



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | NOVEMBER 9, 2016**

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**DIRECTORS PRESENT**

Director Michael Safranski, Committee Chair  
Director Stephen Dopudja, Committee Member Alternate

**STAFF PRESENT**

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

**DISTRICT CONSULTANTS PRESENT**

Cindy Byerrum, District Treasurer (Platinum Consultants)

**PUBLIC PRESENT**

There were no members of the public present

**CALL MEETING TO ORDER**

Director Safranski called the November 9, 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 Dopudja commented on his attendance at the South Orange County Wastewater Authority (SOCWA) Board Meeting, and mentioned that the Board of Directors approved the fiscal budget, and that there is no impact to the District's budgeted amount of SOCWA. Director Dopudja said that there was no change to the voting structure, however, there was further discussion concerning Project Committee (PC) No. 15 member agencies and that the PC No. 15 budget is expected to be approved.

Director Safranski had no comments.

**REPORT FROM THE GENERAL MANAGER**

Mr. Ruiz had no matters to report that were not covered in the agenda.

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

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The October 12, 2016, Finance/Audit Committee Meeting Recap was presented to the Committee.

**RECOMMENDED ACTION:**

Director Safranski and Mr. Perea approved and recommended that the October 12, 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**

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The Committee reviewed the information presented, and made no changes.

**RECOMMENDED ACTION:**

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

**ITEM 3: TRABUCO CANYON WATER DISTRICT ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR 2015/2016**

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Mr. Ruiz presented this matter for Committee review, and mentioned that Ms. Byerrum was in attendance to review the District's Fiscal Year 2015/2016 Annual Financial Report (Audit) with the Committee and to answer any of their questions. Ms. Byerrum complimented District staff for their assistance with The Pun Group (the District's Auditors), and specifically expressed her appreciation for Ms. Warner's contributions and assistance with the process. Ms. Byerrum briefly reviewed the challenges associated with the two-year implementation of Governmental Accounting Standards Board (GASB) No. 68 rules. Ms. Byerrum commented that the District's Auditors have provided a clean opinion of the District in the Independent Auditors' Report, and reviewed the Condensed Balance Sheet Deferred Outflows and Inflows of Resources with the Committee. Discussion occurred concerning the District's Net Pension Liability; Ms. Byerrum said that this non-cash item liability is impacted by the performance of CalPERS investments which is outside of the District's control. Ms. Byerrum highlighted the Statement of Revenues, Expenses and Changes in Net Position for the Year Ending June 30, 2016 in comparison with the same period ending 2015. Ms. Byerrum commented that although the Audit indicates that the District has an Operating Loss prior to Capital Contributions, the recently adopted water, wastewater, and recycled water rate structure has improved the District's overall financial position.

**RECOMMENDED ACTION:**

The Committee recommended that the Trabuco Canyon Water District Annual Financial Report (Audit) for Fiscal Year 2015/2016 be forwarded to the Board of Directors (Action Calendar).

**ITEM 4: OTHER FINANCE AND ADMINISTRATION PROJECTS**

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

1. Network Infrastructure Upgrade/Replacement Project  
Mr. Perea provided a project status update and reported that Synoptek (the District's Information Technology Consultant) has completed the hardware and software procurement portion of the project. Mr. Perea added that Synoptek is currently building the new server environment, and the project will be online in the First Quarter of 2017.
2. Utility Billing and Financial Management System Replacement Project  
Mr. Perea reported that District staff have recently met with Tyler Technologies staff via conference call to review the system implementation schedule, and District staff is currently working to provide the required documentation and data files for testing purposes prior to migration of data.
3. Baker Water Treatment Plant Partner Agency Billing Letter Memorandum of Understanding - DRAFT  
Mr. Ruiz reported that he was working with Municipal Water District of Orange County (MWDOC) on the development of a Billing Letter Memorandum of Understanding as directed by the Board of Directors at the

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October 14, 2016 Special Board Meeting. Mr. Ruiz added that he is scheduled to meet with MWDOC staff to review the draft language the following week.

4. Trabuco Canyon Water District Salary and Total Compensation Survey

Mr. Ruiz reported that District staff has received preliminary draft report information for review and comment, and that both he and Ms. Byerrum will coordinate with Koff and Associates (Consultant) on any proposed modifications or changes. Mr. Ruiz said that the Consultant has experienced some challenges with obtaining related salary and classification information from some comparator agencies, but that he plans to have draft information for review with the Executive Committee and Finance/Audit Committee prior to Board approval at the December 21, 2016 Regular Board Meeting. Mr. Ruiz added that the goal of the Consultant's proposed changes are to provide a salary schedule that is more in line with industry standards for salaries, while taking into consideration total compensation.

5. Other Projects

Mr. Ruiz had no other projects to report.

**RECOMMENDED ACTION:**

The Committee received the information presented.

**ITEM 5: OTHER MATTERS**

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Mr. Ruiz mentioned that the State Water Board and Department of Water Resources have scheduled a meeting to review the planned implementation of the Governor's Executive Order B-37-16 – Making Water Conservation as a California Way of Life with water agencies statewide, and will make the meeting proceedings available online.

**RECOMMENDED ACTION:**

No action was taken.

**ITEM 6: FINANCIAL REPORT**

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

***Statement of Revenues and Expenses***

• *Total Operating Revenue:*

Ms. Byerrum reported that this line item was higher than originally budgeted due to the impacts of the new water, wastewater, and recycled water rates and charges.

Director Safranski asked Ms. Byerrum about the reconciliation of Source of Supply costs with Total Operating Revenue Year to Date; Ms. Byerrum mentioned that the difference may be associated with Capital repairs.

**RECOMMENDED ACTION:**

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

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**ITEM 7B: FINANCIAL REPORT**

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Mr. Ruiz presented the bills for consideration for November 9, 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 November 9, 2016, as presented (Consent Calendar).

**ADJOURNMENT**

Director Safranski adjourned the November 9, 2016, Finance/Audit Committee Meeting at 6:26 P.M.