



**FINANCE/AUDIT COMMITTEE MEETING AGENDA
TRABUCO CANYON WATER DISTRICT
ADMINISTRATION FACILITY
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CA
OCTOBER 12, 2023 at 8:00 AM**

COMMITTEE MEMBERS

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

DISTRICT STAFF

Fernando Paludi, General Manager
Michael Perea, District Secretary
Cindy Byerrum, District Treasurer
Karen Warner, Principal Accountant

AGENDA NOTE:

Trabuco Canyon Water District will make this Finance/Audit Committee Meeting available by telephone audio as follows:

Telephone Audio: 1 (669) 900-6833 **Access Code:** 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. You may submit public comments by email to the Committee at mperea@tcwd.ca.gov. In order to be part of the record, emailed comments on meeting agenda items must be received by the District, at the referenced e-mail address, not later than 7:00 a.m. (PDT) on the day of the meeting.

CALL MEETING TO ORDER

VISITOR PARTICIPATION

Members of the public wishing to address the Committee regarding a particular item on the agenda are requested to 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

FINANCIAL MATTERS

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

RECOMMENDED ACTION:

Approve the following Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same (Consent Calendar):

1. September 14, 2023

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 September 2023 and tentative future meetings/attendance (Action Calendar).

ITEM 3: PROFESSIONAL SERVICES AGREEMENT WITH IB CONSULTING FOR ANNUAL FINANCIAL PLAN UPDATES

RECOMMENDED ACTION:

Authorize a Professional Services Agreement with IB Consulting for Annual Financial Plan Updates for FY 2024 in an amount not-to-exceed \$27,000 (Action Calendar).

ITEM 4: WATER METER DOWNSIZING PROCEDURE UPDATE

RECOMMENDED ACTION:

Committee to receive additional information at the time of the meeting.

ITEM 5: OTHER MATTERS

RECOMMENDED ACTION:

Hear Other Matters from the General Manager or District Staff.

ITEM 6: FINANCIAL REPORT

A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS

RECOMMENDED ACTION:

Recommend that the Board receive and file the preliminary unaudited financial statements for August 2023 (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 October 12, 2023 as presented (Consent Calendar).

ADJOURNMENT



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING AGENDA | OCTOBER 12, 2023**

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. If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available online at www.tcwd.ca.gov at the same time as they are distributed to the Committee, except that, if such writings are distributed immediately prior to or during the meeting, they will be posted online on the District's website located at www.tcwd.ca.gov.

COMPLIANCE WITH THE REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE SECTION 54954.2

In compliance with California law and the Americans with Disabilities Act, if you need special disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 858-0277, at least 48 hours in advance of the scheduled Board meeting. Notification at least 48 hours prior to the meeting will assist the District in making reasonable arrangements to accommodate your request. The Board Meeting Room is wheelchair accessible.



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | OCTOBER 12, 2023**

FINANCIAL MATTERS

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

RECOMMENDED ACTION:

Approve the following Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same. (Consent Calendar):

1. *September 14, 2023*

CONTACTS (staff responsible): PALUDI/PEREA



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | SEPTEMBER 14, 2023**

DIRECTORS PRESENT

Don Chadd, Committee Chair
Glenn Acosta, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Karen Warner, Principal Accountant
Roseann Lejsek, Administrative Assistant

CONSULTANTS PRESENT

None

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Chadd called the September 14, 2023 Finance/Audit Committee Meeting to order at 8:00 a.m.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

None

REPORT FROM THE GENERAL MANAGER

Mr. Paludi provided a brief status update on District's Facilities Tour scheduled for October 14, 2023, including public outreach efforts, event registration progress, and the tour itinerary.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

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

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

SECOND: Director Chadd

AYES: Directors Acosta & Chadd

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | SEPTEMBER 14, 2023**

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

Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Discussion occurred concerning reimbursement for conference attendance and lodging. Mr. Paludi indicated that the District is not obligated to provide backup detail on conference reimbursement, and he recommended including the expense report cover sheet only and making the backup detail available upon request.

MOTION: Recommend the Board of Directors ratify the Directors' fees and expenses for August 2023 and tentative future meetings/attendance (Action Calendar) – Director Acosta

SECOND: Director Chadd

AYES: Directors Acosta & Chadd

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

ITEM 3: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT'S HEALTH BENEFIT COSTS FOR CALENDAR YEAR 2024

Mr. Paludi presented this matter for Committee consideration and review, and he reported this matter is reviewed annually. Mr. Perea presented the 2024 CalPERS approved health benefit rates and highlighted the fiscal impacts to the benchmarked plan, PERS Platinum, including a multi-year trend analysis. Mr. Perea reviewed the potential impacts to the FY 2023-24 benefits budget, and he reported the significant increase in retiree benefits. Discussion occurred concerning the overall increase in health benefit costs. Director Acosta requested that District staff bring additional information on the differences between the PERS Platinum and PERS Gold plans to the regular board meeting for Board review.

MOTION: The Committee recommended forwarding this matter to the Board of Directors for review.

