



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | SEPTEMBER 12, 2018

DIRECTORS PRESENT

Director Don Chadd, Committee Chair
Director Glenn Acosta, Committee Member

STAFF PRESENT

Michael Perea, Interim General Manger
Karen Warner, Senior Accountant
Lisa Marie Sangi, Administrative Assistant

DISTRICT CONSULTANT(S) PRESENT

Cindy Byerrum, District Treasurer (Platinum Consulting Group)

PUBLIC PRESENT

There were members of the public present.

CALL MEETING TO ORDER

Director Chadd called the September 12, 2018 Finance/Audit Committee Meeting to order at 6:01 P.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

None.

REPORT FROM THE ACTING GENERAL MANAGER

Mr. Perea reported that he attended the Orange County Local Agency Formation Commission (OC LAFCO)

Mr. Perea reported that the Administration Building was recently vandalized, and that six (6) of the exterior lanterns were stolen. Mr. Perea added that the incident was reported to the Orange County Sheriff's Department, and he mentioned that District staff were coordinating with vendors on the replacement of the lanterns.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The August 8, 2018 Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee approved and recommended that the August 8, 2018 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

Director Chadd requested to adjust his schedule as he did not attend City of Rancho Santa Margarita City Council Meeting.

RECOMMENDED ACTION:

The Committee recommended that the Directors' Fees and Expenses for August 2018, as amended, and the tentative future meetings be forwarded to the Board of Directors for ratification (Consent Calendar).

ITEM 3 DISCUSSION CONCERNING TEMPORARY REVENUE STABILIZATION CHARGE (TRSC) INTERNAL ANYALYSIS

Mr. Perea presented this matter for Committee review, and he reported that the District Treasurer and Senior Accountant have completed the internal financial analysis of the Temporary Revenue Stabilization (TRS) Charges collected to date as directed by the Board of Directors at the August 15, 2018 Regular Board Meeting. Ms. Byerrum provided an updated concerning the internal financial analysis findings as indicated in the staff report, and she concurred with the District staff recommendation of suspending the TRS Charge effective September 30, 2018. Discussion occurred concerning the internal financial analysis findings and how to best communicate the Board's proposed action once adopted.

RECOMMENDED ACTION:

The Committee received the information concerning this matter and recommended that the Board of Directors suspend the collection of the Temporary Revenue Stabilization Charge (TRSC) by resolution effective September 30, 2018 (Action Calendar).

ITEM 4: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT'S SPECIAL WATER RATE STUDY

Mr. Perea provided an update on this matter, and he reviewed the District's public outreach efforts to date related to the Public Hearing for the proposed Portola Hills Zone Rate. Discussion occurred concerning presenting the Board of Directors a graphical handout demonstrating the impacts of the proposed rate and charge changes.

RECOMMENDED ACTION:

The Committee recommended that this matter be forwarded to the Board of Directors for their review.

ITEM 5: OTHER MATTER

There were none.

RECOMMENDED ACTION:

The Committee received the information concerning the matter. No recommendations were made

ITEM 6: FINANCIAL REPORT

Mr. Perea presented this matter for Committee review, and he mentioned that Ms. Byerrum was in attendance to review the preliminary unaudited financials for the end of Fiscal Year 2017/2018. Ms. Byerrum commented on the following matters:

Operating Revenue, Total Operating Revenue

Ms. Byerrum reported that this line item for the year was below budget by approximately two-percent due to less water demands than budgeted.

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Total Revenues

Ms. Byerrum reported that this line item for the year was below budget by approximately one-percent due to less water demands than budgeted.

Operating Expenses

Ms. Byerrum reported that this line item was higher than budgeted due to higher maintenance costs and vehicle repairs.

Discussion occurred concerning the impacts of Other Post-Employment Benefits and Governmental Accounting Standards Board (GASB) rules. Mr. Perea suggested forwarding the end of Fiscal Year 2017/2018 preliminary unaudited financials to the Board of Directors for their review; the Committee concurred with Mr. Perea's suggestion.

RECOMMENDED ACTION:

The Committee recommended forwarding the End of Fiscal Year 2017/2018 Preliminary Unaudited Financials to the Board of Directors (Action Calendar).

The Committee signed the bills for consideration and the warrant register and recommended that the Board ratify payment of the bills for consideration for September 12, 2018, as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the September 12, 2018, Finance/Audit Committee Meeting at 6:30 PM.