



**FINANCE/AUDIT COMMITTEE MEETING AGENDA
TRABUCO CANYON WATER DISTRICT
ADMINISTRATION FACILITY
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CA
JULY 11, 2024 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. June 13, 2024

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 June 2024 and tentative future meetings/attendance (Action Calendar).

ITEM 3: UPDATE ON DISTRICT OTHER POST-EMPLOYMENT BENEFITS (OPEB) BIENNIAL ACTUARIAL REPORT FOR FYE 2023 – GASB 74/75 COMPLIANCE

RECOMMENDED ACTION:

Recommend the Board of Directors receive and file the Actuarial Study of Retiree Health Liabilities Under GASB 74/75 (Consent Calendar).

ITEM 4: NOTICE OF DETERMINATION OF APPROPRIATIONS LIMIT FOR FISCAL YEAR 2024-25

RECOMMENDED ACTION:

Recommend the Board of Directors adopt the proposed Appropriations Limit for Fiscal Year 2024-25 of \$4,070,250.94 by resolution (Action Calendar).

ITEM 5: FINANCIAL REPORT

A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS

RECOMMENDED ACTION:

Recommend that the Board receive and file the preliminary unaudited financial statements for May 2024 (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 July 11, 2024 as presented (Consent Calendar).

ITEM 6: OTHER MATTERS

RECOMMENDED ACTION:

Hear Other Matters from the General Manager or District Staff.

ADJOURNMENT



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING AGENDA | JULY 11, 2024**

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 | JULY 11, 2024**

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. *June 13, 2024*

CONTACTS (staff responsible): PALUDI/PEREA



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | JUNE 13, 2024**

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

STAFF ABSENT

Lorrie Lausten, District Engineer
Phil Serpas, SCADA/CMMS Administrator

CONSULTANTS PRESENT

None

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Chadd called the June 13, 2024 Finance/Audit Committee Meeting to order at 8:12 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 reported that all of the Capital One loan documents have been signed and that the loan should be closed by next week. Mr. Paludi added that once the transaction is complete, the District will pay off the existing short term loan with BMO and have funds available to expend on capital projects.

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 Chadd

SECOND: Director Acosta

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | JUNE 13, 2024**

AYES: Directors Chadd & Acosta
NOES: None
ABSTAIN: None
MOTION PASSED/FAILED: Passed 2-0

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.

MOTION: Recommend the Board of Directors ratify the Directors' fees and expenses for May 2024 and tentative future meetings/attendance (Action Calendar) – Director Chadd
SECOND: Director Acosta
AYES: Directors Chadd & Acosta
NOES: None
ABSTAIN: None
MOTION PASSED/FAILED: Passed 2-0

ITEM 3: AUTHORIZE ACTIONS FOR TRABUCO CANYON WATER DISTRICT'S FISCAL YEAR 2024-25 UNDEVELOPED LAND/WATER STANDBY CHARGES (ASSESSMENT) AND SET PUBLIC HEARING DATE

Mr. Paludi presented this matter for Committee consideration, and he provided a brief overview of this matter. Mr. Paludi reported that the District annually levies an Undeveloped Land/Water Standby Charge (Standby Charge) for undeveloped land within District boundaries, and the amount is currently set at \$15.00 per acre. Mr. Paludi noted that the amount has not changed in many years and will remain at \$15.00 per acre for the upcoming year. Mr. Paludi stated that staff is requesting the Committee's recommendation the Board of Directors to proceed with actions for setting the FY25-25 Standby Charge at \$15 per acre and to agendize a Public Hearing and furnish Notice of Public Hearing for the July 18, 2024 Regular Board Meeting.

MOTION: 1. Recommend the Board of Directors authorize District staff to proceed with actions for setting the Fiscal Year 2024-25 Undeveloped Land/Water Standby Assessment at \$15.00 per acre or portion thereof; and
2. Agendize Public Hearing and authorize District staff to furnish Notice of Public Hearing on Proposed Fiscal Year 2024-25 Undeveloped Land/Water Standby Assessments for the July 18, 2024 Regular Board Meeting. (Action Calendar) – Director Chadd
SECOND: Director Acosta
AYES: Directors Chadd & Acosta
NOES: None
ABSTAIN: None
MOTION PASSED/FAILED: Passed 2-0

ITEM 4: ADOPTION OF PROPOSED FISCAL YEAR 2024-25 GENERAL FUND AND CAPITAL IMPROVEMENT PROJECT (CIP) BUDGETS

Mr. Paludi presented this matter for Committee consideration, and he asked Ms. Warner to provide a brief update on this matter. Ms. Warner provided a draft copy of the District's FY 24-25 budget for the Committee's review. Ms. Warner reported on minor adjustments to the budget including the total compensation survey results as well as the decrease in noticed rates.

MOTION: None – Informational item only.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | JUNE 13, 2024**

ITEM 5: OTHER MATTERS

Mr. Paludi reported that the proposed District's Rate Adjustment Notice was sent out to the entire Board of Directors and that the notice reflects all comments from Directors, and the notice will be included in the June utility bills for all District customers.

MOTION: None – Informational item only.

ITEM 6: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for April 2024, and she highlighted the following items:

WATER FUND

Total Operating Revenue

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

Total Source of Supply

Ms. Warner reported that this line item was trending lower than budgeted due to lower than normal water sales.

Total Salaries & Benefits

Ms. Warner reported that this line item was trending lower than budgeted due to salary savings from employees on paternity leave.

Total Transmission & Distribution

Ms. Warner reported that this line item was trending lower than budgeted.

Total General & Administrative

Ms. Warner reported that this line item was trending higher than budgeted due to the timing of insurance payments and increased public outreach costs.

Net Total Unrestricted Cash Inflow/(Outflow)

Ms. Warner reported that this line item trended a positive increase of water reserves.

District Capital – Water

Ms. Warner reviewed the capital improvement costs accrued in April 2024, including costs associated with the PSPS Transfer Switch Upgrade, DWTP Vault Improvement, and Pressure Regulating Valves.

SEWER FUND

Total Operating Revenue

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

Total Salaries & Benefits

Ms. Warner reported that this line item was trending lower than budgeted due to salary savings from employees on paternity leave.

Total Transmission & Distribution

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to increased repairs and electrical costs.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | JUNE 13, 2024**

Net Total Unrestricted Cash Inflow/(Outflow)

Ms. Warner reported that this line item trended a positive increase of sewer reserves.

District Capital – Sewer

Ms. Warner reviewed the capital improvement costs accrued in April 2024, including costs associated with the Golf Club SLS Bypass Construction, WWTP blower building rehabilitation, and WWTP fiber optic upgrade.

RECYCLED WATER FUND

Total Operating Revenue

Ms. Warner reported that this line item was trending lower than budgeted due to lower than normal recycled water sales.

Total Source of Supply

Ms. Warner reported that this line item was trending higher than budgeted due to increased treatment costs.

Total Salaries & Benefits

Ms. Warner reported that this line item was trending lower than budgeted due to salary savings from employees on paternity leave.

Total Transmission & Distribution

Ms. Warner reported that this line item was trending lower than budgeted.

Total General & Administrative

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to the timing of insurance payments and certification renewals and professional services costs associated with a project grant application.

Net Total Unrestricted Cash Inflow/(Outflow)

Ms. Warner reported that this line item trended a decrease in contribution to recycled water reserves.

District Capital – Recycled Water

Ms. Warner reviewed the capital improvement costs accrued in April 2024, including costs associated with Dove Recycled Booster Pump Station improvements.

MOTION: Recommend the Board ratify payment of the bills for consideration for June 13, 2024, as presented (Action Calendar) – Director Chadd

SECOND: Director Acosta

AYES: Directors Chadd & Acosta

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

The Committee requested that moving forward the Other Matters agenda item be moved to the end of the agenda.

ADJOURNMENT

Director Chadd adjourned the June 13, 2024 Finance/Audit Committee Meeting at 8:27 a.m.

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | JULY 11, 2024**

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 a Director capacity. Per Ordinance No. 91-15 (adopted July 17, 1991), Directors per diem amount is limited to \$125 per meeting for a maximum of ten days per calendar month. The attached spreadsheet provides a recap of the meetings, seminars, conferences attended by Directors along with expenses recorded to date.

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 June 2024 and tentative future meetings/attendance. (Action Calendar)

EXHIBIT(S):

1. Directors' Fees and Expenses Report for June 2024
2. Directors' Tentative Future Meetings/Attendance – Calendar Year 2024.

CONTACTS (staff responsible): PALUDI/PEREA


**TRABUCO CANYON WATER DISTRICT
DIRECTORS' FEES AND EXPENSES MONTHLY REPORT | JUNE 2024**

MEETING DESCRIPTION	ACOSTA	CHADD	DOPUDJA	MANDICH	SAFRANSKI
DISTRICT MEETINGS					
Executive Committee Meeting			06/03/24	06/03/24	
Engineering/Operational Committee Meeting			06/05/24		06/05/24
Special Board Meeting	06/05/24	06/05/24	06/05/24	06/05/24	06/05/24
Finance/Audit Committee Meeting	06/13/24	06/13/24			
Energy Efficiency Ad Hoc Committee Meeting				06/12/24	06/12/24
Individual Meeting with General Manager	06/19/24	06/18/24	06/18/24	06/17/24	06/18/24
Regular Board Meeting	06/20/24	06/20/24		06/20/24	06/20/24
REPRESENTATIVE MEETINGS					
Community Associations of Rancho (CAR) Meeting		06/04/24			
City of Rancho Santa Margarita - City Council Meeting					
City of Rancho Santa Margarita - Planning Commission Meeting					
Independent Special Districts of Orange County (ISDOC) Monthly Meeting				06/04/24	
MWDOC Administration/Finance Committee Meeting	06/12/24				
MWDOC Board Meeting	06/19/24				
South Orange County Integrated Regional Watershed Management Executive Committee Meeting				06/13/24	
Orange County Local Agency Formation Commission (OC LAFCO)					
Santiago Aqueduct Commission Meeting (SAC)					
Water Advisory Commission of Orange County (WACO)	06/07/24				
NUMBER OF MEETINGS ATTENDED	6	5	3	7	4
PER DIEMS (\$125 per each meeting*)	\$750.00	\$625.00	\$375.00	\$875.00	\$500.00
DIRECT REIMBURSABLE EXPENSES					
DIRECT REIMBURSABLE EXPENSES TOTALS					
INDIRECT REIMBURSABLE EXPENSES					
INDIRECT REIMBURSABLE EXPENSES TOTALS					
TOTAL (PER DIEMS + DIRECT REIMBURSABLE EXPENSES)	\$750.00	\$625.00	\$375.00	\$875.00	\$500.00
<i>* Maximum per diem per day is one; maximum per month is 10</i>					

