



# RANCHO MURIETA COMMUNITY SERVICES DISTRICT

15160 JACKSON ROAD  
RANCHO MURIETA, CALIFORNIA 95683  
916-354-3700  
FAX – 916-354-2082

## AGENDA

*“Your Independent Local Government Agency Providing  
Water, Wastewater, Drainage, Security, and Solid Waste Services”*

### REGULAR BOARD MEETING

**March 20, 2024**

Closed Session 3:30 p.m./Open Session 5:00 p.m.  
Rancho Murieta, CA 95683

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#### BOARD MEMBERS

Tim Maybee	President
Martin Pohll	Vice President
Linda Butler	Director
Randy Jenco	Director
Stephen Booth	Director

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#### STAFF

Mimi Morris	General Manager
Mark Matulich	Director of Finance and Administration
Michael Fritschi	Director of Operations
Andrew Ramos	District General Counsel
Amelia Wilder	District Secretary

# RANCHO MURIETA COMMUNITY SERVICES DISTRICT

March 20, 2024

## REGULAR BOARD MEETING

Call to Order

Closed Session 3:30 p.m./Open Session 5:00 p.m.

Note that this meeting will be held in-person at the address set forth above, and not via videoconference. In order to comply with the State's COVID-related Guidance for the use of face coverings, it is strongly recommended that all persons, regardless of vaccination status, continue to mask while in indoor public settings and businesses.

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

ESTIMATED RUNNING TIME 5:00

### 1. CALL TO ORDER - Determination of Quorum – President Maybee **(Roll Call)**

### 2. CONSIDER ADOPTION OF AGENDA **(Motion)**

*The Board will discuss items on this agenda, and may take action on those items, including informational items and continued items. No action or discussion will be undertaken on any item not appearing on the agenda, except that (1) directors or staff may briefly respond to statements made or questions posed during public comments on non-agenda items, (2) directors or staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities, (3) a director may request staff to report back to the Board at a subsequent meeting concerning any matter or request staff to place a matter on a future Board meeting agenda, and (4) the Board may add an item to the agenda by a two-thirds vote determining that there is a need to take immediate action and that the need for action came to the District's attention after posting the agenda.*

*The running times listed on this agenda are only estimates and may be discussed earlier or later than shown. At the discretion of the Board, an item may be moved on the agenda and or taken out of order. **TIMED ITEMS** as specifically noted, such as Hearings or Formal Presentations of community-wide interest, will not be taken up earlier than listed.*

### 3. CLOSED SESSION

- A. Conference with legal counsel concerning pending litigation (Gov. Code 54956.9(d)(1)): O'Keefe v. Rancho Murieta CSD
- B. Conference with legal counsel concerning significant exposure to litigation pursuant to Gov. Code 54956.9(d)(2) and (e)(1) (one case) and potential initiation of litigation pursuant to Gov. Code 54956.9(d)(4) (one case)
- C. Public employee performance evaluation of the General manager (Gov. Code 54957)
- D. Closed session regarding labor negotiations (Gov. Code 54957.6): District representatives: Board of Directors. Unrepresented employee: General Manager

#### **4. OPEN SESSION/REPORT BACK FROM CLOSED SESSION**

**5. CONSENT CALENDAR** (Motion) **(Roll Call Vote)** (5 min.) All items in this agenda item will be approved as one motion if they are not excluded from the motion adopting the consent calendar.

- A. Approval of Board Meeting and Committee Meeting Minutes
  - 1. February 21, 2024 Regular Board Meeting Minutes
  - 2. February 29, 2024, Special Finance Committee Meeting Minutes
  - 3. February 29, 2024 Special Communication & Technology Committee Meeting Minutes
  - 4. March 12, 2024 Special Improvements Committee Meeting Minutes
- B. Bills Paid Listing
- C. Approve extension to Domenichelli and Associates On Call Engineering Services Contract

#### **6. STAFF REPORTS** (Receive and File)

- A. General Manager's Report
- B. Finance and Administration Report
- C. Security Report
- D. Utilities Report

#### **7. REVIEW DISTRICT MEETING DATES/TIMES FOR APRIL 2024**

- A. Improvements – April 2, 2024 at 8:00 a.m.
- B. Communications – April 4, 2024 at 8:30 a.m.
- C. Finance – April 11, 2024 at 9:00 a.m.
- D. Security – Committee will meet as needed
- E. Regular Board Meeting – April 17, 2024 - Open Session at 5:00 p.m.

#### **8. CORRESPONDENCE**

#### **9. Action Item CONSIDER UPDATE TO NON-REPRESENTED EMPLOYEE SALARY SCHEDULE**

(Discussion/Action) (Motion) **(Roll Call Vote)**

#### **10. Action Item CONSIDER UPDATE TO GENERAL MANAGER SALARY AND EMPLOYMENT AGREEMENT** (Discussion/Action) (Motion) **(Roll Call Vote)**

#### **11. Information Item RECEIVE AND FILE THE 2020-2021 ANNUAL RANCHO MURIETA COMMUNITY SERVICES DISTRICT AUDIT REPORT** (Receive and File)

#### **12. Action Item REVIEW YTD FY23-24, FY24-25 DRAFT BUDGET AND AUTHORIZE PROP 218 NOTICE** (Discussion/Action) (Motion) **(Roll Call Vote)** (30 min.)

**13. *Action Item* CONSIDER ADOPTION OF RESOLUTION R2024-03, A RESOLUTION CALLING THE GENERAL DISTRICT ELECTION AND CONSOLIDATION WITH THE STATE-WIDE ELECTION TO BE HELD ON NOVEMBER 5, 2024** (*Discussion/Action*) (*Motion*) (**Roll Call Vote**)

**14. *Discussion Item* CONSIDER COMPREHENSIVE COMMUNICATIONS PLAN** (*Discussion*)

## **15. COMMENTS FROM THE PUBLIC**

*Members of the public may comment on any item of interest within the subject matter jurisdiction of the District and any item specifically agendaized. Members of the public wishing to address a specific agendaized item are encouraged to offer their public comment during consideration of that item. With certain exceptions, the Board may not discuss or take action on items that are not on the agenda.*

*If you wish to speak during Comments from the Public or would like to comment regarding an item appearing on the meeting agenda, please complete a public comment card and submit to the Board Secretary prior to the point in the meeting at which the item is called. Speakers presenting individual opinions shall have 3 minutes to speak. Speakers presenting opinions of groups or organizations shall have 5 minutes per group.*

## **16. DIRECTOR COMMENTS/SUGGESTIONS**

*In accordance with Government Code 54954.2(a), directors and staff may make brief announcements or brief reports of their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.*

## **17. ADJOURNMENT** (*Motion*)

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 federal and state laws concerning disabilities, 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 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 March 14, 2024. Posting locations are: 1) District Office; 2) Rancho Murieta Post Office; 3) Rancho Murieta Association; 4) Murieta Village Association.



# RANCHO MURIETA COMMUNITY SERVICES DISTRICT REGULAR BOARD MEETING MINUTES

February 21, 2024

Closed Session 3:30 p.m./Open Session 5:00 p.m.

## 1. CALL TO ORDER/ROLL CALL

President Maybee called the Regular Board Meeting of the Board of Directors of Rancho Murieta Community Services District to order at 3:30 p.m. in the District meeting room, 15160 Jackson Road, Rancho Murieta. Directors present at the District office were Tim Maybee, Martin Pohll, Randy Jenco, Linda Butler and Stephen Booth. Also present at the District office were Mimi Morris, General Manager; Mark Matulich, Director of Finance and Administration; Michael Fritschi, Director of Operations; Andrew Ramos, District General Counsel; and Amelia Wilder, District Secretary.

## 2. CONSIDER ADOPTION OF AGENDA

**Motion/Maybee to adopt the Agenda. Second/Jenco. Roll Call Vote: Ayes: Booth, Butler, Jenco, Pohll, Maybee. Noes: None. Absent: None. Abstain: None.** Director Booth asked that item 3 have the order changed to A., C., B.

## 3. BOARD ADJOURNED TO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

- A. *Conference with legal counsel concerning pending litigation (Gov. Code 54956.9(d)(1)): O'Keefe v. Rancho Murieta CSD*
- B. *Public employee performance evaluation of the General manager (Gov. Code 54957)*
- C. *Closed session regarding labor negotiations (Gov. Code 54957.6): District representatives: Board of Directors. Unrepresented employee: General Manager*

## 4. OPEN SESSION/REPORT BACK FROM CLOSED SESSION AT 5:25 P.M.

Director Maybee reported that direction was given to Staff. No decisions were made.

Mr. Ramos added that the item involving litigation by a former employee was being handled by outside counsel and the District's risk pool. Further updates will be provided when appropriate.

## 5. CONSENT CALENDAR

**Motion/Booth to approve Consent Calendar. Second/Maybee. Roll Call Vote: Ayes: Booth, Butler, Jenco, Pohll, Maybee. Noes: None. Absent: None. Abstain: None.**

## 6. STAFF REPORTS

Complete Staff Reports can be found in the February 21, 2024 Regular board Meeting Packet on the District's website or by clicking [here](#).

Under Agenda Item 6A, Mimi Morris, General Manager, gave a summary of activities during the previous month, highlighting the following topics:

- Improving Customer Service
  - Tracking Communication
  - Comprehensive Communications Strategy
  - Customer Access
- Developing District Staff
  - Professional Certifications
- Strengthening Financial Position

- Ensuring Water Quality and Access
- Keeping the Community Safe
- Grand Jury Report Anniversary

Ms. Morris added that the FY20-21 Audit will be reviewed by the Finance Committee before the Board sees it.

Under Agenda Item 6B Mark Matulich, Director of Finance and Administration updated Board on the following items:

- Financial Reports
- Budget
- Audit

The Board appreciated the new format of the Budget to Actual report that was presented and the detail and timeliness of the information.

Under Agenda Item 6C, Ms. Morris, updated the Board with a summary of January's activities in the Security Department, including:

- Kelly Benitez' departure February 16, 2024
- Operations Update
- Rancho Murieta Association Activity
- RMA Violation Report
- Gate Entries Report
- Gate Entries Denied Reports
- Cases by Breakdown Report

There was a discussion about the future of the Security Department. River Valley Times reporter Gail Bullen commented that she would like to see the daily security logs return.

Under Agenda Item 6D, Michael Fritschi, Director of Operations, gave a summary of the utility update, including:

- Water Treatment Facility
- Water Consumption
- Raw Water Storage & Delivery
- Wastewater Facility
- Utility Crew Report
- FY 23-24 Capital Improvement Program (CIP) update
  - CIP Matrix
- Integrated Water Master Plan (IWMP) Update
  - Tentative Schedule of upcoming presentations

Board members would like to have the next Model Scenario posted to the website for two weeks for community review prior to the following Townhall Meeting.

- SB170 Projects Update
  - Project #1 Water Treatment Chlorine to Sodium Hypochlorite (NaOCl) Replacement Project
  - Project #2 Granlees Safety Rehabilitation
  - Project #3 Wastewater Treatment Chlorine to Sodium Hypochlorite (NaOCl) Replacement Project
- Development

- Retreats North & East
- Residences of Murieta Hills East & West
- Riverview Phase 2
- Murieta Gardens Commercial

There was a discussion about the funds that have been spent on CIP projects.

Director Butler asked that Staff report on what has been built and sold by the developers in the District.

Mr. Fritschi will add a new connection report to future updates.

Mike Martel urged Staff to call Matt Hedges to see if our SB170 Grant funds can be increased.

## 7. COMMENTS FROM THE PUBLIC

*This item was taken out of order to accommodate audience members.*

Ted Hart commented on the risks facing the CSD, the Country Club and RMA, and hoped that the homeowners are not the ones that will bear the cost of the liabilities of the organizations.

## 8. REVIEW DISTRICT MEETING DATES/TIMES FOR MARCH 2024

The Improvements Committee meeting will be moved to March 12<sup>th</sup>. Communications and Finance Committees will meet February 29<sup>th</sup>.

## 9. CORRESPONDENCE

Director Maybee acknowledged the correspondence in the Packet from Richard Gehrs.

## 10. CONSIDER APPROVAL OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 3, AFL-CIO AND RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Ms. Morris updated the Board on the latest revisions to the MOU which included holiday pay hours that would leave those employees working a 9/8/80 schedule needing to use one hour of vacation time to receive a full day's pay for a holiday. Director Booth mentioned that the Board could vote to have holiday pay coincide with the hours worked by employees with differing shifts. The Union needed more time to review the proposed changes, and so there was no vote on this topic.

## 11. CONSIDER ADOPTION OF RESOLUTION R2024-01 APPROVING ADOPTION OF CALPERS 457 PLAN

Ms. Morris informed the Board that the District has the option of changing its 457 Deferred Compensation Plan from Nationwide to CalPERS. While both plans have fees to manage the plans, CalPERS' fees are about 50% of the cost of Nationwide. Ms. Morris emphasized that this is not a District expense, but an employee-born expense, but the District wishes to ensure that the employees' invested savings are not diminished by excessive fees. **Motion/Maybee to adopt Resolution R2024-01 approving Adoption of CalPERS 457 Plan. Second/Booth. Roll Call Vote: Ayes: Booth, Butler, Jenco, Pohll, Maybee. Noes: None. Absent: None. Abstain: None.**

## 12. CONSIDER ADOPTION OF RESOLUTION R2024-02 DECLARING CERTAIN PROPERTY EXEMPT SURPLUS LAND UNDER THE SURPLUS LAND ACT

Andrew Ramos, District General Counsel, updated the Board on the status of the transfer of the Wooden Bridge to RMA. A Resolution was adopted by the Board in December of 2023, declaring the land exempt surplus land. Housing and Community Development (HCD) was unable to approve the exemption as it was written and asked that the Board submit another resolution to declare the bridge property to be exempt surplus property under a different legal basis. **Motion/Maybee to adopt Resolution R2024-02 declaring**

*certain property exempt surplus land under the Surplus Land Act. Second/Jenco. Roll Call Vote: Ayes: Booth, Butler, Jenco, Pohll, Maybee. Noes: None. Absent: None. Abstain: None.*

### **13. CONSIDER NOMINATION OF CANDIDATE FOR CSDA BOARD OF DIRECTORS FOR SEAT A**

The Board did not have a nomination for a CSDA Board of Directors Candidate for Seat A.

### **14. CONSIDER FULL TIME IT MANAGER POSITION**

Ms. Morris recommended to the Board that the part-time IT position that was approved in December be changed to a full-time position. She noted that the District has multiple IT needs that could be managed by a single person, thereby allowing us to save money with multiple outside firms, and coordinate IT in house. She also stated that while a full-time position would be more expensive than a part-time position, there would be other savings and benefits to the district from the additional staff time. Directors Booth and Butler opposed this change, citing the District's need to cut costs. The board approved the full-time IT position **Motion/Maybee to approve full-time IT Manager position. Second/Jenco. Roll Call Vote: Ayes: Jenco, Pohll, Maybee. Noes: Booth, Butler. Absent: None. Abstain: None.**

### **15. DIRECTOR COMMENTS/SUGGESTIONS**

None.

