



## RANCHO MURIETA COMMUNITY SERVICES DISTRICT

15160 Jackson Road, Rancho Murieta, CA 95683

Office - 916-354-3700 \* Fax - 916-354-2082

### FINANCE COMMITTEE

*(Directors Martin Pohll and Stephen Booth)*

Special Meeting

January 9, 2024 at 10:00 a.m.

All persons present at District meetings will place their cellular devices in silent and/or vibrate mode (no ringing of any kind). During meetings, these devices will be used only for emergency purposes and, if used, the party called/calling will exit the meeting room for conversation. Other electronic and internet enabled devices are to be used in the "silent" mode. Under no circumstances will recording devices or problems associated with them be permitted to interrupt or delay District meetings.

### AGENDA

1. **Call to Order**
2. ***Information Item* Audit Update**
3. ***Information Item* Rebalancing District Reserves**
4. **Financial Reports**
  - **Budget to Actuals, Operating Budget**
    - i. FY23-24
5. ***Information Item* District Other Postemployment Benefits (OPEB) Liability**
  - i. Annual Contributions
  - ii. New Trust Manager Recommended for Board Consideration
6. ***Information Item* District FY24-25 Budget**
  - i. Draft Indirect Cost Rate Analysis
  - ii. Service Rates – Regional Service Rate Increase Analysis
7. **Comments from the Public**
8. **Director and Staff Comments/Suggestions**
9. **Adjournment**

"In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item and is distributed less than 24 hours prior to a special meeting, will be made available for public inspection in the District offices during normal business hours. If, however, the document is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting."

In compliance with the Americans with Disabilities Act, if you are an individual with a disability and you need a disability-related modification or accommodation to participate in this meeting or need assistance to participate in this teleconference meeting, please contact the District Office at 916-354-3700 or [awilder@rmcsd.com](mailto:awilder@rmcsd.com). Requests must be made as soon as possible.

Note: This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of this posting is January 4, 2024. Posting locations are: 1) District Office; 2) Rancho Murieta Association; 4) Murieta Village Association.

## MEMORANDUM

DATE: JANUARY 9, 2024  
TO: FINANCE COMMITTEE  
FROM: MIMI MORRIS, GENERAL MANAGER AND  
MARK MATULICH, DIRECTOR OF FINANCE AND ADMINISTRATION  
SUBJECT: AUDIT UPDATE

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Staff continue to work diligently to get up to speed on the District's complex accounting structure with five enterprise funds, restricted net asset classes, and a gap in institutional knowledge due to turnover coupled with past challenges in accounting. The 20-21 audit has been delayed and complicated by the loss of that institutional knowledge.

The audit team had identified roughly \$123,000 that needed to be moved from an audit clearing account to the appropriate revenue or expense accounts. To determine where that amount belonged, staff examined the starting data for 20-21, from the 19-20 finalized audit and moved forward. The Balance Sheet accounts (Assets, Liabilities, and Retained Earnings (Reserves) have now been tied out and accepted by the auditors. The Income Statement accounts (Revenues and Expenses) were also evaluated and the Revenues have been tied out and accepted by the auditors. A few items are pending auditor review and acceptance in the Expense category.

The effort to get to this point required the following efforts by staff:

1. **Comprehensive review of all balance sheet** (asset, liability, and net position) accounts. Except for accounts identified below, these accounts agree with the draft final audit trial balance.
  - a. Minor variances in a handful of accounts (less than \$500) which fall well below materiality threshold will be passed on.
  - b. Review of property tax assessment receivable for final resolution of 6/30/2021 balance. Staff have traced this balance back to a payment received via ACH from Sacramento County to the District's El Dorado Savings Bank checking account in August 2021.
  - c. Review of cumulative LAIF balance at 6/30/2021 for final resolution. The District has eight GL Accounts used to record funds held in LAIF. Staff traced the cumulative balance back to the District's 6/30/2021 LAIF statement.
  - d. Clear legacy balances on the District's balance sheet related to developer deposits from projects that have long been completed.
  - e. Discussion of the draft final audit balances in net position. The District's balances of net position tie to the final balances of net position per the 6/30/2020 audited financial statements. One prior year adjustment related to grants of easements made to the District in FY 2007-08 will be made. Staff is working with auditors on whether there is a need for additional prior year adjustments.

2. **Comprehensive review of all revenue accounts.** Except for accounts identified below, these accounts agree with the draft final audit trial balance.
  - a. Review of property tax assessment revenue for final resolution of property tax assessment revenue earned in FY 2020-21. Depending on the findings, this may result in a prior year adjustment to net position.
3. **Prepared 178 lines of adjusting journal entries** to be posted to the District's FY 2020-21 accounting records.

**Next Steps:**

1. Richardson & Company partner review and sign-off on the audit.
2. District Management's Discussion and Analysis provided to be included with audited financial statements.
3. Preparation and issuance of final financial statements.

**MEMORANDUM**

DATE: JANUARY 9, 2024  
 TO: FINANCE COMMITTEE  
 FROM: MIMI MORRIS, GENERAL MANAGER &  
 MARK MATULICH, DIRECTOR OF FINANCE AND ADMINISTRATION  
 SUBJECT: REBALANCING DISTRICT RESERVES

Rebalancing District Reserves requires a cursory understanding of the District’s Funds. There are five Enterprise Funds that correspond to the five services provided by the District:

1. Water
2. Wastewater
3. Drainage
4. Solid Waste
5. Security

The Enterprise Funds are like separate savings accounts for each service activity. They have a Beginning Balance, results from operations over a fiscal year, and an Ending Balance which is referred to as the Net Position. The Net Position also includes the physical plant and equipment (PPE) of the District, net of accumulated depreciation. See below.

