

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP
FEBRUARY 5, 2014**

DIRECTORS PRESENT

Committee Chair Stephen Dopudja
Committee Member James Haselton

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Cindy Byerrum, District Treasurer
Karen Warner, Accounting Supervisor

PUBLIC PRESENT

There were no members of the public present

CALL MEETING TO ORDER

Committee Chair Dopudja called the February 5, 2014, Finance/Audit Committee Meeting to order at 7:01 A.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

Mr. Haselton commented on the Independent Special Districts of Orange County (ISDOC) Meeting which featured guest speaker Mr. Aaron Kushner, Owner of the Orange County Register (OCR). Mr. Haselton commended Mr. Kushner on his presentation, and commented on the OCR's community-minded nature in its local and high school sports and arts sections.

Mr. Dopudja commented on his attendance at the ISDOC Meeting as well, and noted Mr. Kushner's comments concerning the OCR's reporting at large and the Watchdog section. Discussion occurred concerning opportunities for Southern California water districts to have a unified voice in the media.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz, commented on the recent media reports on the impact of the statewide drought, and mentioned that staff has agendized an item for discussion concerning the District's Water Conservation Ordinance and Association of California Water Agencies (ACWA) Statewide Water Action Plan for the Regular Board Meeting. Discussion occurred concerning Metropolitan Water District of Southern

**FINANCE AUDIT COMMITTEE MEETING RECAP
FEBRUARY 5, 2014**

California (MET) water rate projections, and the upcoming Municipal Water District of Orange County (MWDOC) Manager's Meeting.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The January 8, 2014, Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee approved and recommended that the January 8, 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.

RECOMMENDED ACTION:

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

ITEM 3: DISTRICT MID-YEAR BUDGET REVIEW

Mr. Ruiz reviewed the District's General Policy and Rules and Regulations provision for a "Semi-Annual Budget Review", and commented that Ms. Cindy Byerrum, District Treasurer, was in attendance to present the District Mid-Year Budget Review. Ms. Byerrum provided a handout to the Committee for their review, and commented on the following matters:

Line 4: Irrigation Water

Ms. Byerrum reviewed the revenue generated to date from the sale of Irrigation Water.

Line 9: Total Operating Revenue

Ms. Byerrum reviewed the Total Operating Revenue to date. Ms. Byerrum reviewed the Interest Revenue to date, and commented that the Year to Date was higher than originally budgeted. Mr. Ruiz added that the Budget was based on last year's lower water demands, and that there was no assumption of a warmer and dryer year for 2014.

Line 20: Source of Supply

Ms. Byerrum commented that the Source of Supply expenses were higher than originally budgeted.

**FINANCE AUDIT COMMITTEE MEETING RECAP
FEBRUARY 5, 2014**

Line 21: Water Related Expense

Ms. Byerrum commented that the Water Related Expenses to date have been higher than normal, and are projected to exceed the original budget due to higher water purchase and higher electrical costs. Discussion occurred concerning potable and recycled water for irrigation purposes throughout the District's service area.

Line 24: Salaries & Benefits

Ms. Byerrum mentioned that the costs for Salaries and Benefits to date were lower than originally budgeted due to a lower impact of health benefit costs for District employees.

Line 26: Supplies & Services

Ms. Byerrum commented that Supplies and Services have been lower than originally budgeted to date.

Line 32: Net Income (Loss) Before OPEB & Depreciation & Capital Contributions

Ms. Byerrum reviewed this matter with the Committee.

Line 40: Net Income (Loss)

Ms. Byerrum reviewed the Mid-Year Net Income for the District.

Discussion occurred concerning a review of the District's Reserves; Mr. Ruiz commented that staff will agendaize the matter for discussion at a later Regular Board Meeting.

RECOMMENDED ACTION:

The Committee approved and recommended that the Mid-Year Budget Review be forwarded to the Board for discussion (Action Calendar).

ITEM 4: OTHER MATTERS

Mr. Ruiz commented that there were no other matters for discussion.

RECOMMENDED ACTION:

No action taken.

ITEM 5: FINANCIAL REPORT

Ms. Byerrum, District Treasurer, presented the December, 2013, Unaudited Financials for Committee review, and commented that there was a decrease in water sales revenue in December. Also, Ms. Byerrum commented on the following matters:

Line 19: Source of Supply

Ms. Byerrum commented that the Source of Supply Operating Expenses were higher in December due to the reclassification of treated water purchases originally invoiced to the District with Sanitation charges during the prior months.

**FINANCE AUDIT COMMITTEE MEETING RECAP
FEBRUARY 5, 2014**

Line 23: Salaries & Benefits

Ms. Byerrum mentioned that Salaries and Benefits were higher in December due to employee sick payout, the implementation of higher tax rates, and the District's Workers' Compensation Insurance annual renewal invoice.

Line 36: Net Income Before OPEB & Depreciation

Ms. Byerrum reviewed the District's Net Income to date with the Committee.

Mr. Ruiz commented that staff will review the District's percent ownership in multi-agency facilities, and a review of the bills and invoices from other agencies, such as Santa Margarita Water District. Ms. Byerrum reviewed the Investment Schedule with the Committee. Discussion occurred concerning investment options available to the District through its bank; Ms. Byerrum commented that staff will review investment options with Bank of the West.

RECOMMENDED ACTION:

The Committee recommended that the Board receive and file the December, 2013, Unaudited Financial Statement, as presented (Consent Calendar).

ITEM 5B: BILLS FOR CONSIDERATION

Mr. Ruiz presented the bills for consideration for February 5, 2014.

RECOMMENDED ACTION:

The Committee signed the bills for consideration and the warrant register, and recommended that the Board ratify payment of bills for consideration for February 5, 2014, as presented (Consent Calendar).

ADJOURNMENT

Committee Chair Dopudja adjourned the February 5, 2014, Finance/Audit Committee Meeting at 7:29 A.M.