

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP
OCTOBER 2, 2013**

DIRECTORS PRESENT

Jim Haselton, Committee Chair
Stephen Dopudja, Committee Member

STAFF PRESENT

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

PUBLIC PRESENT

No members of the public were present.

CALL MEETING TO ORDER

Committee Chair Haselton called the October 2, 2013, Finance/Audit Committee Meeting to order at 7:01 A.M.

VISITOR PARTICIPATION

No comments were received.

ORAL COMMUNICATION

No comments were received.

COMMITTEE MEMBER COMMENTS

Committee Member Dopudja expressed his appreciation for the Irvine Ranch Water District (IRWD) Baker Water Treatment Plant Project Presentation at the September 18, 2013, Regular Board Meeting. Discussion occurred concerning the information presented and the project's budget and cost of water compared to Metropolitan Water District of Southern California's (MET) treated water costs.

Committee Chair Haselton expressed his appreciation for the attendance volume of IRWD Representatives at the September 18, 2013, Regular Board Meeting.

REPORT FROM THE GENERAL MANAGER

There were no General Manager comments received.

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ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The September 4, 2013, Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION

The Committee approved and recommended that the September 4, 2013, 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

The Committee reviewed the information presented.

RECOMMENDED ACTION

The Committee recommended that the Directors' expenses and fees for September, 2013, and tentative future meetings be forwarded to the Board for ratification, as presented. (Consent Calendar)

ITEM 3: OTHER MATTERS

The General Manager, Mr. Hector Ruiz commented on the following other matters:

1. Mr. Ruiz reported that the District's financial auditors, Charles Z. Fedak and Company (Fedak), are progressing on the audit of the District financials. Discussion occurred concerning the delivery and presentation of the financial report to the Board of Directors. Mr. Ruiz commented that staff could present the audited financials to the Committee in November, and then to the Board at the Regular Board Meeting for November. Discussion occurred concerning the timeline for completion of the financial audit.

RECOMMENDED ACTION

No action taken.

ITEM 4: FINANCIAL REPORT

ITEM 4A and 4B: PRESENTATION OF JULY AND AUGUST, 2013, UNAUDITED FINANCIAL STATEMENTS

The General Manager, Mr. Hector Ruiz commented that the District Treasurer, Ms. Cindy Byerrum was in attendance to present the unaudited financial statement for July and August, 2013. Mr. Ruiz added that staff has been working with the new Great Plains Financial Software System (financial software) for the financials beginning July 1, 2013, and that a demonstration of the new financial software for the Committee was to be conducted after the review of unaudited financials.

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Ms. Byerrum reviewed the unaudited financial statement for July and August, 2013. Discussion occurred concerning the new unaudited financials format, the impacts of the State Controllers' Report on the report methodology, and the modifications made to the District's Chart of Accounts. Ms. Byerrum commented that the new financial software has allowed staff to streamline the internal financial reporting and recording processes, and although overall it is an easier process, that there have been some formatting issues which staff has encountered and addressed. Ms. Byerrum reviewed the following matters presented in the unaudited financial statements:

- **Operating Revenue, Irrigation Water Revenue Increases:** Committee Chair Haselton requested that the Statement format distinguish the irrigation water used by Homeowner Associations from the local Nursery customers;
- **Operating Expenses, Source of Supply:** Ms. Byerrum commented on the cost increase for August, 2013;
- **Operation Expenses, Water Related Expense:** Ms. Byerrum commented that the increase was due to water meter purchases in July, 2013;
- **Net Income before OPEB & Depreciation & Capital Contributions:** Ms. Byerrum commented that the net income was on target for the fiscal year;
- **Restricted Assets Report:** Ms. Byerrum reported that there has not been much movement on the restricted assets. Committee Chair Haselton asked how the District's participation in the Baker Water Treatment Plant Project will affect the Restricted Assets. The General Manager, Mr. Hector Ruiz commented that the District's participation is approximately 4.6% of the project costs, and that Irvine Ranch Water District (IRWD) is still receiving the final project bids. Mr. Ruiz added that staff is preparing a presentation for the Regular Board Meeting scheduled for October 16, 2013.
- **Investment Schedule:** Ms. Byerrum commented that she is evaluating alternative investment strategies which may be available to the District.

Mr. Ruiz asked the Committee Chair Haselton and Committee Member Dopudja to join staff in the Engineering Area of the Administrative Facility in order for staff to demonstrate the new financial software. Mr. Josh Byerrum, Platinum Consultants representative (Consultant) demonstrated the differences between the old financial software system and the new financial software.

RECOMMENDED ACTION

The Committee recommended that the Board receive and file the July and August, 2013, preliminary unaudited financial statement, as presented (Consent Calendar).

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ITEM 4B: BILLS FOR CONSIDERATION

The General Manager, Mr. Hector Ruiz presented the bills for consideration.

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 October 2, 2013, as presented (Consent Calendar).

ADJOURNMENT

Committee Chair Haselton adjourned the October 2, 2013 Finance/Audit Committee Meeting at 7:28 A.M.