FUNDS								
			Admin	Water	Waste water	Drainage	Waste	Security
			100	200	250	260	400	500
		<b>Beginning Balances</b>						
		Income						
		Expenses						
		Net Increase (Decrease)						
		<b>Ending Balance (Net Position)</b>						
		<b>Net Position by Category</b>						
		1. Capital Assets (PPE)						
		2. Restricted for Capital Projects						
		3. Unrestricted						
		<b>Detail on #2 - Restricted for Capital Projects</b>						
		2a. Replacements						
		2b. Water Augmentation						
		2c. Capital Improvements						

This graphic doesn’t include actual numbers because we want to focus on the Net Positions for each fund. For each of these funds, the Net Position includes three categories: 1. Capital Assets (the physical plant and equipment of the District, net of accumulated depreciation); 2. Resources Restricted for Capital Projects; and 3) Unrestricted Resources.

Capital Assets cannot be spent. Unrestricted can be used for any purpose and the Restricted for Capital Projects can be spent on Replacements, Water Augmentation, and Capital Improvements.

These categories are available for every fund, excluding Waste, which has no facilities.

Our concern today is that these funds have a net negative position. Negative enterprise fund balances appear in the District's audits (and therefore, also, in its books) as far back as 17-18, and possibly earlier. In 19-20, the \$1.1 million deficit is comprised of three Enterprise Fund balances in the negative that are offset by positive balances in two other Enterprise Fund balances. See below.

District Reserves						
6/30/2020						
	Water	Sewer	Drainage	Solid Waste	Security	Total
<b>NET POSITION</b>						
Net investment in capital assets	\$ 17,614,070	\$ 8,425,234	\$ 47,370	\$ 528	\$ 357,869	\$ 26,445,071
<b>A Restricted for capital projects</b>	3,683,154	3,216,387	340,310	-	38,025	7,277,876
<b>Unrestricted</b>	(1,265,582)	475,676	(10,903)	87,699	(393,951)	(1,107,061)
	\$ 20,031,642	\$ 12,117,297	\$ 376,777	\$ 88,227	\$ 1,943	\$ 32,615,886
<b>A RESTRICTED:</b>						
	<b>Water</b>	<b>Sewer</b>	<b>Drainage</b>	<b>Security</b>	<b>Total</b>	
Capital replacements	\$ 1,796,308	\$ 3,152,811			\$ 4,949,119	\$14 Reserve Contribution
Water augmentation	1,886,846				\$ 1,886,846	Connection Fees
Capital improvements		63,576	340,310		\$ 403,886	Connection Fees
Security projects				38,025	\$ 38,025	Connection Fees
	\$ 3,683,154	\$ 3,216,387	\$ 340,310	\$ 38,025	\$ 7,277,876	

The negative fund balances are likely due to a variety of factors, including a lack of positive operations, incorrect job costing, and high indirect cost rates.

Regardless of the reason for the imbalances, an organization's operating fund, which is essentially what the Unrestricted Fund is, should not be in a negative position. The delay in closing 20-21 presents an opportunity to address the negative position for at least the water funds and to work toward positive positions in all the Enterprise Funds and toward growth of Reserve Funds for Capital Improvements in the very near future.

An important consideration of reserves is whether they are restricted in their usage. The chart below is an attempt to explain the authority for District Reserves:

DISTRICT RESERVE FUNDS			
1. Restricted	Source of Funds	Purpose/Uses	Authority
i. Reserve Contributions aka Replacements	\$14/month/lot for both Water and Wastewater	Only for Water and Wastewater	District Policy 12-07
ii. Water Augmentation	Connection Fees	water	GC 66013
iii. Capital Improvements	Connection Fees	water, wastewater, drainage, security and administration	GC 66013
2. Unrestricted			
i. Rate Stabilization	no active source	revenue stabilization as needed	District Policy 12-07
iii. Operating Fund	service fees	daily administration, operations, and maintenance	District Policy 12-07

There is a lack of documentation regarding whether the \$14 per month per lot charges for both water and wastewater which were authorized by the Board for replacement reserves were intended to be restricted. These are characterized here as restricted, but the board can determine if those funds can be used as unrestricted if needed to address other needs,

like gaps between revenues and operations that have resulted in negative enterprise fund balances.

At this time, staff proposes addressing the Negative Net Positions of the Water Fund through a transfer of Water Resources from the Capital Replacements fund, eliminating the deficit in Drainage using Property Tax Revenues, and working over the next few years to eliminate the deficit in the Security Fund by both restricting costs and reducing the indirect cost rate for Security.

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## MEMORANDUM

DATE: JANUARY 9, 2024  
TO: FINANCE COMMITTEE  
FROM: MIMI MORRIS, GENERAL MANAGER AND  
MARK MATULICH, DIRECTOR OF FINANCE AND ADMINISTRATION  
SUBJECT: 23-24 FINANCIAL REPORTS

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Staff received direction from Committee member last month to stratify the District Budget and Expense Reports by the following categories: Operating , Capital Outlay, and Debt Reimbursement. The reports today are not shown in that manner due to a lack of time due to the holidays and illness, but we will have that presentation for the next committee meeting and possibly the Board meeting.

The Budget to Actual reports presented today are shown by Fund and show a net position of \$1.1 million, that is revenues are expected to exceed expenses by \$1.1 million. However, we want to underscore that because the data is not stratified it is not an indication that there is over a million residual for the 23-24 budget due to the prior inclusion of Capital Outlay and the Debt Reimbursement in that budget.

