



**FINANCE/AUDIT COMMITTEE MEETING AGENDA  
TRABUCO CANYON WATER DISTRICT  
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CA  
ADMINISTRATION FACILITY BOARDROOM – MARCH 9, 2022 AT 1:00 PM**

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**COMMITTEE MEMBERS**

Edward Mandich, Committee Chair  
Glenn Acosta, Committee Member  
Don Chadd, Committee Member Alternate

**DISTRICT STAFF**

Fernando Paludi, General Manager  
Michael Perea, District Secretary  
Cindy Byerrum, 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:** 969-3001-9067

*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 12:00 p.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 complete a speaker card and submit it to staff. 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 invited to identify themselves and encouraged to make comment at this time. 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 decision 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 | MARCH 9, 2022**

**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. February 9, 2022

**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 February 2022 and tentative future meetings/attendance. (Action Calendar)*

**ITEM 3: DISCUSSION CONCERNING OTHER POST-EMPLOYMENT BENEFITS (OPEB) BIENNIAL ANNUAL VALUATION REPORTING FOR CERBT TRUST FUNDING**

**RECOMMENDED ACTION:**

*Recommend the Board of Directors authorize the General Manager to contract with Total Compensation Systems, Inc. for GASB 74/75 and GASB 68 Biennial Annual Valuation Reporting for \$6,230 (Action Calendar).*

**ITEM 4: DISCUSSION CONCERNING THE ADOPTION OF DISTRICT TREASURER'S ANNUAL STATEMENT OF INVESTMENT POLICY**

**RECOMMENDED ACTION:**

*Recommend the Board of Directors adopt the District Treasurer's Annual Statement of Investment Policy by resolution (Action Calendar).*

**ITEM 5: OTHER MATTERS**

**RECOMMENDED ACTION:**

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

**ITEM 6: FINANCIAL REPORT**

**A) PRESENTATION OF UNAUDITED FINANCIAL STATEMENTS**

**RECOMMENDED ACTION:**

*Recommend that the Board receive and file the preliminary unaudited financial statements for January 2022 (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 March 9, 2022 as presented. (Consent Calendar).*

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING AGENDA | MARCH 9, 2022**

**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 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 | MARCH 9, 2022**

**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. *February 9, 2022*

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



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | FEBRUARY 9, 2022**

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**DIRECTORS PRESENT**

Director Ed Mandich, Committee Chair  
Director Don Chadd, Alternate Committee Member

**DIRECTORS ABSENT**

Director Glenn Acosta

**STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager  
Karen Warner, Principal Accountant  
Lorrie Lausten, District Engineer  
Lisa Marie Sangi, Executive Assistant

**CONSULTANTS PRESENT**

None

**PUBLIC PRESENT VIA CONFERENCE CALL**

None

**CALL MEETING TO ORDER**

Director Mandich called the February 9, 2022 Finance/Audit Committee Meeting to order at 1:00p.m.

**VISITOR PARTICIPATION**

No visitor participation was received.

**ORAL COMMUNICATION**

No oral communication was received.

**COMMITTEE MEMBER COMMENTS**

There were no comments received.

**REPORT FROM THE GENERAL MANAGER**

There were no comments received.

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

Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda.

**RECOMMENDED ACTION(S)**

Director Mandich and Mr. Perea approved the January 12, 2022 and January 19, 2022 Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same. (Consent Calendar)

**TRABUCO CANYON WATER DISTRICT  
FINANCE AUDIT COMMITTEE MEETING RECAP | FEBRUARY 9, 2022**

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

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Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Discussion occurred concerning Director stipends and meeting frequency.

**RECOMMENDED ACTION:**

Recommend that the Board ratify the Directors' fees and expenses for January 2022 and tentative future meetings/attendance. (Action Calendar)

**ITEM 3: OTHER MATTERS**

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There were no other matters presented for consideration.

**RECOMMENDED ACTION:**

There was no action taken.

**ITEM 4: FINANCIAL REPORT**

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Ms. Warner presented the preliminary unaudited financials for December 2021, and he highlighted the following items:

***Operating Revenue, Residential Water***

Ms. Warner reported that water demand for the month was higher than the prior month, and the year to date was trending as budgeted.

***Operating Revenue, Irrigation Water***

Ms. Warner reported that this line item was higher than the prior month due and the year to date was significantly higher than budgeted due to increased demand through December.

***Operating Revenue, Recycled & Reclaimed Water***

Ms. Warner reported that water demand for the month was lower than the prior month, but the year to date was higher than budgeted due to increased demand through December.

***Operating Revenue, Baker Treatment Plant Sales***

Ms. Warner reported that this line item was higher than the prior month.

Discussion occurred concerning Other Post-Employment Benefit (OPEB) Trust funding costs; Mr. Perea reported that District staff will bring proposals from actuary firms to perform a valuation of the District's OPEB costs for Committee consideration.

**RECOMMENDED ACTION:**

The Committee recommended the Board of Directors receive and file the preliminary unaudited financial statements for December 2021 (Consent Calendar).

The Committee signed the bills for consideration and the warrant register and recommended that the Board ratify payment of the bills for consideration for February 9, 2022 as presented (Consent Calendar).

**ADJOURNMENT**

Director Mandich adjourned the February 9, 2022 Finance/Audit Committee Meeting at 1:11p.m.

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | MARCH 9, 2022**

**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 their Director capacity. The attached spreadsheet provides a recap of the meetings, seminars, and/or conferences attended by Directors including direct reimbursables paid to each Director.

***Future Meetings***

Future meetings are identified for reference and 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.

**RECOMMENDED ACTION:**

*Recommend that the Board ratify the Directors' fees and expenses for February 2022 and tentative future meetings/attendance. (Action Calendar)*

**EXHIBIT(S):**

1. Directors' Fees and Expenses Report for February 2022
2. Directors' Tentative Future Meetings/Attendance – Calendar Year 2022.

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

**TRABUCO CANYON WATER DISTRICT  
DIRECTORS' FEES AND EXPENSES MONTHLY REPORT | FEBRUARY 2022**


MEETING DESCRIPTION	ACOSTA	CHADD	DOPUDJA	MANDICH	SAFRANSKI
<b>DISTRICT MEETINGS</b>					
Engineering/Operational Committee Meeting			02/02/22		02/02/22
Paloma Square Ad Hoc Committee			02/16/22		02/16/22
Executive Committee Meeting		02/07/22	02/07/22		
Special Regular Board Meeting	02/08/22	02/08/22	02/08/22	02/08/22	02/08/22
Finance/Audit Committee Meeting	02/09/22			02/09/22	
Individual Meeting with General Manager	02/15/22		02/15/22	02/14/22	02/14/22
Regular Board Meeting	02/17/22	02/17/22	02/17/22	02/17/22	02/17/22
<b>REPRESENTATIVE MEETINGS</b>					
City of Rancho Santa Margarita Council Meeting					02/09/22
City of Rancho Santa Margarita Council Meeting					
City of Rancho Santa Margarita City Planning Commission Meeting	02/02/22				
Independent Special Districts of Orange County - Luncheon Meeting	02/01/22				
Independent Special Districts of Orange County - Quarterly/Meeting					
Santiago Aqueduct Commission Meeting(SAC)					
South Orange County Agencies Group					
South Orange County Wastewater Authority (SOCWA) Regular Board Meeting			02/03/22		
South Orange County Wastewater Authority (SOCWA) Finance Meeting					
MO. South Orange County Integrated Regional Watershed Management Executive Committee				02/24/22	
QRTLY South Orange County Integrated Regional Watershed Management Executive Committee					
Water Advisory Committee of Orange County Meeting (WACO)	02/04/22				
MWDOC Policy Dinner	02/23/22		02/23/22	02/23/22	
<b>NUMBER OF MEETINGS ATTENDED</b>	<b>8</b>	<b>3</b>	<b>8</b>	<b>6</b>	<b>6</b>
<b>FEES (\$125 per each meeting*)</b>	<b>\$1,000.00</b>	<b>\$375.00</b>	<b>\$1,000.00</b>	<b>\$750.00</b>	<b>\$750.00</b>
<b>DIRECT REIMBURSABLE EXPENSES</b>					
<b>INDIRECT REIMBURSABLE EXPENSES</b>					
<b>INDIRECT REIMBURSABLE EXPENSES TOTALS</b>					
<b>TOTAL</b>					
	<b>\$1,000.00</b>	<b>\$375.00</b>	<b>\$1,000.00</b>	<b>\$750.00</b>	<b>\$750.00</b>
<i>* Maximum per diem per day is one; maximum per diems per month is 10</i>					

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



**TRABUCO CANYON WATER DISTRICT | 2022 PUBLIC MEETING AND CONFERENCE CALENDAR**

2022													
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	TBD			TBD			TBD			TBD		
2	Engineering/Operational Committee Meeting	01/05/22	02/02/22	03/02/22	04/06/22	05/04/22	06/01/22	07/06/22	08/03/22	09/07/22	10/05/22	11/02/22	12/07/22
3	Finance/Audit Committee Meeting	01/12/22	02/09/22	03/09/22	04/13/22	05/11/22	06/08/22	07/13/22	08/10/22	09/14/22	10/12/22	11/09/22	12/14/22
4	Regular Board Meeting	01/20/22	02/17/22	03/17/22	04/21/22	05/19/22	06/16/22	07/21/22	08/18/22	09/22/22	10/20/22	11/17/22	12/22/22
5	District Properties Ad Hoc Committee Meeting	-	-	-	-	-	-	-	-	-	-	-	-
<b>PUBLIC MEETINGS</b>													
6	City of RSM City Council Meeting - Meeting No. 1	01/12/22	02/09/22	03/09/22	04/13/22	05/11/22	06/08/22	07/13/22	08/10/22	09/14/22	10/12/22	11/09/22	12/14/22
7	City of RSM City Council Meeting - Meeting No. 2	01/26/22	02/23/22	03/23/22	04/27/22	05/25/22	06/22/22	07/27/22	08/24/22	09/28/22	10/26/22	11/23/22	12/28/22
8	Independent Special Districts of Orange County Meeting	01/04/22	02/01/22	03/01/22	04/05/22	05/03/22	06/07/22	07/05/22	08/02/22	09/06/22	10/04/22	11/01/22	12/06/22
9	Independent Special Districts of Orange County Meeting	01/27/22	-	-	04/28/22	-	-	07/28/22	-	-	10/27/22	-	-
10	Orange County Local Agency Formation Commission (OC LAFCO)	01/12/22	02/09/22	03/09/22	04/13/22	05/11/22	06/08/22	07/13/22	08/10/22	09/14/22	10/12/22	11/09/22	12/14/22
11	Santiago Aqueduct Commission Meeting	-	-	03/17/22	-	-	06/16/22	-	-	09/15/22	-	-	12/15/22
12	Quarterly South Orange County Integrated Regional Watershed Management Executive Committee	-	-	03/03/22	-	05/05/22	-	-	08/04/22	-	-	11/03/22	-
13	Monthly South Orange County Integrated Regional Watershed Management Executive Committee	01/27/22	02/24/22	03/24/22	04/28/22	05/26/22	06/23/22	07/28/22	08/25/22	09/22/22	10/27/22	11/24/22	12/22/22
14	South Orange County Water Agencies Group Meeting*	01/27/22	-	03/24/22	-	05/26/22	-	07/28/22	-	09/22/22	-	11/24/22	-
15	South Orange County Wastewater Authority Regular Board Meeting	01/06/22	02/03/22	03/03/22	04/07/22	05/05/22	06/02/22	07/07/22	08/04/22	09/01/22	10/06/22	11/03/22	12/01/22
16	Water Advisory Committee of Orange County	01/07/22	02/04/22	03/04/22	04/01/22	05/06/22	06/03/22	07/01/22	08/05/22	09/02/22	10/07/22	11/04/22	12/02/22
<b>CONFERENCES</b>													
17	ACWA Spring Conference - Sacramento, CA					5/3 - 5/6							
18	ACWA Fall Conference - Indian Wells, CA											11/29 - 12/2	
19	CSDA Annual Conference -Palm Springs, CA								8/22 - 8/25				
20	CSDA GM Leadership Summit - Coronado, CA						6/19 - 6/21						
21	CSDA SDLA Conference - Napa, CA									9/18 - 9/21			