DIRECTOR SIGNATURE

TRABUCO CANYON WATER DISTRICT | 2024 PUBLIC MEETING AND CONFERENCE CALENDAR

		2024											
LINE ITEM	MEETING DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
DISTRICT PUBLIC MEETINGS													
1	Executive Committee Meeting	01/08/24	02/05/24	03/04/24	04/01/24	05/06/24	06/03/24	07/01/24	08/05/24	09/02/24	10/07/24	11/04/24	12/02/24
2	Engineering/Operational Committee Meeting	01/03/24	02/07/24	03/06/24	04/03/24	05/01/24	06/05/24	07/03/24	08/07/24	09/04/24	10/02/24	11/06/24	12/04/24
3	Finance/Audit Committee Meeting	01/11/24	02/08/24	03/07/24	04/11/24	05/09/24	06/13/24	07/11/24	08/08/24	09/12/24	10/10/24	11/14/24	12/12/24
4	Regular Board Meeting	01/18/24	02/15/24	03/14/24	04/18/24	05/16/24	06/20/24	07/18/24	08/15/24	09/19/24	10/17/24	11/21/24	12/19/24
5	District Properties Ad Hoc Committee Meeting	-	-	-	-	-	-	-	-	-	-	-	-
PUBLIC MEETINGS													
6	City of RSM City Council Meeting - Meeting No. 1	01/09/24	02/13/24	03/12/24	04/09/24	05/14/24	06/11/24	07/09/24	08/13/24	09/10/24	10/08/24	11/12/24	12/10/24
7	City of RSM City Council Meeting - Meeting No. 2	01/23/24	02/24/24	03/26/24	04/23/24	05/28/24	06/25/24	07/23/24	08/27/24	09/24/24	10/22/24	11/26/24	12/24/24
8	City of RSM Planning Commission Meeting	01/03/24	02/07/24	03/06/24	04/03/24	05/01/24	06/05/24	07/03/24	08/07/24	09/04/24	10/02/24	11/06/24	12/04/24
9	Independent Special Districts of Orange County Meeting - Executive	01/02/24	02/06/24	03/05/24	04/02/24	05/14/24	06/04/24	07/02/24	08/06/24	09/03/24	10/01/24	11/05/24	12/10/24
10	Independent Special Districts of Orange County Meeting - Quarterly	01/25/24	-	-	04/25/24	-	-	07/25/24	-	-	10/31/24	-	-
11	Orange County Local Agency Formation Commission (OC LAFCO)	01/10/24	02/14/24	03/13/24	04/10/24	05/08/24	06/12/24	07/10/24	08/14/24	09/11/24	10/09/24	11/13/24	12/11/24
12	Municipal Water District of Orange County (MWDOC) Board Meeting	01/17/24	02/21/24	03/20/24	04/17/24	05/15/24	06/19/24	07/17/24	08/21/24	09/18/24	10/16/24	11/20/24	12/18/24
13	Santiago Aqueduct Commission Meeting	-	-	03/21/24	-	-	06/20/24	-	-	09/19/24	-	-	12/12/24
14	Quarterly South Orange County Integrated Regional Watershed Management Executive Committee												
15	Monthly South Orange County Integrated Regional Watershed Management Executive Committee												
16	South Orange County Water Agencies Group Meeting*	01/23/24	-	03/26/24	-	05/28/24	-	07/23/24	-	09/23/24	-	11/25/24	-
18	Water Advisory Committee of Orange County	01/05/24	02/02/24	03/01/24	04/05/24	05/03/24	06/07/24	07/12/24	08/02/24	09/06/24	10/04/24	11/01/24	12/13/24
CONFERENCES													
19	ACWA Spring Conference - Sacramento, CA					05/07-05/09							
20	ACWA Fall Conference - Palm Desert, CA												12/03-12/05
21	CSDA Annual Conference -Indian Wells, CA									09/09-09/12			
22	CSDA GM Leadership Summit - Anaheim, CA						06/23-06/25						
24	CSDA SDLA Conference - San Diego, CA				04/14-04/17								
25	Colorado River Water User’s Association (CRWUA) Annual Conference – Las Vegas, NV												12/04-12/06
23	Urban Water Institute (UWI) Annual Conference - Palm Springs, CA		02/21-02/23										

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

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | JULY 11, 2024**

FINANCIAL MATTERS

ITEM 3: UPDATE ON DISTRICT OTHER POST-EMPLOMENT BENEFITS (OPEB) BIENNIAL ACTUARIAL REPORT FOR FYE 2023 – GASB 74/75 COMPLIANCE

BACKGROUND

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. One of the obligations under the Governmental Accounting Standards Board (GASB) is the preparation of a biennial actuarial valuation to comply with GASB 74 & 75. In addition to the regulatory requirement, one of the purposes of the biennial actuarial valuation is to determine the annual payments to fund the CERBT Trust which is determined by an actuarial valuation of the District’s retiree health program.

The Board approved contracting with Total Compensation Systems, Inc. (TCS) to perform this actuarial valuation for fiscal years ending 2024 and 2025 at the February 15, 2024 Regular Board Meeting. The draft report has been reviewed by the District Treasurer and is attached for Committee review. The key performance indicator from the TCS report is as follows:

B. Key Results

Trabuco Canyon Water District uses an Actuarial Measurement Date that is 12 months prior to its Fiscal Year-End. This means that these actuarial results measured as of June 30, 2023 will be used on a look back basis for the June 30, 2024 Fiscal Year-End.

Key Results	Current Year	Prior Year
	<i>June 30, 2023 Measurement Date for June 30, 2024 Fiscal Year-End</i>	<i>June 30, 2022 Measurement Date for June 30, 2023 Fiscal Year-End</i>
Total OPEB Liability (TOL)	\$4,099,168	\$3,549,353
Fiduciary Net Position (FNP)	\$3,150,993	\$3,106,350
Net OPEB Liability (NOL)	\$948,175	\$443,003
Service Cost <i>(for year following)</i>	\$124,234	\$99,904
Estimated Pay-as-you-go Amount <i>(for year following)</i>	\$231,440	\$181,103
GASB 75 OPEB Expense <i>(for year ending)</i>	\$238,605	\$139,112

Taken from Total Compensation Systems Actuarial Report dated May 22, 2024

Although the District’s Fiduciary Net Position (FNP) has modestly increased by 1.4% over FYE 2022, the District’s Net OPEB Liability (NOL) has doubled due to inflationary impacts, investment return/discount rate, and a one-time benefits payable (CERBT Trust withdrawal payment) to the District in the amount of \$153,958 in FYE 2023. The District’s FNP is approximately 77% of the Total OPEB Liability (TOL) which remains a positive financial position in the CERBT as it has ranged between 70% to 90% since 2013 as a result of plan changes, actuarial assumption changes, and/or actuarial gains or losses from differences between assumptions and actual plan experience. More information may be presented at the time of the meeting.

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | JULY 11, 2024**

FUNDING SOURCE:

General Fund

FISCAL IMPACT

\$5,400

RECOMMENDED ACTION(S):

Recommend the Board of Directors receive and file the Actuarial Study of Retiree Health Liabilities Under GASB 74/75 (Consent Calendar).

EXHIBITS:

1. DRAFT Actuarial Study of Retiree Health Liabilities Under GASB 74/75 prepared by Total Compensation Systems

CONTACTS (Staff Responsible): PALUDI/PEREA

**Trabuco Canyon Water District
Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Valuation Date: June 30, 2023
Measurement Date: June 30, 2023
For Fiscal Year-End: June 30, 2024**

*Prepared by:
Total Compensation Systems, Inc.*

Date: May 22, 2024

DRAFT

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**Trabuco Canyon Water District
Actuarial Study of Retiree Health Liabilities**

PART I: EXECUTIVE SUMMARY

A. Introduction

This report was produced by Total Compensation Systems, Inc. for Trabuco Canyon Water District to determine the liabilities associated with its current retiree health program as of a June 30, 2023 measurement date and to provide the necessary information to determine accounting entries for the fiscal year ending June 30, 2024. This report may not be suitable for other purposes such as determining employer contributions or assessing the potential impact of changes in plan design.

Different users of this report will likely be interested in different sections of information contained within. We anticipate that the following portions may be of most interest depending on the reader:

- A high level comparison of key results from the current year to the prior year is shown on this page.
- The values we anticipate will be disclosed in the June 30, 2024 year-end financials are shown on pages 2 and 3.
- Additional accounting information is shown on page 12 and Appendices C and D.
- Description and details of measured valuation liabilities can be found beginning on page 10.
- Guidance regarding the next actuarial valuation for the June 30, 2024 measurement date is provided on page 13.

B. Key Results

Trabuco Canyon Water District uses an Actuarial Measurement Date that is 12 months prior to its Fiscal Year-End. This means that these actuarial results measured as of June 30, 2023 will be used on a look back basis for the June 30, 2024 Fiscal Year-End.

Key Results	Current Year	Prior Year
	<i>June 30, 2023 Measurement Date for June 30, 2024 Fiscal Year-End</i>	<i>June 30, 2022 Measurement Date for June 30, 2023 Fiscal Year-End</i>
Total OPEB Liability (TOL)	\$4,099,168	\$3,549,353
Fiduciary Net Position (FNP)	\$3,150,993	\$3,106,350
Net OPEB Liability (NOL)	\$948,175	\$443,003
Service Cost (for year following)	\$124,234	\$99,904
Estimated Pay-as-you-go Amount (for year following)	\$231,440	\$181,103
GASB 75 OPEB Expense (for year ending)	\$238,605	\$139,112

Refer to results section beginning on page 10 or the glossary on page 26 for descriptions of the above items.