ITEM 4: OTHER MATTERS

Mr. Paludi presented the following matters for Committee consideration:

Meter Downsizing Requests

Mr. Paludi reported that the District has received requests from some residential customers with large meters to downsize their meters now that the new rates and charges have taken effect. Director Chadd asked if any meter changes outs have taken place prior to Board discussion; Mr. Paludi stated that no action has been taken on this matter yet, and that he will agendaize this matter for Board discussion at the next regular meeting. Discussion occurred on historical practice on these types of requests and the development of a standard policy and procedure.

Debt Issuance

Mr. Paludi reported that the District will work with its consultants to issue debt consistent with the adopted financial plan and that more information will be presented to the Committee at a future meeting.

MOTION: None – Informational item only.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | SEPTEMBER 14, 2023**

ITEM 5: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for July 2023, and she indicated that the format has been updated to show expenses by separate fund. Ms. Warner highlighted the following items:

WATER FUND

Total Operating Revenue

Ms. Warner reported that this line item was trending lower than budgeted due to less Baker Treatment Plant sales to the City of San Clemente.

Fixed Water Purchases

Ms. Warner reported that this line item was trending higher than budgeted due to the timing of the MWDOC annual retail service connection charge payment.

Employee/Director Benefits

Ms. Warner reported that this line item was trending as budgeted.

Retiree Health Insurance

Ms. Warner reported that this line item, funded by the District's Section 115 OPEB Trust, was trending as budgeted.

Dues & Memberships

Ms. Warner reported that this line item was trending higher than budgeted due to multiple memberships paid in full and the beginning of the year.

Property Tax Revenue

Ms. Warner reported that this line item was trending lower than budgeted as there has been no activity year to date due to normal collection periods are December and April.

Interest Revenue-Unrestricted

Ms. Warner reported that this line item is trending higher than budgeted due to conservative budgeting practices and higher than normal returns on the District's investments.

Capital Improvement Program

Ms. Warner reported that this line item was higher than normal due to CIP spending.

SEWER FUND

Sewer Residential/Commercial Charges

Ms. Warner reported that these line items were trending as budgeted.

Retiree Health Insurance

Ms. Warner reported that this line item, funded by the District's Section 115 OPEB Trust, is trending as budgeted.

RECYCLED WATER FUND

Variable Consumption Charge

Ms. Warner reported that this line item was trending in line with budgeting.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | SEPTEMBER 14, 2023**

MOTION: Recommend the Board ratify payment of the bills for consideration for September 14, 2023, as presented (Action Calendar) – Director Acosta

SECOND: Director Chadd

AYES: Directors Acosta & Chadd

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

ADJOURNMENT

Director Chadd adjourned the September 14, 2023, Finance/Audit Committee Meeting at 8:44 a.m.

DRAFT

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | OCTOBER 12, 2023**

FINANCIAL MATTERS

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

Directors' Fees and Expenses

Consistent with Board policy, Directors are reimbursed for expenses incurred while serving in their capacity as Directors. Additionally, Directors earn a per diem stipend for attendance at meetings or functions in 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 have been identified for reference purposes and the designated directors are anticipated to attend. In the event an unanticipated meeting occurs that requires attendance by a director, the meeting attendance will be subsequently presented to the Board of Directors for ratification.

FUNDING SOURCE:

General Fund

FISCAL IMPACT (PROJECT BUDGET)

FY 2023/2024 Budgeted Board Expenses: \$45,000

RECOMMENDED ACTION:

Recommend that the Board ratify the Directors' fees and expenses for September 2023 and tentative future meetings/attendance. (Action Calendar)

EXHIBIT(S):

1. Directors' Fees and Expenses Report for September 2023
2. Directors' Tentative Future Meetings/Attendance – Calendar Year 2023.

CONTACTS (staff responsible): PALUDI/PEREA


**TRABUCO CANYON WATER DISTRICT
DIRECTORS' FEES AND EXPENSES MONTHLY REPORT | SEPTEMBER 2023**

MEETING DESCRIPTION	ACOSTA	CHADD	DOPUDJA	MANDICH	SAFRANSKI
DISTRICT MEETINGS					
Engineering/Operational Committee Meeting			09/06/23		09/06/23
Executive Committee Meeting			09/06/23	09/06/23	
Energy Efficiency Ad Hoc Committee				09/07/23	09/07/23
Finance/Audit Committee Meeting	09/14/23	09/14/23			
Individual Meeting with General Manager	09/20/23	09/19/23	09/18/23	09/18/23	09/19/23
Regular Board Meeting	09/21/23	09/21/23	09/21/23	09/21/23	09/21/23
Executive Committee Meeting			09/25/23	09/25/23	
REPRESENTATIVE MEETINGS					
Community Associations of Rancho (CAR) Meeting		09/12/23			
City of Rancho Santa Margarita Council Meeting				09/27/23	09/13/23
City of Rancho Santa Margarita Planning Commission	09/06/23				
Independent Special Districts of Orange County (ISDOC) Monthly Meeting				09/05/23	
MWDOC Board Meeting	09/20/23				
South Orange County Agencies Group Meeting				09/28/23	
Water Advisory Commission of Orange County (WACO)	09/08/23				
NUMBER OF MEETINGS ATTENDED	5	4	4	8	5
PER DIEMS (\$125 per each meeting*)	\$625.00	\$500.00	\$500.00	\$1,000.00	\$625.00
DIRECT REIMBURSABLE EXPENSES					
DIRECT REIMBURSABLE EXPENSES TOTALS					
INDIRECT REIMBURSABLE EXPENSES					
INDIRECT REIMBURSABLE EXPENSES TOTALS					
TOTAL (PER DIEMS + DIRECT REIMBURSABLE EXPENSES)	\$625.00	\$500.00	\$500.00	\$1,000.00	\$625.00
<i>* Maximum per diem per day is one; maximum per diems per month is 10</i>					