**Rancho Murieta CSD**  
**FY 2023-24 Budget and Actual Summary - By Fund**  
**As of December 31, 2023**  
**All Funds**

	<b>Budget</b>	<b>YTD</b>	<b>% of</b>	<b>Remaining</b>
	<b>2023-2024</b>	<b>Total</b>	<b>Budget</b>	<b>Budget</b>
	<b>2023-2024</b>	<b>2023-2024</b>	<b>Budget</b>	<b>2023-2024</b>
<b>REVENUES</b>				
100 - Administration	\$ 860,450	\$ 556,526	64.68%	\$ 303,924
200 - Water	4,271,112	2,056,543	48.15%	2,214,569
250 - Wastewater	2,594,401	1,233,803	47.56%	1,360,598
260 - Drainage	240,000	112,214	46.76%	127,786
400 - Solid Waste	1,416,427	700,483	49.45%	715,944
500 - Security	1,587,960	762,004	47.99%	825,956
<b>Total Revenues</b>	<b>10,970,350</b>	<b>5,421,573</b>	<b>49.42%</b>	<b>5,548,777</b>
<b>EXPENDITURES</b>				
100 - Administration	2,046,308	851,369	41.61%	1,194,939
200 - Water	4,054,025	1,085,525	26.78%	2,968,500
250 - Wastewater	2,282,405	1,000,145	43.82%	1,282,260
260 - Drainage	221,694	32,590	14.70%	189,104
400 - Solid Waste	1,394,424	593,888	42.59%	800,536
500 - Security	1,254,124	690,760	55.08%	563,364
<b>Total Expenditures</b>	<b>11,252,980</b>	<b>4,254,277</b>	<b>37.81%</b>	<b>6,998,703</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ (282,630)</b>	<b>\$ 1,167,295</b>		

**Rancho Murieta CSD**  
**FY 2023-24 Summary - By Fund**  
**As of December 31, 2023**  
**AGENCY - WIDE**

	<u>Budget</u>	<u>100</u>	<u>200</u>	<u>250</u>	<u>260</u>	<u>400</u>	<u>500</u>	<u>Year to Date</u>	<u>% of</u>	<u>Remaining</u>
	<u>2023-2024</u>	<u>Administrative</u>	<u>Water</u>	<u>Wastewater</u>	<u>Drainage</u>	<u>Solid Waste</u>	<u>Security</u>	<u>Total</u>	<u>Budget</u>	<u>Budget</u>
<b>Projected Beginning Available Fund</b>										
<b>REVENUES</b>										
Property Tax	\$ 818,000	409,000	-	-	-	-	-	409,000	50.00%	\$ 409,000
Charges for Services										
Residential Fees	7,151,819	-	1,346,956	853,915	97,507	700,483	631,768	3,630,629	50.77%	3,521,190
Commercial Fees	978,610	-	238,628	93,460	14,707	-	128,044	474,840	48.52%	503,770
Reserves Fees	896,280	-	229,130	244,758	-	-	-	473,888	52.87%	422,392
WTP Debt Service Fee	196,400	-	94,080	-	-	-	-	94,080	47.90%	102,320
Late Fees & Penalties	38,100	-	-	-	-	-	-	-	0.00%	38,100
Connection and Permit Fees	555,320	-	132,637	41,670	-	-	1,142	175,449	31.59%	379,871
Other Revenue										
Misc Revenue	290,471	-	15,111	-	-	-	1,050	16,161	5.56%	274,310
Interest Income	45,350	147,526	-	-	-	-	-	147,526	325.31%	(102,176)
<b>Total Revenues</b>	<b>10,970,350</b>	<b>556,526</b>	<b>2,056,543</b>	<b>1,233,803</b>	<b>112,214</b>	<b>700,483</b>	<b>762,004</b>	<b>5,421,573</b>	<b>49.42%</b>	<b>5,548,777</b>
<b>EXPENDITURES</b>										
Salaries	2,956,858	360,359	298,145	284,529	11,329	-	404,529	1,358,892	45.96%	1,597,966
Benefits & Pension	1,440,066	185,454	136,122	107,661	12,073	-	165,245	606,556	42.12%	833,510
Insurance	41,081	-	-	-	-	40,580	-	40,580	98.78%	501
Professional Services	873,100	170,645	24,732	20,740	6,996	-	1,170	224,283	25.69%	648,817
Materials & Supplies	500,700	9,885	64,564	41,200	-	-	403	116,053	23.18%	384,647
Maintenance & Repairs	638,100	39,538	158,118	109,534	1,912	-	27,829	336,932	52.80%	301,168
Contract Sub-hauler	1,259,167	-	-	-	-	508,080	-	508,080	40.35%	751,087
County Surcharge	94,176	-	-	-	-	45,228	-	45,228	48.02%	48,948
Utilities	440,000	10,237	95,492	42,088	175	-	15,412	163,405	37.14%	276,595
Other Expenses	701,481	72,251	89,936	103,596	-	-	76,171	341,954	48.75%	359,527
Water Studies	425,000	-	134,774	-	-	-	-	134,774	31.71%	290,226
Capital Improvement	1,883,251	3,000	83,642	290,794	105	-	-	377,541	20.05%	1,505,710
<b>Total Expenditures</b>	<b>11,252,980</b>	<b>851,369</b>	<b>1,085,525</b>	<b>1,000,145</b>	<b>32,590</b>	<b>593,888</b>	<b>690,760</b>	<b>4,254,277</b>	<b>37.81%</b>	<b>6,998,703</b>
<b>RESULTS FROM OPERATIONS</b>	<b>(282,630)</b>	<b>(294,843)</b>	<b>971,018</b>	<b>233,658</b>	<b>79,624</b>	<b>106,595</b>	<b>71,244</b>	<b>1,167,295</b>		
<b>Admin Overhead Allocation</b>										
Property Tax		(409,000)	212,500	141,500	30,000	-	25,000	-		
Interest Income		(147,526)	-	139,719	-	3,904	3,904	-		
Administrative Expenses		851,369	(316,709)	(211,140)	(35,758)	(17,027)	(270,735)	-		
<b>NET ACTIVITY</b>		<b>-</b>	<b>866,808</b>	<b>303,737</b>	<b>73,866</b>	<b>93,471</b>	<b>(170,588)</b>	<b>1,167,295</b>		

