



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | FEBRUARY 9, 2023**

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**DIRECTORS PRESENT**

Glenn Acosta, Committee Member  
Ed Mandich, Committee Chair Alternative

**DIRECTORS ABSENT**

Don Chadd, Committee Chair

**STAFF PRESENT**

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

**CONSULTANTS PRESENT**

Ian Berg, Eide Bailly

**PUBLIC PRESENT**

None

**CALL MEETING TO ORDER**

Director Acosta called the February 9, 2023 Finance/Audit Committee Meeting to order at 2:00 p.m.

**VISITOR PARTICIPATION**

No visitor participation was received.

**ORAL COMMUNICATION**

No oral communication was received.

**COMMITTEE MEMBER COMMENTS**

Director Mandich reported that the monthly Independent Special Districts of Orange County (ISDOC) meetings and the Community Associations of Rancho (CAR) meetings occur on the same day and time, and requested changing one of the assignments with the alternate representative. Mr. Paludi recommended this matter be discussed at the Regular Board Meeting.

**REPORT FROM THE ASSISTANT GENERAL MANAGER**

None

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

Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda. As Director Acosta was not in attendance at the meeting, Mr. Perea concurred with Director Mandich's approval of the meeting recap.

**MOTION:** Approve the Finance/Audit Committee Meeting Recap and recommended that the Board receive and file the same as amended (Consent Calendar) – Director Mandich

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**SECOND:** Mr. Perea  
**AYES:** Directors Acosta & Mandich  
**NOES:** None  
**ABSTAIN:** None  
**MOTION PASSED/FAILED:** Passed 2-0

**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.

**MOTION:** Recommend the Board of Directors ratify the Directors' fees and expenses for January 2023 and tentative future meetings/attendance (Action Calendar)– Director Acosta  
**SECOND:** Director Mandich  
**AYES:** Directors Acosta & Mandich  
**NOES:** None  
**ABSTAIN:** None  
**MOTION PASSED/FAILED:** Passed 2-0

**ITEM 3: ADOPTION OF DISTRICT TREASURER'S ANNUAL STATEMENT OF INVESTMENT POLICY**

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Mr. Paludi presented this matter for Committee consideration, and he reported that this matter is reviewed annually per the District's rules and regulations. Mr. Paludi reported that the comments provided by legal counsel were minor, and he reviewed the redlined copy of the proposed resolution which included recommended changes to the policy to comply with legislative updates and related to District investment objectives. Discussion occurred concerning certain proposed changes in the resolution language.

**MOTION:** The Committee recommended the Board of Directors adopt Resolution No. 2023-1312 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting an Investment Policy (Action Calendar) – Director Acosta  
**SECOND:** Director Mandich  
**AYES:** Directors Acosta & Mandich  
**NOES:** None  
**ABSTAIN:** None  
**MOTION PASSED/FAILED:** Passed 2-0

**ITEM 4: OTHER MATTERS**

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Mr. Paludi provided a brief update on the development of updated rates and charges with the assistance of IB Consultants, and he reported that a Special Board Meeting has been scheduled for the end of the month. Discussion occurred concerning certain basic assumptions in the rate development process.

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

**ITEM 5: FINANCIAL REPORT**

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Ms. Warner presented the preliminary unaudited financials for December 2022, and she highlighted the following items:

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***DISTRICT OPERATIONS UNAUDITED***

***Operating Revenue, Water Commodity Sales***

Ms. Warner reported that this line item was trending higher than budgeted due to the current warmer weather conditions.

***Operating Revenue, Reclaimed Water Sales***

Ms. Warner reported that water demand for the month was trending significantly higher than budgeted due to increased system demands.

***Operating Expense, Source of Supply***

Ms. Warner reported that this line item was at budget for the year.

***Operating Expense, Water Related Expenses***

Ms. Warner reported that this line item was trending higher than budgeted for the year due to increased electrical and chemical costs for water treatment.

***Operating Expense, Recycled & Reclaimed Expenses***

Ms. Warner reported that this line item was trending at budget for the year.

***Total Expenses***

Ms. Warner reported that the District's Total Expenses for the year was trending slightly higher than budgeted.

***DISTRICT CAPITAL FY 2022-23 (UNAUDITED)***

Ms. Warner reviewed the capital expenditures to date by project and provided a brief overview of the costs for December 2022.

**MOTION:** Recommend the Board ratify payment of the bills for consideration for February 9, 2023, as presented (Action Calendar) – Director Acosta

**SECOND:** Director Mandich

**AYES:** Directors Acosta & Mandich

**NOES:** None

**ABSTAIN:** None

**MOTION PASSED/FAILED:** Passed 2-0

**ADJOURNMENT**

Director Acosta adjourned the February 9, 2023 Finance/Audit Committee Meeting at 2:27 p.m.