### **16. ADJOURNMENT**

**Motion/Maybee to adjourn at 7:59 p.m. Second/Butler. Roll Call Vote: Ayes: Booth, Butler, Jenco, Pohll, Maybee. Noes: None. Absent: None. Abstain: None.**

Respectfully submitted,

Amelia Wilder  
District Secretary



## MEMORANDUM

Date: March 12, 2024  
To: Board of Directors  
From: Finance Committee Staff  
Subject: February 29, 2024 Special Finance Committee Meeting Minutes

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### 1. CALL TO ORDER

Director Pohll called the meeting to order at 9:00 a.m. Present were Director Pohll and Director Booth. Present from District staff were Mimi Morris, General Manager, Mark Matulich, Director of Finance and Administration, and Amelia Wilder, District Secretary.

### 2. DISTRICT FY24-25 BUDGET

#### i. Draft Department Budgets

Mimi Morris, General Manager discussed the proposed budget, and Capital Improvement Plan (CIP), and the potential for the Board to approve CIP's related to the Integrated Water Master Plan (IWMP). Since the IWMP won't be complete until after the budget cycle, she proposed a stand alone CIP Budget to be presented in July or August. Director Booth asked about the West Yost & Associates study concerning the ability to use water in Clementia for drinking purposes. There will be an update on this study prepared for the Board Meeting March 20, 2024.

### 3. FY20-21 AUDIT

#### i. Audit Report and Audited Financial Statements

Mark Matulich, Director of Finance and Administration, gave a detailed summary of the Audited Financial Statements received from Richardson and Company, the District Auditor's. The District received both an unqualified opinion (for solid waste and security) and a qualified opinion (for water, waste water, and drainage) due to the lack of methodology for valuing and recording easements as capital assets. Developers are required to donate infrastructure to the District once the developments are complete. These contributions have not been booked consistently throughout the history of the District. There is now a procedure in place to book this kind of infrastructure in the future. The infrastructure received in 2022 and 2023 was properly captured on the District's books, and Staff is working on assigning value to past infrastructure contributions.

The Committee discussed presenting the budget to the Board in April and the meeting the 45-day Prop 218 timeline if the June board meeting is changed to June 5th.

### 4. PUBLIC COMMENT

None.

### 5. DIRECTOR COMMENTS

Committee members thanked Staff for their efforts in the completion of the FY20-21 Audit.

**6. ADJOURNMENT** The meeting was adjourned at 10:18 a.m.

# MEMORANDUM

Date: March 12, 2024  
To: Board of Directors  
From: Communication & Technology Committee Staff  
Subject: February 29, 2024, Special Communication & Technology Committee Meeting Minutes

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## 1. CALL TO ORDER

Director Booth called the meeting to order at 8:37 a.m. Present were Director Butler and Director Booth. Present from District staff were Mimi Morris, General Manager.

## 2. CONSIDER DRAFT COMMUNICATIONS STRATEGY

The Committee continued the discussion from last month about the Draft Communication Strategy that Ms. Morris created. All of the items on the Strategy have been discussed with the Committee and the Committee Members suggested sharing the Strategy with the full Board at the March meeting.

The Committee discussed the effort to get updated email information. Director Booth would like this to be continually mentioned in the Pipeline.

Director Butler would like bullet points on the front page of the Pipeline. Director Booth suggested using bold font to draw the reader's attention. The Committee would like the Pipeline to have sections for new and recurring topics.

**The Communications Strategy will be on the March 20, 2024 Board Meeting agenda.**

## 3. COMMENTS FROM THE PUBLIC

## 4. DIRECTOR AND STAFF COMMENTS

None.

## 5. Adjournment

The meeting was adjourned at 8:55 a.m.

## MEMORANDUM

Date: March 12, 2024  
To: Board of Directors  
From: Improvements Committee Staff  
Subject: March 12, 2024 Special Improvements Committee Meeting Minutes

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### 1. CALL TO ORDER

Director Jenco called the meeting to order at 8:00 a.m. Present were Director Jenco and Director Pohll. Present from District staff were Michael Fritschi, Director of Operations; and Amelia Wilder, District Secretary.

### 2. IMPROVEMENTS STAFF REPORT

Mr. Fritschi discussed the following topics:

#### A. CIP Matrix

Mr. Fritschi presented the Matrix with the current CIP projects.

#### B. Granlees Raw Water Intake Improvements Status

This project has been released for bids. Mr. Fritschi hopes to present the bids at the April Improvements meeting.

#### C. Clementia Potable Use Investigation – West Yost & Associates

Mr. Fritschi informed the Committee that an anticipated memo had not been received from the consultant, and this topic will be on the agenda for the April Improvements Committee meeting.

#### D. Updated Integrated Water Master Plan Schedule

Mr. Fritschi informed Director Pohll that the Board will be provided with a staff memo prior to model scenario review.

### 3. COMMENTS FROM THE PUBLIC

John Merchant informed the Committee that the developer for Rancho North and the proposed development (39 Acres) adjacent to the District Admin Office, which has been included in the Rancho North development, filed a revision to the plan with Sacramento County.

### 4. DIRECTOR AND STAFF COMMENTS

None.

### 5. ADJOURNMENT

The meeting was adjourned at 8:15 a.m.

**MEMORANDUM**

DATE: March 14, 2024  
TO: Board of Directors  
FROM: Mark Matulich, Director of Finance and Administration *WRM*  
SUBJECT: Receive and File Check Journal

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Attached is a list of checks issued from Banner Bank numbered 001015 through 001098 between February 1, 2024 and February 29, 2024. Invoices were presented by departments, reviewed by administration staff and subsequent checks were issued. All checks were in conformity with the District's policies and procedures. Monies were available to pay the amounts listed.

The Board is asked to receive and file this information.

**FISCAL ANALYSIS**

Eighty-four checks totaling \$322,749.69 were issued and seventeen (17) were voided between February 1, 2024 and February 29, 2024.

**ATTACHMENT**

Accounts Payable Vendor Check Register Report from February 1, 2024 and February 29, 2024.

Ranges: From: To: From: To:  
 Check Number First Last Check Date 2/1/2024 2/28/2024  
 Vendor ID First Last Checkbook ID BANNER BANNER  
 Vendor Name First Last

Sorted By: Checkbook ID

\* Voided Checks

Check Number	Check Date	Vendor	Checkbook ID	Amount
001015	2/7/2024	Aramark Uniform & Career Apparel, LLC	BANNER	\$433.49
001016	2/7/2024	Aramark Uniform & Career Apparel, LLC	BANNER	\$228.57
001017	2/7/2024	Batteries Plus Bulbs	BANNER	\$285.21
001018	2/7/2024	Clark Pest Control	BANNER	\$739.00
001019	2/7/2024	CIT	BANNER	\$475.22
001020	2/7/2024	Folsom Lake Ford, Inc.	BANNER	\$759.01
* 001021	2/7/2024	Greenfield Communications	BANNER	\$777.99
001022	2/7/2024	Hastie's Capitol Sand and Gravel Co.	BANNER	\$735.95
* 001023	2/7/2024	Intelligent Technical Solutions, LLC	BANNER	\$7,511.62
001024	2/7/2024	JWC Environmental	BANNER	\$26,637.50
001025	2/7/2024	Pacific Copy & Print	BANNER	\$471.95
001026	2/7/2024	Pace Supply Corp	BANNER	\$6,312.64
001027	2/7/2024	Rancho Murieta Association	BANNER	\$366.00
001028	2/7/2024	River City Rentals	BANNER	\$240.88
001029	2/7/2024	SIERRA VALLEY CONTRACTORS	BANNER	\$7,274.50
001030	2/7/2024	Solitude Lake Management LLC	BANNER	\$2,366.00
001031	2/7/2024	Streamline	BANNER	\$375.00
001032	2/7/2024	Univar USA Inc.	BANNER	\$3,305.30
001033	2/7/2024	UPS	BANNER	\$77.37
001034	2/7/2024	Wilmington Trust	BANNER	\$1,800.00
001035	2/7/2024	Lehr Auto Electric	BANNER	\$6,271.41
* 001036	2/14/2024	ABS Direct	BANNER	\$3,006.11
* 001037	2/14/2024	Applications By Design, Inc.	BANNER	\$1,260.00
* 001038	2/14/2024	Bartkiewicz, Kronick & Shanahan	BANNER	\$8,856.33
* 001039	2/14/2024	California Laboratory Services	BANNER	\$2,109.00
* 001040	2/14/2024	Caltronics	BANNER	\$144.90
* 001041	2/14/2024	California Waste Recovery Systems	BANNER	\$105,673.14
* 001042	2/14/2024	Hannah Walker	BANNER	\$173.08
* 001043	2/14/2024	Les Schwab Tires	BANNER	\$1,523.12
* 001044	2/14/2024	Nicolay Consulting Group	BANNER	\$6,900.00
* 001045	2/14/2024	Ron Greenfield	BANNER	\$200.00
* 001046	2/14/2024	State of California	BANNER	\$120.00
* 001047	2/14/2024	Thatcher Company	BANNER	\$3,490.00
* 001048	2/14/2024	USA Blue Book	BANNER	\$4,191.88
* 001049	2/14/2024	Greenfield Communications	BANNER	\$329.00
001050	2/14/2024	ABS Direct	BANNER	\$3,006.11
001051	2/14/2024	Applications By Design, Inc.	BANNER	\$1,260.00
001052	2/14/2024	Bartkiewicz, Kronick & Shanahan	BANNER	\$8,856.33
001053	2/14/2024	California Laboratory Services	BANNER	\$2,109.00
001054	2/14/2024	Caltronics	BANNER	\$144.90
001055	2/14/2024	California Waste Recovery Systems	BANNER	\$105,673.14
001056	2/14/2024	Hannah Walker	BANNER	\$173.08
001057	2/14/2024	Les Schwab Tires	BANNER	\$1,523.12
001058	2/14/2024	Nicolay Consulting Group	BANNER	\$6,900.00
001059	2/14/2024	Ron Greenfield	BANNER	\$200.00
001060	2/14/2024	State of California	BANNER	\$120.00
001061	2/14/2024	Thatcher Company	BANNER	\$3,490.00
001062	2/14/2024	USA Blue Book	BANNER	\$4,191.88
001063	2/14/2024	Greenfield Communications	BANNER	\$329.00
001064	2/14/2024	LUXURY CLEANING SERVICE	BANNER	\$2,000.00
001065	2/21/2024	Adkins Consulting Engineering, LLP	BANNER	\$5,297.50
001066	2/21/2024	APS Environmental	BANNER	\$11,900.00
001067	2/21/2024	Aramark Uniform & Career Apparel, LLC	BANNER	\$462.49
001068	2/21/2024	Brower Mechanical, Inc	BANNER	\$434.00
001069	2/21/2024	California Laboratory Services	BANNER	\$4,162.00
001070	2/21/2024	CHICAGO TITLE COMPANY	BANNER	\$192.40
001071	2/21/2024	Domino Solar LTD	BANNER	\$10,360.62
001072	2/21/2024	FIDELITY NATIONAL TITLE	BANNER	\$216.00

\* Voided Checks

Check Number	Check Date	Vendor	Checkbook ID	Amount
001073	2/21/2024	Folsom Lake Ford, Inc.	BANNER	\$1,005.46
001074	2/21/2024	Gempler's, Inc.	BANNER	\$180.47
001075	2/21/2024	Les Schwab Tires	BANNER	\$3,513.82
001076	2/21/2024	Platinum Escrow Inc	BANNER	\$125.68
001077	2/21/2024	Robert Pritchard	BANNER	\$560.00
001078	2/21/2024	Sheri Anne Gamble	BANNER	\$100.00
001079	2/21/2024	Univar Solutions USA Inc	BANNER	\$4,239.36
001080	2/28/2024	Accounting & Association Software Group	BANNER	\$438.75
001081	2/28/2024	Acme Engineering Products Inc	BANNER	\$2,189.92
001082	2/28/2024	Aqua-Metric Sales Company	BANNER	\$421.03
001083	2/28/2024	Aramark Uniform & Career Apparel, LLC	BANNER	\$622.84
001084	2/28/2024	CHICAGO TITLE COMPANY	BANNER	\$217.56
001085	2/28/2024	Corrpro Companies, Inc.	BANNER	\$840.00
001086	2/28/2024	County of Sacramento	BANNER	\$74.00
001087	2/28/2024	Domenichelli and Associates, Inc	BANNER	\$38,905.00
001088	2/28/2024	Folsom Lake Ford, Inc.	BANNER	\$1,652.37
001089	2/28/2024	Gempler's, Inc.	BANNER	\$56.02
* 001090	2/28/2024	Intelligent Technical Solutions, LLC	BANNER	\$14,504.40
001091	2/28/2024	JWC Environmental	BANNER	\$26,637.50
001092	2/28/2024	Les Schwab Tires	BANNER	\$1,608.25
001093	2/28/2024	OCT Water Quality Academy	BANNER	\$625.00
001094	2/28/2024	Rancho Murieta Association	BANNER	\$520.94
001095	2/28/2024	Stratus Environmental, Inc	BANNER	\$4,434.02
001096	2/28/2024	USA Blue Book	BANNER	\$495.20
001097	2/28/2024	Wagner & Bonsignore Consulting Civil Engine	BANNER	\$1,028.75
001098	2/28/2024	Amelia Wilder	BANNER	\$101.18
Total Checks: 84				Total Amount of Checks: \$322,749.69

## MEMORANDUM

Date: March 20, 2024  
To: Board of Directors  
From: Michael Fritschi, P.E. – Operations Director  
Subject: **Consent Calendar Item C**– Approval of 6-month extension to District Engineering Contract for On-Call Engineering Services with Domenichelli & Associates

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### Proposed Action

Approval to extend existing contract for “On-Call” District Engineering Services with Domenichelli & Associates ending March 19, 2024 to September 18, 2024.

### History

The District held a competitive request for proposal (RFP) process in the spring of 2021 to secure “On-Call” District Engineering Services. The District selected the engineering firm Domenichelli & Associates (D&A) and entered into a three-year agreement with this firm on March 19, 2021. The agreement is set to expire on the 19<sup>th</sup> of March 2024.

While staff feel that while D&A have performed and represented the District well, the District will exercise its due diligence for competitive pricing and service and will be putting out an RFP for “On-Call” District Engineering Services in the spring of this year. A six-month extension will allow the District and proposers time to participate in the RFP proposal and selection process.

D&A have not increased their rates from the existing rates set forth in March of 2021 and will honor those rates for all existing task orders. Any new task orders approved after March 19, 2024 will be at the attached updated billing rates. The rates are due to increase ranging from 3-11% depending on the Job Title being billed.