Key Assumptions	Current Year	Prior Year
	<i>June 30, 2023 Measurement Date for June 30, 2024 Fiscal Year-End</i>	<i>June 30, 2022 Measurement Date for June 30, 2023 Fiscal Year-End</i>
Valuation Interest Rate	6.75%	6.75%
Expected Rate of Return on Assets	6.75%	6.75%
Long-Term Medical Trend Rate	4.00%	4.00%
Projected Payroll Growth	2.75%	2.75%

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Portion of Key Measurements Due to Implicit Rate Subsidy

The implicit rate subsidy represents the difference between retiree premium rates and the underlying cost of retiree coverage. Because medical costs generally increase with age, the direct premium rate for pre-Medicare retirees will typically fall short of the underlying cost of retiree coverage when the premium rates are determined by blending active employees and pre-Medicare retirees. GASB 75 requires the underlying cost to be reflected in most cases, so OPEB actuaries develop age-adjusted costs to estimate the underlying cost of coverage solely for retirees.

Below is a breakdown of key measurements between the portion due to the employer share of retiree premiums and the portion due to the implicit rate subsidy. Although the two pieces are typically treated the same under GASB 75, the distinction can be important for planning purposes because the implicit rate subsidy will not be paid directly in the same way that the employer share of retiree premiums will be paid.

June 30, 2023 Measurement Date	Portion due to Employer Share of Retiree Premium	Portion due to Implicit Rate Subsidy	Total
Total OPEB Liability	\$3,118,616	\$980,552	\$4,099,168
Service Cost (for year following)	\$94,703	\$29,531	\$124,234

The following table shows the “pay as you go” projection of annual payments for the employer share of retiree health costs as well as the projected annual amount of the implicit rate subsidy. Although actual payments are certain to vary from those shown below, these projections can be useful for planning purposes.

Year Beginning July 1	Employer Share of Retiree Premium	Implicit Rate Subsidy	Total Projected Benefit Payments
2023	\$160,900	\$70,540	\$231,440
2024	\$149,369	\$29,976	\$179,345
2025	\$159,670	\$41,986	\$201,656
2026	\$175,361	\$60,613	\$235,974
2027	\$194,622	\$82,099	\$276,721
2028	\$213,482	\$91,296	\$304,778
2029	\$232,998	\$98,700	\$331,698
2030	\$258,873	\$123,807	\$382,680
2031	\$268,003	\$130,308	\$398,311
2032	\$262,760	\$121,235	\$383,995

C. Summary of GASB 75 Accounting Results

1. Changes in Net OPEB Liability

The following table shows the reconciliation of the June 30, 2022 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2023 NOL. A more detailed version of this table can be found on page 12.

	TOL	FNP	NOL
Balance at June 30, 2022 Measurement Date	\$3,549,353	\$3,106,350	\$443,003
Service Cost	\$99,904	\$0	\$99,904
Interest on TOL / Return on FNP	\$236,841	\$199,504	\$37,337
Employer Contributions*	\$0	\$52,863	(\$52,863)
Benefit Payments*	(\$206,821)	(\$206,821)	\$0
Administrative Expenses	\$0	(\$903)	\$903
Experience (Gains)/Losses	\$146,127	\$0	\$146,127
Changes in Assumptions	\$273,764	\$0	\$273,764
Other	\$0	\$0	\$0
Net Change	\$549,815	\$44,643	\$505,172
Actual Balance at June 30, 2023 Measurement Date	\$4,099,168	\$3,150,993	\$948,175

* Includes \$52,863 due to implied rate subsidy.

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2. Deferred Inflows and Outflows

Changes in the NOL arising from certain sources are recognized on a deferred basis. The following tables show the balance of each deferral item as of the measurement date and the scheduled future recognition. A reconciliation of these balances can be found on page 12 while the complete deferral history is shown beginning on page 23.

Balances at June 30, 2024 Fiscal Year-End	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$418,938	(\$68,717)
Changes in assumptions	\$244,007	(\$196,634)
Differences between projected and actual return on assets	\$233,151	\$0
Total	\$896,096	(\$265,351)

To be recognized fiscal year ending June 30:	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
2025	\$150,193	(\$48,901)
2026	\$132,311	(\$48,901)
2027	\$243,440	(\$48,901)
2028	\$98,915	(\$48,899)
2029	\$80,233	(\$38,093)
Thereafter	\$191,004	(\$31,656)
Total	\$896,096	(\$265,351)

3. OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, administrative expenses, and change in TOL due to plan changes, adjusted for deferred inflows and outflows. OPEB expense can also be derived as change in net position, adjusted for employer contributions, which can be found on page 12.

To be recognized fiscal year ending June 30, 2024	<i>Expense Component</i>
Service Cost	\$99,904
Interest Cost	\$236,841
Expected Return on Assets	(\$204,452)
Administrative Expenses	\$903
Recognition of Experience (Gain)/Loss Deferrals	\$54,427
Recognition of Assumption Change Deferrals	(\$5,401)
Recognition of Investment (Gain)/Loss Deferrals	\$56,383
Employee Contributions	\$0
Changes in Benefit Terms	\$0
Net OPEB Expense for fiscal year ending June 30, 2024	\$238,605

4. Adjustments

The above OPEB expense includes all deferred inflows and outflows except any contributions after the measurement date. Contributions from July 1, 2023 to June 30, 2024 minus prior contributions after the measurement date of \$27,145 should also be reflected in OPEB expense. June 30, 2024 deferred outflows should include contributions from July 1, 2023 to June 30, 2024.

5. Trend and Interest Rate Sensitivities

The following presents what the Net OPEB Liability would be if it were calculated using a discount rate assumption or a healthcare trend rate assumption one percent higher or lower than the current assumption.

Net OPEB Liability at June 30, 2023 Measurement Date	<i>Discount Rate</i>	<i>Healthcare Trend Rate</i>
1% Decrease in Assumption	\$1,394,204	\$504,028
Current Assumption	\$948,175	\$948,175
1% Increase in Assumption	\$570,972	\$1,487,498

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D. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

	<i>Employees Hired before 4/1/2014</i>	<i>Employees Hired on or after 4/1/2014</i>
Benefit types provided	Medical Only	Medical Only
Duration of Benefits	Lifetime	Lifetime
Required Service	CalPERS Eligibility	CalPERS Eligibility
Minimum Age	CalPERS Eligibility	CalPERS Eligibility
Dependent Coverage	Yes	Yes
District Contribution %	100% up to District Cap	The District contribution is 50% at 10 years of service plus 5% per year of service up to 100% at 20 years of service
	District Cap	100/90 State Annuitant rates
	PERS Choice family rate	

*All employees with 5 years of CalPERS service will be eligible to continue coverage if retiring from the District and receive the CalPERS minimum required contribution.

This valuation does not reflect any cash benefits paid unless the cash benefits are limited to be used for or reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under applicable Governmental Accounting Standards Board (GASB) Standards.

E. Summary of Valuation Data

This report is based on census data provided to us as of June, 2023. Distributions of participants by age and service can be found on page 17. For non-lifetime benefits, the active count below excludes employees for whom it is not possible to receive retiree benefits (e.g. employees who are already older than the maximum age to which benefits are payable or who will not accrue the required service prior to reaching the maximum age).

	Current Year <i>June 30, 2023 Valuation Date</i> <i>June 30, 2023 Measurement Date</i>	Prior Year <i>June 30, 2021 Valuation Date</i> <i>June 30, 2022 Measurement Date</i>
Active Employees eligible for future benefits		
Count	22	21
Average Age	43.5	42.2
Average Years of Service	8.8	10.0
Retirees currently receiving benefits		
Count	11	9
Average Age	66.3	64.3

We were not provided with information about any terminated, vested employees.

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F. Certification

The actuarial information in this report is intended solely to assist Trabuco Canyon Water District in complying with Governmental Accounting Standards Board Accounting Statement 74 and 75 and, unless otherwise stated, fully and fairly discloses actuarial information required for compliance. Nothing in this report should be construed as an accounting opinion, accounting advice or legal advice. TCS recommends that third parties retain their own actuary or other qualified professionals when reviewing this report. TCS's work is prepared solely for the use and benefit of Trabuco Canyon Water District. Release of this report may be subject to provisions of the Agreement between Trabuco Canyon Water District and TCS. No third party recipient of this report product should rely on the report for any purpose other than accounting compliance. Any other use of this report is unauthorized without first consulting with TCS.

This report is for fiscal year July 1, 2023 to June 30, 2024, using a measurement date of June 30, 2023. The calculations in this report have been made based on our understanding of plan provisions and actual practice at the time we were provided the required information. We relied on information provided by Trabuco Canyon Water District. Much or all of this information was unaudited at the time of our evaluation. We reviewed the information provided for reasonableness, but this review should not be viewed as fulfilling any audit requirements. We relied on the following materials to complete this study:

- We used paper reports and digital files containing participant demographic data from the District personnel records.
- We used relevant sections of collective bargaining agreements provided by the District.

All costs, liabilities, and other estimates are based on actuarial assumptions and methods that comply with all applicable Actuarial Standards of Practice (ASOPs). Each assumption is deemed to be reasonable by itself, taking into account plan experience and reasonable future expectations and in combination represent our estimate of anticipated experience of the Plan.

This report contains estimates of the Plan's financial condition and future results only as of a single date. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. This valuation cannot predict the Plan's future condition nor guarantee its future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. Determining results using alternative assumptions (except for the alternate discount and trend rates shown in this report) is outside the scope of our engagement.

Future actuarial measurements may differ significantly from those presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the measurement methodology (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. We were not asked to perform analyses to estimate the potential range of such future measurements.