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

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | MARCH 9, 2022**

**FINANCIAL MATTERS**

**ITEM 3: DISCUSSION CONCERNING OTHER POST-EMPLOYMENT BENEFITS (OPEB) BIENNIAL ANNUAL VALUATION REPORTING FOR CERBT TRUST FUNDING**

The California Employers’ Retiree Benefit Trust (CERBT) Fund was established by the California Public Employers’ Retirement System (CalPERS) in March, 2007, to provide California public agencies with a cost-efficient, professionally managed investment vehicle for prefunding other post-employment benefits (OPEB), such as retiree health benefits. Prefunding the debt obligation is designed to reduce an agency’s long-term OPEB liability.

At the June 19, 2013, Regular Board Meeting, the Board of Directors adopted the CalPERS *CERBT Agreement and Election to Prefund Other Post-Employment Benefits through CalPERS* which is a requirement to affect the payment of the OPEB obligation. Since that time, the District has made annual payments to fund the CERBT Trust which is determined by an actuarial valuation of the District’s retiree health program. District staff has requested proposals from two actuarial firms that perform OPEB-specific valuations that comply with GASB 74 & 75, and a comparison of the costs are indicated in the following table:

<b>Consultant</b>	<b>GASB 74/75 Year One</b>	<b>GASB 74/75 Year Two</b>	<b>GASB 68 Reporting</b>	<b>Total</b>
Nyhart	\$ 7,500.00	\$ 2,400.00	-	\$ 9,900.00
Total Compensation Systems, Inc.	\$ 3,420.00	\$ 1,710.00	\$ 1,100.00	\$ 6,230.00

Total Compensation Systems, Inc. provided an additional proposal to perform GASB 68 reporting. District staff recommends contracting with Total Compensation Systems, Inc. for both the GASB 74/75 and GASB 68 reporting for Fiscal Years Ending 2022 & 2023. More information may be presented at the time of the meeting.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT**

\$6,230

**RECOMMENDED ACTION:**

*Recommend the Board of Directors authorize the General Manager to contract with Total Compensation Systems, Inc. for GASB 74/75 and GASB 68 Biennial Annual Valuation Reporting for \$6,230 (Action Calendar).*

**EXHIBIT(S):**

1. Nyhart GASB 74/75 Valuation Proposal
2. Total Compensation Systems, Inc. GASB 74/75 Valuation Proposal

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



nyhart  
part of FuturePlan by Ascensus®

February 2022

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Proposal to Provide Actuarial Services

# Trabuco Canyon Water District

## CONTACT

**John Mallows**

FSA, MAAA

317-845-3609

[john.mallows@nyhart.com](mailto:john.mallows@nyhart.com)

## HQ ADDRESS

**Nyhart**

8415 Allison Pointe Blvd.

Suite 300

Indianapolis, IN 46250

## PHONE

**General** (317) 845-3500

**Toll-Free** (800) 428-7106

**Fax** (317) 845-3654

# Letter of Transmittal

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February 10, 2022

## **RE: PROPOSAL FOR OPEB ACTUARIAL SERVICES**

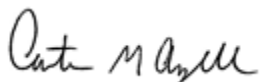
It has been our privilege to serve the Trabuco Canyon Water District. Thank you for once again considering Nyhart's OPEB actuarial services proposal. We thoroughly understand the scope of work being requested as we have proven in our execution of service.

Nyhart's experienced consultants and industry-leading tools have helped the District manage its post-employment health benefit compliance obligation for years:

- We have met all deadlines and service expectations expressed by the District.
- Our results have yielded no surprises and our work is free from hidden or *add-on* fees.
- We have communicated with the District frequently and in a transparent manner.
- The District is well aware of our scope and quality of services and can expect a commitment to continuous enhancement.
- Nyhart is already familiar with the District's retiree OPEB benefits, accounting staff, and internal practices. This familiarity fosters ongoing consistency and trust between both parties.
- Nyhart has considerable historical data and claims information which can be efficiently accessed for assumption studies and *what-if* modeling.
- Trabuco Canyon Water District benefits from our experience with a large network of clients enabling us to stay current with trends in benefit design and strategy.
- The District can avoid issues and delays caused by transition to advisors using different actuarial processes and assumptions.

We know your business must be earned, and we are committed to constant improvement of the compliance-management effort and excellent customer service.

Best regards,



**Carter M. Angell, FSA, EA, MAAA**

CEO

Nyhart, part of FuturePlan by Ascensus

**P** (317) 845-3577 | **E** [carter.angell@nyhart.com](mailto:carter.angell@nyhart.com)

**A** 8415 Allison Pointe Blvd, Ste 300, Indianapolis, IN 46250

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# Qualifications

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## Actuarial Certification

We affirm that we will provide the services, and components thereof, in accordance with the Actuarial Standards of Practice, Actuarial Code of Professional Conduct, and the Government Accounting Standards Board Statements 43/45 and 74/75.

We affirm our qualifications in determining actuarial equivalence in compliance with requirements for plan sponsors to qualify for the retiree drug subsidy (RDS) under the Medicare Modernization Act of 2003.

Our firm is qualified to issue a Public Statement of Actuarial Opinion (PSAO) in accordance with the Qualification Standards of the American Academy of Actuaries.

The actuaries assigned to work with the District are qualified to undertake this project according to Precept 2 of the Code to Professional Conduct of the American Academy of Actuaries.

## Training

Nyhart invests heavily in ongoing education to bring the latest industry topics and strategies to our clients. We use a combination of internal training, rigorous examination (pursuing advancing certification/designation), and monthly training sessions provided by the Conference of Consulting Actuaries to fully develop our employee-resource in providing excellent client service.

For the last eight years Nyhart has had at least one consultant on the conference planning committee. Many of the sessions at the annual conference focus on public-plan issues. We make these sessions a priority for those attending and internally share firm-wide what attendees learn from these sessions after the conference. In addition to the Conference of Consulting Actuaries, Nyhart receives training and/or participates in the following organizations:

Society of Actuaries	American Academy of Actuaries	IN Association of Cities and Towns
MAPERS	American Society of Pension Professionals	IL Public Pension Fund Association

We also utilize several online resources:

- Thomson Reuters Checkpoint: An extensive research site with primary source material (Internal Revenue Code and related Treasury regulations, ERISA, DOL regulations and pronouncements) as well as editorial material.
- Wolters Kluwer’s IntelliConnect: Provides online access to the Internal Revenue Code and regulations and a wide variety of Aspen Publishers Answer Books.
- BenefitsLink: We receive technical updates from the IRS through their Employee Plan News and participate in the IRS phone forums on technical topics relating to retirement plans.

## California Experience

Below is a client sampling of California clients for whom we have completed GASB OPEB actuarial valuation services similar to those requested by the District.

BORREGO SPRINGS USD	CARLSBAD UNIFIED SCHOOL DISTRICT	CENTER SCHOOL DISTRICT
CAJON VALLEY USD	CITY OF ALAMEDA	CITY OF CALEXICO
CHULA VISTA ELEMENTARY SD	CITY OF COTATI	CITY OF CORONADO
CITY OF CARSON	CITY OF FILLMORE	CITY OF DELANO
CITY OF COSTA MESA	CITY OF LOMITA	CITY OF MONTEBELLO
CITY OF ENCINITAS	CITY OF NATIONAL CITY	CITY OF NEWPORT BEACH
CITY OF LA MESA	CITY OF PASADENA	CITY OF SAN GABRIEL
CITY OF RIDGECREST	CITY OF RIVERSIDE	CITY OF YORBA LINDA
COUNTY OF LASSEN	COUNTY OF PLUMAS	CORONADO UNIFIED SCHOOL DIST.
COUNTY OF SAN BENITO	DEL MAR UNION SCHOOL DISTRICT	COUNTY OF TRINITY
EASTERN MUNICIPAL WATER DISTRICT	EAST VALLEY WATER DISTRICT	ENCINA WASTEWATER AUTHORITY
ESCONDIDO UNION SCHOOL DISTRICT	FALLBROOK UNIFIED HS DISTRICT	JURUPA UNIFIED SCHOOL DISTRICT
GROSSMONT HEALTHCARE DISTRICT	GROSSMONT UHSD	LAKESIDE UNION SCHOOL DISTRICT
MONTEBELLO UNIFIED SCHOOL DIST.	JULIAN UNION SCHOOL DISTRICT	MT. DIABLO USD
MOUNTAIN EMPIRE USD	LAKESIDE FIRE PROTECTION DISTRICT	NATIONAL SCHOOL DISTRICT
PALISADES CHARTER HIGH SCHOOL	NOVATO FIRE PROTECTION DISTRICT	ORANGE COUNTY FIRE AUTHORITY
RIVERSIDE COUNTY OFFICE OF EDU.	RAMONA MUNICIPAL WATER DIST.	OXNARD UNION HIGH SCHOOL DISTRICT
SAN DIEGO COUNTY OFFICE OF EDU.	SAN GABRIEL MUNICIPAL WATER	RANCHO CALIFORNIA WATER DISTRICT
SAN ELIJO JPA	SAN MARCOS UNIFIED SCHOOL DIST.	SACRAMENTO PUBLIC LIBRARY
SAN LUIS OBISPO COUNTY OFFICE OF ED	SAN YSIDRO UNIFIED SCHOOL DIST.	SAN DIEGUITO UNION SCHOOL DIST.
SAN RAMON VALLEY USD	SOQUEL CREEK WATER DISTRICT	SAN JOSE COMMUNITY COLLEGE DIST.
SANTA FE IRRIGATION DISTRICT	SOUTH ORANGE COUNTY WASTEWATER	SAN MIGUEL FIRE DISTRICT
SOLANA BEACH UNIFIED SCHOOL DIST.	VALLEY CENTER MUNICIPAL WATER DIS	SAN MIGUEL FIRE DISTRICT
SOUTH ORANGE COUNTY COLLEGE	SCAG	SAN MIGUEL FIRE DISTRICT
WHITTIER TRUST	SOUTH BAY UNION SCHOOL DISTRICT	SAN MIGUEL FIRE DISTRICT
WILLIAM S. HART UHSD	TURLOCK IRRIGATION DISTRICT	VALLEY CENTER WATER DISTRICT



# Identification of the Responder

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## Company Background

Established in 1943 and headquartered in Indianapolis, Nyhart serves more than 2,400 clients in all 50 states. With client assets exceeding \$20 billion, the firm specializes in bringing a consultative approach to large, complex plans. Nyhart works with a diverse client base, including states, cities, and municipalities; professional services firms; public- and private-sector entities; healthcare systems; religious organizations; and higher-education institutions.