DIRECTOR SIGNATURE

TRABUCO CANYON WATER DISTRICT | 2023 PUBLIC MEETING AND CONFERENCE CALENDAR

LINE ITEM	MEETING DESCRIPTION	2023											
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
DISTRICT PUBLIC MEETINGS													
1	Executive Committee Meeting	01/03/23	02/06/23	03/06/23	04/03/23	05/01/23	06/05/23	07/03/23	08/07/23	09/05/23	10/02/23	11/06/23	12/04/23
2	Engineering/Operational Committee Meeting	01/04/23	02/01/23	03/01/23	04/05/23	05/03/23	06/07/23	07/05/23	08/02/23	09/06/23	10/04/23	11/01/23	12/06/23
3	Finance/Audit Committee Meeting	01/11/23	02/08/23	38//2023	04/12/23	05/10/23	06/14/23	07/14/23	08/09/23	09/13/23	10/11/23	11/08/23	12/13/23
4	Regular Board Meeting	01/19/23	02/16/23	03/16/23	04/20/23	05/18/23	06/15/23	07/20/23	08/17/23	09/21/23	10/19/23	11/16/23	12/21/23
5	District Properties Ad Hoc Committee Meeting	-	-	-	-	-	-	-	-	-	-	-	-
PUBLIC MEETINGS													
6	City of RSM City Council Meeting - Meeting No. 1	01/11/23	02/08/23	03/08/23	04/12/23	05/10/23	06/14/23	07/12/23	08/09/23	09/13/23	10/11/23	11/15/23	12/13/23
7	City of RSM City Council Meeting - Meeting No. 2	01/25/23	02/22/23	03/22/23	04/26/23	05/24/23	06/28/23	07/26/23	08/23/23	09/27/23	10/25/23	11/29/23	12/27/23
8	City of RSM Planning Commission Meeting	01/04/23	02/01/23	03/01/23	04/05/23	05/03/23	06/07/23	07/05/23	08/02/23	09/06/23	10/04/23	11/01/23	12/06/23
9	Independent Special Districts of Orange County Meeting - Executive	01/03/23	02/07/23	03/07/23	04/04/23	05/02/23	06/06/23	07/04/23	08/01/23	09/05/23	10/02/23	11/07/23	12/05/23
10	Independent Special Districts of Orange County Meeting - Quarterly	01/26/23	-	-	04/27/23	-	-	07/27/23	-	-	10/26/23	-	-
11	Orange County Local Agency Formation Commission (OC LAFCO)	01/11/23	02/08/23	03/08/23	04/12/23	05/10/23	06/14/23	07/12/23	08/09/23	09/13/23	10/11/23	11/08/23	12/13/23
12	Municipal Water District of Orange County (MWDOC) Board Meeting	01/18/23	02/15/23	03/15/23	04/19/23	05/17/23	06/21/23	07/19/23	08/16/23	09/20/23	10/18/23	11/15/23	12/20/23
13	Santiago Aqueduct Commission Meeting	-	-	03/16/23	-	-	06/15/23	-	-	09/21/23	-	-	12/21/23
14	Quarterly South Orange County Integrated Regional Watershed Management Executive Committee	-	-	03/02/23	-	05/04/23	-	-	08/03/23	-	-	11/02/23	-
15	Monthly South Orange County Integrated Regional Watershed Management Executive Committee	01/26/23	02/23/23	03/23/23	04/27/23	05/25/23	06/22/23	07/27/23	08/24/23	09/28/23	10/26/23	11/23/23	12/28/23
16	South Orange County Water Agencies Group Meeting*	01/26/23	-	03/23/23	-	05/25/23	-	07/27/23	-	09/28/23	-	11/23/23	-
17	South Orange County Wastewater Authority Regular Board Meeting	01/05/23	02/02/23	03/02/23	04/06/23	05/04/23	06/01/23	07/06/23	08/03/23	09/07/23	10/05/23	11/02/23	12/07/23
18	Water Advisory Committee of Orange County	01/06/23	02/03/23	03/03/23	04/07/23	05/05/23	06/02/23	07/07/23	08/04/23	09/01/23	10/06/23	11/03/23	12/01/23
CONFERENCES													
19	ACWA Spring Conference - Monterey, CA					5/09 - 5/11							
20	ACWA Fall Conference - Indian Wells, CA											11/28-11/30	
21	CSDA Annual Conference -Monterey, CA								8/28 - 8/31				
22	CSDA GM Leadership Summit - Olympic Valley, CA						6/25 - 6/27						
23	Urban Water Institute (UWI) Annual Conference		2/22 - 2/24						8/23 - 8/25				
24	CSDA SDLA Conference - Napa, CA												
25	Colorado River Water User's Association (CRWUA) Annual Conference – Las Vegas, NV												12/13 - 12/15

