



**FINANCE/AUDIT COMMITTEE MEETING AGENDA  
TRABUCO CANYON WATER DISTRICT  
ADMINISTRATION FACILITY  
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CA  
DECEMBER 11, 2025 at 8:00 AM**

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**COMMITTEE MEMBERS**

John Horst, Committee Chair  
Mike Safranski, Committee Member  
Edward Mandich, Committee Member Alternate

**DISTRICT STAFF**

Michael Perea, Interim General Manager  
Ian Berg, District Treasurer  
Karen Warner, Principal Accountant

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**AGENDA NOTE:**

*Trabuco Canyon Water District will make this Finance/Audit Committee Meeting available by telephone audio as follows:*

**Telephone Audio:** 1 (669) 900-6833      **Access Code:** 941-0657-5794

*Persons desiring to monitor the Committee meeting agenda items may download the agenda and documents on the internet at [www.tcwd.ca.gov](http://www.tcwd.ca.gov). You may submit public comments by email to the Committee at [mperea@tcwd.ca.gov](mailto:mperea@tcwd.ca.gov). In order to be part of the record, emailed comments on meeting agenda items must be received by the District, at the referenced e-mail address, not later than 7:00 a.m. (PDT) on the day of the meeting.*

**CALL MEETING TO ORDER**

**VISITOR PARTICIPATION**

*Members of the public wishing to address the Committee regarding a particular item on the agenda are requested to submit public comments at the time of the meeting or by email to the Board at [mperea@tcwd.ca.gov](mailto:mperea@tcwd.ca.gov). Public comments may also be submitted by teleconference during the meeting. The Committee Chair will call on the visitor following the Committee's discussion about the matter. Committees do not constitute a quorum of the Board of Directors and Committee Members cannot make decisions on matters. The Committee makes recommendations only to the Board of Directors. Members of the public will be given the opportunity to speak to the Committee prior to making a recommendation on the matter. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.*

**ORAL COMMUNICATION**

*Members of the public who wish to make comment on matters not appearing on the agenda are regarding a particular item on the agenda are requested to submit public comments at the time of the meeting or by email to the Board at [mperea@tcwd.ca.gov](mailto:mperea@tcwd.ca.gov). Public comments may also be submitted by teleconference during the meeting. The Committee Chair will call on the visitor following the Committee's discussion about the matter. Committees do not constitute a quorum of the Board of Directors and Committee Members cannot make decisions on matters. The Committee makes recommendations only to the Board of Directors. Under the requirements of State Law, Committee Members cannot take action on items not identified on the agenda and will not make decisions on such matters. The Committee Chair may direct District Staff to follow up on issues as may be deemed appropriate. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.*

**COMMITTEE MEMBER COMMENTS**

**REPORT FROM THE GENERAL MANAGER**

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING AGENDA | DECEMBER 11, 2025**

**FINANCIAL MATTERS**

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

**RECOMMENDED ACTION:**

*Approve the following Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same (Consent Calendar):*  
1. November 13, 2025

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

**RECOMMENDED ACTION:**

*Recommend the Board of Directors approve the Directors' fees and expenses for November 2025 and tentative future meetings/attendance (Action Calendar).*

**ITEM 3: PRESENTATION OF TRABUCO CANYON WATER DISTRICT'S FISCAL YEAR 2024-25 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)**

**RECOMMENDED ACTION:**

*Recommend the Board of Directors receive and file the Trabuco Canyon Water District Fiscal Year 2024-25 Annual Comprehensive Financial Report (ACFR) (Action Calendar).*

**ITEM 4: FINANCIAL REPORT**

**A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS**

**RECOMMENDED ACTION:**

*Recommend that the Board receive and file the preliminary unaudited financial statements for October 2025 (Consent Calendar).*

**B) BILLS FOR CONSIDERATION**

**RECOMMENDED ACTION:**

*Approve and ratify the bills for consideration and warrant register and recommend that the Board ratify payment of the Bills for Consideration for December 11, 2025 as presented (Consent Calendar).*

**ITEM 5: MID-YEAR OPERATING AND CAPITAL BUDGET DRAFT PROPOSAL**

**RECOMMENDED ACTION:**

*Receive information from staff at the time of the meeting and take action(s) as deemed as appropriate.*

**ITEM 6: OTHER MATTERS**

**RECOMMENDED ACTION:**

*Hear Other Matters from the General Manager or District Staff.*

**ADJOURNMENT**



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING AGENDA | DECEMBER 11, 2025**

**AVAILABILITY OF AGENDA MATERIALS**

*Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Trabuco Canyon Water District Finance/Audit Committee in connection with a matter subject to discussion or consideration at an open meeting of the Finance/Audit Committee are available for public inspection at the Trabuco Canyon Water District Administrative Facility, 32003 Dove Canyon Drive, Trabuco Canyon, California (District Administrative Facility) or will be posted online on the District's website located at [www.tcwd.ca.gov](http://www.tcwd.ca.gov). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available online at [www.tcwd.ca.gov](http://www.tcwd.ca.gov) at the same time as they are distributed to the Committee, except that, if such writings are distributed immediately prior to or during the meeting, they will be posted online on the District's website located at [www.tcwd.ca.gov](http://www.tcwd.ca.gov).*

**COMPLIANCE WITH THE REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE SECTION 54954.2**

*In compliance with California law and the Americans with Disabilities Act, if you need special disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 858-0277, at least 48 hours in advance of the scheduled Board meeting. Notification at least 48 hours prior to the meeting will assist the District in making reasonable arrangements to accommodate your request. The Board Meeting Room is wheelchair accessible.*



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 11, 2025**

**FINANCIAL MATTERS**

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

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**RECOMMENDED ACTION:**

*Approve the following Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same. (Consent Calendar):*

1. *November 13, 2025*

**CONTACTS (staff responsible): PEREA**



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | NOVEMBER 13, 2025**

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**DIRECTORS PRESENT**

John Horst, Committee Chair  
Mike Safranski, Committee Member

**STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager  
Karen Warner, Principal Accountant  
Roseann Lejsek, Executive Assistant

**STAFF ABSENT**

None

**CONSULTANTS PRESENT**

Ian Berg, Starting Line Advisory

**PUBLIC PRESENT**

None

**CALL MEETING TO ORDER**

Director Horst called the November 13, 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**

Director Safranski reported on his attendance at the City of Rancho Santa Margarita City Council Meeting.

Director Horst had no comments.

**REPORT FROM THE GENERAL MANAGER**

Mr. Perea reported that the General Manager was out of the office and would be returning the following Monday.

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

Mr. Perea 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).

**TRABUCO CANYON WATER DISTRICT  
FINANCE AUDIT COMMITTEE MEETING RECAP | NOVEMBER 13, 2025**

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

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Mr. Perea 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 2025 and tentative future meetings/attendance (Action Calendar).

**ITEM 3: MID-YEAR OPERATING AND CAPITAL BUDGET PLANNING UPDATE**

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Mr. Perea presented this matter for Committee consideration. Mr. Berg reported that he prepared two mid-year budget presentation examples for the Committee's review and provided handouts for discussion. Mr. Berg presented the proposed format of the upcoming mid-year budget and the proposed presentation format of monthly financial reports after adoption of the mid-year budget.

Director Horst expressed his appreciation to Mr. Berg for presenting the budget comparisons previously requested by the Committee.

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

**ITEM 4: DISCUSSION CONCERNING RATE PASS THROUGH ADJUSTMENTS EFFECTIVE JANUARY 1, 2026**

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Mr. Perea presented this matter for Committee consideration. Mr. Berg delivered a PowerPoint presentation outlining the District's pass-through rates, a summary of the historical drivers influencing these increases, and the updated fixed and variable pass-through rates effective January 1, 2026.

Mr. Perea provided a draft copy of the pass-through notice mailer to the Committee. The Committee requested modification of the notice to include the scheduled increases approved by the Board on June 18, 2025 along with the total fixed and variable rates as of January 1, 2026, for transparency purposes. Discussion occurred concerning the status of the Board's request for a proposal from IB Consulting as made at the October regular meeting; Mr. Perea reported that IB Consulting has submitted a proposal as requested and this matter will be agendaized for Board consideration at the next regular meeting. Mr. Perea recommended the Board issue a request for proposals (RFP) for rate study consulting services.

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

**ITEM 5: CAPITAL FUNDING REIMBURSEMENT RESOLUTION**

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Mr. Perea presented this matter for Committee consideration, and he reported that the proposed resolution would give the District flexibility to replenish reserve funds with debt proceeds when used to fund capital projects.

The Committee expressed their support of the resolution.

**RECOMMENDATION:** Recommend the Board of Directors adopt Resolution No. 2025-1359: A Resolution of the Board of Directors of the Trabuco Canyon Water District Regarding Its Intention to Reimburse Certain Costs from Proceeds of Tax-Exempt Obligations (Action Calendar).

**TRABUCO CANYON WATER DISTRICT  
FINANCE AUDIT COMMITTEE MEETING RECAP | NOVEMBER 13, 2025**

**ITEM 6: FINANCIAL REPORT**

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Mr. Berg and Ms. Warner presented the preliminary unaudited financials for September 2025.

***FINANCIAL ANALYSIS SUMMARY***

Discussion occurred concerning the top 10 vendor payments related to costs of the District's legal services. Director Horst commented that the incoming General Manager will be given direction to be more prudent concerning legal services/costs.

***DISTRICT SUMMARY BUDGET v. ACTUAL***

Discussion occurred concerning Net Revenue/Expenses year to date.

***CIP BUDGET v. ACTUAL***

Discussion occurred regarding ways to improve visibility of budget targets for multi-year projects.

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

**ITEM 7: OTHER MATTERS**

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Director Safranski commented on the responsibilities of elected officials. Director Safranski expressed his appreciation to Mr. Perea for the recent tour of the Dimension Water Treatment Plant.

Mr. Berg commented that staff is looking into changing banking services and payroll services.

Director Horst requested information regarding the tour of the transmission main pipe bursting portion of the rehabilitation project. Ms. Lausten reported that the project has experienced a delay due to permitting issues, but she noted that the pipe bursting work began earlier that day. Ms. Lausten added that she would contact the Board members to schedule a site tour during construction periods.

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

**ADJOURNMENT**

Director Horst adjourned the November 13, 2025 Finance/Audit Committee Meeting at 9:09 a.m.

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 11, 2025**

**FINANCIAL MATTERS**

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

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***Directors' Fees and Expenses***

Consistent with Board policy, Directors are reimbursed for expenses incurred while serving in their capacity as Directors. Additionally, Directors earn a per diem stipend for attendance at meetings or functions in a Director capacity. Per Ordinance No. 91-15 (adopted July 17, 1991), Directors per diem amount is limited to \$125 per meeting for a maximum of ten days per calendar month. The attached spreadsheet provides a recap of the meetings, seminars, and conferences attended by Directors along with expenses recorded to date.

***Future Meetings***

Future meetings have been identified for reference purposes, and the designated directors are anticipated to attend. In the event an unanticipated meeting occurs that requires attendance by a director, the meeting attendance will be subsequently presented to the Board of Directors for ratification.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT (PROJECT BUDGET)**

FY 2025-26 Budgeted Board Expenses: \$45,100

**RECOMMENDED ACTION:**

*Recommend that the Board ratify the Directors' fees and expenses for November 2025 and tentative future meetings/attendance. (Action Calendar)*

**EXHIBIT(S):**

1. Directors' Fees and Expenses Report for November 2025
2. Directors' Tentative Future Meetings/Attendance – Calendar Year 2025.

**CONTACTS (staff responsible): PEREA**


**TRABUCO CANYON WATER DISTRICT  
DIRECTORS' FEES AND EXPENSES MONTHLY REPORT | NOVEMBER 2025**

<b>MEETING DESCRIPTION</b>	<b>ACOSTA</b>	<b>ANDERSON</b>	<b>HORST</b>	<b>MANDICH</b>	<b>SAFRANSKI</b>
<b>DISTRICT MEETINGS</b>					
Engineering/Operational Committee Meeting	11/05/25	11/05/25			
Executive Committee Meeting	11/03/25			11/03/25	
Finance/Audit Committee Meeting			11/13/25		11/13/25
Individual Meeting with General Manager	11/10/25	11/19/25	11/18/25	11/17/25	11/18/25
Public Outreach Ad Hoc Committee Meeting No. 1	11/10/25		11/10/25		
Public Outreach Ad Hoc Committee Meeting No. 2	11/25/25		11/25/25		
Regular Board Meeting		11/19/25	11/19/25	11/19/25	11/19/25
Special Board Meeting No. 1 - Public Employee Appointment - General Manager (GM)	11/03/25	11/03/25	11/03/25	11/03/25	11/03/25
Special Board Meeting No. 2 - Public Employee Appointment - GM	11/06/25	11/06/25	11/06/25	11/06/25	11/06/25
<b>REPRESENTATIVE MEETINGS</b>					
Community Associations of Rancho (CAR) Meeting					11/04/25
City of Rancho Santa Margarita - City Council Meeting					11/12/25
Independent Special Districts of Orange County (ISDOC) Monthly Meeting					
MWDOC Administration/Finance Committee Meeting			11/12/25		
MWDOC Board Meeting			11/19/25		
Orange County Local Agency Formation Commission (OC LAFCO)		11/12/25			
South Orange County Agencies Group Meeting					11/25/25
Water Advisory Commission of Orange County (WACO)					
<b>NUMBER OF MEETINGS ATTENDED</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>4</b>	<b>8</b>
<b>PER DIEMS (\$125 per each meeting*)</b>	<b>\$625.00</b>	<b>\$625.00</b>	<b>\$1,000.00</b>	<b>\$500.00</b>	<b>\$1,000.00</b>
<b>DIRECT REIMBURSABLE EXPENSES</b>					
<b>DIRECT REIMBURSABLE EXPENSES TOTALS</b>					
<b>INDIRECT REIMBURSABLE EXPENSES</b>					
<b>INDIRECT REIMBURSABLE EXPENSES TOTALS</b>					
<b>TOTAL (PER DIEMS + DIRECT REIMBURSABLE EXPENSES)</b>	<b>\$625.00</b>	<b>\$625.00</b>	<b>\$1,000.00</b>	<b>\$500.00</b>	<b>\$1,000.00</b>
<i>* Maximum per diem per day is one; maximum per month is 10</i>					

**DIRECTOR SIGNATURE** \_\_\_\_\_

**TRABUCO CANYON WATER DISTRICT | 2025 PUBLIC MEETING AND CONFERENCE CALENDAR**

		2025											
LINE ITEM	MEETING DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>DISTRICT PUBLIC MEETINGS</b>													
1	Executive Committee Meeting	01/06/25	02/03/25	03/03/25	04/07/25	05/05/25	06/02/25	07/07/25	08/04/25	09/01/25	10/06/25	11/03/25	12/01/25
2	Engineering/Operational Committee Meeting	01/08/25	02/05/25	03/05/25	04/02/25	05/07/25	06/04/25	07/02/25	08/06/25	09/03/25	10/01/25	11/05/25	12/03/25
3	Finance/Audit Committee Meeting	01/09/25	02/13/25	03/13/25	04/10/25	05/08/25	06/12/25	07/10/25	08/14/25	09/11/25	10/09/25	11/13/25	12/11/25
4	Regular Board Meeting	01/16/25	02/20/25	03/19/25	04/16/25	05/21/25	06/18/25	07/16/25	08/20/25	09/17/25	10/15/25	11/19/25	12/17/25
5	District Properties Ad Hoc Committee Meeting	-	-	-	-	-	-	-	-	-	-	-	-
<b>PUBLIC MEETINGS</b>													
6	City of RSM City Council Meeting - Meeting No. 1	01/08/25	02/12/25	03/12/25	04/09/25	05/14/25	06/11/25	07/09/25	08/13/25	09/10/25	10/08/25	11/12/25	12/10/25
7	City of RSM City Council Meeting - Meeting No. 2	01/22/25	02/26/25	03/26/25	04/23/25	05/28/25	06/25/25	07/23/25	08/27/25	09/24/25	10/22/25	11/26/25	12/24/25
8	City of RSM Planning Commission Meeting	01/01/25	02/05/25	03/05/25	04/02/25	05/07/25	06/04/25	07/02/25	08/06/25	09/03/25	10/01/25	11/05/25	12/03/25
9	Independent Special Districts of Orange County Meeting - Executive	01/07/25	02/04/25	03/04/25	04/01/25	05/06/25	06/03/25	07/01/25	08/05/25	09/02/25	10/07/25	11/04/25	12/09/25
10	Independent Special Districts of Orange County Meeting - Quarterly	01/30/25	-	-	04/24/25	-	-	07/31/25	-	-	10/30/25	-	-
11	Orange County Local Agency Formation Commission (OC LAFCO)	01/08/25	02/12/25	03/12/25	04/09/25	05/14/25	06/11/25	07/09/25	08/13/25	09/10/25	10/08/25	11/12/25	12/10/25
12	Municipal Water District of Orange County (MWDOC) Board Meeting	01/15/25	02/19/25	03/19/25	04/16/25	05/21/25	06/18/25	07/16/25	08/20/25	09/17/25	10/15/25	11/19/25	12/17/25
13	Santiago Aqueduct Commission Meeting	-	-	03/20/25	-	-	06/19/25	-	-	09/18/25	-	-	12/18/25
14	Quarterly South Orange County Integrated Regional Watershed Management Executive Committee												
15	Monthly South Orange County Integrated Regional Watershed Management Executive Committee												
16	South Orange County Water Agencies Group Meeting*	01/27/25	-	03/24/25	-	05/26/25	-	07/28/25	-	09/22/25	-	11/24/25	-
17	Water Advisory Committee of Orange County	01/03/25	02/07/25	03/07/25	04/04/25	05/02/25	06/06/25	07/11/25	08/01/25	09/05/25	10/03/25	11/07/25	12/05/25
<b>CONFERENCES</b>													
18	ACWA Spring Conference - Monterey, CA					05/13-05/15							
19	ACWA Fall Conference - San Diego, CA												12/02-12/04
20	CSDA Annual Conference -Monterey, CA								08/25-08/28				
21	CSDA GM Leadership Summit - Lake Tahoe, CA						06/29-07/01						
22	CSDA SDLA Conference - La Quinta, CA				04/21-04/24								
23	Colorado River Water User's Association (CRWUA) Annual Conference – Las Vegas, NV												12/16-12/18
24	Urban Water Institute (UWI) Annual Conference - San Diego, CA								08/20-08/22				
25	Urban Water Institute (UWI) Spring Conference - Palm Springs, CA		02/26-02/28										

**LEGEND**  
 District Observed Holiday - Reschedule Meeting  
 \*4th Tuesday of the Odd Numbered Month

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 11, 2025**

**FINANCIAL MATTERS**

**ITEM 3: PRESENTATION OF TRABUCO CANYON WATER DISTRICT'S FISCAL YEAR 2024-25 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)**

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Trabuco Canyon Water District's (District) Annual Comprehensive Financial Report (ACFR) for Fiscal Year (FY) 2024-25 contains the audited financial statements for the District as well as additional information intended to give the reader a better understanding of the financial statements. The ACFR is prepared in accordance with guidelines established by the Government Accounting Standards Board (GASB) and in conformance with requirements of the Government Finance Officers Association (GFOA) in order to be considered for GFOA's Certificate of Achievement for Excellence award. This award recognizes governments whose annual financial reports achieve the highest standards in government accounting and financial reporting. TCWD was honored with the award for its ACFR for the first time in Fiscal Year 2021-22 and has earned the award continuously each fiscal year thereafter, most recently in FY 2023-24.

The FY 2024-25 financial statements were prepared by District staff and audited by certified independent auditors Nigro & Nigro LLP. The ACFR reports the District's financial position as of FY 2024-25 and the change in financial position from FY 2023-24. It includes an Introductory Section, audited financial statements, accompanying auditor's report, Management's Discussion and Analysis, and Statistical Section with ten consecutive years of financial and statistical information.

ACFR highlights will be presented to the Committee and additional information regarding the financial audit process may be provided at the time of the meeting.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT**

The District's contract with Nigro & Nigro LLP for independent auditing services for a three-year period (beginning FYE 2022) is for a total not-to-exceed amount of \$61,500.

**ENVIRONMENTAL COMPLIANCE:**

Not applicable

**RECOMMENDED ACTION:**

*Recommend the Board of Directors receive and file the Trabuco Canyon Water District Fiscal Year 2024-25 Annual Comprehensive Financial Report (ACFR) (Action Calendar).*

**EXHIBITS:**

1. TCWD FY 2024-25 Annual Comprehensive Financial Report
  - a. Presentation to the Board of Directors
  - b. Final Communication with Governance Letter
  - c. Audited Financials 2025 – DRAFT

**CONTACTS (staff responsible): PEREA/BERG/WARNER**

**TABUCO CANYON WATER DISTRICT**  
**Presentation to the Board of Directors**  
**For the Fiscal Year Ended**  
**June 30, 2025**

**NIGRO & NIGRO<sup>PC</sup>**



## SCOPE OF WORK

Perform Audit Testwork of the Entity's Annual Financial Statements/Report

Report on the Entity's internal control over financial reporting and on compliance in accordance with Government Auditing Standards

## OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

1. Form and express an opinion about whether the Annual Financial Statements results, that have been prepared by management, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
2. Our responsibility is to plan and perform the audit to obtain **reasonable assurance (not absolute assurance)** about whether the Annual Financial Statements are free of material misstatements.
3. We are to consider the Entity's internal controls and segregations of duties over accounting procedures and financial reporting as we perform our audit testwork. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

## AUDIT RESULTS

An Auditor's **Unmodified Opinion** has been issued on the Annual Financial Statements.

- The Annual Financial Statements are fairly presented in all material respects.
- The adopted significant accounting policies have been consistently applied.
- Estimates are considered reasonable for Depreciation, Pension, and OPEB expense as well as Lease and SBITA calculations.
- New GASB Pronouncements were adopted.
- Required disclosures are properly reflected in the Annual Financial Statements.

## AU-C 265 – Communicating Internal Control Related Matters Identified in an Audit

**No Material Issues Arose to be Reported to the Governing Board/Management**

**Any Minor Issues Were Discussed Orally and Corrected by Management**

## How Do We Make You Better?

**Best Practice Solutions Were Conveyed to Management – That's the Audit ROI**

**Trabuco Canyon Water District**  
**Dashboard – Audited Financial Statements**  
**June 30, 2025 vs 2024**

Revenues & Expenses	2025	2024	Variance
<b>Operating Revenues:</b>			
Water consumption sales	\$ 4,944,513	\$ 3,642,268	\$ 1,302,245
Water service charges	3,725,327	3,256,048	469,279
Sewer service charges	2,847,510	2,480,724	366,786
Recycled water sales	1,536,695	1,101,951	434,744
Wholesale water sales - Baker Treatment	1,536,256	1,831,802	(295,546)
Other operating revenues	248,214	216,807	31,407
			<b>2,308,915</b>
<b>Non-Operating Revenues:</b>			
Property taxes = Increase 1.75%	2,352,844	2,312,186	40,658
Rental revenue	27,065	27,065	-
Investment earnings	687,429	357,229	330,200
Other non-operating revenues	8,674	267,005	(258,331)
<b>Total Revenues</b>	<b>17,914,527</b>	<b>15,493,085</b>	<b>2,421,442</b>
<b>Operating Expenses:</b>			
Source of supply	5,334,510	3,862,414	1,472,096
Pumping and power	400,961	339,222	61,739
Water treatment	104,637	167,006	(62,369)
Transmission and distribution	452,237	184,811	267,426
Sewer operations	636,746	643,577	(6,831)
Recycled operations	537,373	606,960	(69,587)
General and administrative	9,223,516	7,596,434	1,627,082
<b>Operating expenses before depr.</b>	<b>16,689,980</b>	<b>13,400,424</b>	<b>3,289,556</b>
Depreciation Expense	4,797,192	4,347,932	449,260
<b>Total Operating Expenses</b>	<b>21,487,172</b>	<b>17,748,356</b>	<b>3,738,816</b>
<b>Non-Operating Expenses:</b>			
Interest expense	1,014,525	178,714	835,811
Cost of debt issuance	-	65,000	(65,000)
Prop tax admin expense	14,776	10,189	4,587
<b>Total Expenses</b>	<b>22,516,473</b>	<b>18,002,259</b>	<b>4,514,214</b>
<b>Capital Contributions</b>	<b>250,000</b>	<b>-</b>	<b>250,000</b>
<b>Change in Revenues &amp; Expenses</b>	<b>\$ (4,351,946)</b>	<b>\$ (2,509,174)</b>	<b>\$ (1,842,772)</b>
<b>Capital Outlay:</b>			
<b>Capital Asset Additions</b>	<b>\$ (4,145,915)</b>	<b>\$ (2,848,490)</b>	<b>\$ (1,297,425)</b>
<b>Depreciation Expense</b>	<b>4,797,192</b>	<b>4,347,932</b>	<b>449,260</b>
<b>Change in Capital Expense</b>	<b>\$ 651,277</b>	<b>\$ 1,499,442</b>	<b>\$ (848,165)</b>
<b>Debt Service:</b>			
<b>Principal Paid</b>	<b>\$ (97,153)</b>	<b>\$ 10,251,972</b>	<b>\$ (10,349,125)</b>
<b>Cash &amp; Investments</b>	<b>\$ 14,101,836</b>	<b>\$ 18,429,648</b>	<b>\$ (4,327,812)</b>
<b>Quick Summary:</b>			
<b>Change in Revenues &amp; Expenses</b>	<b>\$ (4,351,946)</b>		
<b>Change in Capital Expense</b>	651,277	Use of Cash	
<b>Debt Service – Principal Payments</b>	(97,153)	Use of Cash	
<b>Change in Accounts Receivable</b>	(859,737)	Use of Cash	
<b>Change in Prepaid Expenses</b>	(53,039)	Use of Cash	
<b>Change in Accounts Payable</b>	(305,831)	Use of Cash	
<b>Change in Compensated Absences</b>	93,350	Use of Cash	
<b>Change in OPEB Liability</b>	351,835	Change to Cash	
<b>Change in Pension Liability</b>	240,710	Change to Cash	
<b>Change in Cash &amp; Investments</b>	<b>\$ (4,330,534)</b>	<b>Approximately</b>	<b>\$ (2,722)</b>
<b>Investment Earnings to Portfolio</b>	<b>4.23%</b>		

**TRABUCO CANYON WATER DISTRICT**  
**Report to the Board of Directors**  
**For the Fiscal Year Ended**  
**June 30, 2025**

**NIGRO & NIGRO<sup>PC</sup>**

**TRABUCO CANYON WATER DISTRICT**

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*For the Fiscal Year Ended June 30, 2025*

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NIGRO & NIGRO<sup>PC</sup>

*A Professional Accountancy Corporation*

Board of Directors  
Trabuco Canyon Water District  
Trabuco Canyon, California

We are pleased to present this report related to our audit of the financial statements of the Trabuco Canyon Water District (District) as of and for the year ended June 30, 2025. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

Murrieta, California  
December 17, 2025

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## ***Required Communications***

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**TRABUCO CANYON WATER DISTRICT**

*Required Communications*

*For the Fiscal Year Ended June 30, 2025*

Generally accepted auditing standards (AU-C 260, *The Auditor’s Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<p><b>Our Responsibilities with Regard to the Financial Statement Audit</b></p>	<p>Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated May 1, 2025. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
<p><b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b></p>	<p>An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.</p>
<p><b>Accounting Policies and Practices</b></p>	<p><b>Accounting Policies and Practices</b> Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted.</p> <p><b>Adoption of, or Change in, Significant Accounting Policies or Their Application</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p><b>Significant or Unusual Transactions</b> We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Management’s Judgments and Accounting Estimates</b> Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.</p>
<p><b>Audit Adjustments</b></p>	<p>Audit adjustments are summarized in the attached <b>Summary of Adjusting Journal Entries</b>.</p>
<p><b>Uncorrected Misstatements</b></p>	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>

**TRABUCO CANYON WATER DISTRICT**

*Required Communications*

*For the Fiscal Year Ended June 30, 2025*

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<b>Area</b>	<b>Comments</b>
<b>Discussions With Management</b>	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
<b>Disagreements With Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
<b>Consultations With Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed With Management</b>	No significant issues arising from the audit were discussed or the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	No significant difficulties were encountered in performing our audit.
<b>Required Supplementary Information</b>	We applied certain limited procedures to the: <ol style="list-style-type: none"><li>1. Management's Discussion and Analysis</li><li>2. Required Pension Plan Disclosures</li><li>3. Required OPEB Plan Disclosures</li></ol> Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**TRABUCO CANYON WATER DISTRICT**  
*Required Communications*  
*For the Fiscal Year Ended June 30, 2025*

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Area	Comments
<b>Supplementary Information</b>	<p>We were engaged to report on the,  Supplementary Information:</p> <ol style="list-style-type: none"> <li>1. Combining Balance Sheets</li> <li>2. Combining Statements of Revenues, Expenses and Changes in Net Position</li> </ol> <p>Which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

This information is intended solely for the information and use of Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

**Disclosure of Audit Adjustments and Reclassifications**

As part of our external audit engagement, we operate under the presumption that the District’s books and records are materially accurate and appropriately closed prior to the commencement of audit fieldwork. Nonetheless, audit adjustments and reclassifications are often proposed during the course of the audit to ensure the District’s financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and to enhance comparability with prior-year financial data. In the interest of transparency and governance, we have included, as an attachment to this letter, a summary of audit adjustments and reclassification journal entries identified during the audit.

The existence or absence of such adjustments does not inherently indicate deficiencies, but rather reflects the auditor’s role in enhancing the fair presentation of the financial statements. Disclosure of these items provides the Board of Directors with insight into the scope and depth of the audit procedures performed.

To promote timely and accurate financial reporting, we recommend that management strengthen internal controls and oversight over the year-end financial close process. Enhancing these procedures can reduce the volume of post-closing audit adjustments and reclassifications, improve the quality of interim and year-end financial reporting, and support the District’s efforts in maintaining compliance with financial reporting requirements and best practices in fiscal governance.