**Notes**

- (A) Property taxes are received in three installments during the year 55% (Dec), 40% (Apr), and 5% (End of year). Property tax has been prorated based on the portion of the year which has elapsed.
- (B) Loan payments and proceeds of \$159,651 are included in Misc Revenue and Other Expenses in the budget column above. These items are not reflected in the actual YTD operating results by fund.

**Rancho Murieta CSD  
FY 2023-24 Budget and Actual  
As of December 31, 2023  
100 Administration Fund**

	<b>Budget 2023-2024</b>	<b>2023-2024 Actual YTD</b>	<b>% of Budget</b>	<b>Remaining Budget 2023-2024</b>
<b>REVENUES</b>				
100 Property Tax	\$ 818,000	409,000	50.0%	\$ 409,000
<b>Charges for Services</b>				
Misc Revenue	42,000	-	0.0%	42,000
Interest Income	450	147,526	32783.5%	(147,076)
<b>Total Revenues</b>	<b>860,450</b>	<b>556,526</b>	<b>64.7%</b>	<b>303,924</b>
<b>EXPENDITURES</b>				
Salaries	877,606	360,359	41.1%	517,247
Benefits & Pension	570,002	185,454	32.5%	384,548
Professional Services	435,000	170,645	39.2%	264,355
Materials & Supplies	57,700	9,885	17.1%	47,815
Maintenance & Repairs		39,538	0.0%	(39,538)
Utilities		10,237	0.0%	(10,237)
Other Expenses	106,000	72,251	68.2%	33,749
Capital Improvement		3,000	0.0%	(3,000)
<b>Total Expenditures</b>	<b>2,046,308</b>	<b>851,369</b>	<b>41.6%</b>	<b>1,194,939</b>
<b>RESULTS FROM OPERATIONS</b>	<b>(1,185,858)</b>	<b>(294,843)</b>		

**Notes to Budget and Actual:**

- (a) Property taxes are received in three installments during the year 55% (Dec), 40% (Apr), and 5% (End of year). For the purposes of this presentation, property tax revenues are recognized on the straight line basis.
- (b) Administrative allocations are made at the end of the fiscal year during the closing process for the external audit.
- (c) Property taxes are allocated as approved per budget resolution to Wastewater, Drainage, Solid Waste and Security.

**Rancho Murieta CSD**  
**FY 2023-24 Budget and Actual**  
**As of December 31, 2023**  
**200 Water Fund**

	<b>Budget</b>	<b>2023-2024</b>	<b>% of</b>	<b>Remaining</b>
	<b>2023-2024</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
	<b>2023-2024</b>	<b>YTD</b>	<b>2023-2024</b>	<b>2023-2024</b>
<b>200</b>				
<b>REVENUES</b>				
<b>Charges for Services</b>				
Residential Fees	2,567,000	1,346,956	52.5%	1,220,044
Commercial Fees	427,000	238,628	55.9%	188,372
Reserves Fees	449,232	229,130	51.0%	220,102
WTP Debt Service Fee	196,400	94,080	47.9%	102,320
Late Fees & Penalties	10,000	-	0.0%	10,000
Connection and Permit Fees	544,320	132,637	24.4%	411,683
<b>Other Revenue</b>				
Other Users	8,400	-		
Misc Revenue	68,760	15,111	22.0%	53,649
<b>Total Revenues</b>	<b>4,271,112</b>	<b>2,056,543</b>	<b>48.2%</b>	<b>2,206,169</b>
<b>EXPENDITURES</b>				
<b>01 Supervision</b>				
Salaries	176,098	42,414	24.1%	133,684
Benefits & Pension	49,226	17,756	36.1%	31,470
Professional Services	150,000	14,045	9.4%	135,955
Materials & Supplies	48,600	1,754	3.6%	46,846
Maintenance & Repairs	60,000	23,515	39.2%	36,485
Other Expenses	242,800	89,936	37.0%	152,864
Capital Improvement	993,552	83,642	8.4%	909,910
Water Studies	425,000	134,774	31.7%	290,226
Water Plant Debt	159,651			
<b>Total</b>	<b>2,304,927</b>	<b>407,836</b>	<b>17.7%</b>	<b>1,447,214</b>
<b>02 Source of Supply</b>				
Salaries	25,220	4,046	16.0%	21,174
Benefits & Pension	10,498	22,659	215.8%	(12,161)
Professional Services	50,000	-	0.0%	50,000
Materials & Supplies	27,500	19	0.1%	27,481
Maintenance & Repairs	40,000	16,736	41.8%	23,264
Utilities	93,000	20,008	21.5%	72,992
Other Expenses	5,000	-	0.0%	5,000
<b>Total</b>	<b>251,218</b>	<b>63,468</b>	<b>25.3%</b>	<b>187,750</b>
<b>03 Treatment</b>				
Salaries	284,806	101,599	35.7%	183,207
Benefits & Pension	120,934	50,768	42.0%	70,166
Professional Services	20,000	10,687	53.4%	9,313
Materials & Supplies	155,000	52,932	34.1%	102,068
Maintenance & Repairs	150,000	64,341	42.9%	85,659
Utilities	140,000	52,838	37.7%	87,162
Other Expenses	5,000	-	0.0%	5,000
<b>Total</b>	<b>875,740</b>	<b>333,166</b>	<b>38.0%</b>	<b>542,574</b>
<b>04 Transmission &amp; Delivery</b>				
Salaries	284,806	150,085	52.7%	134,721
Benefits & Pension	105,334	44,939	42.7%	60,395
Professional Services	15,000	-	0.0%	15,000
Materials & Supplies	47,000	9,859	21.0%	37,141
Maintenance & Repairs	80,000	53,526	66.9%	26,474
Utilities	85,000	22,646	26.6%	62,354
Other Expenses	5,000	-	0.0%	5,000
<b>Total</b>	<b>622,140</b>	<b>281,055</b>	<b>45.2%</b>	<b>341,085</b>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>4,054,025</b>	<b>1,085,525</b>	<b>26.8%</b>	<b>2,518,623</b>
<b>RESULTS FROM OPERATIONS</b>	<b>217,087</b>	<b>971,018</b>		

