

MEMORANDUM

Date: December 16, 2019
 To: Board of Directors
 From: Tom Hennig, Director of Administration
 Subject: Administration / Financial Update

Finance staff continues working with The Pun Group to address specific matters of concern as approved by the Board in August. We are providing annual audit documents to the auditor, including a detailed accounting of our fixed assets. We will start fiscal year 2018-19 audit field work December 16, 2019. We anticipate finishing this work on time and expect the audit to be completed in time for the February Board meeting. We continue working with various financial system vendors to complete system integrations and upgrades as recommended by The Pun Group.

Residential Water Consumption – Fiscal year-to-date residential water usage was approximately 6% over November 2018. Listed below are year-to-date water consumption numbers using weighted averages. We attribute the increase in use to the weather and the addition of the new homes in the Gardens II. Listed below are the year-to-date water consumption numbers in cubic feet. There are fifty-seven (57) more homes receiving water services than November 2018.

							Last FY	Last FY	Last FY	Last FY	Last FY	Last FY	Last FY	Last FY	Last FY Same Period
		2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2018	2018	2018	
12 month rolling % increase		Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	
Residences	1.7%	2,594	2,587	2,546	2,549	2,550	2,547	2,547	2,546	2,541	2,546	2,545	2,545	2,537	
Weighted Average		Sep				Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov
Cubic Feet	2,301	1,618	1,956	2,727	2,668	2,537	2,194	1,528	837	569	584	678	864	1,522	
Gallons Per Day	574	404	488	680	665	633	547	381	209	142	146	169	215	379	
Same Period Last FY	505														

Commercial/Other Water Consumption – Commercial water usage in November 2019 was 18% lower compared with last month. Year-to-date commercial water usage was approximately 20% over projections. This increase is mainly due to large user accounts. Listed below are year-to-date water consumption numbers in cubic feet.

							Last FY	Last FY	Last FY	Last FY	Last FY	Last FY	Last FY	Last FY	Last FY Same Period
		2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2018	2018	2018	
YTD Totals		Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	
Commercial	686,796	77,507	112,163	144,774	223,508	128,844	114,939	86,611	53,880	39,987	45,277	39,726	50,290	74,880	
Parks	266,397	24,858	33,020	58,660	83,041	66,818	58,540	36,481	3,561	602	758	501	878	16,480	
Raw Water	1,399,548	178,849	191,799	328,901	333,951	366,048	104,751	73,701	2,451	15,662	100	0	401	40,548	
CSD	59,205	2,655	7,295	13,981	16,941	18,333	13,255	7,632	5,330	9,269	10,925	11,663	11,057	12,730	
Totals	2,411,946	283,869	344,277	546,316	657,441	580,043	291,485	204,425	65,222	65,520	57,060	51,890	62,626	144,638	

Lock-Offs – During the month of November 2019, there were four (4) lockoff's. This continues the trend of fewer and fewer lockoff's which is directly related to staff's outreach efforts. There are currently twelve properties within the District that have remained locked off from services for an extended period. These properties are either vacant homes or empty lots with water meters.

Connection Fees – Developers paid \$120,537 for eight connections in November 2019.

Aging Report – Amounts past due of more than sixty (60) days totals \$5,568. This is a \$9,462 decrease from last month. The majority of the drop in receivables is due to an undeveloped property account which is now current.

Summary of Reserve Accounts as of November 30th, 2019 – The ending balance of the District’s reserve accounts is \$5,981,878 as of November 30th, 2019, and it is an increase of \$192,182 compared with last month. Staff continues to validate all reserve contributions and expects there will be additional adjustments as we continue to identify past practices for allocation of monthly interest and sales revenue. We expect this activity to take place as part of the FY 2018-19 year-end closing process. Staff continues to work on a detailed analysis of all reserve funds and plans to prepare a report for the Finance Committee review in early 2020.

Reserve Fund Balances

<i>Reserve Descriptions</i>	<i>Fiscal Yr Beg Balance 7/1/2019</i>	<i>Increases</i>	<i>Decreases</i>	<i>Period End Balance 11/30/2019</i>
Water Capital Replacement (200-2505)	1,579,551	128,982		1,708,533
Sewer Capital Replacement (250-2505)	2,836,178	200,306	1,756	3,034,728
Drainage Capital Replacement (260-2505)	28,898	366	17,029	12,235
Security Capital Replacement (500-2505)	100,635	1,393	9,729	92,300
Admin Capital Replacement (xxx-2505-99)	87,210			87,210
Sewer Capital Improvement Connection (250-2500)	4,209	53		4,262
Capital Improvement (xxx-2510)	388,502	182,161	474	570,189
Water Supply Augmentation (200-2511)	1,719,244	198,753	690,818	1,227,179
WTP Construction Fund Reserve (200-2513)	-743,314	80,652	102,764	-765,427
Security Impact Fee Reserves (500-2513)	-7,450	24,016	5,898	10,668
Total Reserves	5,993,663	816,683	828,468	5,981,878