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***Summary of Adjusting Journal Entries***

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# TRABUCO CANYON WATER DISTRICT

## Summary of Adjusting Journal Entries For the Fiscal Year Ended June 30, 2025

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
To adjust debt funding allocations and related accounts. PBC			
10-000-1123	CLASS 2024 Capital Loan Reserve	298,746.54	
10-000-2230	Current Loan Payable - Debt issuance 2024	66,315.27	
10-000-2430	Loan Payable - Debt issuance 2024	2,062,000.31	
10-000-5860	Debt Issuance - Principal Expense	66,468.93	
10-000-5869	Debt Clearing	66,315.27	
20-000-1010	Claim on Cash	1,677,834.24	
20-000-1123	CLASS 2024 Capital Loan Reserve	740,085.34	
20-000-1272	Debt Clearing Account	62,278.21	
20-000-5861	Debt Issuance - Interest Expense	95,469.77	
30-000-1123	CLASS 2024 Capital Loan Reserve	349,706.84	
30-000-1272	Debt Clearing Account	4,037.06	
30-000-5861	Debt Issuance - Interest Expense	6,188.63	
10-000-1010	Claim on Cash		1,519,523.25
10-000-1121	CLASS Unassigned Reserve		872,337.01
10-000-1126	CLASS Capital Program Reserve		12.39
10-000-1272	Debt Clearing Account		66,315.27
10-000-5861	Debt Issuance - Interest Expense		101,658.40
20-000-1121	CLASS Unassigned Reserve		471,673.68
20-000-2230	Current Loan Payable - Debt issuance 2024		62,278.21
20-000-2430	Loan Payable - Debt issuance 2024		1,936,472.37
20-000-5860	Debt Issuance - Principal Expense		42,965.09
20-000-5869	Debt Clearing		62,278.21
30-000-1010	Claim on Cash		158,310.99
30-000-1121	CLASS Unassigned Reserve		44,515.64
30-000-2230	Current Loan Payable - Debt issuance 2024		4,037.06
30-000-2430	Loan Payable - Debt issuance 2024		125,527.94
30-000-5860	Debt Issuance - Principal Expense		23,503.84
30-000-5869	Debt Clearing		4,037.06
<b>Total</b>		<b>5,495,446.41</b>	<b>5,495,446.41</b>
<b>Adjusting Journal Entries JE # 2</b>			
To reclass trust reimbursement for FINANCIAL REPORTING.			
10-100-4810	OPEB Trust Reimbursement	143,133.00	
20-200-4810	OPEB Trust Reimbursement	51,119.00	
30-300-4810	OPEB Trust Reimbursement	10,224.00	
10-620-5110	Health Insurance		143,133.00
20-620-5110	Health Insurance		51,119.00
30-620-5110	Health Insurance		10,224.00
<b>Total</b>		<b>204,476.00</b>	<b>204,476.00</b>
<b>Adjusting Journal Entries JE # 3</b>			
To true up OPEB related DORs and liability to the actuarial report.			
10-000-1907	DOR - OPEB Related	8,071.00	
10-000-2600	OPEB Liability	1.00	
20-000-1907	DOR - OPEB Related	2,883.00	
30-000-1907	DOR - OPEB Related	577.00	
10-600-5184	GASB 75 OPEB Expense		8,072.00
20-600-5184	GASB 75 OPEB Expense		2,883.00
30-600-5184	GASB 75 OPEB Expense		577.00
<b>Total</b>		<b>11,532.00</b>	<b>11,532.00</b>
	<b>Total Adjusting Journal Entries</b>	<b>5,711,454.41</b>	<b>5,711,454.41</b>



**Trabuco Canyon Water District**  
Trabuco Canyon, California

**Annual Comprehensive Financial Report**

**For the Fiscal Years Ended June 30, 2025 and 2024**





# **Trabuco Canyon Water District**

## **Annual Comprehensive Financial Report For the Fiscal Years Ended June 30, 2025 and 2024**

**Trabuco Canyon Water District  
32003 Dove Canyon Drive  
Trabuco Canyon, California 92679**

**Prepared by:  
Administrative Services Division**

# TRABUCO CANYON

## WATER DISTRICT

### **Mission Statement**

*“The Trabuco Canyon Water District’s purpose as a public service agency is to provide service to our customers which instills trust regarding the quality and quantity of the water supply, reliable service for collection, treatment, and reuse of wastewater, a work environment where safety and health of employees and customers is our paramount concern, information to our customers to foster and maintain a well-informed community and cost effective and efficient services in a courteous manner.”*

### **Board of Directors**

Edward Mandich, President  
Glenn Acosta, Vice-President  
Mark Anderson, Director  
John Horst, Director  
Michael Safranski, Director

### **District Management**

Michael Perea, Interim General Manager  
Ian Berg, District Treasurer

*Trabuco Canyon Water District is a public agency serving portions of the cities of Rancho Santa Margarita, Mission Viejo, Lake Forest, and unincorporated Orange County.*

**TRABUCO CANYON WATER DISTRICT**  
*For the Fiscal Years Ended June 30, 2025 and 2024*  
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## *Introductory Section*

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STAFF MEMBERS

Michael Perea, Interim General  
Manager; District Secretary  
Ian Berg, District Treasurer  
Hanson Bridgett, LLP, Legal  
Counsel



BOARD OF DIRECTORS

Edward Mandich, President  
Glenn Acosta, Vice President  
Mark Anderson, Director  
John Horst, Director  
Michael Safranski, Director

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***December 17, 2025***

***To the Honorable Board of Directors of the Trabuco Canyon Water District and Members of the Community***

It is my pleasure to submit the Trabuco Canyon Water District's (District) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025 (FY 2025). The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited with generally accepted auditing standards.

The District is ultimately responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures in this financial report. I believe that the data presented is accurate in all material respects. This report is designed in a manner that helps to enhance the understanding of the District's financial position and activities. The management of the District has established an internal controls framework that is designed to protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP.

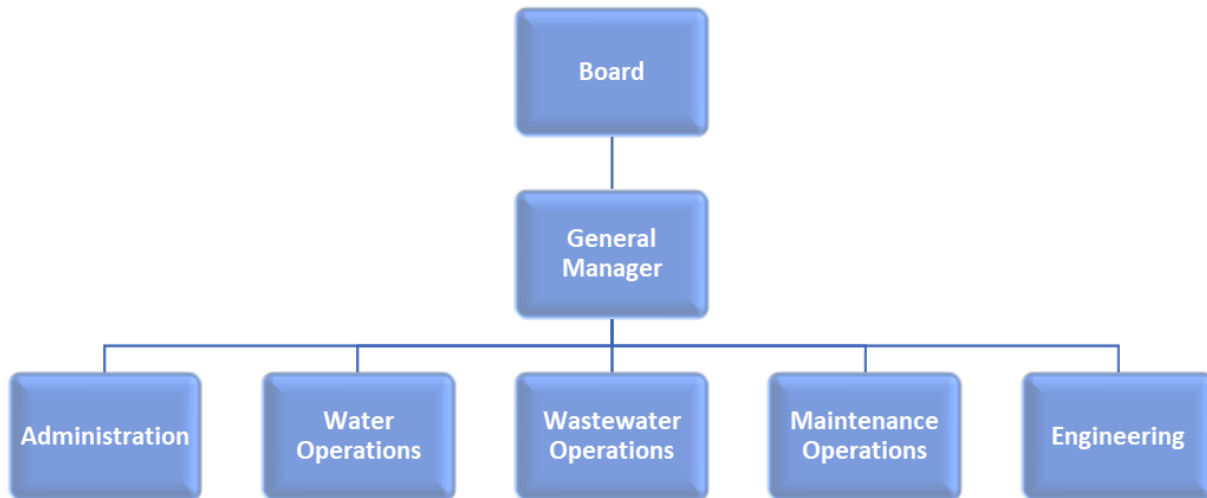
The District's financial statements have been audited by Nigro and Nigro, PC, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining on a test basis, the evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unmodified opinion which states that the District's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report.

## District Organizational Structure and Leadership

The Trabuco Canyon Water District is a county water district organized in 1962 and existing pursuant to California Water Code Sections 30000 (the County Water District Law) and other applicable provisions of State law. The District serves portions of the cities of Rancho Santa Margarita, Mission Viejo, Lake Forest, and unincorporated Orange County. The District is governed by a five-member publicly elected Board of Directors. The District's Board of Directors meets on the third Thursday of each month and the public is encouraged to attend.

The General Manager administers the day-to-day operations of the District in accordance with policies established by the Board of Directors. The District employs 21 regular employees organized in five departments: Administration, Engineering, Water Operations, Wastewater Operations, and Maintenance Operations as presented below.



## District Services

The District is relatively small but complex in operations with a diversified portfolio of water resource management solutions and practices for the customers in its service area. In addition to the provision of safe drinking water, the District manages the sanitary sewer system in the master planned communities east of Plano Trabuco Road and in the west portion of its service area in Silverado Canyon and the Cities of Lake Forest and Mission Viejo. The District is committed to water recycling and urban runoff capture and reuse to help meet commercial irrigation demand.

Residential customers represent approximately 95% of the District's potable water customer accounts and consume approximately 83% of the potable water produced annually by the District. The District currently operates a drinking water filtration plant and two groundwater wells with a combined production capacity of 900 gallons per minute. Additionally, the District is the permitted distributor of recycled water from the Robinson Ranch Wastewater Treatment Plant.

The District's annual water-related revenues are predominantly variable and correlated to the volume of water sold to homes, business, and other users. Sales of potable or drinking water for indoor and outdoor use, including landscape irrigation, comprise nearly two-thirds of all revenue from customer charges. After a drop in annual water sales due to wetter than average weather in both FY 2023 and FY 2024, water consumption rebounded in FY 2025 by over 13% and averaging an approximate 3,100 acre-feet per year.

The District beneficially reuses 100% of the sewage or wastewater collected within its service territory, east of Plano Trabuco Road. The reclaimed water produced at the Robinson Ranch Wastewater Treatment Plant is augmented by natural urban runoff (recycled water) captured through a network of basins and Dove Lake and used for landscape irrigation by several Homeowners Associations (HOAs). Recycled water represents 100% conservation of drinking water supplies, which would otherwise be used for irrigation purposes. Recycled water supplies are limited and carefully managed by District operations personnel to maximize its benefit. Similar to demand for drinking water, demand for recycled water increased in FY 2025 by approximately 17% due to decreased rainfall conditions

## **Water Use Efficiency Programs**

The District is committed to promoting and supporting efficient water use by its customers and demonstrates this commitment by reducing water waste, providing ongoing education and awareness of available financial incentives, and performing water use consultations.

## **Local Economic Condition and Outlook**

The District continues to be impacted by post-pandemic price inflation and procurement delays that have driven up the cost of labor, materials, and equipment for District operations and capital projects. In addition, water conservation initiatives and wet weather have also impacted water sales within the District service area. The District has addressed these issues in the 2023 Cost of Service Study which has provided a basis for implementing utility rates from FY 2023-24 through FY 2027-28. The first of these rate implementations became effective July 1, 2023, with subsequent rate increases planned for July 1st of each following year within the rate-setting period. The rate adjustments within the rate-setting period are designed to maintain a high-level of ongoing service, invest in critical infrastructure, and promote long-term financial stability for the District. A long-range financial plan is prepared and reviewed each year to monitor changing conditions, compare actual financial results against rate study projections, and determine if previously authorized rate adjustments are still necessary to meet District debt covenants and reserve policy, or if adjustments are warranted.

## **Major Planned Initiatives and Significant Projects**

During FY 2026, the District expects to complete or advance several important capital projects intended to modernize operations, and refurbish and replace capital facilities:

- Complete construction for the replacement of 2.5 miles of transmission main pipeline from the District's Dimension Water Treatment Plant to the Ridgeline Booster Pump Station through the Cities of Lake Forest, Mission Viejo, and unincorporated County of Orange. This project, which is designed to replace/rehabilitate portions of the potable water distribution system originally installed in the 1960s and will be phased over two years, is expected to total approximately \$11 million. The completion of this project will ensure the delivery of cost-

effective treated drinking water to District customers and restore the most cost-effective water supply to District customers.

- Complete the engineering design and bid documents of the Heritage Sewer Lift Station Rehabilitation Project. The facility plays a critical role in pumping sewer flows received from four communities and two other stations nearly 300 ft in elevation to the Robinson Ranch Wastewater Treatment Plant. When complete, the District will have invested over \$2.5 million in modernizing this facility for future generations.
- Provide final approvals for 65 new single-family homes in Saddle Crest community and accept ownership of associated water and sewer facilities.

## **FY 2025 Accomplishments**

Notable accomplishments across the District from FY 2025 include:

- Conducted an annual review of the District's Financial Plan and approved the implementation of two semi-annual rate adjustments effective July 1, 2025 and January 1, 2026 to reduce the impact of the rate adjustment on customers while meeting the rate revenue requirements of the approved financial plan.
- Adopted and updated District Reserve Policy in line with industry best practices and District-specific needs to provide guidance during financial and strategic planning.
- Completed construction of the Golf Club Sewer Lift Station Rehabilitation Project. The facility plays a critical role in pumping sewer flows received from two other stations nearly 300 ft in elevation to the Robinson Ranch Wastewater Treatment Plant. The District invested over \$3 million in modernizing this facility for future generations.
- Completed engineering design and bid documents for replacement of large-scale air blowers that provide aeration for the wastewater treatment process. The project includes replacement of the blower room motor control center and other electrical improvements. Total estimated project cost is \$2 million.
- Prepared an updated Purchasing Policy & Guidelines with the assistance of legal counsel to promote efficiency and clarity in the District's procurement process; provide guidance on proper standards of conduct by employees, officers, and Board of Directors; and promote transparency to ensure the District's expenditures are reasonable.
- Received a \$578,000 federal grant award for the implementation of the Dove and Tick Creek Pump Station Improvements Project. Combined with a previous \$378,000 grant award from the State of California, the project's \$1 million total cost will be almost entirely funded through non-ratepayer sources.
- Prepared, submitted, and received a \$250,000 CalOES cybersecurity grant award to meet the needs of the District's Cybersecurity Enhancement Project which includes upgrading the business system servers, related equipment, and integrates best management practices consistent with US National Institute of Standards and Technology (NIST) Cybersecurity Framework to address security, resilience, and to mitigate any infrastructure gaps.

## **Internal Control Structure**

District management is responsible for the establishment and maintenance of an internal control structure that ensures that District assets are protected from loss, theft, or misuse. The internal control structure also warrants that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

## **Budgetary Control**

The Board of Directors approves an operating and capital budget annually prior to the start of each fiscal year. The budget reflects the District's priorities and needs for the upcoming year and provides the basis for reporting and control of financial operations and accountability for the District's activities. The budget and reporting treatment applied to the District are consistent with the accrual basis of accounting and the financial statement basis.

## **Investment Policy**

The Board of Directors has adopted an investment policy that conforms to state law and prudent money management. The objectives of the Investment Policy are safety, liquidity, and return on investment. District funds are invested in the State Treasurer's Local Agency Investment Fund (LAIF), California Cooperative Liquid Assets Security System (CLASS) and checking accounts.

## **Independent Audit and Financial Reporting**

The State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Nigro & Nigro, PC has conducted an audit of the District's financial statements for FY 2025. Their Independent Auditor's Report appears in the Financial Section of this document.

## **Risk Management**

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Authority). The purpose of the Authority is to arrange and administer insurance programs for the pooling of self-insured losses and to purchase excess insurance coverage, as necessary.

## **Other References**

More information is contained in the Management's Discussion and Analysis and in the Notes to the Basic Financial Statements found in the Financial Section of the report.

## Acknowledgements

Preparation of this report is the result of the collective efforts of District staff. I would like to thank the Board for their leadership and continued interest in, and support of, prudent fiscal management of the District. I would also like to extend my appreciation to all employees for their support in the District's mission, and for their dedication to providing the highest level of professionalism, teamwork, and service to our valued customers, and a special thank you to Ms. Karen Warner, Principal Accountant, who was instrumental in the preparation of this report.

Respectfully submitted,



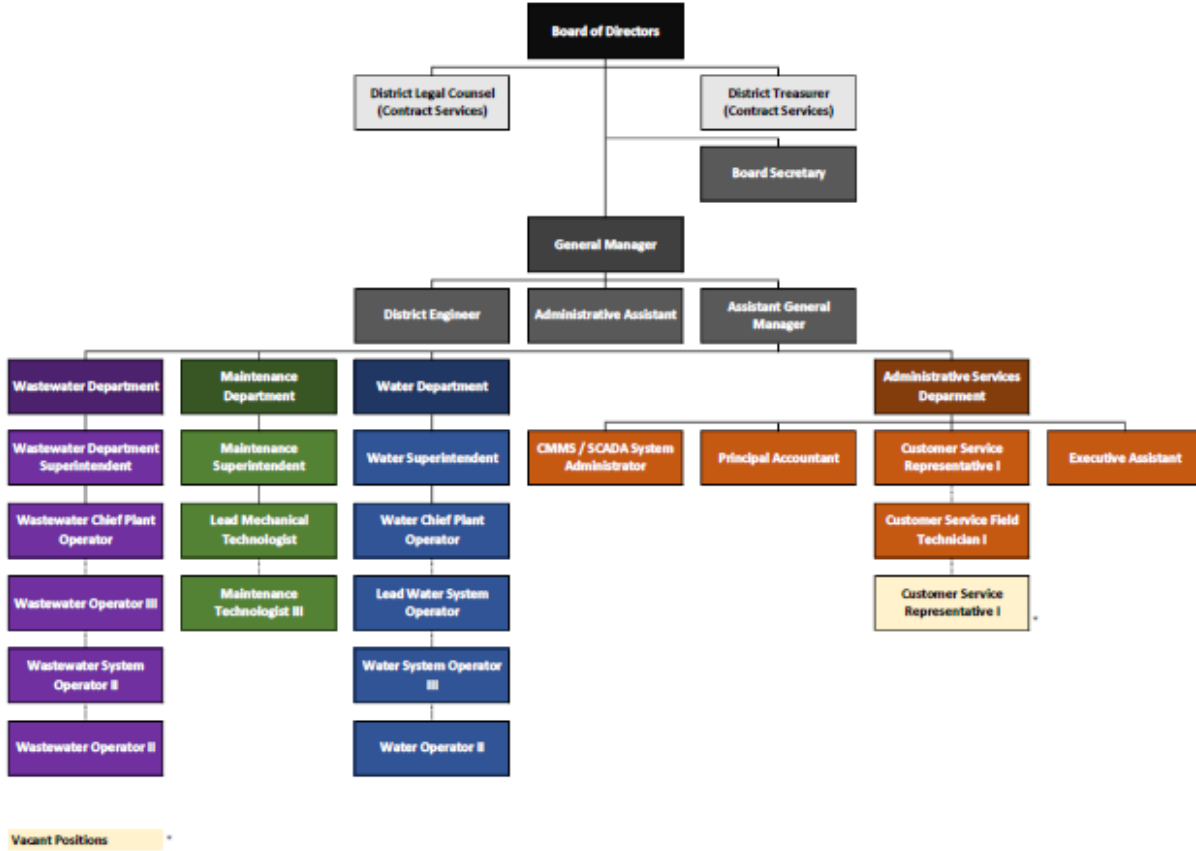
Michael Perea

Interim General Manager

# TRABUCO CANYON WATER DISTRICT

## Organizational Chart

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**TRABUCO CANYON WATER DISTRICT**

*GFOA Certificate of Achievement for Excellence in Financial Reporting*

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Government Finance Officers Association

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Reporting

Presented to

**Trabuco Canyon Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Trabuco Canyon Water District  
Trabuco Canyon, California

### Opinion

We have audited the accompanying financial statements of the Trabuco Canyon Water District (District), which comprise the balance sheets as of June 30, 2025 and 2024, and related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025 and 2024, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Change in Accounting Principle

As described in Notes 1, 7, and 15 to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences and Statement No. 102, Certain Risk Disclosures. Our opinion is not modified with respect to these matters.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Agency's Proportionate Share of the Plan's Net Pension Liability, Schedule of the Agency's Contributions to the Pension Plan, Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios, and Schedule of the Agency's Contributions to the OPEB Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Balance Sheets – Combined – Internal Funds and Schedule of Revenues, Expenses and Changes in Net Position – Combined – Internal Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 17, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Murrieta, California  
December 17, 2025

**TRABUCO CANYON WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2025 and 2024*

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Management's Discussion and Analysis (MD&A) offers readers of Trabuco Canyon Water District's (District's) financial statements a narrative overview of the District's financial activities for the years ended June 30, 2025 and 2024. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- In fiscal year 2025, the District's net position decreased 10.58%, or \$4,351,946 from the prior year's net position of \$41,125,357 to \$36,773,411, as a result of the year's operations.
- In fiscal year 2024, the District's net position decreased 5.75%, or \$2,509,174 from the prior year's net position of \$43,634,531 to \$41,125,357, as a result of the year's operations
- In fiscal year 2025, operating revenues increased by 18.43%, or \$2,308,915 from \$12,529,600 to \$14,838,515, from the prior year, primarily due to increases in water consumption sales and service charges, as well as sewer service charges.
- In fiscal year 2024, operating revenues increased by 27.67%, or \$2,715,863 from \$9,813,737 to \$12,529,600, from the prior year, primarily due to increases in water and sewer service charges.
- In fiscal year 2025, operating expenses before depreciation expense increased by 24.55% or \$3,289,556 from \$13,400,424 to \$16,689,657, from the prior year, primarily due to increases source of supply and in general and administrative expenses.
- In fiscal year 2024, operating expenses before depreciation expense increased by 8.72% or \$1,075,040 from \$12,325,384 to \$13,400,424, from the prior year, primarily due to increases source of supply and in general and administrative expenses.

**REQUIRED FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**TRABUCO CANYON WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
For the Years Ended June 30, 2025 and 2024

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**FINANCIAL ANALYSIS OF THE DISTRICT**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

**Condensed Balance Sheets**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>	<u>June 30, 2023</u>	<u>Change</u>
<b>Assets:</b>					
Current assets	\$ 8,335,799	\$ 6,097,470	\$ 2,238,329	\$ 3,637,958	\$ 2,459,512
Non-current assets	9,473,495	15,156,646	(5,683,151)	7,018,855	8,137,791
Capital assets, net	<u>47,466,520</u>	<u>48,117,797</u>	<u>(651,277)</u>	<u>49,617,239</u>	<u>(1,499,442)</u>
<b>Total assets</b>	<u>65,275,814</u>	<u>69,371,913</u>	<u>(4,096,099)</u>	<u>60,274,052</u>	<u>9,097,861</u>
<b>Deferred outflows of resources</b>	<u>3,097,405</u>	<u>2,822,616</u>	<u>274,789</u>	<u>2,508,005</u>	<u>314,611</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 68,373,219</u>	<u>\$ 72,194,529</u>	<u>\$ (3,821,310)</u>	<u>\$ 62,782,057</u>	<u>\$ 9,412,472</u>
<b>Liabilities:</b>					
Current liabilities	\$ 3,736,048	\$ 3,269,712	\$ 466,336	\$ 2,402,381	\$ 867,331
Non-current liabilities	<u>27,562,694</u>	<u>27,328,249</u>	<u>234,445</u>	<u>16,097,840</u>	<u>11,230,409</u>
<b>Total liabilities</b>	<u>31,298,742</u>	<u>30,597,961</u>	<u>700,781</u>	<u>18,500,221</u>	<u>12,097,740</u>
<b>Deferred inflows of resources</b>	<u>301,066</u>	<u>471,211</u>	<u>(170,145)</u>	<u>647,305</u>	<u>(176,094)</u>
<b>Net position:</b>					
Net investment in capital assets	32,911,421	37,290,826	(4,379,405)	40,918,075	(3,627,249)
Restricted for capital improvements	1,300,747	3,864,207	(2,563,460)	3,885,460	(21,253)
Unrestricted	<u>2,561,243</u>	<u>(29,676)</u>	<u>2,590,919</u>	<u>(1,169,004)</u>	<u>1,139,328</u>
<b>Total net position</b>	<u>36,773,411</u>	<u>41,125,357</u>	<u>(4,351,946)</u>	<u>43,634,531</u>	<u>(2,509,174)</u>
<b>Total liabilities, deferred outflows of resources and net position</b>	<u>\$ 68,373,219</u>	<u>\$ 72,194,529</u>	<u>\$ (3,821,310)</u>	<u>\$ 62,782,057</u>	<u>\$ 9,412,472</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$36,773,411 and \$41,125,357 as of June 30, 2025 and June 30, 2024, respectively.

**TRABUCO CANYON WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
For the Years Ended June 30, 2025 and 2024

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Condensed Balance Sheets (continued)**

By far the largest portion of the District's net position (89% and 91% as of June 30, 2025 and 2024, respectively) reflects the District's net investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2025, the District showed a positive balance in its unrestricted net position of \$2,561,243 which may be utilized in future years. At the end of year 2024, the District showed a negative (deficit) balance in its unrestricted net position of (\$29,676) which was due to the estimated \$2,745,592 amount for the net pension and net OPEB liabilities and their related deferred outflows/inflows.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>	<u>June 30, 2023</u>	<u>Change</u>
Operating revenues	\$ 14,838,515	\$ 12,529,600	\$ 2,308,915	\$ 9,813,737	\$ 2,715,863
Operating expenses	<u>(16,689,980)</u>	<u>(13,400,424)</u>	<u>(3,289,556)</u>	<u>(12,325,384)</u>	<u>(1,075,040)</u>
<b>Operating income before depreciation</b>	(1,851,465)	(870,824)	(980,641)	(2,511,647)	1,640,823
Depreciation expense	<u>(4,797,192)</u>	<u>(4,347,932)</u>	<u>(449,260)</u>	<u>(4,357,962)</u>	10,030
<b>Operating income</b>	(6,648,657)	(5,218,756)	(1,429,901)	(6,869,609)	1,650,853
Non-operating revenues(expenses), net	<u>2,046,711</u>	<u>2,709,582</u>	<u>(662,871)</u>	<u>2,391,802</u>	<u>317,780</u>
Capital contributions	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>1,412,901</u>	<u>(1,412,901)</u>
<b>Change in net position</b>	(4,351,946)	(2,509,174)	(1,842,772)	(3,064,906)	555,732
Net position:					
<b>Beginning of year</b>	<u>41,125,357</u>	<u>43,634,531</u>	<u>(2,509,174)</u>	<u>46,699,437</u>	<u>(3,064,906)</u>
<b>End of year</b>	<u>\$ 36,773,411</u>	<u>\$ 41,125,357</u>	<u>\$ (4,351,946)</u>	<u>\$ 43,634,531</u>	<u>\$ (2,509,174)</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years.

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2025, the District's net position decreased 10.58%, or \$4,351,946 from the prior year's net position of \$41,125,357 to \$36,773,411, as a result of the year's operations.

In fiscal year 2024, the District's net position decreased 5.75%, or \$2,509,174 from the prior year's net position of \$43,634,531 to \$41,125,357, as a result of the year's operations.

**TRABUCO CANYON WATER DISTRICT**  
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For the Years Ended June 30, 2025 and 2024

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

The following tables present the detailed breakdown of the information presented in the condensed summary.

**Total Revenues**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
<b>Operating revenues:</b>					
Water consumption sales	\$ 4,944,513	\$ 3,642,268	\$ 1,302,245	\$ 3,577,112	\$ 65,156
Water service charges	3,725,327	3,256,048	469,279	1,300,466	1,955,582
Sewer service charges	2,847,510	2,480,724	366,786	2,098,956	381,768
Recycled water sales	1,536,695	1,101,951	434,744	907,833	194,118
Wholesale water sales - Baker Treatment Plant	1,536,256	1,831,802	(295,546)	1,629,310	202,492
Other operating revenues	248,214	216,807	31,407	300,060	(83,253)
<b>Total operating revenues</b>	<u>14,838,515</u>	<u>12,529,600</u>	<u>2,308,915</u>	<u>9,813,737</u>	<u>2,715,863</u>
<b>Non-operating revenues:</b>					
Property taxes	2,352,844	2,312,186	40,658	2,203,522	108,664
Investment earnings	687,429	357,229	330,200	325,827	31,402
Rental revenue	27,065	27,065	-	27,064	1
Other non-operating revenues	8,674	267,005	(258,331)	34,966	232,039
<b>Total non-operating revenues</b>	<u>3,076,012</u>	<u>2,963,485</u>	<u>112,527</u>	<u>2,591,379</u>	<u>372,106</u>
<b>Total revenues</b>	<u>\$ 17,914,527</u>	<u>\$ 15,493,085</u>	<u>\$ 2,421,442</u>	<u>\$ 12,405,116</u>	<u>\$ 3,087,969</u>

In fiscal year 2025, operating revenues increased by 18.43%, or \$2,308,915 from \$12,529,600 to \$14,838,515, from the prior year, primarily due to increases in water consumption sales and service charges, as well as sewer service charges. Non-operating revenues increased by \$112,527 primarily due to an increase in investment earnings.

In fiscal year 2024, operating revenues increased by 27.67%, or \$2,715,863 from \$9,813,737 to \$12,529,600, from the prior year, primarily due to increases in water and sewer service charges. Non-operating revenues increased by \$372,106 primarily due to an increase in other non-operating revenues.

**TRABUCO CANYON WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
For the Years Ended June 30, 2025 and 2024

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Total Expenses**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
<b>Operating expenses:</b>					
Source of supply	\$ 5,334,510	\$ 3,862,414	\$ 1,472,096	\$ 3,325,796	\$ 536,618
Pumping and power	400,961	339,222	61,739	279,177	60,045
Water treatment	104,637	167,006	(62,369)	351,136	(184,130)
Transmission and distribution	452,237	184,811	267,426	279,192	(94,381)
Sewer operations	636,746	643,577	(6,831)	566,643	76,934
Recycled operations	537,373	606,960	(69,587)	555,663	51,297
General and administrative	9,223,516	7,596,434	1,627,082	6,967,777	628,657
<b>Total operating expenses</b>	<u>16,689,980</u>	<u>13,400,424</u>	<u>3,289,556</u>	<u>12,325,384</u>	<u>1,075,040</u>
Depreciation expense	4,797,192	4,347,932	449,260	4,357,962	(10,030)
<b>Non-operating expenses:</b>					
Interest expense	1,014,525	178,714	835,811	189,447	(10,733)
Cost of debt issuance	-	65,000	(65,000)	-	65,000
Property tax administration expense	14,776	10,189	4,587	10,130	59
<b>Total non-operating expenses</b>	<u>1,029,301</u>	<u>253,903</u>	<u>775,398</u>	<u>199,577</u>	<u>54,326</u>
<b>Total expenses</b>	<u>\$ 22,516,473</u>	<u>\$ 18,002,259</u>	<u>\$ 4,514,214</u>	<u>\$ 16,882,923</u>	<u>\$ 1,119,336</u>

In fiscal year 2025, operating expenses before depreciation expense increased by 24.55% or \$3,289,556 from \$13,400,424 to \$16,689,657, from the prior year, primarily due to increases source of supply and in general and administrative expenses. Non-operating expenses increased by \$775,398 primarily due to an increase in interest expense from the 2024 debt issuance.

In fiscal year 2024, operating expenses before depreciation expense increased by 8.72% or \$1,075,040 from \$12,325,384 to \$13,400,424, from the prior year, primarily due to increases source of supply and in general and administrative expenses. Non-operating expenses increased by \$54,326 primarily due to a one-time debt issuance cost.

**Capital Assets**

	<u>Balance June 30, 2025</u>	<u>Balance June 30, 2024</u>	<u>Balance June 30, 2023</u>
<b>Capital assets:</b>			
Non-depreciable assets	\$ 3,715,632	\$ 6,131,719	\$ 4,816,815
Depreciable assets	132,836,735	126,648,551	125,261,793
Accumulated depreciation	<u>(89,085,847)</u>	<u>(84,662,473)</u>	<u>(80,461,369)</u>
<b>Total capital assets, net</b>	<u>\$ 47,466,520</u>	<u>\$ 48,117,797</u>	<u>\$ 49,617,239</u>

At June 30, 2025 and 2024, the District's investment in capital assets amounted to \$47,466,520 and \$48,117,797 (net of accumulated depreciation), respectively. Capital asset additions for 2025 amounted to \$4,145,915 for various projects and equipment. See Note 6 for further information.

**TRABUCO CANYON WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2025 and 2024*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Debt Administration**

The long-term debt of the District is summarized below:

<b>Long-term debt:</b>	<b>Balance</b> <b>June 30, 2025</b>	<b>Balance</b> <b>June 30, 2024</b>	<b>Balance</b> <b>June 30, 2023</b>
Loans payable	<u>\$ 21,990,585</u>	<u>\$ 22,087,738</u>	<u>\$ 11,770,766</u>

For the years ended June 30, 2025 and 2024, long-term debt decreased by \$97,153 and increased by \$10,316,972, respectively. See Note 8 for further information.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION**

The District's Board of Directors and management considered many factors when setting the fiscal year 2025 user fees and charges. A projection is made on the acre feet of water that will be purchased and sold. The District also looks at the increased cost of the source of supply. Since the District heavily relies on imported water, the costs are directly passed through by Metropolitan Water District. Some are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as vehicle expenses and insurance coverages. The District's customer base has not changed significantly; therefore, revenue and costs are more easily projected. Questions concerning the information about the economic analysis, revenue and expense assumptions, and other budgetary process parameters utilized in the annual budget preparation can be obtained from the District's Finance department.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager, at 32003 Dove Canyon Drive, Trabuco Canyon, California 92679, (949) 858-0277.

