



**FINANCE/AUDIT COMMITTEE MEETING AGENDA
TRABUCO CANYON WATER DISTRICT
ADMINISTRATION FACILITY
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CA
FEBRUARY 12, 2026 at 8:00 AM**

COMMITTEE MEMBERS

John Horst, Committee Chair
Glenn Acosta, Committee Member
Mike Safranski, Committee Member Alternate

DISTRICT STAFF

Larry McKenney, General Manager
Michael Perea, Assistant General Manager
Ian Berg, District Treasurer
Karen Warner, Principal Accountant

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. You may submit public comments by email to the Committee at 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. 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. 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

FINANCIAL MATTERS

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. January 15, 2026

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 January 2026 and tentative future meetings/attendance (Action Calendar).

ITEM 3: DISCUSSION CONCERNING FY 2027 OPERATING BUDGET ASSUMPTIONS AND DEBT FINANCING SCHEDULING

RECOMMENDED ACTION:

Committee to receive presentation at the time of the meeting and provide direction as deemed appropriate.

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 December 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 February 12, 2026 as presented (Consent Calendar).

ITEM 5: OTHER MATTERS

RECOMMENDED ACTION:

Hear Other Matters from the General Manager or District Staff.

ADJOURNMENT

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



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING AGENDA | FEBRUARY 12, 2026**

District's website located at 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 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.

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 | FEBRUARY 12, 2026**

FINANCIAL MATTERS

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. *January 15, 2026*

CONTACTS (staff responsible): MCKENNEY/PEREA



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | JANUARY 15, 2026**

DIRECTORS PRESENT

John Horst, Committee Chair
Mike Safranski, Committee Member

STAFF PRESENT

Larry McKenney, 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 January 15, 2026 Finance/Audit Committee Meeting to order at 8:03 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 Safranski also encouraged staff to continue exploring opportunities to achieve energy savings.

Director Horst noted that he welcomes input and feedback from the District Treasurer and Principal Accountant on budget-related matters.

REPORT FROM THE GENERAL MANAGER

Mr. McKenney concurred with Director Horst's statements.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

Mr. McKenney 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 | JANUARY 15, 2026**

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

Mr. McKenney presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review.

RECOMMENDATION: Recommend the Board of Directors ratify the Directors' fees and expenses for December 2025 and tentative future meetings/attendance (Action Calendar).

ITEM 3: MID-YEAR OPERATING AND CAPITAL BUDGET DRAFT PROPOSAL

Mr. McKenney presented this matter for Committee consideration. Mr. Berg delivered a PowerPoint presentation providing an overview of the proposed mid-year budget and financial plan. Discussion occurred regarding capital financing strategy, 2026 capital project financing plan, mid-year FY 2026 10-year CIP summary of changes, operating expense budget adjustments, and net income and bottom-line impacts.

RECOMMENDATION: Recommend the Board of Directors approve the FY 2026 Mid-Year Operating and Capital Budget Adjustments (Action Calendar).

ITEM 4: DISCUSSION CONCERNING RESOLUTION ON TREASURER'S ANNUAL STATEMENT OF INVESTMENT POLICY

Mr. McKenney presented this matter for Committee consideration, and he reported that that the draft policy has no substantive changes from the previous year. Mr. Berg provided a high-level overview of the updates to the policy. Director Horst suggested that the redlined version of the document be provided when the matter is presented to the full Board for approval.

RECOMMENDATION: Recommend the Board of Directors adopt Resolution No. 2026-1363 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting An Investment Policy (Action Calendar).

ITEM 5: FINANCIAL REPORT

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

FINANCIAL ANALYSIS SUMMARY

Discussion occurred regarding an increase to the District's cash position from the prior month.

DISTRICT SUMMARY BUDGET v. ACTUAL

Discussion occurred concerning total revenue, net income from operations and net change in unrestricted cash.

Discussion occurred regarding the District's use of capacity at the Baker Water Treatment Plant.

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

ITEM 6: OTHER MATTERS

Mr. Perea reported that the District has received grant proceeds in the amount of \$248k for the Server Upgrade project.

Director Horst requested that staff continue to pursue discussions with Irvine Ranch Water District (IRWD) concerning a Baker/Ridgeline agreement.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | JANUARY 15, 2026**

RECOMMENDATION: None – Informational item only.

ADJOURNMENT

Director Horst adjourned the January 15, 2026 Finance/Audit Committee Meeting at 8:54 a.m.

DRAFT

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | FEBRUARY 12, 2026**

FINANCIAL MATTERS

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

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 January 2026 and tentative future meetings/attendance. (Action Calendar)

EXHIBIT(S):

1. Directors' Fees and Expenses Report for January 2026
2. Directors' Tentative Future Meetings/Attendance – Calendar Year 2026.