Inter-fund Borrowing Balances

<i>Inter-fund Borrowing</i>	<i>Fiscal Yr Beg Balance 7/1/2019</i>	<i>YTD Interest</i>	<i>YTD Repayment</i>	<i>Period End Balance 11/30/2019</i>
WTP Construction Loan from Sewer	856,042	7,842	58,733	797,308
WTP Construction Loan from WSA	285,353	2,614	19,578	265,775
Security N. Gate Loan from Drainage Fund	18,341	138	9,515	8,826
Total Inter-fund Borrowing	1,159,736	10,594	87,826	1,071,909

Budget to Actual Comparison Details (year-to-date through November 30, 2019)

Revenues

Water Charges, year-to-date, are **above** budget \$37,086 or 2%

Sewer Charges, year-to-date, are **below** budget \$12,008 or (1%)

Drainage Charges, year-to-date, are **above** budget \$795 or 0.4%

Solid Waste Charges, year-to-date, are **above** budget \$2,274 or 0.3%

Security Charges, year-to-date, are **above** budget \$8,580 or 1%

Expenses

The District's overall expenditures for FY 2019-20 are \$27,485 below budget through November 2019. We will continue to focus on FY 2018-19 annual audit.

Reserve Fund Purchases authorized by the General Manager

There were no additional reserve fund purchase authorizations during the month of November.

Finance Committee Update

Staff met with the Finance committee on December 3rd.

- Reviewed and modified the proposed budget schedule.
- Discussed the activities related to the 2018-19 annual audit.
- Reported the switch that an agreement was reached with PayChex to begin managing the District's timesheets, payroll and general HR activities. The cutover took place with the paychecks issued Friday, December 13, 2019. The transition will be completed within the two pay periods. Special recognition is noted for the work by Tonya Perez and Cindy Chao. Without their dedication this project would still be in the planning mode.
- Reviewed activities related to the monthly statements. Noted the November statements were printed, stuffed and mail by our outsourced vendor, ABS Inc. There was only a slight delay related to the timing of the statements and the Thanksgiving holiday. Our testing of the new statements is going well and should be fully implanted with the December bills.
- Began the process for scheduling a Director visit to the Cal-Waste facility in Galt.
- Scheduled the mid-year budget report for the January 3, 2020 Finance Committee meeting.

Cantova Repair and Re-route Project Closure:

At the January 16, 2019 Board meeting the General Manager was approved to commit the District to share one-half of the costs for relocation of the sewer force main adjacent to the Cantova Lift Station. The work on the force main pipe took place in mid-December 2018 and was estimated to cap at \$21,280 for the repair and \$80,615 for the re-route. This action, which was approved after the work had been completed, committed the District to one-half of \$101,895. Once the emergency repair work was completed the re-route project was able to move forward. After many meetings, staff and Cosumnes River Lands (CRL) have reached an agreement on the total costs for both projects and will settle the finances this week.

Once the final expenditures were agreed upon, the total cost for the repair, was \$115 higher than estimated, resulting in a \$1,369 balance due from CRL to the District. The re-route expenditures were \$7,454 higher than estimated, resulting in a \$31,907 balance due to CRL from the District. CRL has suggested and later agreed to forgo any further action and will absorb the Districts 50% share of the overage or \$3,727. This gesture allows the District to bring closure to the project without returning to the Board for additional appropriation.

RANCHO MURIETA CSD
Summary of All CSD Funds
For the Five Months Ending 11/30/2019
Budget to Actual Comparison Detail