# TRABUCO CANYON WATER DISTRICT

## Balance Sheets

June 30, 2025 and 2024

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2025</u>	<u>2024</u>
<b>Current assets:</b>		
Cash and cash equivalents (Note 2)	\$ 4,642,564	\$ 3,322,824
Accrued interest receivable	6,769	2,506
Accounts receivable, net (Note 4)	2,527,855	2,098,459
Lease receivable (Note 5)	31,672	30,122
Other receivables	995,564	565,223
Prepaid expenses	131,375	78,336
<b>Total current assets</b>	<b>8,335,799</b>	<b>6,097,470</b>
<b>Non-current assets:</b>		
Restricted – cash and cash equivalents (Note 2 and 3)	9,459,272	15,106,824
Restricted – accrued interest receivable (Note 3)	14,223	18,150
Lease receivable - (Note 5)	-	31,672
Capital assets – not being depreciated (Note 6)	3,715,632	6,131,719
Capital assets – being depreciated, net (Note 6)	43,750,888	41,986,078
<b>Total non-current assets</b>	<b>56,940,015</b>	<b>63,274,443</b>
<b>Total assets</b>	<b>65,275,814</b>	<b>69,371,913</b>
<b>Deferred outflows of resources:</b>		
Deferred amounts related to net OPEB liability (Note 9)	1,619,910	966,636
Deferred amounts related to net pension liability (Note 10)	1,477,495	1,855,980
<b>Total deferred outflows of resources</b>	<b>3,097,405</b>	<b>2,822,616</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 68,373,219</b>	<b>\$ 72,194,529</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 2,554,645	\$ 2,889,396
Deposits and unearned revenues	211,638	182,718
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	133,118	100,445
Loans payable (Note 8)	836,647	97,153
<b>Total current liabilities</b>	<b>3,736,048</b>	<b>3,269,712</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	247,216	186,539
Loans payable (Note 8)	21,153,938	21,990,585
Net OPEB liability (Note 9)	2,002,185	948,175
Net pension liability (Note 10)	4,159,355	4,202,950
<b>Total non-current liabilities</b>	<b>27,562,694</b>	<b>27,328,249</b>
<b>Total liabilities</b>	<b>31,298,742</b>	<b>30,597,961</b>
<b>Deferred inflows of resources:</b>		
Deferred amounts related to leases (Note 5)	27,064	54,128
Deferred amounts related to net OPEB liability (Note 9)	216,450	265,351
Deferred amounts related to net pension liability (Note 10)	57,552	151,732
<b>Total deferred inflows of resources</b>	<b>301,066</b>	<b>471,211</b>
<b>Net position:</b>		
Net investment in capital assets (Note 11)	32,911,421	37,290,826
Restricted for capital improvements (Note 3)	1,300,747	3,864,207
Unrestricted (Deficit) (Note 12)	2,561,243	(29,676)
<b>Total net position</b>	<b>36,773,411</b>	<b>41,125,357</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 68,373,219</b>	<b>\$ 72,194,529</b>

**TRABUCO CANYON WATER DISTRICT***Statements of Revenues, Expenses and Changes in Net Position  
For the Fiscal Years Ended June 30, 2025 and 2024*

	<u>2025</u>	<u>2024</u>
<b>Operating revenues:</b>		
Water consumption sales	\$ 4,944,513	\$ 3,642,268
Water service charges	3,725,327	3,256,048
Sewer service charges	2,847,510	2,480,724
Recycled water sales	1,536,695	1,101,951
Wholesale water sales – Baker Treatment Plant	1,536,256	1,831,802
Other operating revenues	248,214	216,807
<b>Total operating revenues</b>	<u>14,838,515</u>	<u>12,529,600</u>
<b>Operating expenses:</b>		
Source of supply	5,334,510	3,862,414
Pumping and power	400,961	339,222
Water treatment	104,637	167,006
Transmission and distribution	452,237	184,811
Sewer operations	636,746	643,577
Recycled operations	537,373	606,960
General and administrative	9,223,516	7,596,434
<b>Total operating expenses</b>	<u>16,689,980</u>	<u>13,400,424</u>
<b>Operating loss before depreciation</b>	(1,851,465)	(870,824)
Depreciation expense	(4,797,192)	(4,347,932)
<b>Operating loss</b>	<u>(6,648,657)</u>	<u>(5,218,756)</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes	2,352,844	2,312,186
Investment earnings	687,429	357,229
Rental revenue	27,065	27,065
Interest expense	(1,014,525)	(178,714)
Cost of debt issuance	-	(65,000)
Property tax administration charge	(14,776)	(10,189)
Other non-operating revenues	8,674	267,005
<b>Total non-operating revenues(expenses), net</b>	<u>2,046,711</u>	<u>2,709,582</u>
<b>Change in net position before capital contributions</b>	<u>(4,601,946)</u>	<u>(2,509,174)</u>
<b>Capital contributions:</b>		
Capital grants	250,000	-
<b>Total capital contributions</b>	<u>250,000</u>	<u>-</u>
<b>Change in net position</b>	<u>(4,351,946)</u>	<u>(2,509,174)</u>
<b>Net position:</b>		
Beginning of year	41,125,357	43,634,531
End of year	<u>\$ 36,773,411</u>	<u>\$ 41,125,357</u>

**TRABUCO CANYON WATER DISTRICT**  
*Statements of Cash Flows*  
*For the Fiscal Years Ended June 30, 2025 and 2024*

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	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 14,044,639	\$ 12,865,298
Cash paid to employees for salaries and wages	(3,461,730)	(2,981,093)
Cash paid to vendors and suppliers for materials and services	<u>(12,928,289)</u>	<u>(9,102,858)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(2,345,380)</u>	<u>781,347</u>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	<u>2,338,068</u>	<u>2,301,997</u>
<b>Net cash provided by non-capital financing activities</b>	<u>2,338,068</u>	<u>2,301,997</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(4,145,915)	(2,848,490)
Capital grants	250,000	-
Proceeds from loan payable	-	20,443,000
Principal paid on long-term debt	(97,153)	(10,191,028)
Interest paid on long-term debt	<u>(1,014,525)</u>	<u>(178,714)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(5,007,593)</u>	<u>7,224,768</u>
<b>Cash flows from investing activities:</b>		
Investment earnings	<u>687,093</u>	<u>368,054</u>
<b>Net cash provided by (used in) investing activities</b>	<u>687,093</u>	<u>368,054</u>
<b>Net increase(decrease) in cash and cash equivalents</b>	<u>(4,327,812)</u>	<u>10,676,166</u>
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>18,429,648</u>	<u>7,753,482</u>
End of year	<u>\$ 14,101,836</u>	<u>\$ 18,429,648</u>
<b>Reconciliation of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 4,642,564	\$ 3,322,824
Restricted – cash and cash equivalents	<u>9,459,272</u>	<u>15,106,824</u>
<b>Total cash and cash equivalents</b>	<u>\$ 14,101,836</u>	<u>\$ 18,429,648</u>

**TRABUCO CANYON WATER DISTRICT**  
*Statements of Cash Flows (continued)*  
*For the Fiscal Year Ended June 30, 2025 and 2024*

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (6,648,657)	\$ (5,218,756)
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>		
Depreciation	4,797,192	4,347,932
Rental and contract revenue	27,065	27,065
Other non-operating revenues	8,674	267,005
<b>Change in assets - (increase)decrease:</b>		
Accounts receivable, net	(429,396)	(221,134)
Lease receivable	30,122	28,630
Other receivables	(430,341)	234,132
Prepaid expenses	(53,039)	26,410
<b>Change in deferred outflows of resources - (increase)decrease</b>		
Deferred amounts related to net OPEB liability	(653,274)	(313,924)
Deferred amounts related to net pension liability	378,485	(687)
<b>Change in liabilities - increase(decrease):</b>		
Accounts payable and accrued expenses	(334,751)	839,008
Deposits and unearned revenues	28,920	19,724
Compensated absences	93,350	18,336
Net OPEB liability	1,054,010	505,048
Net pension liability	(43,595)	398,652
<b>Change in deferred inflows of resources - increase(decrease)</b>		
Deferred amounts related to leases	(27,064)	(27,064)
Deferred amounts related to net OPEB liability	(48,901)	(48,902)
Deferred amounts related to net pension liability	(94,180)	(100,128)
<b>Total adjustments</b>	<u>4,303,277</u>	<u>6,000,103</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (2,345,380)</u>	<u>\$ 781,347</u>

# TRABUCO CANYON WATER DISTRICT

## *Notes to Financial Statements*

*June 30, 2025 and 2024*

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### **NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Description of Organization**

The Trabuco Canyon Water District (District) was organized in January 1962, under provisions of the County Water District Act (Sections 30000 et. seq. of the Water Code of the State of California). The District is governed by a Board of Directors made up of five members elected by the qualified voters in the District. The purpose of the District is to finance, construct, operate and maintain a water system and wastewater system to serve properties within the District's boundaries. The Trabuco Canyon Water District includes the accounts of the District, Trabuco Canyon Improvement Corporation and Trabuco Canyon Public Financing Authority as blended component units.

The Trabuco Canyon Public Financing Authority (Authority) was organized on August 8, 1993, pursuant to the Government Code of the State of California (Title 1, Division 7 Section 6500 of the California Government Code), as a Joint Powers Agency, solely for the purpose of providing financial assistance to the District. Complete financial statements for the Authority are available at the District's office or upon request of the District's Treasurer at 32003 Dove Canyon Drive, Trabuco Canyon, California 92679.

The Trabuco Canyon Improvement Corporation (Corporation) was organized on September 1, 1988, pursuant to the Nonprofit Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code), solely for the purpose of providing financial assistance to the District by financing the water improvement facilities for proposed future developments within the District.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

#### **B. Basis of Presentation, Basis of Accounting**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

## TRABUCO CANYON WATER DISTRICT

### Notes to Financial Statements

June 30, 2025 and 2024

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### B. Basis of Presentation, Basis of Accounting (continued)

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

##### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

###### 1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

###### 2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 3. Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

##### 4. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

##### 5. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

##### 6. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

##### 7. Capital Assets

Capital assets are stated at cost or at their estimated acquisition value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Transmission and distribution system	5-40 years
Wastewater system	4-40 years
Structures and improvements	10-30 years
Equipment	3-15 years

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

##### 9. Compensated Absences

The District's policy is to permit employees to accumulate earned vacation up to a total of 240 hours with amounts exceeding the limit being paid out as part of the employee's regular compensation. Upon termination of employment, employees are paid all unused vacation and forfeit any unused sick time. Upon retirement employees are paid all unused vacation and 50% of any unused sick time.

In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences, and the District's policies related to compensated absences. The measurement of compensated absences includes salary-related payment such as the employer portion of medicare and social security taxes.

##### 10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

	<u>2025</u>	<u>2024</u>
Valuation Date	June 30, 2023	June 30, 2022
Measurement Date	June 30, 2024	June 30, 2023
Measurement Period	July 1, 2023 to June 30, 2024	July 1, 2022 to June 30, 2023

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 10. Pensions (continued)

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systemically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows as deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining lives of all members that are provided the benefits (active, inactive and retirees) as of the beginning of the measurement period.

##### 11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

	<u>2025</u>	<u>2024</u>
Valuation Date	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2023
Measurement Period	July 1, 2023 to June 30, 2024	July 1, 2022 to June 30, 2023

##### 12. Net Position

Net position is classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** - This component of net position consists of external constraints placed on net position imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

## TRABUCO CANYON WATER DISTRICT

### Notes to Financial Statements

June 30, 2025 and 2024

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

##### E. Property Taxes

The Orange County Assessor's Office assesses all real and personal property within the County each year. The Orange County Tax Collector's Office bills and collects the District's share of property taxes. The Orange County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Orange County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1  
Levy date July 1  
Due dates November 1 and March 1  
Collection dates December 10 and April 10

##### F. New Pronouncements–Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2025, the District has implemented new GASB pronouncements as follows:

###### **GASB Statement No. 101 – Compensated Absences**

This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employees and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024. See Note 7 for the effect of this Statement.

###### **GASB Statement No. 102 – Certain Risk Disclosures**

This GASB Statement requires state and local governments to disclose vulnerabilities due to certain concentrations and constraints that could significantly impact their financial health. A concentration refers to a dependency on a specific source—such as a major revenue stream, customer, supplier, or workforce—while a constraint involves legal, regulatory, contractual, or other external limitations that restrict an entity's ability to respond to those risks. If these factors make the government vulnerable to a near-term severe impact, disclosure is required in the notes to the financial statements. The goal of Statement No. 102 is to improve transparency and provide users with better insight into potential risks that could affect a government's financial condition. The District adopted the Statement as of July 1, 2024. See Note 15 for the effect of this Statement.

## TRABUCO CANYON WATER DISTRICT

### Notes to Financial Statements

June 30, 2025 and 2024

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#### NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents were classified in the accompanying financial statements as follows:

Description	June 30, 2025	June 30, 2024
Cash and cash equivalents	\$ 4,642,564	\$ 3,322,824
Restricted – cash and cash equivalents	9,459,272	15,106,824
<b>Total cash and cash equivalents</b>	<b>\$ 14,101,836</b>	<b>\$ 18,429,648</b>

Cash and cash equivalents consisted of the following:

Description	June 30, 2025	June 30, 2024
Demand deposits held with financial institutions	\$ 4,265,931	\$ 1,517,383
Local Agency Investment Fund (LAIF)	620,181	1,824,006
California Cooperative Liquid Assets Securities System (CLASS)	9,215,724	15,088,259
<b>Total cash and cash equivalents</b>	<b>\$ 14,101,836</b>	<b>\$ 18,429,648</b>

#### Demand Deposits with Financial Institutions

At June 30, 2025, and 2024, the carrying amount of the District's demand deposits were \$4,265,931 and \$1,517,383, respectively, and the financial institution's balances were \$4,243,350 and \$1,637,733, respectively. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

#### Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

## TRABUCO CANYON WATER DISTRICT

### *Notes to Financial Statements*

*June 30, 2025 and 2024*

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#### **NOTE 2 – CASH AND CASH EQUIVALENTS (continued)**

##### **Local Agency Investment Fund (LAIF)**

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, and 2024, the District held \$620,181 and \$1,824,006 in LAIF, respectively.

##### **California Cooperative Liquid Assets Securities System (California CLASS)**

The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that governs the investment of public funds.

The management of California CLASS is under the direction of a Board of Trustees comprised of eligible Participants of the program. The Board of Trustees has appointed Public Trust Advisors, LLC to serve as the Investment Advisor and Administrator of the program and has appointed U.S. Bank as the Custodian.

The District is a voluntary participant in California CLASS. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by California CLASS for the entire California CLASS portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by California CLASS. California CLASS is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. The California Class Prime and Enhanced Cash funds receive a credit rating of AAAM (S&P Global Ratings) and AAAf/S1 (FitchRatings), respectively. For financial reporting purposes, the District considers California CLASS a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, and 2024, the District held \$9,215,724 and \$15,088,259 in California CLASS, respectively.

##### **Concentration of Credit Risk**

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments that are subject to disclosure.

## TRABUCO CANYON WATER DISTRICT

### Notes to Financial Statements

June 30, 2025 and 2024

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#### NOTE 3 – RESTRICTED – ASSETS AND RESTRICTED – NET POSITION

Restricted assets as of June 30, were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Restricted – cash and cash equivalents	\$ 9,459,272	\$ 15,106,824
Restricted - accrued interest receivable	14,223	18,150
<b>Total restricted assets</b>	<b>\$ 9,473,495</b>	<b>\$ 15,124,974</b>

Restricted assets for the year ended June 30, were restricted as follows:

<u>Description</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Unspent proceeds from loan issuance	\$ 7,435,486	\$ 11,260,767
Developer and other capital improvements	1,300,747	1,251,055
Water reliability and emergency storage	-	2,613,152
Cash in transit – debt service	737,262	-
<b>Total restricted assets</b>	<b>9,473,495</b>	<b>15,124,974</b>
Less: Unspent proceeds from loan issuance	(7,435,486)	(11,260,767)
Cash in transit – debt service	(737,262)	-
<b>Total restricted – net position</b>	<b>\$ 1,300,747</b>	<b>\$ 3,864,207</b>

#### NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net of allowance for doubtful accounts consisted of the following:

<u>Description</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Accounts receivable	\$ 2,811,159	\$ 2,330,509
Allowance for doubtful accounts	(283,304)	(232,050)
<b>Total accounts receivable, net</b>	<b>\$ 2,527,855</b>	<b>\$ 2,098,459</b>

#### NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District’s lease receivable for the year ended June 30, 2025 was as follows:

<u>Description</u>	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2025</u>
Cellular antenna site rental	\$ 61,794	\$ -	\$ (30,122)	\$ 31,672

**TRABUCO CANYON WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2025 and 2024*

**NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)**

Changes in the District’s lease receivable for the year ended June 30, 2024 was as follows:

Description	Balance			Balance June 30, 2024
	July 1, 2023	Additions	Deductions	
Cellular antenna site rental	\$ 90,424	\$ -	\$ (28,630)	\$ 61,794

The District is reporting a total lease receivable of \$31,672 and \$61,974 and a total related deferred inflows of resources of \$27,064 and \$54,128 for the years ending June 30, 2025 and 2024, respectively. Also, the District is reporting total lease revenue of \$27,064 and \$27,064 and interest revenue of \$961 and \$1,549 related to lease payments received for the years ending June 30, 2025 and 2024, respectively.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered “volatile leases.” Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. The District’s lease is summarized as follows:

***Cellular Antenna Site Rental***

The District, on July 1, 2020, renewed a continuous lease for 72 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$162,385. As of June 30, 2025, the value of the lease receivable was \$31,672. The lease is required to make monthly fixed payments of \$2,070 for the first 12-month period, then increase 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$27,064 as of June 30, 2025. The District recognized lease revenue of \$27,064 and interest revenue of \$961 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Minimum future lease receipts for the next four fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 31,672	\$ 347	\$ 32,019
Total	31,672	\$ 347	\$ 32,019
Current	(31,672)		
Long-term	\$ -		

Changes in the District’s deferred inflows of resources related to leases for June 30, 2025 is as follows:

Description	Balance			Balance June 30, 2025
	July 1, 2024	Additions	Deductions	
Cellular antenna site rental	\$ 54,128	\$ -	\$ (27,064)	\$ 27,064

## TRABUCO CANYON WATER DISTRICT

### Notes to Financial Statements

June 30, 2025 and 2024

#### NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Changes in the District’s deferred inflows of resources related to leases for June 30, 2024 is as follows:

Description	Balance	Additions	Deductions	Balance
	July 1, 2023			June 30, 2024
Cellular antenna site rental	\$ 81,192	\$ -	\$ (27,064)	\$ 54,128

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2025, will be amortized in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Inflows of Resources
2026	\$ 27,064
<b>Total</b>	<b>\$ 27,064</b>

#### NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2025, were as follows:

Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
<b>Non-depreciable assets:</b>				
Land	\$ 2,339,113	\$ -	\$ -	\$ 2,339,113
Construction-in-process	3,792,606	4,708,987	(7,125,074)	1,376,519
<b>Total non-depreciable assets</b>	<b>6,131,719</b>	<b>4,708,987</b>	<b>(7,125,074)</b>	<b>3,715,632</b>
<b>Depreciable assets:</b>				
Water transmission and distribution system	59,465,312	158,157	(98,037)	59,525,432
Recycled water and wastewater system	59,964,016	4,453,170	(205,116)	64,212,070
Structures and improvements	1,661,634	-	-	1,661,634
Machinery and equipment	5,557,589	1,950,675	(70,665)	7,437,599
<b>Total depreciable assets</b>	<b>126,648,551</b>	<b>6,562,002</b>	<b>(373,818)</b>	<b>132,836,735</b>
<b>Accumulated depreciation:</b>				
Water transmission and distribution system	(37,041,037)	(1,920,191)	98,037	(38,863,191)
Recycled water and wastewater system	(43,240,070)	(2,192,275)	205,116	(45,227,229)
Structures and improvements	(1,381,770)	(60,741)	-	(1,442,511)
Machinery and equipment	(2,999,596)	(623,985)	70,665	(3,552,916)
<b>Total accumulated depreciation</b>	<b>(84,662,473)</b>	<b>(4,797,192)</b>	<b>373,818</b>	<b>(89,085,847)</b>
<b>Total depreciable assets, net</b>	<b>41,986,078</b>	<b>1,764,810</b>	<b>-</b>	<b>43,750,888</b>
<b>Total capital assets, net</b>	<b>\$ 48,117,797</b>	<b>\$ 6,473,797</b>	<b>\$ (7,125,074)</b>	<b>\$ 47,466,520</b>

In fiscal year 2025, major capital asset additions amounted to \$4,145,915, and depreciation expense amounted to \$4,797,192.

## TRABUCO CANYON WATER DISTRICT

### Notes to Financial Statements

June 30, 2025 and 2024

#### NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)

Changes in capital assets for the fiscal year ended June 30, 2024, were as follows:

Description	Balance July 1, 2023	Additions	Deletions/ Transfers	Balance June 30, 2024
<b>Non-depreciable assets:</b>				
Land	\$ 2,339,113	\$ -	\$ -	\$ 2,339,113
Construction-in-process	2,477,702	2,848,490	(1,533,586)	3,792,606
<b>Total non-depreciable assets</b>	<b>4,816,815</b>	<b>2,848,490</b>	<b>(1,533,586)</b>	<b>6,131,719</b>
<b>Depreciable assets:</b>				
Water transmission and distribution system	59,016,943	470,705	(22,336)	59,465,312
Recycled water and wastewater system	59,394,792	685,257	(116,033)	59,964,016
Structures and improvements	1,620,185	41,449	-	1,661,634
Machinery and equipment	5,229,873	336,175	(8,459)	5,557,589
<b>Total depreciable assets</b>	<b>125,261,793</b>	<b>1,533,586</b>	<b>(146,828)</b>	<b>126,648,551</b>
<b>Accumulated depreciation:</b>				
Water transmission and distribution system	(35,290,721)	(1,772,652)	22,336	(37,041,037)
Recycled water and wastewater system	(41,397,387)	(1,958,716)	116,033	(43,240,070)
Structures and improvements	(1,320,203)	(61,567)	-	(1,381,770)
Machinery and equipment	(2,453,058)	(554,997)	8,459	(2,999,596)
<b>Total accumulated depreciation</b>	<b>(80,461,369)</b>	<b>(4,347,932)</b>	<b>146,828</b>	<b>(84,662,473)</b>
<b>Total depreciable assets, net</b>	<b>44,800,424</b>	<b>(2,814,346)</b>	<b>-</b>	<b>41,986,078</b>
<b>Total capital assets, net</b>	<b>\$ 49,617,239</b>	<b>\$ 34,144</b>	<b>\$ (1,533,586)</b>	<b>\$ 48,117,797</b>

In fiscal year 2024 major capital asset additions amounted to \$2,848,490, and depreciation expense amounted to \$4,347,932.

#### NOTE 7 – COMPENSATED ABSENCES

Changes in compensated absences amounts for the year ended June 30, 2025, were as follows:

Balance July 1, 2024	Net Change	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
\$ 286,984	\$ 93,350	\$ 380,334	\$ 133,118	\$ 247,216

Changes in compensated absences amounts for the year ended June 30, 2024, were as follows:

Balance July 1, 2023	Net Change	Balance June 30, 2024	Due Within One Year	Due in More Than One Year
\$ 268,648	\$ 18,336	\$ 286,984	\$ 100,445	\$ 186,539

## TRABUCO CANYON WATER DISTRICT

### Notes to Financial Statements

June 30, 2025 and 2024

#### NOTE 7 – COMPENSATED ABSENCES (continued)

As of June 30, 2025, the total liability for compensated absences was \$247,216, of which \$133,118 is expected to be paid within one year and is reported as a current liability. The beginning balance of compensated absences as of July 1, 2024, reflected an immaterial difference upon implementation of GASB Statement No. 101; therefore, no restatement was required.

#### NOTE 8 – LOANS PAYABLE

Changes in loans payable amounts for the year ended June 30, 2025, were as follows:

Loans Payable	Balance			Balance June 30, 2025	Current Portion	Long-term Portion
	July 1, 2024	Additions	Deductions			
SRF Loan Payable	\$ 1,579,738	\$ -	\$ (97,153)	\$ 1,482,585	\$ 197,647	\$ 1,284,938
2024 Project Loan Payable	20,508,000	-	-	20,508,000	639,000	19,869,000
Total loans payable	<u>\$ 22,087,738</u>	<u>\$ -</u>	<u>\$ (97,153)</u>	<u>\$ 21,990,585</u>	<u>\$ 836,647</u>	<u>\$ 21,153,938</u>

Changes in loans payable amounts for the year ended June 30, 2024, were as follows:

Loans Payable	Balance			Balance June 30, 2024	Current Portion	Long-term Portion
	July 1, 2023	Additions	Deductions			
SRF Loan Payable	\$ 1,770,766	\$ -	\$ (191,028)	\$ 1,579,738	\$ 94,972	\$ 1,675,794
Bank of the West Loan Payable	10,000,000	-	(10,000,000)	-	-	-
2024 Project Loan Payable	-	20,508,000	-	20,508,000	-	10,000,000
Total loans payable	<u>\$ 11,770,766</u>	<u>\$ 20,508,000</u>	<u>\$(10,191,028)</u>	<u>\$ 22,087,738</u>	<u>\$ 94,972</u>	<u>\$ 11,675,794</u>

#### 2011 State Revolving Fund Loan

In fiscal year 2011, the District and the State of California, Department of Public Health, entered into a contract for a construction loan in the amount of \$3,694,264 under the Safe Drinking Water State Revolving Fund Law of 1977. The purpose of the loan was to assist the District in financing construction of the Trabuco Creek Wells Facility, which will enable the District to meet the State of California's safe drinking water standards. The loan proceeds were disbursed to the District based upon project expenditures submitted. The final construction costs totaled and submitted were \$3,682,316, which was \$11,948 less than the original contracted amount. The loan is scheduled to mature in fiscal year 2032. Principal and interest installments are payable each fiscal year at a rate of 2.2836% on July 1st and January 1st. Annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 197,647	\$ 32,734	\$ 230,381
2027	202,186	28,195	230,381
2028	206,829	23,552	230,381
2029	211,580	18,802	230,382
3030	216,439	13,942	230,381
2031-2032	447,904	12,858	460,762
Total	1,482,585	\$ 130,083	\$ 1,612,668
Current	(197,647)		
Long-term	<u>\$ 1,284,938</u>		

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 8 – LOANS PAYABLE (continued)

#### 2022 – Loan Payable

On February 15, 2022, the District entered into an agreement of \$10,000,000 with Bank of the West to provide funds for various capital improvement projects. The terms of the agreement provide for interest payable semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> at a rate of 1.45% per annum. The principle of the note is payable on the maturity date of July 1, 2025, or on any date prior. This loan is considered a short-term loan agreement until other financing is secured by the District. No loan amortization schedule is available. The loan was paid in full during fiscal year 2024.

#### 2024 – Loan Payable

On April 1, 2024, the District entered into an installment purchase agreement with the Trabuco Canyon Public Finance Authority (Authority) to provide funds for various capital improvement projects as well as to refinance the \$10,000,000 2022 project loan payable. Through an assignment agreement also dated April 1<sup>st</sup>, 2024, the Authority agrees to sell, assign and transfer to Capital One Public Funding, LLC (Lender), the right to receive all installment payments from the District. The terms of the agreement provide for interest payable semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> at a rate of 4.61% per annum, with principal payments due annually on July 1<sup>st</sup>. The loan is set to mature on July 1<sup>st</sup>, 2044. Annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 639,000	\$ 930,690	\$ 1,569,690
2027	669,000	900,540	1,569,540
2028	701,000	868,962	1,569,962
2029	734,000	835,885	1,569,885
2030	768,000	801,264	1,569,264
2031-2035	4,421,000	3,426,959	7,847,959
2036-2040	6,842,000	2,574,639	9,416,639
2041-2045	5,734,000	1,153,514	6,887,514
Total	20,508,000	<u>\$ 11,492,453</u>	<u>\$ 32,000,453</u>
Current	<u>(639,000)</u>		
Long-term	<u>\$ 19,869,000</u>		

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2025	2024
OPEB related deferred outflows	\$ 1,619,910	\$ 966,636
Net other post-employment benefits liability(asset)	2,002,185	948,175
OPEB related deferred inflows	216,450	265,351

#### A. General Information about the OPEB Plan

##### Plan Description

The District through a single-employer defined benefit plan, offers post-retirement health benefits to eligible employees at retirement as a continuation of the available active medical coverage. An employee is eligible for continuation of medical coverage at retirement provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit upon retirement with the District. Vesting requires at least 5 years of CalPERS eligible service. All employee with at least 5 years of CalPERS service will be eligible to continue coverage if retiring from the District and CalPERS and receive the CalPERS minimum required contribution. Vesting is based on years-of-service increasing 5% per year from 10-years (50%) to 20+years (100%).

##### Employees Hired Prior to April 1, 2014

The District's financial obligation is to pay for the retiree and eligible dependent coverage up to a monthly maximum which is targeted at the PERS Choice Plan at the family coverage level (currently \$1,914.33). The District's contribution will continue for the lifetime of the retiree and any surviving eligible spouse.

##### Employees Hired on or After April 1, 2014

The District's contribution is 100% of the coverage level elected by the retiree up to the 100/90 State Annuitant rates multiplied by a vesting schedule (below). 100/90 amount is 100% of the weighted average of single coverage and 90% of the weighted average of the additional premium for two party and family coverage for the 4 PEMHCA plans with the highest State enrollment in the prior year. The 100/90 State Annuitant rates are published each year. The 2024 monthly rates are \$767 single, \$1,461 two-party and \$1,868 family and the 2025 monthly rates are \$985 single, \$1,970 two-party and \$2,561 family.

##### Employees Covered

As of the June 30, 2024 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

	2024	2023
Inactive plan members or beneficiaries currently receiving benefit payments	11	11
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Active plan members	22	22
Total	33	33

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

#### A. General Information about the OPEB Plan (continued)

##### Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, the District has pre-funded contributions to the CERBT OPEB Trust and the District has been requesting reimbursement from the accumulating assets in the OPEB Trust on an annual basis.

##### Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2024, the measurement period, the District's contributions totaling \$259,177 included \$188,637 in current year premium payments reimbursed by the CERBT OPEB Trust and an implied subsidy of \$70,540.

##### Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

##### Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

#### B. Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

##### Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	June 30, 2023	June 30, 2023
Valuation Date	June 30, 2024	June 30, 2023
Measurement Date	Entry age normal, level percentage of payroll	Entry age normal, level percentage of payroll
Actuarial Cost Method	Fair value of assets as of the measurement date	Fair value of assets as of the measurement date
Asset Valuation Method		
Actuarial Assumptions:		
Discount Rate	4.75%	6.75%
Long-Term Expected		
Rate of Return on Investments	6.75%	6.75%
Inflation	2.50%	2.50%
Payroll increases	2.75%	2.75%
Healthcare Trend Rates	6.50% trending down 0.25% annually to 4.50% in 2029+	6.50% trending down 0.25% annually to 4.50% in 2029+
Morbidity	CalPERS 2021 Study	CalPERS 2021 Study
Mortality	CalPERS 2021 Study	CalPERS 2021 Study
Disability	Not Valued	Not Valued
Retirement	CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62	CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62
Percent Married	80% of future retirees would enroll a spouse	80% of future retirees would enroll a spouse

**TRABUCO CANYON WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2025 and 2024*

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**B. Net OPEB Liability (continued)**

**Actuarial Assumptions (continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
<b>CERBT:</b>		
Global Equities	49.00%	7.25%
Global Debt Securities	23.00%	4.25%
Inflation Assets	5.00%	3.00%
REITs	20.00%	7.25%
Commodities	3.00%	7.25%
<b>Total</b>	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.75%. The projection of cash flows used to determine the discount rate assumed that the City’s contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**C. Changes in the Net OPEB Liability/(Asset)**

The changes in the total OPEB liability for June 30, 2025, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
<b>Balance at June 30, 2024 (Measurement date June 30, 2023)</b>	\$ 4,099,168	\$ 3,150,993	\$ 948,175
<b>Changes for the year:</b>			
Service cost	124,234	-	124,234
Interest	273,076	-	273,076
Differences in experience	27,737	-	27,737
Changes in assumption	1,045,952	-	1,045,952
Employer contributions	-	70,540	(70,540)
Net investment income	-	206,291	(206,291)
Investment gains and losses	-	141,190	(141,190)
Benefit payments	(259,177)	(259,177)	-
Administrative expenses	-	(1,032)	1,032
Net changes	<u>1,211,822</u>	<u>157,812</u>	<u>1,054,010</u>
<b>Balance at June 30, 2025 (Measurement date June 30, 2024)</b>	<u>\$ 5,310,990</u>	<u>\$ 3,308,805</u>	<u>\$ 2,002,185</u>

**TRABUCO CANYON WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2025 and 2024*

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**C. Changes in the Net OPEB Liability/(Asset) (continued)**

The changes in the total OPEB liability for June 30, 2024, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
<b>Balance at June 30, 2023 (Measurement date June 30, 2022)</b>	\$ 3,549,353	\$ 3,106,226	\$ 443,127
<b>Changes for the year:</b>			
Service cost	99,904	-	99,904
Interest	236,841	-	236,841
Differences in experience	146,127	-	146,127
Changes in assumption	273,764	-	273,764
Employer contributions	-	52,863	(52,863)
Net investment income	-	199,504	(199,504)
Benefit payments	(206,821)	(206,821)	-
Administrative expenses	-	(779)	779
Net changes	549,815	44,767	505,048
<b>Balance at June 30, 2024 (Measurement date June 30, 2023)</b>	<b>\$ 4,099,168</b>	<b>\$ 3,150,993</b>	<b>\$ 948,175</b>

**Subsequent Events**

There were no subsequent events that would materially affect the results presented in this disclosure.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability/(asset) of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current discount rate:

Sensitivity of the Net OPEB liability(asset) to changes in the discount rate for the fiscal year ended June 30, 2025:

1% Decrease 3.75%	Discount Rate 4.75%	1% Increase 5.75%
\$ 2,635,185	\$ 2,002,185	\$ 1,417,803

Sensitivity of the Net OPEB liability(asset) to changes in the discount rate for the fiscal year ended June 30, 2024:

1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
\$ 1,394,204	\$ 948,175	\$ 570,972

**TRABUCO CANYON WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2025 and 2024*

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**C. Changes in the Net OPEB Liability (continued)**

**Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates**

The following presents the total OPEB liability/(asset) of the District, as well as what the District’s total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

Sensitivity of the Net OPEB liability(asset) to changes in the healthcare trend rate for June 30, 2025:

<b>Healthcare Cost</b>		
<b>5.5% Decreasing to 3.5%</b>	<b>6.5% Decreasing to 4.5%</b>	<b>7.5% Decreasing to 5.5%</b>
\$ 1,356,135	\$ 2,002,185	\$ 2,964,972

Sensitivity of the Net OPEB liability(asset) to changes in the healthcare trend rate for June 30, 2024:

<b>Healthcare Cost</b>		
<b>5.5% Decreasing to 3.5%</b>	<b>6.5% Decreasing to 4.5%</b>	<b>7.5% Decreasing to 5.5%</b>
\$ 504,028	\$ 948,175	\$ 1,487,498

**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2025, and 2024, the District recognized OPEB expense of \$381,811 and \$238,605, respectively.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions made after the measurement date	\$ 29,976	\$ -
Changes in assumptions	1,146,511	(161,476)
Differences between expected and actual experience	375,490	(54,974)
Differences between projected and actual earnings on OPEB plan investments	67,933	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<u>\$ 1,619,910</u>	<u>\$ (216,450)</u>

**TRABUCO CANYON WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2025 and 2024*

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)**

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions made after the measurement date	\$ 70,540	\$ -
Changes in assumptions	244,007	(196,634)
Differences between expected and actual experience	418,938	(68,717)
Differences between projected and actual earnings on OPEB plan investments	233,151	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 966,636</b>	<b>\$ (265,351)</b>

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$29,976 and \$70,540 in 2025 and 2024, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026, and 2025, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense in fiscal year 2025 as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 171,878
2027	283,007
2028	138,484
2029	130,608
3030	172,585
Thereafter	476,922
<b>Total</b>	<b>\$ 1,373,484</b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense in fiscal year 2025 as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 101,292
2026	83,410
2027	194,539
2028	50,016
2029	42,140
Thereafter	159,348
<b>Total</b>	<b>\$ 630,745</b>

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

### NOTE 10 – PENSION PLAN

#### Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2025	2024
Pension related deferred outflows	\$ 1,477,495	\$ 1,855,980
Net pension liability	4,159,355	4,202,950
Pension related deferred inflows	57,552	151,732

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees’ Retirement System (CalPERS), or "The Plan".

#### A. General Information about the Pension Plan

##### The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates – FY 2024	15.210%	8.320%
Required employer contribution rates – FY 2025	15.270%	8.500%

##### Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2024 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 10 – PENSION PLAN (continued)

#### A. General Information about the Pension Plan (continued)

At June 30, 2024 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	9	13	22
Transferred and terminated members	23	8	31
Retired members and beneficiaries	18	-	18
<b>Total plan members</b>	<b>50</b>	<b>21</b>	<b>71</b>

At June 30, 2022 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	10	11	21
Transferred and terminated members	24	8	32
Retired members and beneficiaries	15	-	15
<b>Total plan members</b>	<b>49</b>	<b>19</b>	<b>68</b>

All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

#### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees’ Retirement Law.

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 10 – PENSION PLAN (continued)

#### A. General Information about the Pension Plan (continued)

##### Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Contributions for the year ended June 30, 2025, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 576,771	\$ 109,888	\$ 686,659

Contributions for the year ended June 30, 2024, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 491,291	\$ 80,257	\$ 571,548

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

##### Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**TRABUCO CANYON WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2025 and 2024*

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**NOTE 10 – PENSION PLAN (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Proportionate Share of Net Pension Liability and Pension Expense (continued)**

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2025:

	<b>Percentage Share of Risk Pool</b>		<b>Change Increase/ (Decrease)</b>
	<b>Fiscal Year Ending June 30, 2025</b>	<b>Fiscal Year Ending June 30, 2024</b>	
Measurement Date	June 30, 2024	June 30, 2023	
Percentage of Risk Pool Net Pension Liability	0.085997%	0.084052%	0.001945%
Percentage of Plan Net Pension Liability	0.085997%	0.033690%	0.052307%

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2024:

	<b>Percentage Share of Risk Pool</b>		<b>Change Increase/ (Decrease)</b>
	<b>Fiscal Year Ending June 30, 2024</b>	<b>Fiscal Year Ending June 30, 2023</b>	
Measurement Date	June 30, 2023	June 30, 2022	
Percentage of Risk Pool Net Pension Liability	0.084052%	0.081302%	0.002750%
Percentage of Plan Net Pension Liability	0.033690%	0.032935%	0.000755%

The District’s proportionate share percentage of the net pension liability for the June 30, 2024, measurement date was as follows:

<b>Plan Type and Balance Descriptions</b>	<b>Plan Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Change in Plan Net Pension Liability</b>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2023 (Measurement Date)	\$ 17,669,012	\$ 13,466,062	\$ 4,202,950
Balance as of June 30, 2024 (Measurement Date)	\$ 19,269,531	\$ 15,110,175	\$ 4,159,356
<b>Change in Plan Net Pension Liability</b>	<b>\$ 1,600,519</b>	<b>\$ 1,644,113</b>	<b>\$ (43,594)</b>

The District’s proportionate share percentage of the net pension liability for the June 30, 2023, measurement date was as follows:

<b>Plan Type and Balance Descriptions</b>	<b>Plan Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Change in Plan Net Pension Liability</b>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2022 (Measurement Date)	\$ 16,370,562	\$ 12,566,264	\$ 3,804,298
Balance as of June 30, 2023 (Measurement Date)	\$ 17,669,012	\$ 13,466,062	\$ 4,202,950
<b>Change in Plan Net Pension Liability</b>	<b>\$ 1,298,450</b>	<b>\$ 899,798</b>	<b>\$ 398,652</b>

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 10 – PENSION PLAN (continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

##### Proportionate Share of Net Pension Liability and Pension Expense (continued)

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$972,367. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 686,659	\$ -
Difference between actual and proportionate share of employer contributions	-	(43,518)
Adjustment due to differences in proportions	84,869	-
Differences between expected and actual experience	359,614	(14,032)
Differences between projected and actual earnings on pension plan investments	239,449	-
Changes in assumptions	106,904	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 1,477,495</b>	<b>\$ (57,550)</b>

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$869,386. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 571,548	\$ -
Difference between actual and proportionate share of employer contributions	37,393	(88,814)
Adjustment due to differences in proportions	98,084	(29,611)
Differences between expected and actual experience	214,709	(33,307)
Differences between projected and actual earnings on pension plan investments	680,495	-
Changes in assumptions	253,751	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 1,855,980</b>	<b>\$ (151,732)</b>

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 10 – PENSION PLAN (continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

##### Proportionate Share of Net Pension Liability and Pension Expense (continued)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$686,659 and \$571,548 for 2025, and 2024, respectively, were reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending June 30, 2026 and 2025, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2025 will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2026	\$ 250,133
2027	552,839
2028	12,371
2029	<u>(82,057)</u>
<b>Total</b>	<b><u>\$ 733,286</u></b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2024 will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2025	\$ 349,498
2026	233,735
2027	529,942
2028	<u>19,525</u>
<b>Total</b>	<b><u>\$ 1,132,700</u></b>

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

### NOTE 10 – PENSION PLAN (continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

##### Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023, total pension liability. The June 30, 2024, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

##### Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The table below reflects long-term expected real rate of return by asset class.

Investment Type	Assumed asset allocation	Real Return <sup>1,2</sup>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.05%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Estate	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

<sup>1</sup> An expected inflation of 2.3% is used for this period.

<sup>2</sup> Figures are based on the 2022 Asset Liability Management study.

# TRABUCO CANYON WATER DISTRICT

## Notes to Financial Statements

June 30, 2025 and 2024

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### NOTE 10 – PENSION PLAN (continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

##### Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

##### Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

##### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Changes in the discount rate for the year ended June 30, 2025, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current Discount	Discount Rate +
	1% 5.90%	Rate 6.90%	1% 7.90%
CalPERS – Miscellaneous Plan	\$ 6,759,593	\$ 4,159,355	\$ 2,018,977

Changes in the discount rate for the year ended June 30, 2024, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current Discount	Discount Rate +
	1% 5.90%	Rate 6.90%	1% 7.90%
CalPERS – Miscellaneous Plan	\$ 6,592,609	\$ 4,202,950	\$ 2,236,056

##### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

**TRABUCO CANYON WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2025 and 2024*

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**NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets consisted of the following as of June 30:

<u>Description</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>Net investment in capital assets:</b>		
Capital assets – not being depreciated	\$ 3,715,632	\$ 6,131,719
Capital assets, net – being depreciated	43,750,888	41,986,078
Loans payable – current portion	(836,647)	(97,153)
Loans payable – non-current portion	(21,153,938)	(21,990,585)
Unspent proceeds from loan issuance (Note 3)	7,435,486	11,260,767
<b>Total net investment in capital assets</b>	<b><u>\$ 32,911,421</u></b>	<b><u>\$ 37,290,826</u></b>

**NOTE 12 – NET POSITION – UNRESTRICTED (DEFICIT)**

As of June 30, 2024, the District had an unrestricted net position deficit of (\$29,676). Due to the nature of the deficit from the implementation of GASB Statements No. 68 (net pension liability) and No. 75 (net OPEB liability) in the prior fiscal years, the District will continue to make its actuarial determined contributions to CalPERS and annually review its outstanding net pension and net OPEB liability funding requirements for future periods to reduce its deficit position.

**NOTE 13 – DEFERRED COMPENSATION SAVINGS PLAN**

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

## TRABUCO CANYON WATER DISTRICT

### Notes to Financial Statements

June 30, 2025 and 2024

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#### NOTE 14 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling and self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

<b>A. Entity</b>	ACWA-JPIA
<b>B. Purpose</b>	To pool member contributions and realize the advantages of self-insurance
<b>C. Participants</b>	As of September 30, 2024 – 401 member districts
<b>D. Governing board</b>	Nine representatives employed by members
<b>E. Condensed financial information</b>	September 30, 2024
<b>Audit signed</b>	March 27, 2025

<b>Statement of financial position:</b>	<b>Sept 30, 2024</b>
<b>Total assets</b>	<u>\$ 308,144,466</u>
<b>Deferred outflows</b>	<u>3,099,110</u>
<b>Total liabilities</b>	<u>177,706,110</u>
<b>Deferred inflows</b>	<u>4,357,741</u>
<b>Net position</b>	<u>\$ 129,179,725</u>
<b>Statement of revenues, expenses and changes in net position:</b>	
<b>Total revenues</b>	\$ 261,895,930
<b>Total expenses</b>	<u>(253,429,117)</u>
<b>Change in net position</b>	8,466,813
<b>Beginning - net position</b>	<u>120,712,912</u>
<b>Ending - net position</b>	<u>\$ 129,179,725</u>
<b>F. Member agencies share of year-end financial position</b>	Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

**Property Loss** - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

**General Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

## **TRABUCO CANYON WATER DISTRICT**

### *Notes to Financial Statements*

*June 30, 2025 and 2024*

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#### **NOTE 14 – RISK MANAGEMENT POOL (continued)**

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible. Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2025, 2024, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2022.

#### **NOTE 15 – RISK DISCLOSURE: CONCENTRATION OF REVENUE SOURCE (GASB STATEMENT NO. 102)**

The District is subject to systematic risk due to receiving over 27% of its revenues from water sales. This dependence exposes the District to potential service interruptions or financial impacts in the event of drought conditions, regulatory restrictions, or contamination of the water source. Although the District has contingency plans and infrastructure in place to supplement supply in emergencies, such alternatives may not fully meet demand or could result in significant additional costs.

The District continues to evaluate and implement diversification strategies, including the development of groundwater recharge projects, recycled water programs, and rate structure adjustments to mitigate these concentration risks.

## TRABUCO CANYON WATER DISTRICT

### Notes to Financial Statements

June 30, 2025 and 2024

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#### **NOTE 15 – RISK DISCLOSURE: CONCENTRATION OF REVENUE SOURCE (GASB STATEMENT NO. 102) (continued)**

In accordance with GASB Statement No. 102, Risk Disclosures, this note serves to disclose the concentration of revenue and associated risks that could significantly impact the District's financial position and results of operations.

#### **NOTE 16 – COMMITMENTS AND CONTINGENCIES**

##### **Economic Dependency**

The District purchases a majority of its source of supply from the Santiago Aqueduct Commission. Interruption of this source would impact the District negatively.

##### **Grant Awards**

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

##### **Excluded Leases – Short-Term Leases and De Minimis Leases**

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

##### **Construction Contracts**

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from a combination of debt, the District's replacement reserves and capital contributions. As of June 30, 2025, the District has committed approximately \$981,766 to complete projects currently in construction-in-progress.

##### **Litigation**

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

#### **NOTE 17 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 17, 2025, the on date which the financial statements were available to be issued.

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***Required Supplementary Information***

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**TRABUCO CANYON WATER DISTRICT**

*Schedule of the District's Proportionate Share of the Net Pension Liability  
For the Years Ended June 30, 2025 and 2024*

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2015	0.029498%	2,024,702	1,659,539	122.00%	76.75%
June 30, 2016	0.028990%	2,508,531	1,602,525	156.54%	72.83%
June 30, 2017	0.295680%	2,932,288	1,688,233	173.69%	72.81%
June 30, 2018	0.030022%	2,892,988	1,537,659	188.14%	73.98%
June 30, 2019	0.030748%	3,150,747	1,695,414	185.84%	73.12%
June 30, 2020	0.031247%	3,399,815	2,011,870	168.99%	75.18%
June 30, 2021	0.029543%	1,597,778	2,133,046	74.91%	89.05%
June 30, 2022	0.032935%	3,804,298	2,185,024	174.11%	76.76%
June 30, 2023	0.033690%	4,202,950	2,383,857	176.31%	76.21%
June 30, 2024	0.000860%	4,159,355	2,493,136	166.83%	78.41%

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

**From fiscal year June 30, 2016 to June 30, 2017:**

There were no changes in assumptions.

**From fiscal year June 30, 2017 to June 30, 2018:**

The discount rate was reduced from 7.65% to 7.15%.

**From fiscal year June 30, 2018 to June 30, 2022:**

There were no significant changes in assumptions.

**From fiscal year June 30, 2022 to June 30, 2023:**

The discount rate was reduced to 6.90% and inflation rate to 2.30%.

**From fiscal year June 30, 2023 to June 30, 2024:**

There were no significant changes in assumptions.

**From fiscal year June 30, 2024 to June 30, 2025:**

There were no significant changes in assumptions.

**TRABUCO CANYON WATER DISTRICT**

*Schedule of the District's Contributions to the Defined Benefit Pension Plan  
For the Years Ended June 30, 2025 and 2024*

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the</b>		<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
		<b>Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>		
June 30, 2016	264,450	(264,450)	-	1,602,525	16.50%
June 30, 2017	278,521	(278,521)	-	1,688,233	16.50%
June 30, 2018	301,990	(301,990)	-	1,537,659	19.64%
June 30, 2019	347,954	(347,954)	-	1,695,414	20.52%
June 30, 2020	417,043	(417,043)	-	2,011,870	20.73%
June 30, 2021	469,516	(708,896)	(239,380)	2,133,046	22.01%
June 30, 2022	487,803	(487,803)	-	2,185,024	22.32%
June 30, 2023	541,548	(541,548)	-	2,383,857	22.72%
June 30, 2024	571,548	(571,548)	-	2,493,136	22.92%
June 30, 2025	686,659	(686,659)	-	2,957,281	23.22%

**Notes to Schedule:**

<b>Fiscal Year</b>	<b>Valuation Date</b>	<b>Actuarial Cost Method</b>	<b>Asset Valuation Method</b>	<b>Inflation</b>	<b>Investment Rate of Return</b>
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%
June 30, 2025	June 30, 2023	Entry Age	Fair Value	2.30%	6.90%

<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Salary Increases</b>	Depending on age, service, and type of employment
<b>Investment Rate of Return</b>	Net of pension plan investment expense, including inflation
<b>Retirement Age</b>	50 years (2.5%@55), 52 years (2.0%@62)
<b>Mortality</b>	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

Certain amounts have been updated per the 2020 CalPERS Actuarial Valuations

# TRABUCO CANYON WATER DISTRICT

## Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Years Ended June 30, 2025 and 2024

Fiscal Year Ended	Last Ten Fiscal Years*				
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
<b>Total OPEB liability:</b>					
Service cost	\$ 124,234	\$ 99,904	\$ 97,230	\$ 105,855	\$ 103,022
Interest	273,076	236,841	226,428	216,193	213,932
Changes of assumptions	1,045,952	273,764	-	(226,454)	-
Differences between expected and actual experience	27,737	146,127	-	305,472	(123,689)
Changes of benefit terms	-	-	-	-	-
Benefit payments	(259,177)	(206,821)	(160,346)	(117,348)	(118,587)
Administrative expense	-	-	-	16,207	-
<b>Net change in total OPEB liability</b>	<b>1,211,822</b>	<b>549,815</b>	<b>163,312</b>	<b>299,925</b>	<b>74,678</b>
<b>Total OPEB liability - beginning</b>	<b>4,099,168</b>	<b>3,549,353</b>	<b>3,386,041</b>	<b>3,086,116</b>	<b>3,011,438</b>
<b>Total OPEB liability - ending</b>	<b>5,310,990</b>	<b>4,099,168</b>	<b>3,549,353</b>	<b>3,386,041</b>	<b>3,086,116</b>
<b>Plan fiduciary net position:</b>					
Contributions - employer	70,540	52,863	-	108,754	281,864
Net investment income	141,190	204,452	242,141	194,837	89,611
Investment gains and losses	206,291	(4,948)	(722,615)	555,649	-
Employer contributions as benefit payments	-	-	160,346	117,348	-
Administrative expense	(1,032)	(779)	(1,033)	(1,033)	(1,213)
Other expense	-	-	-	-	-
Benefit payments	(259,177)	(206,821)	(160,346)	(117,348)	(118,587)
<b>Net change in plan fiduciary net position</b>	<b>157,812</b>	<b>44,767</b>	<b>(481,507)</b>	<b>858,207</b>	<b>251,676</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,150,993</b>	<b>3,106,226</b>	<b>3,587,733</b>	<b>2,729,526</b>	<b>2,477,850</b>
<b>Plan fiduciary net position - ending</b>	<b>3,308,805</b>	<b>3,150,993</b>	<b>3,106,226</b>	<b>3,587,733</b>	<b>2,729,526</b>
<b>District's net OPEB liability</b>	<b>\$ 2,002,185</b>	<b>\$ 948,175</b>	<b>\$ 443,127</b>	<b>\$ (201,692)</b>	<b>\$ 356,590</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>62.30%</b>	<b>76.87%</b>	<b>87.52%</b>	<b>105.96%</b>	<b>88.45%</b>
<b>Covered payroll</b>	<b>2,957,281</b>	<b>2,546,507</b>	<b>2,383,857</b>	<b>2,133,046</b>	<b>1,753,930</b>
<b>District's net OPEB liability as a percentage of covered payroll</b>	<b>67.70%</b>	<b>37.23%</b>	<b>18.59%</b>	<b>-9.46%</b>	<b>20.33%</b>

### Notes to Schedule:

#### Benefit Changes:

Measurement Date June 30, 2020 – There were no changes in benefits  
Measurement Date June 30, 2021 – There were no changes in benefits  
Measurement Date June 30, 2022 – There were no changes in benefits  
Measurement Date June 30, 2023 – There were no changes in benefits  
Measurement Date June 30, 2024 – There were no changes in benefits

#### Changes in Assumptions:

Measurement Date June 30, 2020 – Inflation increased to 2.75%  
Measurement Date June 30, 2021 – Discount rate decreased to 6.75% and inflation decreased to 2.50%  
Measurement Date June 30, 2022 – There were no changes in assumptions  
Measurement Date June 30, 2023 – Mortality and retirement rates were updated to the CalPERS 2021 study from the CalPERS 2017 study.  
Measurement Date June 30, 2024 – Discount rate decreased from 6.75% to 4.75%.

## TRABUCO CANYON WATER DISTRICT

### Schedule of Changes in the District's Net OPEB Liability and Related Ratios (continued) For the Years Ended June 30, 2025 and 2024

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*		
	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB liability:</b>			
Service cost	\$ 101,477	\$ 98,521	\$ 92,077
Interest	195,787	181,652	167,849
Changes of assumptions	(97,270)	-	-
Differences between expected and actual experience	159,266	-	-
Changes of benefit terms	-	-	-
Benefit payments	(86,591)	(75,817)	(62,564)
Administrative expense	-	-	-
<b>Net change in total OPEB liability</b>	<b>272,669</b>	<b>204,356</b>	<b>197,362</b>
<b>Total OPEB liability - beginning</b>	<b>2,738,769</b>	<b>2,534,413</b>	<b>2,337,051</b>
<b>Total OPEB liability - ending</b>	<b>3,011,438</b>	<b>2,738,769</b>	<b>2,534,413</b>
<b>Plan fiduciary net position:</b>			
Contributions - employer	259,180	245,243	175,489
Net investment income	137,226	146,228	168,197
Investment gains and losses	-	-	-
Employer contributions as benefit payments	-	-	-
Administrative expense	(467)	(993)	(852)
Other expense	-	(2,457)	-
Benefit payments	(86,591)	(75,817)	(62,564)
<b>Net change in plan fiduciary net position</b>	<b>309,348</b>	<b>312,204</b>	<b>280,270</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,168,502</b>	<b>1,856,298</b>	<b>1,576,028</b>
<b>Plan fiduciary net position - ending</b>	<b>2,477,850</b>	<b>2,168,502</b>	<b>1,856,298</b>
<b>District's net OPEB liability</b>	<b>\$ 533,588</b>	<b>\$ 570,267</b>	<b>\$ 678,115</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>82.28%</b>	<b>79.18%</b>	<b>73.24%</b>
<b>Covered payroll</b>	<b>1,706,988</b>	<b>1,668,352</b>	<b>1,668,352</b>
<b>District's net OPEB liability as a percentage of covered payroll</b>	<b>31.26%</b>	<b>34.18%</b>	<b>40.65%</b>

#### Notes to Schedule:

##### Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits

Measurement Date June 30, 2018 – There were no changes in benefits

Measurement Date June 30, 2019 – There were no changes in benefits

##### Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions

Measurement Date June 30, 2018 – There were no changes in assumptions

Measurement Date June 30, 2019 – Inflation decreased to 2.50% and payroll increases include merit increases

\* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

# TRABUCO CANYON WATER DISTRICT

## Schedule of the District Contributions to the Other Post-Employment Benefits Plan For the Years Ended June 30, 2025 and 2024

Fiscal Year Ended	Last Ten Fiscal Years*				
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Actuarially determined contribution	\$ 259,177	\$ 206,821	\$ 108,754	\$ 108,754	\$ 166,309
Contributions in relation to the actuarially determined contributions	<u>(259,177)</u>	<u>(206,821)</u>	<u>(108,754)</u>	<u>(108,754)</u>	<u>(281,864)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (115,555)
Covered payroll	\$ 2,546,507	\$ 2,383,857	\$ 2,133,046	\$ 2,133,046	\$ 1,753,930
Contributions as a percentage of covered payroll	10.18%	8.68%	5.10%	5.10%	16.07%

### Notes to Schedule:

Valuation Date	June 30, 2023	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2019
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### Methods and Assumptions Used to Determine

#### Contribution Rates:

	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Discount rate	4.75%	6.75%	6.75%	6.75%	7.00%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll increases	2.75%+Merit	2.75%+Merit	2.75%+Merit	2.75%+Merit	2.75%+Merit
Mortality	(2)	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)
Percent Married	80%	80%	85%	85%	85%
Healthcare trend rates	(5)	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay

(2) FY 2023 and earlier. Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019. For FY 2024 and later. CalPERS 2021 study.

(3) FY 2023 and earlier. Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019. For FY 2024 and later. CalPERS 2021 study.

(4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62

(5) 6.50% trending down 0.25% annually to 4.50% in 2029+

\* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

**TRABUCO CANYON WATER DISTRICT**

*Schedule of the District Contributions to the Other Post-Employment Benefits Plan(continued)  
For the Years Ended June 30, 2025 and 2024*

**Last Ten Fiscal Years\***

<b>Fiscal Year Ended</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Actuarially determined contribution	\$ 172,589	\$ 169,426	\$ 175,489
Contributions in relation to the actuarially determined contributions	<u>(259,180)</u>	<u>(245,243)</u>	<u>(175,489)</u>
Contribution deficiency (excess)	<u>\$ (86,591)</u>	<u>\$ (75,817)</u>	<u>\$ -</u>
Covered payroll	\$ 1,706,930	\$ 1,668,352	\$ 1,668,352
Contributions as a percentage of covered payroll	15.18%	14.70%	10.52%

**Notes to Schedule:**

<b>Valuation Date</b>	June 30, 2019	June 30, 2017	June 30, 2017
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>			
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years
Asset valuation method	Fair Value	Fair Value	Fair Value
Discount rate	7.00%	7.00%	7.00%
Inflation	2.50%	2.75%	2.75%
Payroll increases	2.75%+Merit	3.00%	3.00%
Mortality	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)
Percent Married	85%	85%	85%
Healthcare trend rates	(5)	(5)	(5)

(1) Closed period, level percent of pay

(2) FY 2023 and earlier. Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019. For FY 2024 and later. CalPERS 2021 study.

(3) FY 2023 and earlier. Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019. For FY 2024 and later. CalPERS 2021 study.

(4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62

(5) 6.50% trending down 0.25% annually to 4.50% in 2029+

\* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

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***Supplementary Information***

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**TRABUCO CANYON WATER DISTRICT**  
*Balance Sheets – Combined – Internal Funds*  
*June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Water</b>	<b>Sewer</b>	<b>Recycled Water</b>	<b>Reclaimed Water</b>	<b>2025</b>	<b>2024</b>
<b>Current assets:</b>						
Cash and cash equivalents	\$ 2,036,462	\$ 2,821,826	\$ (215,724)	\$ -	\$ 4,642,564	\$ 3,322,824
Accrued interest receivable	-	4,200	2,569	-	6,769	2,506
Accounts receivable, net	1,767,399	471,376	289,080	-	2,527,855	2,098,459
Lease receivable	31,672	-	-	-	31,672	30,122
Other receivables	388,660	520,646	86,258	-	995,564	565,223
Prepaid expenses	56,086	42,735	32,554	-	131,375	78,336
<b>Total current assets</b>	<b>4,280,279</b>	<b>3,860,783</b>	<b>194,737</b>	<b>-</b>	<b>8,335,799</b>	<b>6,097,470</b>
<b>Non-current assets:</b>						
Restricted – cash and cash equivalents	6,633,283	2,335,786	490,203	-	9,459,272	15,106,824
Restricted - accrued interest receivable	12,865	1,358	-	-	14,223	18,150
Lease receivable	-	-	-	-	-	31,672
Capital assets – not being depreciated	1,992,002	1,481,373	242,257	-	3,715,632	6,131,719
Capital assets – being depreciated, net	23,513,391	16,459,565	3,777,932	-	43,750,888	41,986,078
<b>Total non-current assets</b>	<b>32,151,541</b>	<b>20,278,082</b>	<b>4,510,392</b>	<b>-</b>	<b>56,940,015</b>	<b>63,274,443</b>
<b>Total assets</b>	<b>36,431,820</b>	<b>24,138,865</b>	<b>4,705,129</b>	<b>-</b>	<b>65,275,814</b>	<b>69,371,913</b>
<b>Deferred outflows of resources:</b>						
Deferred amounts related to net OPEB liability	1,133,936	404,979	80,995	-	1,619,910	966,636
Deferred amounts related to net pension liability	1,034,248	369,373	73,874	-	1,477,495	1,855,980
<b>Total deferred outflows of resources</b>	<b>2,168,184</b>	<b>774,352</b>	<b>154,869</b>	<b>-</b>	<b>3,097,405</b>	<b>2,822,616</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 38,600,004</b>	<b>\$ 24,913,217</b>	<b>\$ 4,859,998</b>	<b>\$ -</b>	<b>\$ 68,373,219</b>	<b>\$ 72,194,529</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued expenses	\$ 1,695,680	\$ 661,773	\$ 197,192	\$ -	\$ 2,554,645	\$ 2,889,396
Deposits and unearned revenues	71,795	137,191	2,652	-	211,638	182,718
Long-term liabilities – due within one year:						
Compensated absences	86,964	37,702	8,452	-	133,118	100,445
Loans payable	514,732	285,928	35,987	-	836,647	97,153
<b>Total current liabilities</b>	<b>2,369,171</b>	<b>1,122,594</b>	<b>244,283</b>	<b>-</b>	<b>3,736,048</b>	<b>3,269,712</b>
<b>Non-current liabilities:</b>						
Long-term liabilities – due in more than one year:						
Compensated absences	161,503	70,017	15,696	-	247,216	186,539
Loans payable	11,144,337	8,890,623	1,118,978	-	21,153,938	21,990,585
Net OPEB liability	1,401,530	500,546	100,109	-	2,002,185	948,175
Net pension liability	2,911,548	1,039,839	207,968	-	4,159,355	4,202,950
<b>Total non-current liabilities</b>	<b>15,618,918</b>	<b>10,501,025</b>	<b>1,442,751</b>	<b>-</b>	<b>27,562,694</b>	<b>27,328,249</b>
<b>Total liabilities</b>	<b>17,988,089</b>	<b>11,623,619</b>	<b>1,687,034</b>	<b>-</b>	<b>31,298,742</b>	<b>30,597,961</b>
<b>Deferred inflows of resources:</b>						
Deferred amounts related to leases	27,064	-	-	-	27,064	54,128
Deferred amounts related to net OPEB liability	151,514	54,113	10,823	-	216,450	265,351
Deferred amounts related to net pension liability	40,286	14,388	2,878	-	57,552	151,732
<b>Total deferred inflows of resources</b>	<b>218,864</b>	<b>68,501</b>	<b>13,701</b>	<b>-</b>	<b>301,066</b>	<b>471,211</b>
<b>Net position:</b>						
Net investment in capital assets	18,898,507	10,693,474	3,319,440	-	32,911,421	37,290,826
Restricted for capital improvements	1,178,618	122,129	-	-	1,300,747	3,864,207
Unrestricted	315,926	2,405,494	(160,177)	-	2,561,243	(29,676)
<b>Total net position</b>	<b>20,393,051</b>	<b>13,221,097</b>	<b>3,159,263</b>	<b>-</b>	<b>36,773,411</b>	<b>41,125,357</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 38,600,004</b>	<b>\$ 24,913,217</b>	<b>\$ 4,859,998</b>	<b>\$ -</b>	<b>\$ 68,373,219</b>	<b>\$ 72,194,529</b>