Nyhart strikes a desirable balance in the actuarial service industry. Many of our actuaries come from larger consulting firms enabling us to offer the sophisticated consulting of a larger firm but with a small firm feel and lower fees. Our alignment with Ascensus, LLC at the end of 2019 is an exciting continuation of the steady growth Nyhart has earned through service excellence and industry acumen. This partnership affords Nyhart the resources of a much larger firm (IT security, ERISA legal team) while still allowing us to offer the personal interface of a much smaller firm. Our phones are answered “live”, and client teams, selected by experience, expertise and workload, are personally available for client inquiries.

## FuturePlan by Ascensus

FuturePlan by Ascensus is the nation’s largest retirement third-party administrator, combining high-touch local service with the strength and security of an industry leader. A line of business within Ascensus, FuturePlan’s dedicated team serves more than 51,000 retirement plan sponsors across the country as of December 31, 2020.

## Company Demographics

**Legal Name:** The Howard E. Nyhart Company, Incorporated dba Nyhart

**Company Form:** Operating as a corporation wholly owned by parent company, Ascensus

**San Diego Office:** Nyhart has historically maintained a satellite office at 530 B St., Suite 900 San Diego, CA 92101; however, in 2020, like so many other businesses, we adapted to a 100% virtual atmosphere. Travel for consultation may be arranged if desired. Virtual meetings have effectively replaced in-person meetings with no loss in service value. We will, of course, accommodate your preference. Nyhart consultants and support staff are available to you via email, phone and virtual meeting at your request without much lead time.

## Proposal Contact

**John Mallows FSA, MAAA**

317-845-3609

[john.mallows@nyhart.com](mailto:john.mallows@nyhart.com)

# Experience and Technical Competence

## Statement of Project Understanding - OPEB Actuarial Valuation

The Nyhart Company, to the best of our knowledge, is independent of, and has no conflict of interest with the District.

The Trabuco Canyon Water District will require an actuarial review of their post-employment benefits in accordance with Governmental Accounting Standards Board (GASB) Statements 74/75.

This report will allow implementation and compliance of the GASB rules regarding accounting for OPEB.

The primary objective of Statement 45/75 was to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It was also to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

The GASB 75 (transition year of FYE 2018 for most entities) statement requires a liability for OPEB known as the Net OPEB Liability to be acknowledged on the balance sheet of the District. Also, an OPEB expense will be reflected in its income statement.

Our responsibility will be to provide consulting services and information needed to fulfill the OPEB needs in an accurate and timely fashion.

Using the data that the District submits; we have technology and procedures in place to assure accuracy and timeliness.

## Familiarity with GASB 75

Nyhart provides actuarial services for more than 550 government and private-sector employers offering OPEB benefits to their retirees across the US. More than 85% of these employers are in the government sector.

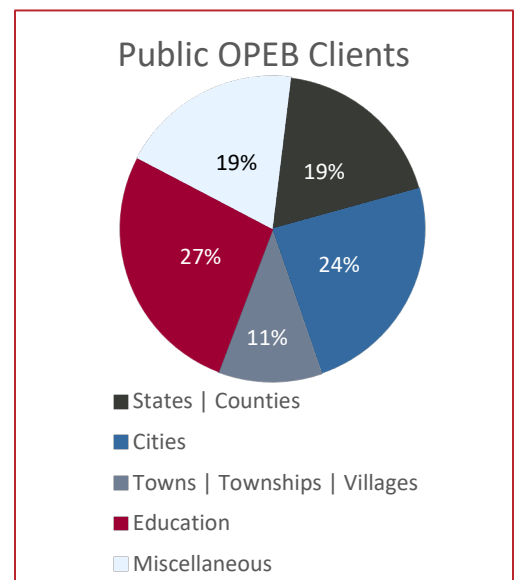
Nyhart's OPEB experience is more extensive than most because our health actuaries also provide underwriting and modeling services to more than 60 single-employer, multiple-employer and Taft-Hartley health plans. We understand how health plans work at a fundamental level and often suggest improvements or alternatives to improve the administration of OPEB plans.

## OPEB Qualifications

Nyhart has performed thousands of OPEB valuations, studies, and experience studies since the standards became effective.

The Health Line of Business has developed templates and training manuals to conduct OPEB valuations and consistently applies techniques in *assumption setting* to evaluate the rationality of results.

We are qualified to perform all of the healthcare and pension aspects of the valuation and do not need to outsource any of these functions.



## Knowledge vs. Experience

Most OPEB clients who started prefunding do not have a long-term strategy. The decision to start funding was made as a responsible starting point for proper fiduciary action. The long-term considerations such as; *how long to fund, what is a reasonable target, and when can money start to be taken out* were delayed to a later time.

Many OPEB and pension clients tend to make short-term decisions, such as the budget for the upcoming year. Nyhart tries to broaden the focus from what happened last year to what is going to happen 5 to 10 years in the future.

Our clients are not actuaries and do not deal with OPEB-related activities very often during the year. Thus, we attempt to keep our reports simple and in non-technical terms. Our clients inform us that our communication style is a valuable component of our services.

## Quality-Control Processes

- Reconciliation of census information and health costs
- Detailed actuarial gain-and-loss analysis by source
- Uniformity tests between client-provided data and Nyhart-generated content

## OPEB Project Work Examples

- Impact of funding policy alternatives on existing/future retirees
- Savings estimate from introducing high-deductible health option
- Model impact of excluding spouses with access to other employment-based coverage
- Evaluate long-term funding policies
- Model impact of selling OPEB bonds
- Determine appropriate time to begin disbursements from OPEB trust
- Actuarial assumption study

## Industry Recognition

- In 2018, Nyhart was selected as preferred vendor for the Tennessee School Board Association OPEB Trust.
- Nyhart was the sole recommendation to provide GASB 43 & 45 consulting services to all public schools within the San Diego County Office of Education in 2016.
- In 2011, Nyhart was selected as actuarial vendor for Cattaragus-Allegany BOCES which includes 23 school districts.
- In 2008, Nyhart was selected as a preferred vendor for the Iowa State Association of Counties and Iowa Public Agency Investment Trust. In this capacity, Nyhart provides actuarial GASB and healthcare services to more than 70 separate entities.
- In 2007, our firm began working with employers seeking to participate in the newly formed California Employers' Retiree Benefits Trust (CERBT).
- In 2005 our San Diego office was selected to be one of three preferred actuarial firms to provide Statements No. 43 & 45 consulting services to members of the California Community College League.

## References

Client	Contact	Service Provided
Eastern Municipal Water District 2270 Trumble Perris, CA 92570	Charles Turner Director of Finance (951) 928-3777 <a href="mailto:turnerc@emwd.org">turnerc@emwd.org</a>	OPEB Actuarial Since 2015
Otay Water District 2554 Sweetwater Springs Blvd. Spring Valley, CA 91978	Eid Fakhouri (619) 670-2246 <a href="mailto:efakhouri@otaywater.gov">efakhouri@otaywater.gov</a>	OPEB Actuarial Since 2017
San Diego County Water Authority 4677 Overland Road San Diego, CA 92123	Chistoper Woidzik Controller 858-522-6679 <a href="mailto:cwoidzik@sdcwa.org">cwoidzik@sdcwa.org</a>	OPEB Actuarial Since 2011
Ramona Municipal Water District 105 Earlham Street Ramona, Ca 92065	Craig Schmollinger 760-789-1330 <a href="mailto:cschmollinger@rmwd.org">cschmollinger@rmwd.org</a>	OPEB Actuarial Since 2008
Rancho California Water District 42135 Winchester Road Temecula, CA 92590	Ms. Kathleen Naylor Acting General Manger 951-296-6900 <a href="mailto:naylork@ranchowater.com">naylork@ranchowater.com</a>	OPEB Actuarial Since 2019
Scotts Valley Water District 72401 Hatch Ranch Scotts Valley, CA 92227	Nicholas Kurns Finance Manager 831-600-1904 <a href="mailto:nkurns@svwd.org">nkurns@svwd.org</a>	OPEB Actuarial Since 2010

# Proposed Method

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## Working with the District's Staff

Nyhart relieves as much responsibility from our clients as possible. The client's responsibility is to provide accurate census data, to be prepared to discuss different actuarial assumptions (with our guidance) and to assist with third-party vendors, as needed.



### Collection of Data and Documents

A formal data request will be prepared and discussed with the District's staff to clarify what is needed and in what format. It is our policy to allow clients to use whatever systems and programs they are comfortable rather than forcing them to comply with our internal standards.



### Project Management

Key project deadlines are defined by the client and agreed upon early in the engagement. The client is responsible for providing timely data to Nyhart. The data will be screened for errors and issues promptly resolved.



### Assumption Setting

The District will be asked to participate in the assumption-setting process to help create modeling assumptions that are experience-based and appropriate for retiree health care purposes. Our data request will include specific historical information that will help Nyhart develop appropriate assumptions.



### Calculations

**Proval:** Industry-leading software for pension/OPEB plans

**Relius:** Software utilized for pension-only plans

**Claros Actuarial Assistant:** Used for healthcare relative values

**Windsor Strategy Solutions:** actuarial/underwriting software for health plan design

**Nyhart Proprietary Software**

**Pension Financial Manager & Pension Design Manager:** designed to support client's plan management

**Automated Report Writer:** expedited production of GASB 67/68 and 74/75 reports



### Review of Results

The District's staff will have the opportunity to review and discuss the preliminary GASB 74 / 75 results prior to finalizing the report. After all questions have been answered and the client approves the preliminary results, the final signed report is released.



### Auditors

Auditors are welcome to ask questions or request documentation necessary for their due diligence efforts.

## Work Plan and Timeline

### OPEB Scope of Services

Comprehensive report for disclosure in the notes to the financial statements as required by GASB;

- Total OPEB Liability, Fiduciary Net Position, Net OPEB Liability, Funded Ratio
- OPEB Expense
- Deferred Outflows / Inflows
- If required, Actuarial Determined Contribution (ADC), Schedule of Employer Contributions, and Asset Reconciliation
- Sensitivity Results

Description of:

- Substantive plan provisions
- Actuarial methods and assumptions
- Summary of Plan participation, including age/service distribution table(s)
- Discount rate development

As part of the actuarial valuation, we will also conduct the following:

- Analysis of data to assess inconsistencies and make recommendations for enhancing data quality
- Determination of the implicit rate subsidy
- A gain/loss analysis to determine reasons for changes in the unfunded liability
- Separately identifying actuarial value of benefit amounts for actives and retirees, including:
  - Present Value of Future Benefits
  - Total OPEB Liability
  - Fiduciary Net Position and Net OPEB Liability
  - After the valuation has been completed, a conference call to review results is included with our services.