CONTACTS (staff responsible): MCKENNEY/PEREA

**TRABUCO CANYON WATER DISTRICT
DIRECTORS' FEES AND EXPENSES MONTHLY REPORT | JANUARY 2026**

MEETING DESCRIPTION	ACOSTA	ANDERSON	HORST	MANDICH	SAFRANSKI
DISTRICT MEETINGS					
Engineering/Operational Committee Meeting	01/07/26	01/07/26			
Executive Committee Meeting	01/05/26	01/05/26			
Finance/Audit Committee Meeting			01/15/26		01/15/26
Individual Meeting with General Manager	01/20/26	01/10/26	01/14/26	01/12/26	01/14/26
Labor Negotiations Ad Hoc Committee Meeting	01/06/26	01/06/26			
Public Outreach Ad Hoc Committee Meeting	01/27/26		01/27/26		
Rate Relief Ad Hoc Committee Meeting		01/15/26		01/15/26	
Regular Board Meeting	01/21/26	01/21/26	01/21/26	01/21/26	01/21/26
Special Board Meeting #1	01/07/26	01/07/26	01/07/26	01/07/26	01/07/26
Special Board Meeting #2	01/21/26	01/21/26	01/21/26	01/21/26	01/21/26
Special Board Meeting #3	01/29/26	01/29/26	01/26/26	01/29/26	01/29/26
Trabuco Canyon Improvement Corporation Regular Annual Meeting	01/21/26	01/21/26	01/21/26	01/21/26	01/21/26
Trabuco Canyon Public Financing Authority Regular Annual Meeting	01/21/26	01/21/26	01/21/26	01/21/26	01/21/26
TCWD/SMWD/IRWD Ad Hoc Committee Meeting		01/13/26		01/13/26	
REPRESENTATIVE MEETINGS					
Community Associations of Rancho (CAR) Meeting					01/13/26
City of Rancho Santa Margarita - City Council Meeting					01/14/26
Independent Special Districts of Orange County (ISDOC) Monthly Meeting		01/06/26			
MWDOC Administration/Finance Committee Meeting			01/14/26		
MWDOC Board Meeting			01/21/26		
MWDOC Water Policy Forum & Dinner	01/26/26				01/26/26
Orange County Local Agency Formation Commission (OC LAFCO)		01/14/26			
Santiago Aqueduct Commission Meeting					
South Orange County Agencies Group Meeting					01/22/26
South Orange County Integrated Regional Watershed Management Executive Committee Meeting					
Water Advisory Commission of Orange County (WACO)		01/09/26			
NUMBER OF MEETINGS ATTENDED	8	10	6	6	8
PER DIEMS (\$125 per each meeting*)	\$1,000.00	\$1,250.00	\$750.00	\$750.00	\$1,000.00
DIRECT REIMBURSABLE EXPENSES					
DIRECT REIMBURSABLE EXPENSES TOTALS					
INDIRECT REIMBURSABLE EXPENSES					
INDIRECT REIMBURSABLE EXPENSES TOTALS					
TOTAL (PER DIEMS + DIRECT REIMBURSABLE EXPENSES)	\$1,000.00	\$1,250.00	\$750.00	\$750.00	\$1,000.00
<i>* Maximum per diem per day is one; maximum per month is 10</i>					

DIRECTOR SIGNATURE

TRABUCO CANYON WATER DISTRICT | 2026 PUBLIC MEETING AND CONFERENCE CALENDAR

		2026											
LINE ITEM	MEETING DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
DISTRICT PUBLIC MEETINGS													
1	Executive Committee Meeting	01/05/26	02/02/26	03/02/26	04/06/26	05/04/26	06/01/26	07/06/26	08/03/26	09/07/26	10/05/26	11/02/26	12/07/26
2	Engineering/Operational Committee Meeting	01/07/26	02/04/26	03/04/26	04/01/26	05/06/26	06/03/26	07/01/26	08/05/26	09/02/26	10/07/26	11/04/26	12/02/26
3	Finance/Audit Committee Meeting	01/15/26	02/12/26	03/12/26	04/09/26	05/14/26	06/11/26	07/09/26	08/13/26	09/10/26	10/08/26	11/12/26	12/10/26
4	Regular Board Meeting	01/21/26	02/18/26	03/18/26	04/15/26	05/20/26	06/17/26	07/15/26	08/19/26	09/16/26	10/21/26	11/18/26	12/16/26
5	District Properties Committee Meeting	-	-	-	-	-	-	-	-	-	-	-	-
PUBLIC MEETINGS													
6	City of RSM City Council Meeting - Meeting No. 1	01/14/26	02/11/26	03/11/26	04/08/26	05/13/26	06/10/26	07/08/26	08/12/26	09/09/26	10/14/26	11/11/26	12/09/26
7	City of RSM City Council Meeting - Meeting No. 2	01/28/26	02/25/26	03/25/26	04/22/26	05/27/26	06/24/26	07/22/26	08/26/26	09/23/26	10/28/26	11/25/26	12/23/26
8	City of RSM Planning Commission Meeting	01/07/26	02/04/26	03/04/26	04/01/26	05/06/26	06/03/26	07/01/26	08/05/26	09/02/26	10/07/26	11/04/26	12/02/26
9	Independent Special Districts of Orange County Meeting - Executive	01/06/26	02/03/26	03/03/26	04/07/26	05/05/26	06/02/26	07/07/26	08/04/26	09/01/26	10/06/26	11/03/26	12/01/26
10	Independent Special Districts of Orange County Meeting - Quarterly	01/29/26	-	-	04/30/26	-	-	07/30/26	-	-	10/29/26	-	-
11	Orange County Local Agency Formation Commission (OC LAFCO)	01/14/26	02/11/26	03/11/26	04/08/26	05/13/26	06/10/26	07/08/26	08/12/26	09/09/26	10/14/26	11/11/26	12/09/26
12	Municipal Water District of Orange County (MWDOC) Board Meeting	01/21/26	02/18/26	03/18/26	04/15/26	05/20/26	06/17/26	07/15/26	08/19/26	09/16/26	10/21/26	11/18/26	12/16/26
13	Santiago Aqueduct Commission Meeting	-	-	03/19/26	-	-	06/18/26	-	-	09/17/26	-	-	12/17/26
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*	01/27/26	-	03/24/26	-	05/26/26	-	07/28/26	-	09/22/26	-	11/24/26	-
17	Water Advisory Committee of Orange County	01/09/26	02/06/26	03/06/26	04/03/26	05/01/26	06/05/26	07/10/26	08/07/26	09/04/26	10/02/26	11/06/26	12/04/26
CONFERENCES													
18	ACWA Spring Conference - Sacramento, CA					05/05-05/07							
19	ACWA Fall Conference - Anaheim, CA												12/01 - 12/03
20	CSDA Annual Conference -Palm Desert, CA								08/24-08/27				
21	CSDA GM Leadership Summit - Newport Beach, CA						06/28 - 06/30						
22	CSDA SDLA Conference - San Diego, CA					05/11 - 05/14							
23	Colorado River Water User's Association (CRWUA) Annual Conference – Las Vegas, NV												12/09 - 12/11
24	Urban Water Institute (UWI) Annual Conference - San Diego, CA								08/19 - 08/21				
25	Urban Water Institute (UWI) Spring Conference - Indian Wells, CA		02/25-02/27										