## TRABUCO CANYON WATER DISTRICT

### Schedule of Revenues, Expenses and Changes in Net Position – Combined – Internal Funds For the Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)

	Water	Sewer	Recycled Water	Reclaimed Water	2025	2024
<b>Operating revenues:</b>						
Water consumption sales	\$ 4,944,513	\$ -	\$ -	\$ -	\$ 4,944,513	\$ 3,642,268
Water service charges	3,725,327	-	-	-	3,725,327	3,256,048
Sewer service charges	-	2,847,510	-	-	2,847,510	2,480,724
Recycled water sales	-	-	1,536,695	-	1,536,695	1,101,951
Wholesale water sales –BTP	1,536,256	-	-	-	1,536,256	1,831,802
Other operating revenues	131,758	98,523	17,933	-	248,214	216,807
<b>Total operating revenues</b>	<b>10,337,854</b>	<b>2,946,033</b>	<b>1,554,628</b>	<b>-</b>	<b>14,838,515</b>	<b>12,529,600</b>
<b>Operating expenses:</b>						
Source of supply	5,334,510	-	-	-	5,334,510	3,862,414
Pumping and power	400,961	-	-	-	400,961	339,222
Water treatment	104,637	-	-	-	104,637	167,006
Transmission and distribution	452,237	-	-	-	452,237	184,811
Sewer operations	-	636,746	-	-	636,746	643,577
Recycled operations	-	-	537,373	-	537,373	606,960
General and administrative	6,009,114	2,626,104	588,298	-	9,223,516	7,596,434
<b>Total operating expenses</b>	<b>12,301,459</b>	<b>3,262,850</b>	<b>1,125,671</b>	<b>-</b>	<b>16,689,980</b>	<b>13,400,424</b>
<b>Operating income(loss) before depreciation</b>	<b>(1,963,605)</b>	<b>(316,817)</b>	<b>428,957</b>	<b>-</b>	<b>(1,851,465)</b>	<b>(870,824)</b>
Depreciation expense	(2,336,821)	(2,145,860)	(314,511)	-	(4,797,192)	(4,347,932)
<b>Operating income(loss)</b>	<b>(4,300,426)</b>	<b>(2,462,677)</b>	<b>114,446</b>	<b>-</b>	<b>(6,648,657)</b>	<b>(5,218,756)</b>
<b>Non-operating revenues(expenses):</b>						
Property taxes	1,176,422	1,176,422	-	-	2,352,844	2,312,186
Investment earnings	177,614	442,959	66,856	-	687,429	357,229
Rental revenue	27,065	-	-	-	27,065	27,065
Interest expense	(521,042)	(438,316)	(55,167)	-	(1,014,525)	(178,714)
Cost of debt issuance	-	-	-	-	-	(65,000)
Property tax administration charge	(8,724)	(6,052)	-	-	(14,776)	(10,189)
Transfers In/(Out)	-	-	1,984,476	(1,984,476)	-	-
Other non-operating revenues	5,211	3,092	371	-	8,674	267,005
<b>Total non-operating revenues(expenses), net</b>	<b>856,546</b>	<b>1,178,105</b>	<b>1,996,536</b>	<b>(1,984,476)</b>	<b>2,046,711</b>	<b>2,709,582</b>
<b>Change in net position before capital contribs.</b>	<b>(3,443,880)</b>	<b>(1,284,572)</b>	<b>2,110,982</b>	<b>(1,984,476)</b>	<b>(4,601,946)</b>	<b>(2,509,174)</b>
<b>Capital contributions:</b>						
Water reliability and emergency storage fees	-	-	-	-	-	-
Capital grants	175,000	62,500	12,500	-	250,000	-
Contributed capital – other	-	-	-	-	-	-
<b>Total capital contributions</b>	<b>175,000</b>	<b>62,500</b>	<b>12,500</b>	<b>-</b>	<b>250,000</b>	<b>-</b>
<b>Change in net position</b>	<b>(3,268,880)</b>	<b>(1,222,072)</b>	<b>2,123,482</b>	<b>(1,984,476)</b>	<b>(4,351,946)</b>	<b>(2,509,174)</b>
<b>Net position:</b>						
Beginning of year	23,661,931	14,443,169	1,035,781	1,984,476	41,125,357	43,634,531
End of year	<u>\$ 20,393,051</u>	<u>\$ 13,221,097</u>	<u>\$ 3,159,263</u>	<u>\$ -</u>	<u>\$ 36,773,411</u>	<u>\$ 41,125,357</u>

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***Statistical Section***

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**TRABUCO CANYON WATER DISTRICT**

*Schedule of the District's Contributions to the Defined Benefit Pension Plan  
For the Year Ended June 30, 2025*

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The following statistical section of the District's annual comprehensive financial report presents detailed and historical information as a reference for understanding the information included in the basic financial statements, notes to financial statements, and required supplementary information.

**Financial Trends Schedules** **Pages 55-58**

Presents information to assist the reader in understanding how the District's financial position has performed over time.

**Revenue Capacity Schedules** **Pages 59-64**

Presents information to assist the reader in understanding the District's major revenue sources.

**Debt Capacity Schedule** **Pages 65-66**

Presents information to assist the reader in understanding the District's current levels of outstanding debt and the ability to issue additional debt in the future.

**Demographic and Economic Information** **Page 67**

Presents demographic and economic information to assist the reader in understanding the environment in which the District operates.

**Operating Information** **Pages 68-69**

Presents data related to District infrastructure and services to assist the reader in understanding how District's financial information relates to services provided by the District.

**Trabuco Canyon Water District**  
**Changes in Net Position and Net Position by Component**  
**For the Past Ten Fiscal Years**

	Fiscal Year				
	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
<b>Changes in Net Position</b>					
Operating Revenues (see Schedule 2)	14,838,515	12,529,599	9,813,737	9,018,591	8,929,018
Operating Expenses (see Schedule 3)	<u>(21,487,172)</u>	<u>(17,748,356)</u>	<u>(16,683,346)</u>	<u>(15,321,337)</u>	<u>(15,399,978)</u>
<b>Operating Income (Loss)</b>	(6,648,657)	(5,218,757)	(6,869,609)	(6,302,746)	(6,470,959)
<b>Nonoperating Revenues (Expenses)</b>					
Property Taxes	2,352,844	2,314,232	2,203,522	2,077,577	2,048,226
Investment Earnings	687,429	355,184	325,827	(109,229)	26,761
Rental Revenue	27,065	28,164	27,064	27,063	24,836
Interest Expense	(1,014,525)	(178,714)	(189,447)	(102,612)	(51,932)
Cost of Debt Issuance	-	(65,000)	-	(84,500)	-
Property Tax Administration Charge	(14,776)	(10,189)	(10,130)	(11,508)	(12,429)
Other Non-Operating Revenue	8,674	265,906	34,966	205,536	106,336
Other Non-Operating Expense	-	-	-	(140,598) <sup>(2)</sup>	-
<b>Total Non-Operating, Net</b>	<u>2,046,711</u>	<u>2,709,582</u>	<u>2,391,802</u>	<u>1,861,730</u>	<u>2,141,798</u>
<b>Net Income (Loss) before Capital Contributions</b>	(4,601,946)	(2,509,175)	(4,477,807)	(4,441,017)	(4,329,161)
<b>Capital Contributions</b>					
Water Reliability and Emergency Storage Fees	-	-	865,302	823,102	822,779
Capital Grants	250,000	-	506,804	-	99,750
Capital Contributions - Other	-	-	40,795	-	1,077,826
<b>Total Capital Contributions</b>	<u>250,000</u>	<u>-</u>	<u>1,412,901</u>	<u>823,102</u>	<u>2,000,355</u>
<b>Increase (Decrease) in Net Position</b>	(4,351,946)	(2,509,175)	(3,064,906)	(3,617,915)	(2,328,807)
Net Position at Beginning of Year	41,125,357	43,634,474	46,699,380	50,312,017	52,640,824
Restatement	-	-	-	5,278	-
<b>Net Position at End of Year</b>	<u>36,773,411</u>	<u>41,125,299</u>	<u>43,634,474</u>	<u>46,699,380</u>	<u>50,312,017</u>
<b>Net Position, Restated by Component</b>					
Net Investment in Capital Assets	32,911,421	37,290,826	40,918,075	44,617,301	47,913,266
Restricted	1,300,747	3,864,207	3,885,460	5,292,370	5,104,320
Unrestricted	<u>2,561,243</u>	<u>(29,676)</u>	<u>(1,169,004)</u>	<u>(3,210,234)</u>	<u>(2,705,511)</u>
<b>Total Net Position</b>	<u>36,773,411</u>	<u>41,125,357</u>	<u>43,634,531</u>	<u>46,699,437</u>	<u>50,312,075</u>

Source: TCWD Accounting Department

**Notes**

(1) FY 20 Capacity assignment revenue from another agency's forfeiture in shared plant asset with TCWD.

(2) Grant receivable realized as uncollectable during FY 22 for \$ 140K.

(3) Reimbursement of \$ 50K to developer per contractual obligations.

(4) Restatement related to implementation of GASB 87.

(5) Restatement related to implementation of GASB 75.

(6) Restatement related to implementation of GASB 68 and 71.

**Trabuco Canyon Water District**  
**Changes in Net Position and Net Position by Component**  
**For the Past Ten Fiscal Years**

	Fiscal Year				
	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
<b>Changes in Net Position</b>					
Operating Revenues (see Schedule 2)	8,201,075	7,449,430	8,576,909	6,778,177	5,193,572
Operating Expenses (see Schedule 3)	(14,200,695)	(12,936,934)	(13,182,336)	(10,763,964)	(9,832,915)
<b>Operating Income (Loss)</b>	(5,999,620)	(5,487,505)	(4,605,428)	(3,985,787)	(4,639,343)
<b>Nonoperating Revenues (Expenses)</b>					
Property Taxes	1,936,412	1,768,141	1,629,213	1,519,447	1,482,960
Investment Earnings	119,066	228,244	149,070	59,342	41,324
Rental Revenue	24,112	23,410	22,728	23,116	21,423
Interest Expense	(60,635)	(121,869)	(176,022)	(227,673)	(277,950)
Cost of Debt Issuance	(850)	(7,213)	(6,467)	(4,714)	(38,202)
Property Tax Administration Charge	(11,846)	(11,467)	(12,141)	(8,346)	(12,330)
Capacity Assignment Revenue	4,526,000 <sup>(1)</sup>	-	-	-	-
Other Non-Operating Revenue	48,065	94,192	103,154	42,169	19,900
Other Non-Operating Expense	-	-	(50,000) <sup>(3)</sup>	-	-
<b>Total Non-Operating, Net</b>	6,580,325	1,973,438	1,659,534	1,403,341	1,237,126
<b>Net Income (Loss) before Capital Contributions</b>	580,705	(3,514,066)	(2,945,894)	(2,582,447)	(3,402,216)
<b>Capital Contributions</b>					
Water Reliability and Emergency Storage Fees	833,511	854,770	962,266	930,279	905,773
Capital Grants	1,400,052	48,109	1,695,352	103,667	23,804
Developer Impact Fees	-	-	-	1,822,446	782,108
<b>Total Capital Contributions</b>	2,233,563	902,879	2,657,618	2,856,393	1,711,685
<b>Increase (Decrease) in Net Position</b>	2,814,268	(2,611,187)	(288,276)	273,946	(1,690,532)
Net Position at Beginning of Year	49,826,556	52,437,744	53,097,066	52,823,120	54,513,652
Restatement	-	-	(371,046) <sup>(5)</sup>	-	-
<b>Net Position at End of Year</b>	52,640,824	49,826,556	52,437,744	53,097,066	52,823,120
<b>Net Position, Restated by Component</b>					
Net Investment in Capital Assets	44,976,850	43,977,274	44,564,894	41,957,303	42,059,413
Restricted	3,254,760	6,426,257	7,312,853	7,364,937	5,401,951
Unrestricted	4,409,211	(576,976)	560,000	3,774,827	5,361,757
<b>Total Net Position</b>	52,640,821	49,826,555	52,437,747	53,097,067	52,823,121

Source: TCWD Accounting Department

**Notes**

(1) FY 20 Capacity assignment revenue from another agency's forfeiture in shared plant asset with TCWD.

(2) Grant receivable realized as uncollectable during FY 22 for \$ 40K.

(3) Reimbursement of \$ 50K to developer per contractual obligations.

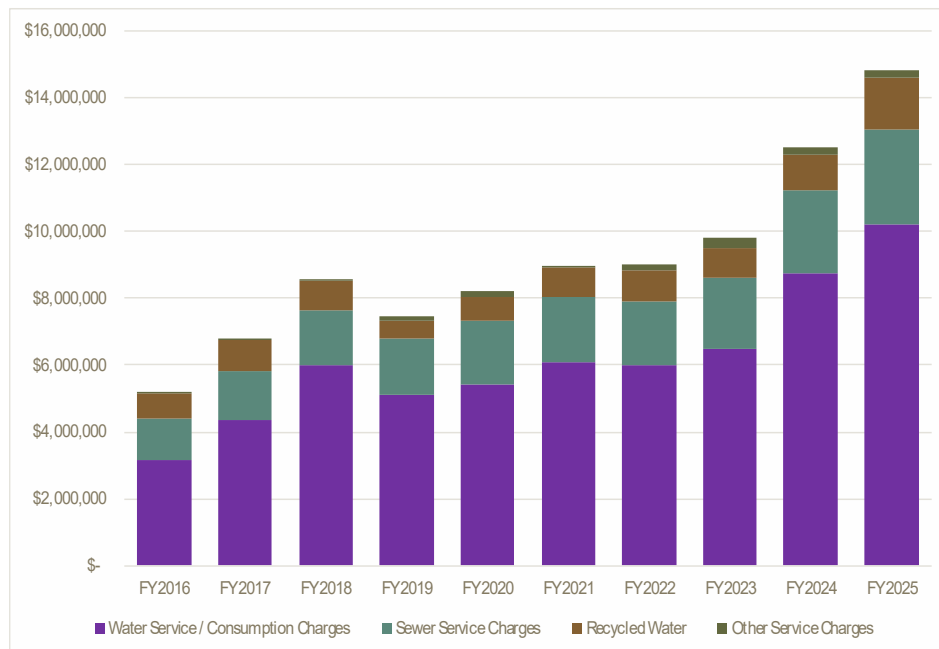
(4) Restatement related to implementation of GASB 87.

(5) Restatement related to implementation of GASB 75.

(6) Restatement related to implementation of GASB 68 and 71.

### Trabuco Canyon Water District Operating Revenues by Source For the Past Ten Fiscal Years

Fiscal Year	Water Service / Consumption Charges	Sewer Service Charges	Recycled Water	Other Service Charges	Total Operating Revenue
FY 2016	\$ 3,166,148	\$ 1,249,959	\$ 751,903	\$ 25,562	\$ 5,193,572
FY 2017	4,349,376	1,490,075	912,854	25,872	6,778,177
FY 2018	5,983,944	1,670,020	886,517	36,428	8,576,909
FY 2019	5,104,538	1,680,060	550,646	114,185 <sup>(2)</sup>	7,449,430
FY 2020	5,408,715	1,918,114	723,088	151,158	8,201,075
FY 2021	6,096,488	1,955,994	859,761	16,775 <sup>(3)</sup>	8,929,018
FY 2022	6,011,015	1,881,562	939,440	186,574 <sup>(4)</sup>	9,018,591
FY 2023	6,506,887	2,098,956	907,833	300,060	9,813,737
FY 2024	8,730,117	2,480,724	1,101,951	216,807	12,529,599
FY 2025	10,206,096	2,847,510	1,536,695	248,214	14,838,515



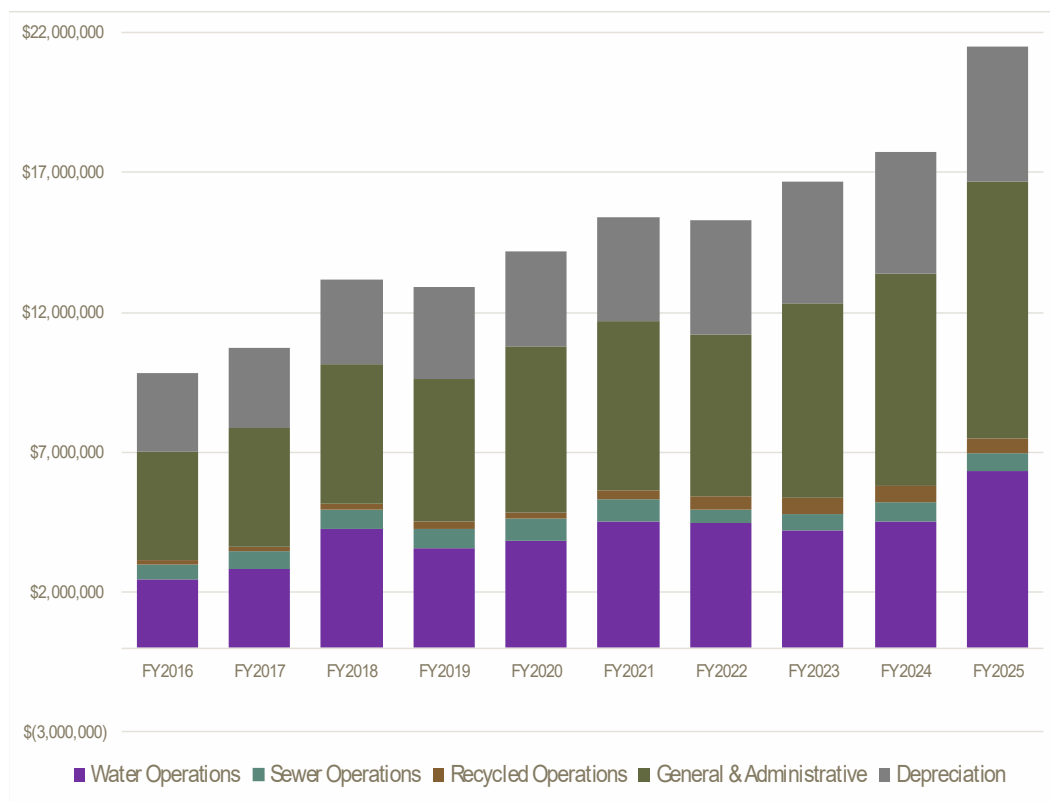
Source: TCWD Accounting Department

Notes

- (1) Watersales varies depending upon a variety of external factors beyond TCWD's control such as rainfall, population growth and supply fluctuations.
- (2) Increased due to \$ 108K in unusual customer late charges.
- (3) Others service charges decreased due to the suspension of customer late charges during the COVID-19 pandemic.
- (4) Others service charges increased due to customer late charges of \$ 179K, which resumed during the fiscal year.
- (5) Prior year revenues may be reclassified to conform to current year presentation.

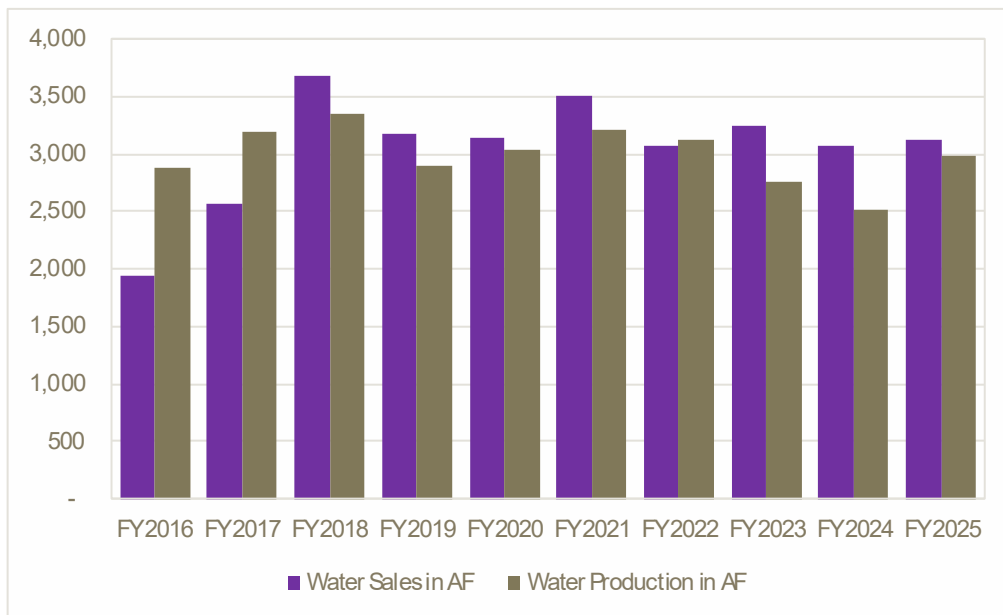
### Trabuco Canyon Water District Operating Expenses by Activity For the Past Ten Fiscal Years

Fiscal Year	Water Operations	Sewer Operations	Recycled Operations	General & Administrative	Depreciation	Total Operating Expenses
FY 2016	\$ 2,456,988	\$ 521,905	\$ 162,804	\$ 3,894,940	\$ 2,796,279	\$ 9,832,915
FY 2017	2,853,732	618,484	151,604	4,261,266	2,878,879	10,763,964
FY 2018	4,275,792	698,653	170,398	4,986,713	3,050,781	13,182,336
FY 2019	3,585,547	705,447	251,063	5,090,651	3,304,226	12,936,934
FY 2020	3,855,349	770,328	239,354	5,907,002	3,428,662	14,200,695
FY 2021	4,551,853	760,443	326,133	6,071,979	3,689,570	15,399,978
FY 2022	4,497,922	443,416	501,353	5,749,217	4,129,429	15,321,337
FY 2023	4,235,301	566,643	555,663	6,967,777	4,357,962	16,683,346
FY 2024	4,553,453	643,577	606,960	7,596,434	4,347,932	17,748,356
FY 2025	6,313,919	636,746	537,373	9,201,942	4,797,192	21,487,172



**Trabuco Canyon Water District**  
**Revenue Base**  
**For the Past Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Water Sales in AF</b>	<b>Water Production in AF</b>
FY 2016	1,933	2,885
FY 2017	2,567	3,200
FY 2018	3,674	3,351
FY 2019	3,182	2,896
FY 2020	3,134	3,039
FY 2021	3,512	3,207
FY 2022	3,073	3,128
FY 2023	3,238	2,762
FY 2024	3,077	2,520
FY 2025	3,114	2,991



**Source: TCWD Accounting Department**

**Notes**

(1) Water sold will vary depending upon a variety of external factors beyond TCWD's control such as rainfall, population growth and supply fluctuations. Excludes Baker Treatment Plant wholesale water pass-through sales.

(2) Production includes both potable and non-potable water.

### Trabuco Canyon Water District Water Rates For the Past Ten Fiscal Years

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Potable Water Consumption per Hundred Cubic Feet (HCF)</b>										
SF Residential - Tier 1	2.19	2.30	2.42	2.55	2.68	2.50	2.70	2.92	4.40	5.06
SF Residential - Tier 2	2.43	2.56	2.69	2.83	2.98	3.18	3.44	3.72	5.12	5.90
SF Residential - Tier 3	4.84	5.09	5.35	5.62	5.91	6.04	6.53	7.06	5.64	6.50
SF Residential - Tier 4	5.99	6.29	6.61	6.95	7.30	7.85	8.48	9.16	<i>3 tier structure</i>	
Multi-Family Tier 1	2.52	2.65	2.79	2.93	3.08	2.93	3.17	4.86	4.62	5.34
Multi-Family Tier 2	<i>*2 tier structure beginning FY 2024</i>								5.64	6.50
Irrigation - HOAs	2.99	3.14	3.30	3.47	3.65	4.16	4.50	4.86	4.73	5.47
Irrigation - Commercial	2.99	3.14	3.30	3.47	3.65	4.16	4.50	4.86	4.73	5.47
Commercial	2.64	2.78	2.92	3.07	3.23	3.22	3.48	3.76	4.73	5.47
Agriculture	3.05	3.21	3.38	3.55	3.73	5.28	5.71	6.17	4.73	5.47
Construction	3.84	4.04	4.25	4.47	4.70	3.72	4.02	4.35	4.77	5.47
<b>Recycled Water Consumption per Hundred Cubic Feet (HCF)</b>										
Non-Domestic - Dove	2.37	2.37	2.37	2.37	2.40	2.71	2.99	3.47	4.08	4.90
Non-Domestic - Golf Course	2.41	2.41	2.41	2.41	2.50	2.71	2.99	3.47	4.08	4.90
Non-Domestic - Other	2.41	2.41	2.41	2.41	2.41	2.71	2.99	3.47	4.08	4.90
<b>Monthly Fixed Service Charge by Meter - Potable Water</b>										
5/8 inch	13.70	14.39	15.11	15.87	16.67	18.03	19.48	21.04	46.84	53.25
3/4 inch	13.70	14.39	15.11	15.87	16.67	18.03	19.48	21.04	46.84	53.25
1 inch	19.73	20.72	21.76	22.85	24.00	26.31	28.42	30.70	94.93	108.25
1 1/2 inch	36.06	37.87	39.77	41.76	43.85	47.01	50.78	54.85	175.08	199.92
2 inch	53.50	56.18	58.99	61.94	65.04	71.85	77.60	83.81	271.26	309.93
3 inch	110.25	115.77	121.56	127.64	134.03	150.51	162.56	175.57	575.83	658.29
4 inch	191.82	201.42	211.50	222.08	233.19	266.43	287.75	310.77	1,024.67	1,171.67
6 inch	476.92	500.77	525.81	552.11	579.72	668.01	721.46	779.18	2,098.68	2,400.08
Hydrant Meter	111.05	116.61	122.45	128.58	135.01	150.51	162.56	175.57	575.83	658.29
<b>Monthly Fixed Service Charge by Meter - Recycled Water</b>										
5/8 inch	13.70	14.39	15.11	15.87	16.67	18.03	19.48	21.04	25.76	30.40
3/4 inch	13.70	14.39	15.11	15.87	16.67	18.03	19.48	21.04	25.76	30.40
1 inch	19.73	20.72	21.76	22.85	24.00	26.31	28.42	30.70	52.21	61.61
1 1/2 inch	36.06	37.87	39.77	41.76	43.85	47.01	50.78	54.85	96.29	113.63
2 inch	53.50	56.18	58.99	61.94	65.04	71.85	77.60	83.81	149.19	176.05
3 inch	110.25	115.77	121.56	127.64	134.03	150.51	162.56	175.57	316.71	373.71
4 inch	191.82	201.42	211.50	222.08	233.19	266.43	287.75	310.77	563.57	665.02
6 inch	476.92	500.77	525.81	552.11	579.72	668.01	721.46	779.18	1,154.27	1,362.05
10 inch	1,245.08	1,307.34	1,372.71	1,441.35	1,513.42	1,744.41	1,883.97	2,034.69	3,711.06	4,379.05
<b>Monthly Water Reliability and Emergency Storage (WRES) Charge</b>										
5/8 inch	16.50	16.50	16.50	16.50	16.04	16.04	16.04	16.04	<i>*WRES fee removed from rate structure</i>	
3/4 inch	16.50	16.50	16.50	16.50	16.04	16.04	16.04	16.04		
1 inch	26.39	26.39	26.39	26.39	25.25	25.25	25.25	25.25		
1 1/2 inch	39.59	39.59	39.59	39.59	38.48	38.48	38.48	38.48		
2 inch	52.78	52.78	52.78	52.78	51.30	51.30	51.30	51.30		
3 inch	79.17	79.17	79.17	79.17	76.95	76.95	76.95	76.95		
4 inch	105.56	105.56	105.56	105.56	102.60	102.60	102.60	102.60		
6 inch	158.34	158.34	158.34	158.34	153.90	153.90	153.90	153.90		
1 1/2 inch Non-Domestic	33.64	33.64	33.64	33.64	32.70	32.70	32.70	32.70		
2 inch Non-Domestic	44.86	44.86	44.86	44.86	43.60	43.60	43.60	43.60		
3 inch Non-Domestic	67.30	67.30	67.30	67.30	65.42	65.42	65.42	65.42		
4 inch Non-Domestic	89.73	89.73	89.73	89.73	87.21	87.21	87.21	87.21		
10 inch Non-Domestic	224.32	224.32	224.32	224.32	218.03	218.03	218.03	218.03		

Source: TCWD Accounting Department

Notes

- (1) The District is required to follow Proposition 28 procedures when raising or adjusting rates.
- (2) For more information on the District's rate structure, visit <https://www.tcwd.ca.gov/your-water/district-rates-fees-charges>

**Trabuco Canyon Water District  
Wastewater Rates  
For the Past Ten Fiscal Years**

<b>Fiscal Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Monthly Wastewater Service Charge</b>										
Single Family Residential	24.47	28.15	29.57	31.06	32.62	35.20	37.32	39.56	45.92	53.27
Multi-Family Residential (per DU)	24.47	28.15	29.57	31.06	32.62	26.99	28.61	35.47	45.92	53.27
<b>Billing &amp; Customer Service Charge</b>										
5/8 inch	4.64	5.34	5.61	5.90	6.20	4.58	4.85	5.14	12.58	14.60
3/4 inch	4.64	5.34	5.61	5.90	6.20	4.58	4.85	5.14	12.58	14.60
1 inch	4.64	5.34	5.61	5.90	6.20	4.58	4.85	5.14	12.58	14.60
1 1/2 inch	4.64	5.34	5.61	5.90	6.20	4.58	4.85	5.14	12.58	14.60
2 inch	4.64	5.34	5.61	5.90	6.20	4.58	4.85	5.14	12.58	14.60
3 inch	4.64	5.34	5.61	5.90	6.20	4.58	4.85	5.14	12.58	14.60
4 inch	4.64	5.34	5.61	5.90	6.20	4.58	4.85	5.14	12.58	14.60
6 inch	4.64	5.34	5.61	5.90	6.20	4.58	4.85	5.14	12.58	14.60
8 inch	4.64	5.34	5.61	5.90	6.20	4.58	4.85	5.14	12.58	14.60
<b>Volumetric Rate per Hundred Cubic Feet (HCF)</b>										
Commercial - Low	3.28	3.78	3.97	4.17	4.38	5.05	5.36	5.69	4.78	5.55
Commercial - Medium	5.28	6.08	6.39	6.71	7.05	6.41	6.80	7.21	8.00	9.28
Commercial - High	8.00	9.20	9.66	10.15	10.66	8.39	8.90	9.44	12.36	14.34

Source: TCWD Accounting Department

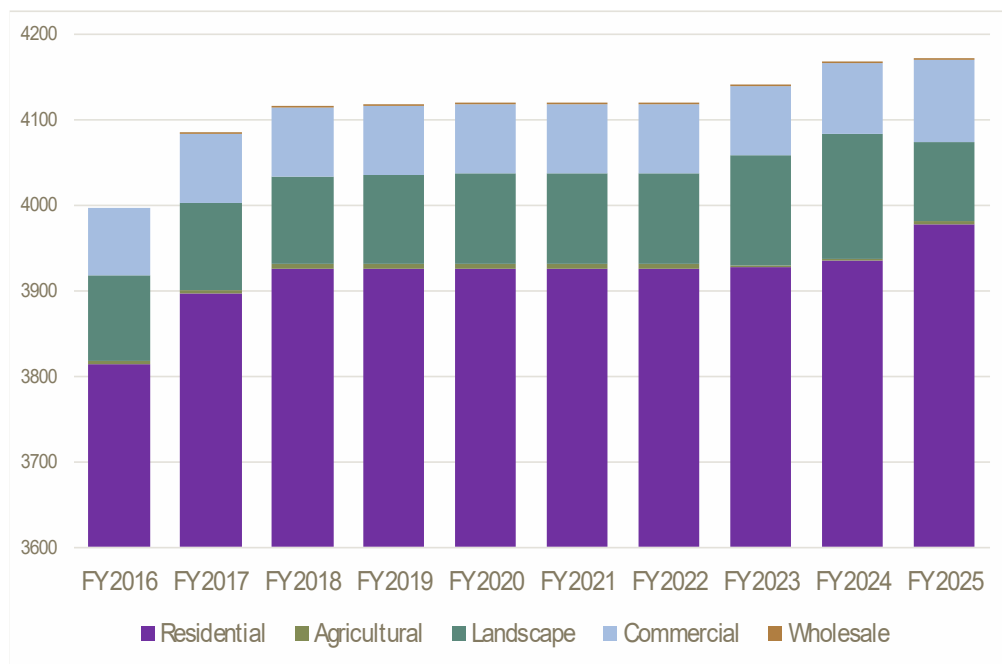
Notes

(1) The District is required to follow Proposition 218 procedures when raising or adjusting rates.