### Optional Services

These services are priced upon request:

- On-site meeting to present results
- OPEB modeling for changes in plan provisions
- Part D attestation / administration
- Assumption / experience study

## Internal Quality Control and Management Procedures

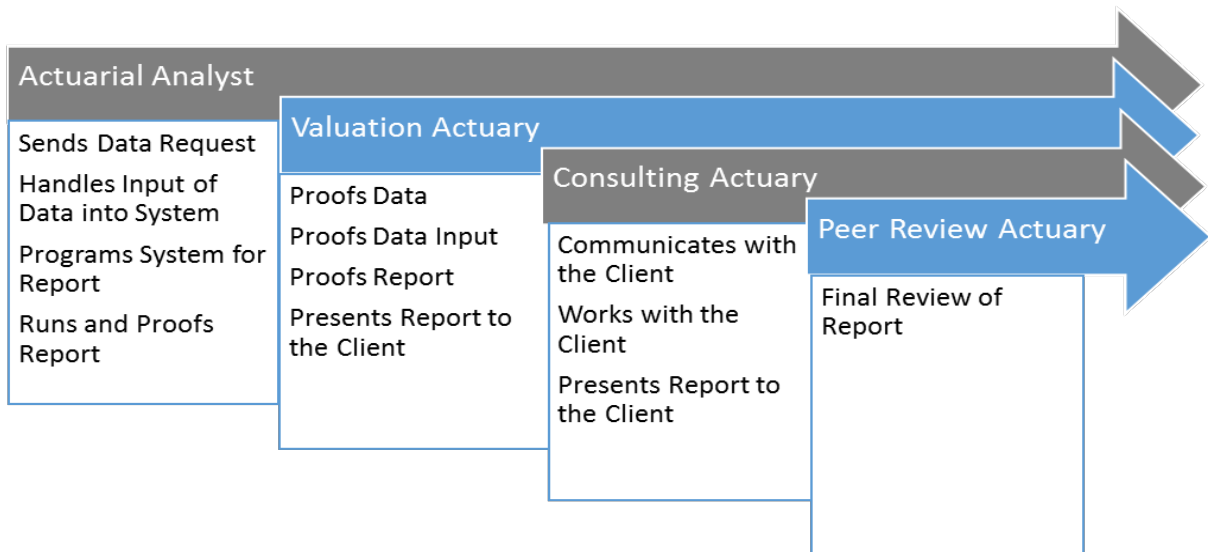
Nyhart’s internal quality control and project management procedures are described below. Adherence to these procedures produces results that are consistent and comprehensively accurate.

1. **Project Definition:** A mutual understanding of the work expectation is critical to execution of a successful project; therefore, the project-definition phase is emphasized in our procedure. Nyhart and the client will clearly define the project, incorporating previous actuarial efforts, expectations for the current project, and key project deadlines.
2. **Data Quality:** The census information provided by The District will be reviewed for accuracy and completeness.

Data problems will be identified and resolved with the client. Examples of data tests include:

- o Missing dates of birth and hire or changes to dates previously reported
- o Salary increases/decreases outside of a standard range
- o Unusual changes in the total number of active or inactive participants

3. **Assumption Setting:** Prior actuarial assumptions will be reviewed for appropriateness and reasonableness. Any assumptions outside of this standard will be discussed and recommendations made for new assumptions.
4. **Programming:** Plan provisions and actuarial assumptions are coded in our valuation system by the actuarial analyst assigned to the project. The initial programming is reviewed and changed as necessary by the project manager to be consistent with the substantive plan provisions.
5. **Calculations and Report Drafting:** All calculations and actuarial reports are initially done by the actuarial analyst and then reviewed by the project manager and technical actuary. All reports are reviewed by at least two credentialed actuaries.



## Sample OPEB Timetable

Step		Responsibility	Estimated Timeline
1	Meet to discuss GASB requirements, actuarial assumptions and confirm expectations and deadline	Client & Nyhart	One Week After Hiring
2	Collect necessary information	Client	
3	Prepare draft report, data preparation, programming, testing, and peer review	Nyhart	Six to Eight Weeks After Complete Information is Received from the Client
4	Meet to review preliminary report	Client & Nyhart	One Week After Preliminary Report is Released
5	Internal review and discussion of preliminary report	Client	
6	Release final report following any changes to plan provisions, assumptions, and/or data	Nyhart	One to Two Weeks After Client Notifies Nyhart of Changes
7	Meet to review final report	Client & Nyhart	One Week After Final Report

Our process from the time we receive the data until we provide the funding report is typically eight to ten weeks for a plan similar to the District's.

Assuming we receive the necessary data when requested, you may be assured we will meet or precede your deadline. If we do not receive the necessary data in a timely manner, we will still make every attempt to meet your deadline. We know how important deadlines can be, and we want our clients to feel they can depend on us.

**We strive to meet the needs of our clients.**



# Key Personnel

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## John Mallows

FSA, MAAA

Actuarial Consultant

✉ [john.mallows@nyhart.com](mailto:john.mallows@nyhart.com)

P | 317-845-3609 | 800-428-7106 F | 317-845-3654

22408 Rock Wren Rd, Spicewood, TX 78669

John Mallows joined Nyhart in 2020 and is an Actuarial Consultant in Nyhart's Healthcare Practice. He brings with him over 20 years of experience with public and private clients. John previously worked for a large brokerage firm providing plan sponsor services related to self-funded health plans, and he has extensive experience with Medicare Part D related projects, having served as the attesting actuary for over 70 clients.

John is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. He earned his bachelor's degree in Actuarial Science from the University of Waterloo.



## Sandy Dekalb

ASA, EA, MAAA

Actuarial Consultant

✉ [sandy.dekalb@nyhart.com](mailto:sandy.dekalb@nyhart.com)

P | 317-845-3598 | 800-428-7106 F | 317-845-3654

Remote – San Diego, CA

Sandy Dekalb joined Nyhart in 2021 and is an Actuary in Nyhart's Healthcare Practice for the California region. She consults with public and private clients on a variety of issues with a focus on retiree healthcare and employee benefit plans, specifically understanding the unique challenges facing California employers. Sandy is a key contributor to overall project execution and quality, as well as, building relationships with potential clients and partners.

She is an Associate of the Society of Actuaries and earned her bachelor's degree in economics from Rutgers University.



## Davis Messer

Actuarial Analyst

✉ [davis.messer@nyhart.com](mailto:davis.messer@nyhart.com)

P | 317-845-3645 | 800-428-7106 F | 317-845-3654

Remote - California

Davis Messer joined Nyhart in August of 2021 and is an analyst in the Healthcare Practice. He will have the responsibility of inputting data and running the first draft report for proofing.

Davis earned his bachelor's degree in Actuarial Science from the University of California, Santa Barbara.

# Cost Proposal

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The fees quoted below are all-inclusive fees for the Trabuco Canyon Water District. Unless otherwise requested, our fees will be billed in two installments. 50% of fees will be billed upon commencement of work, and the remaining 50% upon completion of work. Please note, invoices are due and payable upon receipt.

For projects that are to be billed on a time and materials basis the hourly rates shown above will apply. The range of rates at each position vary based on experience and credentials. Associates will be assigned to optimize work quality and cost efficiency for the client. Please note that Nyhart is always willing to use a fixed fee approach if a scope of work has been clearly defined.

## Hourly Rates

Classification	Hourly Rate
Lead Consulting Actuary	\$375 - \$500
Valuation Actuary	\$275 - \$375
Actuarial Analyst	\$205 - \$275
Administration Analyst	\$125 - \$205

## Valuation Fees

FYE	Report Type	Fees
6/30/2022	Full Valuation	\$7,500
6/30/2023	Interim Valuation	\$2,400

If a results breakdown (Total OPEB Liability, Fiduciary Net Position, Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows) by group or reporting unit is requested, there will be an additional fee of 10% for a two-group breakdown, plus an additional 1% for each extra group-breakdown requested, limited to no more than 1/3 of the current year's fees.

This clause will be included in our formal service agreement and may be waived if we know in advance the number of breakdown groups.

# TCS Total Compensation Systems, Inc.

January 12, 2022

Michael Perea  
Assistant General Manager  
Trabuco Canyon Water District  
32003 Dove Canyon Dr  
Trabuco Canyon, CA 92679-3715

Dear Michael,

Thank you for your interest in retaining Total Compensation Systems as your OPEB actuary! This letter is our proposal for GASB 74/75 actuarial valuation services. The proposal includes a full actuarial valuation as of June 30, 2021 as well as an anticipated roll-forward valuation as of June 30, 2022.

## Fees and Our 10% Discount

To confidently schedule clients, we provide an incentive for clients who make a commitment in advance of the valuation date. To reserve a place in our schedule, please send the signed contract and non-refundable deposit of one-half of the full valuation fee by March 15, 2022. The deposit is non-refundable because of the preliminary work we do to streamline valuations, as well as to compensate for downtime of resources that could result from cancelled contracts. By reserving a spot, Trabuco Canyon Water District is not only guaranteed a valuation slot, but is given priority over every client that didn't reserve one. We give a 10% discount of the full valuation fee as well as of the subsequent roll-forward valuation fee to those who reserve a spot by March 15, 2022. That means that, to reserve a spot, we must receive the signed contract and a check for \$1,710 – i.e. one-half of 90% of \$3,800 – by March 15, 2022. The following table shows the new fees under GASB 74/75:

	<u>Full GASB 74/75</u>	<u>GASB 74/75 w/ 10% Discount</u>
Fee for Full Valuation	\$3,800	\$3,420
Roll-forward Valuation for 2 <sup>nd</sup> Year	\$1,900	\$1,710

Our fees are generally all-inclusive without additional charges for phone calls, re-work, or additional information. However, because the vast majority of our clients do not require an in-person meeting or funding projections, we prefer not to bake those costs into our standard fees. In cases where these services are desired, we charge \$1,900 for an in-person meeting and up to \$2,000 for multi-year funding projections or a valuation under alternative scenarios/strategies. We can present valuation results via telephone or web conference at no charge, and we also can provide a recommended funding schedule at no charge.

If you choose *NOT* to reserve a spot, we still hope to work with you on the GASB 74/75 valuation, though it will be at the full fee quoted above.

## Second Year Roll-Forward Valuation

As you know, GASB 75 requires a full actuarial valuation at least every two years. Because your last full valuation was performed as of June 30, 2019, you are due for this full valuation as of June 30, 2021. While this proposal does include the subsequent roll-forward valuation that we anticipate performing as of June 30, 2022, we will confirm with you prior to performing that work to ensure circumstances have not changed and that you would still like for us to proceed with the roll-forward valuation.

## Timing and Data Requirements

Our records indicate that you will use the results of this June 30, 2021 valuation in your financials for the fiscal year ending June 30, 2022. This means that the valuation process is spread over a longer timeframe since the valuation census data should still be as of June 30, 2021 but asset and audit information will not be available until several months afterwards.

The following timeline shows when the primary data items are expected to be provided.