LEGEND

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

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | FEBRUARY 12, 2026**

FINANCIAL MATTERS

ITEM 3: DISCUSSION CONCERNING FY 2027 OPERATING BUDGET ASSUMPTIONS AND DEBT FINANCING SCHEDULING

The District fiscal year runs from July 1 through June 30. During the last quarter of each fiscal year, District staff reviews financial information and performs analyses relating to projected costs for the upcoming fiscal year in order to recommend a budget to the Board of Directors. Staff will provide a preliminary update on budgetary assumptions and debt financing scheduling for capital infrastructure funding at this time.

Additional information may be provided at the time of the Committee Meeting.

RECOMMENDED ACTION:

Committee to receive presentation at the time of the meeting and provide direction as deemed appropriate.

EXHIBITS:

None

CONTACTS (staff responsible): MCKENNEY/PEREA/BERG

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | FEBRUARY 12, 2026**

**FINANCIAL MATTERS
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 December 2025 (Consent Calendar).

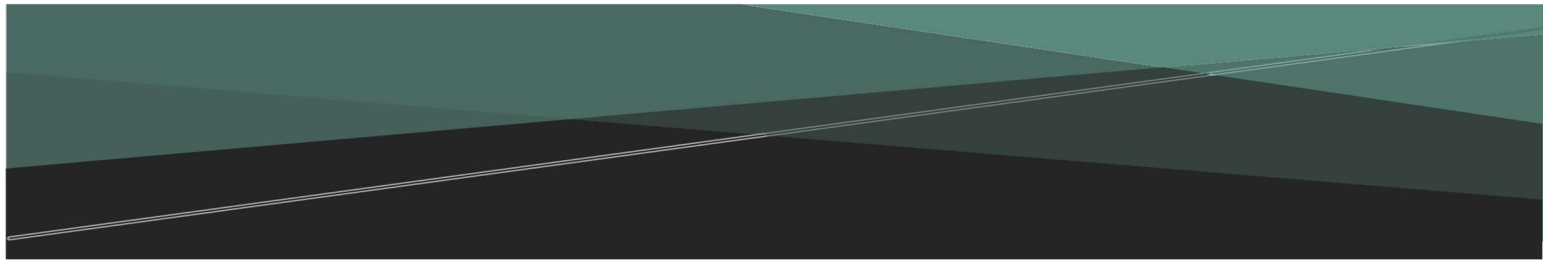
B) BILLS FOR CONSIDERATION

The total of the bills for consideration will be presented at the time of the February 12, 2026 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 February 12, 2026 as presented (Consent Calendar).