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

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | OCTOBER 12, 2023**

FINANCIAL MATTERS

ITEM 3: PROFESSIONAL SERVICES AGREEMENT WITH IB CONSULTING FOR ANNUAL FINANCIAL PLAN UPDATES

IB Consulting (IB) contracted with Trabuco Canyon Water District in May 2022 and developed the financial plan and rate study that resulted in the District's current five-year schedule of rates and charges for the water, wastewater, and recycled water utilities that became effective July 1, 2023. District staff has requested a proposal from IB to perform annual financial plan updates and provide on-call support on rate and debt-related matters.

Through annual updates, IB will review how the District is performing financially when compared to the projections within the cost-of-service study. Agencies like the District that adopt rates and charges for multiple years typically analyze their financials, usage trends, and rate revenue to determine if the next rate adjustment needs to be set at the amount noticed or if it could be set at a reduced amount. IB currently provides these services to several clients including Helix Water District, Roseville, Delta Diablo, Citrus Heights Water District, Rubidoux CSD, Chino Hills and Temescal Valley Water District. The proposed fee for providing financial plan updates for water, wastewater, recycled water collectively on an annual basis is \$22,000. Staff is recommending that the proposed agreement initially cover only FY 2024. The agreement can be amended in the future to continue the financial plan updates and rate calibration for FY 2025 through FY 2028.

Staff is also recommending that the proposed agreement include a budget of up to \$5,000 for IB to support staff and the District's other financial consultants in preparing for and executing a long-term debt transaction in FY 2024, as called for in the rate study financial plan. IB would provide these support services on a time and material basis at the hourly rates included in the proposal.

FUNDING SOURCE:

General Fund

FISCAL IMPACT

Not-to-exceed \$27,000, including up to \$5,000 on time and materials basis.

RECOMMENDED ACTION:

Authorize a Professional Services Agreement with IB Consulting for Annual Financial Plan Updates for FY 2024 in an amount not-to-exceed \$27,000.

EXHIBIT(S):

1. IB Consulting proposal for Annual Financial Plan Updates, dated September 12, 2023

CONTACTS (staff responsible): PALUDI/PEREA



Solutions through Collaboration

Trabuco Canyon Water District
Annual Financial Plan Updates - Water, Wastewater, and Recycled

Submittal Date:

September 12, 2023

Date: March 17, 2023

Fernando Paludi - General Manager

Trabuco Canyon Water District

32003 Dove Canyon Dr,

Trabuco Canyon, CA 92679

Dear Fernando Paludi,

IB Consulting is excited to submit this proposal to continue our work with the Trabuco Canyon Water District (District) by providing annual updates to its water, wastewater, and recycled utilities for the next five years (FY 2024 - FY 2028).

We have assisted many of our clients with annual updates and ongoing consulting services. This allows us to review the District's performance and determine if the next proposed rate increase implemented may be lower than what was noticed. We have found that District Boards also appreciate our involvement as an independent reviewer on rates during the budgetary process. We understand the importance of each utility's ability to be self-sufficient to meet its ongoing operating and capital expenses to ensure safe and reliable services. We value our clients and focus on building long-lasting relationships by being available as a resource to answer questions and provide our perspective on utility-related matters. We look forward to our continued work with the District.

A handwritten signature in blue ink that reads 'Habib Isaac'. The signature is written in a cursive style and is positioned above a horizontal line.

Habib Isaac - Principal | Managing Partner

hisaac@ibconsultinginc.com

31938 Temecula Parkway, Suite A #350

Temecula, CA. 92592



Annual Updates

Our business philosophy is to become an extension of agency staff and we always encourage our clients to reach out to us at any time (not just on a specific project). As such, we work closely and frequently with our existing clients as opposed to working with many clients on a one-time basis.

We continue to work with our clients after rates are adopted to ensure rates were implemented successfully and billed correctly. We also provide ongoing financial advisory services and annual updates to our clients. Annual updates review how the utility is performing financially when compared to the projections within the cost-of-service study. Although rates may have been adopted for multiple years, agencies typically analyze their financials, usage trends, and rate revenue to determine if the next rate adjustment needs to be set at the amount noticed or if it could be set at a reduced amount. We provide these services to several of our clients including Helix Water District, Roseville, Delta Diablo, Citrus Heights Water District, Rubidoux CSD, Chino Hills and Temescal Valley Water District.

Annual updates typically take 30 - 60 days to complete and occur at the start of the District's budgetary process. As part of our annual updates, we will perform the following tasks:

1. Updated all financials within the rate model to reflect the most recent actuals, updated reserve balances, and next fiscal year's budget.
2. Update actual usage, based on billing summaries, for each customer class and tier.
3. Recalculate debt coverage.
4. Incorporate any new expenses and capital improvements.
5. Determine if all proposed capital projects were completed for the current fiscal year or if certain projects will carry forward to the next fiscal year.
6. Determine the level of rate adjustment, up to the previously noticed rate.
7. Present findings and recommendations to District staff and the District Board.