**Amendment No. 1  
To Rancho Murieta Community Services District  
Services Agreement**

This Amendment No. 1 (“Amendment”) is made effective March 20, 2024, by and between Rancho Murieta Community Services District, a local government agency (“District”), and Domenichelli & Associates, Inc., a California Corporation (“Contractor”), who agree as follows:

1. **Recitals.** This Amendment is made with reference to the following background recitals:
  - 1.1. The parties entered into that certain Services Agreement (“Agreement”) effective March 19, 2021.
  - 1.2. Section 3.1 of the Agreement states that the Agreement shall remain in effect for a term of three years, unless terminated sooner.
  - 1.3. The Agreement is set to expire on March 19, 2024. The District and Contractor desire to extend the term of the Agreement on the terms and conditions set forth in this Amendment.
  - 1.4. The parties now agree to amend the Agreement, as set forth below.
2. **Update to Contractor’s Fee Schedule, Exhibit B.** Contractor’s existing fee schedule in Exhibit B to the Agreement shall apply to all tasks initiated prior to the effective date of this Amendment. Contractor's updated fee schedule in Exhibit B-1 to this Amendment shall apply to all tasks initiated subsequent to the effective date of this Amendment.
3. **Amendment to Section 3, Term.** Subsection 3.1 of Section 3, Term, in the Agreement is amended to extend the term of the Agreement to the end of the workday on September 18, 2024, unless terminated sooner.
4. **No Effect on Other Provisions.** Except for the amendments stated above in Sections 2 and 3, the remaining provisions of the Agreement are unaffected and remain in full force and effect.

[Signatures on Following Page]



ATTEST:

Rancho Murieta Community Services District

By: \_\_\_\_\_  
Amelia Wilder  
Board Secretary

By: \_\_\_\_\_  
Melinda Morris  
General Manager

Domenichelli & Associates

By: \_\_\_\_\_  
Joe Domenichelli  
President

**EXHIBIT B-1**  
**Contractor's 2024 Fee Schedule**

EXHIBIT B-1

<b>Job Title</b>	<b>2024 Rate (\$/hr)</b>
<b>Project Principal 1</b>	<b>\$205.00</b>
<b>Project Principal 2</b>	<b>\$198.00</b>
<b>Project Manager 1</b>	<b>\$190.00</b>
<b>Project Manager 2</b>	<b>\$180.00</b>
<b>Senior Engineer 1</b>	<b>\$173.00</b>
<b>Senior Engineer 2</b>	<b>\$164.00</b>
<b>Project Engineer 1</b>	<b>\$154.00</b>
<b>Project Engineer 2</b>	<b>\$138.00</b>
<b>Staff Engineer 1</b>	<b>\$128.00</b>
<b>Staff Engineer 2</b>	<b>\$121.00</b>
<b>Senior CAD Drafter</b>	<b>\$126.00</b>
<b>CAD Drafter 1 / Intern</b>	<b>\$110.00</b>
<b>Construction Manager</b>	<b>\$175.00</b>
<b>Inspector</b>	<b>\$155.00</b>

# MEMORANDUM

Date: March 20, 2024  
To: Board of Directors  
From: Mimi Morris, General Manager  
Subject: General Manager's Report

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## IMPROVING CUSTOMER SERVICE

### Tracking Communications

PRAs and General Questions received in 2024 are attached.

### Comprehensive Communications Strategy

The Communications Committee finalized work on a document that can govern an overall communication strategy for the District. The comprehensive strategy or plan includes 15 specific communication areas like establishing goals and objectives, determining best communication channels, and ensuring a feedback mechanism for customers. Attached is a copy of the strategy finalized at that meeting. The Committee invites the rest of the Board to evaluate the document and share their thoughts. The document is considered a framework which can be used to establish District communications and a quarterly review of the strategy was recommended.

### Customer Service

The District continues to develop strategies to handle the voluminous amount of paper checks that come in each month. A multi-document scanner has been very helpful, but there is still a large amount of manual effort to tie those payments to the right account. We are fine-tuning some solutions in this regard, but encourage all residents, including Board Members, to try out the Auto-Pay aka Bank Draft approach to paying their monthly service bills. Automated payments are free, unlike credit card-based payments, and are 100% effective at assigning customer payments to customer accounts.

## DEVELOPING DISTRICT STAFF

### Trainings

Our risk pool provider requires that management and technical staff take certain supervisorial and risk reduction trainings that they provide free of charge to the District. Staff have been spending time taking the required courses.

## STRENGTHENING FINANCIAL POSITION

As I always say, the District's stable financial condition is a key goal.

Today we will present an overview of the expected operational costs for the coming fiscal year. These costs include salaries and wages, benefits, power, fuel, chemicals, permits, engineering services, vehicle maintenance and repairs, etc. The calculations are complex for many of these items due to the many parts that comprise the whole cost. For example, personnel costs include salary increases, health care cost increases, pension cost increases, and expenses for retirees for both medical insurance and pensions. The effort to accurately tabulate these elements is currently fairly manual and we are working to both simplify and automate the calculations to save time and improve accuracy.

Similarly, the budget process includes calculations of expected revenues for the coming year. These are similarly complex because there are many revenue streams and there are many different rates for both residential and nonresidential customers. An overhaul to simplify and clarify these rates is needed, but can't

be done right now due to time constraints from other objectives like the 218 Notice Schedule and the outstanding audits. We will circle back to these after the audits are finalized.

Another item which we are leaving as is for now is the specific format of the budget. In the future, we will be preparing the budget in the same format as the Financial Reports and our monthly Budget to Actual reports for ease of reference and continuity.

In addition to being different from our financial reports and our Budget to Actual reports, the current format is problematic because it includes in Revenues funding that is specifically dedicated and even restricted to a particular use. These funds may be shown as being transferred out, but when they are not, they mask the financial realities of that enterprise's operations because they can cloud the bottom line.

This happened last year and the year before for Water, which had an operating deficit of over \$500,000. The true deficit was obscured due to the application of property tax revenues of over \$400,000, leaving a deficit of just over \$100,000.

This year, our first effort is to include only the "spendable, unrestricted" revenues against the needed operational resources. We then can see the operational health of that unit before deciding whether to raise rates or redirect property taxes to fill the gap. This approach is being applied across the board to all the funds.

That approach leads us to recommend rate increases in Water, Wastewater, and Solid Waste to fully cover the respective operating costs of those areas. These rate increase proposals are higher than we would have liked and we will continue to evaluate both the revenue and expense numbers in the next several weeks. However, due to the notification requirements of Proposition 218, we need to release a notice in the next few days regarding proposed increases. This timeline is due to the 45-day window required between the initial publication of the notice and the first reading of the budget. Our first budget reading will be on May 15<sup>th</sup>. We will go over the draft 218 Notice more fully later in this meeting.

Crafting a balanced budget helps the District to safeguard both property taxes and dedicated reserve contributions for our overall reserve growth. The Sacramento Grand Jury's estimate of roughly \$10 million, seems to have been a ballpark number. In late April we are expecting a report on the overall long-term infrastructure replacement needs from the Lumos group. That report will help inform the full amount needed in our reserves.

In addition to knowing the target reserve amount, it is essential to have as complete an understanding of the various revenue streams and expenses as possible and to have clarity about which revenue streams are restricted toward rebuilding reserves. To that end, we will be revising the Reserve Policy in the next month to be more explicit regarding the dedicated funding streams.

### **ENSURING WATER QUALITY AND ACCESS**

The third and final phase of the Integrated Water Master Plan is upon us. The consultants will present the board with options next month and a Town Hall is planned for the community on May 30<sup>th</sup> at the Country Club. Michael will present details on our Operations unit.

### **KEEPING THE ENTIRE RANCHO MURIETA COMMUNITY SAFE**

We are juggling a lot of balls with the departure of Kelly Benitez. We have also lost two part-time gate officers and will be inviting applications for those important, back-up coverage slots. We encourage members of the community who are looking for part-time work to apply to be part-time gate officers. Details

will be up on our website soon. We hope to reinstate the security logs by mid to late April as we integrate additional or better technology to diminish the manual nature of that reporting.

### **GRAND JURY REPORT ANNIVERSARY**

March 15<sup>th</sup>, 2024 marked one year since the release of the Sacramento County Grand Jury report which outlined a dozen findings and at least as many corresponding recommendations for the District. Staff are still finalizing a report on the progress made in the 12 months following publication of the report and we hope to have that ready next month.

# Report of INFORMATION REQUESTS COMPLETED OR IN PROCESS TO DATE

## 3 COMPLETED REQUESTS

			Request Type		
ID	Name of Requester	Question or Request	Any incident and/or fire department records, 911 audio and CAD logs from October 5, 2023 at the Equestrian Center.	PRA	3/5/2024
2024.004	Claudia Lomeli				
ID	Name of Requester	Question or Request	Unredacted CSD security log including all entries between October 1, 2023 and January 16, 2024. Please note that I am requesting and UNREDACTED copy.	PRA	2/15/2024
2024.003	Richard Gehrs				
ID	Name of Requester	Question or Request	Project Name: Capital Improvement Planning and Water & Wastewater Rate Study Bid Number: n/a; Due Date: 7/12/23; Contract Number: n/a Awarded Vendor Name, Address, Phone, Award Amount:	PRA	1/10/2024
2024.001	Deltek Public				

## 1 WITHDRAWN REQUESTS

			Request Type		
ID	Name of Requester	Question or Request	Any incident and/or fire department records, 911 audio and CAD logs from October 5, 2023 at the Equestrian Center.	PRA	2/20/2024
2024.002	Susan Kim Igo				

## MEMORANDUM

Date: March 20, 2024  
To: Board of Directors  
From: Mark Matulich, Director of Finance and Administration  
Subject: Finance Report

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### **FINANCIAL REPORTS:**

As of February 29, 2024, operating revenues exceeded operating expenses by approximately \$25k. Operating revenues are on budget. Cost management is a priority of the District in FY 23-24 and this is evidenced by YTD operating expenses which are approximately 7% below budget. Savings like this are important to the success of the District and will ultimately help fund capital improvement projects and build reserves.

When reviewing year-to-date results, it is important to note that operating results could fluctuate due to seasonality. The remaining budget on CIP projects amounted to approximately \$1.5M as of February 29, 2024.

### **BUDGET:**

The FY 24-25 budget is in process and Staff prepared estimates of revenue and expenses. This information was used to derive the proposed rate increases which will appear in the Prop 218 notice to be discussed later in tonight's meeting.

### **AUDIT:**

The FY 20-21 audit is complete, and the report is posted on the District's website. Staff reviewed the audit with the Finance Committee at the February 29, 2024 Finance Committee Meeting.

The District received a qualified opinion on two of the District's five funds (Water and Waste Water) because the District did not record the value of infrastructure turned over by developers at the completion of development projects over the past several years. The District currently has a procedure in place to value and account for infrastructure turned over by developers. Researching and accounting for infrastructure which was turned over years ago will be a longer term project. The District received an unqualified opinion on its other three funds (Drainage, Solid Waste, and Security). Other highlights include:

- Reserves for capital projects amounted to \$7.9 million at 6/30/21.
- The District operated at a loss in 20-21, with expenses exceeding revenues by almost \$324k. This was an improvement over 19-20 which had a loss of just over \$970k. Administrative costs were a significant portion of total expense in both years, and the District is working to rein in these costs to keep administrative expenses at a more reasonable level.

Staff have begun work on the FY 21-22 and FY 22-23 audits.



**RANCHO MURIETA CSD**  
**BUDGET TO ACTUAL REPORT**  
As of February 29, 2024  
All Funds

	Budget 2023-2024	100 Admin	200 Water	250 Wastwater	260 Drainage	400 Solid Waste	500 Security	Total Year to Date	% of Budget	Remaining Budget 2023-2024
<b>Operating Revenue</b>										
Residential fees	7,151,819	-	1,654,487	1,139,870	130,247	934,696	842,924	4,702,224	66%	2,449,595
Commercial fees	978,610	-	275,360	124,650	19,609	-	170,732	590,351	60%	388,259
Late fees and penalties	38,100	-	-	-	-	-	-	-	0%	38,100
Other charges	130,820	-	34,628	13,867	-	-	14,917	63,412	48%	67,408
Total operating revenue	8,299,349	-	1,964,474	1,278,387	149,857	934,696	1,028,573	5,355,987	65%	2,943,362
<b>Operating Expenses</b>										
Salaries	2,956,858	571,811	412,172	298,385	17,019	-	535,406	1,834,792	62%	1,122,066
Benefits and pension	1,440,066	201,988	147,546	116,305	12,850	-	179,624	658,312	46%	781,754
Insurance	41,081	-	73,878	65,670	-	-	65,670	205,217	500%	(164,136)
Professional services	873,100	225,994	79,176	34,307	12,780	-	1,572	353,829	41%	519,271
Materials and supplies	500,700	21,569	164,656	49,178	-	-	589	235,992	47%	264,708
Maintenance and repairs	638,100	44,758	292,551	240,001	11,869	-	42,957	632,136	99%	5,964
Contract sub-hauler	1,259,167	-	-	-	-	829,905	-	829,905	66%	429,262
County surcharge	94,176	-	-	-	-	45,228	-	45,228	48%	48,948
Utilities	440,000	21,731	127,127	66,219	2,296	-	29,764	247,137	56%	192,863
Other expenses	541,830	131,503	56,245	71,395	-	-	29,502	288,645	53%	253,185
Total operating expenses	8,785,078	1,219,355	1,353,350	941,459	56,814	875,133	885,083	5,331,194	61%	3,453,884
Budgeted expenses by fund YTD	67%	1,364,205	1,650,548	928,471	147,796	929,616	836,083	5,856,719		
Budgeted expenses by fund FY 23-24	100%	2,046,308	2,475,822	1,392,706	221,694	1,394,424	1,254,124	8,785,078		
<b>Net Income (Loss) from Operations</b>										
PRE-Allocation of Admin Overhead	(485,729)	(1,219,355)	611,124	336,928	93,043	59,563	143,490	24,793		
Allocation of admin overhead		1,219,355	(634,064)	(329,226)	(36,581)	(48,774)	(170,710)	-		
Indirect cost rate (ICR# 2)			52%	27%	3%	4%	14%	100%		
<b>Net Income (Loss) from Operations w OH</b>	(485,729)	-	(22,940)	7,702	56,462	10,789	(27,220)	24,793		
<b>Non-operating Revenue (Expenses):</b>										
Property tax assessments	818,000	-	283,333	188,667	40,000	-	33,333	545,333	67%	272,667
Interest and investment earnings	45,350	-	150,179	109,740	16,499	8,209	22,079	306,707	676%	(261,357)
Water plant debt	159,651	-	-	-	-	-	-	-		
Water plant debt	(159,651)	-	-	-	-	-	-	-		
Total Non-operating Rev/Exp	863,350	-	433,512	298,407	56,499	8,209	55,412	852,040	99%	11,310
<b>Net Income (Loss) Pre-Capital Contrib.</b>	377,621	-	410,572	306,109	112,962	18,998	28,192	876,833		
<b>Capital Contributions</b>										
Capital replacement reserve fees	896,280	-	305,722	326,694	-	-	-	632,416	71%	263,864
Debt reserve fees	196,400	-	125,512	-	-	-	-	125,512	64%	70,888
Water augmentation fees	324,862	-	119,448	-	-	-	-	119,448	37%	205,414
Capital improvement fees	226,570	-	34,916	48,392	-	-	1,429	84,737	37%	141,833
Security impact fees	3,888	-	-	-	-	-	-	-	0%	3,888
Total Capital Contributions	1,648,000	-	585,599	375,086	-	-	1,429	962,114	58%	685,886
<b>Total Net Income (Loss)</b>	2,025,621	-	996,170	681,195	112,962	18,998	29,621	1,838,947		
<b>Capital Expenditures</b>										
Water and rate studies	600,000	-	159,299	18,641	-	-	-	177,940	30%	422,060
Capital improvement	1,708,251	-	219,500	409,905	545	-	-	629,949	37%	1,078,302
Total Capital Expenditures	2,308,251	-	378,799	428,546	545	-	-	807,889	35%	1,500,362
<b>Total Results from Operations</b>	(282,630)	-	617,372	252,649	112,417	18,998	29,621	1,031,057		

**Revenue and Expense per Budget Presentation**

Total Budgeted Revenue (All Categories)	10,970,350
Total Budgeted Expense and CIP	11,252,980
Total Results from Operations	(282,630)

**6C Security Report - Pending**

## MEMORANDUM

Date: March 20, 2024  
To: Board of Directors  
From: Michael Fritschi, P.E. Director of Operations  
Subject: Utility Report

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### WATER

#### Water Treatment Facility

Plant 2 is now in operation and is currently producing potable water at a rate of 1 million gallons per day. Plant 1 is currently offline for winter maintenance.