Rancho Murieta CSD  
FY 2023-24 Budget and Actual  
As of December 31, 2023  
200 Water Fund

<u>Budget</u> <u>2023-2024</u>	<u>2023-2024</u> <u>Actual</u> <u>YTD</u>	<u>% of</u> <u>Budget</u>	<u>Remaining</u> <u>Budget</u> <u>2023-2024</u>
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**Rancho Murieta CSD**  
**FY 2023-24 Budget and Actual**  
**As of December 31, 2023**  
**250 Wastewater Fund**

	<b>Budget</b>	<b>2023-2024</b>	<b>% of</b>	<b>Remaining</b>
	<b>2023-2024</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
	<b>2023-2024</b>	<b>YTD</b>		<b>2023-2024</b>
<b>Projected Beginning Available Fund</b>				
<b>250</b>				
<b>REVENUES</b>				
<b>Charges for Services</b>				
Residential Fees	1,694,592	853,915	50.4%	840,677
Commercial Fees	228,610	93,460	40.9%	135,150
Reserves Fees	447,048	244,758	54.7%	202,290
WTP Debt Service Fee		-	0.0%	-
Late Fees & Penalties	20,000	-	0.0%	20,000
Connection and Permit Fees	2,000	41,670	2083.5%	(39,670)
<b>Other Revenue</b>				
Loan Proceeds	159,651	-		159,651
Interest Income	42,500	-	0.0%	42,500
<b>Total Revenues</b>	<b>2,594,401</b>	<b>1,233,803</b>	<b>47.6%</b>	<b>1,360,598</b>
<b>EXPENDITURES</b>				
<b>01 Supervision</b>				
Salaries	75,659	48,827	64.5%	26,832
Benefits & Pension	31,361	11,183	35.7%	20,178
Professional Services	65,000	12,032	18.5%	52,968
Materials & Supplies	41,500	-	0.0%	41,500
Maintenance & Repairs	75,500	15,639	20.7%	59,861
Other Expenses	125,380	103,596	82.6%	21,784
Capital Improvement	889,699	290,794	32.7%	598,905
<b>Total</b>	<b>1,304,099</b>	<b>482,072</b>	<b>37.0%</b>	<b>822,027</b>
<b>Collection</b>				
<b>05</b>				
Salaries	176,537	169,745	96.2%	6,792
Benefits & Pension	77,155	62,338	80.8%	14,817
Professional Services	3,000	-	0.0%	3,000
Materials & Supplies	3,000	290	9.7%	2,710
Maintenance & Repairs	100,000	24,467	24.5%	75,533
Utilities	72,000	30,023	41.7%	41,977
<b>Total</b>	<b>431,692</b>	<b>286,862</b>	<b>66.5%</b>	<b>144,830</b>
<b>Treatment</b>				
<b>06</b>				
Salaries	214,367	65,957	30.8%	148,410
Benefits & Pension	87,247	34,141	39.1%	53,106
Professional Services	2,000	8,708	435.4%	(6,708)
Materials & Supplies	90,000	40,910	45.5%	49,090
Maintenance & Repairs	100,000	69,428	69.4%	30,572
Utilities	50,000	12,066	24.1%	37,934
Other Expenses	3,000	-	0.0%	3,000
<b>Total</b>	<b>546,614</b>	<b>231,210</b>	<b>42.3%</b>	<b>315,404</b>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>2,282,405</b>	<b>1,000,145</b>	<b>43.8%</b>	<b>1,282,260</b>
<b>RESULTS FROM OPERATIONS</b>	<b>311,996</b>	<b>192,784</b>		