Through these annual updates, our clients can track revenues and costs to make any necessary adjustments to rates.



Annual Updates serve as a financial performance review (report card). We review the utility's financials to capture changes to budgets, update usage trends, account for new connections, review rate revenue projections, and determine if rates can be less than what was noticed.

Budget and Hourly Rates

Below is our not-to-exceed cost estimate for annually updating each utility (Water, Wastewater, and Recycled). We will bill monthly based on our hourly rates and pass-through any travel expenses if the District requests any in-person meetings. In addition, our hourly rates are provided for assisting the District on other utility related matters on an on-call basis.

Tasks	Description	Total Cost
1	Water Annual Updates (per year)	\$8,000
2	Wastewater Annual Updates (per year)	\$8,000
3	Recycled Annual Updates (per year)	\$6,000
Total		\$22,000
FY 2023 Hourly Rate Schedule		\$
	Principal	\$235 / Hr
	Senior Consultant	\$200 / Hr



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | OCTOBER 12, 2023**

FINANCIAL MATTERS

ITEM 4: WATER METER DOWNSIZING PROCEDURE UPDATE

At the September 21, 2023 Regular Board Meeting, the Board of Directors directed staff to develop a policy and procedure for handling requests from customers to evaluate a smaller water meter size for their property. The board's expectation was to discuss a draft policy and procedure at the October 19 Regular Board Meeting. Staff will provide a progress update at the time of the Committee meeting.

FUNDING SOURCE:

Not applicable.

FISCAL IMPACT

Not applicable at this time.

RECOMMENDED ACTION:

Committee to receive additional information at the time of the meeting.

EXHIBIT(S):

None

CONTACTS (staff responsible): PALUDI/PEREA/LAUSTEN

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | OCTOBER 12, 2023**

**FINANCIAL MATTERS
ITEM 5: OTHER MATTERS**

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 | OCTOBER 12, 2023**

**FINANCIAL MATTERS
ITEM 6: FINANCIAL REPORT**

A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS

RECOMMENDED ACTION:

Recommend that the Board receive and file the preliminary unaudited financial statements for August 2023 (Consent Calendar).

B) BILLS FOR CONSIDERATION

The total of the bills for consideration will be presented at the time of the October 12, 2023 Finance/Audit Committee Meeting.

RECOMMENDED ACTION:

Approve and ratify the bills for consideration and warrant register and recommend that the Board ratify payment of the Bills for Consideration for October 12, 2023 as presented (Consent Calendar).

CONTACTS (staff responsible): PALUDI/PEREA/WARNER



Trabuco Canyon Water District
Balance Sheet
August 31, 2023
(Unaudited)

		August 2023
1 Assets		
2 Cash & Investments		
3 Cash & Investments - Unrestricted	\$ 2,508,123	
4 Cash & Investments - Restricted	4,353,464	
5 Total Cash & Investments	6,861,587	
6 Other Current Assets		
7 Accounts Receivable, Net	2,473,203	
8 Prepaid & Other	-	
9 Fair Market Value Adjustment ¹	(35,057)	
10 Total Other Current Assets	2,438,146	
11 Capital Assets		
12 Capital Assets, at Cost	127,612,947	
13 Accumulated Depreciation	(81,174,526)	
14 Construction in Progress	2,972,110	
15 Total Capital Assets	49,410,531	
16 Net OPEB Asset	201,692	
17 Deferred Outflows of Resources (DOR)	2,723,847	
18 Total Assets & DOR	\$ 61,635,804	
19 Liabilities		
20 Current Liabilities		
21 Accounts Payable	\$ 1,567,507	
22 Accrued Expenses	423,577	
23 Current Portion-Long Term Debt	94,972	
24 Deposits on Hand	75,520	
25 Total Current Liabilities	2,161,576	
26 Long-Term Liabilities		
27 Net Pension Liability	4,449,117	
28 State Revolving Fund Loan	1,675,794	
29 Bank of the West Loan	10,000,000	
30 Total Long Term Liabilities	16,124,911	
31 Deferred Inflows of Resources (DIR)	709,189	
32 Total Liabilities & DIR	18,995,676	
33 Net Position	42,640,128	
34 Total Liabilities, Net Position & DIR	\$ 61,635,804	

¹ LAIF and CLASS Market Value adjusted annually at June 30th. This balance may be different from the cash and investments report during the year based on updated market conditions.