#### Water Consumption

As of February 29, 2024, the total potable water production for 2024 is 133 acre-ft.

#### Raw Water Storage & Delivery

The total water currently stored between Clementia, Chesbro, and Calero is 4,152.5 acre-ft as of February 29, 2024. The District began pumping from the Cosumnes on the 6<sup>th</sup> of November and has pumped a season total of 1,384 acre-ft as of February 29, 2024.

*Table 1. Current water and wastewater storage as of February 29, 2024*

	<b>acre-ft March 2024</b>	<b>acre-ft full</b>	<b>%full</b>
Clementia Storage	929.4	907.1	102.46%
Chesbro Storage	902.0	1027.0	88%
Calero Storage	2321.1	2323.3	100%
<b>Total of all Raw Water Reservoirs</b>	<b>4152.5</b>	<b>4257.4</b>	<b>98%</b>
Wastewater Storage Reservoir available for production	348.5	796.3	44%

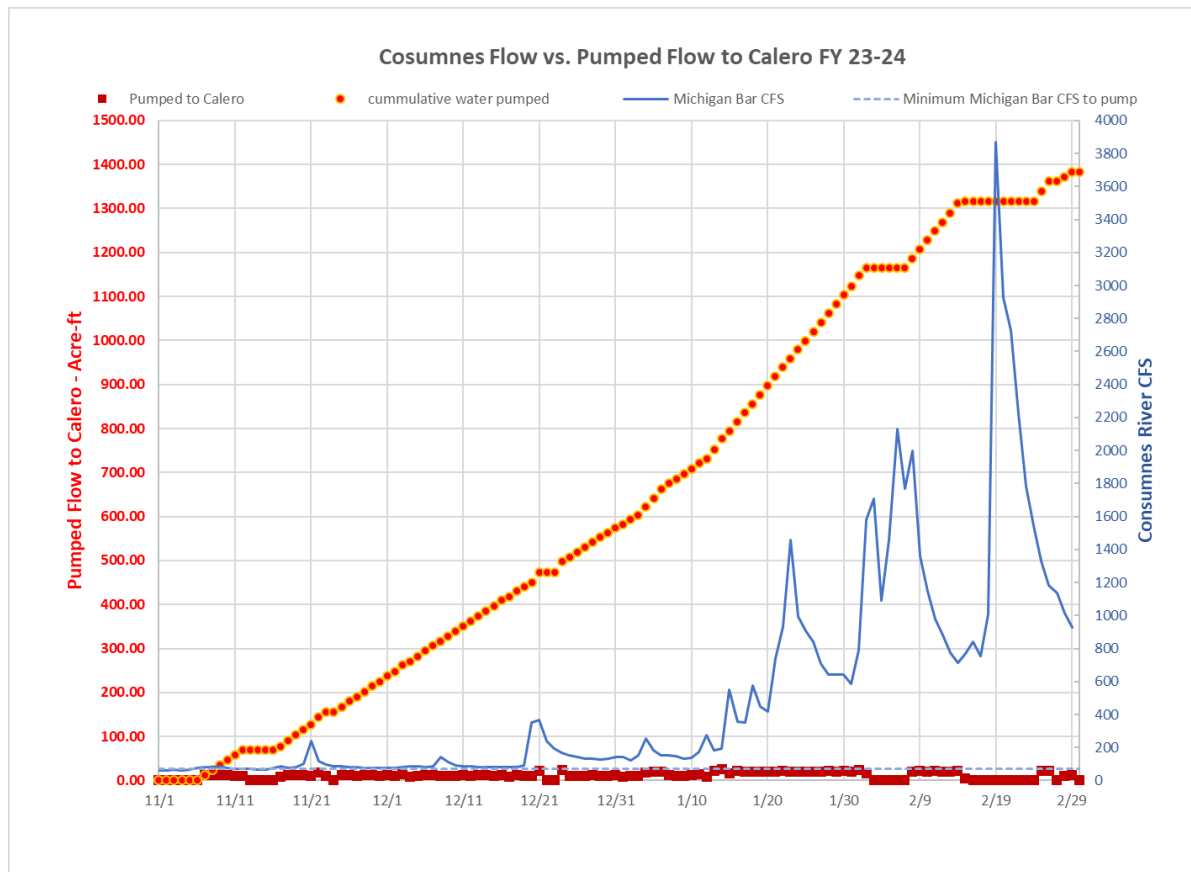


Figure 1. Cumulative Raw Water Pumping and Cosumnes River Flow Water Year 23-24'

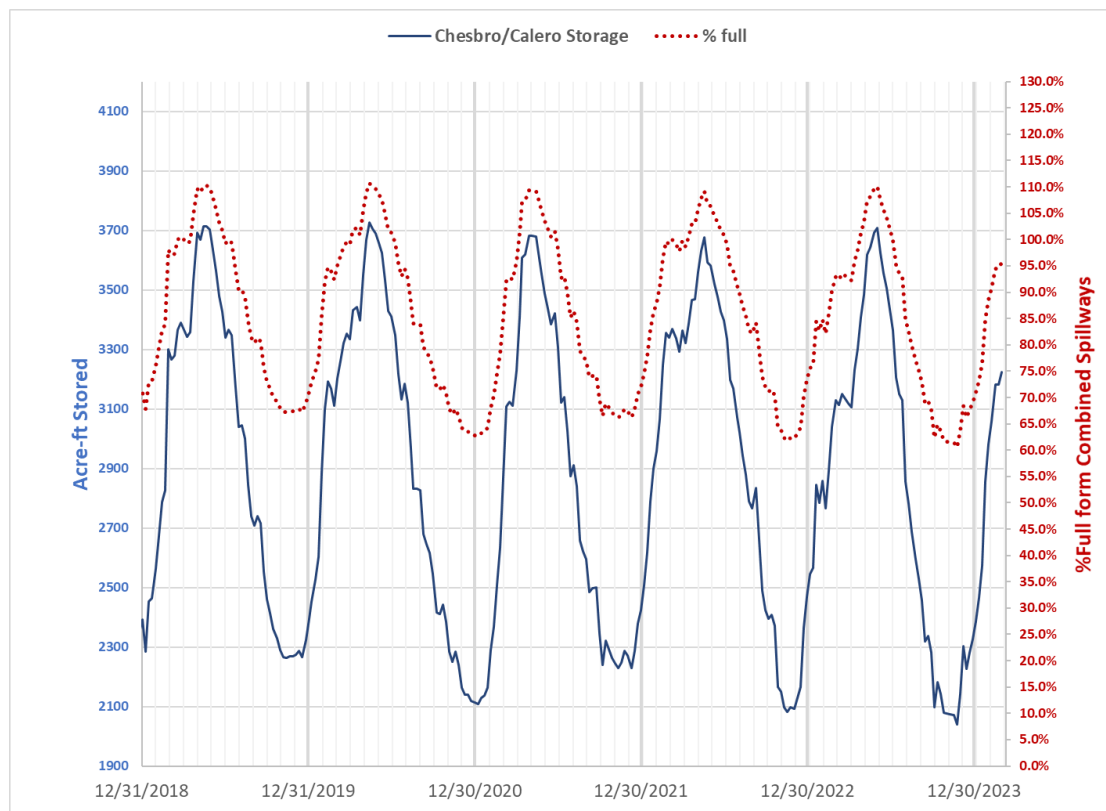


Figure 2. Five-year Combined Chesbro / Calero Storage Curves

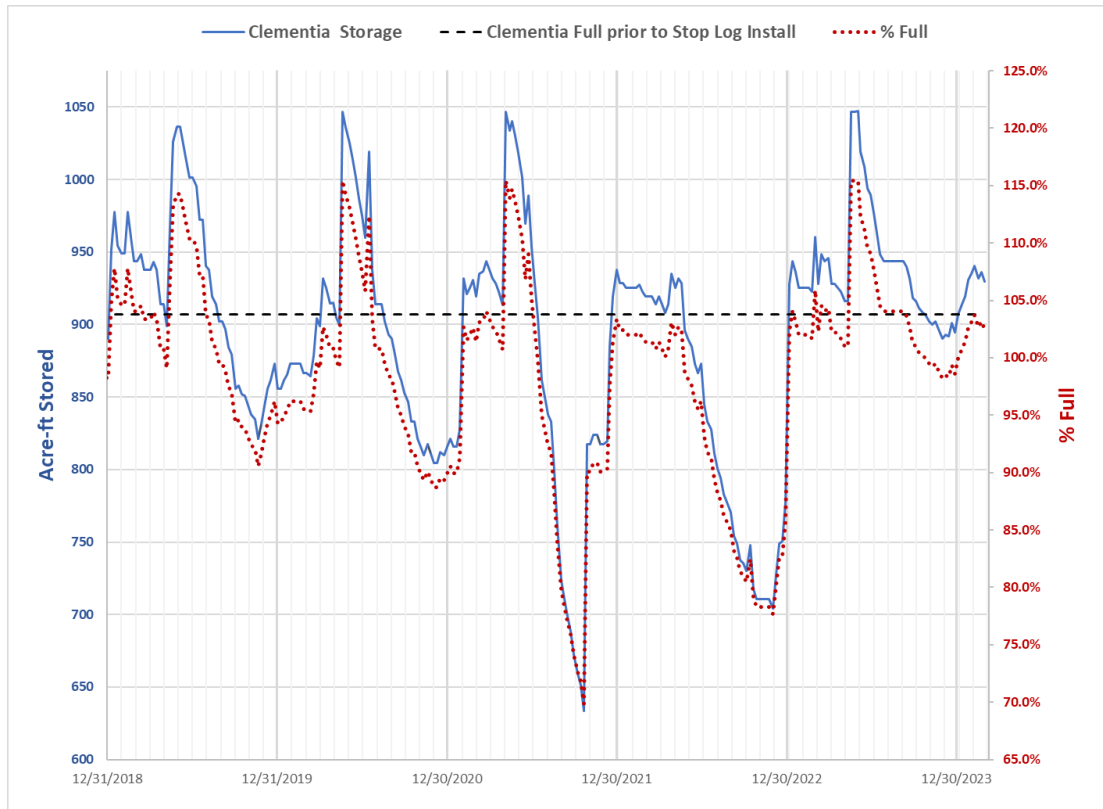


Figure 3. Five-year Clementia Storage Curves

Clementia Potable Water Investigation Technical Memorandum – West Yost & Associates

A technical memorandum is anticipated to be received the week of March 11<sup>th</sup> by West Yost and Associates and will be presented to the Improvement Committee memorializing the discussions with the state water board regarding the use of Clementia Reservoir for potable water storage. According to the discussions with the water board, there is a path to applying to utilize Clementia reservoir for potable water storage on an emergency non-body-contact basis and a more regular body-contact basis. The memo will outline the path to achieving each option.

The contract amount for the for the initial investigation is \$15,400, to date \$13,910 has been spent. This scope of work is set to finish within budget.

## **SEWER**

### Wastewater Facility

The tertiary process of the wastewater facility is currently offline for the season. The current average influent flow to the wastewater facility for February was 0.54 million gallons per day.

### **UTILITY CREW WORK**

- 1) The Utility crew responded to seven work orders in the month of February. Work orders are for final reads, rebates, meter swaps request, issues with homeowner water usage concerns and water lock offs and or restore a water service.
- 2) The District crew completed 14 field markings for 811 USA locations.
- 3) One homeowner called for water related issues needing water shut off for a private water leak repair.
- 4) The District crew repaired two water leaks in the month of February. One of the water leaks in the south became an issue when the crew had to trench the roadway to install two replacement service lines. This is normally a one-day project but because of poor prior installation, the job took two and a half days to complete. The other leak is still under investigation and is believed to be a leak on the homeowner's side of the meter under a driveway.
- 5) One water meter was replaced in February along with one smart point sending unit. There have been a lot of problems with meters being read the past few months, these issues are in the process of resolved internally.
- 6) There were 3 sewer issues called in in the month of February. All consisted of private issues and owners were notified to have the issues resolved.
- 7) The drainage system was inspected twice in the month of February for units 1, 2, 3 & 4 and the Chesbro protection ditch. Inspection includes removing debris from ditches and observing drainage to be free and clear.
- 8) Utility staff spent several days removing sludge from the water plant and moving it to the wastewater plant in the month of February.
- 9) Several days were spent digging and backfilling trenches for electrical services at basin #5 (lost lake). This portion of the job is now complete, and the aerators are all working correctly. The District still needs to get the fountain back in operation.

Work planned for March:

- a) We have two water leaks to be repaired, one in the north and one in the south.
- b) Locate sewer main and lateral in common area for RMA.
- c) Replace 2" meter in the Murieta Village.
- d) Begin weed removal in all drainage ditches

## **FY23-24 CAPITAL IMPROVEMENTS PROGRAM (CIP) UPDATE**

Information for capital projects has been updated for the current fiscal year 23-24. The attached matrix has been created to track and maintain the status of projects.

### **Integrated Water Master Plan (IWMP) Update**

**April 17<sup>th</sup> Board Meeting** – Consultants will provide a refresh on phase 1 & 2 of the IWMP and present the scenario model to Board. Model scenarios can be reviewed in real time based on selection of alternatives, assumptions, and potential policy options.

**May 15<sup>th</sup> Board meeting** – Consultants will work with the Board on a scenario model review. The Board will review specific alternatives, assumptions, and policy options based on model simulations for inclusion in the draft plan.

**May 30<sup>th</sup> Townhall** – The Scenario model will be presented to public at the Country Club Murieta Room. Mr. Booth will be the moderator.

**July 17<sup>th</sup> Board meeting** – The Board will select model scenario options for inclusion in the draft plan. The resulting IWMP (CIP) projects from the selected alternative options will be presented to the Board.

**Subsequent Draft IWMP and formal IWMP acceptance meetings** – These times have yet to be scheduled.

### **SB 170 Projects Update**

The Granlees project has been submitted to bid as of February 29. Bids will be collected until 3PM on April 1, 2024. A non-mandatory pre-bid conference was held on March 13<sup>th</sup> at 10:00 a.m. A total of 13 construction companies attended the non-mandatory pre-bid conference. The District posted the invitation to bid on the Sacramento Builders Exchange, Construct Connect, CSDA, District website, and the invitation has also been sent directly to several local contractors.

