



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

DIRECTORS PRESENT

John Horst, Committee Chair
Glenn Acosta, 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 February 12, 2026 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 Horst welcomed Director Acosta back to the Committee.

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).

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.

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Director Horst noted an item for correction in the report. Mr. Perea thanked Director Horst for his comments, and he stated that a revised report would be presented at the Regular Board Meeting for Board consideration and approval.

RECOMMENDATION: Recommend the Board of Directors ratify the revised 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

Mr. McKenney presented this matter for Committee consideration, and he reported that the District started the Fiscal Year 2027 budget development process, which includes planning for debt issuance for capital project funding and completing a new cost of service study for updated rates and charges. Mr. Berg delivered a PowerPoint presentation outlining the calendar for the FY 2027 budget process, along with a high-level overview of strategic financial considerations, revenue assumptions, capital financing assumptions, and inflationary assumptions.

Discussion occurred regarding the timeline for a new cost of service study and rate structure development, as well as the District's agreements with various agencies that carry financial implications.

RECOMMENDATION: None – Informational item only.

ITEM 4: FINANCIAL REPORT

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

CASH & INVESTMENTS

Discussion occurred concerning reserve fund balances and targets.

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.

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

ITEM 5: OTHER MATTERS

Mr. Berg reported that staff is exploring a potential transition to a new banking institution, and that interviews are set up for the following week. Mr. Berg added that the District is seeking better returns, terms for financing, and overall customer service.

RECOMMENDATION: None – Informational item only.

ADJOURNMENT

Director Horst adjourned the February 12, 2026 Finance/Audit Committee Meeting at 8:57 a.m.