



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | APRIL 11, 2018**

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**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

**DISTRICT CONSULTANTS PRESENT**

Cindy Byerrum, District Treasurer – Platinum Consultants Group

**PUBLIC PRESENT**

There were members of the public present.

**CALL MEETING TO ORDER**

Director Chadd called the April 11, 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**

No Committee Member comments were received.

**REPORT FROM THE GENERAL MANAGER**

No General Manager comments were received.

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

The March 14, 2018, Finance/Audit Committee Meeting Recap was presented to the Committee.

**RECOMMENDED ACTION:**

The Committee approved and recommended that the March 14, 2018, 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.

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**RECOMMENDED ACTION:**

The Committee recommended that the Directors' expenses and fees for March 2018, and the tentative future meetings be forwarded to the Board for ratification (Consent Calendar).

**ITEM 3: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) PROPOSED FISCAL YEAR 2018/2019 RATES, CHARGES, AND BUDGET**

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Mr. Ruiz presented this matter for Committee review, and he briefly reviewed the Municipal Water District of Orange County (MWDOC) Third Draft Fiscal Year 2018/2019 Budget. Mr. Ruiz distributed a handout which highlighted the Choice Budget items for the District, and briefly reviewed the proposed District Water Use Efficiency Budget Enhancements. Discussion occurred concerning the Water Fix Project and the news announcement of Metropolitan Water District of Southern California (MET) funding approval.

**RECOMMENDED ACTION:**

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

**ITEM 4: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S PROPOSED FISCAL YEAR 2018/2019 GENERAL FUND BUDGET**

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Mr. Ruiz presented this matter for Committee review, and he provided a handout which provided a status update on the Fiscal Year 2017/2018 Capital Improvement Program (CIP) Projects and briefly reviewed the proposed Fiscal Year 2018/2019 CIP. Director Acosta requested that the CIP table indicate completed and pending projects. Mr. Ruiz reviewed the high priority projects that are pending completion. Mr. Ruiz delivered a PowerPoint presentation on the proposed Fiscal Year 2018/2019 General Fund Budget for Committee review, and he provided an overview on the District's organizational structure, the proposed salaries and benefits budget items for Fiscal Year 2018/2019, and the proposed water demand projections. Discussion occurred concerning proposed salary considerations and methodology for employee salary adjustments.

**RECOMMENDED ACTION:**

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

**ITEM 5: OTHER MATTERS**

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Ms. Byerrum reported that she has received proposals for independent auditing services for the District, and asked the Committee if they would prefer the matter be forwarded to the Board for approval or to return to the Committee for review and recommendation. Director Chadd requested that the matter be agendaized for discussion at the next Finance/Audit Committee.

Mr. Ruiz reported that District staff has received a proposal for clean-up work at the Dove and Tick Creek Pump Stations, and he mentioned that the costs for the work is shared with Santa Margarita Water District. Mr. Ruiz added that the proposal is within his signing authority, and he would like to complete the work before the end of the year. Discussion occurred concerning scheduling and budgeting this work on an annual basis.

Mr. Ruiz reported that the District is currently conducting interviews for open positions in the Customer Service and Maintenance Departments.

**RECOMMENDED ACTION:**

The Committee received the information concerning the matter, and they recommended that the matter concerning Independent Auditing Services for the Trabuco Canyon Water District be agendaized for review at the next Committee Meeting.

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**ITEM 6: FINANCIAL REPORT**

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Ms. Byerrum presented the unaudited financials for February 2018 for Committee review, and she highlighted the following items:

***Statement of Revenues and Expenses***

*Operating Revenue, Baker Treatment Plant Water Sales*

Ms. Byerrum reported that this line item is lower than originally budgeted due to delayed billing by Santa Margarita Water District, and the District will receive future related bills one month after the quarter ends.

*Operating Expenses, Urban Runoff and Recovery*

Ms. Byerrum reported that this line item year-to-date appears to be higher than originally budgeted, but the costs are one-time expenses only and are not expected to increase.

Ms. Byerrum briefly reviewed the Investment Schedule, and she highlighted that the current Local Agency Investment Fund (LAIF) rate was 1.412%.

Director Acosta requested that Ms. Byerrum add a note for anticipated revenue and expenses for additional transparency for the Directors and the public; Ms. Byerrum indicated that she will incorporate his recommendation into the Statement of Revenues and Expenses.

**RECOMMENDED ACTION:**

The Committee recommended that the Board receive and file the unaudited Financial Statement for February 2018 as presented (Consent Calendar).

**ITEM 6B: FINANCIAL REPORT**

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Mr. Ruiz presented the bills for consideration for April 11, 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 April 11, 2018, as presented (Consent Calendar).

**ADJOURNMENT**

Director Chadd adjourned the April 11, 2018, Finance/Audit Committee Meeting at 6:39 PM.