The Environmental subcontractor is in the process of preparing a categorical exemption for Board approval to satisfy the California Environmental Quality Act (CEQA) and is evaluating any other potential permitting needs for the work to be completed.

### **20 Year Capital Improvements Planning Update – Lumos & Associates**

Lumos and Associates is in the process of submitting a draft 20-year capital improvements plan. This plan catalogues future and existing water and wastewater infrastructure and provides a cost and timeline for replacement over a 20-year period. The resulting capital improvement/replacement plan becomes a road map for the theoretical capital investment required to maintain District infrastructure in a functional state.

The contract amount for the capital Improvement Plan (and 5-year rate study) is \$159,437. The District has placed the 5-year rate study on hold at this time. Currently \$31,000 has been spent and a draft CIP will be reviewed and presented to the improvements committee in May of 2024.

## **DEVELOPMENT**

**Retreats North & East** – The District is in the process of working with the Developer to release additional service connections based on the terms of the Interim Security Agreement.

Total build out lots: 62          Total Existing Connections: 40

**Residence of Murieta Hills East & West** – The District has reviewed the drainage, sewer, and grading plans and has provided comments to the developer.

Total build out lots: 198          Total Existing Connections: 0

**Riverview Phase 2** – No update

Total build out lots: 140 (phase 1 & 2)          Total Existing Connections: 0

**Rancho North** – The 39-acre parcel just east of the District office has been included in the Rancho North Subdivision Project Application with Sacramento County. The proposed addition to the development would include 160 multi-family units, 88 residential lots, urgent care, carpool, and recreational facilities.

Total build out lots: 698 (multiple phases) plus lots included in 39-acre parcel

Total Existing Connections: 0

**Murieta Gardens Commercial** – No Update



## TECHNICAL MEMORANDUM

DATE: March 15, 2024

Project No.: 997-50-23-02

SENT VIA: EMAIL

TO: Michael Fritschi, P.E.; Director of Operations  
Rancho Murieta Community Services District

FROM: Ben Klayman, PhD

REVIEWED BY: Kathryn Gies, PE, RCE #65022

SUBJECT: Use of Lake Clementia as a Drinking Water Source

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### BACKGROUND INFORMATION

The Rancho Murieta Community Services District (RMCS D) serves domestic water to a population of approximately 5,900 customers located in the foothills of the Sierra Nevada mountains east of Sacramento. RMCS D pumps water from the Consumnes River diverted at the Granlees Dam and Pumping Station during period of higher river flows and lower demands (November thru May) for storage into Calero and Chesbro Reservoirs. Calero Reservoir is the largest of the two reservoirs and can store 2,630 acre-feet of water while Chesbro can store 1,130 acre-feet of water. Because the water is used for domestic supply, body contact and gas motors are not allowed on either reservoir.

The Clementia reservoir is fed by a separate pipeline from Granlees pump station and is capable of storing 900 acre-feet of raw water up to the spillway and up to 1,000 acre-feet by placing stop logs installed at the spillway. Body-contact is currently allowed on the reservoir. In order to provide a more robust water supply portfolio by providing additional water during times of drought, it would be beneficial if the community had access to the water stored in Clementia Reservoir to which it has water rights. However, since Clementia Reservoir allows body-contact recreation, the State Water Resources Control Board – Division of Drinking Water (DDW) does not currently permit the use of the water stored in Clementia reservoir as a drinking water source.

### USE OF LAKE CLEMENTIA AS A DRINKING WATER SUPPLY

A meeting was held with DDW on November 15, 2023 to present the background info and seek clarification on whether the water stored in Lake Clementia could be used as a drinking water supply. DDW cited in California Health and Safety Code (HSC) section 115825, subdivision (b), reservoirs in which it is stated that body contact recreation cannot be permitted for domestic use unless the reservoir is specifically exempted under one of the statutory exceptions spelled out in HSC sections 115840 through 115843.6. These statutory exemptions are adopted through a state legislative process and have only been granted to a few reservoirs throughout the state. Because the Clementia reservoir does not currently have a statutory exception and it allows body contact, it cannot be permitted for domestic use.

## **OPTIONS FOR ADDRESSING DRINKING WATER USE RESTRICTIONS**

There are two options which would allow for the use of Lake Clementia as a drinking water supply.

- Bring the recreational use restrictions of Lake Clementia in line with those of Chesbro and Calero; namely by prohibiting body contact and gas motors while maintaining other type of recreation. This would allow RMCS D to apply for a permit from DDW for domestic use of Lake Clementia.
- Pursue State legislation to obtain a statutory exemption for the reservoir to allow continued use of body-contact simultaneous with domestic use.

Other options, such as restricting public use for a period of time prior to using the reservoir for domestic use in an emergency, are not likely feasible as DDW has indicated they do not have the authority to permit the reservoir for domestic use until either the legislative exemption is obtained or body contact is restricted; at which point additional lake and watershed studies would be required prior to approved use.

### **Restriction in Public Access**

If RMCS D restricted the use of Lake Clementia, it would be possible to pursue a permit for its use as a drinking water supply. RMCS D would also likely be required to complete additional lake and watershed studies to address the State’s concerns that Lake Clementia may have additional sources of contamination separate from those affecting Calero and Chesbro Reservoirs. Issues the State has raised include cattle grazing, and historical recreational usage.

DDW has additionally indicated that CEQA or other environmental review may be required and would be determined at the time of permit application review. DDW has indicated that they will provide the studies specifically required at the time of permit request.

### **Statutory Exemption**

Statutory exemptions under the HSC have previously been granted for all reservoirs in San Diego County, the Nacimiento Reservoir in San Luis Obispo County, Sly Park Reservoir in El Dorado County, Canyon Lake Reservoir in Riverside County, Bear Lake Reservoir in Alpine County and the Modesto Reservoir in Stanislaus County. The HSC makes an additional exception for reservoirs constructed and operated as part of the State Water Project. Body-contact is prohibited on all other reservoirs in the State of California which store water for domestic use.

The two most similar reservoirs to the Clementia reservoir are Sly Park Reservoir operated by El Dorado Irrigation District (EID), and the Modesto Reservoir operated by Modesto Irrigation District (MID). An example of the exemptions granted to the two reservoirs are included in Appendix A (EID) and Appendix B (MID). As part of these exemptions, the HSC places additional conditions on the use of the reservoir for domestic beyond those in place for other domestic water supply reservoirs permitted by DDW. While on the surface the additional restrictions placed on these exempted reservoirs do not appear to be overly restrictive or burdensome relative to what would typically be required, it should be noted that these conditions were established decades ago; and the restrictions placed on a reservoir seeking exemption today may be different than those established in years past.

To pursue the legislative exemption option, RMCS D would need to have further discussions with the California Office of Chief Counsel (OCC). The DDW Sacramento District Engineer has offered to facilitate these discussions as there is not a set process for evaluating and establishing an exemption. Once the

process is better defined, DDW would work together with the OCC to make the determination and set the conditions for use. Finally, if the exemption is granted, RMCS D would still need to complete the permitting process and the DDW permit requirements discussed previously would still apply.

## **RECOMMENDATIONS**

The following are recommended steps RMCS D take to further pursue use of Lake Clementia as a drinking water supply.

- Begin discussions with DDW and OCC to determine if the State is amenable to the legislative exemption and what conditions might be placed.
- Initiate conversations with other utilities which are operating a municipal reservoir with body-contact recreation under legislative exemption, such as EID and the MID.
- Begin evaluating the infrastructure improvements required to bring Lake Clementia water to the treatment plants.

CA Health and Safety Code Exempting Sly Park Reservoir  
from Restriction on Body Contact Recreation for  
Drinking Water Supplies

DRAFT

**CA Health & Safety Code Section 115842**

- a) Recreational activity in which there is bodily contact with the water by any participant is allowed in the Sly Park Reservoir provided that all of the following conditions are satisfied:
  - 1. The water shall receive complete water treatment, including coagulation, flocculation, sedimentation, filtration, and disinfection; or alternative treatment that complies with all applicable department regulations and requirements. Such treatment shall, at a minimum, comply with all state laws and department regulations and all federal laws and regulations, including, but not limited to, the federal Environmental Protection Agency Long-Term 2 Enhanced Surface Water Treatment regulations. Nothing in this division shall limit the state or the department from imposing more stringent treatment standards than those required by federal law.
  - 2. The El Dorado Irrigation District conducts a monitoring program for E. coli, bacteria and giardia, and cryptosporidium organisms at various reservoir locations and at a frequency determined by the department.
  - 3. The reservoir is operated in compliance with regulations of the department.
- b) The recreational use of that reservoir shall be subject to additional conditions and restrictions adopted by the entity operating the water supply reservoir, or by the department, that are required to further protect or enhance the public health and safety and do not conflict with regulations of the department.
- c) The El Dorado Irrigation District shall file, on or before January 1, 2005, with the department, a report on the recreational uses at Sly Park Reservoir and the water treatment program for that reservoir. That report shall include, but is not limited to, providing all of the following information:
  - 1. The estimated levels and types of recreational uses at the reservoir on a monthly basis.
  - 2. A summary of available monitoring in Sly Park Reservoir watershed for giardia and cryptosporidium.
  - 3. The sanitary survey of the watershed and water quality monitoring plan.
  - 4. An evaluation, as prescribed by the department, to determine the impact on source water quality due to recreational activities on Sly Park Reservoir, including any microbiological monitoring.
  - 5. The reservoir management plan and the operations plan.
  - 6. The annual water reports submitted to the consumers each year.
- d) The department shall prescribe the degree of treatment including, but not limited to, treatment processes necessary to abate any increased hazards resulting from body contact recreation based on information provided in the report filed pursuant to subdivision (c).

CA Health and Safety Code Exempting Modesto Reservoir  
from Restriction on Body Contact Recreation for a  
Drinking Water Supply

DRAFT

## **CA Health & Safety Code Section 115840.5**

- a) In the Modesto Reservoir, recreational uses shall not include recreation in which any participant has bodily contact with the water, unless both of the following conditions are satisfied:
  - 1. The water subsequently receives complete water treatment, in compliance with all applicable department regulations, including coagulation, flocculation, sedimentation, filtration, and disinfection, before being used for domestic purposes. The disinfection shall include, but not be limited to, ozonation.
  - 2. The reservoir is operated in compliance with regulations of the department.
- b) The recreational use may be subject to additional conditions and restrictions adopted by the entity operating the water supply reservoir or required by the department, if those conditions and restrictions do not conflict with regulations of the department and are required to further protect or enhance the public health and safety. The department shall, prior to requiring any additional conditions and restrictions, consult with the entity operating the water supply reservoir regarding the proposed conditions and restrictions at least 60 days prior to the effective date of those conditions or restrictions.
- c) The Modesto Irrigation District shall file, on or before January 1, 2002, with the Legislature, a report on the recreational uses at Modesto Reservoir and the water treatment program. The report shall include, but not be limited to, all of the following information:
  - 1. The estimated levels and types of recreational uses at the reservoir on a monthly basis.
  - 2. Levels of methyl tertiary butyl ether at various reservoir locations on a monthly basis.
  - 3. A summary of available monitoring in the Modesto Reservoir watershed for giardia and cryptosporidium.
  - 4. The sanitary survey of the watershed and water quality monitoring plan.
  - 5. An evaluation of recommendations relating to removal and inactivation of cryptosporidium and giardia as specified in the department water permit dated October 28, 1997.
  - 6. Annual reports provided to the department, as required pursuant to Sections I and IV of the department water permit dated October 28, 1997.
  - 7. An evaluation of the impact on source water quality due to recreational activities on the Modesto Reservoir, including any microbiological monitoring.
  - 8. A summary of any activities between the district and the county for operation of recreational uses and facilities in a manner that optimizes the water quality.
  - 9. The reservoir management plan and the operations plan.
  - 10. The annual water reports submitted to the consumers each year.
- d) If there is a change in operation of the treatment facility or a change in the quantity of water to be treated at the treatment facility, the department may require the Modesto Irrigation District to file a report that includes, but is not limited to, the information required pursuant to subdivision (c), and the district shall demonstrate to the satisfaction of the department that water quality will not be adversely affected.

CIP MATRIX FY 23-24 as of March 4, 2024

								TOTAL PROJECT SPENDING						
Project Number	Project Name	Original FY 23-24 Project Budget	Added in FY 23-24	Total Approved FY 23-24	Amounts approved in prior year budget	Requested Funds to complete project	Total Estimate to Project Completion	Prior Year(s)	Current Year	Spent to Date	Balance from Current Project Budget	% Spent from original budget	% Spent from current est.	Estimated % Complete
WATER (200)														
23-04-01	Granlees Safety Rehabilitation	\$ 822,000	\$ -	\$ 822,000	\$ -	\$ 110,380	\$ 932,380	\$ 45,309	\$ 31,258	\$ 76,567	745,433	9.3%	8.2%	35%
23-06-01	Rio Oso Improvement Study	\$ 61,000	\$ -	\$ 61,000	\$ -	\$ -	\$ 61,000	\$ -	\$ 465	\$ 465	60,535	0.8%	0.8%	20%
23-10-01	WTP Chlorine to NaOCI Replacement	\$ 700,000	\$ -	\$ 700,000	\$ -	\$ 136,710	\$ 836,710	\$ 181,550	\$ 17,493	\$ 199,042	500,958	28.4%	23.8%	30%
23-20-01	*Integrated Water Master Plan (INCLUDED IN OPERATING BUDGET)	\$ 200,000	\$ 72,632	\$ 272,632	\$ 135,737	\$ -	\$ 408,369	\$ 138,038	\$ 157,709	\$ 295,748	112,621	147.9%	72.4%	65%
24-200-01	Water portion of CIP/5-year rate study (INCLUDED IN OPERATING BUDGET)	\$ 225,000	\$ -	\$ 225,000	\$ -	\$ -	\$ 225,000	\$ -	\$ 15,556	\$ 15,556	209,444	6.9%	6.9%	65%
24-200-03	Water GIS Updates	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ 7,275	\$ 7,275	17,725	29.1%	29.1%	29%
24-200-04	Water Condition Assessment	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	30,000	0.0%	0.0%	0%
22-03-01	RIO OSO Pump Replacement	\$ -	\$ -	\$ -	\$ 165,009	\$ 5,645	\$ 170,654	\$ 165,009	\$ 5,645	\$ 170,654	(5,645)	103.4%	100.0%	100%
17-02-2	Dam inundation/EAP	\$ -	\$ -	\$ -	\$ 85,618	\$ 7,375	\$ 92,993	\$ 85,618	\$ 7,375	\$ 92,993	(7,375)	108.6%	100.0%	100%
W.WATER (250)														
23-11-02	Complete Lift Station Generator Projects	\$ 450,000	\$ -	\$ 450,000	\$ -	\$ -	\$ 450,000	\$ 9,123	\$ 13,673	\$ 22,795	427,205	5.1%	5.1%	10%
23-11-02	Complete Lift Station Rehabilitation Projects	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ 78,562	\$ 171,270	\$ 249,832	50,168	83.3%	83.3%	50%
23-14-02	Complete WWTF Chlorine to NaOCI & Contact Tank Rehabilitation	\$ 1,400,000	\$ -	\$ 1,400,000	\$ -	\$ -	\$ 1,400,000	\$ 141,922	\$ 24,145	\$ 166,067	1,233,933	11.9%	11.9%	15%
24-250-01	Wastewater portion of CIP/5-year rate study	\$ 175,000	\$ -	\$ 175,000	\$ -	\$ -	\$ 175,000	\$ -	\$ 15,556	\$ 15,556	159,444	8.9%	8.9%	65%
24-250-02	Wastewater GIS Updates	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ 13,090	\$ 13,090	11,910	52.4%	52.4%	52%
24-250-03	Wastewater Condition Assessment	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	30,000	0.0%	0.0%	0%
24-250-07	Main Lift North Pump Replacement	\$ 65,000	\$ -	\$ 65,000	\$ -	\$ 6,775	\$ 71,775	\$ -	\$ 71,775	\$ 71,775	(6,775)	110.4%	100.0%	100%
24-250-08	Main Lift North Roof Repair	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	15,000	0.0%	0.0%	0%
23-16-02	Wastewater Drying Bed Pump Station Rehab	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ 75,000	\$ 22,075	\$ 40,383	\$ 62,458	12,542	83.3%	83.3%	100%
23-23-02	Comminuter	\$ -	\$ 26,885	\$ 26,885	\$ 30,918	\$ -	\$ 57,803	\$ -	\$ 53,275	\$ 53,275	4,528	92.2%	92.2%	100%
ADMIN (100)														
22-09-04	Financial Software**	\$ -	\$ -	\$ -	\$ 230,000	\$ -	\$ 230,000	\$ 93,683	\$ 3,765	\$ 97,448	132,552	42.4%	42.4%	TBD
SECURITY (250)														
23-19-03	Security Compound Replacement	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ 22,496	\$ -	\$ 22,496	227,504	9.0%	9.0%	0%
23-17-03	Security Cameras	\$ -	\$ -	\$ -	\$ 332,350	\$ -	\$ 332,350	\$ 48,601	\$ 4,681	\$ 53,283	279,067	16.0%	16.0%	TBD
<b>TOTALS (Budget/Funds Remaining/Spending to Date)</b>		<b>\$ 4,773,000</b>	<b>\$ 99,517</b>	<b>\$ 4,872,517</b>	<b>\$ 1,054,632</b>	<b>\$ 266,885</b>	<b>\$ 6,194,034</b>	<b>\$ 1,031,985</b>	<b>\$ 654,389</b>	<b>\$ 1,686,374</b>	<b>\$ 4,240,775</b>			