Trabuco Canyon Water District
Cash Investments Report
August 31, 2023
(Unaudited)

	Type	Cost	Market	% Total
District Cash & Investments				
Unrestricted				
Local Agency Investment Fund (LAIF)	Investment	\$ (2,340,079)	\$ (2,304,576)	-33.7%
California Cooperative Liquid Assets Securities System (CLASS)	Investment	4,078,531	\$ 4,077,626	59.7%
Bank of the West	Checking	769,671	769,671	11.3%
Total Unrestricted		2,508,123	2,542,721	37.2%
Restricted				
LAIF - Water Storage Facilities	Investment	1,088,260	1,071,750	15.7%
LAIF - Interim Sewage	Investment	119,629	117,814	1.7%
LAIF - Debt Issuance 2022	Investment	2,907,961	2,863,843	41.9%
CLASS - Debt Issuance	Investment	-	-	0.0%
Cash in CB&T Reserved for SRF Loan	Checking	237,614	237,614	3.5%
Total Restricted		4,353,464	4,291,020	62.8%
Total District Cash & Investments		\$ 6,861,587	\$ 6,833,741	100.0%

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.

Cindy Byerrum

Cindy Byerrum, Treasurer



Trabuco Canyon Water District
Budget to Actual - Water
For the period July 1, 2023 through August 31, 2023
(Unaudited)

	August 2023	YTD Actual	FY 24 Adopted Budget	YTD 16%
1 Operating Revenue				
2 Fixed / Capital Service Charges	\$ 265,029	\$ 439,784	\$ 3,113,000	14%
3 Variable Consumption Charges	395,217	673,211	3,978,400	17%
4 Baker Treatment Plant Water Sales	88,749	156,978	1,560,500	10%
5 Customer Fees	9,558	21,727	238,800	9%
6 Standby Charges	-	-	32,300	0%
7 Uncollectable Accounts	-	-	(23,000)	0%
8 Total Operating Revenue	758,552	1,291,700	8,900,000	15%
9 Operating Expense				
10 Source of Supply				
11 Fixed Water Purchases	32,047	108,087	348,900	31%
12 Variable Water Purchases	253,886	272,728	2,015,100	14%
13 Baker Treatment Plant Water Sold	88,749	156,978	1,338,400	12%
14 Water Treatment	36,220	40,822	394,300	10%
15 Pumping Electricity	44,778	67,793	244,300	28%
16 Total Source of Supply	455,680	646,408	3,992,100	16%
17 Salaries and Benefits				
18 Employee/Director Wages	149,370	302,146	1,954,800	15%
19 Employee/Director Benefits	42,004	86,939	510,400	17%
20 Retiree Health Insurance	9,388	18,774	115,300	16%
21 Transfer In - 115 OPEB Trust Reimbursement	-	-	(115,300)	0%
22 CalPERS Retirement (Normal)	24,967	51,070	323,400	16%
23 CalPERS Unfunded Accrued Liability (Minimum)	-	164,806	170,300	97%
24 Payroll Taxes	12,049	25,318	146,000	17%
25 Total Salaries and Benefits	237,778	649,053	3,104,900	21%
26 Transmission and Distribution				
27 System Repairs and Maintenance	27,405	29,094	258,700	11%
28 Vehicles and Equipment	12,544	16,435	101,200	16%
29 Safety, Supplies and Testing	4,891	15,264	45,400	34%
30 Total Transmission and Distribution	44,839	60,793	405,300	15%
31 General and Administrative				
32 Professional Services	18,136	56,222	513,400	11%
33 Office Maintenance, Supplies and Software	50,973	85,626	310,600	28%
34 District Insurance	-	69,284	109,300	63%
35 Dues and Memberships	1,547	28,613	95,400	30%
36 Public Outreach	53,444	53,444	103,300	52%
37 Customer Service and Billing	3,842	6,426	68,400	9%
38 Conference, Trainings and Travel	3,088	4,769	34,100	14%
39 Total General and Administrative	131,030	304,386	1,234,500	25%
40 Total Operating Expense	869,327	1,660,639	8,736,800	19%
41 Net Operating Revenue / (Expense)	(110,775)	(368,939)	163,200	
42 Non-Operating Revenue / (Expense)				
43 Property Tax Revenue	1,918	1,918	1,245,000	0%
44 Interest Revenue - Unrestricted	13,700	27,525	115,700	24%
45 Other Revenue and Reimbursements	7,748	11,394	54,400	21%
46 Miscellaneous Expense	(20,124)	(20,124)	(6,200)	325%
47 Net Non-Operating Revenue / (Expense)	3,241	20,713	1,408,900	1%
48 Net Total Revenue / (Expense)	(107,534)	(348,227)	1,572,100	
49 Other Unrestricted Cash Inflow / (Outflow)				
50 Transfer In - Debt Proceeds for Capital	2,424	309,104	1,206,000	26%
51 Capital Improvement Program (CIP)	(2,424)	(309,104)	(1,206,000)	26%
52 Debt Service - Principal and Interest	-	-	(901,100)	0%
53 Net Other Unrestricted Cash Inflow / (Outflow)	-	-	(901,100)	0%
54 Net Total Unrestricted Cash Inflow / (Outflow)	\$ (107,534)	\$ (348,227)	\$ 671,000	



Trabuco Canyon Water District
District Capital - Water
FY 23-24
(Unaudited)

