



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | SEPTEMBER 12, 2024**

DIRECTORS PRESENT

Glenn Acosta, Committee Member
Edward Mandich, Committee Member Alternate

DIRECTORS ABSENT

Don Chadd, Committee Chair

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, District Engineer
Karen Warner, Principal Accountant
Roseann Lejsek, Executive Assistant
Phil Serpas, SCADA/CMMS Administrator

CONSULTANTS PRESENT

Cindy Byerrum, District Treasurer – Eide Bailly, LLP (virtually)

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Acosta called the September 12, 2024 Finance/Audit Committee Meeting to order at 8:01 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

None

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda. Director Mandich did not attend the previous committee meeting and did not vote on this matter.

RECOMMENDATION: The Committee recommended forwarding this matter to the Board of Directors (Consent Calendar).

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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.

RECOMMENDATION: Recommend the Board of Directors ratify the Directors' fees and expenses for August 2024 and tentative future meetings/attendance (Action Calendar).

ITEM 3: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT'S CERBT AND CEPPT ACCOUNT SUMMARY UPDATES

Mr. Paludi presented this matter for Committee consideration, and he indicated that Ms. Byerrum would present a summary of both reports. Ms. Byerrum reviewed both the OPEB and Pension Trust reports with the Committee, and she mentioned the OPEB Trust was performing well but the Pension Trust reported a modest decrease. Discussion occurred concerning the current status of the OPEB Trust as the report was in arrears.

RECOMMENDATION: Recommend the Board of Directors receive and file this information (Action Calendar).

ITEM 4: FINANCIAL REPORT

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

WATER FUND

Total Operating Revenue

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

Total Source of Supply

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

Total Salaries & Benefits

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

Total Transmission & Distribution

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

Total General & Administrative

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

Net Total Unrestricted Cash Inflow/(Outflow)

Ms. Warner reported that this line item trended a positive increase of water reserves for the year in accordance with the rate study.

District Capital – Water

Ms. Warner reviewed the capital improvement costs accrued in July 2024, including costs associated with the following: SCADA System Upgrades, and Manual Transfer Switch Installations – Water.

SEWER FUND

Total Operating Revenue

Ms. Warner reported that this line item was trending slightly lower than budgeted for the year.

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Total Salaries & Benefits

Ms. Warner reported that this line item was trending slightly lower than budgeted for the year.

Total Transmission & Distribution

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

Net Total Unrestricted Cash Inflow/(Outflow)

Ms. Warner reported that this line item trended a lower than budgeted increase of water reserves for the year in accordance with the rate study.

District Capital – Sewer

Ms. Warner reviewed the capital improvement costs accrued in July 2024, including the following: Golf Club Sewer Lift Station (SLS) Rehabilitation, SCADA System Upgrades, WWTP Hoffman Blower Building Rehabilitation, Heritage Sewer Lift Station Rehabilitation, and Manual Transfer Switch Installations – Sewer.

RECYCLED WATER FUND

Total Operating Revenue

Ms. Warner reported that this line item was trending higher than budgeted for the year due to higher than-normal recycled water sales.

Total Source of Supply

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

Total Salaries & Benefits

Ms. Warner reported that this line item was trending slightly lower than budgeted for the year.

Total Transmission & Distribution

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

Total General & Administrative

Ms. Warner reported that this line item was trending slightly lower than budgeted for the year.

Net Total Unrestricted Cash Inflow/(Outflow)

Ms. Warner reported that this line item trended a positive increase of water reserves for the year in accordance with the rate study.

District Capital – Recycled Water

Ms. Warner reviewed the capital improvement costs accrued in July 2024, including the following: SCADA System Upgrades.

RECOMMENDATION: Recommend the Board of Directors receive and file this information (Action Calendar).

ITEM 5: OTHER MATTERS

Mr. Paludi provided a brief update on the Airport Fire, and he reported that none of the District's facilities have been impacted by the fire. Director Mandich stated that debris flow will be an issue in the winter months if there

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is significant rainfall, and he recommended that staff start looking into remediation measures now. Discussion occurred regarding debris flow issues at Trabuco Creek in previous years along with the actions taken to harden the areas around the wells.

RECOMMENDATION: None – Informational item only.

ADJOURNMENT

Director Acosta adjourned the September 12, 2024 Finance/Audit Committee Meeting at 8:20 a.m.