(2) For more information on the District's rate structure, visit <https://www.tcwd.ca.gov/your-water/district-rates-fees-charges>

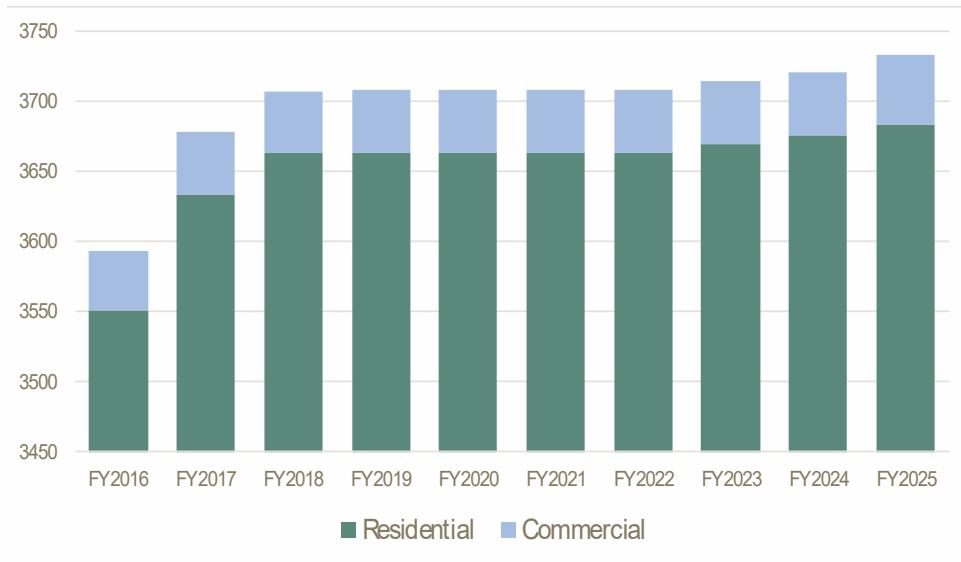
**Trabuco Canyon Water District**  
**Water Customers by Type**  
**For the Past Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Agricultural</b>	<b>Landscape</b>	<b>Commercial</b>	<b>Wholesale</b>	<b>Total Customers</b>
FY 2016	3814	5	100	79	-	3998
FY 2017	3897	5	101	80	1	4084
FY 2018	3927	5	101	81	1	4115
FY 2019	3927	5	104	81	1	4118
FY 2020	3927	5	106	81	1	4120
FY 2021	3927	5	106	81	1	4120
FY 2022	3927	5	106	81	1	4120
FY 2023	3928	2	128	81	1	4140
FY 2024	3936	2	145	83	1	4167
FY 2025	3979	2	93	96	1	4171



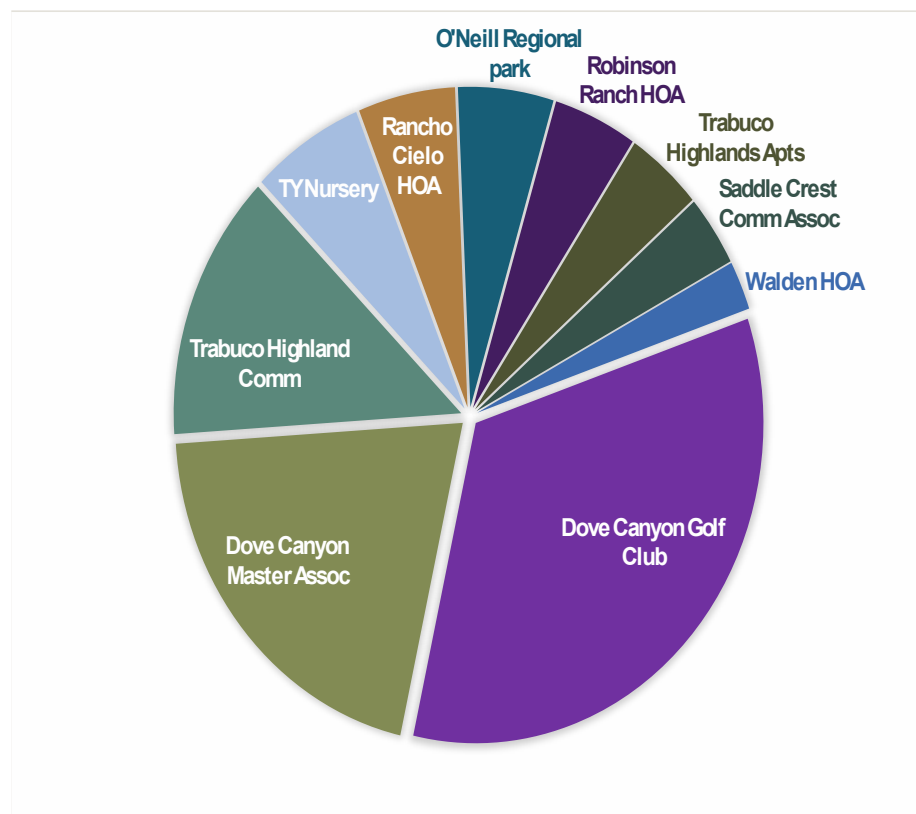
**Trabuco Canyon Water District**  
**Wastewater Customers by Type**  
**For the Past Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Total Customers</b>
FY 2016	3551	42	3593
FY 2017	3634	44	3678
FY 2018	3664	43	3707
FY 2019	3664	44	3708
FY 2020	3664	44	3708
FY 2021	3664	44	3708
FY 2022	3664	44	3708
FY 2023	3670	45	3715
FY 2024	3676	45	3721
FY 2025	3683	50	3733



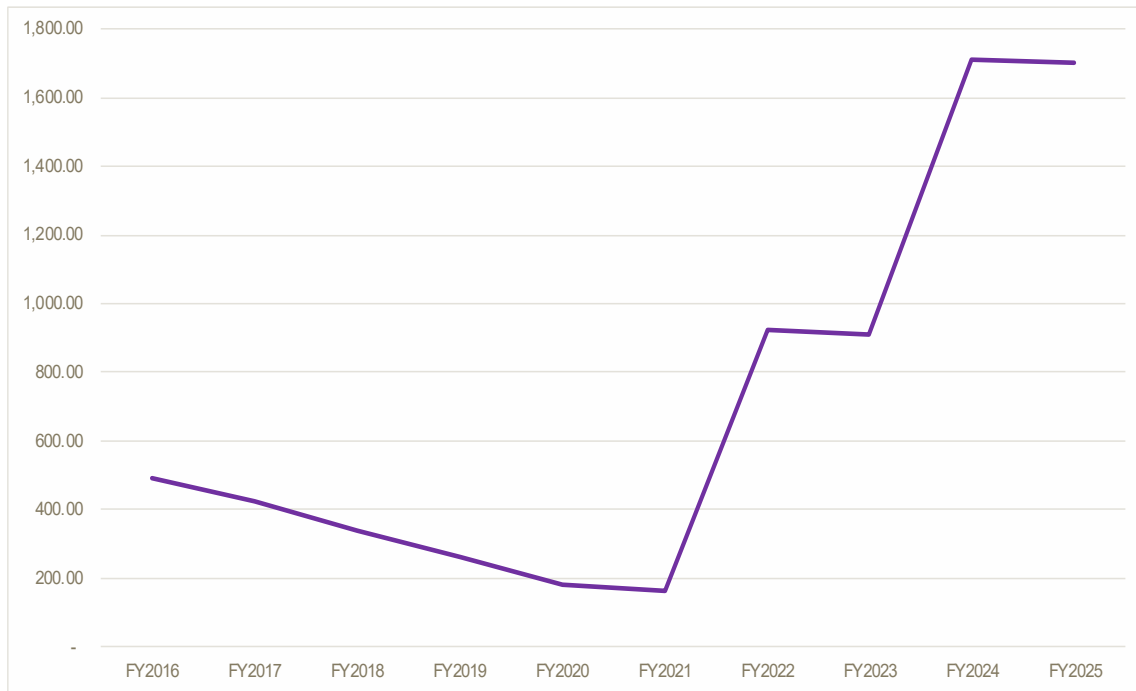
**Trabuco Canyon Water District**  
**Principal Water Customers**  
**Current Fiscal Year and Ten Years Ago**

Rank	Customer	FY 2016		FY 2025	
		Water Sold (AF) <sup>(2)</sup>	% of Total Water Sold	Water Sold (AF) <sup>(2)</sup>	% of Total Water Sold
1	Dove Canyon Golf Club	382.78	14.70%	317.25	12.03%
2	Dove Canyon Master Assoc	204.54	7.85%	192.32	7.29%
3	Trabuco Highland Comm	106.83	4.10%	127.34	4.83%
4	TY Nursery	204.77	7.86%	59.55	2.26%
5	Rancho Cielo HOA	38.05	1.46%	51.26	1.94%
6	O'Neill Regional park	49.90	1.92%	50.38	1.91%
7	Robinson Ranch HOA	44.42	1.71%	44.16	1.67%
8	Trabuco Highlands Apts	40.17	1.54%	40.20	1.52%
9	Saddle Crest Comm Assoc	0.00	0.00%	33.82	1.28%
10	Walden HOA	21.87	0.84%	23.26	0.88%
		<b>1093.33</b>	<b>41.98%</b>	<b>939.54</b>	<b>35.63%</b>



### Trabuco Canyon Water District Ratio of Outstanding Debt For the Past Ten Fiscal Years

Fiscal Year	Refunding Revenue Bonds	2011 State Revolving Fund Loan	Bank of The West Loan Payable	2024 Debt Issuance	Total Debt Outstanding	Per Capita <sup>(1)</sup>	As a Share of Personal Income <sup>(2)</sup>
FY 2016	\$ 3,235,693	\$ 2,993,121	\$ -	\$ -	\$ 6,228,814	489.99	0.82%
FY 2017	2,493,795	2,912,107	-	-	5,405,902	425.26	0.68%
FY 2018	1,711,898	2,663,469	-	-	4,375,367	338.62	0.51%
FY 2019	890,000	2,492,943	-	-	3,382,943	261.82	0.37%
FY 2020	-	2,318,501	-	-	2,318,501	179.44	0.25%
FY 2021	-	2,140,052	-	-	2,140,052	165.63	0.20%
FY 2022	-	1,957,505	10,000,000	-	11,957,505	925.43	1.10%
FY 2023	-	1,770,766	10,000,000 <sup>(3)</sup>	-	11,770,766	910.98	1.07%
FY 2024	-	1,579,738	-	20,508,000 <sup>(4)</sup>	22,087,738	1,709.44	1.88%
FY 2025	-	1,482,585	-	20,508,000	21,990,585	1,701.93	1.87%



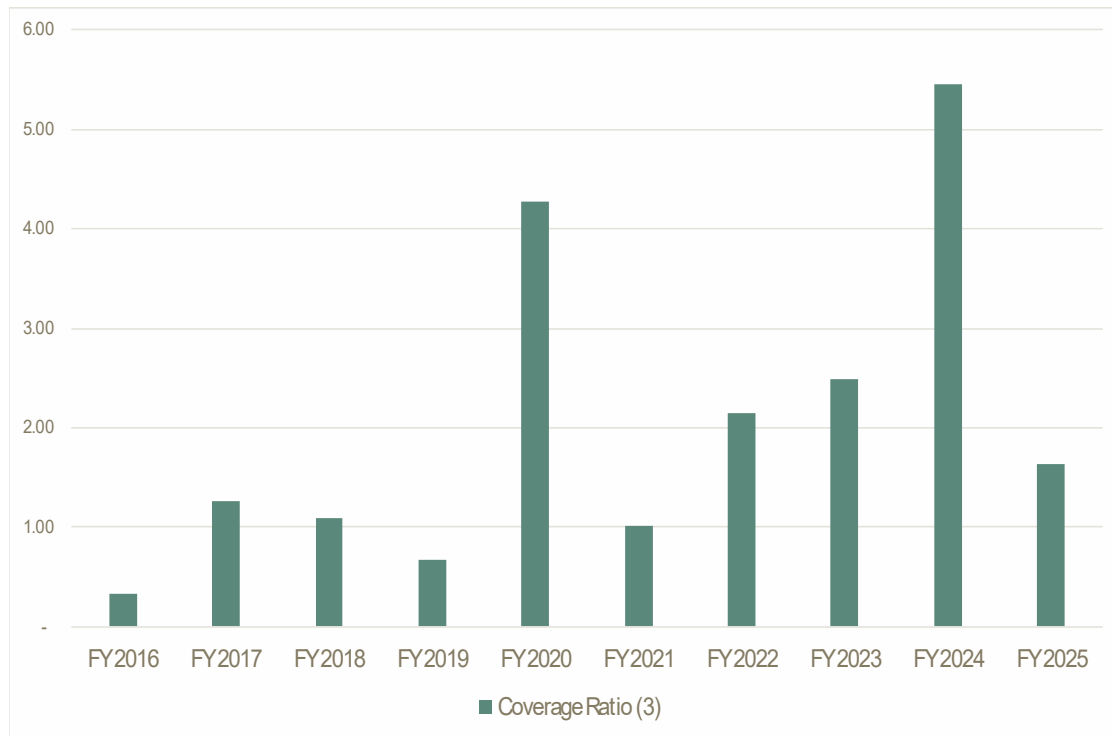
Source: TCWD Accounting Department

**Notes**

- (1) Population estimate for per capita figures is based on TCWD's Urban Water Management Plan which is updated every five years.
- (2) Personal income information is based on County of Orange data, which is representative of the conditions and experiences of TCWD.
- (3) The District received \$10M in loan proceeds from Bank of The West for use on capital projects during FY 2022 and FY 2023.
- (4) The District issued new debt in FY 2024 to pay off the Bank of the West \$10M loan proceeds as well as fund new capital improvement projects over the next three fiscal years.

### Trabuco Canyon Water District Debt Service Coverage For the Past Ten Fiscal Years

Fiscal Year	Revenues <sup>(1)</sup>	Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service		Annual Total	Coverage Ratio <sup>(3)</sup>
				Principal	Interest		
FY 2016	7,664,952	7,087,167	577,784	1,437,498	309,268	1,746,766	0.33
FY 2017	9,352,530	7,898,146	1,454,384	906,116	244,487	1,150,603	1.26
FY 2018	11,443,339	10,200,164	1,243,176	949,816	194,123	1,143,939	1.09
FY 2019	10,418,187	9,651,388	766,799	993,601	141,233	1,134,834	0.68
FY 2020	15,688,241	10,784,729	4,903,512	1,062,473	85,053	1,147,526	4.27
FY 2021	11,957,956	11,722,836	235,120	178,449	51,932	230,381	1.02
FY 2022	12,042,640	11,428,515	614,125	182,547	102,612	285,159	2.15
FY 2023	13,270,418	12,335,514	934,904	186,739	189,448	376,187	2.49
FY 2024	15,493,085	13,475,613	2,017,471	191,028	178,714	369,742	5.46
FY 2025	17,914,527	16,704,755	1,209,772	195,415	541,815	737,231	1.64



Source: TCWD Accounting Department

Notes

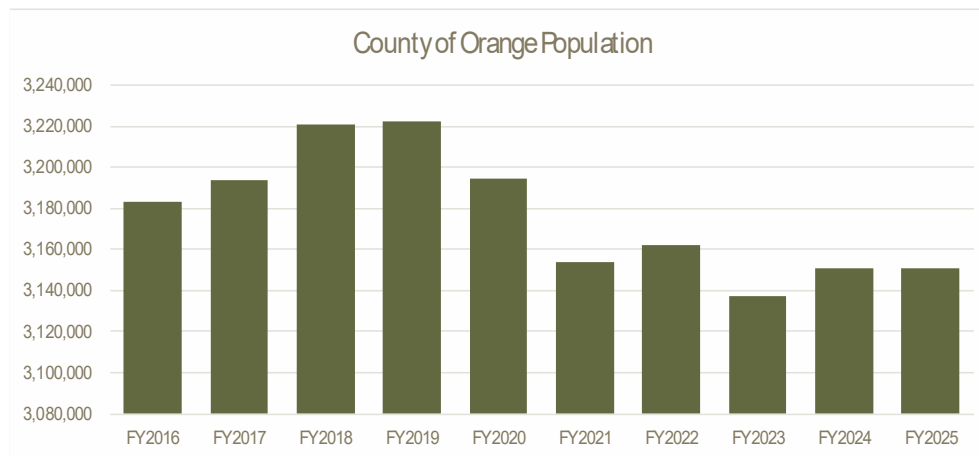
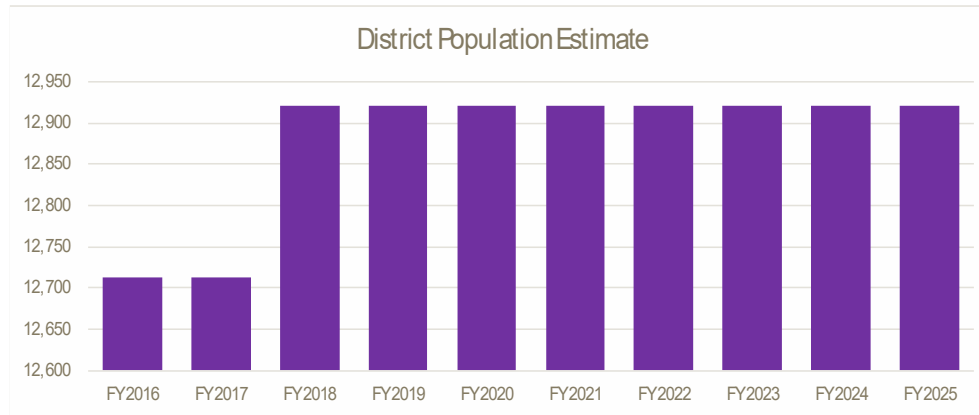
(1) Revenues include operating, non-operating revenues and Water Reliability and Emergency Services revenue.

(2) Expenses include operating and non-operating expenses less depreciation, amortization and interest expense.

(3) Coverage calculations are based on net available revenue from the annual comprehensive financial report and debt service payments due within each fiscal year.

### Trabuco Canyon Water District Demographic and Economic Statistics For the Past Ten Fiscal Years

Fiscal Year	District	County of Orange Data <sup>(2)</sup>			
	Population Estimate <sup>(1)</sup>	Unemployment Rate	Population	Personal Income	Per Capita Personal Income
FY 2016	12,712	4.4%	3,183,011	190,978,000	59,999
FY 2017	12,712	4.2%	3,194,024	199,492,000	62,458
FY 2018	12,921	3.1%	3,221,103	215,479,000	66,896
FY 2019	12,921	3.0%	3,222,498	230,180,000	71,429
FY 2020	12,921	12.3%	3,194,332	226,531,000	70,917
FY 2021	12,921	6.3%	3,153,764	258,933,000	82,103
FY 2022	12,921	2.8%	3,162,245	267,143,000	84,479
FY 2023	12,921	3.6%	3,137,164	266,043,000	84,804
FY 2024	12,921	4.4%	3,150,835	286,490,000	90,925
FY 2025	<sup>(4)</sup> 12,921	4.5%	3,150,835	286,490,000	90,925



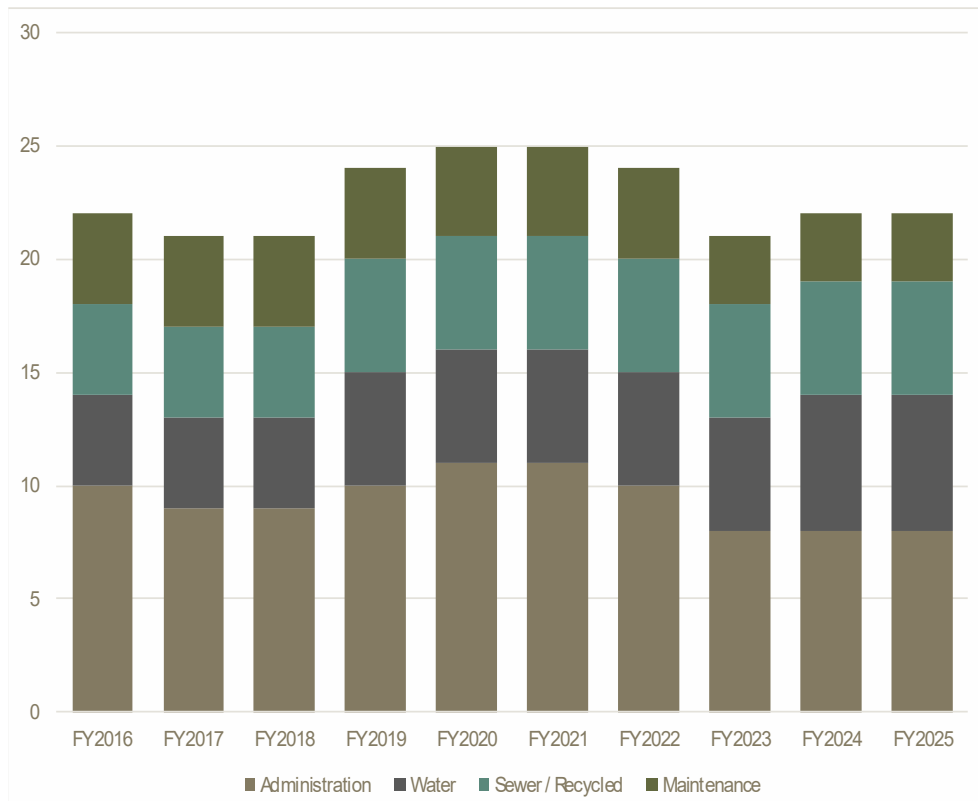
**Source: California Department of Finance and California Labor Market Info.**

**Notes**

- (1) Population estimate is based on TCWD's Urban Water Management Plan which is updated every five years
- (2) Certain economic indicators such as unemployment rate and personal income are not calculated separately for TCWD. Therefore, TCWD has chosen to use the County of Orange data, which is representative of the conditions and experiences of TCWD.
- (3) Certain economic indicators such as unemployment rate and personal income are not calculated separately for TCWD. Therefore, TCWD has chosen to use the County of Orange data, which is representative of the conditions and experiences of TCWD.
- (4) The County of Orange data for FY 2025 was not available at time of publication so estimates were used.

**Trabuco Canyon Water District**  
**Personnel Trends**  
**For the Past Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Administration</b>	<b>Water</b>	<b>Sewer / Recycled</b>	<b>Maintenance</b>	<b>Total Employees</b>
FY 2016	10	4	4	4	22
FY 2017	9	4	4	4	21
FY 2018	9	4	4	4	21
FY 2019	10	5	5	4	24
FY 2020	11	5	5	4	25
FY 2021	11	5	5	4	25
FY 2022	10	5	5	4	24
FY 2023	8	5	5	3	21
FY 2024	8	6	5	3	22
FY 2025	8	6	5	3	22



**Trabuco Canyon Water District**  
**Miscellaneous Operating Statistics**  
**For the Past Ten Fiscal Years**

<b>TCWD SERVICE AREA</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
# Water Connections	3,998	4,084	4,115	4,118	4,120	4,120	4,120	4,140	4,167	4,171
# Recycled Water Connections	28	28	28	28	28	28	28	27	28	28
# Water & Recycled Water Connections	4,026	4,112	4,143	4,146	4,148	4,148	4,148	4,167	4,195	4,199
Number of Sewer Connections	0	0	0	0	0	0	0	0	0	0
Approximate Area (Square Miles)	8200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
Number of Pump Stations	9	9	9	9	9	9	9	9	9	9
Number of Reservoirs	8	8	8	8	8	8	8	8	8	8
Number of Wells	2	2	2	2	2	2	2	2	2	2
Number of Water Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Sewage Treatment Plants	1	1	1	1	1	1	1	1	1	1
Miles of Pipeline	66	66	66	66	66	66	66	66	66	66
<b>System Capacity</b>										
Imported (Acre-Feet)	4,343	4,343	4,343	4,343	4,343	4,343	4,343	4,343	4,343	4,343
Imported (Billion Gallons)	1.42	1.42	1.42	1.42	1.42	1.42	1.42	1.42	1.42	1.42
<b>Water Demand (1)</b>										
Imported (Acre-Feet)	1,933	2,567	3,674	3,182	3,134	3,512	3,073	3,238	3,077	3,114
Imported (Billion Gallons)	0.63	0.84	1.20	1.04	1.02	1.14	1.00	1.06	1.00	1.01

Source: Trabuco Canyon Water District  
Accounting Department and Operations  
Department

Notes

(1) Water demand on this schedule includes Baker Treatment  
Plant pass-through wholesale water.

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***Other Independent Auditors' Reports***

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Trabuco Canyon Water District  
Trabuco Canyon, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Trabuco Canyon Water District (District), which comprise the balance sheet as of June 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California  
December 17, 2025

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 11, 2025**

**FINANCIAL MATTERS  
ITEM 4: FINANCIAL REPORT**

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**A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS**

**RECOMMENDED ACTION:**

*Recommend that the Board receive and file the preliminary unaudited financial statements for October 2025 (Consent Calendar).*

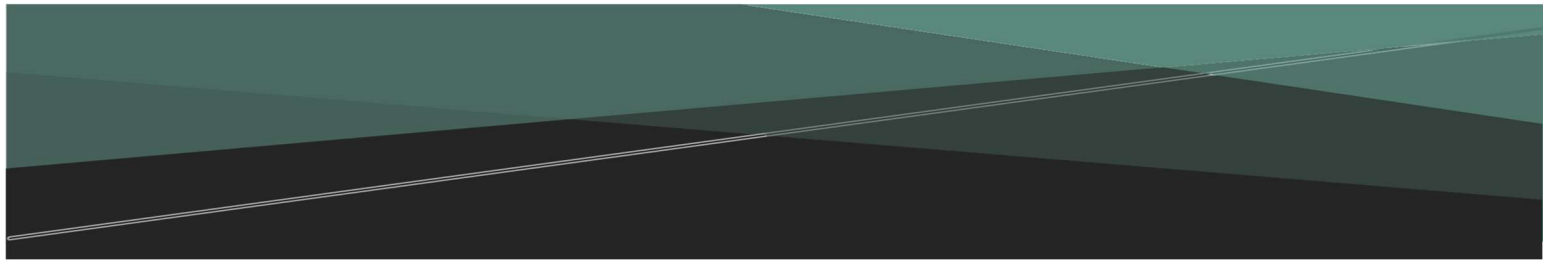
**B) BILLS FOR CONSIDERATION**

The total of the bills for consideration will be presented at the time of the December 11, 2025 Finance/Audit Committee Meeting.

**RECOMMENDED ACTION:**

*Approve and ratify the bills for consideration and warrant register and recommend that the Board ratify payment of the Bills for Consideration for December 11, 2025 as presented (Consent Calendar).*

**CONTACTS (staff responsible): PEREA/PEREA/WARNER**



# Financial Reporting

## October 2025

No assurance is provided on these financial statements. These statements do not include a statement of cash flows. All disclosures required by Generally Accepted Accounting Principles (GAAP) are not included.





**Trabuco Canyon Water District  
Financial Analysis  
October 2025**

**CASH & INVESTMENTS**

As of the reporting date, District cash and investments total \$11,063,141 and decreased \$1,549,599 from the prior reporting month. The portfolio is primarily invested in the California Cooperative Liquid Assets Securities System (CLASS) Prime Fund investments due to the safety and liquidity offered by the pool. The estimated average CLASS return throughout the reporting month outperformed the Local Agency Investment Fund (LAIF) by approximately 0.039%. Current month outflows included payments of approximately \$1.37M for construction on the Dimension Water Treatment Plant transmission main. The cash flow highlights and top ten vendor payments for the reporting month are displayed below:

**CASH FLOW HIGHLIGHTS**

<b>Cash Inflows</b>	Utility Billing Payments	\$1,465,273.63
	Property Tax Receipts	\$14,565.07
	Investments	\$47,049.53
	Other	\$6,928.18
	<b>Total Inflows</b>	<b>\$1,533,816.41</b>
<b>Cash Outflows</b>	Accounts Payable	\$2,665,113.05
	ADP Payroll / Fees & CalPERS Benefits	\$418,302.74
	Debt Service Payments	\$-
	Other	\$-
	<b>Total Outflows</b>	<b>\$3,083,415.79</b>
	<b>Net Cash Inflow / (Outflow)</b>	<b>\$(1,549,599.38)</b>



**Trabuco Canyon Water District  
Financial Analysis  
October 2025**

**TOP 10 VENDOR PAYMENTS**

Top 10 Payments	Vendor	Ops / CIP	Description of Payments
\$1,367,997.15	T.E. ROBERTS INC	CIP	Dimension Water Treatment Plant pipeline project progress payment
\$310,605.03	ADP	Ops	Employee payroll
\$179,942.50	DUPERON CORPORATION	CIP	WW-50 Robinson Ranch WWTP Headworks Replacement project
\$176,505.81	JES ENGINEERING CONTRACTORS, INC.	CIP	Final billing for RW-51 Reservoir V-Ditch Rehabilitation project
\$131,850.21	MWDOC	Ops	September 2025 water purchases and Urban Water Management Plan shared services program
\$107,697.71	CALPERS	Ops	Employee health insurance and retirement contributions
\$95,289.84	SOUTHERN CALIFORNIA EDISON	Ops	Power for District operations and the administrative office
\$77,528.08	HAZEN & SAWYER	CIP / Ops	July to September 2025 engineering for PW-03 Dimension Water Treatment Plant transmission main, FY 25/26 on-call engineering services through September 2025
\$62,668.00	BUTIER ENGINEERING, INC.	CIP	Construction management services PW-03 Dimension Water Treatment Plant transmission main
\$51,048.26	JIG CONSULTANTS	CIP	Engineering design services for various capital projects

**FINANCIAL SUMMARY**

The District Financial Summary presents financial performance in comparison to the adopted budget for each major category. The current reporting period represents 33.3% of the fiscal year.

- **Line 1 Fixed Service Charges** includes fixed charges to customers for Potable and Recycled Water service. The District implemented Recycled Water rates at 100% of the 2023 Cost-of-Service (COS) study rate plan for FY 2026 and Potable Water rates at 94.0% on July 1, 2025. The budget plans to adjust Potable Water rates to 100% of the allowable rate on January 1, 2026. Due to the semiannual rate adjustment schedule for Potable Water, this line will trend behind the expected target budget throughout the fiscal year.



