

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP
JUNE 4, 2014**

DIRECTORS PRESENT

Committee Chair Stephen Dopudja
Committee Member James Haselton

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Karen Warner, Accounting Supervisor

PUBLIC PRESENT

There were no members of the public present

CALL MEETING TO ORDER

Mr. Haselton called the June 4, 2014, Finance/Audit Committee Meeting to order at 7:00 A.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

Mr. Haselton commended District staff for their hard work for the Water Awareness Event on Saturday, May 31, 2014, and that the event's new layout and vendors proved successful.

Mr. Dopudja commended District staff as well, and added that the new layout was an excellent way to centralize the event's focus. Mr. Dopudja added that the Fiscal Year 2014/2015 Budget development process has been easier than in past years, and commended District staff's work.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz had no items to report to the Committee which were not included in the agenda.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The May 7, 2014, Finance/Audit Committee Meeting Recap was presented to the Committee.

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RECOMMENDED ACTION:

The Committee approved and recommended that the May 7, 2014, Finance/Audit Committee Meeting Recap be received and filed by the Board (Consent Calendar).

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

The Committee reviewed the information presented, and Mr. Dopudja commented that he will need to confirm with his calendar. Mr. Haselton commented that he did not attend the Independent Special Districts of Orange County (ISDOC) meeting, and requested that it be removed from his attendance items list.

RECOMMENDED ACTION:

The Committee recommended that the Directors' expenses and fees for May, 2014, as amended during the Committee Meeting and the tentative future meetings be forwarded to the Board for ratification (Consent Calendar).

**ITEM 3: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING MET/MWDOC DRAFT FISCAL YEAR
2014/2015 BUDGET AND RATES**

Mr. Ruiz provided a status update concerning this matter, and commented that Mr. Perea has an update concerning the matter of the Water Use Efficiency (WUE) Rebate Programs. Mr. Perea presented and reviewed a handout which described the proposed enhancements to the District's WUE Rebate Programs as managed by the Municipal Water District of Orange County (MWDOC). Mr. Perea added that the Board of Directors approved a not to exceed budget of \$9,900 for additional enhancements at the May 18, 2014, Regular Board Meeting, and that District staff proposes a WUE Rebated Program enhancement budget of \$9,750 for Fiscal Year 2014/2015. Discussion occurred concerning the District's rebate and device activity to date, and the method which District staff would advertise the rebates; Mr. Ruiz mentioned that District staff plans to advertise in the On Tap Newsletter and on the District website.

RECOMMENDED ACTION:

The Committee recommended that the information be forwarded to the Board for review and discussion (Action Calendar).

ITEM 4: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TCWD'S FISCAL YEAR 2014/2015

Mr. Ruiz provided a status update on this matter, and presented a revised District Budget Summary and Operating Budget handouts for Committee review. Mr. Ruiz reviewed the updates to the Budget with the Committee, which included the increase in WUE Rebate Program enhancements, the cost of the Administration Facility Building Recoating, and non-substantive grammatical corrections. Discussion occurred concerning the Budget updates and the potential impact of a significant wet weather event later in the year to the District's budget. Mr. Ruiz reviewed the Fiscal Year 2014/2015 Capital Improvement

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Program Budget with the Committee, which included the addition of the Administration Facility Building Recoating under Major Repairs/Expenses, and the upgrade of the Emergency Fuel Tender from a “B” project to an “A” project. Discussion occurred concerning the Major Repairs/Expenses.

RECOMMENDED ACTION:

The Committee recommended that the information be forwarded to the Board for review and discussion (Action Calendar).

ITEM 5: OTHER MATTERS

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

RECOMMENDED ACTION:

There was no recommended action.

ITEM 6: FINANCIAL REPORT

Mr. Ruiz presented the Unaudited Financials for April, 2014, for Committee review, and highlighted the following items:

Statement of Revenues and Expenses

- Operating Revenue, Residential Water

Mr. Ruiz commented that this change was due to the increase in water demand.

- Operating Revenue, Irrigation Water

Mr. Ruiz commented that this change was due to the increase in water demand.

- Operating Revenue, Source of Supply

Mr. Ruiz commented that this change was due to the increase in water demand.

- Operating Expenses, Sanitation Expense

Mr. Ruiz commented that the District received and processed the third quarter invoice from Santa Margarita Water District for the District’s share of capital and operating expenditures at the Chiquita Wastewater Treatment Plant.

- Operating Expenses, Supplies and Services

Mr. Ruiz commented that this increase was due to the costs for the roof repair at the Administration Facility.

- Non-Operating Revenue, Other Non-Operating Revenue

Mr. Ruiz commented that the decrease was due to the fact that March was an atypical month because it included the ACWA/JPIA pool group rebate.

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Discussion occurred concerning the negative amount in Non-Operating Revenue, Interest Revenue; Mr. Ruiz commented that this was due to the improper estimation of the District's LAIF investments. Discussion occurred concerning the status of the District's wells and the recycled water demand at the Dove Canyon Golf Course.

Comparative Balance Sheet

- Construction in Progress

Mr. Ruiz commented that this line item will change in the coming months as the District proceeds with the Baker Water Treatment Plant and Shadow Rock Detention Basin projects.

Restricted Assets Report

There were no comments received concerning the Restricted Assets Report.

Investment Schedule

- Discussion occurred concerning the interest rate of return on the District's investments through LAIF.

RECOMMENDED ACTION:

The Committee recommended that the Board receive and file the April, 2014, Unaudited Financial Statement, as presented (Consent Calendar).

ITEM 6B: FINANCIAL REPORT

Mr. Ruiz presented the bills for consideration for June 4, 2014.

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 June 4, 2014, as presented (Consent Calendar).

ADJOURNMENT

Mr. Dopudja adjourned the June 4, 2014, Finance/Audit Committee Meeting at 7:32 A.M.