The signing actuary is independent of Trabuco Canyon Water District and any plan sponsor. TCS does not intend to benefit from and assumes no duty or liability to other parties who receive this report. TCS is not aware of any relationship that would impair the objectivity of the opinion.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and has been prepared in accordance with generally accepted actuarial principles and practices and all

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applicable Actuarial Standards of Practice. I meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Luis Murillo, ASA, MAAA
Actuary
Total Compensation Systems, Inc.
(805) 496-1700

PART II: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefit payments (APVPBP) separately for each participant. We determined eligibility for retiree benefits based on information supplied by Trabuco Canyon Water District. We then selected assumptions that, based on plan provisions and our training and experience, represent our best prediction of future plan experience. For each participant, we applied the appropriate assumption factors based on the participant's age, sex, length of service, and employee classification.

The actuarial assumptions used for this study are summarized beginning on page 14.

B. Liability for Retiree Benefits.

For each participant, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent Trabuco Canyon Water District uses contribution caps, the influence of the trend factor is further reduced. We multiplied each future year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the participant is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid in any future year is zero if the participant will not be eligible. The participant will not be eligible if s/he will not have met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We multiplied the above expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan. Finally, we discounted the expected cost for each year to the measurement date June 30, 2023 at 6.75% interest.

For any *current retirees*, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 100%).

The value generated from the process described above is called the actuarial present value of projected benefit payments (APVPBP). We added APVPBP for each participant to get the total APVPBP for all participants which is the estimated present value of all future retiree health benefits for all **current** participants. The APVPBP is the amount on June 30, 2023 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last participant dies or reaches the maximum eligibility age. However, for most actuarial and accounting purposes, the APVPBP is not used directly but is instead apportioned over the lifetime of each participant as described in the following sections.

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C. Actuarial Accrual

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an “implicit rate subsidy”).

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method” and uses the APVPBP to develop expense and liability figures. Furthermore, the APVPBP should be accrued over the working lifetime of employees.

In order to accrue the APVPBP over the working lifetime of employees, actuarial cost methods apportion the APVPBP into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability or present value of future service costs). Of the future service liability, the portion attributable to the single year immediately following the measurement date is known as the normal cost or Service Cost under GASB 74 and 75.

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. The actuarial cost method mandated by GASB 75 is the “entry age actuarial cost method”. Under the entry age actuarial cost method, the actuary determines the service cost as the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. Under GASB 75, the service cost is calculated to be a level percentage of each employee’s projected pay.

D. Actuarial Assumptions

The APVPBP and service cost are determined using several key assumptions:

- The current **cost of retiree health benefits** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.
- The **“trend” rate** at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.
- **Mortality rates** varying by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.
- **Employment termination rates** have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.
- The **service requirement** reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

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- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the **real** rate of return expected for plan assets plus the long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds rated AA or higher. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

E. Total OPEB Liability

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

Changes in the TOL can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. Change in the TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience. GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses are deferred five years.
- Experience gains and losses are deferred over the Expected Average Remaining Service Lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the EARSL.
- Liability changes resulting from plan changes, for example, cannot be deferred.

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F. Valuation Results

This section details the measured values of the concepts described on the previous pages.

1. Actuarial Present Value of Projected Benefit Payments (APVPBP)

Actuarial Present Value of Projected Benefit Payments as of June 30, 2023 Valuation Date

	<i>Total</i>
Active: Pre-65 Benefit	\$1,924,544
Post-65 Benefit	\$1,190,608
Subtotal	\$3,115,152
Retiree: Pre-65 Benefit	\$1,206,758
Post-65 Benefit	\$971,802
Subtotal	\$2,178,560
Grand Total	\$5,293,712
Subtotal Pre-65 Benefit	\$3,131,302
Subtotal Post-65 Benefit	\$2,162,410

2. Service Cost

The service cost represents the value of the benefit earned during a single year of employment. It is the APVPBP spread over the expected working lifetime of the employee and divided into annual segments. We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

Service Cost Valuation Year Beginning July 1, 2023

	<i>Total</i>
# of Eligible Employees	22
First Year Service Cost	
Pre-65 Benefit	\$68,618
Post-65 Benefit	\$55,616
Total	\$124,234

Accruing retiree health benefit costs using service costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. While the service cost for each employee is targeted to remain level as a percentage of covered payroll, the service cost as a dollar amount would increase each year based on covered payroll. Additionally, the overall service cost may grow or shrink based on changes in the demographic makeup of the employees from year to year.

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3. Total OPEB Liability and Net OPEB Liability

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability. We calculated the Total OPEB Liability (TOL) as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables as shown in the table on page 15.

Total OPEB Liability and Net OPEB Liability as of June 30, 2023 Valuation Date

	<i>Total</i>
Active: Pre-65 Benefit	\$1,267,986
Active: Post-65 Benefit	\$652,579
Subtotal	\$1,920,565
Retiree: Pre-65 Benefit	\$1,206,782
Retiree: Post-65 Benefit	\$971,821
Subtotal	\$2,178,603
Subtotal: Pre-65 Benefit	\$2,474,768
Subtotal: Post-65 Benefit	\$1,624,400
Total OPEB Liability (TOL)	\$4,099,168
Fiduciary Net Position as of June 30, 2023	\$3,150,993
Net OPEB Liability (NOL)	\$948,175

4. "Pay As You Go" Projection of Retiree Benefit Payments

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of participants, estimates for individual years are **certain** to be *inaccurate*. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs, including any implicit rate subsidy.

<i>Year Beginning</i>	
<i>July 1</i>	<i>Total</i>
2023	\$231,440
2024	\$179,345
2025	\$201,656
2026	\$235,974
2027	\$276,721
2028	\$304,778
2029	\$331,698
2030	\$382,680
2031	\$398,311
2032	\$383,995

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G. Additional Reconciliation of GASB 75 Results

The following table shows the reconciliation of the June 30, 2022 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2023 NOL. For some plans, it will provide additional detail and transparency beyond that shown in the table on Page 2.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2022	\$3,549,353	\$3,106,350	\$443,003
Service Cost	\$99,904	\$0	\$99,904
Interest on Total OPEB Liability	\$236,841	\$0	\$236,841
Expected Investment Income	\$0	\$204,452	(\$204,452)
Administrative Expenses	\$0	(\$903)	\$903
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$0	\$0
Employer Contributions as Benefit Payments***	\$0	\$52,863	(\$52,863)
Actual Benefit Payments from Trust	(\$153,958)	(\$153,958)	\$0
Actual Benefit Payments from Employer***	(\$52,863)	(\$52,863)	\$0
Expected Minus Actual Benefit Payments**	\$25,718	\$0	\$25,718
Expected Balance at June 30, 2023	\$3,704,995	\$3,155,941	\$549,054
Experience (Gains)/Losses	\$120,409	\$0	\$120,409
Changes in Assumptions	\$273,764	\$0	\$273,764
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	(\$4,948)	\$4,948
Other	\$0	\$0	\$0
Net Change during 2023	\$549,815	\$44,643	\$505,172
Actual Balance at June 30, 2023*	\$4,099,168	\$3,150,993	\$948,175

* May include a slight rounding error.

** Deferrable as an Experience Gain or Loss.

*** Includes \$52,863 due to implied rate subsidy.

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for Trabuco Canyon Water District is shown beginning on page 23. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2024

	<i>Beginning Balance</i>	<i>Change Due to New Deferrals</i>	<i>Change Due to Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	\$258,521	\$146,127	(\$54,427)	\$350,221
Assumption Changes	(\$231,792)	\$273,764	\$5,401	\$47,373
Investment (Gains)/Losses	\$284,586	\$4,948	(\$56,383)	\$233,151
Deferred Balances	\$311,315	\$424,839	(\$105,409)	\$630,745

The following table shows the reconciliation of Net Position (NOL less the balance of any deferred inflows or outflows). When adjusted for contributions, the change in Net Position is equal to the OPEB expense shown previously on page 3.

Preliminary OPEB Expense Fiscal Year Ending June 30, 2024

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$443,003	\$948,175	\$505,172
Deferred Balances	\$311,315	\$630,745	\$319,430
Net Position	\$131,688	\$317,430	\$185,742
Adjust Out Employer Contributions			\$52,863
OPEB Expense			\$238,605

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H. Procedures for Future Valuations

GASB 74/75 require annual measurements of liability with a full actuarial valuation required every two years. This means that for the measurement date one year following a full actuarial valuation, a streamlined “roll-forward” valuation may be performed in place of a full valuation. The following outlines the key differences between full and roll-forward valuations.

	Full Actuarial Valuation	Roll-Forward Valuation
Collect New Census Data	Yes	No
Reflect Updates to Plan Design	Yes	No
Update Actuarial Assumptions	Yes	Typically Not
Update Valuation Interest Rate	Yes	Yes
Actual Assets as of Measurement Date	Yes	Yes
Timing	4-6 weeks after information is received	1-2 weeks after information is received
Fees	Full	Reduced
Information Needed from Employer	Moderate	Minimal
Required Frequency	At least every two years	Each year, unless a full valuation is performed

The majority of employers use an alternating cycle of a full valuation one year followed by a roll-forward valuation the next year. However, a full valuation may be required or preferred under certain circumstances. Following are examples of actions that could cause the employer to consider a full valuation instead of a roll-forward valuation.

- The employer adds or terminates a group of participants that constitutes a significant part of the covered group.
- The employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- The employer considers or puts in place an early retirement incentive program.
- The employer desires the measured liability to incorporate more recent census data or assumptions.

We anticipate that the next valuation we perform for Trabuco Canyon Water District will be a roll-forward valuation with a measurement date of June 30, 2024 which will be used for the fiscal year ending June 30, 2025. Please let us know if Trabuco Canyon Water District would like to discuss whether another full valuation would be preferable based on any of the examples listed above.

PART III: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Trabuco Canyon Water District to understand that the appropriateness of all selected actuarial assumptions and methods are Trabuco Canyon Water District's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Trabuco Canyon Water District's actual historical experience, and TCS's judgment based on experience and training.

A. ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74 and 75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on a participant by participant basis and then aggregated.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Trabuco Canyon Water District regarding practices with respect to employer and employee contributions and other relevant factors.

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B. ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.50% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 6.75% per year net of expenses. This is based on assumed long-term return on employer assets. We used the “Building Block Method”. (See Appendix C, Paragraph 53 for more information). Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

TREND: We assumed 4.00% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Trabuco Canyon Water District.

Fiduciary Net Position as of June 30, 2023

	<u>06/30/2022</u>	<u>06/30/2023</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$3,106,350	\$3,304,951
Capital Assets	\$0	\$0
Total Assets	\$3,106,350	\$3,304,951
Benefits Payable	\$0	(\$153,958)
Fiduciary Net Position	\$3,106,350	\$3,150,993

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C. NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix C, Paragraph 52 for more information.

MORTALITY

<i>Participant Type</i>	<i>Mortality Tables</i>
Miscellaneous	2021 CalPERS Mortality for Miscellaneous and Schools Employees

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
General Employees	Hired 2013 and later: 2021 CalPERS 2.0% @62 Rates for Miscellaneous Employees Hired 2012 and earlier: 2021 CalPERS 2.5% @55 Rates for Miscellaneous Employees

COSTS FOR RETIREE COVERAGE

Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 59.0% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

<i>Participant Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
General Employees	Hired on or after 4/1/2014 Employer portion of premium: \$18,950 Implicit Subsidy \$11,180	\$6,891
	Hired prior to 4/1/2014 Employer portion of premium: \$23,911 Implicit Subsidy: \$14,108	\$6,891

PARTICIPATION RATES

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
Miscellaneous	100%	100%

TURNOVER

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
Miscellaneous	2021 CalPERS Turnover for Miscellaneous Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

AGING FACTORS

We used aging factors from "Health Care Costs - From Birth to Death" prepared by Dale Yamamoto and published in 2013 by the Society of Actuaries as part of the Health Care Cost Institute's Independent Report Series - Report 2013-1.

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PART IV: APPENDICES

APPENDIX A: DEMOGRAPHIC DATA BY AGE

ELIGIBLE ACTIVE EMPLOYEES BY AGE AND SERVICE

	<i>Total</i>	<i>Under 5 Years of Service</i>	<i>5 – 9 Years of Service</i>	<i>10 – 14 Years of Service</i>	<i>15 – 19 Years of Service</i>	<i>20 – 24 Years of Service</i>	<i>25 – 29 Years of Service</i>	<i>30 – 34 Years of Service</i>	<i>Over 34 Years of Service</i>
Under 25	1	1							
25 – 29	1		1						
30 – 34	3	3							
35 – 39	2	1	1						
40 – 44	4	2	2						
45 – 49	5	2				3			
50 – 54	4		1	1	2				
55 – 59	2	1		1					
60 – 64	0								
65 and older	0								
Total	22	10	5	2	2	3	0	0	0

ELIGIBLE RETIREES BY AGE AND EMPLOYEE CLASS

<i>Age</i>	<i>Total</i>
Under 50	0
50 – 54	1
55 – 59	2
60 – 64	2
65 – 69	1
70 – 74	3
75 – 79	2
80 – 84	0
85 – 89	0
90 and older	0
Total	11

APPENDIX B: ADMINISTRATIVE BEST PRACTICES

It is outside the scope of this report to make specific recommendations of actions Trabuco Canyon Water District should take to manage the liability created by the current retiree health program. The following items are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Trabuco Canyon Water District's practices, it is possible that Trabuco Canyon Water District is already complying with some or all of these suggestions.

- We suggest that Trabuco Canyon Water District maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Trabuco Canyon Water District should determine whether the benefit is material and subject to GASB 74 and/or 75.
- Under GASB 75, it is important to isolate the cost of retiree health benefits. Trabuco Canyon Water District should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Trabuco Canyon Water District should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Trabuco Canyon Water District should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.
- Several assumptions were made in estimating costs and liabilities under Trabuco Canyon Water District's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Part III of this report for a summary of assumptions.) For example, Trabuco Canyon Water District should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Trabuco Canyon Water District to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

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APPENDIX C: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

Paragraph 50: **Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Trabuco Canyon Water District. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	11
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	22
Total Number of participants	33

*We were not provided with information about any terminated, vested employees

Paragraph 51: **Significant Assumptions and Other Inputs**

Shown in Part III.

Paragraph 52: **Information Related to Assumptions and Other Inputs**

The following information is intended to assist Trabuco Canyon Water District in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Disclosure	The mortality assumptions are based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

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Mortality Table	2021 CalPERS Retiree Mortality for Miscellaneous and Schools Employees
Disclosure	The mortality assumptions are based on the 2021 CalPERS Retiree Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2021 CalPERS 2.0% @62 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2021 CalPERS 2.0% @62 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2021 CalPERS 2.5% @55 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2021 CalPERS 2.5% @55 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2021 CalPERS Turnover for Miscellaneous Employees
Disclosure	The turnover assumptions are based on the 2021 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$504,028	\$948,175	\$1,487,498

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Paragraph 53: **Discount Rate**

The following information is intended to assist Trabuco Canyon Water District to comply with Paragraph 53 requirements.

53.a: A discount rate of 6.75% was used in the valuation. The interest rate used in the prior valuation was 6.75%.

53.b: We assumed that all contributions are from the employer.

53.c: We used historic 30 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 50 basis points.

53.d: The interest assumption does not reflect a municipal bond rate.

53.e: Not applicable.

53.f: Following is the assumed asset allocation and assumed rate of return for each.
CERBT - Strategy 1

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59.0000	7.5450
All Fixed Income	25.0000	4.2500
Real Estate Investment Trusts	8.0000	7.2500
All Commodities	3.0000	7.5450
Treasury Inflation Protected Securities (TIPS)	5.0000	3.0000

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	\$1,394,204	\$948,175	\$570,972

Paragraph 55: **Changes in the Net OPEB Liability**

Please see reconciliation on pages 2 or 12.

Paragraph 56: **Additional Net OPEB Liability Information**

The following information is intended to assist Trabuco Canyon Water District to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2023.

 The measurement date is June 30, 2023.

56.b: We are not aware of a special funding arrangement.

56.c: Assumed rates of retirement, termination, and mortality have been updated to align

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with those currently being used by the statewide pension systems.

56.d: There were no changes in benefit terms since the prior measurement date.

56.e: Not applicable

56.f: To be determined by the employer

56.g: To be determined by the employer

56.h: Other than contributions after the measurement, all deferred inflow and outflow balances are shown on page 12 and in Appendix D

56.i: Future recognition of deferred inflows and outflows is shown in Appendix D

Paragraph 57:

Required Supplementary Information

57.a: Please see reconciliation on pages 2 or 12. Please see the notes for Paragraph 244 below for more information.

57.b: These items are provided on pages 2 and 12 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.

57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

Paragraph 58:

Actuarially Determined Contributions

We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Paragraph 244:

Transition Option

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

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APPENDIX D: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

EXPERIENCE GAINS AND LOSSES

**Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of
Experience Gains and Losses
(Measurement Periods)**

Measurement Period	Experience (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2022	Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Experience Gains and Losses (Measurement Periods)							
				2023	2024	2025	2026	2027	2028	Thereafter	
2018-19	\$159,266	9	\$70,784	\$17,696	\$17,696	\$17,696	\$17,696	\$17,696	\$17,696	\$2	
2019-20	(\$123,689)	9	(\$41,229)	(\$13,743)	(\$13,743)	(\$13,743)	(\$13,743)	(\$13,743)	(\$13,743)	(\$13,743)	(\$2)
2020-21	\$321,679	9.3	\$69,180	\$34,590	\$34,590	\$34,590	\$34,590	\$34,590	\$34,590	\$34,590	\$44,959
2022-23	\$146,127	9.2	\$0	\$15,884	\$15,884	\$15,884	\$15,884	\$15,884	\$15,884	\$15,884	\$50,823
Net Increase (Decrease) in OPEB Expense			\$98,735	\$54,427	\$350,221	\$54,427	\$54,427	\$54,427	\$54,427	\$36,733	\$95,780

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CHANGES OF ASSUMPTIONS

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Changes of Assumptions (Measurement Periods)

Measurement Period	Changes of Assumptions	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2022	Amounts to be Recognized in OPEB Expense after 2023							
				2023	2024	2025	2026	2027	2028	Thereafter	
2018-19	(\$97,270)	9	(\$43,232)	(\$10,808)	(\$43,230)	(\$10,808)	(\$10,808)	(\$10,808)	(\$10,806)		
2020-21	(\$226,454)	9.3	(\$48,700)	(\$24,350)	(\$153,404)	(\$24,350)	(\$24,350)	(\$24,350)	(\$24,350)	(\$24,350)	(\$31,654)
2022-23	\$273,764	9.2	\$0	\$29,757	\$244,007	\$29,757	\$29,757	\$29,757	\$29,757	\$29,757	\$95,222
Net Increase (Decrease) in OPEB Expense			(\$91,932)	(\$5,401)	\$47,373	(\$5,401)	(\$5,401)	(\$5,401)	(\$5,399)	\$5,407	\$63,568

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INVESTMENT GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Investment Gains and Losses (Measurement Periods)

Measurement Period	Investment (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2022	2023	Amounts to be Recognized in OPEB Expense after 2023	2024	2025	2026	2027	2028	Thereafter
2018-19	\$20,593	5	\$16,476	\$4,117	\$0						
2019-20	\$89,415	5	\$53,649	\$17,883	\$17,883	\$17,883					
2020-21	(\$555,649)	5	(\$222,260)	(\$111,130)	(\$222,259)	(\$111,130)	(\$111,129)				
2021-22	\$722,615	5	\$144,523	\$144,523	\$433,569	\$144,523	\$144,523	\$144,523			
2022-23	\$4,948	5	\$0	\$990	\$3,958	\$990	\$990	\$990	\$988		
Net Increase (Decrease) in OPEB Expense			(\$7,612)	\$56,383	\$233,151	\$52,266	\$34,384	\$145,513	\$988	\$0	\$0

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APPENDIX E: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non-actuary* understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally, medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

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<u>Pay As You Go Cost:</u>	The projected benefit payments to retirees in a given year as estimated by the actuarial valuation. Actual benefit payments are likely to differ from these estimated amounts. For OPEB plans that do not pre-fund through an irrevocable trust, the Pay As You Go Cost serves as an estimated amount to budget for annual OPEB payments.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
<u>Service Cost:</u>	The annual dollar value of the “earned” portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
<u>Service Requirement:</u>	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
<u>Total OPEB Liability (TOL):</u>	The amount of the actuarial present value of projected benefit payments attributable to participants’ past service based on the actuarial cost method used.
<u>Trend Rate:</u>	The rate at which the employer’s share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can’t be more than 30 months prior.