**Trabuco Canyon Water District  
Financial Analysis  
October 2025**

- **Line 2 Variable Service Charges** includes volumetric charges for Potable and Recycled Water services. The District implemented Recycled Water rates at 100% of the 2023 Cost-of-Service (COS) study rate plan for FY 2026 and Potable Water rates at 94.0% on July 1, 2025. The budget plans to adjust Potable Water rates to 100% of the allowable rate on January 1, 2026. As of the reporting period, increased volumetric water purchases during the summer months are offsetting the delayed timing of the Potable Water rate adjustments and results are trending ahead of expected targets.
- **Line 3 Pass-Through Charges** includes Potable Water fixed and variable charges passed through to customers to recover wholesale water cost escalations beyond the assumptions included in the 2023 COS study. The Board adopted this pass-through rate provision during the Proposition 218 process. The budget plans to implement updated pass-through rates on January 1, 2026, based on updated wholesale water supply costs. As of the reporting period, increased volumetric water purchases are causing results to trend ahead of expected targets.
- **Line 4 BTP Wholesale Charges** includes one-to-one reimbursement from the City of San Clemente for Baker Water Treatment Plant (BTP) water purchased from the District at Metropolitan Water District of Southern California (MET) untreated water rates, as well as a pro-rated share of maintenance cost reimbursements. The District budget included 1,113 AF of wholesale water sold and 87 AF of BTP water used for District customer supply. As of the reporting period, the District has sold 256.8 AF to the City of San Clemente and used 172.0 AF to supply District customers.
- **Line 5 Wastewater Charges** include fixed and variable charges billed to customers for wastewater service. The District implemented Wastewater rates at 100.0% of the 2023 COS study rate plan on July 1, 2025.
- **Line 6 Other Revenue** includes property tax receipts, customer fees, investment earnings and other miscellaneous revenue. The District receives most of the property tax revenue in semiannual installments during the fiscal year. YTD is trending behind the expected target budget due to the timing of these receipts.
- **Line 8 Source of Supply** includes the cost of Potable and Recycled water supplies to meet customer demand. This includes the purchase of untreated water at the Dimension Water Treatment Plant, fully treated water purchases via neighboring agency connections, MET/MWDOC surcharges on volumetric water, and MET/MWDOC fixed water costs. Currently, the DWTP conveyance pipeline is non-operational, and the budget includes 6-months of more expensive emergency Potable Water purchases during FY 2026. YTD is trending ahead of the expected budget due to increased Summer demand, and the expensive source of emergency water purchases planned for the first half of the fiscal year.
- **Line 9 Cost of BTP Wholesale** includes the cost of Baker Water Treatment Plant water sold to the City of San Clemente. This line item accounts for the per acre-foot charge of water paid to MWDOC at MET untreated water rates, excluding the SAC Operational Surcharge, and the quarterly maintenance charges. This line is trending behind expected targets due to the reduction in sales to the City of San Clemente and the timing of quarterly maintenance costs paid to IRWD.
- **Line 10 Staffing Resources** includes employee compensation, health benefits, retirement contributions, retiree health insurance, and OPEB trust reimbursements (reimbursements from the District's Section 115 OPEB trust).
- **Line 11 Operations & Maintenance** includes general repairs and maintenance, electrical repairs, vehicle and equipment maintenance, distribution electricity, lab testing and operating supplies.
- **Line 12 General & Administrative** includes professional services, office maintenance and supplies, Board of Directors, liability insurance, dues and memberships, public outreach and rebate programs, customer service and billing, conference, training, travel and miscellaneous expenses. YTD is trending ahead of the expected target budget due to annual payments for insurance, LAFCO fees, ACWA dues, and MWDOC programs participation.



**Trabuco Canyon Water District  
Financial Analysis  
October 2025**

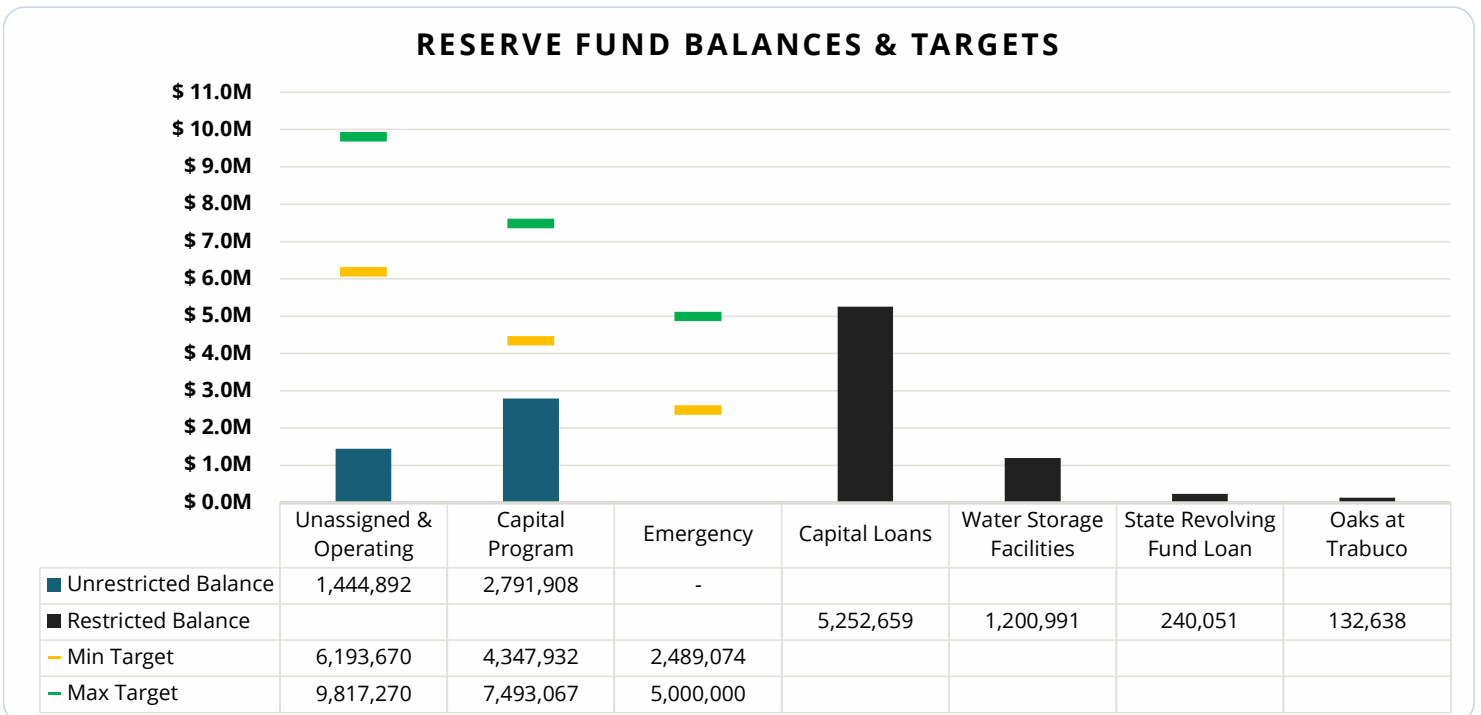
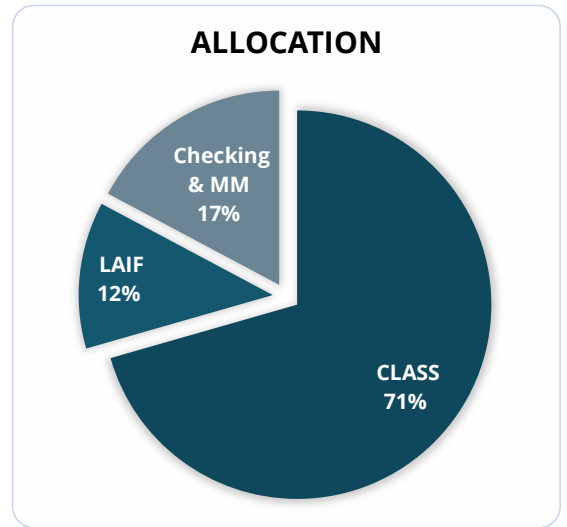
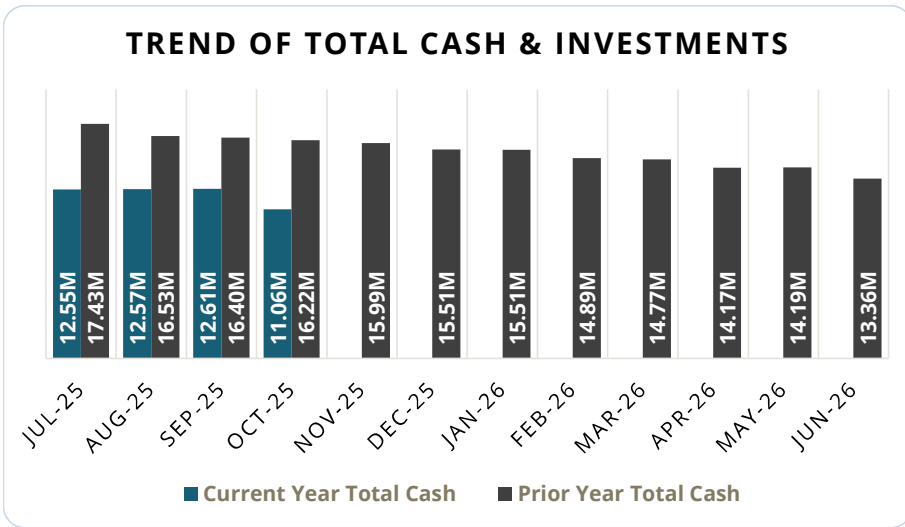
- **Line 15 Capital Loans Reserve** includes restricted capital loan funding purposed for use on the District Capital Improvement Program.
- **Line 16 Grant Proceeds for CIP** includes anticipated grant funds received for capital projects. The FY 2026 budget includes \$220.7K for project RW-23 (Tick & Dove Creek Pump Station Improvements) and \$250K for project DW-03 (Admin Building Server Replacement – *prior fiscal year*).
- **Line 17 Capital Improvement Program** includes planned CIP during FY 2026. The Capital Improvement Program Report outlines the financial progress of individual projects as of the reporting date.
- **Line 18 CIP Contingency** includes a 10% contingency amount for unplanned capital project needs. This funding was planned in the budget process to allocate resources towards critical projects and emergencies unknown at the time of budget adoption.
- **Line 19 Debt Service** includes debt service payments for the 2011 SRF loan, 2024 capital project loan, and the projected and budgeted 2026 short-term capital project loan planned at the time of budget adoption. The 2011 and 2024 loans are paid twice per year in December (due January 1<sup>st</sup>) and in June (due July 1<sup>st</sup>).



District

Cash & Investments as of October 31, 2025

	Type	Rate	Par / Book Value	Market Value	% Portfolio
Local Agency Investment Fund	LAIF	4.150%	\$ 1,352,691	\$ 1,355,301	12.2%
California Cooperative Liquid Assets Securities System	CLASS	4.189%	\$ 7,806,966	\$ 7,808,513	70.6%
BMO Checking	Checking	0.000%	\$ 1,663,432	\$ 1,663,432	15.0%
CB&T Money Market (SRF Loan Reserve)	Money Market	0.300%	\$ 240,051	\$ 240,051	2.2%
<b>Total Cash &amp; Investments</b>			<b>\$ 11,063,141</b>	<b>\$ 11,067,298</b>	<b>100.0%</b>



**Treasurer Certification**

I certify that all investment actions executed since the last reporting period have been made in full compliance with the District's Investment Policy and the District is able to meet its expenditure obligations for the next six months.

**Ian Berg, CPA**  
District Treasurer

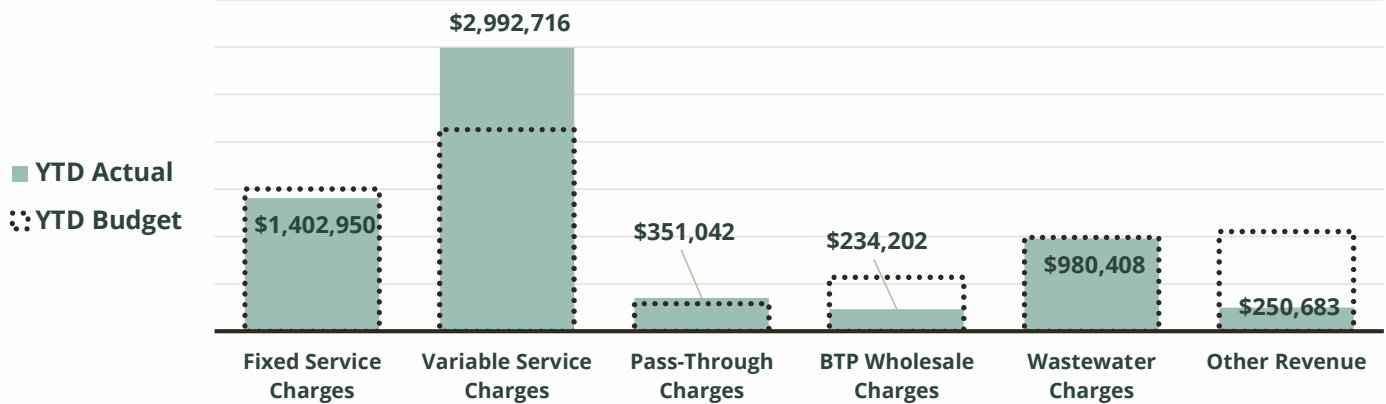


District

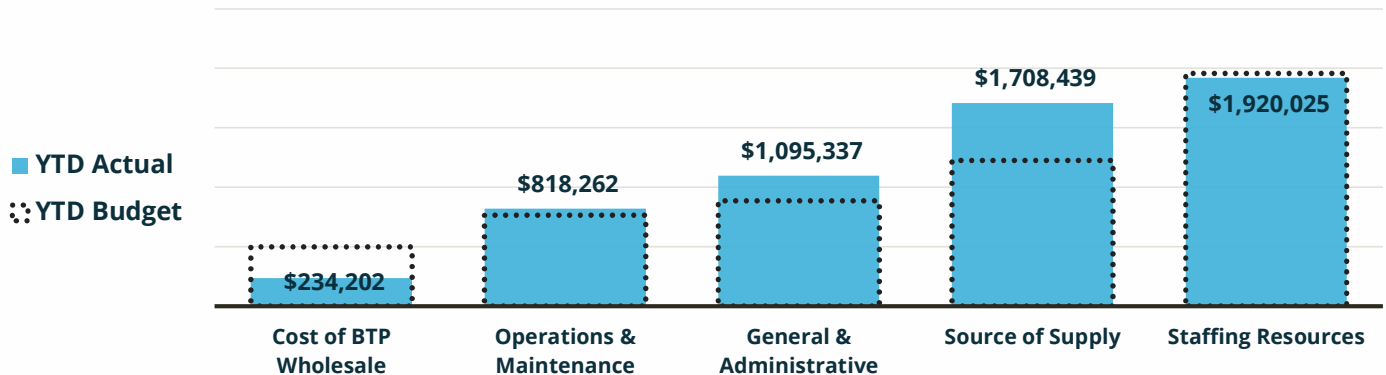
Financial Summary October 2025

	A	B	C	D = C - B	E = B / C	
	Oct 2025	Oct 2025	FY 2026	FY 2026	YTD % of	
	Period	YTD	Adopted	Remaining	Budget	
	Actuals	Actuals	Budget	Budget	33.3%	
1	Fixed Service Charges	\$ 366,168	\$ 1,402,950	\$ 4,499,900	\$ 3,096,950	31.2%
2	Variable Service Charges	709,143	2,992,716	6,386,300	3,393,584	46.9%
3	Pass-Through Charges	84,082	351,042	870,800	519,758	40.3%
4	BTP Wholesale Charges	68,674	234,202	1,708,700	1,474,498 ▲	13.7%
5	Wastewater Charges	256,507	980,408	2,973,200	1,992,792	33.0%
6	Other Revenue	70,514	250,683	3,155,600	2,904,917 ▲	7.9%
7	<b>Total Revenue</b>	<b>1,555,087</b>	<b>6,212,000</b>	<b>19,594,500</b>	<b>13,382,500</b>	<b>31.7%</b>
8	Source of Supply	419,124	1,708,439	3,674,900	1,966,461 ▲	46.5%
9	Cost of BTP Wholesale	68,674	234,202	1,493,900	1,259,698	15.7%
10	Staffing Resources	510,291	1,920,025	5,870,500	3,950,475	32.7%
11	Operations & Maintenance	263,375	818,262	2,296,100	1,477,838	35.6%
12	General & Administrative	340,111	1,095,337	2,652,900	1,557,563 ▲	41.3%
13	<b>Total Expense</b>	<b>1,601,575</b>	<b>5,776,265</b>	<b>15,988,300</b>	<b>10,212,035</b>	<b>36.1%</b>
14	<b>Net Income / (Loss) from Operations</b>	<b>(46,488)</b>	<b>435,735</b>	<b>3,606,200</b>	<b>3,170,465</b> ▲	<b>12.1%</b>
15	Capital Loans Reserve	290,400	2,292,059	10,570,177	8,278,119	21.7%
16	Grant Proceeds for CIP	-	-	470,700	470,700	0.0%
17	Capital Improvement Program	(325,264)	(2,406,534)	(10,969,877)	(8,563,343)	21.9%
18	CIP Contingency	-	-	(1,097,000)	(1,097,000)	0.0%
19	Debt Service	-	-	(2,570,070)	(2,570,070)	0.0%
20	<b>Net Change in Unrestricted Cash</b>	<b>\$ (81,352)</b>	<b>\$ 321,260</b>	<b>\$ 10,130</b>	<b>\$ (311,129)</b>	<b>3171.3%</b>

YTD Revenue v. YTD Target Budget



YTD Expense v. YTD Target Budget





District

Operating Budget v. Actual October 2025

	A	B	C	D = C - B	E = B / C	
	Oct 2025	Oct 2025	FY 2026	FY 2026	YTD % of	
	Period	YTD	Adopted	Remaining	Budget	
	Actuals	Actuals	Budget	Budget	33.3%	
1	Fixed Service Charges	\$ 366,168	\$ 1,402,950	\$ 4,499,900	\$ 3,096,950	31.2%
2	Variable Service Charges	709,143	2,992,716	6,386,300	3,393,584	46.9%
3	Fixed Service Charges Pass-Through	18,725	73,788	262,700	188,912	28.1%
4	Variable Service Charges Pass-Through	65,356	277,254	608,100	330,846	45.6%
5	BTP Wholesale Water Sales	68,674	234,202	1,054,800	820,598	22.2%
6	BTP Maintenance Charges	-	-	439,100	439,100	0.0%
7	BTP Capital Recovery	-	-	214,800	214,800	0.0%
8	Wastewater Charges	256,507	980,408	2,973,200	1,992,792	33.0%
9	Property Tax Receipts	9,047	52,610	2,437,300	2,384,690	2.2%
10	Customer Fees	36,657	137,795	520,200	382,405	26.5%
11	Interest Revenue	18,382	47,743	160,000	112,257	29.8%
12	Miscellaneous Revenue	6,428	12,535	38,100	25,565	32.9%
13	<b>Total Revenue</b>	<b>1,555,087</b>	<b>6,212,000</b>	<b>19,594,500</b>	<b>13,382,500</b>	<b>31.7%</b>
14	<b>Source of Supply</b>					
15	Variable Water Purchases	338,446	1,321,540	2,849,800	1,528,260	46.4%
16	BTP Water Purchases TCWD	26,070	158,770	93,600	(65,170)	169.6%
17	BTP Maintenance Expense TCWD	-	-	46,800	46,800	0.0%
18	Fixed Water Purchases	38,450	194,639	401,700	207,061	48.5%
19	Chemicals & Electricity	16,158	33,489	283,000	249,511	11.8%
20	<b>Total Source of Supply</b>	<b>419,124</b>	<b>1,708,439</b>	<b>3,674,900</b>	<b>1,966,461</b>	<b>46.5%</b>
21	<b>Cost of BTP Wholesale</b>					
22	BTP Water Purchases for Wholesale	68,674	234,202	1,054,800	820,598	22.2%
23	BTP Maintenance Expense Sales	-	-	439,100	439,100	0.0%
24	<b>Total Cost of BTP Wholesale</b>	<b>68,674</b>	<b>234,202</b>	<b>1,493,900</b>	<b>1,259,698</b>	<b>15.7%</b>
25	<b>Staffing Resources</b>					
26	Employee Compensation	346,913	1,306,859	4,115,500	2,808,641	31.8%
27	Employee Benefits	112,598	410,046	1,360,000	949,954	30.2%
28	CalPERS Retirement Unfunded Liability	32,917	131,666	395,000	263,334	33.3%
29	Retiree Health Insurance Payments	17,863	71,453	201,700	130,247	35.4%
30	OPEB Trust Reimbursement	-	-	(201,700)	(201,700)	0.0%
31	<b>Total Staffing Resources</b>	<b>510,291</b>	<b>1,920,025</b>	<b>5,870,500</b>	<b>3,950,475</b>	<b>32.7%</b>
32	<b>Operations &amp; Maintenance</b>					
33	System Repairs and Maintenance	135,259	375,106	1,030,600	655,494	36.4%
34	Distribution Electricity	73,245	300,529	914,700	614,171	32.9%
35	Vehicles and Equipment	27,294	73,346	188,800	115,454	38.8%
36	Lab Testing & Supplies	27,577	69,282	162,000	92,718	42.8%
37	<b>Total Operations &amp; Maintenance</b>	<b>263,375</b>	<b>818,262</b>	<b>2,296,100</b>	<b>1,477,838</b>	<b>35.6%</b>
38	<b>General &amp; Administrative</b>					
39	Professional Services	78,206	311,239	1,033,000	721,761	30.1%
40	Office Maintenance & Supplies	89,191	286,347	616,200	329,853	46.5%
41	Board of Directors	10,256	35,668	111,700	76,032	31.9%
42	District Insurance	129,543	243,663	237,500	(6,163)	102.6%
43	Dues and Memberships	22,504	148,544	247,200	98,656	60.1%
44	Public Outreach & Rebate Programs	129	27,915	100,000	72,085	27.9%
45	Customer Service and Billing	8,143	33,687	81,600	47,913	41.3%
46	Conference, Trainings and Travel	1,151	8,645	32,300	23,655	26.8%
47	Miscellaneous Expense	987	(372)	193,400	193,772	-0.2%
48	<b>Total General &amp; Administrative</b>	<b>340,111</b>	<b>1,095,337</b>	<b>2,652,900</b>	<b>1,557,563</b>	<b>41.3%</b>
49	<b>Total Expense</b>	<b>1,601,575</b>	<b>5,776,265</b>	<b>15,988,300</b>	<b>10,212,035</b>	<b>36.1%</b>
50	<b>Net Income / (Loss) from Operations</b>	<b>\$ (46,488)</b>	<b>\$ 435,735</b>	<b>\$ 3,606,200</b>	<b>\$ 3,170,465</b>	<b>12.1%</b>



District

Capital Improvement Program October 2025

ID	Project Description						Since Project Inception	
		A	B	C	D = C - B	E = B / C	F	G
		Oct 2025 Period Actuals	Oct 2025 YTD Actuals	FY 2026 Adopted Budget	FY 2026 Remaining Budget	YTD % of Budget 33.3%	Total Project Actuals	Total Project Budget
<b>Potable Water</b>								
PW-02	DWTP Electrical Improvements	\$ 1,448	\$ 1,448	\$ 300,000	\$ 298,552	0.5%	\$ 1,448	\$ 2,000,000
PW-03	Transmission Main Replacement - DWTP to Ridgeline PS	61,967	1,494,271	7,000,000	6,938,033	0.9%	1,661,710	11,000,000
PW-04	DWTP Improvements - Phase 2	46,465	46,999	-	(46,465)	NA	55,999	391,820
PW-20	10" Pipeline Replacement - Cooks Corner to Harris Grade	-	-	225,000	225,000	0.0%	178,184	3,489,000
PW-25	Fire Flow Availability Improvements	-	-	150,000	150,000	0.0%	-	1,539,800
PW-35	Pressure Reducing Vault Improvements - PW	-	2,252	-	-	NA	2,252	386,600
PW-38	Saddle Crest Reservoir Outlet Pipe	-	3,799	275,000	275,000	0.0%	3,799	300,000
PW-41	Meter Replacements - PW	-	10,117	-	-	NA	10,117	-
PW-77	Small Capital - PW	-	10,150	-	-	NA	10,150	-
<b>Total Potable Water</b>		<b>109,880</b>	<b>1,569,036</b>	<b>7,950,000</b>	<b>6,380,964</b>	<b>19.7%</b>	<b>1,923,659</b>	<b>19,107,220</b>
<b>Recycled Water</b>								
RW-13	Dove Canyon Recycled Booster Pump Station	16,980	29,870	560,000	543,020	3.0%	234,977	1,430,000
RW-23	Tick & Dove Creek Pump Station Improvements	-	-	259,700	259,700	0.0%	15,193	1,119,400
RW-51	Reservoir V-Ditch Rehabilitation	-	192,106	-	-	NA	192,106	185,000
RW-77	Small Capital - RW	-	18,071	-	-	NA	18,071	-
<b>Total Recycled Water</b>		<b>16,980</b>	<b>240,047</b>	<b>819,700</b>	<b>579,653</b>	<b>29.3%</b>	<b>460,347</b>	<b>2,734,400</b>
<b>Wastewater</b>								
WW-06	WWTP Influent EQB Piping to SBRs & Pump Improvements	10,207	10,207	-	(10,207)	NA	10,207	1,000,000
WW-09	Heritage Sewer Lift Station Rehabilitation	23,859	26,957	400,000	376,141	6.0%	396,528	1,506,360
WW-40	WWTP Hoffman Blower Building Rehabilitation	97,381	180,565	1,290,177	1,192,797	7.5%	686,070	1,995,000
WW-41	WWTP SCADA & Fiber Optic Upgrade	14,087	23,319	-	(14,087)	NA	390,560	330,000
WW-48	Pump Replacements - WW	9,384	39,722	-	(9,384)	NA	39,722	1,915,000
WW-49	SMWD Chiquita WWTP Shared Capital	8,623	8,623	140,000	131,377	6.2%	101,898	1,840,000
WW-50	WWTP Headworks Replacement	-	224,055	370,000	370,000	0.0%	224,055	380,000
WW-77	Small Capital - WW	19,058	61,623	-	(19,058)	NA	61,623	-
<b>Total Wastewater</b>		<b>182,598</b>	<b>575,072</b>	<b>2,200,177</b>	<b>1,625,105</b>	<b>26.1%</b>	<b>1,910,664</b>	<b>8,966,360</b>
<b>Wastewater / Recycled</b>								
WR-77	Pump Replacements - WW / Recycled	9,076	9,076	-	(9,076)	NA	9,076	-
<b>Total Wastewater / Recycled</b>		<b>9,076</b>	<b>9,076</b>	<b>-</b>	<b>(9,076)</b>	<b>NA</b>	<b>9,076</b>	<b>-</b>
<b>Joint Projects</b>								
DW-77	Small Capital - DW	6,730	13,303	-	(6,730)	NA	13,303	-
<b>Total Joint Projects</b>		<b>6,730</b>	<b>13,303</b>	<b>-</b>	<b>(13,303)</b>	<b>NA</b>	<b>13,303</b>	<b>-</b>
<b>Total Capital Improvement Program</b>		<b>\$ 325,264</b>	<b>\$ 2,406,534</b>	<b>\$ 10,969,877</b>	<b>\$ 8,563,343</b>	<b>21.9%</b>	<b>\$ 4,317,049</b>	<b>\$ 30,807,980</b>

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 11, 2025**

**FINANCIAL MATTERS**

**ITEM 5: MID-YEAR OPERATING AND CAPITAL BUDGET DRAFT PROPOSAL**

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Trabuco Canyon Water District's (District) fiscal or budget year runs July 1 to June 30. When the Fiscal Year 2025-26 Operating and Capital Budget was adopted in June of this year, the District Treasurer committed to preparing a mid-year budget update in the December timeframe. A mid-year review of the budget is an opportunity to understand how the District's finances are performing against the assumptions and forecasting in the budget, particularly considering the need for a planned debt issuance to continue funding the Capital Improvement Program. Staff will discuss the timing and planning of the mid-year update.

More information will be presented at the time of the meeting.

**FUNDING SOURCE:**

Not applicable.

**FISCAL IMPACT:**

None at this time.

**RECOMMENDED ACTION:**

*Receive information from staff at the time of the meeting and take action(s) as deemed as appropriate.*

**EXHIBITS:**

1. Proposed Mid-Year Budget Fiscal Year 2026 - DRAFT

**CONTACTS (staff responsible): PEREA/BERG/WARNER**



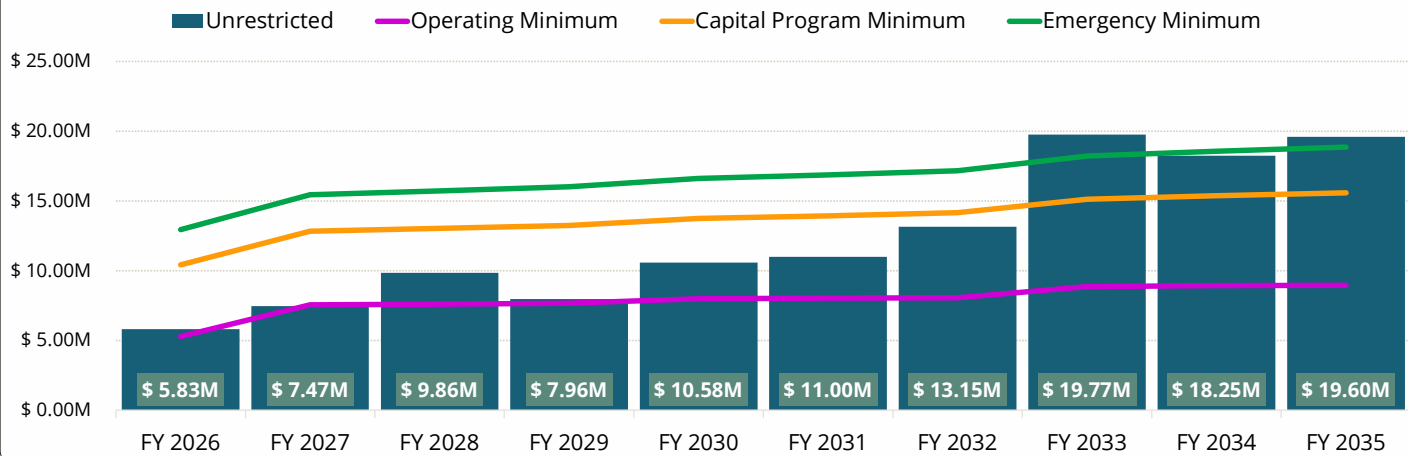
Proposed Mid-Year Budget  
Fiscal Year 2026



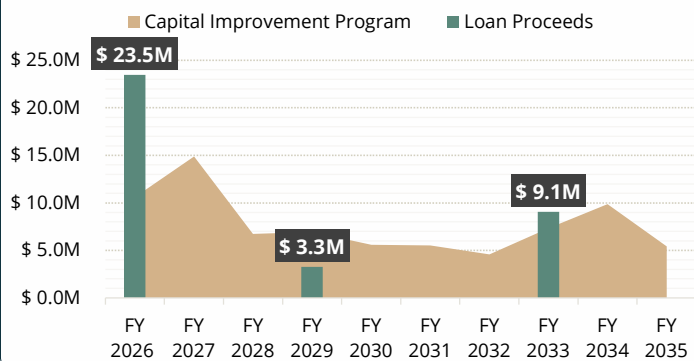
## District Schedule A: FY 2026 Proposed Mid-Year Financial Plan