Description	Period Budget	Period Actual	YTD Budget	YTD Actual	YTD Budget (Over)/Under	Annual Budget
Charges for Services - Residential	\$453,863	\$460,154	\$2,423,926	\$2,435,254	(\$11,328)	\$5,540,771
Charges for Services - Commercial	47,133	51,526	285,879	311,277	(25,399)	586,254
Availability Charges	0	0	0	0	0	460
Sales Other	700	772	3,500	4,356	(856)	8,400
CIA Ditch Service Charges	0	0	0	0	0	1,800
Property Taxes	0	0	0	0	0	674,370
Property Taxes (Reserve Alloc)	0	0	0	0	0	(82,000)
Total General Income	501,696	512,452	2,713,305	2,750,888	(37,584)	6,730,055
Interest Income	20	1	3,050	10,461	(7,411)	10,765
Total Earnings Income	20	1	3,050	10,461	(7,411)	10,765
Meter Installation Fee	0	9,000	4,800	37,095	(32,295)	4,800
Inspection Fees	0	3,289	1,518	12,777	(11,259)	5,693
Telephone Line Contracts	598	572	2,990	2,289	701	7,175
Fines/Rule Enforcement	175	175	875	875	0	2,100
Late Charges	6,450	5,456	32,250	(630)	32,880	77,400
Title Transfer Fees	1,350	2,550	6,750	18,450	(11,700)	16,200
Security Gate Bar Code Income	650	430	3,250	2,080	1,170	7,800
Project Reimbursement	2,182	182	10,910	13,749	(2,839)	26,184
Misc Income	1,208	596	6,042	4,818	1,224	14,500
Total Other Income	12,613	22,250	69,384	91,502	(22,118)	161,851
TOTAL REVENUE	514,329	534,702	2,785,739	2,852,851	(67,112)	6,902,671
Salaries & Wages	276,164	264,451	1,023,260	971,447	51,813	2,495,975
Employer Costs	48,708	60,532	243,931	261,303	(17,372)	608,878
Payroll Taxes	18,110	63,515	66,672	102,866	(36,194)	173,281
Other Employer Costs	13,289	21,305	66,719	64,974	1,745	161,318
Pension Expense	43,928	19,129	186,095	127,776	58,319	445,443
Tuition Reimbursement	0	0	0	0	0	2,870
Total Employee Services	400,198	428,933	1,586,677	1,528,366	58,310	3,887,766
Clerical Services	5,100	14,595	25,500	69,653	(44,153)	61,350
Recruitment	1,505	401	7,525	2,576	4,949	18,060
Travel/Meetings	1,740	4,465	9,200	6,472	2,728	21,880
Office Supplies	2,470	3,506	12,350	15,345	(2,995)	29,640
CWRS Contract Charges	52,662	103,391	263,312	257,291	6,021	631,949
Mail Machine Lease	700	0	1,400	695	705	2,800
Copy Machine Maintenance	1,520	2,040	7,600	9,849	(2,249)	18,240
Insurance	12,247	12,592	61,233	59,156	2,076	146,958
Postage	1,500	1,179	7,500	7,179	321	18,000
Telephones	4,120	3,473	20,600	17,752	2,848	49,439
Memberships	1,550	0	10,010	2,888	7,122	19,325
Audit	0	0	0	0	0	16,275
Legal	7,850	8,923	36,250	23,047	13,203	155,950
Training/Safety	5,200	6,700	25,050	16,101	8,949	53,200
Community Communications	100	434	7,600	434	7,166	13,700
Equipment Maint	50	9	3,200	780	2,420	3,550
Consulting	8,000	6,295	39,000	34,344	4,656	102,400
CIA Ditch Operations	250	1,374	1,250	2,212	(962)	3,000
Total Administrative Services	106,564	169,377	538,580	525,775	12,804	1,365,716
Uniforms	1,430	1,089	7,350	6,771	579	17,560
Equipment Repairs	400	0	2,000	4,600	(2,600)	4,800
Building/Grounds Maint/Pest Cntr	2,750	4,332	13,490	19,119	(5,629)	32,315
Bar Codes	0	0	2,300	5,125	(2,825)	6,900
Vehicle Maint	3,750	4,731	18,750	17,382	1,368	45,000
Vehicle Fuel	3,250	2,965	16,250	12,957	3,293	47,000
Vehicle Lease	397	1,799	1,984	1,799	185	4,762
Off Duty Sheriff	0	0	6,000	7,907	(1,907)	8,000
Power	21,780	18,208	142,570	139,741	2,829	297,320

RANCHO MURIETA CSD
Summary of All CSD Funds
For the Five Months Ending 11/30/2019
Budget to Actual Comparison Detail

Description	Period Budget	Period Actual	YTD Budget	YTD Actual	YTD Budget (Over)/Under	Annual Budget
Information System Maint	11,824	5,806	59,120	56,615	2,506	141,889
Supplies	2,575	2,662	12,875	14,595	(1,720)	30,900
Equipment Rental	1,650	0	5,250	(64)	5,314	13,800
Road Paving	2,000	4,400	10,000	7,600	2,400	24,000
Maintenance/Repairs	23,600	34,924	111,700	171,583	(59,883)	300,700
Non-routine Maint/Repair	3,000	0	15,000	0	15,000	36,000
Permits	6,000	0	6,000	5,692	308	6,000
Chemicals	13,250	3,770	74,650	57,809	16,841	167,250
Chemicals - T&O	0	0	6,500	5,944	556	11,000
Lab Tests	2,250	3,476	11,250	27,439	(16,189)	27,000
Removal (Hazardous Waste)	10,000	7,668	10,000	8,131	1,869	10,000
Permits	3,500	28,317	28,800	54,140	(25,340)	75,300
Tools	950	37	4,600	1,748	2,852	14,800
Dam Inspection Costs	0	0	0	0	0	63,500
Water Meters/Boxes	3,000	1,455	15,000	20,070	(5,070)	36,000
Drainage Improvements	0	0	500	0	500	5,150
Total Operational Costs	117,356	125,639	581,939	646,705	(64,766)	1,426,946
Miscellaneous	7,221	(1,657)	51,604	37,712	13,892	100,900
Admin Contingency	0	0	16,262	13,598	2,664	35,000
Director Exp/Reimbursements	450	10	2,250	494	1,756	5,400
Director Meeting Payments	1,500	2,600	7,500	6,000	1,500	18,000
Conservation	600	600	8,780	6,878	1,902	13,260
SACTO Regional Water Authority	0	0	15,000	9,279	5,721	15,000
SCGA Ground Water Authority	0	0	10,000	11,000	(1,000)	10,000
Interest Expense	2,015	1,470	9,795	9,898	(103)	24,684
Total Other Expenses	11,786	3,023	121,191	94,859	26,332	222,244
Total Operating Costs	635,904	726,972	2,828,387	2,795,705	32,681	6,902,671