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | JULY 11, 2024**

FINANCIAL MATTERS

ITEM 4: NOTICE OF DETERMINATION OF APPROPRIATIONS LIMIT FOR FISCAL YEAR 2024-25

In July 1988, the District’s Board of Directors adopted Resolution No. 88-516 (Resolution of the Board of Directors of the Santa Ana Mountains County Water District Regarding Appropriations Policy) which codified a policy and methodology for establishing a District Appropriations Limit consistent with California Constitution Article XIII B. The State Constitution specifies that appropriations by local governments may increase annually by a factor determined by information provided by the State of California.

The District previously set its appropriations limit for Fiscal Year (FY) 2023-24 in the amount of **\$3,912,103.63**. The calculation for FY 2024-25 utilizes the County of Orange Overall Population Change Figures, and was calculated as follows:

Trabuco Canyon Water District Gann Limit Formula

2023 Per Capita Cost of Living Percent Change	3.62	
	<u>Pop. Growth Ratio</u>	<u>Pop</u>
Rancho Santa Margarita	-0.43	46,305
Lake Forest	0.7	86,917
Mission Viejo	0.09	86,917
Unincorporated Orange County	0.72	131,335
Orange County (Aggregate)	0.31	3,150,835
FY 2023-24 Appropriations Limit	\$3,912,103.63	
Per Capita Personal Income Change Rate	1.0362	
<u>Weighted Option</u>		
Population Ratio	1.00407753	-0.00407753
Adjustment Factor	1.04042513	
2024 Appropriations Limit	\$4,070,250.94	

It is the opinion of General Counsel and District staff that the proposed calculated appropriations limit does not appear to impact the District’s overall ability to generate the necessary revenue required to meet its obligations.

RECOMMENDED ACTION:

Recommend the Board of Directors adopt the proposed Appropriations Limit for Fiscal Year 2024-25 of \$4,070,250.94 by resolution (Action Calendar).

EXHIBITS:

1. Resolution No. 88-516 – Resolution of the Board of Directors of the Santa Ana Mountains County Water District Regarding Appropriations Policy
2. Hanson Bridget Appropriations Limit Memo to General Manager dated July 2, 2024
3. Notice of Determination of Appropriations Limit 2024-25

CONTACTS (staff responsible): PALUDI/PEREA

RESOLUTION NO. 88-516

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA ANA MOUNTAINS COUNTY WATER DISTRICT
REGARDING APPROPRIATIONS POLICY

WHEREAS, the Santa Ana Mountains County Water District ("SAMCWD") is a county water district formed and operating pursuant to Section 30000, et seq., of the Water Code of the State of California; and

WHEREAS, Article XIII B of the California Constitution concerns appropriations of local agencies from revenues derived from specified sources; and

WHEREAS, SAMCWD is subject to the provisions of Article XIII B of the California Constitution; and

WHEREAS, Article XIII B of the California Constitution provides that certain revenues collected by SAMCWD shall not be subject to appropriations limitations upon satisfaction of certain criteria; and

WHEREAS, under California Constitution Article XIII B, the appropriations limit of the local agency may be adjusted by increases in population within that local agency service area; and

WHEREAS, the Board of Directors of SAMCWD desires to adopt a Resolution expressing a policy on appropriations for SAMCWD.

NOW, THEREFORE, the Board of Directors of the Santa Ana Mountains County Water District DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. California Constitution Article XIII B provides that certain revenues to local agencies are not subject to the appropriations limitation set forward in that Article. Such revenues include the proceeds to an entity of government from regulatory licenses, user charges, and user fees to the extent that such proceeds do not exceed the costs to that agency of providing service for which the fees are imposed. The Board of Directors of SAMCWD hereby adopts the policies that revenues derived from the SAMCWD Capital Improvement Charge, supplemental water fee, water storage fees and sewage fees imposed upon development within SAMCWD shall be used to satisfy the financial obligations of providing water and/or sewer service by SAMCWD, including expenditures for Capital Facilities needed to provide such water and/or sewer service. The Board of Directors of SAMCWD hereby expresses its policy that such revenues are not subject to the appropriations limit established under California Constitution Article XIII B.

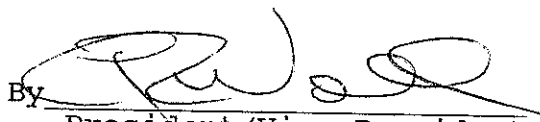
Section 2. Under California Constitution Article XIIIIB, the appropriations limit for local public agencies may be adjusted to reflect changes in populations within the area where such agency provides its service. The Board of Directors of SAMCWD notes that there has been a significant population increase within the service area of SAMCWD within the past two years for which population increased data was not available. It is the policy of the Board of Directors that when population data is made available that the appropriations limit will be adjusted to reflect the actual population within the service area of SAMCWD and will comply with the provisions and requirements of Article XIIIIB.

Section 3. The Board of Directors hereby directs the SAMCWD staff to obtain direct population data for the SAMCWD service area in order to make appropriate calculations to the SAMCWD appropriations limit for future fiscal years and to take all actions necessary to comply with the policy of the Board of Directors.

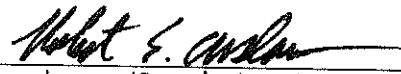
Section 4. The Board of Directors of SAMCWD hereby determines that tax revenues collected by SAMCWD for the 1962 General Obligation Bonded Indebtedness of SAMCWD are not subject to the provisions of California Constitution Article XIIIIB by way of its Section 9(a).

Section 5. The provisions and policies expressed in this Resolution shall become effective immediately.

ADOPTED, SIGNED AND APPROVED this 20th day of July, 1988.

By 
President/Vice President
SANTA ANA MOUNTAINS COUNTY WATER
DISTRICT and of the Board of
Directors thereof

ATTEST:

By 
Secretary/Assistant Secretary
SANTA ANA MOUNTAINS COUNTY
WATER DISTRICT and of the
Board of Directors thereof

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, ROBERT E. ANSLOW, Assistant Secretary of the Board of Directors of the Santa Ana Mountains County Water District do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 88-516 of said Board, and that the same has not been amended or repealed.

DATED: July 22, 1988



Assistant Secretary

Memorandum

TO: Fernando Paludi, General Manager
Michael Perea, Assistant General Manager and Secretary

FROM: Hanson Bridgett LLP
Brendan Adams

DATE: July 2, 2024

RE: **Appropriations Limit for Fiscal Year 2024-2025**

We have prepared for your review a Notice of Determination of the Appropriations Limit for Fiscal Year 2024-2025 and a Resolution establishing the District's appropriations limit. The appropriations limit and the calculations are based on the financial and population data posted on the California Department of Finance's website.

Pursuant to Revenue and Taxation Code Section 2228, Trabuco Canyon Water District has the option of calculating its appropriations limit based on the total population change for Orange County, or the weighted averages of the population of the Cities of Rancho Santa Margarita, Lake Forest, Mission Viejo, and the unincorporated areas of Orange County. The text of Revenue and Taxation Code Section 2228(a)(3) states: "If a special district is located within a single county or within more than one city or any combination of cities and unincorporated areas within a single county, the annual percentage change in population for the district shall be that established for the county or the weighted average of the percentage change of each city and the unincorporated area."

For Fiscal Year 2024-2025, the population change for Rancho Santa Margarita was -0.43%, the population change for Lake Forest was 0.7%, the population change for Mission Viejo was -0.09%, and the population change for unincorporated Orange County was 0.72%, while the total population change for Orange County was 0.31%. Because the weighted average population number of Rancho Santa Margarita, Lake Forest, Mission Viejo, and the unincorporated areas of Orange County is greater than the total population number for Orange County, the District's Fiscal Year 2024-2025 appropriations limit was calculated using the weighted average population growth ratio (0.4%).

In order to satisfy legal requirements, the Notice of Determination of Appropriations Limit must be posted at least 15 days before the July 18 Board Meeting (by July 3). We have inserted the date at the bottom of the Notice. Also, please include both the Notice and the Resolution in the Agenda packet.

Please do not hesitate to call me at 415-996-6490 if you have any questions.

STAFF MEMBERS

Fernando Paludi, General Manager
Michael Perea, District Secretary
Cindy Byerrum, District Treasurer
Hanson Bridgett, LLP, Legal Counsel



BOARD OF DIRECTORS

Stephen Dopudja, President
Edward Mandich, Vice President
Glenn Acosta, Director
Don Chadd, Director
Michael Safranski, Director

TRABUCO CANYON WATER DISTRICT

**NOTICE OF DETERMINATION OF APPROPRIATIONS LIMIT
FOR FISCAL YEAR 2024–2025**

State law (Section 7910 of the Government Code) requires each local government agency to determine during each fiscal year the appropriations limit pursuant to Article XIII B of the California Constitution applicable during the following fiscal year. The limit must be adopted at a regularly scheduled meeting or a noticed special meeting and the documentation used in determining the limit must be made available for public review fifteen days prior to such meeting.

Set out below is the methodology proposed to be used to calculate the Fiscal Year 2024–2025 appropriations limit for the District. The limit as set forth below will be considered and adopted at the regular meeting of the Board of Directors on July 18, 2024.