CONTACTS (staff responsible): MCKENNEY/BERG/WARNER



Financial Reporting

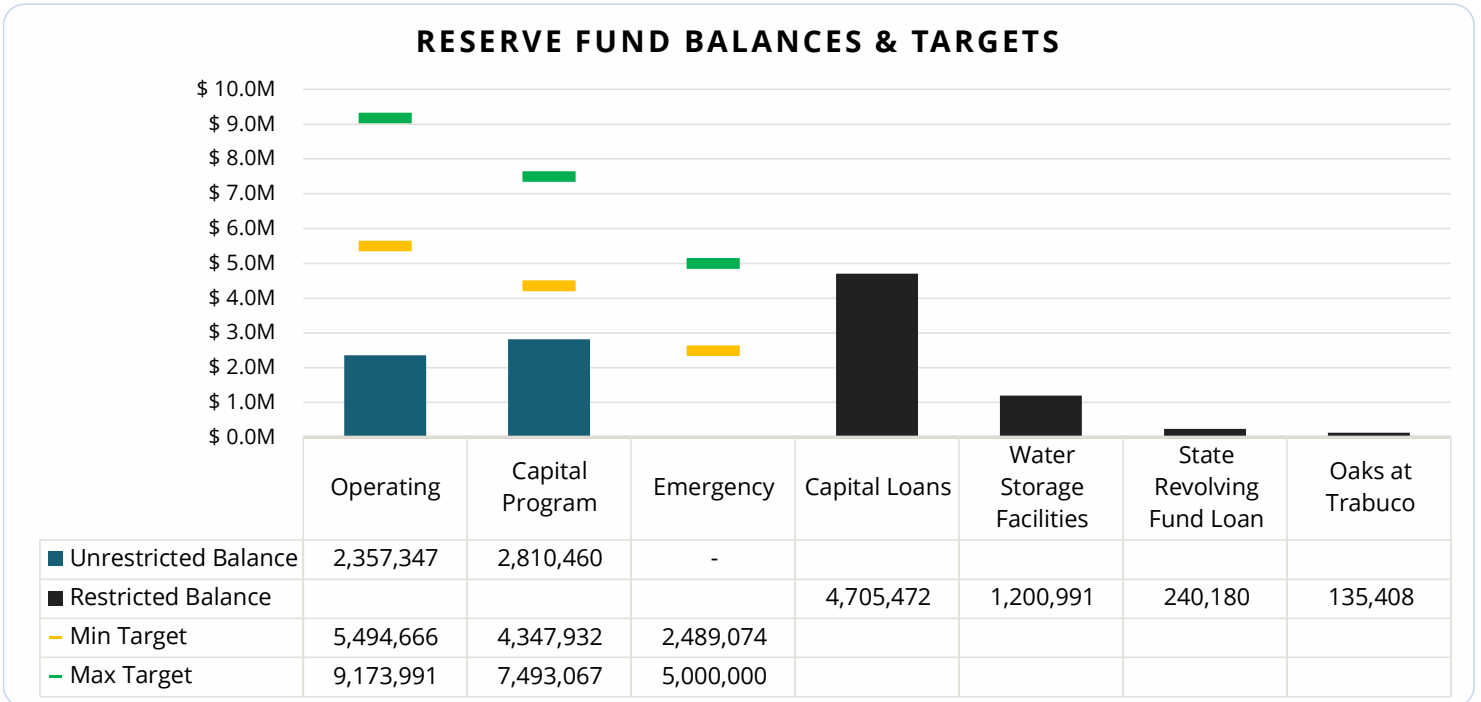
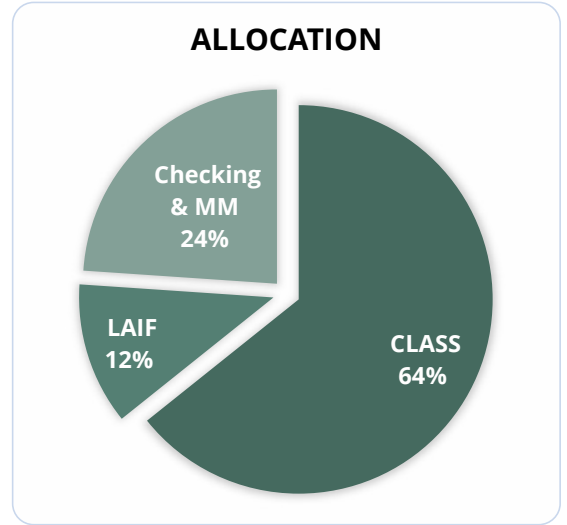
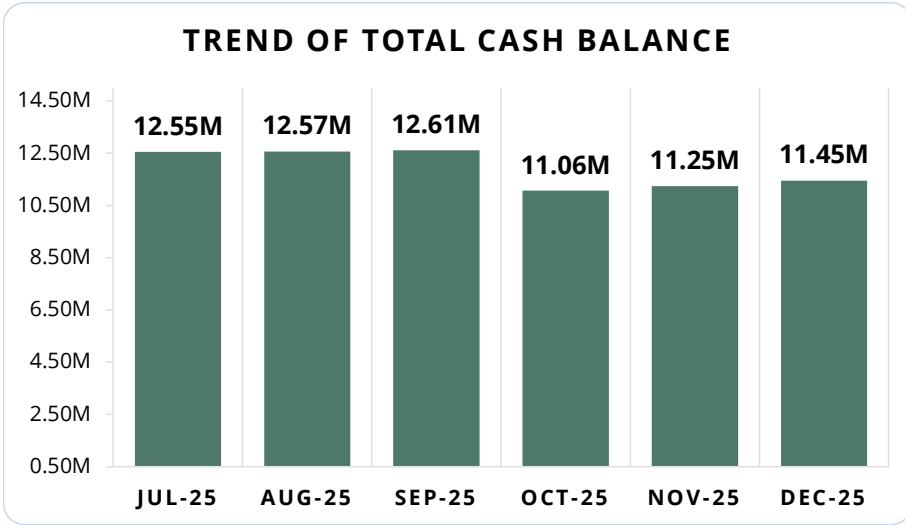
December 2025

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.



Cash & Investments as of December 31, 2025

	Type	Rate	Par / Book		% Portfolio
			Value	Market Value	
Local Agency Investment Fund	LAIF	4.025%	\$ 1,352,691	\$ 1,355,642	11.8%
California Cooperative Liquid Assets Securities System	CLASS	3.877%	\$ 7,357,406	\$ 7,358,735	64.2%
BMO Checking	Checking	0.000%	\$ 2,499,582	\$ 2,499,582	21.8%
CB&T Money Market (SRF Loan Reserve)	Money Market	0.300%	\$ 240,180	\$ 240,180	2.1%
Total Cash & Investments			\$ 11,449,859	\$ 11,454,139	100.0%



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



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

CASH & INVESTMENTS

As of the reporting date, District cash and investments totaled \$11,449,859. Nearly two-thirds of the investment portfolio is allocated to the California Cooperative Liquid Assets Securities System (CLASS) Prime Fund because this pool provides safety, liquidity, and a competitive yield. During December 2025, the monthly effective return for the Local Agency Investment Fund (LAIF) outperformed the California Cooperative Liquid Assets Securities System (CLASS) by approximately 0.0148%. The District Treasurer will monitor this spread and update the investment allocations whenever necessary.

