



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | JANUARY 10, 2018**

DIRECTORS PRESENT

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

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Karen Warner, Senior Accountant
Lisa Marie Sangi, Administrative Assistant

PUBLIC PRESENT

There were no members of the public present

CALL MEETING TO ORDER

Committee Chair Chadd called the January 10, 2018, 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

No Committee Member comments were received.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported that District staff has met to begin reviewing the Fiscal Year 2018/2019 Capital Improvement Projects.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The December 13, 2017 Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee approved and recommended that the December 13, 2017, 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. Committee Chair Chadd requested that his schedule be updated to reflect his attendance at South Orange County Agencies' Group preparation meeting on December 29, 2017.

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RECOMMENDED ACTION:

The Committee recommended that the Directors' expenses and fees for December 2017, as amended, and the tentative future meetings be forwarded to the Board for ratification as presented (Consent Calendar).

ITEM 3: DISTRICT TREASURER ANNUAL STATEMENT OF INVESTMENT POLICY

Mr. Ruiz presented this matter for Committee review, and commented this was an annually recurring matter per the District's General Policy and Rules and Regulations. Mr. Ruiz added that there have been no substantive changes to the Investment Policy since it was updated the prior year, and that the District Treasurer had reviewed the Policy and was in agreement with the current Policy language as included in the proposed resolution.

RECOMMENDED ACTION:

The Committee received the information, and recommended that the Board adopt Resolution No. 2018-1248 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting Treasurer's Annual Statement of Investment Policy (Action Calendar).

ITEM 4: WATER METER BILL ADJUSTMENT FOR MR. CHARLES HADDOCK AT 20562 SYCAMORE DRIVE

Mr. Ruiz presented this matter for Committee review, and mentioned that this matter was brought to his attention in mid-November 2017 by Mr. Charles Haddock, the resident at 20562 Sycamore Drive. Mr. Perea reported that Mr. Haddock's water meter register was replaced in March 2017, and subsequently, his monthly water consumption significantly increased for an eight-month period. Mr. Perea added that District staff met with Mr. Haddock to review his concerns and conducted a thorough investigation related to his water demands and the condition of the water meter, including replacing the original water meter with a new automatic meter read (AMR) water meter in mid-November 2017. Mr. Perea reported that the water meter was submitted to an independent, third-party meter testing company for efficiency testing, and the meter was found to be improperly calibrated from the factory. Mr. Perea commented that District staff refunded Mr. Haddock for the overcharge of water for the eight-month period in the amount of \$2,518.14 on December 20, 2017, based on the usage reflected on the AMR meter, but that the matter requires Board determination per the District's General Policy and Rules and Regulations. Mr. Ruiz recommended that the Committee forward this matter to the Board for ratification.

RECOMMENDED ACTION:

The Committee received the information, and recommended that the Board ratify the water meter bill adjustment to Mr. Charles Haddock in the amount of \$2,518.14 (Consent Calendar).

ITEM 5: OTHER FINANCE AND ADMINISTRATON MATTERS

1. Utility Billing and Financial Management System Replacement Update:

Mr. Perea provided a status update on this project, and commented that District staff is currently working with Tyler Technologies on the Utility Billing portion of this project. Mr. Perea expressed his appreciation for Ms. Warner's assistance in reviewing the account test files and data transfers to ensure an accurate migration of data. Mr. Perea added that the Utility Billing system is scheduled to go live in February 2017. Mr. Ruiz commented that District staff is currently reviewing the planned improvements to the District's utility bills as a result of the implementation of the new system, including a more detailed description of charges in the utility bill.

2. Other Projects

There was no information received.

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RECOMMENDED ACTION:

The Committee received the information. No action was taken.

ITEM 6: OTHER MATTERS

There was no information received.

RECOMMENDED ACTION:

No action was taken.

ITEM 7: FINANCIAL REPORT

Mr. Ruiz presented the preliminary unaudited financials for November, 2017, for Committee review, and reported that there were no anomalies. Mr. Ruiz reviewed the following items:

Statement of Revenues and Expenses

Operating Revenue, Residential, Irrigation, and Recycled Water Sales

Mr. Ruiz commented that the year to date values for these line items are higher than anticipated due to increased water demand in response to the warmer weather in November, and reflect the impact of the District's water rates adopted in 2015.

Non-Operating Revenue, Other Non-Operating Revenue

Mr. Ruiz commented that this line item reflected a collected refund from Municipal Water District of Orange County (MWDOC) related the preparation of the District's 2015 Urban Water Management Plan.

Operating Expense, Sanitation Expense

Mr. Ruiz commented that this line item Year to Date was higher than other categories due to maintenance and repairs of sanitation equipment.

Discussion occurred concerning the placement of the District's Baker Water Treatment Plant Water Sales and Other Post Employment Benefit (OPEB) funding. Committee Member Acosta requested that District staff prepare an OPEB funding comparison of neighboring agencies for Board review at the Budget Workshop. Discussion occurred concerning the future review of the District's rates and charges during Fiscal Year 2018/2019 General Fund Budget preparation.

RECOMMENDED ACTION:

The Committee recommended that the Board receive and file the unaudited Financial Statement for November, 2017, as presented (Consent Calendar).

ITEM 7B: FINANCIAL REPORT

Mr. Ruiz presented the bills for consideration for January 10, 2018.

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 January 10, 2018, as presented (Consent Calendar).

ADJOURNMENT

Committee Chair Chadd adjourned the January 10, 2018, Finance/Audit Committee Meeting at 6:39 P.M.