Project	August 2023	YTD Actual	FY 24 Adopted Budget	YTD 16%
1 Water CIP				
2 Capital Improvements / Replacements				
3 DWTP Office & Storage	\$ -	\$ -	\$ 350,000	0%
4 SCADA System Upgrades FY 2223	-	115,997	280,000	41%
5 10" Pipeline Replacement - Cooks to Harris Grade	-	-	250,000	0%
6 PSPS Transfer Switch Upgrade - Water	-	-	60,000	0%
7 DWTP Vault Improvement	-	-	75,000	0%
8 Total Capital Improvements / Replacements	-	115,997	1,015,000	11%
9 Equipment				
10 Fleet	-	174,950	91,000	192%
11 Total Equipment	-	174,950	91,000	192%
12 Programs				
13 Pump Replacement Program - Water	-	13,750	50,000	28%
14 PRV - Water	-	1,982	20,000	10%
15 Valve Replacements - Water	2,424	2,424	30,000	8%
16 Total Programs	2,424	18,157	100,000	18%
17 Total Water CIP	\$ 2,424	\$ 309,104	\$ 1,206,000	26%



Trabuco Canyon Water District
Budget to Actual - Sewer
For the period July 1, 2023 through August 31, 2023
(Unaudited)

	August 2023	YTD Actual	FY 24 Adopted Budget	YTD 16%
1 Operating Revenue				
2 Sewer Residential Charges	\$ 166,856	\$ 310,571	\$ 1,933,800	16%
3 Sewer Commercial Charges	21,768	37,527	189,800	20%
4 Customer Fees	13,675	26,525	281,100	9%
5 Uncollectable Accounts	-	-	(3,500)	0%
6 Total Operating Revenue	202,299	374,624	2,401,200	16%
7 Operating Expense				
8 Salaries and Benefits				
9 Employee/Director Wages	72,257	150,944	961,500	16%
10 Employee/Director Benefits	14,093	31,436	235,700	13%
11 Retiree Health Insurance	3,352	6,704	41,200	16%
12 Transfer In - 115 OPEB Trust Reimbursement	-	-	(41,200)	0%
13 CalPERS Retirement (Normal)	9,022	18,467	115,600	16%
14 CalPERS Unfunded Accrued Liability (Minimum)	-	76,658	79,200	97%
15 Payroll Taxes	4,303	9,042	73,200	12%
16 Total Salaries and Benefits	103,028	293,251	1,465,200	20%
17 Transmission and Distribution				
18 System Repairs and Maintenance	24,921	46,885	295,600	16%
19 T&D Electricity	30,165	39,482	196,300	20%
20 Vehicles and Equipment	5,379	6,613	39,300	17%
21 Safety, Supplies and Testing	686	2,166	41,200	5%
22 Total Transmission and Distribution	61,152	95,146	572,400	17%
23 General and Administrative				
24 Professional Services	7,003	20,605	184,900	11%
25 Office Maintenance, Supplies and Software	21,473	36,792	159,300	23%
26 District Insurance	-	24,744	42,600	58%
27 Dues and Memberships	8,187	42,397	122,000	35%
28 Public Outreach	1,210	1,210	18,300	7%
29 Customer Service and Billing	877	1,706	19,200	9%
30 Conference, Trainings and Travel	1,103	1,703	12,000	14%
31 Total General and Administrative	39,853	129,157	558,300	23%
32 Total Operating Expense	204,032	517,554	2,595,900	20%
33 Net Operating Revenue / (Expense)	(1,733)	(142,931)	(194,700)	73%
34 Non-Operating Revenue / (Expense)				
35 Property Tax Revenue	1,381	1,381	896,000	0%
36 Interest Revenue - Unrestricted	4,825	9,695	105,500	9%
37 Other Revenue and Reimbursements	1,882	2,300	7,300	32%
38 Miscellaneous Expense	(2)	(2)	(7,200)	0%
39 Net Non-Operating Revenue / (Expense)	8,086	13,374	1,001,600	1%
40 Net Total Revenue / (Expense)	6,353	(129,557)	806,900	
41 Other Unrestricted Cash Inflow / (Outflow)				
42 Transfer In - Debt Proceeds for Capital	40,155	161,769	2,979,500	5%
43 Capital Improvement Program	(40,155)	(161,769)	(2,979,500)	5%
44 Debt Service - Principal and Interest	-	-	(554,100)	0%
45 Net Other Unrestricted Cash Inflow / (Outflow)	-	-	(554,100)	0%
46 Net Total Unrestricted Cash Inflow / (Outflow)	\$ 6,353	\$ (129,557)	\$ 252,800	



Trabuco Canyon Water District
District Capital - Sewer
FY 23-24
(Unaudited)