CASH FLOW HIGHLIGHTS

During the reporting month, the District’s cash position increased by \$202,190 from the prior month. The District received \$825,356 in property tax receipts and \$248,400 in grant funds, which are the primary contributors to the increase in cash. During the reporting month, the District also made debt service payments on the 2024 projects loan and the 2011 State Revolving Fund loan. The table below displays the main cash inflow and outflow categories:

Cash Inflows	Utility Payments	\$ 1,438,808
	Property Taxes	825,356
	Grant Funding Receipts	248,400
	OPEB Trust Reimbursements	53,590
	Investments	24,702
	Miscellaneous Receipts	112,621
	Total Inflows	2,703,477
Cash Outflows	Accounts Payable	1,422,273
	Payroll and Benefits	505,798
	Debt Service	573,171
	Miscellaneous Payments	45
	Total Outflows	2,501,287
	Net Cash Inflows / (Outflows)	\$ 202,190

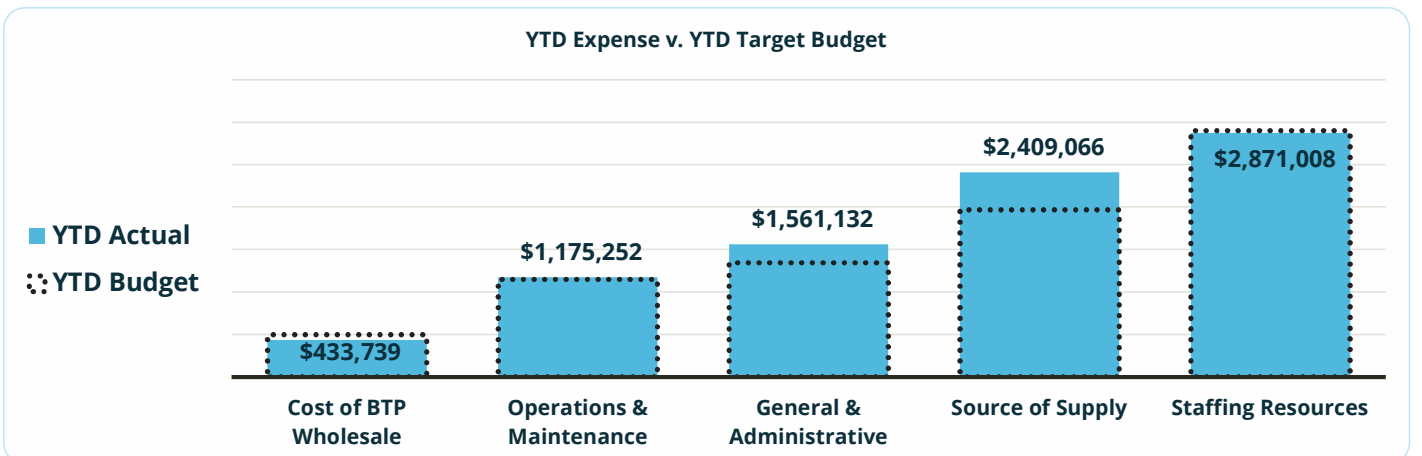
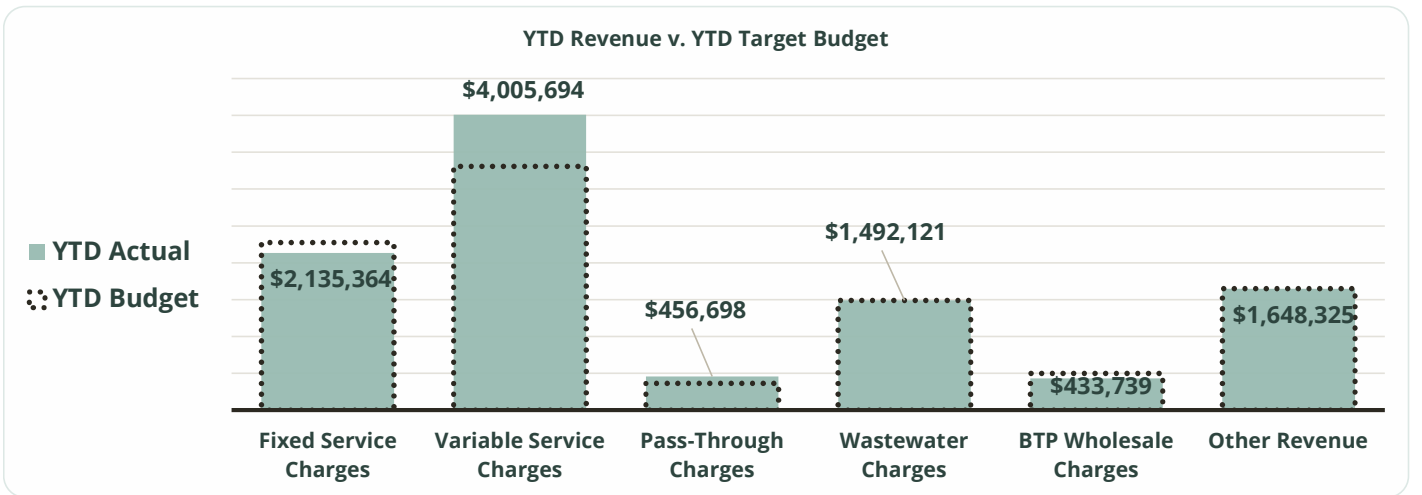
TOP 10 TOTAL VENDOR PAYMENTS

Accounts Payable activities represent the largest category of cash outflows for the District during the reporting month. The table below lists the top ten vendor payments for the reporting month with their descriptions:

Top 10 Payments	Vendor	Operating / Capital	Description of Payments
\$457,980.45	CAPITAL ONE PUBLIC FUNDING, LLC	Capital	Semi-annual payment on the 2024 loan (interest only).
\$420,456.07	IRVINE RANCH WATER DISTRICT	Operating	Ridgeline emergency water purchased for October 2025 and Portola Hills water for 10/21 to 11/18. Baker Treatment Plant operating shared costs for Q1.
\$327,134.38	ADP	Operating	Payroll.
\$317,877.60	T.E. ROBERTS INC	Capital	PW-03 DWTP Transmission Main Replacement.
\$178,663.96	CALPERS	Operating	Employee benefits.
\$115,190.52	CALIFORNIA BANK & TRUST	Capital	Semi-annual payment on the 2011 State Revolving Fund Loan (interest and principal).
\$72,363.30	SOUTHERN CALIFORNIA EDISON	Operating	Energy utilities for the District.
\$66,962.00	BUTIER ENGINEERING, INC.	Capital	Construction management for project PW-03 DWTP Transmission Main.
\$58,472.51	JIG CONSULTANTS	Capital	Engineering services for various projects and on-call engineering.
\$53,006.81	MWDOC	Operating	Water deliveries for October 2025.

