

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP
JANUARY 14, 2015**

DIRECTORS PRESENT

Committee Chair James Haselton
Committee Member Michael Safranski

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 January 14, 2015, Finance/Audit Committee Meeting to order at 7:02 A.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

Mr. Haselton welcomed Mr. Safranski to the Finance/Audit Committee, and expressed his appreciation for Mr. Stephen Dopudja's assistance with the Committee over the last two years.

Mr. Safranski commented on a recent Orange County Register article which highlighted the monthly State Water Board water demand report and referenced the District's performance for the reported period. Discussion occurred concerning the article and public feedback on the matter. Discussion occurred concerning another Register article which highlighted water reuse and drought impacts.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported that District staff received a request for information from the Orange County Grand Jury in December, 2014. Mr. Ruiz added that the information was publically available information for the organizational structure and financials of the District, the Trabuco Canyon Public Financing Authority, and the Trabuco Canyon Improvement Corporation. Discussion occurred concerning the scope of the requested information; Mr. Ruiz mentioned that the Grand Jury requested information on District revenues, debt and organizational information.

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ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The November 5, 2014, Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee approved and recommended that the November 5, 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 had no comments. Discussion occurred concerning Finance/Audit Committee Meetings and Check Signing Meetings.

RECOMMENDED ACTION:

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

ITEM 3: OTHER MATTERS

Mr. Ruiz presented the following other matters:

1. Mr. Ruiz reviewed the public meeting schedule changes beginning January, 2015, as follows:

PUBLIC MEETING	SCHEDULE MEETING DAY
Engineering/Operational Committee Meeting	First Wednesday
Finance/Audit Committee Meeting	Second Wednesday
Regular Board Meeting	Third Wednesday
Finance/Audit Check Signing	Fourth Wednesday

Mr. Ruiz added that the Finance/Audit Committee Meeting for November will be rescheduled due to the District-observed Veteran's Day Holiday. Mr. Ruiz mentioned that only the Regular Board Meeting is established by the District's Rules and Regulations to be held on the third Wednesday of the month.

2. Mr. Ruiz mentioned that District staff and the District Treasurer will present the Mid-Year Budget to the Committee and the Board in February.
3. Mr. Ruiz mentioned that District staff and the District Treasurer will present the Treasurer's Annual Statement of Investment Policy to the Committee and the Board in February.

RECOMMENDED ACTION:

There was no recommended action.

ITEM 4A: FINANCIAL REPORT

Mr. Ruiz presented the unaudited financials for November, 2014, for Committee review, and highlighted the following items:

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Statement of Revenues and Expenses

- Operating Revenue, Residential Water:

Mr. Ruiz mentioned that the residential users' system demands are lower in November compared to the previous month. Discussion occurred concerning the impacts of water conservation.

- Total Operating Revenue:

Mr. Ruiz mentioned that this line item's year to date was higher than budgeted due to higher than normal system demands in the first five months of the fiscal year.

- Non-Operating Revenue, Sale of Fixed Asset:

Mr. Ruiz mentioned that this line item was higher than originally budgeted due to the higher than anticipated proceeds from the auction of District surplus property.

- Total Operating Expenses:

Mr. Ruiz mentioned that this line item was on track per the original budget, although it includes due to lower costs related to Source of Supply, Salaries and Benefits, and Supplies and Services for the month of November.

Discussion occurred concerning the methodology for determining the monthly costs for line item 37 – Property Assessment. Mr. Ruiz mentioned that assessment values are received twice per year, but for presentation purposes the costs are spread out equally on a month to month basis, and readjusted when the actual values are received. Mr. Ruiz added that usually a minor adjustment to the total cost occurs at that time.

Comparative Balance Sheet

- Current Assets, Cash:

Discussion occurred concerning this line item. Mr. Ruiz mentioned that this line item represents the amount of money the District had in the bank at the end of the respective month, and this value also matches the amount shown in the checking account activity sheet.

- Utility Plant, at Cost:

Discussion occurred concerning whether this line item included the District's ownership of the Porter property, and if the value depreciated monthly. Mr. Ruiz mentioned that he will follow up with the District Treasurer and respond at the next Committee Meeting.

Investment Schedule

Mr. Ruiz mentioned that the District Treasurer has proposed to meet with alternative investors for evaluating other investment options, while also complying with the District Investment Policy which emphasizes "safety, liquidity, and return". Discussion occurred concerning the timeline for information concerning proposed alternative investments; Mr. Ruiz mentioned that information concerning the matter will be presented to the Committee in February.

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RECOMMENDED ACTION:

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

ITEM 4B: FINANCIAL REPORT

Mr. Ruiz presented the bills for consideration for January 14, 2015.

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 14, 2015, as presented (Consent Calendar).

ADJOURNMENT

Mr. Haselton adjourned the January 14, 2015, Finance/Audit Committee Meeting at 7:40 A.M.