<b>Data Item</b>	<b>Anticipated Delivery</b>	<b>Responsible Party</b>
Census Data	June-February	Trabuco Canyon Water District
Asset Information	October-February	Trabuco Canyon Water District
Audit Report/CAFR	January-March	Trabuco Canyon Water District
Draft Report	January-May	TCS

Please let us know if you have any questions about the above or generally about retiree health or pension benefits. We would very much appreciate having the opportunity to work with Trabuco Canyon Water District.

Sincerely,



Geoffrey L. Kischuk  
Actuary  
gkischuk@totcomp.com



Will Kane  
Actuary  
wkane@totcomp.com

**We require the following information in order to complete your retiree health actuarial valuation:**

- **Census Data.** Demographic information as of the valuation date for active employees and retirees receiving health benefits. See below for specific data items needed.
- **Asset Statement.** If retiree health benefits are being funded through an irrevocable trust, please provide the annual trust statement for the full fiscal year ending on the valuation date.
- **Audit Report / CAFR.** Your most recent audited financial statements.
- **Description of Benefit Arrangement.** Either your most recent collective bargaining agreements or a summary of the retiree health benefits and eligibility. If the benefit structure has changed since the last actuarial valuation, a brief description of the change is helpful.
- **Medical Premium Rate Summary.** A summary exhibit that shows the full premium rates (even if the employer only pays up to a certain amount) for medical plans available to active employees and pre-Medicare retirees. Not necessary if you participate in CalPERS Medical as those rates are published and applicable broadly.
- **Other Useful Information.** Every retiree health plan is unique! If there is information not listed above or below that you believe would be helpful, please feel free to provide it.

For Each Active Employee (any active employee who may be eligible for future retiree health benefits)

- Required Information
  - Date of Birth
  - Sex
  - Date of Hire
  - Employee Group (e.g. Police, Fire, Management, Classified, Certificated, Miscellaneous)
  - Full-Time Equivalent Fraction / Full-Time or Part-Time Indicator / Hours Per Week
- Other Helpful Information
  - Name
  - Identifier (e.g. Employee ID, SSN, Last 4 SSN)
  - Active Medical Premium Amount
  - Medical Plan Name
  - Medical Coverage Tier (Single, 2-Party, Family)

For Each Retiree (any retiree receiving health coverage (even if self-pay) or health payments through employer)

- Required Information
  - Date of Birth
  - Sex
  - Date of Retirement (to the extent available)
  - Date/Age Benefit Ends (only needed if differs amongst retirees – e.g. Lifetime for some and to Age 65 for others)
  - Employee Group (e.g. Police, Fire, Management, Classified, Certificated, Miscellaneous)
  - Medical Premium – Total Amount (even if employer only pays up to a capped amount)
  - Medical Premium – Employer Portion (including employer reimbursement of Retiree Portion, if any)
  - Medical Premium – Retiree Portion
  - Employer Paid Amount for any Non-Medical Health Benefits (Dental, Vision, Life Insurance, Medicare Part B, HRA Contributions, Cash-In-Lieu, etc.)
  - Medical Plan Name
  - Medical Coverage Tier (Single, 2-Party, Family)
- Other Helpful Information
  - Name
  - Identifier (e.g. Employee ID, SSN, Last 4 SSN)

# TCS Total Compensation Systems, Inc.

January 13, 2022

Michael Perea  
Assistant General Manager  
Trabuco Canyon Water District  
32003 Dove Canyon Dr  
Trabuco Cyn, CA 92679-3715

Dear Michael,

As you know, CalPERS does not provide pension plan information needed for GASB 68 disclosures in Trabuco Canyon Water District's audited financial statements for fiscal 2022.

Total Compensation Systems, Inc. (TCS) has helped to bridge this gap by providing GASB 68 reporting materials for around 50 of our clients. Our services are designed to minimize the amount of time, effort, and pension expertise required by you and your auditors in order to comply with GASB 68. We provide the following materials:

- Draft Note Disclosure with the majority of the text and values required by GASB 68 completed;
- Draft Required Supplementary Information (RSI) schedules;
- A Spreadsheet Report that contains detailed calculation of the deferral balances and expense.

#### **Fees, Required Information, and Timing**

Our fee for this service is **\$1,100** for 1 risk pool.

For agencies that we provided GASB 68 reporting information to last year, all we typically need from you is the amount of pension contributions made in the 2021-22 fiscal year. For CalPERS Plans, you can simply send us a pdf of the myCalPERS Billing and Payment Summary for Fiscal year 2021/2022. For CalSTRS Plans, any sort of summary exhibit which shows the 2021-22 pension contributions will work.

For agencies that we are providing GASB 68 services to for the first time, we prefer to receive the detail behind the reported deferred inflow/outflow balances and amortization schedule when possible. If this information is not obtainable, we have the ability to create balances and schedules which will mimic the actual balances used in the prior year.

From the time you provide pension contribution information to us, we will provide reporting materials back to you within one to two weeks. Contribution information is typically provided to us in August or September, but we can provide our materials as early as July or later in the year as needed.

Attached is a contract for these services. To proceed, simply return the signed agreement. We will provide an invoice for **\$1,100** upon delivery of our draft materials. If you would prefer to receive the invoice in advance, just let us know. Please let us know if you have questions about our GASB 68 services or about your CalPERS pension in general.

Sincerely,



Geoffrey L. Kischuk  
Actuary  
gkischuk@totcomp.com

## **TCS Actuarial Clients**

Following is a list of California public employers for which we have performed retiree health valuation services.

Acalanes Union High School District  
Acton-Agua Dulce Unified School District  
Adelanto Elementary School District  
Alameda County Office of Education  
Alameda County Waste Management Authority  
Alisal Union School District  
Allan Hancock Joint Community College District  
Alpine Springs County Water District  
Alpine Union Elementary School District  
Alta Loma School District  
Alta Vista Elementary School District  
Alvord Unified School District  
Amador County Office of Education  
Anderson Union High School District  
Antelope Valley College  
Antelope Valley Mosquito & Vector Control District  
Antelope Valley Union High School District  
Antelope Valley-East Kern Water Agency  
Apple Valley Unified School District  
Arcohe Union Elementary School District  
Armona Union Elementary School District  
Aromas-San Juan Unified School District  
Arrowbear Park County Water District  
Arvin Union School District  
Associated Students of San Jose State University  
Atascadero Unified School District  
Atwater Elementary School District  
Auburn Union Elementary School District  
Baldy View Regional Occupation Program  
Banning Unified School District  
Banta Elementary School District  
Barstow Community College District  
Bass Lake Joint Union Elementary School District  
Bassett Unified School District  
Bay Area Rapid Transit District  
Bear Valley Unified School District  
Beaumont-Cherry Valley Recreation and Park District  
Belmont Redwood Shores School District  
Berkeley Unified School District  
Big Bear City Airport  
Big Bear City Community Services District  
Big Pine Unified School District  
Bishop Unified School District  
Blue Lake Union School District  
Bonny Doon Union Elementary School District  
Branciforte Fire Protection District  
Bret Harte Union High School District  
Burbank Unified School District  
Burton School District  
Butte-Glenn Community College District  
Cabrillo College Foundation  
Cabrillo Community College District  
Cachuma Operation and Maintenance Board  
Calistoga Joint Unified School District  
Carmel Unified School District  
Carmichael Water District  
Casitas Municipal Water District  
Castro Valley Sanitary District  
Castroville Community Services District  
Central Elementary School District  
Central Union School District  
Centralia Elementary School District  
Ceres Unified School District  
Cerritos Community College District  
Chabot-Las Positas Community College District  
Chaffey Community College District  
Chaffey Joint Union High School District  
Chatom Union School District  
Chino Valley Unified School District  
Chualar Union School District  
Citrus Community College District  
City College of San Francisco Bookstore  
City of Arcata  
City of Auburn  
City of Bell  
City of Bell Gardens  
City of Bellflower  
City of Blue Lake  
City of Buena Park  
City of Calabasas  
City of Canyon Lake  
City of Capitola  
City of Carmel-by-the-Sea  
City of Chino  
City of Chino Hills  
City of Claremont  
City of Colton  
City of Covina  
City of Dunn  
City of East Carbon  
City of Elk Grove  
City of Emeryville  
City of Folsom  
City of Fountain Valley  
City of Garden Grove  
City of Hercules

City of Imperial Beach	Corona-Norco Unified School District
City of Industry	Cotati-Rohnert Park Unified School District
City of Irwindale	Cottonwood Fire Protection District
City of La Puente	Cottonwood Union School District
City of Lafayette	Crestline Sanitation District
City of Lake Forest	Cuesta College
City of Lakeport	Cutten Elementary School District
City of Lawndale	Cypress Charter High School
City of Loma Linda	Cypress School District
City of Los Alamitos	Davis Joint Unified School District
City of Manhattan Beach	Dehesa Elementary School District
City of Menifee	Del Norte County Schools
City of Mission Viejo	Del Paso Manor Water District
City of Morro Bay	Delano Joint Union High School District
City of Oceanside	Denair Unified School District
City of Oroville	Desert Center Unified School District
City of Perris	Desert Health Care District
City of Pomona	Desert Sands Unified School District
City of Porterville	Dinuba Unified School District
City of Rancho Santa Margarita	Diocese of San Bernardino
City of Rolling Hills	Dos Palos Oro Loma Joint Unified School District
City of San Clemente	Downey Unified School District
City of Scotts Valley	Duarte Unified School District
City of Signal Hill	Ducor Union Elementary School District
City of Simi Valley -- General Unit	Durham Unified School District
City of Solvang	East Whittier City School District
City of South Ogden	Eastside Union School District
City of Stanton	El Camino Community College District
Claremont Unified School District	El Dorado Hills County Water District
Cloverdale Unified School District	El Dorado Irrigation District
Coachella Valley Mosquito and Vector Control District	El Dorado Union High School District
Coachella Valley Unified School District	El Rancho Unified School District
Coast Community College District	El Segundo Unified School District
Coastline Regional Occupational Program	El Toro Water District
Coastside County Water District	Elk Grove Benefit Employee Retirement Trust
Coastside Fire Protection District	Elk Grove Unified School District
College and Career Advantage	Emery Unified School District
College of Marin	Escalon Unified School District
College of the Desert	Etiwanda School District
College of the Redwoods	Eureka City Schools
College of the Sequoias	Fairfax Elementary School District
College of the Siskiyous	Fairfield-Suisun Sewer District
Colusa County Office of Education	Feather River Air Quality Management District
Compton Community College District	Feather River Community College District
Compton Creek Mosquito Abatement District	Ferndale Unified School District
Conrad Hilton Foundation	Fieldbrook Elementary School District
Contra Costa Community College District	Fillmore Unified School District
Contra Costa County Office of Education	First 5 San Benito
Copper Mountain Community College District	Folsom-Cordova Unified School District
Corcoran Joint Unified School District	Fontana Unified School District
Corning Union High School District	Foothill-DeAnza Community College District