Schedule A: Budget v. Actual Summary
December 2025

	A	B	C	D	E = C - B	F = B / C	
	Dec 2025	Dec 2025	FY 2026	FY 2026	FY 2026	YTD % of	
	Period	YTD	Mid-Year	Original	Remaining	Budget	
	Actuals	Actuals	Budget	Budget	Budget	50.0%	
1	Fixed Service Charges	\$ 365,914	\$ 2,135,364	\$ 4,547,500	\$ 4,499,900	\$ 2,412,136 ▲	47.0%
2	Variable Service Charges	329,759	4,005,694	6,616,700	6,386,300	2,611,006	60.5%
3	Pass-Through Charges	55,065	456,698	728,500	870,800	271,802	62.7%
4	Wastewater Charges	251,580	1,492,121	2,973,200	2,973,200	1,481,079	50.2%
5	BTP Wholesale Charges	93,571	433,739	997,100	1,493,900	563,361 ▲	43.5%
6	Other Revenue	882,196	1,648,325	3,299,000	3,370,400	1,650,675	50.0%
7	Total Revenue	1,978,085	10,171,941	19,162,000	19,594,500	8,990,059	53.1%
8	Source of Supply	316,178	2,409,066	3,937,400	3,674,900	1,528,334 ▲	61.2%
9	Cost of BTP Wholesale	93,571	433,739	997,100	1,493,900	563,361	43.5%
10	Staffing Resources	503,106	2,871,008	5,795,700	5,870,500	2,924,692	49.5%
11	Operations & Maintenance	217,495	1,175,252	2,296,100	2,296,100	1,120,848	51.2%
12	General & Administrative	250,750	1,561,132	2,688,100	2,652,900	1,126,968 ▲	58.1%
13	Total Expense	1,381,100	8,450,196	15,714,400	15,988,300	7,264,204 ▲	53.8%
14	Net Income / (Loss) from Operations	596,985	1,721,745	3,447,600	3,606,200	1,725,855	49.9%
15	Capital Loans Reserve	121,668	2,860,982	11,115,656	10,570,177	8,254,674	25.7%
16	Grant Proceeds for CIP	248,400	248,400	250,000	470,700	1,600	99.4%
17	Capital Improvement Program	(121,668)	(2,979,942)	(11,825,356)	(10,969,877)	(8,845,414)	25.2%
18	CIP Contingency	-	-	-	(1,097,000)	-	NA
19	Debt Service	(573,171)	(573,171)	(1,815,341)	(2,570,070)	(1,242,170)	31.6%
20	Net Change in Unrestricted Cash	\$ 272,214	\$ 1,278,014	\$ 1,172,559	\$ 10,130	\$ (105,455)	





**Trabuco Canyon Water District
Financial Analysis
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SCHEDULE A: BUDGET V. ACTUAL SUMMARY

The District Financial Summary presents financial performance in comparison to the adopted budget for each major category. The current reporting period represents 50% 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. Potable Water rates have been adjusted to 100% of the allowable rate as of January 1, 2026. Due to the semiannual rate adjustment schedule for Potable Water, this line will trend slightly behind the expected target budget until it catches up towards the end of the fiscal year.
- **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 have been adjusted to 100% of the allowable rate as of January 1, 2026. As of the reporting period, increased volumetric water consumption trends during the beginning of the fiscal year are offsetting the delayed timing of the Potable Water rate adjustments. 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 last Proposition 218 process. Updated pass-through rates have been implemented as of 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 original adopted District budget included 1,113 AF of wholesale water sold and 87 AF of BTP water used for District supply. The mid-year budget was adjusted and assumed 743 AF in sales to San Clemente and 457 AF for District supply. As of the reporting period, the District has sold 413.4 AF to the City of San Clemente and used 179.7 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. This line item is trending with budgeted expectations.
- **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 November, December, April and May during the fiscal year, which can cause actual results to vary from the expected budget target. YTD is trending with budgeted expectations as of the reporting period.
- **Line 8 Source of Supply** includes the cost of Potable and Recycled water supply 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, and MET/MWDOC fixed water costs and other surcharges. Currently, the DWTP conveyance pipeline is non-operational, and the mid-year budget includes 9 months of more expensive emergency water purchases during FY 2026. YTD results are trending ahead of the expected budget due to increased Summer



**Trabuco Canyon Water District
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demand, and the more expensive source of emergency water purchases. If the District can bring the plant into operation on schedule, this line item should end closer to the expected mid-year budget.

- **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). This line is trending near the expected budget target.
- **Line 11 Operations & Maintenance** includes general repairs and maintenance, electrical repairs, vehicle and equipment maintenance, distribution electricity, lab testing and operating supplies. This line is trending near the expected budget target.
- **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 the timing of annual payments for insurance, LAFCO fees, ACWA dues and the MWDOC program for technical assistance with California conservation framework.
- **Line 15 Capital Loans Reserve** includes loan proceeds that fund the District Capital Improvement Program. During the fiscal year, the District has funded roughly 96% of CIP with restricted funds remaining from the 2024 loan.
- **Line 16 Grant Proceeds for CIP** includes 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). The mid-year budget removed the anticipated proceeds for project RW-23 due to a change in project timing. As of the reporting period, the District received \$248.4K for project DW-03 which was completed during FY 2025.
- **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** included a 10% contingency amount for unplanned capital project needs in the original budget. This funding was projected during the budget process to plan for escalations in project costs and new project needs not known at the time of original budget adoption. During the mid-year budget process, these contingency funds were allocated into the Capital Improvement Program as new needs were identified.
- **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 1st) and in June (due July 1st).

