



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | JULY 8, 2020**

DIRECTORS PRESENT

Director Don Chadd, Committee Chair
Director Mike Safranski, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager/District Secretary
Karen Warner, Senior Accountant
Lisa Marie Sangi, Administrative Assistant

DISTRICT STAFF VIA CONFERENCE CALL

Lorrie Lausten, District Engineer

DISTRICT CONSULTANT(S) VIA CONFERENCE CALL

Cindy Byerrum, District Treasurer (Eide Bailly)

PUBLIC PRESENT

There were no members of the public present.

CALL MEETING TO ORDER

Director Chadd called the July 8, 2020 Finance/Audit Committee Meeting to order at 1:00 P.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

The June 10, 2020 Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee recommended that the June 10, 2020 Finance/Audit Committee Meeting Recap be forwarded to the Board of Directors (Consent Calendar).

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

Mr. Paludi presented this matter for Committee consideration and review.

RECOMMENDED ACTION:

The Committee recommended that the Directors' Fees and Expenses for June 2020, and the tentative future meetings be forwarded to the Board of Directors for ratification (Consent Calendar).

ITEM 3: DISCUSSION CONCERNING THE ADJUSTMENT OF TRABUCO CANYON WATER DISTRICT'S CAPACITY CHARGES FOR WATER SERVICE

Mr. Paludi introduced this matter for Committee consideration, and he reported that District staff has worked with PSOMAS Engineering to prepare a memorandum detailing the proposed Water Capacity Charges and methodology. Mr. Perea briefly reviewed the public hearing setting process consistent with Proposition 218, and he reviewed the DRAFT Notice of Public Hearing and DRAFT Notice of Exemption to be filed with the County of Orange. Discussion occurred concerning the proposed methodology of determination and the District capacity charge review frequency.

RECOMMENDED ACTION:

The Committee recommended that this information be forwarded to the Board of Directors for their consideration (Action Calendar).

ITEM 4: DISCUSSION CONCERNING ESTABLISHING DISTRICT APPROPRIATIONS LIMIT FOR FISCAL YEAR 2020/2021

Mr. Paludi introduced this matter for Committee consideration, and he mentioned that this matter was reviewed annually. Mr. Perea reported that District General Legal Counsel has prepared a memorandum detailing the methodology for determining the proposed Appropriations Limit for Fiscal Year 2020/2021, and he mentioned that this matter was delayed by the State Department of Finance due to the impacts of COVID-19.

RECOMMENDED ACTION:

The Committee recommend the Board of Directors adopt Resolution No. 2020-1280 – Resolution of the Board of Directors of Trabuco Canyon Water District Establishing Appropriations Limit for Fiscal Year 2020/2021, Pursuant to Article XIII B of the California Constitution (Action Calendar).

ITEM 5: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT'S OTHER POST EMPLOYMENT BENEFITS (OPEB) BIENNIAL ACTUARIAL VALUATION REPORT AND GASB 75 ACTUARIAL REPORT

Mr. Paludi introduced this matter for Committee review, and he mentioned this matter was reviewed on a biennial basis. Mr. Perea briefly reviewed the District's Other Post Employment Benefit (OPEB) funding with CalPERS CERBT and the biennial actuarial valuation requirement. Discussion occurred concerning the District's current OPEB funding strategies and the GASB 75 requirements.

RECOMMENDED ACTION:

The Committee recommended that this information be forwarded to the Board of Directors for their consideration (Action Calendar).

ITEM 6: OTHER MATTERS

Mr. Paludi provided a brief update on District staff efforts to date concerning the proposed Water, Wastewater, and Non-Domestic Water Rates and Charges.

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RECOMMENDED ACTION:

There was no action was taken.

ITEM 7: FINANCIAL REPORT

Mr. Paludi introduced this matter for Committee consideration and Ms. Byerrum presented the preliminary unaudited financials for May 2020 to the Committee for review and comment:

STATEMENT OF REVENUES AND EXPENSES

Operating Revenue, Residential Water Revenue

Ms. Byerrum reported that this line item was higher than the prior month due to increased water demands.

Operating Revenue, Baker Treatment Plant Water Sales

Ms. Byerrum reported that this line item was higher than the prior month due to increased water sales to the City of San Clemente.

Operating Expenses, Total Operating Expenses

Ms. Byerrum reported that this line item was higher than the prior month due to increased operating expenses and she highlighted certain associated costs and expenses.

Discussion occurred concerning source of supply costs and net income changes from the prior month.

RECOMMENDED ACTION:

The Committee signed the bills for consideration and the warrant register and recommended that the Board ratify payment of the bills for consideration for July 8, 2020 as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the July 8, 2020 Finance/Audit Committee Meeting at 1:39 PM.