Approved Budget

\$ 4,773,000

approved changes to CIP 23-24 \$ 99,517

Adjusted CIP Budget FY 23-24

4,872,517  
(99,517)

\*In March of 2023, Board approved ratifying the IWMP contract amount of \$295,000 and to amend the contract by \$40,737 for a total of \$335,737. In August of 2023, contract amendment #2 was approved for \$72,632 to bring the total budget to \$408,369.



# Rancho Murieta Community Services District

## April

### Board/Committee Meeting Schedule

**April 2, 2024**

**Improvements**

**8:00 a.m.**

**April 4, 2024**

**Communications**

**8:30 a.m.**

**April 11, 2024**

**Finance**

**9:00 a.m.**

**April 17, 2024**

**Regular Board Meeting - Open Session**

**5:00 p.m.**



*All meetings will be held in person at the District Office: 15160 Jackson Rd.*

**Rancho Murieta Community Services District**  
**Unrepresented Salary Schedule Date Effective: January 1, 2024**

<b>District Position</b>	<b>Monthly Salary Range</b>		
	<b>Minimum</b>	<b>Mid-Point</b>	<b>Maximum</b>
Chief Plant Operator	\$7,888	\$8,813	\$9,739
Director of Finance and	\$10,171	\$12,149	\$14,126
Director of Operations	\$10,171	\$12,149	\$14,126
District Secretary	\$5,326	\$6,361	\$7,397
General Manager	\$12,932	\$15,001	\$17,070
Information Technology Manager	\$7,993	\$8,996	\$10,000
Security Supervisor	\$7,004	\$8,125	\$9,246
Security Sergeant	\$5,100	\$5,915	\$6,731
Utility Supervisor	\$6,584	\$7,864	\$9,145

**RANCHO MURIETA  
COMMUNITY SERVICES DISTRICT**

Audited Financial Statements  
and Compliance Report

June 30, 2021

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RANCHO MURIETA COMMUNITY SERVICES DISTRICT

June 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rancho Murieta Community Services District  
Rancho Murieta, California

### **Report on the Audit of the Financial Statements**

#### **Qualified and Unmodified Opinions**

We have audited the accompanying financial statements of each major fund and the fiduciary fund of the Rancho Murieta Community Services District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### Qualified Opinion on the Water and Sewer Funds

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above for the Water and Sewer funds present fairly, in all material respects, the financial position of each major fund and the fiduciary fund of the District as of June 30, 2021, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Unmodified Opinions on Drainage, Solid Waste and Security Funds

In our opinion, the financial statements referred to above are present fairly, in all material respects, the financial position of the Drainage, Solid Waste and Security Funds of the District, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Qualified and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Matter Giving Rise to the Qualified Opinion on the Water and Sewer Funds

Management has not adopted a methodology for verifying that easements and developer-donated infrastructure have been recorded in Water and Sewer Funds and, accordingly, has not verified the completeness of its capital assets. Accounting principles generally accepted in the United States of

To the Board of Directors  
Rancho Murieta Community Services District

America require that such capital assets be valued and reflected in the financial statements, which would increase the assets, and investment in capital assets and change depreciation expense in the Water and Sewer Funds. The amounts by which this departure would affect the capital assets and depreciation expense of the Water and Sewer Funds has not been determined.

### **Correction of Errors**

As discussed in Note 14, correction of errors were made during the current year. Accordingly, adjustments have been made to Net Position as of July 1, 2020 to correct these errors.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



To the Board of Directors  
Rancho Murieta Community Services District

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

February 26, 2024

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**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2021**

As management of the Rancho Murieta Community Services District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements which follow this section.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$37,618,771 (net position). Of this amount, \$7,910,035 is restricted for capital projects, leaving the District in an overall deficit of (\$665,287) in unrestricted net position. Included in the deficit in unrestricted net position is (\$791,404) related to interfund borrowing from water augmentation and sewer capital improvement reserves in a prior fiscal year for construction of a water treatment plant. Net of the negative impact from this interfund borrowing, the District had a positive balance of \$126,113 in unrestricted net position.
- The District's total net position increased by \$5,002,885 during the 2020-2021 fiscal year; restatement for correction of errors accounted for increases of \$4,885,000 and \$441,770 in net investment in capital assets and unrestricted net position respectively. The District grew reserves restricted for capital projects by \$632,159.

**Overview of the Basic Financial Statements**

This annual financial report consists of four parts: (1) Management's Discussion and Analysis; (2) the Basic Financial Statements; (3) Notes to Basic Financial Statements; and (4) Required Supplementary Information.

This discussion and analysis provides an introduction and brief description of the District's basic financial statements, which include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

The *Statement of Net Position*, commonly referred to as the Balance Sheet, presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The *Statement of Revenues, Expenses and Changes in Net Position* reflects all of the current year's revenues and expenses. All of the current year's revenues and expenses are recorded using the accrual basis of accounting by recognizing revenues in the period they are earned and expenses in the period they are incurred without regard to the timing of the related cash flows. This statement measures the success of the District's operations over the past year and determines whether the District has recovered its costs through its rates, fees and other charges. The District's profitability and creditworthiness can also be determined from this statement.

The *Statement of Cash Flows* provides information about the District's cash receipts and cash payments during the reporting period as well as net changes in cash resulting from operations, non-capital financing,

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2021**

capital and related financing activities, and investing. The statement explains where cash came from and where cash was used and the change in the cash balance during the reporting period.

The District's basic financial statements are organized by fund. **Fund Financial Statements** report on groupings of related funds that are used to maintain control over resources that have been segregated for specific activities or objectives. The accounts of the District are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of accounts that comprise the fund's assets, liabilities, fund equity, revenues, and expenses. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in these basic financial statements into two broad categories which, in aggregate, include two fund types as follows:

1. PROPRIETARY FUND TYPE

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and special taxes; and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, managerial control, accountability, or other purposes. Revenues are fully accrued to include unbilled services at fiscal year-end. The District uses enterprise funds to account for the Water, Sewer, Drainage, Solid Waste and Security activities of the District.

2. FIDUCIARY FUND TYPE

Agency Funds

Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and other governmental units and/or other funds. Since the resources of these funds are not available to support the District's own activities, they are not reflected in the government-wide financial statements.

**Basic financial statements** can be found on pages **11-20** of this report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages **21-41** of this report.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2021**

**Government-wide Financial Analysis**

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets exceeded liabilities by \$37,618,771 (net position) at the close of the most recent fiscal year.

**Condensed Financial Information**  
**Rancho Murieta Community Services District Net Position**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 13,875,963	\$ 11,744,518
Capital Assets - net of accumulated depreciation	30,396,246	26,449,035
<b>Total Assets</b>	<b><u>\$ 44,272,209</u></b>	<b><u>\$ 38,193,553</u></b>
Deferred Outflow of Resources	<u>\$ 1,831,418</u>	<u>\$ 1,917,545</u>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 1,658,613	\$ 766,804
Long-term Liabilities	6,516,211	6,308,517
<b>Total Liabilities</b>	<b><u>\$ 8,174,824</u></b>	<b><u>\$ 7,075,321</u></b>
Deferred Inflow of Resources	<u>\$ 310,032</u>	<u>\$ 419,891</u>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	\$ 30,374,023	\$ 26,445,071
Restricted for Capital Projects	7,910,035	7,277,876
Unrestricted Net Position	<u>(665,287)</u>	<u>(1,107,061)</u>
<b>Total Net Position</b>	<b><u>\$ 37,618,771</u></b>	<b><u>\$ 32,615,886</u></b>

- The District's total net position increased by \$5,002,885 during the current fiscal year. The net investment in capital assets increased \$3,928,952 due mostly to a restatement to record easements previously not recorded (see Note 14). Restricted net position increased \$632,159 as restricted sources of revenues exceeded capital spending. Unrestricted net position increased \$441,774.
- Restricted cash and investments, which are capital reserves designated for capital improvements and replacements, increased \$663,540 due to fees collected exceeding capital project expenditures during the fiscal year.
- The District's Net Pension Liability increased by \$319,462, primarily due to the District's share of the pension liability increasing.
- The District's Net OPEB Liability increased by \$33,211 due to actual benefit payments exceeding estimates made by the actuaries. This increase, along with the increase in the Net Pension Liability, caused the District's Total Noncurrent Liabilities to increase by \$207,694, or 3.29% during the current fiscal year.
- The District had two (2) inter-fund borrowings as of June 30, 2021. Each of these borrowings are being repaid through monthly installments and interest is calculated based on the earnings reported monthly by LAIF.
  - WTP#1 Borrowing from Sewer Capital Replacement Reserves - \$573,950
  - WTP#1 Borrowing from Water Augmentation Reserves - \$191,323

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2021**

- By far the largest portion of the District's net position (81%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.

**Enterprise-Type Activities – Water, Sewer, Drainage, Solid Waste and Security**  
**Rancho Murieta Community Services District Changes in Net Position**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Revenues</b>		
Operating revenues	\$ 6,799,888	\$ 6,462,222
Nonoperating revenues	812,488	877,753
Capital revenues	877,469	1,376,820
<b>Total Revenues</b>	<u>8,489,845</u>	<u>8,716,795</u>
 <b>Operating Expenses</b>		
Water	1,551,872	1,211,210
Sewer	871,617	925,718
Drainage	159,889	142,638
Solid waste	628,100	672,942
Security	1,064,175	1,014,436
General and administration	3,072,569	3,927,830
Depreciation	1,415,425	1,538,107
Nonoperating expense	50,083	253,957
<b>Total Expenses</b>	<u>8,813,730</u>	<u>9,686,838</u>
 <b>Change in Net Position</b>	<u>(323,885)</u>	<u>(970,043)</u>
 Net Position, Beginning of Fiscal Year	32,615,886	33,585,929
Restatement for change in accounting principal	<u>5,326,770</u>	<u>-</u>
 <b>Net Position, End of Fiscal Year</b>	<u><u>\$ 37,618,771</u></u>	<u><u>\$ 32,615,886</u></u>

Key elements of the enterprise activities are as follows:

- Total operating revenues increased 5% year-over-year. Water operating revenues increased by \$171,572 or 6%. Sewer operating revenues increased by \$50,143 or 3%. Security operating revenues increased \$110,770 or 8%. Drainage operating revenues decreased (\$31,433) or -12%. Solid Waste revenues increased \$36,614 or 5%.
- Non-operating revenues decreased (\$65,275) or -7% due largely to a decrease in interest earnings from the prior year.
- The Water Department collects, treats, and distributes potable drinking water to the Rancho Murieta community. Water operating expenses (excluding depreciation) increased \$340,662 or 28% primarily due to increased costs for utilities, dam inspection, chemicals and water meters, and post repair road paving.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2021**

- The Sewer Department collects, treats, and disposes of Rancho Murieta community waste water. Sewer operating expenses (excluding depreciation) decreased (\$54,101) or -6% due to decreased salary and salary-related costs offset by increased costs for utilities and maintenance and repairs.
- The Drainage Department provides and maintains the drainage system for Rancho Murieta. Drainage operating expenses increased \$17,251, or 12% due to increases in legal, consulting, utilities and chemicals offset by decreases in salary and salary-related costs.
- Solid Waste services are provided by contract through California Waste Recovery Services. Operating expenses for Solid Waste decreased \$44,842, or -7%. This decrease is the result of lesser overall contract and other charges.
- The Security department provides gate and patrol services. Operating expenses for Security services increased \$49,739 or 5%. This increased is primarily related to increased costs for temporary staffing, maintenance of vehicles, equipment and the safety center, and IT-related costs offset by reduced salary and salary-related costs.
- The Administration department covers the staff located in the District's administration building excluding the Director of Field Operations and the Security Chief. The Administration department is not a reporting entity for financial statement purposes and its activities, revenues, and costs are allocated to the Water, Sewer, Drainage, Solid Waste and Security funds on a prorated basis. Allocated, district-wide Administration costs are combined with individual department administration costs on the Statement of Revenues, Expenses, and Changes in Net Position and are shown as General and Administrative costs. District-wide General and Administrative costs decreased (\$855,261) or -22%. This decrease is due to a decrease in salary and salary related costs, consulting and legal fees.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2021**

**Capital Assets**

	June 30, 2020	Additions	Adjustments/ Deletions	June 30, 2021
<b>Depreciable Capital Assets</b>				
Water Transmission	\$ 8,035,938	\$ 11,616	\$ 32,885	\$ 8,080,439
Water Treatment	22,962,307		37,379	22,999,686
Collection Facilities	4,950,838	22,795	(303)	4,973,330
Drainage Facilities	63,386	19,435	(20,520)	62,301
Sewer treatment and disposal	15,969,441	252,268	195,111	16,416,820
Lake Chesbro Protection	259,946			259,946
Waste Discharge	651,616		(102,464)	549,152
Buildings and improvements	800,101		(50,272)	749,829
Vehicles & Equipment	1,793,899	160,794	(78,139)	1,876,554
<b>Total Depreciable Capital Assets</b>	<b>55,487,472</b>	<b>466,908</b>	<b>13,677</b>	<b>55,968,057</b>
Less - Accumulated Depreciation	(29,936,922)	(1,415,425)	303,846	(31,048,501)
<b>Net Depreciable Capital Assets</b>	<b>25,550,550</b>	<b>(948,517)</b>	<b>317,523</b>	<b>24,919,556</b>
<b>Non-Depreciable Capital Assets</b>				
Construction in Progress	306,794		(306,794)	-
Land	591,690		4,885,000	5,476,690
<b>Total Non-Depreciable Capital Assets</b>	<b>898,484</b>		<b>4,578,206</b>	<b>5,476,690</b>
<b>Net Capital Assets</b>	<b>\$ 26,449,034</b>	<b>\$ (948,517)</b>	<b>\$ 4,895,729</b>	<b>\$ 30,396,246</b>

**Capital Assets.** The District's investment in capital assets as of June 30, 2021 amounted to \$30,396,246 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, and equipment. The total increase in the District's investment in capital assets for the current fiscal year was (15%).

