

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR ANNUAL MEETING AGENDA
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CALIFORNIA
ADMINISTRATIVE FACILITY, BOARD ROOM
THURSDAY JANUARY 20, 2022 AT 7:00 PM
(OR AS SOON THEREAFTER AS SUCH MEETING CAN BE HELD)**

**THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY WAS FOUNDED FOR THE PURPOSES OF ASSISTING THE
TRABUCO CANYON WATER DISTRICT AND ITS COMMUNITY FACILITIES DISTRICTS IN ISSUING POOLED
FINANCING SECURITIES.**

AUTHORITY PRESIDENT: Don Chadd
AUTHORITY VICE PRESIDENT: Mike Safranski

AUTHORITY TREASURER: Cindy Byerrum
AUTHORITY SECRETARY: Michael Perea

AGENDA NOTE:

Trabuco Canyon Water District (District) will make this Regular Board Meeting available by telephone audio as follows:

Telephone Audio:	1 (669) 900-6833 (Toll Free)	Access Code:	913-8681-1652
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Persons desiring to monitor the Board meeting agenda items may download the Board meeting agenda and documents on the internet at www.tcwd.ca.gov. You may submit public comments by email to the Board 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 6:00 p.m. (PDT) on the day of the meeting.

CALL MEETING TO ORDER

PLEDGE OF ALLEGIANCE

VISITOR PARTICIPATION

Members of the public wishing to address the Board regarding a particular item on the agenda are requested to complete a speaker card and submit it to staff. The Board President will call on the visitor following the Board's discussion about the matter. Members of the public will be given the opportunity to speak prior to the Board taking action on that item. 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 invited to identify themselves and encouraged to make comment at this time. Under the requirements of State Law, Directors cannot take action on items not identified on the agenda and will not make decisions on such matters. The Board President 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.

ACTION CALENDAR

ITEM 1: CONFIRMATION OF OFFICE OF PRESIDENT AND VICE PRESIDENT

RECOMMENDED ACTION:

Confirm Trabuco Canyon Water District Vice President Stephen Dopudja as President, and Trabuco Canyon Water District President Don Chadd as Vice President of the Trabuco Canyon Public Financing Authority.

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR ANNUAL MEETING AGENDA | JANUARY 20, 2022**

ITEM 2: APPROVAL OF MINUTES OF BOARD MEETING(S)

RECOMMENDED ACTION:

Approve the minutes of the following Meeting(s):

1. *January 15, 2020 Annual Meeting*

ITEM 3: TRABUCO CANYON PUBLIC FINANCING AUTHORITY FINANCIAL STATEMENT FOR YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021

RECOMMENDED ACTION:

Receive and file the Trabuco Canyon Public Financing Authority Audited Financial Statements for Years Ended June 30, 2020 and June 30, 2021.

ITEM 4: OTHER MATTERS/REPORTS

RECOMMENDED ACTION:

Hear Other Matters/Reports that may have arisen after the posting of the agenda.

END ACTION CALENDAR & 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 Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the Trabuco Canyon Water District Administrative Facility, 32003 Dove Canyon Drive, Trabuco Canyon, California (District Administrative Facility). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available in the lobby area of the District Administrative Facility at the same time as they are distributed to the Board Members, except that, if such writings are distributed immediately prior to or during the meeting, they will be available in the Board Meeting Room at the District Administrative Facility.

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 PUBLIC FINANCING AUTHORITY
REGULAR ANNUAL MEETING | JANUARY 20, 2022**

ACTION CALENDAR

ITEM 1: CONFIRMATION OF OFFICE OF PRESIDENT AND VICE PRESIDENT

Per Section 21 of the Trabuco Canyon Public Financing Authority Bylaws, it is stated that the President of the Authority shall be the Vice-President of the District, and that the Vice President of the Authority shall be the President of the District.

In December 2020, the offices of the President and Vice President of the District were changed, as Director Don Chadd was elected Board President, and Director Stephen Dopudja was elected Vice President. Therefore, it is necessary at this time to confirm, by motion, Director Stephen Dopudja as the President and Director Don Chadd as the Vice President of the Trabuco Canyon Public Financing Authority.

