

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP  
SEPTEMBER 5, 2012**

**DIRECTORS PRESENT**

Jim Haselton, Committee Chair  
Stephen Dopudja, Committee Member Alternate

**STAFF PRESENT**

Hector Ruiz, Assistant General Manager/District Engineer  
Michael Perea, District Secretary/Administrative Services Manager  
Karen Warner, Accounting Supervisor

**PUBLIC PRESENT**

No members of the public were present.

**CALL MEETING TO ORDER**

Committee Chair Haselton called the September 5, 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 Committee Member comments.

**REPORT FROM THE GENERAL MANAGER**

The Assistant General Manager, Mr. Ruiz, commented that he was filling in for the General Manager as he was at a MWDOC meeting that morning.

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**FINANCIAL MATTERS**

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

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The August 1, 2012 Finance/Audit Committee Meeting Recap was presented to the Committee.

**Recommendation:**

The Committee approved and recommended that the August 1, 2012, 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 AND ATTENDANCE ITEMS**

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The Committee reviewed this matter. The Finance/Audit Committee reviewed the information presented.

**Recommendation:**

The Committee recommended that the Directors' expenses and fees for August 2012, and tentative future meetings be forwarded to the Board for ratification. (Consent Calendar).

**ITEM 3: DISCUSSION AND POSSIBLE ACTION REGARDING COMMITTEE ASSIGNMENTS**

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The Assistant General Manager, Mr. Ruiz, commented that the purpose of this item was to evaluate current Committee assignments, and to determine if there is a need to adjust Committee positions. Mr. Ruiz commented that staff recommends to continue with the check signing meeting on the third Tuesday of every month. Director Haselton commented that he was in agreement with staff's recommendation on the necessity of the check signing meeting. Discussion occurred concerning assignments and the Board President's decision at last December's Organization Meeting.

**Recommendation:**

The Committee recommended that the information be forwarded to the Board for discussion.

**ITEM 4: DISCUSSION AND POSSIBLE ACTION REGARDING FIXING THE EMPLOYERS' CONTRIBUTION UNDER THE PUBLIC EMPLOYEES MEDICAL AND HOSPITAL CARE ACT**

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The Assistant General Manager, Mr. Ruiz, introduced the item, and then handed it over the Administrative Services Manager, Mr. Perea. Mr. Perea commented that this is an annual item for review and discussion as CalPERS medical benefit rates are adjusted annually. Mr. Perea commented that the District benchmark has increased by 16.17% from the 2012 rate, but that the District had anticipated an increase in medical costs and budgeted appropriately.

Director Haselton commented that a table which provided a breakdown of the projected monthly costs for 2013, as well as the difference between budgeted annual costs versus projected annual costs, would be helpful for the Board to make an informed decision.

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**Recommendation:**

The Committee recommended that the information be forwarded to the Board for review discussion, and requested additional information.

**ITEM 5: DISCUSSION AND POSSIBLE ACTION REGARDING REPLACEMENT OF FINANCIAL SOFTWARE SYSTEM**

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The Assistant General Manager, Mr. Ruiz, commented that this item was approved as a Capital Improvement Project in the FY 2012-2013 Budget, and that the recommendation of the proposed software solution was made by the District Treasurer, Ms. Cindy Navaroli. Ms. Navaroli's recommendation was based on a summary of experiences with similar systems and providers. Mr. Ruiz commented that the proposed software solution is designed to improve overall efficiency and reduce staff-prepared spreadsheet documents.

**Recommendation:**

The Committee requested additional information concerning requests for proposals for the replacement of the financial software system, and recommended that the information be forwarded to the Board for discussion.

**ITEM 6: DISCUSSION AND POSSIBLE ACTION REGARDING DISTRICT SURPLUS EQUIPMENT**

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The Assistant General Manager, Mr. Ruiz, commented that the District currently has aged equipment in its possession, and its use is limited by State Agency restrictions and upgrade mandates. Mr. Ruiz commented that the District has a Policy in place to address the disposal of surplus property, and has prepared the required Survey Report of the equipment designated for disposal.

**Recommendation:**

The Committee recommended that the information be forwarded to the Board for discussion.

**ITEM 7: STATUS UPDATE RELATING TO THE SHADOW ROCK DETENTION BASIN FACILITY PROJECT**

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The Assistant General Manager, Mr. Ruiz, commented on the history of the Prop 84-funded project and provided a status update on project funding and the permitting progress. Mr. Ruiz commented that staff is currently preparing a request for proposal (RFP) for the selection of a consultant to prepare the facility final design, and the RFP is scheduled to be brought to the Board of Directors at the Regular Board Meeting scheduled for October 17, 2012. Discussion occurred concerning the project's financial return to the District, and the preparation of a Cost/Benefit Analysis for Board review.

**Recommendation:**

The Committee recommended that the information be forwarded to the Board for discussion.

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**ITEM 8: STATUS UPDATE AND POSSIBLE ACTION RELATING TO AMENDMENTS TO EL TORO ROAD SEWER LIFT STATION AGREEMENTS**

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The Assistant General Manager, Mr. Ruiz, commented on the history of the shared management of the El Toro Road Sewer Lift Station (ETRSLs) between the District, IRWD, and SMWD. Mr. Ruiz commented that with the implementation of the diversion structure and bypass line by IRWD at the ETRSLs, IRWD wants to account for the wastewater credits for bypassing sewage flows to their wastewater treatment facility. Discussion occurred concerning overall costs to the District for this agreement. Mr. Ruiz commented that additional information will be presented at the Regular Board Meeting.

**Recommendation:**

The Committee recommended that the information be forwarded to the Board for discussion.

**ITEM 9: OTHER MATTERS**

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The Assistant General Manager, Mr. Ruiz, commented that there were no other matters for discussion.

**Recommendation:**

No recommendation was made.

**ITEM 10: FINANCIAL REPORT**

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**ITEM 10 A: PRESENTATION OF JULY 2012 UNAUDITED FINANCIAL STATEMENT**

The Assistant General Manager, Mr. Ruiz, presented the July 2012 preliminary unaudited financial statements to Staff and the Committee. Mr. Ruiz commented that there were no significant changes on the comparative balance sheet. Mr. Ruiz commented that the information presented does not include all of the revenue for Fiscal Year 2011/2012, but that information will be presented at the October 2012 Finance/Audit Committee. Discussion occurred concerning the format of the Financial Information Balance sheet.

**Recommendation:**

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

**ITEM 10B: BILLS FOR CONSIDERATION**

The Bills for Consideration for September 5, 2012, were presented to the Committee.

**Recommendation:**

The Committee recommended that the Board ratify payment of bills for consideration for September 5, 2012, as presented. (Consent Calendar).

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**ADJOURNMENT**

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Committee Chair Haselton adjourned the August 1, 2012 Finance/Audit Committee Meeting at 7:47 a.m.