Major capital asset events during the current fiscal year included the following:

- Recognition of irrigation easements granted in a prior fiscal year
- West DAF Electrical Panel
- East/West DAF Tank
- Tractor
- SSTL Saturation Tank

**Economic Factors and Next Year's Budget and Rates**

The Board of Directors adopted the District's 2021-2022 annual budget on June 16, 2021 which provides for the District's operating and capital costs for the 2021-2022 fiscal year.

The District's rates for Water, Sewer, Drainage, Security and Solid Waste services are reviewed annually by staff and the Board of Directors. For fiscal year 2021-2022, the District increased rates by approximately 14.7% for Water services. Sewer service rates increased by 21.7% and Solid Waste rates went up 22.0%. Special tax rates for Security and Drainage each went up 2.0%. Overall, the average customer's monthly bill for 2021-2022 is projected to increase \$27.16 or 14.53% compared to the previous year.



**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2021**

New capital asset projects provided for in the fiscal year 2021-2022 budget include:

- New Financial System (this was scaled down to a new billing system)
- Replacement Vehicles (replace two vehicles)
- Rio Oso Pump Replacement
- WTP Back Left Drying Bed
- Replacement of Sewer Jetter
- Fix Reynosa 6" Wastewater Line
- Automate East & West DAF Sludge Valves
- Replace Jeep Patrol Vehicle

Development will continue to be a major focus for the District in the coming year(s). As of February 2022, the development (as shown on the Sacramento County planning website) included 795 single-family lots on roughly 338 acres and approximately 39 acres of general commercial property. These proposed development plans will continue to be revised and modified as the various projects move forward.

The District continues to manage and account for CFD 2014-1. This CFD (Community Facilities District) was formed at the request of the developers of the Murieta Inn & Spa and Rancho Murieta North Properties to finance their portion of the WTP#1 Expansion and Upgrade project. Under CFD 2014-1 tax exempt bonds were sold on January 29, 2015 and provided \$4,358,245 of bond revenue for the project. Bond maturities stretch from 2018 to 2044 and tax assessments are levied annually (through Sacramento County) for payment of interest and principle to bond investors.

**Requests for Information**

This financial report is designed to provide a general overview of the Rancho Murieta Community Services District's finances for all those with an interest in the District's financial operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rancho Murieta Community Services District, General Manager, P.O. Box 1050, Rancho Murieta, CA 95683.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

STATEMENTS OF NET POSITION  
PROPRIETARY FUNDS

As of June 30, 2021

	Major Funds		
	Water	Sewer	Drainage
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 1,467,366	\$ 685,127	\$ 285,758
Accounts receivable	1,241,544	166,861	22,115
Assessments receivable	10,016	2,583	1,090
Interest receivable	2,285	3,592	491
Notes receivable, current portion		21,997	
Prepaid expenses	31,742	21,137	3,562
Due from developers	7,767		
Total Current Assets	<u>2,760,720</u>	<u>901,297</u>	<u>313,016</u>
Capital Assets:			
Non-depreciable	13,640	5,463,050	
Depreciable, net	16,910,050	7,652,615	41,651
Total Capital Assets, Net	<u>16,923,690</u>	<u>13,115,665</u>	<u>41,651</u>
Other Assets:			
Cash and investments - restricted	4,130,096	3,405,109	329,208
Notes receivable		92,517	
Advances to other funds		573,950	
Total Other Assets	<u>4,130,096</u>	<u>4,071,576</u>	<u>329,208</u>
<b>TOTAL ASSETS</b>	<u>23,814,506</u>	<u>18,088,538</u>	<u>683,875</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow - pensions	342,552	262,342	54,162
Deferred outflow - OPEB	352,251	238,008	38,081
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>694,803</u>	<u>500,350</u>	<u>92,243</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 24,509,309</u>	<u>\$ 18,588,888</u>	<u>\$ 776,118</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 927,082	\$ 200,886	\$ 2,538
Accrued payroll	51,786	4,725	756
Developer deposits	268,103		
Customer deposits	9,002	4,214	575
Compensated absences	8,920	6,810	491
Lease liabilities - due within one year	2,110	1,711	
Total Current Liabilities	<u>1,267,003</u>	<u>218,346</u>	<u>4,360</u>
Noncurrent Liabilities:			
Compensated absences - due after one year	35,485	3,309	1,006
Lease liabilities - due after one year	4,420	5,132	
Advances from other funds	573,950		
Net pension liability	1,509,151	1,152,232	236,653
Net OPEB liability	774,382	591,239	121,432
Total Noncurrent Liabilities	<u>2,897,388</u>	<u>1,751,912</u>	<u>359,091</u>
<b>TOTAL LIABILITIES</b>	<u>4,164,391</u>	<u>1,970,258</u>	<u>363,451</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow - pensions	51,129	79,067	16,855
Deferred inflow - OPEB	37,936	25,632	4,101
<b>TOTAL DEFERRED INFLOWS</b>	<u>89,065</u>	<u>104,699</u>	<u>20,956</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>4,253,456</u>	<u>2,074,957</u>	<u>384,407</u>
<b>NET POSITION</b>			
Net investment in capital assets	16,917,160	13,108,822	41,651
Restricted for capital projects	4,130,096	3,405,109	329,208
Unrestricted	(791,403)		20,852
Total Net Position	<u>20,255,853</u>	<u>16,513,931</u>	<u>391,711</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 24,509,309</u>	<u>\$ 18,588,888</u>	<u>\$ 776,118</u>

The notes to the basic financial statements are an integral part of this statement.

Major Funds		
Solid Waste	Security	Total
\$ 305,981	\$ 777,288	\$ 3,521,520
67,851	140,594	1,638,965
292	3,211	17,192
217	199	6,784
		21,997
1,691	27,104	85,236
		7,767
<u>376,032</u>	<u>948,396</u>	<u>5,299,461</u>
		5,476,690
	315,240	24,919,556
	<u>315,240</u>	<u>30,396,246</u>
	45,622	7,910,035
		92,517
		573,950
	<u>45,622</u>	<u>8,576,502</u>
<u>376,032</u>	<u>1,309,258</u>	<u>44,272,209</u>
44,711	175,620	879,387
19,041	304,650	952,031
<u>63,752</u>	<u>480,270</u>	<u>1,831,418</u>
<u>\$ 439,784</u>	<u>\$ 1,789,528</u>	<u>\$ 46,103,627</u>
\$ 56,415	\$ 64,839	\$ 1,251,760
378	32,177	89,822
		268,103
1,915	3,447	19,153
402	5,651	22,274
	3,680	7,501
<u>59,110</u>	<u>109,794</u>	<u>1,658,613</u>
40	17,436	57,276
	5,170	14,722
		573,950
193,977	787,551	3,879,564
99,534	404,112	1,990,699
<u>293,551</u>	<u>1,214,269</u>	<u>6,516,211</u>
<u>352,661</u>	<u>1,324,063</u>	<u>8,174,824</u>
14,512	45,940	207,503
2,051	32,809	102,529
<u>16,563</u>	<u>78,749</u>	<u>310,032</u>
<u>369,224</u>	<u>1,402,812</u>	<u>8,484,856</u>
	306,390	30,374,023
	45,622	7,910,035
70,560	34,704	(665,287)
<u>70,560</u>	<u>386,716</u>	<u>37,618,771</u>
<u>\$ 439,784</u>	<u>\$ 1,789,528</u>	<u>\$ 46,103,627</u>

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2021

	Major Funds		
	Water	Sewer	Drainage
Operating Revenues			
Service charges	\$ 2,604,254	\$ 1,497,691	
Special taxes			\$ 221,674
Other charges	219,007	13,610	6,012
Total Operating Revenues	<u>2,823,261</u>	<u>1,511,301</u>	<u>227,686</u>
Operating Expenses			
Source of supply	347,303		
Treatment	676,148		
Transmission and distribution	528,421		
Sewer collection		225,281	
Sewer treatment and disposal		646,336	
Drainage			159,889
Gate services			
Patrol services			
Solid waste			
General and administrative	1,620,982	934,123	108,668
Depreciation	805,155	556,144	5,075
Total Operating Expenses	<u>3,978,009</u>	<u>2,361,884</u>	<u>273,632</u>
Net Income (Loss) from Operations	<u>(1,154,748)</u>	<u>(850,583)</u>	<u>(45,946)</u>
Nonoperating Revenue (Expenses):			
Taxes	354,848	91,152	52,547
Interest revenue	15,202	26,512	3,081
Loss on disposal of capital assets	(3,763)	(16,685)	
Interest expense	(7,109)		
Total Nonoperating Revenue (Expenses)	<u>359,178</u>	<u>100,979</u>	<u>55,628</u>
Change in Net Position Before Capital Contributions	(795,570)	(749,604)	9,682
Capital Contributions			
Capital replacement reserve fees	268,325	234,293	
Debt reserve fee	187,901		
Security impact fee			
Water augmentation fees	84,667		
Capital improvement fees	37,118	26,945	5,252
Total Capital Contributions	<u>578,011</u>	<u>261,238</u>	<u>5,252</u>
Change in Net Position	(217,559)	(488,366)	14,934
Net position, beginning of year, as previously reported	20,031,642	12,117,297	376,777
Restatement for error corrections - Note 14	441,770	4,885,000	
Net position, beginning of year, as restated	<u>20,473,412</u>	<u>17,002,297</u>	<u>376,777</u>
Net Position, End of Year	<u>\$ 20,255,853</u>	<u>\$ 16,513,931</u>	<u>\$ 391,711</u>

The notes to the basic financial statements are an integral part of this statement.

Major Funds		
Solid Waste	Security	Total
\$ 754,047		\$ 4,855,992
	\$ 1,437,102	1,658,776
	46,491	285,120
<u>754,047</u>	<u>1,483,593</u>	<u>6,799,888</u>
		347,303
		676,148
		528,421
		225,281
		646,336
		159,889
	615,641	615,641
	448,534	448,534
628,100		628,100
144,956	263,840	3,072,569
	49,051	1,415,425
<u>773,056</u>	<u>1,377,066</u>	<u>8,763,647</u>
<u>(19,009)</u>	<u>106,527</u>	<u>(1,963,759)</u>
	266,207	764,754
1,342	1,597	47,734
	(22,361)	(42,809)
	(165)	(7,274)
<u>1,342</u>	<u>245,278</u>	<u>762,405</u>
<u>(17,667)</u>	<u>351,805</u>	<u>(1,201,354)</u>
		502,618
		187,901
	6,000	6,000
		84,667
	26,968	96,283
	<u>32,968</u>	<u>877,469</u>
<u>(17,667)</u>	<u>384,773</u>	<u>(323,885)</u>
88,227	1,943	32,615,886
		5,326,770
<u>88,227</u>	<u>1,943</u>	<u>37,942,656</u>
<u>\$ 70,560</u>	<u>\$ 386,716</u>	<u>\$ 37,618,771</u>

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2021

	Major Funds		
	Water	Sewer	Drainage
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,006,802	\$ 1,506,822	\$ 226,885
Payments to employees	(439,126)	(1,260,844)	(182,464)
Payments to suppliers	(1,709,661)	(276,428)	(32,492)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(141,985)	(30,450)	11,929
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Assessments received	369,172	100,520	61,406
Amounts received/ (paid) from other governments	491,223	37,981	7,801
Amounts received/ (paid) from other funds	(140,926)	140,926	
Other amounts received			
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	719,469	279,427	69,207
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(39,113)	(381,397)	
Water Augmentation fees received	84,667		
Debt reserve fee received	187,901		
Payments on capital lease			
Interest paid	(7,109)		
Capital fees received	305,443	261,238	
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	531,789	(120,159)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	21,509	34,510	4,243
NET CASH PROVIDED BY INVESTING ACTIVITIES	21,509	34,510	4,243
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year	4,460,150	4,034,580	524,335
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,590,932	\$ 4,197,908	\$ 609,714

The notes to the basic financial statements are an integral part of this statement.

Major Funds		
Solid Waste	Security	Total
\$ 748,069	\$ 1,485,757	\$ 5,974,335
(858,948)	(390,225)	(3,131,607)
79,999	(1,103,108)	(3,041,690)
<u>(30,880)</u>	<u>(7,576)</u>	<u>(198,962)</u>
82	738,850	1,270,030
6,394	25,960	569,359
<u>6,476</u>	<u>764,810</u>	<u>1,839,389</u>
	(26,963)	(447,473)
		84,667
		187,901
	4,886	4,886
		(7,109)
	26,968	593,649
	<u>4,891</u>	<u>416,521</u>
<u>1,836</u>	<u>1,993</u>	<u>64,091</u>
<u>1,836</u>	<u>1,993</u>	<u>64,091</u>
(22,568)	764,118	2,121,039
328,549	52,792	9,400,406
<u>\$ 305,981</u>	<u>\$ 816,910</u>	<u>\$ 11,521,445</u>

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Year Ended June 30, 2021

	Major Funds		
	Water	Sewer	Drainage
<b>RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION:</b>			
Cash and investments	\$ 1,467,366	\$ 685,127	\$ 285,758
Cash and investments - restricted	<u>4,130,096</u>	<u>3,405,109</u>	<u>329,208</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 5,597,462</u></u>	<u><u>\$ 4,090,236</u></u>	<u><u>\$ 614,966</u></u>
<b>RECONCILIATION OF OPERATING LOSSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Net (loss) income from operations	\$ (1,154,748)	\$ (850,583)	\$ (45,946)
Adjustments to reconcile net loss from operations to net cash provided (used) by operating activities:			
Capital assets written off	(79,425)	3,138	644
Depreciation and amortization	805,155	556,144	5,075
Changes in operating assets and liabilities:			
Accounts receivable	(814,671)	3,495	1,127
Prepaid expenses	37,637	3,404	630
Due from developers	5,174		
Accounts payable	853,779	82,314	(2,268)
Accrued payroll	20,594	(7,341)	(2,411)
Deposits	21,765	(8,019)	(1,937)
Compensated absences	3,267	(21,289)	(768)
Net pension liability	124,271	94,880	19,487
Net OPEB liability	97,483	111,067	32,171
Deferred outflows	7,343	16,768	9,120
Deferred inflows	<u>(69,609)</u>	<u>(14,428)</u>	<u>(2,995)</u>
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ (141,985)</u></u>	<u><u>\$ (30,450)</u></u>	<u><u>\$ 11,929</u></u>

The notes to the basic financial statements are an integral part of this statement.



