



## TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | MARCH 14, 2024

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### **DIRECTORS PRESENT**

Don Chadd, Committee Chair  
Ed Mandich, Committee Member

### **STAFF PRESENT**

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

### **CONSULTANTS PRESENT**

None

### **PUBLIC PRESENT**

None

### **CALL MEETING TO ORDER**

Director Chadd called the March 14, 2024 Finance/Audit Committee Meeting to order at 8:05 a.m.

### **VISITOR PARTICIPATION**

No visitor participation was received.

### **ORAL COMMUNICATION**

No oral communication was received.

### **COMMITTEE MEMBER COMMENTS**

None

### **REPORT FROM THE GENERAL MANAGER**

None

### **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:** District Secretary Mr. Perea

**AYES:** Director Chadd & Mr. Perea

**NOES:** None

**ABSTAIN:** None

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

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**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.

- MOTION:** Recommend the Board of Directors ratify the Directors' fees and expenses for February 2024 and tentative future meetings/attendance as amended (Action Calendar) – Director Mandich
- SECOND:** Director Chadd
- AYES:** Directors Mandich & Chadd
- NOES:** None
- ABSTAIN:** None
- MOTION PASSED/FAILED:** Passed 2-0

**ITEM 3: ANNUAL UPDATES TO DISTRICT INVESTMENT POLICY**

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Mr. Paludi presented this matter for Committee consideration, and he reported that this matter is reviewed annually in accordance with District policy and State law. Mr. Paludi added that staff have worked with general counsel and the District Treasurer to review the currently policy to propose certain updates consistent with applicable new laws and regulations which are minor clarifications of existing government code.

- MOTION:** Recommend the Board of Directors adopt Resolution No. 2024-1326 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting an Investment Policy (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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Mr. Paludi reported that staff have scheduled a special board meeting/workshop in early April to provide an overview and update on the District's financial plan to the Board of Directors with the recently adopted rates and charges, and will include a discussion on potential alternate capital improvement project schedules.

- MOTION:** None – Informational item only.

**ITEM 5: FINANCIAL REPORT**

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Ms. Warner presented the preliminary unaudited financials for January 2024, and she highlighted the following items:

***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 due lower than normal water sales.

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***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 the purchase of distribution system materials.

***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 at the beginning of the fiscal year.

***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 January 2024, including costs associated with Dimension Water Treatment Plant (DWTP) Office & Storage improvements, SCADA system upgrades, PSPS Transfer Switch upgrades, and DWTP vault improvements.

***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 as budgeted.

***Total Transmission & Distribution***

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to blower system repairs at the Robinson Ranch Wastewater Treatment Plant (WWTP).

***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 January 2024, including costs associated with Golf Club Sewer Lift Station (SLS), SCADA system upgrades, WWTP Blower System upgrades, Heritage SLS, PSPS Transfer Switch upgrades, and WWTP Fiber Optic upgrade.

***RECYCLED WATER FUND***

***Total Operating Revenue***

Ms. Warner reported that this line item was trending higher than budgeted due to increased recycled water sales earlier in the fiscal year.

***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 and professional services costs associated with a project grant application.

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

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

***District Capital – Recycled Water***

Ms. Warner reviewed the capital improvement costs accrued in January 2024, including costs associated with SCADA system upgrades.

**MOTION:** Recommend the Board ratify payment of the bills for consideration for March 14, 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 March 14, 2024 Finance/Audit Committee Meeting at 8:15 a.m.