

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP  
MAY 2, 2012**

**DIRECTORS PRESENT**

Jim Haselton, Committee Chair  
Glenn Acosta, Committee Member

**STAFF PRESENT**

Don Chadd, General Manager  
Hector Ruiz, District Engineer  
Teresa Teichman, Secretary to the Board of Directors  
Michael Perea, Special Project Manager  
Karen Warner, Accounting Supervisor

**PUBLIC PRESENT**

No members of the public were present.

**CALL MEETING TO ORDER**

Committee Chair Haselton called the May 2, 2012 Finance/Audit Committee Meeting to order at 7:01 a.m.

**VISITOR PARTICIPATION**

Public comments were announced. No comments were received.

**ORAL COMMUNICATION**

Oral communication was announced. No comments were received.

**COMMITTEE MEMBER COMMENTS**

There were no Director comments.

**REPORT FROM THE GENERAL MANAGER**

Mr. Don Chadd, General Manager, advised that he will be attending the MET/MWDOC workshop today. Mr. Chadd stated he believes there will be a power point presentation relating to water supply which he will attempt to obtain a copy of for the District.

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Mr. Chadd expressed his pleasure as it relates to the purchase and in-house installation by TCWD Staff of the two ceiling mounted projectors and the dual screens recently installed in the Boardroom.

Mr. Chadd asked the Committee if they would like to see the Grand Jury information agendized for the May 16, 2012, Regular Board meeting. The Committee responded that the Grand Jury request should be agendized for discussion at the time of the May Regular Board meeting as it does require action by the District.

Mr. Chadd advised the Committee that Staff has completed a project in which he had requested a historical accounting of Board of Director, General Manager, Legal Counsel and key staff positions within the District from a time period of 1985 through current. Mr. Chadd showed the information to the Committee and noted there is a period within the mid-1980's that some of the positions do not have concise data. Mr. Chadd stated he has additional sources to go to for information to bridge any gaps of information.

### **FINANCIAL MATTERS**

#### **ITEM NO. 1) FINANCE/AUDIT COMMITTEE MEETING RECAP**

The April 4, 2012 Finance/Audit Committee Meeting Recap was presented to the Committee.

#### **Recommendation:**

The Committee recommended that the April 4, 2012, Finance/Audit Committee Meeting Recap be received and filed by the Board. (Consent Calendar).

#### **ITEM NO. 2) RATIFICATION OF DIRECTORS' FEES AND EXPENSES AND FUTURE MEETINGS**

The Committee reviewed this matter. Mrs. Teichman, Secretary to the Board of Directors, distributed an updated Director attendance sheet for review and approval. Mrs. Teichman stated the information which was updated is strictly related to the expense line item of Director fees for adjourned meeting director meals. The Finance/Audit Committee reviewed the information presented.

#### **Recommendation:**

The Committee recommended that the Directors' expenses for March/April 2012 and fees for March/April 2012 be forwarded to the Board for ratification. (Consent Calendar).

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**ITEM NO. 3) DISCUSSION AND POSSIBLE ACTION RELATING TO  
ACTIVITIES FOR WATER AWARENESS MONTH**

Mr. Chadd advised TCWD will post banners later in the week for the purpose of advertising Water Awareness Month and TCWD's tour of district facilities on Saturday, May 12<sup>th</sup>. Mr. Chadd advised TCWD has received four responses to attend the water tour, and there have been no responses to date to attend the wastewater tour.

Mr. Chadd clarified that the event will take place, regardless of the number of people in attendance. Mr. Chadd advised TCWD has the ability to cancel one of the shuttle busses if no one signs up for the wastewater tour.

**Recommendation:**

The committee received the information.

**ITEM NO. 4) DISCUSSION AND POSSIBLE ACTION RELATING TO  
ELECTION INFORMATION FOR THE NOVEMBER 6, 2012  
GENERAL ELECTION**

Mr. Chadd advised that TCWD receives the attached information from the Orange County Registrar Voter's office each election year. Mr. Chadd advised the committee it is necessary that the District make two determinations relating to the Candidate Statement. Mr. Chadd advised the District has the discretion to pay or not to pay for the candidate statement. Mr. Chadd stated the District has not elected to pay for this in the past and it would be his recommendation that this remain the option for the District.

Both committee members replied it would be their recommendation to the Board not to pay for the candidate statements.