Fortuna Union High School District  
 Fountain Valley Elementary School District  
 Fowler Unified School District  
 Franklin Elementary School District  
 Fremont Union High School District  
 Freshwater School District  
 Fresno County Superintendent of Schools  
 Fruitvale Elementary School District  
 Fullerton Elementary School District  
 Galt Joint Union Elementary School District  
 Garfield School District  
 Glendale Community College District  
 Glenn County Office of Education  
 Gold Coast Transit  
 Gold Oak Union Elementary School District  
 Goleta Water District  
 Goleta West Sanitary District  
 Gravenstein Union Elementary School District  
 Great Basin Unified Air Pollution Control District  
 Greater Anaheim Special Education Local Plan Area  
 Greenfield Union Elementary School District  
 Grossmont-Cuyamaca Community College District  
 Guadalupe Union Elementary School District  
 Guerneville Elementary School District  
 Gustine Unified School District  
 Hacienda La Puente Unified School District  
 Happy Valley Union Elementary School District  
 Harmony Union Elementary School District  
 Hart Ransom Academic Charter School  
 Hart Ransom Union Elementary School District  
 Hartnell Community College District  
 Healdsburg Unified School District  
 Hemet Unified School District  
 Hi-Desert Water District  
 Hillsborough City School District  
 Housing Authority of the City of Eureka  
 Housing Authority of the City of Los Angeles  
 Housing Authority of the County of San Joaquin  
 Hughson Unified School District  
 Humboldt Bay Harbor Recreation and Conservation  
 District  
 Humboldt County Office of Education  
 Humboldt State University Center  
 Humboldt Transit Authority  
 Huntington Beach City Elementary School District  
 Imperial Community College District  
 Imperial County Office of Education  
 Indian Wells Valley Water District  
 Ironhouse Sanitary District  
 Jacoby Creek School District  
 Jefferson School District  
 Jefferson Union High School District  
 John Swett Unified School District  
 Julian Union High School District  
 Kaweah Delta Water Conservation District  
 Kerman Unified School District  
 Kern Community College District  
 Kern Council of Governments  
 Kern County Law Library  
 Kernville Union School District  
 Kings Canyon Joint Unified School District  
 Kings County Office of Education  
 Kings River Union Elementary School District  
 Kings River-Hardwick Union School District  
 Kingsburg Elementary Charter School District  
 Kit Carson Union Elementary School District  
 Knights Ferry Elementary School District  
 La Habra City School District  
 La Puente Valley County Water District  
 Lafayette School District  
 Laguna Beach County Water District  
 Laguna Beach Unified School District  
 Lake Elsinore Unified School District  
 Lake Hemet Municipal Water District  
 Lake Tahoe Community College District  
 Lakeside Fire Protection District  
 Lakeside Union Elementary School District  
 Lamont Elementary School District  
 Lancaster School District  
 Las Lomas School District  
 Las Virgenes Municipal Water District  
 Lassen Community College District  
 Lassen County Office of Education  
 Lassen Municipal Utility District  
 Lassen Union High School District  
 Laton Unified School District  
 Lawndale Elementary School District  
 Le Grand Union Elementary School District  
 Lemon Grove School District  
 Lemoore Union Elementary School District  
 Lemoore Union High School District  
 Lewiston Elementary School District  
 Liberty Union High School District  
 Live Oak School District  
 Live Oak Unified School District  
 Livingston Union School District  
 Local Agency Formation Commission for the County of  
 Los Angeles  
 Lodi Unified School District  
 Loleta Union Elementary School District  
 Long Beach City College  
 Loomis Union School District

Los Alamitos Unified School District  
Los Angeles County Law Library  
Los Angeles County West Vector & Vector-Borne  
Disease Control District  
Los Gatos-Saratoga Joint Union High School District  
Luther Burbank Elementary School District  
Magnolia School District  
Mammoth Unified School District  
March Joint Powers Authority  
Marin County Office of Education  
Mark West Union School District  
Martinez Unified School District  
Marysville Joint Unified School District  
McCabe Union Elementary School District  
McFarland Unified School District  
McKinleyville Union School District  
Meadows Union Elementary School District  
Meeks Bay Fire Protection District  
Mendocino-Lake Community College  
Menlo Park City School District  
Merced Community College District  
Merced County Office of Education  
Merced Union High School District  
Mid-Placer Public Schools Transportation Agency  
Millbrae School District  
Mission Valley ROP  
Mono County Office of Education  
Monroe Elementary School District  
Montecito Sanitary District  
Montecito Water District  
Monterey Peninsula Community College District  
Monterey Peninsula Unified School District  
Monterey Regional Waste Management District  
Moraga School District  
Moreland School District  
Morongo Unified School District  
Mosquito & Vector Management District of Santa  
Barbara County  
Mount San Antonio Community College District  
Mount San Antonio Community College District  
Auxiliary  
Mount Shasta Union School District  
Mountain View Elementary School District  
Mountain View Los Altos Union High School District  
Mt. San Jacinto Community College District  
Municipalities, Colleges and Schools Insurance Group  
Murrieta Valley Unified School District  
Napa County Office of Education  
Napa Valley Community College District  
Natomas Unified School District  
Nevada Joint Union High School District

New Hope Elementary School District  
New Jerusalem Elementary School District  
Newman Crows Landing Unified School District  
North Coast Unified Air Quality Management District  
North County Fire Protection District of San Diego  
County  
North Monterey County Unified School District  
North of the River Municipal Water District  
North Orange County Community College District  
North Orange County Regional Occupational Program  
North Tahoe Fire Protection District  
Northwest Mosquito and Vector Control District  
Norwalk La Mirada Unified School District  
Novato Unified School District  
Oak Valley Union Elementary School District  
Oakdale Joint Unified School District  
Oakley Union Elementary School District  
Ocean View School District  
Oceanside Unified School District  
Ohlone Community College District  
Ojai Valley Sanitary District  
Ontario Montclair School District Board of Trustees  
Orange Center School District  
Orange County Superintendent of Schools  
Orange Unified School District  
Orcutt Academy Charter  
Orcutt Union School District  
Oroville Union High School District  
Oxnard School District  
Oxnard Union High School District  
Pacheco Union School District  
Pacific Grove Unified School District  
Pacific Union School District  
Pacifica School District  
Pajaro Valley Public Cemetery District  
Pajaro Valley Unified School District  
Palermo Union Elementary School District  
Palm Springs Unified School District  
Palo Verde Community College District  
Palo Verde Unified School District  
Palomar Community College District  
Paradise Elementary School District  
Paradise Irrigation District  
Paradise Unified School District  
Parlier Unified School District  
Pasadena Area Community College District  
Patterson Joint Unified School District  
Peralta Community College District  
Perris Elementary School District  
Pico Water District  
Piedmont Unified School District

Pioneer Union School District  
Placer County Office of Education  
Placer Hills Union School District  
Planada Elementary School District  
Pleasant Valley School District  
Pleasant View Elementary School District  
Plumas County Community Development Commission  
Port of Hueneme - Oxnard Harbor District  
Porterville Unified School District  
Poway Unified School District  
Processing Tomato Advisory Board  
PSA2 Area Agency on Aging  
Rancho Santiago Community College District  
Ravenswood City Elementary School District  
Reclamation District No. 1000  
Reclamation District No. 900  
Redlands Unified School District  
Reed Union School District  
Reef-Sunset Unified School District  
Rescue Fire Protection District  
Rim of the World Unified School District  
Rincon del Diablo Municipal Water District  
Rincon Valley Union School District  
Rio Bravo-Greeley Union Elementary School District  
Rio Dell Elementary School District  
Rio Hondo Community College District  
Riverbank Unified School District  
Riverdale Joint Unified School District  
Riverside Transit Agency  
Roberts Ferry Elementary School District  
Robla School District  
Rocklin Unified School District  
Rodeo-Hercules Fire Protection District  
Rosedale Union School District  
Roseland Elementary School District  
Roseville City School District  
Ross School District  
Ross Valley Elementary School District  
Rowland Unified School District  
Rubidoux Community Services District  
Sacramento Suburban Water District  
Saddleback Valley Unified School District  
Salinas Union High School District  
San Bernardino City Unified School District  
San Bernardino Community College District  
San Bernardino County Superintendent of Schools  
San Bruno Park School District  
San Carlos School District  
San Francisco Community College District  
San Francisco Unified School District  
San Gabriel Valley Mosquito & Vector Control District

San Gabriel Valley Municipal Water District  
San Jacinto Unified School District  
San Joaquin County Office of Education  
San Joaquin Delta Community College District  
San Juan Water District  
San Lorenzo Unified School District  
San Marino Unified School District  
San Mateo County Community College District  
San Mateo County Office of Education  
San Mateo County Schools Insurance Group  
San Mateo Union High School District  
Santa Ana Unified School District  
Santa Barbara Community College District  
Santa Barbara County Association of Governments  
Santa Barbara County Education Office  
Santa Clarita Community College District  
Santa Cruz County Office of Education  
Santa Maria Joint Union High School District  
Santa Maria Public Airport District  
Santa Monica Community College District  
Santa Paula City Housing Authority  
Santa Rita Union School District  
Santa Ynez River Water Conservation District  
Savanna Elementary School District  
Scotia Union Elementary School District  
Scotts Valley Fire Protection District  
Scotts Valley Water District  
Selma Kingsburg Fowler County Sanitation District  
Sequoia Union High School District  
Serrano Water District  
Shasta Regional Transportation Agency  
Shasta Tehama Trinity Joint Community College District  
Shasta Union High School District  
Shasta Union High School District Charter Schools  
Sierra Joint Community College District  
Sierra Lakes County Water District  
Sierra Unified School District  
Silicon Valley Clean Water  
Silver Valley Unified School District  
Siskiyou County Office of Education  
Siskiyou Union High School District  
Solano County Community College District  
Solano County Office of Education  
Soledad Unified School District  
Sonoma Valley Unified School District  
South Bay Union School District  
South County Support Services Agency  
South Fork Union School District  
South Monterey County Joint Union High School District  
South Pasadena Unified School District  
South San Francisco Unified School District

South San Luis Obispo County Sanitation District  
Southern California Library Cooperative  
Southern Humboldt Joint Unified School District  
Southern Kern Unified School District  
Southern Trinity Joint Unified School District  
Southwest Transportation Agency  
Southwestern Community College District  
Squaw Valley Public Service District  
Standard Elementary School District  
Stanislaus County Office of Education  
Stanislaus Union School District  
Stege Sanitary District  
Stockton Unified School District  
Successor Agency to the Redevelopment Agency of the  
City and County of San Francisco dba San Francisco  
Office of Community Investment and Infrastructure  
(OCII)  
Sundale Union Elementary School District  
Sunnyside Union Elementary School District  
Susanville Sanitary District  
Susanville School District  
Sutter Cemetery District  
Sutter County Office of Education  
Sweetwater Authority  
Taft City School District  
Tahoe-Truckee Sanitation Agency  
Tahoe-Truckee Unified School District  
TCS Miscellaneous  
Temple City Unified School District  
Town of Ross  
Tracy Joint Unified School District  
Trinidad Union School District  
Truckee Fire Protection District  
Truckee Sanitary District  
Trust for Retirees of Associated California Schools  
Tulare City School District  
Turlock Unified School District  
Tustin Unified School District  
United Water Conservation District  
Upper Lake Unified School District  
Upper San Gabriel Valley Municipal Water District  
Val Verde Unified School District  
Vallecitos Water District  
Valley County Water District  
Valley Home Joint School District  
Valley Sanitary District  
Ventura County Community College District  
Ventura County Office of Education  
Victor Elementary School District  
Victor Valley Community College District  
Victor Valley Wastewater Reclamation Authority

Vineland Elementary School District  
Walnut Creek School District  
Waltham Housing Authority  
Wasco Union Elementary School District  
Washington Unified School District  
Washington Union School District  
Weed Union Elementary School District  
West Contra Costa Transportation Advisory Committee  
West Hills Community College District  
West Kern Community College District  
West Sonoma County Union High School District  
West Valley Mission Community College District  
Western Placer Unified School District  
Westside Union School District  
Westwood Unified School District  
Wheatland School District  
Wheatland Union High School District  
Williams Unified School District  
Willits Unified School District  
Winters Joint Unified School District  
Winton School District  
Woodland Joint Unified School District  
Woodside Elementary School District  
Yolo County Office of Education  
Yosemite Community College District  
Yreka Union Elementary School District  
Yreka Union High School District  
Yuba Community College District  
Yuba County Office of Education  
Yucaipa-Calimesa Unified School District

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | MARCH 9, 2022**

**FINANCIAL MATTERS**

**ITEM 4: DISCUSSION CONCERNING THE ADOPTION OF DISTRICT TREASURER’S ANNUAL STATEMENT OF INVESTMENT POLICY**

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Effective January 1, 1997, legislation was passed which affected the language of investment policies for local agencies. The changes under the legislative mandates included the addition of Section 2 (Prudence), and Section 3 (Objectives), which specifies that the safety, liquidity, and return on investments shall be primary objectives.