Schedule B: Operating Budget v. Actual
December 2025

	A	B	C	D	E = C - B	F = B / C
	Dec 2025	Dec 2025	FY 2026	FY 2026	FY 2026	YTD % of
	Period	YTD	Mid-Year	Original	Remaining	Budget
	Actuals	Actuals	Budget	Budget	Budget	50.0%
1 Service Charges						
2 Fixed Service Charges	\$ 365,914	\$ 2,135,364	\$ 4,547,500	\$ 4,499,900	\$ 2,412,136	47.0%
3 Variable Service Charges	329,759	4,005,694	6,616,700	6,386,300	2,611,006	60.5%
4 Fixed Service Charges Pass-Through	18,724	111,136	210,300	262,700	99,164	52.8%
5 Variable Service Charges Pass-Through	36,341	345,562	518,200	608,100	172,638	66.7%
6 Wastewater Charges	251,580	1,492,121	2,973,200	2,973,200	1,481,079	50.2%
7 Total Service Charges	1,002,318	8,089,877	14,865,900	14,730,200	6,776,023	54.4%
8 BTP Wholesale						
9 BTP Wholesale Water Sales	93,571	377,021	704,000	1,054,800	326,979	53.6%
10 BTP Maintenance Charges	-	56,719	293,100	439,100	236,381	19.4%
11 Total BTP Wholesale	93,571	433,739	997,100	1,493,900	563,361	43.5%
12 Other Revenue						
13 BTP Capital Recovery	-	35,030	143,400	214,800	108,371	24.4%
14 Property Tax Receipts	827,488	1,306,419	2,437,300	2,437,300	1,130,881	53.6%
15 Customer Fees	40,243	219,282	520,200	520,200	300,918	42.2%
16 Interest Revenue	10,013	68,025	160,000	160,000	91,975	42.5%
17 Miscellaneous Revenue	4,453	19,568	38,100	38,100	18,532	51.4%
18 Total Other Revenue	882,196	1,648,325	3,299,000	3,370,400	1,650,675	50.0%
19 Total Revenue	1,978,085	10,171,941	19,162,000	19,594,500	8,990,059	53.1%
20 Source of Supply						
21 Variable Water Purchases	274,972	1,880,771	2,678,000	2,849,800	797,229	70.2%
22 BTP Water Purchases TCWD	121	166,049	441,300	93,600	275,251	37.6%
23 BTP Maintenance Expense TCWD	-	44,937	192,800	46,800	147,863	23.3%
24 Fixed Water Purchases	26,363	247,365	401,700	401,700	154,335	61.6%
25 Chemicals & Electricity	14,722	69,943	223,600	283,000	153,657	31.3%
26 Total Source of Supply	316,178	2,409,066	3,937,400	3,674,900	1,528,334	61.2%
27 Cost of BTP Wholesale						
28 BTP Water Purchases for Wholesale	93,571	377,021	704,000	1,054,800	326,979	53.6%
29 BTP Maintenance Expense Sales	-	56,719	293,100	439,100	236,381	19.4%
30 Total Cost of BTP Wholesale	93,571	433,739	997,100	1,493,900	563,361	43.5%
31 Staffing Resources						
32 Employee Compensation	344,015	2,001,307	4,045,600	4,115,500	2,044,293	49.5%
33 Employee Benefits	108,754	619,939	1,355,100	1,360,000	735,161	45.7%
34 CalPERS Retirement Unfunded Liability	32,917	197,499	395,000	395,000	197,501	50.0%
35 Retiree Health Insurance Payments	17,421	105,853	201,700	201,700	95,847	52.5%
36 OPEB Trust Reimbursement	-	(53,590)	(201,700)	(201,700)	(148,110)	26.6%
37 Total Staffing Resources	503,106	2,871,008	5,795,700	5,870,500	2,924,692	49.5%
38 Operations & Maintenance						
39 System Repairs and Maintenance	118,481	541,145	1,030,600	1,030,600	489,455	52.5%
40 Distribution Electricity	66,669	436,646	914,700	914,700	478,054	47.7%
41 Vehicles and Equipment	19,038	102,613	188,800	188,800	86,187	54.4%
42 Lab Testing & Supplies	13,307	94,847	162,000	162,000	67,153	58.5%
43 Total Operations & Maintenance	217,495	1,175,252	2,296,100	2,296,100	1,120,848	51.2%
44 General & Administrative						
45 Professional Services	83,870	518,905	1,148,500	1,033,000	629,595	45.2%
46 Office Maintenance & Supplies	46,245	389,291	616,200	616,200	226,909	63.2%
47 Board of Directors	8,294	53,352	111,700	111,700	58,348	47.8%
48 District Insurance	-	243,663	242,000	237,500	(1,663)	100.7%
49 Dues and Memberships	38,664	200,626	247,200	247,200	46,574	81.2%
50 Public Outreach & Rebate Programs	59,732	87,776	100,000	100,000	12,224	87.8%
51 Customer Service and Billing	9,980	52,271	81,600	81,600	29,329	64.1%
52 Conference, Trainings and Travel	1,832	12,438	32,300	32,300	19,862	38.5%
53 Miscellaneous Expense	2,132	2,810	108,600	193,400	105,790	2.6%
54 Total General & Administrative	250,750	1,561,132	2,688,100	2,652,900	1,126,968	58.1%
55 Total Expense	1,381,100	8,450,196	15,714,400	15,988,300	7,264,204	53.8%
56 Net Income / (Loss) from Operations	\$ 596,985	\$ 1,721,745	\$ 3,447,600	\$ 3,606,200	\$ 1,725,855	49.9%