1. Appropriations Limit for Fiscal Year 2023–2024	\$3,912,103.63
2. Population Change (January 1, 2023–January 1, 2024)	0.4%
3. Change in California per Capita Personal Income Fiscal Year 2023–2024	3.62%
4. Fiscal Year 2024–2025 Adjustment Factor (1.00407753 x 1.0362)	1.04042513
5. Fiscal Year 2024–2025 Appropriations Limit (\$3,912,103.63 x 1.04042513)	\$4,070,250.94

Dated: July 3, 2024

TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | JULY 11, 2024

FINANCIAL MATTERS
ITEM 5: FINANCIAL REPORT

A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS

RECOMMENDED ACTION:

Recommend that the Board receive and file the preliminary unaudited financial statements for May 2024 (Consent Calendar).

B) BILLS FOR CONSIDERATION

The total of the bills for consideration will be presented at the time of the July 11, 2024 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 July 11, 2024 as presented (Consent Calendar).

CONTACTS (staff responsible): PALUDI/PEREA/WARNER



Trabuco Canyon Water District
Balance Sheet
May 31, 2024
(Unaudited)

		May 2024
1	Assets	
2	Cash & Investments	
3	Cash & Investments - Unrestricted	\$ 5,664,762
4	Cash & Investments - Restricted	3,094,105
5	Total Cash & Investments	8,758,867
6	Other Current Assets	
7	Accounts Receivable, Net	2,007,456
8	Prepaid & Other	57,537
9	Fair Market Value Adjustment ¹	(35,057)
10	Total Other Current Assets	2,029,936
11	Capital Assets	
12	Capital Assets, at Cost	128,051,382
13	Accumulated Depreciation	(84,330,444)
14	Construction in Progress	4,082,897
15	Total Capital Assets	47,803,835
16	Net OPEB Asset	201,692
17	Deferred Outflows of Resources (DOR)	2,508,005
18	Total Assets & DOR	\$ 61,302,335
19	Liabilities	
20	Current Liabilities	
21	Accounts Payable	\$ 2,211,359
22	Accrued Expenses	423,324
23	Current Portion-Long Term Debt	94,972
24	Deposits on Hand	48,821
25	Total Current Liabilities	2,778,476
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)	647,305
32	Total Liabilities & DIR	19,550,692
33	Net Position	41,751,643
34	Total Liabilities, Net Position & DIR	\$ 61,302,335

¹ LAIF and CLASS Fair Market Value is 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
May 31, 2024
(Unaudited)

	Type	Cost	Market	% Total
District Cash & Investments				
Unrestricted				
Local Agency Investment Fund (LAIF)	Investment	\$ (1,024,475)	\$ (1,018,524)	-11.6%
California Cooperative Liquid Assets Securities System (CLASS)	Investment	4,541,307	\$ 4,541,080	51.9%
Bank of the West	Checking	2,147,930	2,147,930	24.6%
Total Unrestricted		5,664,762	5,670,485	64.8%
Restricted				
LAIF - Water Storage Facilities	Investment	1,121,953	1,115,436	12.8%
LAIF - Interim Sewage	Investment	128,454	127,708	1.5%
LAIF - Debt Issuance 2022	Investment	1,604,818	1,595,496	18.2%
Cash in CB&T Reserved for SRF Loan	Checking	238,879	238,879	2.7%
Total Restricted		3,094,105	3,077,519	35.2%
Total District Cash & Investments		\$ 8,758,867	\$ 8,748,005	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 May 31, 2024
(Unaudited)

	May 2024	YTD Actual	FY 24 Adopted Budget	YTD 92%
1 Operating Revenue				
2 Fixed / Capital Service Charges	\$ 268,658	\$ 2,857,778	\$ 3,113,000	92%
3 Variable Consumption Charges	193,559	3,191,115	3,978,400	80%
4 Baker Treatment Plant Water Sales	72,538	1,605,343	1,560,500	103%
5 Customer Fees	12,257	136,407	238,800	57%
6 Standby Charges	786	32,363	32,300	100%
7 Uncollectable Accounts	-	-	(23,000)	0%
8 Total Operating Revenue	547,799	7,823,006	8,900,000	88%
9 Operating Expense				
10 Source of Supply				
11 Fixed Water Purchases	23,213	322,692	348,900	92%
12 Variable Water Purchases	67,209	1,707,362	2,015,100	85%
13 Baker Treatment Plant Water Sold	107,818	1,259,080	1,338,400	94%
14 Water Treatment	12,842	150,551	394,300	38%
15 Pumping Electricity	27,281	252,926	244,300	104%
16 Total Source of Supply	238,363	3,692,610	4,341,000	85%
17 Salaries and Benefits				
18 Employee/Director Wages	165,616	1,681,411	1,954,800	86%
19 Employee/Director Benefits	37,748	436,313	510,400	85%
20 Retiree Health Insurance	11,675	120,371	115,300	104%
21 Transfer In - 115 OPEB Trust Reimbursement	(11,675)	(120,371)	(115,300)	104%
22 CalPERS Retirement (Normal)	26,170	279,722	323,400	86%
23 CalPERS Unfunded Accrued Liability (Minimum)	-	164,806	170,300	97%
24 Payroll Taxes	13,992	132,359	146,000	91%
25 Total Salaries and Benefits	243,526	2,694,611	3,104,900	87%
26 Transmission and Distribution				
27 System Repairs and Maintenance	40,770	200,974	258,700	78%
28 Vehicles and Equipment	8,173	79,395	101,200	78%
29 Safety, Supplies and Testing	2,960	65,289	45,400	144%
30 Total Transmission and Distribution	51,902	345,658	405,300	85%
31 General and Administrative				
32 Professional Services	64,664	488,081	513,400	95%
33 Office Maintenance, Supplies and Software	38,211	304,655	310,600	98%
34 District Insurance	-	116,597	109,300	107%
35 Dues and Memberships	1,385	92,296	95,400	97%
36 Public Outreach	10,095	115,752	103,300	112%
37 Customer Service and Billing	4,488	49,752	68,400	73%
38 Conference, Trainings and Travel	1,204	26,486	34,100	78%
39 Total General and Administrative	120,046	1,193,620	1,234,500	97%
40 Total Operating Expense	653,838	7,926,499	9,085,700	87%
41 Net Operating Revenue / (Expense)	(106,039)	(103,494)	(185,700)	
42 Non-Operating Revenue / (Expense)				
43 Property Tax Revenue	101,759	1,137,464	1,245,000	91%
44 Interest Revenue - Unrestricted	16,529	42,326	115,700	37%
45 Other Revenue and Reimbursements	201,115	284,511	54,400	523%
46 Miscellaneous Expense	(81)	(111,597)	(6,200)	1800%
47 Net Non-Operating Revenue / (Expense)	319,322	1,352,704	1,408,900	96%
48 Net Total Revenue / (Expense)	213,283	1,249,211	1,223,200	102%
49 Other Unrestricted Cash Inflow / (Outflow)				
50 Transfer In - Debt Proceeds for Capital	59,664	617,989	1,206,000	51%
51 Capital Improvement Program (CIP)	(68,445)	(753,420)	(1,206,000)	62%
52 Debt Service - Principal and Interest	(27,657)	(303,942)	(901,100)	34%
53 Net Other Unrestricted Cash Inflow / (Outflow)	(36,438)	(439,373)	(901,100)	49%
54 Net Total Unrestricted Cash Inflow / (Outflow)	\$ 176,845	\$ 809,838	\$ 322,100	251%

Acronym key:

OPEB - Other Post-Employment Benefits

SCADA - Supervisory Control and Data Acquisition System



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

				FY 24	
Project	May 2024	YTD Actual	YTD Adopted Budget	YTD 92%	
1	Water CIP				
2	Capital Improvements / Replacements				
3	Dimension Water Treatment Plant (DWTP) Office & Storage	\$ 8,681	\$ 9,611	\$ 350,000	3%
4	SCADA System Upgrades FY 24	-	155,034	280,000	55%
5	10" Pipeline Replacement - Cooks to Harris Grade	-	-	250,000	0%
6	PSPS Transfer Switch Upgrade - Water	-	5,180	60,000	9%
7	DWTP Vault Improvement	50,601	55,251	75,000	74%
8	Administration Office Remodel	-	29,014	-	N/A
9	Total Capital Improvements / Replacements	59,282	254,090	1,015,000	25%
10	Equipment				
11	Fleet	-	174,950	91,000	192%
12	Xerox Copier	-	4,469	-	N/A
13	Fire Hydrants	-	25,229	-	N/A
14	Roton Blower - DWTP Filters	-	22,258	-	N/A
15	Total Equipment	-	226,906	91,000	249%
16	Programs				
17	Pump Replacement Program - Water	-	13,750	50,000	28%
18	Pressure Regulating Valves (PRV) - Water	-	17,360	20,000	87%
19	Valve Replacements - Water	381	110,352	30,000	368%
20	Total Programs	381	141,461	100,000	141%
21	Total Unplanned Repairs/Expenses	8,781	130,962	-	N/A
22	Total Water CIP	\$ 68,445	\$ 753,420	\$ 1,206,000	62%

Acronym key:

SCADA - Supervisory Control and Data Acquisition System

PSPS - Public Safety Power Shutoff



Trabuco Canyon Water District
Budget to Actual - Sewer
For the period July 1, 2023 through May 31, 2024
(Unaudited)