On January 20, 2021, the Board of Directors adopted Resolution No. 2021-1289 in compliance with the legislative mandated annual requirement. The District Treasurer’s firm’s legal counsel Best, Best, & Krieger (BBK) has recommended the certain statutory language updates consistent with State Government Code, and District General Counsel has reviewed the following:

**Section 7 (b) Prohibited Investments –**

*Under the provisions of California Government Code Section 53601.6 and 53631.5, the District shall not invest any funds covered by the Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity. In addition, and more generally, investments are further restricted as follows:*

- *No investment will be made that has either (1) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (2) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero interest accrual periods.*
- *No investment will be made that could cause the portfolio to be leveraged.*

District General Counsel has made minor non-substantive edits to the proposed resolution presented for Committee consideration.

**FUNDING SOURCE:**

Not applicable

**FISCAL IMPACT**

None

**RECOMMENDED ACTION:**

*Recommend the Board of Directors adopt the District Treasurer’s Annual Statement of Investment Policy by resolution (Action Calendar).*

**EXHIBITS:**

1. *DRAFT Resolution No. 2022-1304 - Resolution of the Board of Directors of Trabuco Canyon Water District Adopting District Treasurer’s Annual Statement of Investment Policy - Redlined*

**CONTACTS (staff responsible): PALUDI/PEREA/BYERRUM**

**RESOLUTION NO. 2022-1304**  
**RESOLUTION OF THE BOARD OF DIRECTORS**  
**OF TRABUCO CANYON WATER DISTRICT ADOPTING**  
**DISTRICT TREASURER’S ANNUAL STATEMENT OF INVESTMENT POLICY**

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~~WHEREAS, t~~The Legislature of the State of California (“State” or “California”) has declared that the deposit and investment of public funds by local officials and local agencies is an issue of Statewide concern (California Government Code Section 53600.6).; ~~and~~

~~WHEREAS, t~~The legislative body of a local agency may invest surplus monies not required for the immediate necessities of ~~that~~such local agency in accordance with ~~the provisions of~~ California Government Code Sections 5920 *et. seq.* and 53600 *et. seq.*; ~~and~~

~~WHEREAS, t~~he Treasurer of the Trabuco Canyon Water District (“~~Treasurer~~” and “District”) shall annually prepare and submit a statement of investment policy and ~~such that~~ policy, ~~including~~and any changes ~~thereto~~, shall be considered by the Board of Directors (“Board”) at a public meeting (California Government Code Section 53646(a)).

~~NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT~~ **DOES HEREBY RESOLVES, DETERMINES AND ORDERS AS FOLLOWS:**

**Section 1. Scope of Policy:** This Investment Policy (“Policy”) applies to all financial assets of the District. These funds are accounted for in the annual District audited financial statements and include:

- General Fund
- Bond Funds consisting of debt service reserve funds and construction funds
- Reserve Funds

Funds in the deferred compensation plan and funds in California Employers’ Retiree Benefit Trust (~~CERBT~~) fund plan for retiree benefits are not included in the scope of this Resolution.

**Section 2. Prudence:** Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated financial needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the “prudent investor” standard (as set out in California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the Policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

**Section 3. Objectives:** As specified in California Government Code Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

a. **Safety:** Safety of principal is the foremost objective of the Policy. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

b. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated.

c. **Return on Investment(s):** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

**Section 4. Delegation of Authority:** Authority to manage the Policy is derived from California Government Code Section 53600, *et seq.* Management responsibility for the Policy is hereby delegated to the Treasurer. No person may engage in an investment transaction except as provided under the terms of the Policy. The Board shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the Treasurer or any other subordinate officials. Under the provisions of California Government Code Section 53600.3, in exercising the powers set out in this Resolution and under the Policy the Treasurer is, and shall act as, a trustee and a fiduciary subject to the prudent investor standard.

**Section 5. Ethics and Conflicts of Interest:** District officers and employees involved in the investment process shall fully comply with the District's current Conflict of Interest Code in the execution of the Policy. District officers and employees involved in the investment process shall refrain from personal business activity that could conflict, or appear to conflict, with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

**Section 6. Authorized Financial Institutions and Dealers:**

a. The Treasurer shall maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list may also be maintained of approved security brokers/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State. No public deposit shall be made except in a qualified public depository as established by State laws.

b. For brokers/dealers of government securities and other investments, the Treasurer shall select only brokers/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

c. Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from such firm a signed certification form. This certification form shall attest that the individual responsible for the District's account(s) with that firm has reviewed the Policy and that the firm understands the Policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Policy.

d. Where all funds of the District not placed in FDIC insured accounts are invested through the State of California Local Agency Investment Fund ("LAIF"), the District's Authorized Investment Officers shall not be required investigate the qualifications of those financial institutions and broker/dealers with whom LAIF transacts business.

#### **Section 7. Authorized and Suitable Investments:**

a. **Permitted Investments:** District funds may be invested as authorized by, and subject to the limitations and special conditions of California Government Code Section 53601 et seq., and 53635.

b. **Prohibited Investments:** Under the provisions of California Government Code Section 53601.6 ~~and 53631.5~~, the District shall not invest any funds covered by the Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools ~~or any investment that may result in a zero interest accrual if held to maturity.~~ In addition, and more generally, investments are further restricted as follows:

- No investment will be made that has either (1) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (2) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero interest accrual periods.
- No investment will be made that could cause the portfolio to be leveraged.

**Section 8. Collateralization:** All certificates of deposits must be collateralized by U. S. Treasury obligations. Such collateral must be held by a third-party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under California Government Code Section 53601 ~~(1) and (2).~~

**Section 9. Safekeeping and Custody:** All security transactions entered into by the District shall be conducted on a delivery-versus-payment ~~(DVP)~~ basis. All securities purchased or acquired shall be delivered to the District by book-entry, physical delivery or by third party custodial agreement as required by California Government Code Section 53601.



**Section 10. Diversification:** The District shall diversify its investments by security type and institution. It is the policy of the District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- a. Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- b. Maturities selected shall provide for stability of income and liquidity.
- c. Disbursement and payroll dates shall be covered through maturities investments, marketable U. S. Treasury Bills or other cash equivalent instruments such as money market mutual funds.

**Section 11. Reporting:** In accordance with California Government Code Section 53646(b)(1), the Treasurer shall submit to each member of the Board a quarterly investment report. Such report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values on current market values of each component of the portfolio, including funds managed for the District by third party contracted managers, if applicable. The report will also include a certification that: (1) all investment actions executed since the last report have been made in full compliance with the Policy and (2) the District will meet its expenditure obligations for the next six months as required by California Government Code Sections 53646(b)(2) and (3), respectively. The Treasurer shall maintain a complete and timely written record of all investment transactions.

**Section 12. Investment Policy Adoption:** The Policy shall be adopted by resolution adopted by the Board. The Policy shall be reviewed on at least an annual basis, and modifications thereto must be approved by the Board.

ADOPTED, SIGNED AND APPROVED MARCH 17, 2022.

TRABUCO CANYON WATER DISTRICT

By: \_\_\_\_\_  
President/Vice President

By: \_\_\_\_\_  
District Secretary

STATE OF CALIFORNIA     )  
  ) ss.  
COUNTY OF ORANGE     )

I, Michael Perea, District Secretary of the Trabuco Canyon Water District, hereby certify that the foregoing resolution was duly adopted by the Board of the District at a meeting held on March 17, 2022, at which a quorum was present and acting throughout and for which notice and an agenda was prepared and posted as required by law, and the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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District Secretary  
Trabuco Canyon Water District

STATE OF CALIFORNIA     )  
  ) ss.  
COUNTY OF ORANGE     )

I, Michael Perea, District Secretary of the Trabuco Canyon Water District, hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2022-1304 and it has not been amended or repealed.

Dated March 17, 2022.

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District Secretary  
Trabuco Canyon Water District

DRAFT

TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | MARCH 9, 2022

FINANCIAL MATTERS  
ITEM 5: OTHER MATTERS

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**RECOMMENDED ACTION:**

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

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

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | MARCH 9, 2022**

**FINANCIAL MATTERS  
ITEM 6: 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 January 2022 (Consent Calendar).*

**B) BILLS FOR CONSIDERATION**

The total of the bills for consideration will be presented at the time of the March 9, 2022 Finance/Audit Committee Meeting.