		<i>*Footnote</i>	10.0%	10.0%	8.0%	6.0%	4.0%	4.0%	2.0%	2.0%	2.0%
	<i>Water Revenue Adjustment</i>										
	<i>Wastewater Revenue Adjustment</i>		16.0%	12.0%	12.0%	7.0%	7.0%	7.0%	5.0%	5.0%	2.0%
	<i>Recycled Revenue Adjustment</i>		18.0%	10.0%	10.0%	18.0%	9.0%	2.0%	2.0%	2.0%	2.0%
		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
		Proposed	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
		Mid-Year									
		Budget	Results	Results	Results	Results	Results	Results	Results	Results	Results
1	Fixed Service Charges	\$ 4.57M	\$ 5.18M	\$ 5.69M	\$ 6.39M	\$ 6.79M	\$ 7.05M	\$ 7.33M	\$ 7.47M	\$ 7.62M	\$ 7.77M
2	Variable Service Charges	6.76M	7.76M	8.54M	9.86M	10.51M	10.88M	11.27M	11.49M	11.72M	11.96M
3	Pass-Through Charges	0.75M	0.59M	0.61M							
4	Wastewater Charges	2.97M	3.33M	3.73M	3.99M	4.27M	4.57M	4.80M	5.04M	5.14M	5.24M
5	BTP Wholesale Charges	0.98M	1.56M	1.64M	1.72M	1.80M	1.89M	1.98M	2.08M	2.18M	2.28M
6	Other Revenue	3.30M	3.48M	3.60M	3.76M	3.90M	4.08M	4.30M	4.54M	4.74M	4.94M
7	<b>Total Revenue</b>	<b>19.32M</b>	<b>21.91M</b>	<b>23.82M</b>	<b>25.72M</b>	<b>27.27M</b>	<b>28.47M</b>	<b>29.68M</b>	<b>30.63M</b>	<b>31.40M</b>	<b>32.20M</b>
8	Source of Supply	4.02M	3.16M	3.30M	3.45M	3.61M	3.78M	3.96M	4.14M	4.34M	4.54M
9	Cost of BTP Wholesale	0.98M	1.56M	1.64M	1.72M	1.80M	1.89M	1.98M	2.08M	2.18M	2.28M
10	Staffing Resources	5.80M	5.97M	6.14M	6.34M	6.50M	6.66M	6.82M	6.98M	7.15M	7.32M
11	Operations & Maintenance	2.30M	2.37M	2.45M	2.53M	2.62M	2.71M	2.80M	2.89M	2.99M	3.09M
12	General & Administrative	2.69M	2.58M	2.66M	2.75M	2.94M	2.92M	3.01M	3.10M	3.29M	3.28M
13	<b>Total Expense</b>	<b>15.78M</b>	<b>15.64M</b>	<b>16.19M</b>	<b>16.80M</b>	<b>17.47M</b>	<b>17.96M</b>	<b>18.57M</b>	<b>19.19M</b>	<b>19.95M</b>	<b>20.51M</b>
14	<b>Net Income / (Loss) from Operations</b>	<b>3.54M</b>	<b>6.27M</b>	<b>7.62M</b>	<b>8.92M</b>	<b>9.80M</b>	<b>10.51M</b>	<b>11.11M</b>	<b>11.43M</b>	<b>11.46M</b>	<b>11.68M</b>
15	Capital Loans Reserve	10.06M	13.54M	6.35M	0.93M	3.27M			6.68M	2.38M	
16	Water Storage Facilities Reserve							1.17M			
17	Grant Proceeds for CIP	0.25M	0.97M								
18	Capital Improvement Program	- 10.61M	- 14.88M	- 6.71M	- 6.93M	- 5.57M	- 5.53M	- 4.58M	- 7.34M	- 9.86M	- 5.39M
19	CIP Contingency			- 0.67M	- 0.69M	- 0.56M	- 0.55M	- 0.46M	- 0.73M	- 0.99M	- 0.54M
20	Debt Service	- 1.58M	- 4.04M	- 3.97M	- 3.89M	- 4.09M	- 4.01M	- 3.92M	- 4.60M	- 4.50M	- 4.40M
21	State Revolving Fund Loan Reserve						0.24M				
22	Debt Service 2011 SRF Loan	- 0.23M	- 0.23M	- 0.23M	- 0.23M	- 0.23M	- 0.23M				
23	<b>Net Change in Unrestricted Cash</b>	<b>\$ 1.43M</b>	<b>\$ 1.63M</b>	<b>\$ 2.40M</b>	<b>-\$ 1.90M</b>	<b>\$ 2.61M</b>	<b>\$ 0.43M</b>	<b>\$ 2.15M</b>	<b>\$ 6.61M</b>	<b>-\$ 1.52M</b>	<b>\$ 1.35M</b>

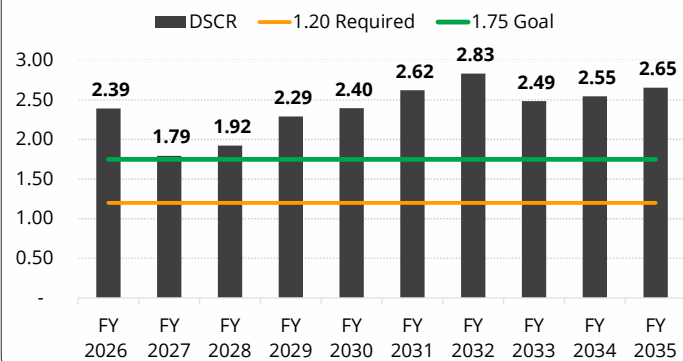
### Unrestricted Cash & Reserve Targets



### 10-Year CIP & Projected Loan Proceeds



### Debt Service Coverage Ratio



*\*Water rates will be implemented semi-annually at July 1, 2025 and January 1, 2026 during Fiscal Year 2026. Please refer to the District adopted budget document for additional information.*

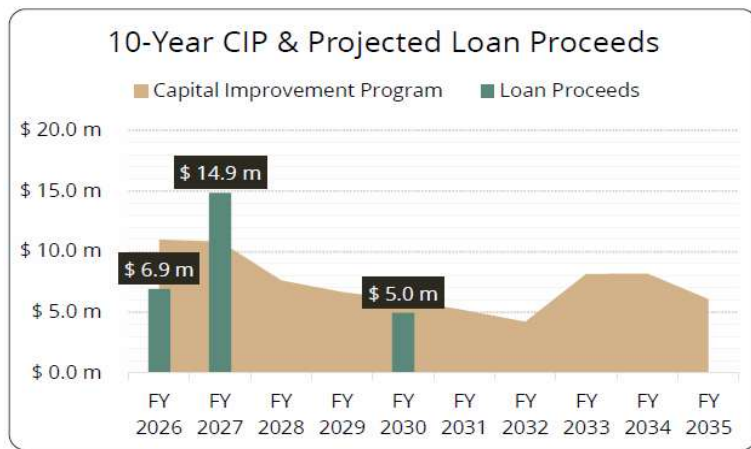
# TCWD LONG-TERM REVENUE REQUIREMENT ANALYSIS

## MID-YEAR BUDGET UPDATE

	CURRENT STUDY									
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
<b>FY 2026 MID-YEAR BUDGET</b>										
Water Revenue Adjustment	*Footnote	10.0%	10.0%	8.0%	6.0%	4.0%	4.0%	2.0%	2.0%	2.0%
Wastewater Revenue Adjustment		16.0%	12.0%	12.0%	7.0%	7.0%	5.0%	5.0%	2.0%	2.0%
Recycled Revenue Adjustment		18.0%	10.0%	10.0%	18.0%	9.0%	2.0%	2.0%	2.0%	2.0%
<b>FY 2026 ADOPTED BUDGET</b>										
Water Revenue Adjustment	*Footnote	10.0%	10.0%	8.0%	8.0%	6.0%	6.0%	3.0%	3.0%	3.0%
Wastewater Revenue Adjustment		16.0%	12.0%	12.0%	9.5%	9.5%	9.5%	6.0%	6.0%	6.0%
Recycled Revenue Adjustment		18.0%	10.0%	10.0%	9.0%	6.0%	6.0%	4.0%	4.0%	4.0%
<b>CHANGE</b>										
Water Revenue Adjustment					-2.0%	-2.0%	-2.0%	-1.0%	-1.0%	-1.0%
Wastewater Revenue Adjustment				-2.5%	-2.5%	-2.5%	-4.5%	-1.0%	-4.0%	-4.0%
Recycled Revenue Adjustment				9.0%	3.0%	-4.0%	-4.0%	-2.0%	-2.0%	-2.0%

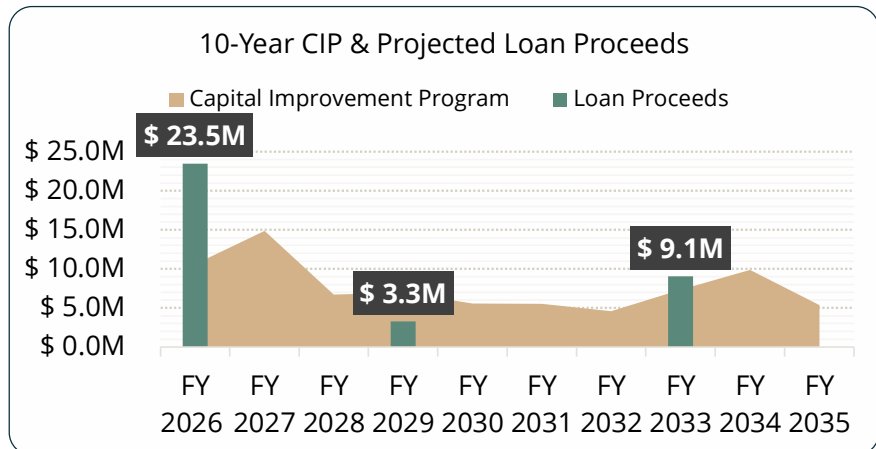
Capital Financing Plan - Adopted Budget

**TOTAL 10-YEAR LOAN PROCEEDS PROJECTED \$26.8M**



Capital Financing Plan - Mid-Year Budget Proposal

**TOTAL 10-YEAR LOAN PROCEEDS PROJECTED \$35.9M**



**District**  
**Schedule B: Proposed Mid-Year Budget Summary**

	A	B	C	D	E = C / B	
	FY 2025 Actual Results	FY 2026 6/25 Adopted Budget	FY 2026 Mid-Year Adjustment	FY 2026 Proposed Mid-Year Budget	% Budget Change Mid-Year	
1	Fixed Service Charges	\$ 3,764,699	\$ 4,499,900	\$ 70,100	\$ 4,570,000	2%
2	Variable Service Charges	6,075,174	6,386,300	370,100	6,756,400	6%
3	Pass-Through Charges	322,225	870,800	(125,600)	745,200	-14%
4	Wastewater Charges	2,610,459	2,973,200	-	2,973,200	0%
5	BTP Wholesale Charges	1,324,264	1,493,900	(513,500)	980,400	-34%
6	Other Revenue	3,331,101	3,370,400	(73,800)	3,296,600	-2%
7	<b>Total Revenue</b>	<b>17,427,923</b>	<b>19,594,500</b>	<b>(272,700)</b>	<b>19,321,800</b>	<b>-1%</b>
8	Source of Supply	4,268,428	3,674,900	347,800	4,022,700	9%
9	Cost of BTP Wholesale	1,279,586	1,493,900	(513,500)	980,400	-34%
10	Staffing Resources	5,330,691	5,870,500	(74,800)	5,795,700	-1%
11	Operations & Maintenance	2,645,292	2,296,100	-	2,296,100	0%
12	General & Administrative	2,588,213	2,652,900	35,200	2,688,100	1%
13	<b>Total Expense</b>	<b>16,112,210</b>	<b>15,988,300</b>	<b>(205,300)</b>	<b>15,783,000</b>	<b>-1%</b>
14	<b>Net Income / (Loss) from Operations</b>	<b>1,315,713</b>	<b>3,606,200</b>	<b>(67,400)</b>	<b>3,538,800</b>	<b>-2%</b>
15	Capital Loans Reserve	4,380,751	10,570,177	(505,894)	10,064,283	-5%
16	Water Storage Facilities Reserve	-	-	-	-	NA
17	Grant Proceeds for CIP	-	470,700	(220,700)	250,000	-47%
18	Capital Improvement Program	(4,708,987)	(10,969,877)	360,894	(10,608,983)	-3%
19	CIP Contingency	-	(1,097,000)	1,097,000	-	-100%
20	Debt Service	(1,618,559)	(2,339,690)	754,729	(1,584,961)	-32%
21	State Revolving Fund Loan Reserve	-	-	-	-	NA
22	Debt Service 2011 SRF Loan	(230,381)	(230,380)	-	(230,380)	0%
23	<b>Net Change in Unrestricted Cash</b>	<b>\$ (861,463)</b>	<b>\$ 10,130</b>	<b>\$ 1,418,629</b>	<b>\$ 1,428,759</b>	<b>14004%</b>
24	<b>Ending Unrestricted Cash Balance</b>	<b>\$ 4,402,590</b>	<b>\$ 6,379,267</b>	<b>\$ (547,918)</b>	<b>\$ 5,831,349</b>	
25	<b>Reserve Policy Minimum Targets</b>					
26	Operating Minimum	5,326,715			5,285,611	
27	Emergency Minimum	2,455,385			2,540,281	
28	Capital Program Minimum	4,963,058			5,134,658	
29	<b>Over / (Under) Minimum Reserve Target:</b>	<b>\$ (8,342,568)</b>			<b>\$ (7,129,202)</b>	

*Line 26 - The Operating Reserve minimum target is equal to three months of budgeted operating expenses (excluding Line 10) plus annual debt service payments (excluding payments on the 2011 State Revolving Fund loan).*

*Line 27 - The Emergency Reserve minimum target is equal to 5% of Capital Assets, net of depreciation from the last audited financial statements.*

*Line 28 - The Capital Program Reserve minimum target is equal to one year of annual depreciation expense from the last audited financial statements.*



**Trabuco Canyon Water District  
Mid-Year Budget Schedule B Narrative  
Fiscal Year 2026**

**SCHEDULE B: PROPOSED MID-YEAR BUDGET SUMMARY NARRATIVE**

The District Proposed Mid-Year Budget Summary provides an overview of major financial groups and summarizes financial information relevant to the proposed mid-year budget adjustments. Column A provides actual results for the previous fiscal year. Column B provides the original adopted budget. Column C provides the proposed mid-year adjustments to the original adopted budget. Column D provides the proposed mid-year budget after proposed adjustments are considered. Column E displays the change in the proposed mid-year budget from the original adopted budget as a percentage. The major categories with proposed adjustments are discussed below:

- **Line 1 Fixed Service Charges** includes fixed charges to customers for Potable and Recycled Water service. The District implemented Recycled Water rates at 100% of the 2023 Cost-of-Service (COS) study rate plan for FY 2026 and Potable Water rates at 94.0% on July 1, 2025. Potable Water rates will be adjusted to 100% of the allowable rate on January 1, 2026. The mid-year budget adjustment accounts for current updates to meter counts and revenue trends.
- **Line 2 Variable Service Charges** includes volumetric charges for Potable and Recycled Water services. The District implemented Recycled Water rates at 100% of the 2023 Cost-of-Service (COS) study rate plan for FY 2026 and Potable Water rates at 94.0% on July 1, 2025. Potable Water rates will be adjusted to 100% of the allowable rate on January 1, 2026. The mid-year budget adjustment accounts for the increased volume of water sales experienced through October 2025 and includes an updated projection of water sales for the fiscal year based on updated consumption data.
- **Line 3 Pass-Through Charges** includes Potable Water fixed and variable charges passed through to customers to recover wholesale water cost escalations beyond the assumptions included in the 2023 COS study. The Board adopted this pass-through rate provision during the Proposition 218 process. The mid-year budget adjustment accounts for the known pass-through rates that will be implemented on January 1, 2026, based on updated wholesale water supply costs.
- **Line 4 Wastewater Charges** include fixed and variable charges billed to customers for wastewater service. The District implemented Wastewater rates at 100.0% of the 2023 COS study rate plan on July 1, 2025. No mid-year adjustments are proposed.
- **Line 5 BTP Wholesale Charges** includes one-to-one reimbursements from the City of San Clemente for Baker Water Treatment Plant (BTP) water purchased from the District at Metropolitan Water District of Southern California (MET) untreated water rates, as well as a pro-rated share of maintenance cost reimbursements. The District budget originally included 1,113 AF of wholesale water sold and 87 AF of BTP water used for District customer supply. As of October 2025, the District has sold 256.8 AF to the City of San Clemente and used 172.0 AF to supply District customers. The proposed mid-year budget adjustment assumes 730 AF in sales to San Clemente and 470 AF of water used for District supply.
- **Line 6 Other Revenue** includes property tax receipts, customer fees, investment earnings, BTP capital recovery revenues and other miscellaneous receipts. The proposed mid-year budget adjustment is adjusted for a reduction in BTP capital recovery revenue, in line with the assumed reduction in wholesale water sold to the City of San Clemente discussed in Line 5. The BTP capital recovery rate stands at \$193 / AF per the agreement with San Clemente.
- **Line 8 Source of Supply** includes the cost of Potable and Recycled water supplies to meet customer demand. This includes the purchase of untreated water at the Dimension Water Treatment Plant, fully treated water purchases via neighboring agency connections, MET/MWDOC surcharges on volumetric water, and MET/MWDOC fixed water costs.



**Trabuco Canyon Water District  
Mid-Year Budget Schedule B Narrative  
Fiscal Year 2026**

Currently, the DWTP conveyance pipeline is non-operational, and the original budget assumed 6-months of emergency Potable Water purchases during FY 2026. The mid-year budget adjustment assumes a slightly delayed schedule and that the DWTP conveyance pipeline will be operational for four months of the fiscal year.

- **Line 9 Cost of BTP Wholesale** includes the cost of Baker Water Treatment Plant water sold to the City of San Clemente. This line item accounts for the per acre-foot charge of water paid to MWDOC at MET untreated water rates, excluding the SAC Operational Surcharge, and the quarterly maintenance charges. The mid-year budget adjustment considers the reduced sales projection to the City of San Clemente discussed in Line 5.
- **Line 10 Staffing Resources** includes employee compensation, health benefits, retirement contributions, retiree health insurance, and OPEB trust reimbursements (reimbursements from the District's Section 115 OPEB trust). The mid-year budget adjustment considers the updates to District staffing as well as updated overtime projections. Through October 2025, the District has seen lower costs related to overtime than originally planned in the adopted budget.
- **Line 11 Operations & Maintenance** does not consider any proposed mid-year adjustments to the adopted budget.
- **Line 12 General & Administrative** includes professional services, office maintenance and supplies, Board of Directors, liability insurance, dues and memberships, public outreach and rebate programs, customer service and billing, conference, training, travel and miscellaneous expenses. The mid-year budget adjustment includes updates to professional services, district insurance costs, and a reduction in miscellaneous expense. The adjustments are detailed as follows:
  - Professional Services increased by \$115,500
    - Increased \$100K for a new District Rate Study
    - Increased \$59K for MWDOC conservation framework consulting
    - Decreased \$43.5K for reduction in legal services
  - District Insurance increased \$4,500 due to known insurance premiums
  - Miscellaneous Expense reduced by \$84,800 due to lower trends in uncollectible accounts
- **Line 15 Capital Loans Reserve** includes restricted capital loan funding purposed for use on the District Capital Improvement Program. The mid-year budget adjustment considers an updated financing plan, updated 10-year Capital Improvement Program Budget, and an updated list of projects to be financed. The financing plan avoids the originally planned short-term issuance in FY 2026, and plans for securing longer term financing in the Spring or Summer of 2026. This financing plan avoids duplicate financing efforts (the original budget planned for a larger financing in FY 2027), maintains cash flow for operations, and continues to advance the District Capital Improvement Program to address critical infrastructure needs.
- **Line 16 Water Storage Facilities Reserve** includes the use of restricted funds received by developers purposed for the Capital Improvement Program. No restricted water storage facilities reserve funds were originally budgeted to be used on CIP and no adjustments are proposed in the mid-year budget.
- **Line 17 Grant Proceeds for CIP** includes anticipated grant funds received for capital projects. The original FY 2026 budget included \$220.7K for project RW-23 (Tick & Dove Creek Pump Station Improvements) and \$250K for project DW-03 (Admin Building Server Replacement – *prior fiscal year*). The mid-year budget conservatively considers a delay in the \$220.7K in grant receipts for the RW-23 project.



**Trabuco Canyon Water District  
Mid-Year Budget Schedule B Narrative  
Fiscal Year 2026**

- **Line 18 Capital Improvement Program** includes planned CIP during FY 2026. The proposed mid-year budget CIP schedule outlines the changes in project spending for FY 2026. The proposed adjustments include timing updates in major projects as well as allocating funding for critical District programs and new budgets for necessary small capital purchases and replacements.
- **Line 19 CIP Contingency** allocated resources towards critical projects and emergencies unknown at the time of budget adoption. The original budget included a 10% contingency amount on the CIP budget for unplanned capital project needs. The mid-year budget removes this funding as the updated capital improvement program has provided updates to capital needs, the timing of major project spending, and additional funding for District programs and small capital items. The 10-year financial plan still includes a 10% contingency for Fiscal Year 2028 through 2035.
- **Line 19 Debt Service** includes existing debt service payments for the 2011 SRF loan, 2024 capital project loan, and the projected and budgeted 2026 short-term capital project loan planned at the time of budget adoption. The 2011 and 2024 loans are paid twice per year in December (due January 1<sup>st</sup>) and in June (due July 1<sup>st</sup>). The mid-year budget adjustment considers the updated cash flow timing of existing debt service and has removed debt service related to the anticipate short-term issuance planned in the original adopted budget. Since the financing plan has changed, new debt service in the long-term financial plan is not considered until Fiscal Year 2027. The new financing assumptions are discussed in more detail in Line 15.

**District**  
**Schedule C: Proposed Cash Flow Projections**

		FY 2026 Proposed Mid-Year Budget
<b>Unrestricted Cash</b>		
<b>Unassigned</b>		
1	Beginning Balance	\$ 1,650,693
2	Net Income / (Loss) From Operations	3,538,800
3	Capital Loans Reserve	10,064,283
4	Water Storage Facilities Reserve	-
5	Grant Proceeds for CIP	250,000
6	Capital Improvement Program	(10,608,983)
7	CIP Contingency	-
8	Debt Service	(1,584,961)
9	State Revolving Fund Loan Reserve	-
10	Debt Service 2011 SRF Loan	(230,380)
11	Transfer (To) / From Designated Reserves	-
12	<b>Unassigned Ending Balance</b>	<b>3,079,452</b>
<b>Operating Reserve</b>		
13	Beginning Balance	-
14	Transfer (To) / From Unreserved	-
15	<b>Operating Reserve Ending Balance</b>	<b>-</b>
<b>Capital Program Reserve</b>		
16	Beginning Balance	2,751,897
17	Transfer (To) / From Unassigned	-
18	<b>Capital Program Reserve Ending FY Balance</b>	<b>2,751,897</b>
<b>Emergency Reserve</b>		
19	Beginning Balance	-
20	Transfer (To) / From Unassigned	-
21	<b>Emergency Reserve Ending FY Balance</b>	<b>-</b>
22	<b>Total Unrestricted Ending FY Balance</b>	<b>5,831,349</b>
<b>Restricted Cash</b>		
<b>Water Storage Facilities Reserve</b>		
23	Beginning Balance	1,174,218
24	Transfer (To) / From Unassigned	-
25	<b>Water Storage Facilities Reserve Ending Balance</b>	<b>1,174,218</b>
<b>Capital Loans Reserve</b>		
26	Beginning Balance	7,421,847
27	Loan Proceeds	23,463,000
28	Transfer (To) / From Unassigned	(10,064,283)
29	<b>Capital Loans Reserve Ending Balance</b>	<b>20,820,563</b>
<b>State Revolving Fund Loan Reserve</b>		
30	Beginning Balance	239,854
31	Transfer (To) / From Unassigned	-
32	<b>State Revolving Fund Loan Reserve Ending Balance</b>	<b>239,854</b>
<b>Oaks at Trabuco Reserve</b>		
33	Beginning Balance	123,931
34	Transfer (To) / From Unassigned	-
35	<b>Oaks at Trabuco Reserve Ending Balance</b>	<b>123,931</b>
36	<b>Total Restricted Ending Balance</b>	<b>\$ 22,358,567</b>

**District**  
**Schedule D: FY 2026 Proposed Operating Mid-Year Budget**

	A	B	C	D	E = C / B
	FY 2025	FY 2026	FY 2026	FY 2026	% Budget
	Actual	6/25 Adopted	Mid-Year	Proposed	Change
	Results	Budget	Adjustment	Mid-Year Budget	Mid-Year
<b>1 Service Charges</b>					
1 Fixed Service Charges	\$ 3,764,699	\$ 4,499,900	\$ 70,100	\$ 4,570,000	1.6%
3 Variable Service Charges	6,075,174	6,386,300	370,100	6,756,400	5.8%
4 Fixed Service Charges Pass-Through	98,078	262,700	(54,700)	208,000	-20.8%
5 Variable Service Charges Pass-Through	224,147	608,100	(70,900)	537,200	-11.7%
6 Wastewater Charges	2,610,459	2,973,200	-	2,973,200	0.0%
<b>7 Total Service Charges</b>	<b>6,397,399</b>	<b>7,257,100</b>	<b>244,500</b>	<b>7,501,600</b>	<b>3.4%</b>
<b>8 BTP Wholesale Charges</b>					
9 BTP Wholesale Water Sales	991,528	1,054,800	(362,600)	692,200	-34.4%
10 BTP Maintenance Charges	332,737	439,100	(150,900)	288,200	-34.4%
<b>11 Total BTP Wholesale Charges</b>	<b>1,324,264</b>	<b>1,493,900</b>	<b>(513,500)</b>	<b>980,400</b>	<b>-34.4%</b>
<b>12 Other Revenue</b>					
12 BTP Capital Recovery	211,991	214,800	(73,800)	141,000	-34.4%
14 Property Tax Receipts	2,383,268	2,437,300	-	2,437,300	0.0%
15 Customer Fees	499,277	520,200	-	520,200	0.0%
16 Interest Revenue	196,806	160,000	-	160,000	0.0%
17 Miscellaneous Revenue	39,759	38,100	-	38,100	0.0%
<b>18 Total Other Revenue</b>	<b>3,331,101</b>	<b>3,370,400</b>	<b>(73,800)</b>	<b>3,296,600</b>	<b>-2.2%</b>
<b>18 Total Revenue</b>	<b>17,427,923</b>	<b>19,594,500</b>	<b>(272,700)</b>	<b>19,321,800</b>	<b>-1.4%</b>
<b>20 Source of Supply</b>					
21 Variable Water Purchases	3,405,696	2,849,800	(103,100)	2,746,700	-3.6%
22 BTP Water Purchases TCWD	192,409	93,600	359,400	453,000	384.0%
23 BTP Maintenance Expense TCWD	61,903	46,800	150,900	197,700	322.4%
24 Fixed Water Purchases	405,709	401,700	-	401,700	0.0%
25 Chemicals & Electricity	202,711	283,000	(59,400)	223,600	-21.0%
<b>26 Total Source of Supply</b>	<b>4,268,428</b>	<b>3,674,900</b>	<b>347,800</b>	<b>4,022,700</b>	<b>9.5%</b>
<b>27 Cost of BTP Wholesale</b>					
28 BTP Water Purchases for Wholesale	946,849	1,054,800	(362,600)	692,200	-34.4%
29 BTP Maintenance Expense Sales	332,737	439,100	(150,900)	288,200	-34.4%
<b>30 Total Cost of BTP Wholesale</b>	<b>1,279,586</b>	<b>1,493,900</b>	<b>(513,500)</b>	<b>980,400</b>	<b>-34.4%</b>
<b>31 Staffing Resources</b>					
32 Employee Compensation	3,772,437	4,115,500	(69,900)	4,045,600	-1.7%
33 Employee Benefits	1,237,251	1,360,000	(4,900)	1,355,100	-0.4%
34 CalPERS Retirement Unfunded Liability	321,003	395,000	-	395,000	0.0%
35 Retiree Health Insurance Payments	-	201,700	-	201,700	0.0%
36 OPEB Trust Reimbursement	-	(201,700)	-	(201,700)	0.0%
<b>37 Total Staffing Resources</b>	<b>5,330,691</b>	<b>5,870,500</b>	<b>(74,800)</b>	<b>5,795,700</b>	<b>-1.3%</b>
<b>38 Operations &amp; Maintenance</b>					
39 System Repairs and Maintenance	1,388,698	1,030,600	-	1,030,600	0.0%
40 Distribution Electricity	861,172	914,700	-	914,700	0.0%
41 Vehicles and Equipment	237,635	188,800	-	188,800	0.0%
42 Lab Testing & Supplies	157,787	162,000	-	162,000	0.0%
<b>43 Total Operations &amp; Maintenance</b>	<b>2,645,292</b>	<b>2,296,100</b>	<b>-</b>	<b>2,296,100</b>	<b>0.0%</b>
<b>44 General &amp; Administrative</b>					
45 Professional Services	1,156,777	1,033,000	115,500	1,148,500	11.2%
46 Office Maintenance & Supplies	679,896	616,200	-	616,200	0.0%
47 Board of Directors	102,901	111,700	-	111,700	0.0%
48 District Insurance	203,649	237,500	4,500	242,000	1.9%
49 Dues and Memberships	164,463	247,200	-	247,200	0.0%
50 Public Outreach & Rebate Programs	74,488	100,000	-	100,000	0.0%
51 Customer Service and Billing	85,674	81,600	-	81,600	0.0%
52 Conference, Trainings and Travel	33,656	32,300	-	32,300	0.0%
53 Miscellaneous Expense	86,710	193,400	(84,800)	108,600	-43.8%
<b>54 Total General &amp; Administrative</b>	<b>2,588,213</b>	<b>2,652,900</b>	<b>35,200</b>	<b>2,688,100</b>	<b>1.3%</b>
<b>55 Total Expense</b>	<b>16,112,210</b>	<b>15,988,300</b>	<b>(205,300)</b>	<b>15,783,000</b>	<b>-1.3%</b>
<b>56 Net Income / (Loss) from Operations</b>	<b>\$ 1,315,713</b>	<b>\$ 3,606,200</b>	<b>\$ (67,400)</b>	<b>\$ 3,538,800</b>	<b>-1.9%</b>

**Fiscal Year 2026  
CIP**



**Proposed  
Mid-Year Budget**

New Project ID	System	Project Title Budget	Original Adopted FY 2026	Mid-Year Adjustment	Proposed Mid-Year FY 2026
DW-77	District-Wide	Small Capital - DW		30,000	30,000
PW-02	Potable Water	DWTP Electrical Improvements	300,000	-	300,000
PW-03	Potable Water	Transmission Main Replacement DWTP to Ridgeline PS	7,000,000	(1,000,000)	6,000,000
PW-04	Potable Water	DWTP Improvements Phase 2		47,000	47,000
PW-20	Potable Water	10" Pipeline Replacement Cooks Corner to Harris Grade	225,000	(125,000)	100,000
PW-25	Potable Water	Trabuco Oaks / Adkinson Pipeline Fire Flow Improvements	150,000	-	150,000
PW-35	Potable Water	Pressure Reducing Vault Improvements - PW		20,000	20,000
PW-36	Potable Water	PW Pump Replacements		100,000	100,000
PW-37	Potable Water	PW Valve Replacements		40,000	40,000
PW-38	Potable Water	Saddle Crest Reservoir Outlet Pipe	275,000	-	275,000
PW-41	Potable Water	PW Meter Replacements		20,000	20,000
PW-77	Potable Water	Small Capital - PW		50,000	50,000
RW-13	Recycled Water	Dove Canyon Recycled Booster Pump Station	560,000	-	560,000
RW-23	Recycled Water	<b>Tick &amp; Dove Creek Pump Station Improvements</b>	259,700	-	259,700
RW-50	Recycled Water	Dove Canyon Recycled PRV Improvement		100,000	100,000
RW-51	Recycled Water	Reservoir V-Ditch Rehabilitation		192,106	192,106
RW-77	Recycled Water	Small Capital - RW		30,000	30,000
WW-06	Wastewater	WWTP Influent EQB Piping to SBRs & Pump Improvements		100,000	100,000
WW-09	Wastewater	Heritage Sewer Lift Station Rehabilitation	400,000	(200,000)	200,000
WW-40	Wastewater	WWTP Hoffman Blower Building Rehab / MCC Replacement	1,290,177	-	1,290,177
WW-46	Wastewater	Wet Well Recoating Program		30,000	30,000
WW-47	Wastewater	Manhole Recoating Program		30,000	30,000
WW-48	Wastewater	WW Pump Replacements		100,000	100,000
WW-49	Wastewater	SMWD Chiquita WWTP Shared Capital	140,000	(20,000)	120,000
WW-50	Wastewater	WWTP Headworks Replacement	370,000	-	370,000
WW-51	Wastewater	WWTP Handrail Replacement - Segment B&C		20,000	20,000
WW-77	Wastewater	Small Capital - WW		75,000	75,000
<b>Total</b>			<b>\$ 10,969,877</b>	<b>\$ (360,894)</b>	<b>\$ 10,608,983</b>

**\*PROJECTS HAVE GRANT FUNDS AWARDED**

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 11, 2025**

**FINANCIAL MATTERS  
ITEM 6: OTHER MATTERS**

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**RECOMMENDED ACTION:**

*Hear Other Matters from the Interim General Manager or District Staff.*

**CONTACTS (staff responsible): PEREA**