



**TRABUCO CANYON WATER DISTRICT**  
**FINANCE/AUDIT COMMITTEE MEETING RECAP | JANUARY 9, 2025**

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**DIRECTORS PRESENT**

Mike Safranski, Committee Chair  
John Horst, 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 Safranski called the January 9, 2025 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

**REPORT FROM THE GENERAL MANAGER**

Mr. Paludi reported on the following matters:

- District facilities continue to experience Southern California Edison's (SCE) Public Safety Power Shutoff (PSPS) outages due to high wind warnings.
- The District has been awarded a Cal OES Cybersecurity Grant in the amount of \$250,000 which will be used to supplement the CIP server replacement project budget.

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**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.

**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**

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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 December 2024 and tentative future meetings/attendance (Action Calendar).

**ITEM 3: DISCUSSION CONCERNING DISTRICT RESOLUTION ON TREASURER'S ANNUAL STATEMENT OF INVESTMENT POLICY**

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Mr. Paludi presented this matter for Committee consideration, and he provided an overview the District's annual requirement to prepare and submit a statement of investment policy. Mr. Paludi stated that staff will work with General Legal Counsel and the District's financial consultant to update the policy with any relevant changes resulting from new laws and regulations. Mr. Berg provided a brief summary of advantages in the District's current participation in California Cooperative Liquid Assets Securities System (CLASS) versus Local Agency Investment Fund (LAIF) investments.

**RECOMMENDATION:** None – Informational item only.

**ITEM 4: FINANCIAL REPORT**

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Ms. Warner presented the preliminary unaudited financials for November 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 due to increased potable water sales.

***Total Source of Supply***

Ms. Warner reported that this line item was trending higher than budgeted for the year due to the related source of supply costs for increased water sales.

***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 higher than budgeted for the year due to increased unplanned system repairs and maintenance.

***Total General & Administrative***

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

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***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 November 2024, including costs associated with the following: SCADA System Upgrades, Water Transmission Pipeline Upsizing, Repair Damaged Fence – Porter Property, and Miscellaneous Electrical Work – Water.

***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 in sewer reserves for the year.

***District Capital – Sewer***

Ms. Warner reviewed the capital improvement costs accrued in November 2024, including the following: Golf Club Sewer Lift Station (SLS) Rehabilitation, SCADA System Upgrades, WWTP Hoffman Blower Building Rehabilitation, Heritage Sewer Lift Station Rehabilitation, Manual Transfer Switch Installations – Sewer, WWTP Fiber Optic Upgrade, Repair Damaged Fence – Porter Property, Miscellaneous Electrical Work – Sewer, Repair Generator – Plano Trabuco.

***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 as budgeted for the year.

***Total Salaries & Benefits***

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

***Total Transmission & Distribution***

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

***Total General & Administrative***

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Ms. Warner reported that this line item was trending 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 November 2024, including the following: SCADA System Upgrades, Dove Recycled Booster Pump Station, Dove Canyon Recycled PRV Improvement, Dove Lake Repairs, Repair Damaged Fence – Porter Property, Miscellaneous Electrical Work – Recycled.

The Committee requested that staff add footnotes to the unaudited financial statements to list any anomalies. The Committee inquired about line items on the unaudited financials balance sheet and Mr. Berg provided clarification on those items. Discussion occurred regarding a cost assessment of the Dimension Water Treatment Plant (DWTP) repair feasibility versus purchasing treated water. Discussion also occurred regarding the District's share of property tax revenue.

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

**ITEM 5: OTHER MATTERS**

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Mr. Paludi stated that staff will be reaching out to the Directors to schedule a Wastewater and Recycled Water tour.

Director Safranski asked staff look into all opportunities to make reductions to the District's budget, and he also suggested that Director Horst sit down with Mr. Paludi, Mr. Berg and staff to gain a better understanding of the District's finances.

**RECOMMENDATION:** None – Informational item only.

**ADJOURNMENT**

Director Safranski adjourned the January 9, 2025 Finance/Audit Committee Meeting at 9:21 a.m.