RECOMMENDED ACTION:

- 1. Confirm Trabuco Canyon Water District Vice President Stephen Dopudja as President of the Trabuco Canyon Improvement Corporation.*
- 2. Confirm Trabuco Canyon Water District President Don Chadd as Vice President of the Trabuco Canyon Improvement Corporation.*

EXHIBIT

None

CONTACTS (staff responsible): PALUDI/PEREA

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR ANNUAL MEETING | JANURY 20, 2022**

ACTION CALENDAR

ITEM 2: APPROVAL OF MINUTES OF BOARD MEETING(S)

RECOMMENDED ACTION

Approve the minutes of the following Meeting(s):

1. *January 15, 2020 Annual Meeting*

EXHIBIT

1. January 15, 2020 Trabuco Canyon Public Financing Authority Regular Annual Meeting Minutes

CONTACTS (staff responsible): PALUDI/PEREA

MINUTES OF THE ANNUAL MEETING OF THE BOARD OF DIRECTORS OF THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY | JANUARY 15, 2020

The Annual Meeting of the Board of Directors of the Trabuco Canyon Public Financing Authority (“TCPFA”) was called to order by Vice President Chadd at 8:17 PM at the Trabuco Canyon Water District’s (“District”) Administration Facility, located at 32003 Dove Canyon Drive, Trabuco Canyon, California. District Secretary Mr. Michael Perea transcribed the minutes thereof.

DIRECTORS PRESENT

President Michael Safranski
Vice President Don Chadd
Director Stephen Dopudja
Director Edward Mandich

DIRECTORS PRESENT

Director Acosta

TCWD STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, Principal Engineer
Karen Warner, Senior Accountant
Lisa Carmouche, Administrative Assistant

DISTRICT CONSULTANTS PRESENT:

Rob Anslow, District General Legal Counsel/Assistant District Secretary (Atkinson, Andelson, Loya, Ruud & Romo)
Cindy Byerrum, District Treasurer (Platinum Consultants)

PUBLIC PRESENT

There were no members of the public present.

VISITOR PARTICIPATION

There were no public comments received.

ORAL COMMUNICATION

There was no oral communication received.

DIRECTOR’S COMMENTS

There were no Director comments received.

ACTION CALENDAR

ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)

President Chadd announced this matter for review.

ACTION:

A motion was made by Director Dopudja and seconded by Director Safranski to approve the minutes of the of the January 16, 2019 Trabuco Canyon Public Financing Authority Regular Annual Meeting Minutes and the October 16, 2019 Trabuco Canyon Public Financing Authority Special Board Meeting
The motion carried 4 - 0 -1.

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
ANNUAL BOARD MEETING | JANUARY 15, 2020**

ITEM 2: TRABUCO CANYON PUBLIC FINANCING AUTHORITY FINANCIAL STATEMENT FOR YEAR ENDED JUNE 30, 2019

President Chadd announced this matter for review.

ACTION: A motion was made by Director Dopudja and seconded by Director Mandich to receive and file the audited financial statement for Year Ended June 30, 2019.
The motion carried 4 – 0 - 1.

ITEM 3: OTHER MATTERS/REPORTS

There were no other matters or reports from the General Manager or staff.

ACTION: There was no action taken.

DIRECTORS' COMMENTS

There were no Director comments received.

ADJOURNMENT

President Chadd adjourned the January 15, 2020 Trabuco Canyon Public Financing Authority Regular Annual Meeting at 8:18 PM.

DRAFT

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR ANNUAL MEETING | JANUARY 20, 2022**

ACTION CALENDAR

ITEM 3: TRABUCO CANYON PUBLIC FINANCING AUTHORITY FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021

In May 2018, the Trabuco Canyon Water District Board of Directors authorized the Interim General Manager to contract with Davis Farr LLP for auditing services for the Trabuco Canyon Public Financing Authority for a three-year period. Davis Farr has completed the audit for fiscal year ended June 30, 2020 and it is attached for review, receipt, and file.

In June 2021, the District Board of Directors authorized the General Manager to contract with Nigro & Nigro for auditing services for the TCPFA. As there are no fund balances for the TCPFA, Nigro & Nigro has prepared a compilation of financial statements which is attached for review, receipt, and file.

RECOMMENDED ACTION

Receive and file the Trabuco Canyon Public Financing Authority Audited Financial Statements for Years Ended June 30, 2020 and June 30, 2021.