Project	August 2023	YTD Actual	FY 24 Adopted Budget	YTD 16%
1 Wastewater CIP				
2 Capital Improvements / Replacements				
3 Golf Club SLS Bypass Construction	\$ 133	\$ 17,838	\$ 1,800,000	1%
4 SCADA System Upgrades FY 2223	-	41,428	100,000	41%
5 WWTP Hoffman Blower Building Rehab	-	-	400,000	0%
6 Chiquita FY 23/24	-	-	178,000	0%
7 Heritage SLS Rehab	-	-	100,000	0%
8 PSPS Transfer Switch Upgrade - Sewer	-	-	60,000	0%
9 WWTP Fiber Optic Upgrade	-	-	130,000	0%
10 El Toro SLS System Improvements	36,962	36,962	79,000	47%
11 Total Capital Improvements / Replacements	37,095	96,227	2,847,000	3%
12 Equipment				
13 Fleet	-	62,482	32,500	192%
14 Total Equipment	-	62,482	32,500	192%
15 Programs				
16 Manhole Recoating Program - Sewer	-	-	20,000	0%
17 Pump Replacement Program (Sewer)	3,060	3,060	50,000	6%
18 Wetwell Recoating	-	-	30,000	0%
19 Total Programs	3,060	3,060	100,000	3%
20 Total Wastewater CIP	\$ 40,155	\$ 161,769	\$ 2,979,500	5%



Trabuco Canyon Water District
Budget to Actual - Recycled
For the period July 1, 2023 through August 31, 2023
(Unaudited)

	August 2023	YTD Actual	FY 24 Adopted Budget	YTD 16%
1 Operating Revenue				
2 Fixed / Capital Service Charges	\$ 11,857	\$ 18,408	\$ 142,200	13%
3 Variable Consumption Charges	169,953	246,175	995,400	25%
4 Customer Fees	-	-	7,300	0%
5 Uncollectable Accounts	-	-	(4,000)	0%
6 Total Operating Revenue	181,810	264,583	1,140,900	23%
7 Operating Expense				
8 Source of Supply				
9 Recycled Water Purchases	3,156	5,952	25,900	23%
10 Water Treatment	1,741	17,291	99,400	17%
11 Total Source of Supply	4,897	23,243	125,300	19%
12 Salaries and Benefits				
13 Employee/Director Wages	17,262	36,506	231,400	16%
14 Employee/Director Benefits	4,951	10,552	75,400	14%
15 Retiree Health Insurance	668	1,339	8,200	16%
16 Transfer In - 115 OPEB Trust Reimbursement	-	-	(8,200)	0%
17 CalPERS Retirement (Normal)	1,944	3,974	24,800	16%
18 CalPERS Unfunded Accrued Liability (Minimum)	-	17,340	18,000	96%
19 Payroll Taxes	861	1,808	16,800	11%
20 Total Salaries and Benefits	25,686	71,519	366,400	20%
21 Transmission and Distribution				
22 T&D Electricity	45,476	50,357	282,000	18%
23 System Repairs and Maintenance	4,839	9,644	29,600	33%
24 Vehicles and Equipment	1,186	1,484	8,600	17%
25 Safety, Supplies and Testing	8,476	21,501	157,600	14%
26 Total Transmission and Distribution	59,977	82,986	477,800	17%
27 General and Administrative				
28 Professional Services	1,401	4,121	36,800	11%
29 Office Maintenance, Supplies and Software	4,104	7,340	27,600	27%
30 District Insurance	-	4,949	8,800	56%
31 Dues and Memberships	85	29,822	36,600	81%
32 Public Outreach	242	242	3,600	7%
33 Customer Service and Billing	176	341	4,000	9%
34 Conference, Trainings and Travel	221	341	2,200	15%
35 Total General and Administrative	6,227	47,156	119,600	39%
36 Total Operating Expense	96,787	224,903	1,089,100	21%
37 Net Operating Revenue / (Expense)	85,022	39,680	51,800	
38 Non-Operating Revenue / (Expense)				
39 Property Tax Revenue	537	537	349,200	0%
40 Interest Revenue - Unrestricted	947	1,903	21,800	9%
41 Other Revenue and Reimbursements	376	460	1,800	26%
42 Miscellaneous Expense	(1)	(1)	(1,100)	0%
43 Net Non-Operating Revenue / (Expense)	1,859	2,899	371,700	1%
44 Net Total Revenue / (Expense)	86,882	42,579	423,500	
45 Other Unrestricted Cash Inflow / (Outflow)				
46 Transfer In - Debt Proceeds for Capital	-	20,782	326,500	6%
47 Capital Improvement Program	-	(20,782)	(326,500)	6%
48 Debt Service - Principal and Interest	-	-	(81,400)	0%
49 Net Other Unrestricted Cash Inflow / (Outflow)	-	-	(81,400)	0%
50 Net Total Unrestricted Cash Inflow / (Outflow)	\$ 86,882	\$ 42,579	\$ 342,100	



Trabuco Canyon Water District
District Capital - Recycled
FY 23-24
(Unaudited)

Project		August 2023	YTD Actual	FY 24 Adopted Budget	YTD 16%
1	Recycled Water CIP				
2	Capital Improvements / Replacements				
3	SCADA System Upgrades FY 2223	\$ -	\$ 8,286	\$ 20,000	41%
4	Dove Recycled BPS	-	-	100,000	0%
5	Recycled PRV Vault Improvements - Dove Canyon	-	-	200,000	0%
6	Capital Improvements / Replacements Total	-	8,286	320,000	3%
7	Equipment				
8	Fleet	-	12,496	6,500	192%
9	Equipment Total	-	12,496	6,500	192%
10	Total Recycled Water CIP	\$ -	\$ 20,782	\$ 326,500	6%