**Rancho Murieta CSD  
 FY 2023-24 Budget and Actual  
 As of December 31, 2023  
 260 Drainage Fund**

	<b>Budget 2023-2024</b>	<b>2023-2024 Actual YTD</b>	<b>% of Budget</b>	<b>Remaining Budget 2023-2024</b>
<b>Projected Beginning Available Fund</b>				
<b>260</b>				
<b>REVENUES</b>				
<b>Charges for Services</b>				
Residential Fees	191,000	97,507	51.1%	93,493
Commercial Fees	49,000	14,707	30.0%	34,293
<b>Total Revenues</b>	<b>240,000</b>	<b>112,214</b>	<b>46.8%</b>	<b>127,786</b>
<b>EXPENDITURES</b>				
Salaries	113,488	11,329	10.0%	102,159
Benefits & Pension	29,806	12,073	40.5%	17,733
Professional Services	33,500	6,996	20.9%	26,504
Materials & Supplies	19,400	-	0.0%	19,400
Maintenance & Repairs	12,000	1,912	15.9%	10,088
Other Expenses	13,500	-	0.0%	13,500
Capital Improvement		105	0.0%	(105)
<b>TOTAL OPERATING EXPENDITURES</b>	<b>221,694</b>	<b>32,590</b>	<b>14.7%</b>	<b>189,104</b>
<b>RESULTS FROM OPERATIONS</b>	<b>18,306</b>	<b>79,624</b>		

**Rancho Murieta CSD**  
**FY 2023-24 Budget and Actual**  
**As of December 31, 2023**  
**400 Solid Waste Fund**

	Budget 2023-2024	2023-2024 Actual YTD	% of Budget	Remaining Budget 2023-2024
<b>Projected Beginning Available Fund</b>				
<b>400 REVENUES</b>				
<b>Charges for Services</b>				
Residential Fees	1,415,227	700,483	49.5%	714,744
<b>Other Revenue</b>				
Interest Income	1,200	-	0.0%	1,200
<b>Total Revenues</b>	<b>1,416,427</b>	<b>700,483</b>	<b>49.5%</b>	<b>715,944</b>
<b>EXPENDITURES</b>				
Contract Sub-hauler	1,259,167	508,080	40.4%	751,087
Insurance	41,081	40,580	98.8%	501
County Surcharge	94,176	45,228	48.0%	48,948
<b>TOTAL OPERATING EXPENDITURES</b>	<b>1,394,424</b>	<b>593,888</b>	<b>42.6%</b>	<b>800,536</b>
<b>RESULTS FROM OPERATIONS</b>	<b>22,003</b>	<b>106,595</b>		

**Rancho Murieta CSD**  
**FY 2023-24 Budget and Actual**  
**As of December 31, 2023**  
**500 Security Fund**

	Budget 2023-2024	2023-2024 Actual YTD	% of Budget	Remaining Budget 2023-2024
<b>Projected Beginning Available Fund</b>				
<b>500</b>				
<b>REVENUES</b>				
<b>Charges for Services</b>				
Residential Fees	\$ 1,284,000	631,768	49.2%	652,232
Commercial Fees	274,000	128,044	46.7%	145,956
Late Fees & Penalties	8,100	-	0.0%	8,100
Connection and Permit Fees	9,000	1,142	12.7%	7,858
<b>Other Revenue</b>				
Misc Revenue	11,660	1,050	9.0%	10,610
Interest Income	1,200	-	0.0%	1,200
<b>Total Revenues</b>	<b>1,587,960</b>	<b>762,004</b>	<b>48.0%</b>	<b>825,956</b>
<b>EXPENDITURES</b>				
<b>01 Supervision</b>				
Salaries	113,580	62,956	55.4%	50,624
Benefits & Pension	56,998	30,475	53.5%	26,523
Professional Services	5,900	653	11.1%	5,247
Materials & Supplies	1,000	-	0.0%	1,000
Maintenance & Repairs	2,000	1,082	54.1%	918
Other Expenses	2,150	68,501	3186.1%	(66,351)
<b>Total</b>	<b>181,628</b>	<b>163,667</b>	<b>90.1%</b>	<b>17,961</b>
<b>07 Gate</b>				
Salaries	424,227	248,802	58.6%	175,425
Benefits & Pension	197,326	97,460	49.4%	99,866
Professional Services	50,900	145	0.3%	50,755
Materials & Supplies	5,000	12	0.2%	4,988
Maintenance & Repairs	7,600	8,058	106.0%	(458)
Utilities	-	11,083	0.0%	(11,083)
Other Expenses	17,000	6,410	37.7%	10,590
<b>Total</b>	<b>702,053</b>	<b>371,970</b>	<b>53.0%</b>	<b>330,083</b>
<b>08 Patrol</b>				
Salaries	190,464	92,771	48.7%	97,693
Benefits & Pension	104,179	37,310	35.8%	66,869
Professional Services	42,800	372	0.9%	42,428
Materials & Supplies	5,000	391	7.8%	4,609
Maintenance & Repairs	11,000	18,690	169.9%	(7,690)
Utilities	-	4,328	0.0%	(4,328)
Other Expenses	17,000	1,260	7.4%	15,740
<b>Total</b>	<b>370,443</b>	<b>155,123</b>	<b>41.9%</b>	<b>215,320</b>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>1,254,124</b>	<b>690,760</b>	<b>55.1%</b>	<b>563,364</b>
<b>RESULTS FROM OPERATIONS</b>	<b>333,836</b>	<b>71,244</b>		

## MEMORANDUM

DATE: JANUARY 9, 2024  
TO: FINANCE COMMITTEE  
FROM: MIMI MORRIS, GENERAL MANAGER AND  
MARK MATULICH, DIRECTOR OF FINANCE AND ADMINISTRATION  
SUBJECT: **Other Post Employment Benefits (OPEB)**

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Internal Revenue Service Code Section 115 governs the tax laws regarding trust funds established by state and local governments to cover post employment benefits beyond pension expense. These other benefits normally include items like health care, dental and vision, etc.