EXHIBIT

1. *Trabuco Canyon Public Financing Authority Audited Financial Statement for Year Ended June 30, 2020.*
2. *Trabuco Canyon Public Financing Authority Financial Statements and Independent Accountant's Compilation Report for Year Ended June 30, 2021.*

CONTACTS (staff responsible): PALUDI/PEREA/BYERRUM

TRABUCO CANYON PUBLIC FINANCING AUTHORITY

Annual Financial Report

Year ended June 30, 2020

**Trabuco Canyon Public Financing Authority
Annual Financial Report
For the Year Ended June 30, 2020**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Trabuco Canyon Public Financing Authority
Trabuco Canyon, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Trabuco Canyon Public Financing Authority (Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
of the Trabuco Canyon Public Financing Authority
Trabuco Canyon, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2020, and the respective changes in financial position, and, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Trabuco Canyon Public Financing Authority's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Davis Farr LLP

Irvine, California
December 1, 2020

BASIC FINANCIAL STATEMENTS

Trabuco Canyon Public Financing Authority
Statement of Net Position
June 30, 2020
(with prior year data for comparison purposes only)

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Accrued interest receivable	\$ -	\$ 27,146
Installment sale agreement receivable (note 2)	-	890,000
Total current assets	<u>-</u>	<u>917,146</u>
Noncurrent assets:		
Installment sale agreement receivable (note 2)	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>
Total assets	<u>-</u>	<u>917,146</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accrued interest payable	-	27,146
Long-term liabilities – due within one year: Refunding revenue bonds (note 3)	-	890,000
Total current liabilities	<u>-</u>	<u>917,146</u>
Noncurrent liabilities:		
Long-term liabilities – due in more than one year: Refunding revenue bonds (note 3)	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>917,146</u>
 <u>NET POSITION</u>		
Unrestricted:		
Total net position	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ -</u>	<u>\$ 917,146</u>

See accompanying Notes to the Basic Financial Statements.

Trabuco Canyon Public Financing Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020
(with prior year data for comparison purposes only)

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Interest earnings	\$ 27,145	\$ 54,290
Total operating revenues	<u>27,145</u>	<u>54,290</u>
Operating expenses:		
Interest expense	27,145	54,290
Total operating expenses	<u>27,145</u>	<u>54,290</u>
Change in net position	-	-
Net position:		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Basic Financial Statements.

Trabuco Canyon Public Financing Authority
Statements of Cash Flows
For the Year Ended June 30, 2020
(with prior year data for comparison purposes only)

	2020	2019
Cash flows from operating activities:		
Interest paid on refunding revenue bonds	\$ (27,145)	\$ (128,558)
Principal paid on refunding revenue bonds	(890,000)	(825,000)
Interest received on special assessment receivable	27,145	128,558
Principal received on special assessment receivable	890,000	825,000
 Net change in cash and cash equivalents	 -	 -
 Cash and cash equivalents:		
Beginning of year	-	-
End of year	\$ -	\$ -

There were no significant non-cash investing, capital and financing activities for the years ended June 30, 2020 and 2019.

See accompanying Notes to the Basic Financial Statements.

Trabuco Canyon Public Financing Authority
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The Trabuco Canyon Public Financing Authority (Authority) was formed on August 18, 1993, under a joint Exercise of Powers Agreement, by and between the Trabuco Canyon Water District (District) and Community Facilities District No. 7 of the District. The purpose of the agreement was to establish an authority for the purpose of acquiring, constructing, modifying, and rehabilitating facilities; undertaking a program of local agency bond pooled financing, refinancing and lending pursuant to the Marks-Roos Act; and to develop other powers to benefit the group to the extent permitted by the laws and regulations governing such operations.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The Authority 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 Authority 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.

Basis of Accounting and Measurement Focus

The Authority 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 Authority is to service the debt of the District through debt service payments received from the District. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Revenues and expenses result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values.

Financial Reporting

The Authority's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Authority's enterprise fund.

Use of Estimates

The preparation of the basic 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 they also include disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**Trabuco Canyon Public Financing Authority
Notes to the Financial Statements
For the Year Ended June 30, 2020**

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Authority recognizes revenues from interest earnings when they are earned, operating activities generally result from providing services and producing and delivering goods. As such, the Authority considers interest earned to be operating revenue.

Economic Dependence

The Authority provides financial assistance to the District by financing the water improvement facilities for proposed future developments within the District. As such, all of the Authority's revenues and installment sale agreement receivables result from an installment sale agreement between the Authority and the District.

Comparative Financial Statements and Reclassifications

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.

Note 2 – Installment Sale Receivable

The Authority entered into an installment sale agreement with the Trabuco Canyon Water District for the purpose of providing funding for the principal and interest on the long-term debt.