	May 2024	YTD Actual	FY 24 Adopted Budget	YTD 92%
1 Operating Revenue				
2 Sewer Residential Charges	\$ 167,889	\$ 1,818,275	\$ 1,933,800	94%
3 Sewer Commercial Charges	16,148	191,934	189,800	101%
4 Customer Fees	15,921	168,214	281,100	60%
5 Uncollectable Accounts	-	-	(3,500)	0%
6 Total Operating Revenue	199,957	2,178,424	2,401,200	91%
7 Operating Expense				
8 Salaries and Benefits				
9 Employee/Director Wages	77,703	810,852	961,500	84%
10 Employee/Director Benefits	12,361	164,937	235,700	70%
11 Retiree Health Insurance	4,170	42,990	41,200	104%
12 Transfer In - 115 OPEB Trust Reimbursement	(4,170)	(42,990)	(41,200)	104%
13 CalPERS Retirement (Normal)	8,951	98,501	115,600	85%
14 CalPERS Unfunded Accrued Liability (Minimum)	-	76,658	79,200	97%
15 Payroll Taxes	4,997	47,271	73,200	65%
16 Total Salaries and Benefits	104,012	1,198,219	1,465,200	82%
17 Transmission and Distribution				
18 System Repairs and Maintenance	41,011	324,317	295,600	110%
19 T&D Electricity	17,843	225,232	196,300	115%
20 Vehicles and Equipment	8,921	37,647	39,300	96%
21 Safety, Supplies and Testing	972	14,676	41,200	36%
22 Total Transmission and Distribution	68,747	601,873	572,400	105%
23 General and Administrative				
24 Professional Services	27,022	187,259	184,900	101%
25 Office Maintenance, Supplies and Software	13,573	158,983	159,300	100%
26 District Insurance	-	41,642	42,600	98%
27 Dues and Memberships	2,334	94,023	122,000	77%
28 Public Outreach	2,937	16,971	18,300	93%
29 Customer Service and Billing	1,061	11,546	19,200	60%
30 Conference, Trainings and Travel	430	9,459	12,000	79%
31 Total General and Administrative	47,357	519,883	558,300	93%
32 Total Operating Expense	220,116	2,319,974	2,595,900	89%
33 Net Operating Revenue / (Expense)	(20,159)	(141,550)	(194,700)	73%
34 Non-Operating Revenue / (Expense)				
35 Property Tax Revenue	73,266	818,974	896,000	91%
36 Interest Revenue - Unrestricted	4,538	165,057	105,500	156%
37 Other Revenue and Reimbursements	223	44,644	7,300	612%
38 Miscellaneous Expense	(58)	(48,054)	(7,200)	667%
39 Net Non-Operating Revenue / (Expense)	77,969	980,620	1,001,600	98%
40 Net Total Revenue / (Expense)	57,810	839,070	806,900	104%
41 Other Unrestricted Cash Inflow / (Outflow)				
42 Transfer In - Debt Proceeds for Capital	-	1,105,397	2,979,500	37%
43 Capital Improvement Program	(441,674)	(1,264,464)	(2,979,500)	42%
44 Debt Service - Principal and Interest	(3,021)	(33,128)	(554,100)	6%
45 Net Other Unrestricted Cash Inflow / (Outflow)	(444,695)	(192,195)	(554,100)	35%
46 Net Total Unrestricted Cash Inflow / (Outflow)	\$ (386,885)	\$ 646,875	\$ 252,800	256%

Acronym key:

OPEB - Other Post-Employment Benefits



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

Project	May 2024	YTD Actual	FY 24 Adopted Budget	YTD 92%
1 Wastewater CIP				
2 Capital Improvements / Replacements				
3 Golf Club Sewer Lift Station (SLS) Bypass Construction	\$ 394,175	\$ 589,024	\$ 1,800,000	33%
4 SCADA System Upgrades FY 24	-	55,369	100,000	55%
5 WWTP Hoffman Blower Building Rehabilitation	4,618	76,641	400,000	19%
6 Chiquita FY 24	-	117,940	178,000	66%
7 Heritage SLS Rehabilitation	2,200	6,065	100,000	6%
8 PSPS Transfer Switch Upgrade - Sewer	1,395	6,808	60,000	11%
9 WWTP Fiber Optic Upgrade	2,480	17,825	130,000	14%
10 El Toro SLS System Improvements	-	37,469	79,000	47%
11 Administration Office Remodel	-	10,362	-	N/A
12 Total Capital Improvements / Replacements	404,867	917,503	2,847,000	32%
13 Equipment				
14 Fleet	-	62,482	32,500	192%
15 Xerox Copier	-	1,596	-	N/A
16 Chopper Pump - Sequencing Batch Reactor	-	24,716	-	N/A
17 Smart Covers - Sewer Lift Stations	-	18,709	-	N/A
18 Roots Blower - WWTP	-	15,693	-	N/A
19 Total Equipment	-	123,196	32,500	379%
20 Programs				
21 Manhole Recoating Program - Sewer	-	-	20,000	0%
22 Pump Replacement Program (Sewer)	-	52,027	50,000	104%
23 Wet Well Recoating	-	17,020	30,000	57%
24 Total Programs	-	69,047	100,000	69%
25 Total Unplanned Repairs/Expenses	36,807	154,718	-	N/A
26 Total Wastewater CIP	\$ 441,674	\$ 1,264,464	\$ 2,979,500	42%

Acronym key:

SCADA - Supervisory Control and Data Acquisition System

WWTP - Waste Water Treatment Plant

PSPS - Public Safety Power Shutoff



Trabuco Canyon Water District
Budget to Actual - Recycled
For the period July 1, 2023 through May 31, 2024
(Unaudited)

	May 2024	YTD Actual	FY 24 Adopted Budget	YTD 92%
1 Operating Revenue				
2 Fixed / Capital Service Charges	\$ 11,857	\$ 125,123	\$ 142,200	88%
3 Variable Consumption Charges	27,907	794,700	995,400	80%
4 Customer Fees	-	9,474	7,300	130%
5 Uncollectable Accounts	-	-	(4,000)	0%
6 Total Operating Revenue	39,765	929,297	1,140,900	81%
7 Operating Expense				
8 Source of Supply				
9 Recycled Water Purchases	724	20,725	25,900	80%
10 Water Treatment	10,350	100,753	99,400	101%
11 Total Source of Supply	11,074	121,477	125,300	97%
12 Salaries and Benefits				
13 Employee/Director Wages	18,570	195,086	231,400	84%
14 Employee/Director Benefits	3,983	54,867	75,400	73%
15 Retiree Health Insurance	834	8,598	8,200	105%
16 Transfer In - 115 OPEB Trust Reimbursement	(834)	(8,598)	(8,200)	105%
17 CalPERS Retirement (Normal)	1,919	21,163	24,800	85%
18 CalPERS Unfunded Accrued Liability (Minimum)	-	17,340	18,000	96%
19 Payroll Taxes	999	9,454	16,800	56%
20 Total Salaries and Benefits	25,472	297,910	366,400	81%
21 Transmission and Distribution				
22 T&D Electricity	23,300	275,914	282,000	98%
23 System Repairs and Maintenance	16,783	49,825	29,600	168%
24 Vehicles and Equipment	2,137	8,577	8,600	100%
25 Safety, Supplies and Testing	10,816	98,798	157,600	63%
26 Total Transmission and Distribution	53,036	433,114	477,800	91%
27 General and Administrative				
28 Professional Services	4,801	41,670	36,800	113%
29 Office Maintenance, Supplies and Software	2,555	28,035	27,600	102%
30 District Insurance	-	8,328	8,800	95%
31 Dues and Memberships	99	55,799	36,600	152%
32 Public Outreach	587	3,394	3,600	94%
33 Customer Service and Billing	212	2,309	4,000	58%
34 Conference, Trainings and Travel	86	1,892	2,200	86%
35 Total General and Administrative	8,340	141,428	119,600	118%
36 Total Operating Expense	97,921	993,930	1,089,100	91%
37 Net Operating Revenue / (Expense)	(58,156)	(64,633)	51,800	
38 Non-Operating Revenue / (Expense)				
39 Property Tax Revenue	28,492	318,490	349,200	91%
40 Interest Revenue - Unrestricted	889	21,669	21,800	99%
41 Other Revenue and Reimbursements	-	3,372	1,800	187%
42 Miscellaneous Expense	(23)	(3,135)	(1,100)	285%
43 Net Non-Operating Revenue / (Expense)	29,359	340,395	371,700	92%
44 Net Total Revenue / (Expense)	(28,798)	275,762	423,500	65%
45 Other Unrestricted Cash Inflow / (Outflow)				
46 Transfer In - Debt Proceeds for Capital	1,860	71,413	326,500	22%
47 Capital Improvement Program	(11,060)	(93,598)	(326,500)	29%
48 Debt Service - Principal and Interest	(604)	(6,626)	(81,400)	8%
49 Net Other Unrestricted Cash Inflow / (Outflow)	(9,804)	(28,811)	(81,400)	35%
50 Net Total Unrestricted Cash Inflow / (Outflow)	\$ (38,602)	\$ 246,951	\$ 342,100	72%

Acronym key:

OPEB - Other Post-Employment Benefits



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

Project	May 2024	YTD Actual	FY 24 Adopted Budget	YTD 92%
1 Recycled Water CIP				
2 Capital Improvements / Replacements				
3 SCADA System Upgrades FY 24	\$ -	\$ 11,074	\$ 20,000	55%
4 Dove Recycled Booster Pump Station	2,015	4,185	100,000	4%
5 Recycled PRV Vault Improvements - Dove Canyon	-	1,395	200,000	1%
6 Administration Office Remodel	-	2,072	-	N/A
7 Capital Improvements / Replacements Total	2,015	18,726	320,000	6%
8 Equipment				
9 Fleet	-	12,496	6,500	192%
10 Xerox Copier	-	319	-	N/A
11 VFD - Dove / Robinson Ranch Recycled Pump Station	-	40,190	-	N/A
12 Equipment Total	-	53,006	6,500	815%
13 Total Unplanned Repairs/Expenses	9,045	21,866	-	N/A
14 Total Recycled Water CIP	\$ 11,060	\$ 93,598	\$ 326,500	29%

Acronym key:

- SCADA - Supervisory Control and Data Acquisition System
- PRV - Pressure Regulating Valves
- VFD - Variable Frequency Drive

TRABUCO CANYON WATER DISTRICT
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FINANCIAL MATTERS
ITEM 6: OTHER MATTERS

RECOMMENDED ACTION:

Hear Other Matters from the General Manager or District Staff.

CONTACTS (staff responsible): PALUDI/PEREA