The District has had a Post-Retirement Health Care Plan with a trust manager called Public Agency Retirement Services (PARS), a private investment company, since January of 2011 and currently has a balance of over \$2.5 million in the fund. The unfunded liability for the District's OPEB was calculated at \$2.5 million in 2019. The District is waiting for the actuarial service to provide the updated unfunded liability calculations.

However, despite not having that information, we found that the District stopped making annual contributions to the Plan back in 2020, has never had any disbursements from the fund, and had annual fees in excess of \$14,852 in June of 2023.

Staff is proposing a change in the custodian of the District's OPEB Plan to the California Employers' Retiree Benefit Trust (CERBT) which is affiliated with CalPERS. CERBT is a section 115 Trust and is a separate fund from CalPERS. The CERBT offers a savings of over \$10,000 per year and simplified reporting for the District since it is within the same MyCalPERS application that the District uses for retirement and health benefits for active members.

### Highlights of CERBT:

- Established in 2007
- 604 employer participants
- ~\$18.2 billion in assets
- 3 Investment portfolio choices
  - CERBT Strategy 1 - 6.0%
  - CERBT Strategy 2 - 5.5%
  - CERBT Strategy 3 – 5.0%

Fees:

CERBT would charge significantly lower fees for a comparable rate of return which would maximize earnings and help build funded status of Trust quicker.

- CERBT - All inclusive cost of participation of 10 basis points (bps) on asset balance.
- PARS – 25 bps + 35 bps for US Bank (intermediary) + unknown fee for Vanguard.

Example: \$2M Balance

CERBT Annual Fees = \$2,000 ( $\$2M \times .0010$ )

PARS Annual Fees = over \$12,000 ( $\$2M \times (.0025 + .0035)$ ) this does not include additional fees from Vanguard for portfolio management.

CERBT requires approval by the governing body of the District in order to transition funds currently on deposit with PARS over to CERBT.

Staff recommends the Finance Committee bring the issue to the full board for consideration in order to optimize District resources.

## MEMORANDUM

DATE: JANUARY 9, 2024  
TO: FINANCE COMMITTEE  
FROM: MIMI MORRIS, GENERAL MANAGER AND  
MARK MATULICH, DIRECTOR OF FINANCE AND ADMINISTRATION  
SUBJECT: **District 24-25 Budget**

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Staff is working on preparing the 24-25 Budget and has been reviewing the 23-24 budgets which the Operations and Security units and with Administrative staff in order to determine what is needed for the budget year. Staff has also solicited data regarding service rate increases from nearby water providers and is compiling that data together to help explain how any proposed increases compare to similar providers.

Additionally, staff has been developing alternative methodologies to guide the distribution of administrative costs that more closely align with the administrative resources needed by specific units. Administrative cost distribution methodologies are often referred to as “Indirect Cost Rates” or “Administrative Cost Rates.” The District paid an outside consultant to create an indirect cost rate in 2020, but staff has extensively reviewed this rate and determined that there is room for improvement in the approach.

Accordingly, we present a proposed revision to the 24-25 indirect cost rate for your consideration.



Costs will be **directly allocated** to benefitting cost centers, - i.e. Funds, when possible. When a benefitting cost center cannot be readily identified, the costs will be considered General and Administrative costs and will be allocated to the five enterprise as noted below.

FUND	Recalibration of Indirect Cost Allocation FY 23-24 Budget	Indirect Cost Allocation FY 23-24 Budget	Increase (Decrease)	Recalibrated FY 23-24 IC Rate	FY 23-24 IC Rate Budget	Increase (Decrease)	Total Expenditures before IC Allocation FY 23-24 Budget	Recalibrated FY 23-24 IC Rate as a % of Budgeted Op Ex	FY 23-24 IC Rate as a % of Budgeted Op Ex
200	1,023,411	745,435	277,976	51%	37%	14%	3,060,473	33%	24%
250	547,622	496,957	50,665	27%	25%	3%	1,392,706	39%	36%
260	66,756	84,162	(17,406)	3%	4%	-1%	221,694	30%	38%
400	82,961	40,077	42,884	4%	2%	2%	1,394,424	6%	3%
500	283,108	637,227	(354,119)	14%	32%	-18%	1,254,124	23%	51%
<b>TOTAL</b>	<b>2,003,858</b>	<b>2,003,858</b>	<b>-</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>7,323,421</b>		



Complexity of operations will be used as the District's cost driver for many of the central office functions and expenditures as it is a reasonable basis by which to estimate the portion of those costs attributable to the five enterprise funds. For example the water and sewer funds have a more complex billing scheme which includes base charges, reserve contribution charges, and connection fees. The accounting for various reserves and requirements associated with those reserves as well as managing agreements for water rights, augmentation of water supply, and dispersal of reclaimed water among other issues adds layers of complexity to these service areas that other areas such as solid waste and security do not have.

Weight	45%		45%		5%		5%		100%	
	Net Investment in Capital Assets		Total Expenditures		Restricted Net Assets		FTEs		Manually Adjusted (see notes)	Revised Allocation Rates
200	17,614,070	67%	3,060,473	42%	3,683,154	51%	13.0	33%		53%
250	8,425,234	32%	1,392,706	19%	3,216,387	44%	13.0	33%		27%
260	47,370	0%	221,694	3%	340,310	5%	0.0	0%	2%	4%
400	528	0%	1,394,424	19%	-	0%	0.0	0%	-4%	5%
500	357,869	1%	1,254,124	17%	38,025	1%	13.5	34%	2%	12%
<b>TOTAL</b>	<b>26,445,071</b>	<b>100%</b>	<b>7,323,421</b>	<b>100%</b>	<b>7,277,876</b>	<b>100%</b>	<b>39.5</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>

\* Fund 200 has five line items on its bill including usage per hundred cubic foot of water which requires specialized software (Tyler) and meter readings each month which can be labor intensive for billing and finance/accounting personnel.