Changes in the installment sale receivable were as follows:

Balance July 1, 2019	Payments	Balance June 30 2020	Current Portion	Noncurrent Portion
\$ 890,000	(890,000)	-	-	-

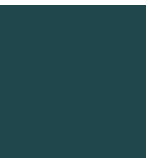

Note 3 – Long-Term Debt

Changes in long-term debt were as follows:

Balance July 1, 2019	Payments	Balance June 30 2020	Current Portion	Noncurrent Portion
\$ 890,000	(890,000)	-	-	-

1994 Series C – Refunding Revenue Bonds

On April 15, 1994, the Authority issued \$12,080,000 of water and wastewater refunding revenue bonds to refund a prior outstanding issuance. The bonds are scheduled to mature in fiscal year 2020. Interest installments are payable each fiscal year at rates of 6.0% to 6.1% on July 1st and January 1st, while principal payments are due on July 1st. The debt was paid off during the year.



**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT
For the Fiscal Year Ended June 30, 2021**

NIGRO & NIGRO^{PC}

TRABUCO CANYON PUBLIC FINANCING AUTHORITY

For the Fiscal Year Ended June 30, 2021

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Trabuco Canyon Public Financing Authority
Trabuco Canyon, California

Management is responsible for the accompanying financial statements of Trabuco Canyon Public Financing Authority) (Authority) which comprise the balance sheet as of June 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, in accordance with accounting principles generally accepted in the United States of America.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Murrieta, California
December 31, 2021

TRABUCO CANYON PUBLIC FINANCING AUTHORITY

Balance Sheet

June 30, 2021

ASSETS	2021
Current assets:	
Accrued interest receivable	\$ -
Installment sale agreement receivable	-
Total current assets	-
Non-current assets:	
Installment sale agreement receivable	-
Total non-current assets	-
Total assets	\$ -
LIABILITIES AND NET POSITION	
Current liabilities:	
Accrued interest payable	\$ -
Long-term liabilities – due within one year:	
Refunding revenue bonds	-
Total current liabilities	-
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Refunding revenue bonds	-
Total non-current liabilities	-
Total liabilities	-
Net position:	
Unrestricted	-
Total net position	-
Total liabilities and net position	\$ -

TRABUCO CANYON PUBLIC FINANCING AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

	<u>2021</u>
Operating revenue:	
Interest earnings	\$ -
Total operating revenue	<u>-</u>
Operating expenses:	
Interest expense	-
Total operating expenses	<u>-</u>
Change in net position	-
Net position:	
Beginning of year	-
End of year	<u>\$ -</u>

TRABUCO CANYON PUBLIC FINANCING AUTHORITY

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Interest paid on refunding revenue bonds	\$ -
Principal paid on refunding revenue bonds	-
Interest received on special assessment receivable	-
Principal received on special assessment receivable	-
	<hr/>
Net change in cash and cash equivalents	-
Cash and cash equivalents	
Beginning of year	<hr/> -
End of year	<hr/> <u>\$ -</u>

TRABUCO CANYON PUBLIC FINANCING AUTHORITY

Notes to the Financial Statements

June 30, 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Trabuco Canyon Public Financing Authority (Authority) was formed on August 18, 1993, under a joint Exercise of Powers Agreement, by and between the Trabuco Canyon Water District (District) and Community Facilities District No. 7 of the District. The purpose of the agreement was to establish an authority for the purpose of acquiring, constructing, modifying, and rehabilitating facilities; undertaking a program of local agency bond pooled financing, refinancing and lending pursuant to the Marks-Roos Act; and to develop other powers to benefit the group to the extent permitted by the laws and regulations governing such operations.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The Authority 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 Authority 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.

Basis of Accounting and Measurement Focus

The Authority 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 Authority is to service the debt of the District through debt service payments received from the District. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Revenues and expenses result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values.

Financial Reporting

The Authority's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Authority's enterprise fund.

Use of Estimates

The preparation of the basic 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 they also include disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Authority recognizes revenues from interest earnings when they are earned, operating activities generally result from providing services and producing and delivering goods. As such, the Authority considers interest earned to be operating revenue.

TRABUCO CANYON PUBLIC FINANCING AUTHORITY

Notes to the Financial Statements

June 30, 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Economic Dependence

The Authority provides financial assistance to the District by financing the water improvement facilities for proposed future developments within the District. As such, all of the Authority's revenues and installment sale agreement receivables result from an installment sale agreement between the Authority and the District.

NOTE 2 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2021, have been evaluated through December 31, 2021, the date at which the Authority's compiled financial statements were available to be issued.

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR ANNUAL MEETING | JANURY 20, 2022**

ACTION CALENDAR

ITEM 4: OTHER MATTERS/REPORTS

Other Matters/Reports may be provided at the time of the Regular Annual Meeting.

RECOMMENDED ACTION

Hear Other Matters/Reports that may have arisen after the posting of the agenda.

EXHIBIT

None

CONTACTS (staff responsible): PALUDI/PEREA