



## **TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | NOVEMBER 14, 2018**

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### **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**

Platinum Consulting, Paul Kaymark

### **PUBLIC PRESENT**

There were members of the public present.

### **CALL MEETING TO ORDER**

Director Chadd called the November 14, 2018 Finance/Audit Committee Meeting to order at 6:16 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 ACTING GENERAL MANAGER**

Mr. Perea reported that he attended the Orange County Local Agency Formation Commission (OC LAFCO) Regular Meeting earlier that day, and he mentioned that the proposed revisions to the OC LAFCO Policies and Procedures and MSR Policies and Procedures were approved by the Commission. Mr. Perea mentioned that the meeting was to be the last meeting attended by Commissioner Todd Spitzer.

Mr. Perea mentioned that District staff attended a meeting earlier that day regarding Senate Bill (SB) 998 that was signed into law by Governor Brown and will go into effect in 2020.

Mr. Perea reported that Municipal Water District of Orange County (MWDOC) is starting their annual fiscal year budget preparation and provided a handout that highlighted the budget development timeline.

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

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The October 10, 2018 Finance/Audit Committee Meeting Recap was presented to the Committee.

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**RECOMMENDED ACTION:**

President Acosta and Mr. Perea approved and recommended that the October 10, 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**

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Mr. Perea presented this matter for Committee consideration and review. Mr. Perea mentioned that the South Orange County Agencies Group meeting will be hosted by Santa Margarita Water District on December 11, 2018. Mr. Perea reported that the Association of California Water Agencies (ACWA) 2018 Fall Conference was scheduled for the week of November 26, 2018, and he mentioned that both he and Mr. Stroud will be attending the ACWA Joint Powers Insurance Authority (JPIA) Board of Directors Meeting where the H.R. La Bounty Awards would be announced. Director Acosta recommended agendizing recognition of District staff that received the safety award.

**RECOMMENDED ACTION:**

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

**ITEM 3: TRABUCO CANYON WATER DISTRICT ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR 2017/2018**

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Mr. Perea presented this matter for Committee review, and he reported that the District's Fiscal Year 2017/2018 Annual Financial Report (Audit) was prepared by Davis Farr LLC (Auditor) and was the first year of a three-year period. Mr. Perea briefly provided highlights of the audit, and he commented on the Auditor's recommendations. Mr. Perea commended Ms. Warner's efforts during the auditing process, and he mentioned that the Auditor will be in attendance at the November 26, 2018 Regular Board Meeting to deliver a presentation to the Board of Directors. Director Acosta expressed his appreciation on the clean audit.

**RECOMMENDED ACTION:**

The Committee received the information concerning the matter and recommended forwarding the Trabuco Canyon Water District Fiscal Year 2017/2018 Financial Report (Audit) to the Board of Directors (Action Calendar).

**ITEM 4: DISCUSSION CONCERNING UPDATES TO TRABUCO CANYON WATER DISTRICT'S ADMINISTRATIVE FACILITY BOARD ROOM USE POLICY**

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Mr. Perea presented this matter for Committee review, and provided background concerning the use of the facility. Mr. Perea reviewed the proposed changes to the District's Board Room Use Policy (Policy). Director Chadd commented on the historical usage of the facility and development of the Policy. Discussion occurred concerning the proposed Policy changes, facility user types, and facility security.

**RECOMMENDED ACTION:**

The Committee recommended that the Draft Trabuco Canyon Water District Administrative Facility Board Room Use Policy be forwarded to the Board of Directors (Action Calendar).

**ITEM 5: OTHER MATTER**

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Mr. Perea mentioned that he was working with Directors to coordinate a meeting with District staff.

**RECOMMENDED ACTION:**

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

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**ITEM 6: FINANCIAL REPORT**

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Mr. Perea presented the preliminary unaudited financials for September 2018 to the Committee for review and comment, and he highlighted the following items:

***Operating Revenue, Residential Water Revenue***

Mr. Perea reported that this line item is higher than originally budgeted due to increased water demands.

***Operating Revenue, Business & Industrial Water Revenue***

Mr. Perea reported that this line item is higher than originally budgeted due to increased water demands.

***Operating Revenue, Baker Treatment Plant Water Sales***

Mr. Perea reported that this line item is lower than originally budgeted due to less Baker Water Treatment Plant (BWTP) water sales to the City of San Clemente. Mr. Perea added that the District used BWTP water to meet system demands during recent emergency line breaks.

Discussion occurred concerning the District's Capital Improvement Plan (CIP). Director Acosta requested that District staff account for domestic and sanitary system infrastructure improvements in the Capital Improvement Plan (CIP) and Budget. Mr. Perea commented that District staff will be updating the five-year CIP.

***INVESTMENT SCHEDULE***

Mr. Perea reported that the District's investments in the California Local Agency Investment Fund (LAIF) was currently receiving a two-percent interest rate.

**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 14, 2018 as presented (Consent Calendar).

**ADJOURNMENT**

Director Chadd adjourned the November 14, 2018 Finance/Audit Committee Meeting at 6:47 PM.