**RECOMMENDED ACTION:**

*Committee to approve and ratify the bills for consideration and warrant register and recommend that the Board ratify payment of the Bills for Consideration for March 9, 2022 as presented (Consent Calendar).*

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



# Trabuco Canyon Water District

## Statement of Revenues & Expenses

### FY 2021-22 (Unaudited)

	January 2022	December 2021	Current YTD	Annual Budget	58% YTD	Prior YTD
<b>1 Operating Revenue</b>						
2 Residential Water	\$ 223,579	\$ 287,137	\$ 2,241,927	\$ 4,116,200	54%	\$ 2,374,423
3 Business & Industrial Water	6,655	9,377	75,407	165,600	46%	100,619
4 Irrigation Water	58,336	116,625	846,619	1,075,200	79%	650,893
5 Stand-by	3,134	10,728	16,374	41,800	39%	23,917
6 Sanitation Revenue	148,492	150,319	1,056,016	1,964,200	54%	1,006,530
7 Recycled & Reclaimed Revenue	14,488	59,630	610,656	999,000	61%	564,057
8 Baker Treatment Plant Water Sales *	124,496	201,013	637,859	1,383,500	46%	768,840
9 Other Operating Revenue	13,698	17,315	96,877	179,600	54%	3,246
<b>10 Total Operating Revenue</b>	<b>592,877</b>	<b>852,145</b>	<b>5,581,734</b>	<b>9,925,100</b>	<b>56%</b>	<b>5,492,524</b>
<b>11 Non-Operating Revenue</b>						
12 Property Tax Unrestricted	91,453	765,599	1,187,427	2,006,200	59%	995,983
13 Interest Revenue	511	2,219	7,282	35,600	20%	27,270
14 Development Services	-	-	-	-	0%	100
15 Sale of Fixed Asset	-	-	-	-	0%	46,158
16 Other Non-Operating Revenue	3,426	5,781	76,774	72,400	106%	33,660
<b>17 Total Non-Operating Revenue</b>	<b>95,390</b>	<b>773,599</b>	<b>1,271,483</b>	<b>2,114,200</b>	<b>60%</b>	<b>1,103,170</b>
<b>18 Total Revenues</b>	<b>688,267</b>	<b>1,625,744</b>	<b>6,853,217</b>	<b>12,039,300</b>	<b>57%</b>	<b>6,595,694</b>
<b>19 Operating Expenses</b>						
20 Source of Supply	164,058	149,172	1,408,011	2,262,400	62%	1,526,089
21 Baker Treatment SOS Costs	100,396	177,842	864,545	1,287,700	67%	691,045
22 Water Related Expense	190,842	120,154	1,155,413	2,032,100	57%	1,144,187
23 Sanitation Expense	117,903	88,477	839,131	1,359,200	62%	834,701
24 Recycled Expense	20,538	19,758	178,886	234,200	76%	147,062
25 Reclaimed Expense	20,508	19,758	178,790	234,100	76%	133,717
26 Salaries & Benefits	323,081	297,728	2,123,225	3,923,000	54%	1,935,623
27 Board Expense	10,293	8,937	67,494	122,600	55%	62,919
28 Miscellaneous Expense	218	1,524	3,402	5,000	68%	3,423
<b>29 Total Operating Expenses</b>	<b>947,838</b>	<b>883,349</b>	<b>6,818,898</b>	<b>11,460,300</b>	<b>60%</b>	<b>6,478,766</b>
<b>Net Income / (Loss) before Contributed Capital, Trust Contributions &amp; Debt Service</b>	<b>(259,572)</b>	<b>742,394</b>	<b>34,319</b>	<b>579,000</b>	<b>6%</b>	<b>116,929</b>
31 WRES Fees for Capital	68,787	68,787	481,305	822,200	59%	479,374
32 Other Capital Contributions	-	-	-	344,000	0%	-
33 Debt Principal, Interest & Issuance Costs	(19,198)	(19,198)	(134,389)	(445,300)	30%	(134,389)
34 CalPERS UAL & Pension Trust Contributions	(19,967)	(19,967)	(139,770)	(590,500)	24%	(126,077)
35 OPEB Trust Contributions & Paygo	(11,449)	(11,041)	(72,803)	(206,100)	35%	(177,146)
<b>Net Contributed Capital, Trust Contributions &amp; Debt Service</b>	<b>18,172</b>	<b>18,580</b>	<b>134,343</b>	<b>(75,700)</b>		<b>41,762</b>
<b>37 Net Income</b>	<b>\$ (241,400)</b>	<b>\$ 760,974</b>	<b>\$ 168,662</b>	<b>\$ 503,300</b>		<b>\$ 158,691</b>

No assurance is provided on these financial statements. The financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.

\*Baker Treatment Plant O&M revenues and expenses are billed quarterly. As a result the % of budget may appear skewed until billing occurs.



## Trabuco Canyon Water District Balance Sheet - Comparative As of January 2022 (Unaudited)

	January 2022	December 2021	January 2021
<b>1 Assets</b>			
<b>2 Current Assets</b>			
3 Cash	\$ 785,246	\$ 887,342	\$ 666,033
4 Accounts Receivable, Net	1,466,667	1,573,580	2,072,880
5 Property Tax Receivable	-	-	587,404
6 Prepaid Expenses	289,390	334,312	261,886
<b>7 Total Current Assets</b>	<b>2,541,303</b>	<b>2,795,234</b>	<b>3,588,204</b>
<b>8 Total Restricted Assets (see Schedule A)</b>	<b>3,421,210</b>	<b>3,419,289</b>	<b>7,563,150</b>
<b>9 Utility Plant</b>			
10 Utility Plant, at Cost	123,554,385	123,554,385	115,840,103
11 Accumulated Depreciation	(75,846,543)	(75,514,338)	(73,042,332)
12 Construction in Progress	496,685	468,096	3,971,587
<b>13 Total Utility Plant</b>	<b>48,204,527</b>	<b>48,508,143</b>	<b>46,769,358</b>
<b>14 Other Assets</b>			
15 Due from BTP	864,498	896,343	1,246,297
16 Deferred Outflow (Pension Related)	1,486,261	1,486,261	1,277,368
<b>17 Total Other Assets</b>	<b>2,350,759</b>	<b>2,382,604</b>	<b>2,523,665</b>
<b>18 Total Assets</b>	<b>\$ 56,517,798</b>	<b>\$ 57,105,270</b>	<b>\$ 60,444,377</b>
<b>19 Liabilities &amp; Retained Earnings</b>			
<b>20 Current Liabilities</b>			
21 Accounts Payable	\$ 1,026,292	\$ 1,047,644	\$ 1,011,625
22 Due to Internal Financing Fund	864,498	896,343	1,246,297
23 Accrued Expenses	294,558	262,128	418,108
24 Deferred Property Tax Revenue	-	-	728,500
<b>25 Total Current Liabilities</b>	<b>2,185,348</b>	<b>2,206,114</b>	<b>3,404,529</b>
<b>26 Liabilities to be Paid from Restricted Assets</b>			
27 Accrued Bond Interest	3,900	-	4,243
28 Current Portion-Long Term Debt	182,547	182,547	178,449
29 Refundable Deposits	7,500	9,500	13,500
30 Developer Deposits	111,106	106,106	75,590
<b>31 Total Liabilities to be Paid from Restricted Assets</b>	<b>305,053</b>	<b>298,153</b>	<b>271,782</b>

\*No assurance is provided on these financial statements. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.



**Trabuco Canyon Water District**  
**Balance Sheet - Comparative**  
**As of January 2022**  
**(Unaudited)**

	January 2022	December 2021	January 2021
32 <b>Long Term Debt</b>			
33 Accrued Post Employment Benefits	356,589	356,589	533,587
34 Accrued Pension Liability	3,652,253	3,652,253	3,399,715
35 State Revolving Fund Loan	1,957,505	1,957,505	2,140,052
36 <b>Total Long Term Debt</b>	<b>5,966,347</b>	<b>5,966,347</b>	<b>6,073,354</b>
37 <b>Total Liabilities</b>	<b>8,456,748</b>	<b>8,470,614</b>	<b>9,749,666</b>
38 <b>Fund Balance</b>			
39 Invested in Capital Net of Related Debt	46,060,575	46,368,091	44,446,614
40 Restricted for Debt Service	236,920	236,916	231,085
41 Legally Restricted	3,063,118	3,067,591	3,808,062
42 Designated by Board	533	533	3,508,677
43 Unrestricted	(1,300,096)	(1,038,475)	(1,299,728)
44 <b>Total Fund Balance</b>	<b>48,061,051</b>	<b>48,634,656</b>	<b>50,694,712</b>
45 <b>Total Liabilities and Fund Balance</b>	<b>\$ 56,517,798</b>	<b>\$ 57,105,270</b>	<b>\$ 60,444,377</b>

\*No assurance is provided on these financial statements. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.





## Trabuco Canyon Water District Restricted Assets Report As of January 2022 (Unaudited)

	January 2022	December 2021	January 2021
<b>1 LAIF Accounts (at Cost)</b>			
2 LAIF Unrestricted	\$ (2,077,158)	\$ (2,032,668)	\$ (1,236,026)
3 Water Storage Facilities	1,052,060	1,051,427	1,051,427
4 Sanitation Capital Improvement	-	-	129,985
5 WRES - Rose Canyon/Lang Wells	1,367,430	1,331,918	1,177,637
6 WRES - Reservoir/Distribution Improvements	2,644,155	2,640,329	2,608,662
7 RD#5	76,631	76,585	76,378
8 LAIF Interim Sewage	120,638	114,249	121,393
9 Equipment/Maintenance Capital Funds - Water	-	-	684,080
10 Equipment/Maintenance Capital Funds - Sanitation	-	-	726,160
11 Equipment/Maintenance Capital Funds - RW	-	-	1,975,776
12 Market Value Over/(Under) Cost	533	533	16,593
<b>13 State Revolving Fund</b>			
14 Cash in CB&T Reserved for SRF Loan	236,920	236,916	231,085
<b>15 Total Restricted Assets</b>	<b>\$ 3,421,210</b>	<b>\$ 3,419,289</b>	<b>\$ 7,563,150</b>

\*No assurance is provided on these financial statements. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.



**Trabuco Canyon Water District**  
**Investment Schedule**  
**As of January 2022**  
**(Unaudited)**

DESCRIPTION	RATE	COST	MARKET	% OF TOTAL
<b>District Investments in the California Local Agency Investment Fund (LAIF)</b>				
1 Water Storage Fees	0.212%	\$ 1,052,060	\$ 1,050,054	33%
2 Trabuco Creek Wells	0.212%	1,367,430	1,364,823	43%
3 Reservoir/Distribution	0.212%	2,644,155	2,639,114	83%
4 RD#5	0.212%	76,631	76,485	2%
5 LAIF Interim Sewage	0.212%	120,638	120,408	4%
6 LAIF Unrestricted	0.212%	(2,077,158)	(2,073,198)	-65%
<b>Total District Investments</b>		<b>\$ 3,183,756</b>	<b>\$ 3,177,687</b>	<b>100%</b>

*\* A negative number indicates the use of reserves to fund operations.*

*\*\* Market values are adjusted on a quarterly basis and recorded in the District's financials statements at the end*

**CERTIFICATION**

I certify that (1) all investment actions executed since the last report have been made in full compliance with the District's Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by California Government Code Sections 53646(b)(2) and (3), respectively.

***Cindy Byerrum, CPA***

***Contract CPA and Treasurer***

\*\*\* Market values are adjusted on this report on a quarterly basis and recorded in the District's financials statements

\*No assurance is provided on these financial statements. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.



## Trabuco Canyon Water District Checking Account Activity January 2022 (Unaudited)

<b>Inflows</b>	<b>Current Month</b>	<b>Year to Date</b>
Utility Billing Collections	\$ 634,157	\$ 5,437,241
Tax Receipts	94,478	1,223,929
Transfer From LAIF	-	3,250,000
Miscellaneous	6,518	345,966
<b>Total Inflows</b>	<b>735,153</b>	<b>10,257,135</b>
<b>Outflows</b>		
Vouchers	1,063,688	6,011,140
Payroll	341,620	1,862,990
Miscellaneous & Online Payments	41,450	2,082,077
<b>Total Outflows</b>	<b>1,446,758</b>	<b>9,956,208</b>
<b>Net Change in Checking Account</b>	(711,605)	300,927
<b>Beginning Checking Account</b>	1,513,311	500,779
 <b>Ending Checking Account</b>	 <b>\$ 801,706</b>	 <b>\$ 801,706</b>

\*No assurance is provided on these financial statements. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.