

**RECOMMENDED ACTION:**

The Committee received information concerning the District's Fiscal Year 2015/2016 Mid-Year Budget Review, and recommended forwarding the information to the Board of Directors (Action Calendar).

**ITEM 5: OTHER MATTERS**

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Mr. Ruiz had no other matters for review.

**RECOMMENDED ACTION:**

No action taken.

**ITEM 6: FINANCIAL REPORT**

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Ms. Byerrum presented the unaudited financials for December, 2015, for Committee review, and highlighted the following items:

***Statement of Revenues and Expenses***

- Operating Revenue – Irrigation Water Revenue:  
Ms. Byerrum commented that this line item is significantly higher than originally budgeted due to irrigation water used by the Nursery customers.

**TRABUCO CANYON WATER DISTRICT  
FINANCE AUDIT COMMITTEE MEETING RECAP | FEBRUARY 10, 2016**

- Operating Revenue – Total Operating Revenue:  
Ms. Byerrum commented that this line item's current year to date is higher than originally budgeted.
- Operating Expenses – Total Operating Expenses:  
Ms. Byerrum commented that this line item is currently lower than originally budgeted, but will likely be at budget by the end of the year.
- Net Income Before OPEB & Depreciation & Capital Contributions:  
Ms. Byerrum commented that this line item represents revenue associated with District Operations.

Discussion occurred concerning the impacts of the adopted water, wastewater, recycled water rates and meter flat charges.

**RECOMMENDED ACTION:**

The Committee recommended that the Board receive and file the December, 2015, unaudited Financial Statement, as presented (Consent Calendar).

**ITEM 6: FINANCIAL REPORT**

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Mr. Ruiz presented the bills for consideration for February 10, 2016.

**RECOMMENDED ACTION:**

The Committee signed the bills for consideration and the warrant register, and recommended that the Board ratify payment of the bills for consideration for February 10, 2016, as presented (Consent Calendar).

**ADJOURNMENT**

Director Haselton adjourned the February 10, 2016, Finance/Audit Committee Meeting at 7:45 A.M.