



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | OCTOBER 12, 2016**

DIRECTORS PRESENT

Committee Chair Michael Safranski
Committee Member Glenn Acosta

STAFF PRESENT

Michael Perea, District Secretary
Karen Warner, Accounting Supervisor
Lisa Sangi, Administrative Assistant

PUBLIC PRESENT

There were no members of the public present

CALL MEETING TO ORDER

Director Safranski called the October 12, 2016, Finance/Audit Committee Meeting to order at 6:00 P.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

Director Acosta had no comments.

Director Safranski had no comments.

REPORT FROM THE DISTRICT SECRETARY

Mr. Perea reported that the General Manager was not present due to his participation at the California Special Districts Association (CSDA) Annual Conference in San Diego.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The September 14, 2016, Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee approved and recommended that the September 14, 2016, Finance/Audit Committee Meeting Recap be received and filed by the Board (Consent Calendar).

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

The Committee reviewed the information presented. Director Acosta requested that his schedule be changed to reflect his attendance at the Independent Special Districts of Orange County Meeting on September 29, 2016. Director Safranski requested that his schedule be changed to reflect that he will not be able to attend the South County Water Agencies Meeting in October.

RECOMMENDED ACTION:

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

ITEM 3: OTHER FINANCE AND ADMINISTRATION PROJECTS

Mr. Perea presented this new agenda item for Committee consideration, and reviewed the following projects:

1. Network Infrastructure Upgrade/Replacement Project
Mr. Perea reported that the Board of Directors approved this project at the September 21, 2016, Regular Board Meeting, and that the General Manager has executed the contract with Synoptek (District's Information Technology Consultant). Mr. Perea added that District staff and Synoptek are currently in the software and hardware procurement stage of the project.
2. Utility Billing and Financial Management System Replacement Project
Mr. Perea reported that the General Manager has executed the agreement with Tyler Technologies (Tyler) for this project. Mr. Perea added that District staff has worked with District's current utility billing system consultant to extract three years of existing utility billing and service order data for Tyler to review prior to the data migration portion of the project.
3. Baker Water Treatment Plant Partner Agency Billing Letter Memorandum of Understanding
Mr. Perea reported that a Special Board Meeting had been scheduled for Friday, October 14, 2016 to review this matter with the Board of Directors, and that the General Manager was currently preparing materials and a related presentation concerning this matter for the meeting.
4. Trabuco Canyon Water District Salary and Total Compensation Survey
Mr. Perea reported that Koff and Associates (Consultant) has notified the General Manager concerning the status of this project, and mentioned that the final draft report is scheduled to be completed by the end of the month. Mr. Perea added that the final draft report will be presented to the Committee after the General Manager has completed a final review.
5. Other Projects
Mr. Perea had no other projects to report.

RECOMMENDED ACTION:

The Committee commented that there were no other matters for discussion.

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ITEM 4: OTHER MATTERS

Mr. Perea commented that there were no other matters for discussion.

RECOMMENDED ACTION:

No action was taken.

ITEM 5: FINANCIAL REPORT

Mr. Perea presented the unaudited financials for August, 2016, for Committee review, and reported that there were no anomalies. Discussion occurred concerning the following matter(s):

Statement of Revenues and Expenses

• *Operating Revenue, Residential Water:*

Mr. Perea said that the current month is higher than the previous month due to more water sold to residential customers.

• *Operating Revenue, Irrigation Water:*

Mr. Perea said that the current month is higher than the previous month due to water used by T-Y Nursery.

• *Operating Revenue, Recycled & Reclaimed Water:*

Mr. Perea said that the current Year To Date (YTD) is over 31% of budget due to sales of reclaimed water, and an increase in Dove Canyon Master Association and Dove Canyon Golf Course recycled water purchases.

• *Operating Revenue, Development Services:*

Mr. Perea said that the YTD is negative due to plan check fees that were found to be part of developer projects after the audit and reclassified to the appropriate account.

• *Operating Expenses, Source of Supply:*

Mr. Perea said that the current month is higher than the previous month due to more water sold to customers.

• *Operating Expenses, Water Related Expenses:*

Mr. Perea said that the current month is higher than the previous month due to the purchase of water meters for the District's Meter Replacement Program and higher electricity costs.

• *Operating Expenses, Sanitation Expense:*

Mr. Perea said that the current month is higher than the previous month due to vector truck repairs to fix the brake system and the subsequent vector truck rental.

• *Operating Expenses, Salaries & Benefits:*

Mr. Perea said that the previous month is higher than the current month due to vacation payout to a separated employee.

• *Operating Expenses, Supplies & Services:*

Mr. Perea said that the current month is higher than the previous month due to onsite training for Manager Plus (District's Computerized Maintenance Management System) and audit fees.

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- *Operating Expenses, Interest Expense:*

Mr. Perea said that the previous month is higher than the current month due to paying the Series C Bond principal payment in the beginning of the year, which also caused the YTD percentage to exceed 65%.

- *Operating Expenses, Net Income before OPEB & Depreciation & Capital Contributions:*

Mr. Perea said that currently there is a \$435,000 YTD loss which is due to the principal payment of Series C Bond on July 1, 2016.

Balance Sheet

- *Utility Plant at Cost:*

Mr. Perea said that the current month increased due to the purchase of a new meter reading handheld device.

- *Construction in Progress:*

Mr. Perea said that the current month increased due to \$17,000 for the replacement of a wastewater pump; \$28,000 for costs associated with the Alternate Raw Water Transmission Line Project; \$29,000 for costs associated with the Plano Trabuco Sewer Lift Station Rehabilitation Project; \$66,000 for costs associated with the Robinson Ranch Wastewater Treatment Plant Influent Equalization (NEQ) Tank Rehabilitation Project; and \$5,000 for costs associated with the District's Pressure Regulating Station Rehabilitation Program.

RECOMMENDED ACTION:

The Committee recommended that the Board receive and file the unaudited Financial Statement for August, 2016, as presented (Consent Calendar).

ITEM 7B: FINANCIAL REPORT

Mr. Perea presented the bills for consideration for October 12, 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 October 12, 2016, as presented (Consent Calendar).

ADJOURNMENT

Director Safranski adjourned the October 12, 2016, Finance/Audit Committee Meeting at 6:17 P.M.