



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | NOVEMBER 14, 2024**

DIRECTORS PRESENT

Don Chadd, Committee Chair
Glenn Acosta, Committee Member

STAFF PRESENT

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

STAFF ABSENT

None

CONSULTANTS PRESENT

Ian Berg, Starting Line Advisory

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Chadd called the November 14, 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

Director Acosta stated that he has enjoyed serving alongside Director Chadd and that he will be missed. Director Acosta reported on his attendance at the Municipal Water District of Orange County (MWDOC) Administration and Finance Committee Meeting.

Director Chadd thanked staff for their hard work and preparation of his meeting documents.

REPORT FROM THE GENERAL MANAGER

None

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ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

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

RECOMMENDATION: The Committee recommended forwarding this matter to the Board of Directors (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.

RECOMMENDATION: Recommend the Board of Directors ratify the Directors' fees and expenses for October 2024 and tentative future meetings/attendance (Action Calendar).

ITEM 3: FINANCIAL REPORT

Mr. Paludi introduced Ian Berg, with Starting Line Advisory, as the District's new consultant for accounting and financial services. Mr. Paludi provided a brief overview of Mr. Berg's professional background, including his previous employment with Eide Bailly. Mr. Berg addressed the Committee and stated that he is looking forward to working with the District and that he anticipates the transition will be smooth with no interruption of service.

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

WATER FUND

Total Operating Revenue

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

Total Source of Supply

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

Total Salaries & Benefits

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

Total Transmission & Distribution

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

Total General & Administrative

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

Net Total Unrestricted Cash Inflow/(Outflow)

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

District Capital – Water

Ms. Warner reviewed the capital improvement costs accrued in September 2024, including costs associated with the following: SCADA System Upgrades, Pump Replacements, Line Break Repairs, and two Air-Vac Repairs.

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SEWER FUND

Total Operating Revenue

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

Total Salaries & Benefits

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

Total Transmission & Distribution

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

Total General & Administrative

Ms. Warner reported that this line item trended lower than budgeted for the year.

Net Total Unrestricted Cash Inflow/(Outflow)

Ms. Warner reported that this line item showed a positive increase of sewer reserves for the year.

District Capital – Sewer

Ms. Warner reviewed the capital improvement costs accrued in September 2024, including the following: Golf Club Sewer Lift Station (SLS) Rehabilitation, SCADA System Upgrades, WWTP Hoffman Blower Building Rehabilitation, Barneburg SLS Wet Well Rehab, Asphalt Repair – El Toro Road Force Main Break, and Odor Control – Lift Stations.

RECYCLED WATER FUND

Total Operating Revenue

Ms. Warner reported that this line item was trending higher than budgeted for the year due to higher than-normal recycled water sales.

Total Source of Supply

Ms. Warner reported that this line item was trending slightly higher than budgeted for the year due to increased treatment-related and chemical purchase costs.

Total Salaries & Benefits

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

Total Transmission & Distribution

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

Total General & Administrative

Ms. Warner reported that this line item trended lower than budgeted for the year.

Net Total Unrestricted Cash Inflow/Outflow)

Ms. Warner reported that this line item trended higher than the budgeted increase of recycled water reserves for the year.

District Capital – Recycled Water

Ms. Warner reviewed the capital improvement costs accrued in September 2024, including the following: SCADA System Upgrades and outlet gate repairs by divers at the recycled water reservoir.

RECOMMENDATION: Recommend the Board of Directors receive and file this information (Action Calendar).

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ITEM 4: OTHER MATTERS

Mr. Paludi presented the following matters for Committee consideration:

Budget Workshop

Mr. Paludi reported that the District will begin discussions on next year's budget in the next few months, and he stated that he anticipates further discussion on the District's rates and charges when reviewing the financial model.

Staff Update(s)

Mr. Perea reported that the District has hired Mr. Joshua Gough into the entry level role of Customer Service Field Technician I.

RECOMMENDATION: None – Informational item only.

ADJOURNMENT

Director Chadd adjourned the November 14, 2024 Finance/Audit Committee Meeting at 8:19 a.m.