Mr. Chadd further advised that the District has the discretion to allow the candidate statement to be 200 or 400 words. Mr. Chadd advised the Committee that he makes no recommendation on the length of the Candidates Statement.

Director Haselton recommended a 200 word limit. Director Acosta agreed.

**Recommendation:**

The Committee recommended bringing the information to the Board. (Action Calendar).

**ITEM NO. 5) DISCUSSION AND POSSIBLE ACTION RELATING TO TCWD  
BUDGET DEVELOPMENT PROCESS REVIEW**

Mr. Chadd noted that as TCWD's Contract Accountant/Treasurer has become completely familiar with TCWD's finances, she is beginning to collapse reports which contain redundant

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information. Mr. Chadd also advised the Committee to anticipate a change in the presentation of monthly financial information as it relates to the revenues the District knows will come in each year. Mr. Chadd provided the example of property tax received by the District each year. Mr. Chadd stated the District has always booked that revenue to reflect the month it was received during the year. Mr. Chadd stated the discussed change, in the example he provided, will reflect that same money received will be booked as an accrual throughout the entire year.

Mr. Chadd stated he will be meeting with each Supervisor of each department as it relates to budget preparation and any anticipated needs of each department.

Mr. Chadd confirmed the date for the Special Board Budget Workshop of Saturday, May 19 and stated TCWD's budget information will be ready to present at that time.

### **Recommendation:**

The Committee received the information. (Action Calendar).

## **ITEM NO. 6) OTHER MATTERS**

Mr. Chadd stated to the Committee he did not receive clear direction at the time of the April 18, 2012 Regular Board meeting as it relates to the Board's direction to Staff to obtain quotes for an organizational analysis to be performed by an independent third party.

Discussion occurred. Both Committee members clarified direction to Staff is to obtain quotes for the proposed organizational analysis to be performed.

Mr. Chadd advised the Committee that he is working on writing the staff report relating to the topic of District paid benefits for each Board Member. Mr. Chadd discussed his thoughts with the committee as it relates to the amount of time each Director spends outside of Committee and Board meetings as it relates to TCWD business decisions.

Mr. Chadd further stated it will be his recommendation to the Board, in the staff report, that the Board defer the decision of Director benefits to the Ad Hoc committee.

### **Recommendation:**

The Committee received the information.

## **ITEM NO. 7A) PRESENTATION OF MARCH 2012 UNAUDITED FINANCIAL STATEMENT**

Mr. Chadd presented the March 31, 2012 preliminary unaudited financial statements to Staff and the Committee. Mr. Chadd noted the comparative balance sheet remains stable. Mr. Chadd discussed the statement of Revenue and Expenses and noted lines 11 and 12 is where

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the previously discussed changes in booking property tax revenues will appear. Mr. Chadd stated all line items are tracking as anticipated, legal fees notwithstanding. Mr. Chadd reviewed information relating to investments with LAIF and commented there may be opportunity for higher interest returns in the upcoming budget.

Vice President Haselton referenced the Restricted Assets Report, line 1, *Restricted in LAIF*, and asked why there is a difference of approximately \$700,000. Mr. Chadd responded it is due to a debt service.

Mr. Chadd reminded Staff and Committee Members that the District decided many years ago to create specific funds for the purpose and use of delineating money to be used for future needs and decided to categorize those funds as restricted funds. Mr. Chadd further explained the thought during that time period was that the State may take funds from governmental entities which appeared to have additional funds which were not dedicated or restricted for specific uses. Mr. Chadd advised that the District created the specific funds for the purpose of protecting District revenues.

### **Recommendation:**

The Committee recommended that the Board receive and file the March 31, 2012 preliminary unaudited financial statement, as presented. (Consent Calendar).

## **ITEM NO. 7B)      BILLS FOR CONSIDERATION**

The bills for consideration were presented.

### **Recommendation:**

The Committee recommended that the Board ratify payment of April 17, 2012 bills for consideration in the amount of \$152,845.89 and the May 2, 2012 bills for consideration in the amount of \$254,529.71 and the April 2012 payroll in the amount of \$153,679.01 as presented. (Consent Calendar).

## **ADJOURNMENT**

Committee Chair Haselton adjourned the May 2, 2012 Finance/Audit Committee Meeting at 7:17 a.m.