



**TRABUCO CANYON WATER DISTRICT**  
**FINANCE/AUDIT COMMITTEE MEETING RECAP | JANUARY 11, 2024**

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**DIRECTORS PRESENT**

Don Chadd, Committee Chair  
Ed Mandich, Committee Member Alternate

**STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager  
Lorrie Lausten, District Engineer  
Karen Warner, Principal Accountant  
Roseann Lejsek, Administrative Assistant  
Phil Serpas, SCADA/CMMS Administrator

**CONSULTANTS PRESENT**

Cindy Byerrum, District Treasurer – Eide Bailly

**PUBLIC PRESENT**

None

**CALL MEETING TO ORDER**

Director Chadd called the January 11, 2024 Finance/Audit Committee Meeting to order at 8:00 a.m.

**VISITOR PARTICIPATION**

No visitor participation was received.

**ORAL COMMUNICATION**

No oral communication was received.

**COMMITTEE MEMBER COMMENTS**

None was received.

**REPORT FROM THE GENERAL MANAGER**

Mr. Paludi reported on the following matters:

- Municipal Water District of Orange County (MWDOC) Water Policy Forum is scheduled for January 31<sup>st</sup> and the District has reserved a table for the event.
- Meter Downsizing Process – Mr. Paludi reported that the District has received seven applications to date.

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

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

**MOTION:** Approve the Finance/Audit Committee Meeting Recap and recommended that the Board receive and file the same as amended (Consent Calendar) – Director Chadd

**SECOND:** Mr. Perea in his capacity as District Secretary

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**AYES:** Director Chadd & Mr. Perea  
**NOES:** None  
**ABSTAIN:** None  
**MOTION PASSED/FAILED:** Passed 2-0

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

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Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Discussion occurred concerning meeting frequency and occurrences.

**MOTION:** Recommend the Board of Directors ratify the Directors' fees and expenses for December 2023 and tentative future meetings/attendance (Action Calendar) – Director Mandich  
**SECOND:** Director Chadd  
**AYES:** Directors Mandich & Chadd  
**NOES:** None  
**ABSTAIN:** None  
**MOTION PASSED/FAILED:** Passed 2-0

**ITEM 3: PRESENTATION OF TRABUCO CANYON WATER DISTRICT'S FISCAL YEAR 2022-23 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)**

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Mr. Paludi presented this matter for Committee consideration, and he reported that this is the District's second consecutive ACFR. Mr. Paludi added that the ACFR is technically the audit for fiscal year ending (FYE) June 30, 2023 but that it includes ten years of financial history for a more comprehensive financial analysis. Ms. Byerrum provided a high-level review of the ACFR for the Committee, and she expressed her appreciation to Ms. Warner for her assistance in the preparation process. Ms. Byerrum highlighted the District's recognition by the Government Finance Officers Association (GFOA) for FYE 2022 which was documented in the ACFR, and she reviewed balance sheet liabilities and debt service coverage. Discussion occurred concerning the planned debt issuance and the associated placement; Ms. Byerrum commented that the completion of ACFR will help with the debt issuance as the District financial position is well suited. Mr. Paludi recommended forwarding this matter for presentation to the Board at the following regular meeting.

**MOTION:** Recommend the Board of Directors approve the Trabuco Canyon Water District Fiscal Year 2022-23 Annual Comprehensive Financial Report (Action Calendar) – Director Mandich  
**SECOND:** Director Chadd  
**AYES:** Directors Mandich & Chadd  
**NOES:** None  
**ABSTAIN:** None  
**MOTION PASSED/FAILED:** Passed 2-0

**ITEM 4: OTHER MATTERS**

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There were no other matters presented.

**MOTION:** None

**ITEM 5: FINANCIAL REPORT**

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Ms. Warner presented the preliminary unaudited financials for November 2023, and she indicated that the format has been updated to show expenses by separate fund. Ms. Warner highlighted the following items:

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**WATER FUND**

***Total Operating Revenue***

Ms. Warner reported that this line item was trending slightly higher than budgeted.

***Total Source of Supply***

Ms. Warner reported that this line item was trending lower than budgeted.

***Total Salaries & Benefits***

Ms. Warner reported that this line item was trending as budgeted.

***Total Transmission & Distribution***

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to increased water quality testing and system repairs.

***Total General & Administrative***

Ms. Warner reported that this line item was trending higher than the year-to-date amount.

***Net Total Unrestricted Cash Inflow/(Outflow)***

Ms. Warner reported that this line item trended a positive increase of water reserves.

***District Capital – Water***

Ms. Warner reviewed the capital improvement costs accrued in November 2023, including costs associated with SCADA system upgrades, PSPS Transfer Switch Upgrades, Dimension Water Treatment Plant Vault improvements, and the Administration Facility office remodel.

**SEWER FUND**

***Total Operating Revenue***

Ms. Warner reported that this line item was trending as budgeted.

***Total Salaries & Benefits***

Ms. Warner reported that this line item was trending slightly lower than budgeted.

***Net Total Unrestricted Cash Inflow/(Outflow)***

Ms. Warner reported that this line item trended a positive increase of sewer reserves.

***District Capital – Sewer***

Ms. Warner reviewed the capital improvement costs accrued in November 2023, including costs associated with Golf Club Sewer Lift Station, WWTP Hoffman Blower Building Rehabilitation, Heritage Sewer Lift Station, PSPS Transfer Switch Upgrades, WWTP Fiber Optic Upgrades, and the Administration Facility office remodel.

**RECYCLED WATER FUND**

***Total Operating Revenue***

Ms. Warner reported that this line item was trending higher than budgeted.

***Total Source of Supply***

Ms. Warner reported that this line item was trending higher than budgeted.

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***Total Salaries & Benefits***

Ms. Warner reported that this line item was trending lower than budgeted.

***Total Transmission & Distribution***

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to system repairs.

***Total General & Administrative***

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to the timing of insurance payments and certification renewals.

***Net Total Unrestricted Cash Inflow/(Outflow)***

Ms. Warner reported that this line item trended a positive increase of recycled water reserves.

***District Capital – Sewer***

Ms. Warner reviewed the capital improvement costs accrued in November 2023, including costs associated with SCADA System Upgrades, Recycled Water PRV Vault Improvements, and the Administration Facility office remodel.

**MOTION:** Recommend the Board ratify payment of the bills for consideration for January 11, 2024 as presented (Action Calendar) – Director Mandich

**SECOND:** Director Chadd

**AYES:** Directors Mandich & Chadd

**NOES:** None

**ABSTAIN:** None

**MOTION PASSED/FAILED:** Passed 2-0

**ADJOURNMENT**

Director Chadd adjourned the January 11, 2024 Finance/Audit Committee Meeting at 8:40 a.m.