Schedule C: Capital Improvement Program

ID	Project Description	A	B	C	D	E = C - B	F = B / C	Since Project Inception	
		Dec 2025	Dec 2025	FY 2026	FY 2026	FY 2026	YTD % of	F	G
		Period	YTD	Mid-Year	Original	Remaining	Budget	Total	Total
	Actuals	Actuals	Budget	Budget	Budget	50.0%	Project	Project	
							Actuals	Budget	
Potable Water									
PW-02	DWTP Electrical Improvements	\$ 9,500	\$ 10,948	\$ 300,000	\$ 300,000	\$ 289,052	4%	\$ 10,948	\$ 2,000,000
PW-03	Transmission Main Replacement DWTP to Ridgeline PS	48,426	1,934,626	7,000,000	7,000,000	5,065,374	28%	2,102,065	11,000,000
PW-04	DWTP Filter #4 Repair	-	50,879	50,879	-	-	100%	59,879	50,879
PW-20	10" Pipeline Replacement Cooks Corner to Harris Grade	-	-	100,000	225,000	100,000	0%	178,184	3,310,816
PW-25	Trabuco Oaks / Adkinson Fire Flow Improvements	-	-	150,000	150,000	150,000	0%	-	1,539,800
PW-35	Pressure Reducing Vault Improvements - PW	-	6,737	20,000	-	13,263	34%	Program	Program
PW-36	PW Pump Replacements	-	-	100,000	-	100,000	0%	Program	Program
PW-37	PW Valve Replacements	-	-	40,000	-	40,000	0%	Program	Program
PW-38	Saddle Crest Reservoir Outlet Pipe	-	3,799	275,000	275,000	271,201	1%	3,799	275,000
PW-41	PW Meter Replacements	-	10,117	20,000	-	9,883	51%	Program	Program
PW-77	Small Capital - PW	-	10,150	50,000	-	39,850	20%	Program	Program
Total Potable Water		57,926	2,027,256	8,105,879	7,950,000	6,078,622	25%	2,354,875	18,176,495
Recycled Water									
RW-13	Dove Canyon Recycled Booster Pump Station	-	54,480	560,000	560,000	505,520	10%	259,587	1,233,574
RW-23	Tick & Dove Creek Pump Station Improvements	-	-	259,700	259,700	259,700	0%	-	2,484,800
RW-50	Dove Canyon Recycled PRV Improvement	-	-	100,000	-	100,000	0%	73,384	292,546
RW-51	Reservoir V-Ditch Rehabilitation	-	192,106	192,106	-	-	100%	192,106	192,106
RW-77	Small Capital - RW	-	18,071	30,000	-	11,929	60%	Program	Program
Total Recycled Water		-	264,657	1,141,806	819,700	877,148	23%	525,077	4,203,025
Wastewater									
WW-06	WWTP Influent EQB Piping to SBRs & Pump Improvements	-	10,207	100,000	-	89,793	10%	10,207	1,000,000
WW-09	Heritage Sewer Lift Station Rehabilitation	-	32,023	200,000	400,000	167,977	16%	401,594	2,500,000
WW-40	WWTP Hoffman Blower Building Rehab / MCC Replacement	-	202,335	1,477,672	1,290,177	1,275,337	14%	707,840	2,600,000
WW-41	WWTP SCADA & Fiber Optic Upgrade	-	23,319	-	-	(23,319)	NA	<i>Not readily available</i>	
WW-46	Wet Well Recoating Program	-	-	30,000	-	30,000	0%	Program	Program
WW-47	Manhole Recoating Program	-	-	30,000	-	30,000	0%	Program	Program
WW-48	WW Pump Replacements	63,742	103,464	100,000	-	(3,464)	103%	Program	Program
WW-49	SMWD Chiquita WWTP Shared Capital	-	8,623	120,000	140,000	111,377	7%	Program	Program
WW-50	WWTP Headworks Replacement	-	224,055	370,000	370,000	145,945	61%	224,055	370,000
WW-51	WWTP Handrail Replacement - Segment B&C	-	-	20,000	-	20,000	0%	-	20,000
WW-77	Small Capital - WW	-	61,623	75,000	-	13,377	82%	Program	Program
Total Wastewater		63,742	665,649	2,522,672	2,200,177	1,857,022	26%	1,343,695	6,490,000
Wastewater / Recycled									
WR-77	Pump Replacements - WW / Recycled	-	9,076	25,000	-	15,924	36%	9,076	Program
Total Wastewater / Recycled		-	9,076	25,000	-	15,924	36%	9,076	-
Joint Projects									
DW-77	Small Capital - DW	-	13,303	30,000	-	16,697	44%	13,303	Program
Total Joint Projects		-	13,303	30,000	-	16,697	44%	13,303	-
Total Capital Improvement Program		\$ 121,668	\$ 2,979,942	\$ 11,825,356	\$ 10,969,877	\$ 8,845,414	25%	\$ 4,246,027	

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | FEBRUARY 12, 2026**

**FINANCIAL MATTERS
ITEM 5: OTHER MATTERS**

RECOMMENDED ACTION:

Hear Other Matters from the General Manager or District Staff.

CONTACTS (staff responsible): MCKENNEY/PEREA