\* Fund 250 has two note receivables, (1) from the water fund on which the water fund bills customers \$6 per month for debt service and (2) to the RMCC on which the RMCC pays an approximate \$2k per month debt service fee. Further, the sewer fund has two line items on its bill.

\* Fund 260 has one line item on its bill. There are very few complaints or issues associated with drainage that central office personnel must spend time on.

\* Fund 400 has one line item based on container size and is outsourced to a third party solid waste removal company.

\* Fund 500 is a self-contained

Rancho Murieta CSD  
 FY 2023-24 Summary - By Fund  
 As of December 31, 2023  
 AGENCY - WIDE

DRAFT

	Budget 2023-2024	100 Administrative	200 Water	250 Wastewater	260 Drainage	400 Solid Waste	500 Security	Year to Date Total	% of Budget	Remaining Budget 2023-2024
<b>Projected Beginning Available Fund</b>										
<b>REVENUES</b>										
Property Tax	\$ 818,000	409,000	-	-	-	-	-	409,000	50.00%	\$ 409,000
<b>Charges for Services</b>										
Residential Fees	7,151,819	-	1,346,956	853,915	97,507	700,483	631,768	3,630,629	50.77%	3,521,190
Commercial Fees	978,610	-	238,628	93,460	14,707	-	128,044	474,840	48.52%	503,770
Reserves Fees	896,280	-	229,130	244,758	-	-	-	473,888	52.87%	422,392
WTP Debt Service Fee	196,400	-	94,080	-	-	-	-	94,080	47.90%	102,320
Late Fees & Penalties	38,100	-	-	-	-	-	-	-	0.00%	38,100
Connection and Permit Fees	555,320	-	132,637	41,670	-	-	1,142	175,449	31.59%	379,871
<b>Other Revenue</b>										
Misc Revenue	290,471	-	15,111	-	-	-	1,050	16,161	5.56%	274,310
Interest Income	45,350	147,526	-	-	-	-	-	147,526	325.31%	(102,176)
<b>Total Revenues</b>	<b>10,970,350</b>	<b>556,526</b>	<b>2,056,543</b>	<b>1,233,803</b>	<b>112,214</b>	<b>700,483</b>	<b>762,004</b>	<b>5,421,573</b>	<b>49.42%</b>	<b>5,548,777</b>
<b>EXPENDITURES</b>										
Salaries	2,956,858	360,359	298,145	284,529	11,329	-	404,529	1,358,892	45.96%	1,597,966
Benefits & Pension	1,440,066	185,454	136,122	107,661	12,073	-	165,245	606,556	42.12%	833,510
Insurance	41,081	-	-	-	-	40,580	-	40,580	98.78%	501
Professional Services	873,100	170,645	24,732	20,740	6,996	-	1,170	224,283	25.69%	648,817
Materials & Supplies	500,700	9,885	64,564	41,200	-	-	403	116,053	23.18%	384,647
Maintenance & Repairs	638,100	39,538	158,118	109,534	1,912	-	27,829	336,932	52.80%	301,168
Contract Sub-hauler	1,259,167	-	-	-	-	508,080	-	508,080	40.35%	751,087
County Surcharge	94,176	-	-	-	-	45,228	-	45,228	48.02%	48,948
Utilities	440,000	10,237	95,492	42,088	175	-	15,412	163,405	37.14%	276,595
Other Expenses	701,481	72,251	89,936	103,596	-	-	76,171	341,954	48.75%	359,527
Water Studies	425,000	-	134,774	-	-	-	-	134,774	31.71%	290,226
Capital Improvement	1,883,251	3,000	83,642	290,794	105	-	-	377,541	20.05%	1,505,710
<b>Total Expenditures</b>	<b>11,252,980</b>	<b>851,369</b>	<b>1,085,525</b>	<b>1,000,145</b>	<b>32,590</b>	<b>593,888</b>	<b>690,760</b>	<b>4,254,277</b>	<b>37.81%</b>	<b>6,998,703</b>
<b>RESULTS FROM OPERATIONS</b>	<b>(282,630)</b>	<b>(294,843)</b>	<b>971,018</b>	<b>233,658</b>	<b>79,624</b>	<b>106,595</b>	<b>71,244</b>	<b>1,167,295</b>		
<b>Admin Overhead Allocation (Using DRAFT Recalibrated IC Rates)</b>										
Property Tax		(409,000)	212,500	141,500	30,000	-	25,000	-		
Interest Income		(147,526)	-	139,719	-	3,904	3,904	-		
Administrative Expenses		851,369	(434,198)	(229,870)	(34,055)	(34,055)	(119,192)	-		
<b>NET ACTIVITY</b>		<b>-</b>	<b>749,319</b>	<b>285,007</b>	<b>75,569</b>	<b>76,444</b>	<b>(19,044)</b>	<b>1,167,295</b>		

**Notes**

- (A) Property taxes are received in three installments during the year 55% (Dec), 40% (Apr), and 5% (End of year). Property tax has been prorated based on the portion of the year which has elapsed.
- (B) Loan payments and proceeds of \$159,651 are included in Misc Revenue and Other Expenses in the budget column above. These items are not reflected in the actual YTD operating results by fund.