

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP  
JUNE 6, 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 June 6, 2012 Finance/Audit Committee Meeting to order at 7:02 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**

Director Haselton summarized the ISDOC Orange County Grand Jury Response Meeting which he attended.

**REPORT FROM THE GENERAL MANAGER**

The General Manager had no comments.

**FINANCE/AUDIT COMMITTEE MEETING RECAP  
JUNE 6, 2012**

**FINANCIAL MATTERS**

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

The May 2, 2012 Finance/Audit Committee Meeting Recap was presented to the Committee.

**Recommendation:**

The Committee recommended that the May 2, 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. Ms. Teichman, Secretary to the Board of Directors, distributed an updated Director attendance sheet for review and approval. Ms. 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 April/May 2012 and fees for April/May 2012, and future meetings for June through July 2012 be forwarded to the Board for ratification. (Consent Calendar).

**ITEM NO. 3) STATUS UPDATE AND POSSIBLE ACTION RELATING TO TCWD  
ORGANIZATIONAL ANALYSIS**

The General Manager commented he was on vacation last week during the interview process of the Organizational Analysis and that he will meet with the consultant sometime in the coming week. The General Manager commented that he does not personally know the consultant has only spoken with her twice.

**Recommendation:**

The committee received the information.

**ITEM NO. 4) STATUS UPDATE AND POSSIBLE ACTION RELATING TO TCWD  
FISCAL YEAR 2012/2013 DRAFT BUDGET**

The General Manager commented that the Fiscal Year 2012/2013 Draft Budget was a collaborative effort with staff members Karen Warner and Contract Accountant Cindy Navaroli.

The General Manager commented there were only two changes made to the original draft budget, (1) Reduction of energy costs, and (2) a two percent merit pay increase for staff. The

**FINANCE/AUDIT COMMITTEE MEETING RECAP  
JUNE 6, 2012**

General Manager indicated that employees did not qualify for the merit pay increase, they would not receive it.

Director Haselton commented that the District could afford the increase. Director Acosta commented that it would good for staff to check what other neighboring Districts are doing, and to prepare a draft budget with the merit increase and another without the merit increase for discussion at the Regular Board Meeting.

**Recommendation:**

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

**ITEM NO. 5) CONSIDERATION AND POSSIBLE ACTION ADOPTING  
RESOLUTION NO. 2012-1167 ESTABLISHING APPROPRIATIONS  
LIMIT FOR FISCAL YEAR 2012/2013**

The General Manager commented that this item is presented annually to establish appropriations limits.

**Recommendation:**

The Committee received the information. (Action Calendar).

**ITEM NO. 6) DISCUSSION AND POSSIBLE ACTION REGARDING BAD DEBT  
ACCOUNTS CURRENTLY IN COLLECTIONS FOR FISCAL YEAR  
2010/2011**

The General Manager commented that this item is presented annually to eliminate the carry-over of bad debt accounts from the prior fiscal year.

**Recommendation:**

The Committee received the information. (Action Calendar).

**ITEM NO. 7) STAFF REPORT AND POSSIBLE ACTION RELATING TO  
AUTHORIZATION ON INCUMBENCY AND CERTIFICATES  
REGARDING THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.**

The General Manager commented that this item is presented in order to update the signatories with the Bank of New York Mellon Trust Company, N.A.

**Recommendation:**

The Committee received the information. (Action Calendar).

**FINANCE/AUDIT COMMITTEE MEETING RECAP  
JUNE 6, 2012**

**ITEM NO. 8) OTHER MATTERS**

The General Manager commented the Director Vacancy Ad Hoc Committee met to review the submitted applications, and the Committee honed in on a single candidate. The Ad Hoc Committee's recommendation will be forwarded to the Board of Directors for the June 20<sup>th</sup> Regular Board Meeting.

**Recommendation:**

The Committee received the information.

**ITEM NO. 9A) PRESENTATION OF APRIL 2012 UNAUDITED FINANCIAL STATEMENT**

The General Manager presented the April 30, 2012 preliminary unaudited financial statements to Staff and the Committee. The General Manager commented that there were no significant changes on the comparative balance sheet; the District was tracking revenues and expenditures and that the next three years the revenue from residential water sales should increase due to new developments; fund allocations in the restricted LAIF Fund on line no. 1; returned earnings; it was his goal to review the District's investment strategy and get more aggressive with Ms. Navaroli's knowledge of investment guidelines; the checking account activity is new information on the statement form which is designed to reconcile back to the bank statement..

**Recommendation:**

The Committee recommended that the Board receive and file the April 30, 2012 preliminary unaudited financial statement, as presented. (Consent Calendar)

**ITEM NO. 9B) BILLS FOR CONSIDERATION**

The bills for consideration were presented.

**Recommendation:**

The Committee recommended that the Board ratify payment of May 15, 2012 bills for consideration in the amount of \$152,845.89 and the June 6, 2012 bills for consideration in the amount of \$589,400.24 and the May 2012 payroll in the amount of \$153,679.01 as presented. (Consent Calendar).

**ADJOURNMENT**

Committee Chair Haselton adjourned the June 6, 2012 Finance/Audit Committee Meeting at 7:16 a.m.