



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | MARCH 9, 2022**

DIRECTORS PRESENT

Director Ed Mandich, Committee Chair
Director Glenn Acosta, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Karen Warner, Principal Accountant
Lorrie Lausten, District Engineer
Lisa Marie Sangi, Executive Assistant

STAFF ABSENT

Michael Perea, Assistant General Manager

CONSULTANTS PRESENT

None

PUBLIC PRESENT VIA CONFERENCE CALL

None

CALL MEETING TO ORDER

Director Mandich called the March 9, 2022 Finance/Audit Committee Meeting to order at 1:01p.m.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

There were no comments received.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported that District staff have completed interview with rate study consultants, and that this matter would be agendized for Committee review and consideration at the following Committee meeting.

Mr. Paludi mentioned the upcoming construction on the V.P. Baker pipeline, and he extended an invitation to the Committee for a tour of this site on April 7, 2022.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda.

**TRABUCO CANYON WATER DISTRICT
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RECOMMENDED ACTION(S)

Director Mandich and Ms. Sangi approved the February 9, 2022 Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same. (Consent Calendar)

ITEM 2: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/ATTENDANCE

Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Director Acosta provided updates to his meeting attendance for February 2022.

RECOMMENDED ACTION:

Recommend that the Board ratify the Directors' fees and expenses for February 2022 and tentative future meetings/attendance as amended. (Action Calendar)

ITEM 3: DISCUSSION CONCERNING OTHER POST-EMPLOYMENT BENEFITS (OPEB) BIENNIAL VALUATION REPORTING FOR CERBT TRUST FUNDING

Mr. Paludi presented this matter for Committee consideration, and he reported that District staff solicited proposals for the preparation of a biennial valuation report of the District's Other Post-Employment Benefits (OPEB) consistent with the CalPERS CERBT requirements. Mr. Paludi briefly reviewed the proposals with the Committee, and he recommended Total Compensation Systems, Inc. Discussion occurred concerning certain CERBT requirements.

RECOMMENDED ACTION:

Recommend that the Board of Directors authorize the General Manager to contract with Total Compensation Systems, Inc. for GASB 74/75 and GASB 68 Biennial Annual Valuation Reporting for \$6,230 (Action Calendar).

ITEM 4: DISCUSSION CONCERNING THE ADOPTION OF DISTRICT TREASURER'S ANNUAL STATEMENT OF INVESTMENT POLICY

Mr. Paludi presented this matter for Committee review and consideration, and he mentioned this matter is reviewed annually in accordance with the District's rules and regulations. Mr. Paludi reported that the proposed DRAFT resolution has been reviewed by General Counsel, the District Treasurer, and Eide Bailly's General Counsel. Discussion occurred concerning the minor statutory language updates in the resolution.

RECOMMENDED ACTION:

Recommend the Board of Directors adopt the District Treasurer's Annual Statement of Investment Policy by resolution (Action Calendar).

ITEM 5: OTHER MATTERS

- Mr. Paludi provided a brief status report on Fiscal Year 2022/2023 budget preparation and that a draft budget will be presented to the Committee in May 2022.
- Mr. Paludi reported that a Municipal Water District of Orange County (MWDOC) representative will be present at the next Regular Board Meeting to discuss the MWDOC budget, the Metropolitan Water District of Southern California (MET) budget, and to highlight the impacts of the drought conditions on water supplies.
- Mr. Paludi provided a brief report on the Orange County Local Agency Formation Commission (LAFCO) draft budget, and he reported there is a scheduled increased cost to the District for Fiscal Year 2022/2023.

RECOMMENDED ACTION:

There was no action taken.

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ITEM 6: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for January 2022, and he highlighted the following items:

Operating Revenue, Residential Water

Ms. Warner reported that water demand for the month was lower than the prior month due to decreased demand.

Operating Revenue, Irrigation Water

Ms. Warner reported that this line item was lower than the prior month, but the year to date was significantly higher than budgeted due to increased demand.

Operating Revenue, Recycled & Reclaimed Water

Ms. Warner reported that water demand for the month was lower than the prior month due to decreased demand, but the year to date was higher than budgeted.

Operating Revenue, Baker Treatment Plant Sales

Ms. Warner reported that this line item was lower than the prior month.

Non-Operating Revenue, Other Non-Operating Revenue

Ms. Warner reported this line item was higher than budgeted due to reimbursement from ACWA JPIA for the District vehicle loss reimbursement.

Operating Expenses, Source of Supply

Ms. Warner reported this line item was higher than the prior month due to costs associated with increased purchased water to meet demand.

RECOMMENDED ACTION:

The Committee recommended the Board of Directors receive and file the preliminary unaudited financial statements for January 2022 (Consent Calendar).

The Committee signed the bills for consideration and the warrant register and recommended that the Board ratify payment of the bills for consideration for March 9, 2022 as presented (Consent Calendar).

ADJOURNMENT

Director Mandich adjourned the March 9, 2022 Finance/Audit Committee Meeting at 1:22p.m.