Major Funds		
Solid Waste	Security	2021
\$ 305,981	\$ 777,288	\$ 3,521,520
	45,622	7,910,035
<u>\$ 305,981</u>	<u>\$ 822,910</u>	<u>\$ 11,431,555</u>
\$ (19,009)	\$ 106,527	\$ (1,963,759)
528	2,144	(72,971)
	49,051	1,415,425
(5,841)	7,048	(808,842)
58	(14,156)	27,573
		5,174
(88,554)	23,083	868,354
(963)	7,695	17,574
(145)	(4,914)	6,750
(1,414)	(2,977)	(23,181)
15,973	64,851	319,462
74,478	(281,988)	33,211
(5,573)	58,469	86,127
(418)	(22,409)	(109,859)
<u>\$ (30,880)</u>	<u>\$ (7,576)</u>	<u>\$ (198,962)</u>

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS

As of June 30, 2021

	<u>Total Custodial Funds</u>
Assets	
Cash and investments	\$ 584,847
Restricted cash	391,607
TOTAL ASSETS	<u>976,454</u>
Liabilities	
Accounts payable	234
TOTAL LIABILITIES	<u>234</u>
Net Position	
Restricted for other governments	976,220
TOTAL NET POSITION	<u>\$ 976,220</u>

The notes to the basic financial statements are an integral part of this statement.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS

June 30, 2021

	<u>Total Custodial Funds</u>
Additions	
Property taxes	\$ 1,119,265
Interest and investment earnings	162,664
TOTAL ADDITIONS	<u>1,281,929</u>
Deductions	
General government	23,381
Debt Service:	
Principal	135,000
Interest and other charges	252,710
TOTAL DEDUCTIONS	<u>411,091</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	870,838
Net position, beginning of year	<u>105,382</u>
NET POSITION, END OF YEAR	<u><u>\$ 976,220</u></u>

The notes to the basic financial statements are an integral part of this statement.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Significant Accounting Policies: The Rancho Murieta Community Services District (District) was formed in 1982, under California State Government Code 61600 and currently provides water, sewer, drainage, solid waste and security services throughout the Rancho Murieta Community. The District's financial and administrative functions are governed by a five-member Board of Directors elected by the voting population within the District.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Reporting Entity: The accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

Community Facilities District No. 2014-1 (CFD 2014-1) was created for the purpose of acquiring, constructing and maintaining water facilities within the Rancho Murieta boundaries. The District is not obligated to repay debt of the CFD 2014-1 but functions as an agent for the property owners by collecting assessments, forwarding collections to special assessment debt holders, and, if appropriate, initiating foreclosures on delinquent property owners. Because of the special financing relationships, the CFD 2014-1 has been included in the financial statements as a fiduciary component unit.

Basis of Presentation: The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles followed by governmental entities in the United States of America.

The District's resources are allocated to and accounted for in these basic financial statements as five enterprise fund types of the proprietary fund group and one agency fund. The operation of a fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

The Fiduciary fund is used to account for assets held by the District in a fiduciary capacity for special assessment districts. They consist entirely of Custodial Funds. The financial activities of these funds are excluded from the District-wide financial statements but are presented in separate Fiduciary Fund financial statements.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The agency funds do not involve the results of operations and do not use a measurement basis.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as unearned revenues until earned.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

When both unrestricted and restricted resources are available for use, it is the District's policy to use unrestricted resources first, then restricted resources as they are needed.

Enterprise funds are accounted for on a flow of economic resources measurement focus, which means that all assets, deferred outflows, liabilities, and deferred inflows associated with the activity are included on the balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds use the "economic resources" measurement focus and the accrual basis of accounting.

Major Funds: Major funds are defined as funds that have assets, liabilities, revenues, or expenditures/expenses equal to or greater than ten percent of their fund-type total or five percent of all fund-type totals. The District may also select other funds it believes should be presented as major funds. The District reports all of its proprietary funds as major funds.

The District reports on the following major proprietary funds:

Water – This fund accounts for the activities of providing water to the residents of the District.

Sewer – This fund accounts for the activities of collecting and treating wastewater of the residents in the District.

Drainage – This fund accounts for the activities of providing drainage to the residents of the District.

Solid Waste – This fund accounts for the activities of collecting solid waste of the residents of the District.

Security – This fund accounts for the activities of providing security to the residents of the District.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budget and Budgeting: Budget integration is employed as a management control device. Budgets are formally adopted by the Board of Directors and take effect the following July 1. The budgets are a management tool and not a legal requirement.

Cash and Investments: For purposes of the statement of cash flows the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Amounts held in the State of California Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP) are considered to be cash and cash equivalents due to their highly liquid nature.

Restricted Cash and Investments: Certain capital expansion fees and capital replacement fees charged to customers are classified as restricted cash and investments because their use is legally restricted by the Water Code or District ordinance. Restricted cash and investments are not available for general operational expenses.

Property Taxes: Secured property taxes are levied on January 1 and are payable in two installments on November 1 and February 1, which become delinquent after December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. Sacramento County (County) bills and collects the property taxes and allocates a portion to the District. Property tax revenues are recognized in the fiscal year for which they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

The District is under the Teeter Plan and thus can receive 100% of the property tax apportionment each fiscal year, eliminating the need for an allowance for uncollectible tax. The County, in return, receives all penalties and interest. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year.

Capital Assets: Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at fair value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding \$5,000, except for buildings, land improvements and infrastructure, which will be capitalized if it exceeds \$25,000. Repair, maintenance and minor replacements of capital assets are expensed.

Capital assets are depreciated using the straight-line method, which means the costs of the capital asset is divided by its expected useful life in years and the result is charged to expense each year until the capital asset is fully depreciated. The District has assigned the useful lives listed below to capital assets:

Buildings	40 years
Improvements	20 – 50 years
Equipment	5 – 15 years

Compensated Absences: All earned vacation, which is payable upon termination or retirement, is accrued as compensated absences, in accordance with GASB Statement No. 16. Sick leave benefits are not vested to the employee.

June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the District's OPEB plan (Plan), and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the District's pension and OPEB plans as described in Notes E and F.

Deferred Compensation Plan: The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributed to those amounts, are maintained in a trust. Participants have sole rights under the plan in an amount equal to the fair value of the deferred account for each participant.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements: In June 2017, the GASB issued Statement No. 87, Leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this Statement were implemented during the year ended June 30, 2021.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The District is currently analyzing the impact of the required implementation of these new statements.

**NOTE 2 - CASH AND INVESTMENTS**

The District’s cash and investments consisted of the following at June 30, 2021:

Enterprise Funds:	
Cash and investments	\$ 3,521,520
Restricted cash and investments	7,910,035
Fiduciary Funds:	
Cash and investments	584,847
Restricted cash	391,607
	<hr/>
Total cash and investments	<u>\$ 12,408,009</u>



RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Cash and investments were classified under GASB Statement No. 40 as follows at June 30, 2021:

Deposits with financial institutions	\$ 2,605,602
Investments	<u>9,802,409</u>
Total Cash	<u><u>\$ 12,408,011</u></u>

Investments Authorized by the California Government Code and the District's Investment Policy: The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the District's Investment Policy where the District's Investment Policy is more restrictive. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the debt agreement and not the provisions of the California Government Code or the District's Investment Policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Account	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	270 days	20%	None
Negotiable Certificates of Deposit	2 years	20%	None
Re-purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None
Municipal Obligations	5 years	20%	None
Supranational debt	5 years	30%	None

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call date as of June 30, 2021:

Investment Type	Total	Remaining Maturity	
		12 Months or Less	13 to 48 Months
Local Agency Investment Fund	\$ 8,308,734	\$ 8,308,734	
CAMP investment pool	640,344	640,344	
Treasury funds	853,331	853,331	
Total	<u>\$ 9,802,409</u>	<u>\$ 9,802,409</u>	

**Credit Risk:** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of June 30, 2021 for each investment type.

Investment Type	Amount	Minimum Legal Rating	Ratings as of fiscal year end	
			AAAm/AAA	Not rated
Local Agency Investment Fund	\$ 8,308,734	N/A		\$ 8,308,734
CAMP investment pool	640,344	N/A	\$ 640,344	
Treasury funds	853,331	N/A	853,331	
Total investments	<u>\$ 9,802,409</u>		<u>\$ 1,493,675</u>	<u>\$ 8,308,734</u>

**Concentration of Credit Risk:** The investment policy of the District limited the amount that can be invested in any one issuer to the amount stipulated by the California Government Code. As of June 30, 2021, the District had no investments which represent more than 5% of its total investment in any one issuer (other than mutual funds and external investment pools).

**Custodial Credit Risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2021, the carrying amount of the District's deposits were \$2,605,602 and the balances in financial institutions were \$2,974,626. Of the balance in financial institutions, \$748,980, was covered by federal depository insurance and \$2,225,646 was collateralized by securities pledged by the financial institution.

Investments in LAIF: LAIF is stated at net asset value. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The total fair value amount invested by all public agencies in LAIF is \$193,463,490,765 and is managed by the State Treasurer. Of that amount, 2.31% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The weighted average maturity of investments held by LAIF was 291 days at June 30, 2021.

Investments in CAMP: The District is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The District reports its investments in CAMP at the pool share, which approximates fair value. At June 30, 2021, these investments of the pool had an average maturity of 52 days.

Fair Value Measurement: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The District's investment in the money market mutual fund is considered Level 2 because the value is calculated using amortized cost of the securities held in the fund, not the market value. The District's investment in LAIF and CAMP are considered uncatagorized.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 3 – ADVANCES BETWEEN FUNDS**

In May 2014, the Sewer Fund advanced the Water Fund \$1,500,000 for the water treatment plant expansion. Principal payments of approximately \$11,800, plus interest at the current investment earnings rate, will be paid monthly through February 2026. Interest expense during the year ended June 30, 2021 was \$3,471 in the Water Fund. The interest rate on the loan at June 30, 2021 was 0.262%. As of June 30, 2021, \$573,950 was outstanding on this advance.

**NOTE 4 – NOTES RECEIVABLE**

In June 2021, the District loaned \$114,514 to the Rancho Murieta Country Club to replace the recycled water irrigation pumps. The loan has an initial interest rate of 2%, which will be updated to the LAIF interest rate, but not less than 2%. The loan is due in monthly payments of \$2,007.17 through June 30, 2026.

**NOTE 5 – CAPITAL ASSETS**

**A. Capital assets activity**

The activity in the capital assets for the year ended June 30, 2021 are summarized below:

	Restated Balance at July 1, 2020	Additions	Deletions	Adjustments	Balance at June 30, 2021
<u>Water Fund</u>					
Capital Assets not being depreciated:					
Construction in progress	\$ 40,719			\$ (40,719)	
Land	13,640				\$ 13,640
Total Capital Assets not being depreciated	54,359			(40,719)	13,640
Capital Assets being depreciated:					
Water transmission	8,035,938	\$ 11,616	\$ (7,834)	40,719	8,080,439
Water treatment	22,962,307		(27,153)	64,532	22,999,686
Vehicles and equipment	608,843	27,497	(29,955)	19,311	625,696
Subtotal	31,607,088	39,113	(64,942)	124,562	31,705,821
Less: Accumulated Depreciation	(14,047,377)	(805,155)	61,179	(4,418)	(14,795,771)
Total Capital Assets being depreciated, net	17,559,711	(766,042)	(3,763)	120,144	16,910,050
Total Capital Assets, Net	\$ 17,614,070	\$ (766,042)	\$ (3,763)	\$ 79,425	\$ 16,923,690

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 5 – CAPITAL ASSETS (Continued)**

	Restated Balance at July 1, 2020	Additions	Deletions	Adjustments	Balance at June 30, 2021
<b>Sewer Fund</b>					
Capital Assets not being depreciated:					
Construction in progress	\$ 266,075			\$ (266,075)	
Land	5,463,050				\$ 5,463,050
Total Capital Assets not being depreciated	5,729,125			(266,075)	5,463,050
Capital Assets being depreciated:					
Collection facilities	4,950,838	\$ 22,795	\$ (303)		4,973,330
Pumping facility	128,096	68,032			196,128
Treatment plant/facilities	15,841,345	184,236	(173,428)	368,539	16,220,692
Vehicles and equipment	658,317	106,334	(36,054)	(5,284)	723,313
Lake Chesbro Protection	259,946				259,946
Disposal Facilities	549,152				549,152
Discharge	102,464			(102,464)	-
Telemetry building	514,972		(15,595)		499,377
Subtotal	23,005,130	381,397	(225,380)	260,791	23,421,938
Less: Accumulated Depreciation	(15,424,021)	(556,144)	208,695	2,146	(15,769,324)
Total Capital Assets being depreciated, net	7,581,109	(174,747)	(16,685)	262,937	7,652,614
Total Capital Assets, Net	\$ 13,310,234	\$ (174,747)	\$ (16,685)	\$ (3,138)	\$ 13,115,665
<b>Drainage</b>					
Depreciable assets:					
Drainage facility	\$ 63,386			\$ (1,085)	\$ 62,301
Subtotal	63,386			(1,085)	62,301
Less: Accumulated Depreciation	(16,016)	\$ (5,075)		441	(20,650)
Total Capital Assets, Net	\$ 47,370	\$ (5,075)	\$ -	\$ (644)	\$ 41,651
<b>Solid Waste</b>					
Depreciable assets:					
Vehicles and equipment	\$ 890			\$ (890)	\$ -
Subtotal					
Less: Accumulated Depreciation	(362)			362	
Total Capital Assets, Net	\$ 528	\$ -	\$ -	\$ (528)	\$ -
<b>Security</b>					
Depreciable assets:					
Vehicles and equipment	\$ 525,849	\$ 26,963	\$ (21,655)	\$ (3,612)	\$ 527,545
Buildings and improvements	285,130		(34,677)		250,453
Subtotal	810,979	26,963	(56,332)	(3,612)	777,998
Less: Accumulated Depreciation	(449,146)	(49,050)	33,972	1,466	(462,758)
Total Capital Assets, Net	\$ 361,833	\$ (22,087)	\$ (22,360)	\$ (2,146)	\$ 315,240

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 5 – CAPITAL ASSETS (Continued)**

Depreciation expense is charged to the water and electric funds based on their usage of related assets. The amounts allocated were as follows:

Water	\$ 805,155
Sewer	556,144
Drainage	5,075
Security	<u>49,051</u>
Total Depreciation Expense	<u>\$ 1,415,425</u>

**NOTE 6 – LONG-TERM LIABILITIES**

The District’s debt issues and transactions are summarized below and discussed in detail thereafter.

	Balance at July 1, 2020	Additions	Retirements	Balance at June 30, 2021	Due within One Year
Compensated absences	\$ 102,731		\$ (23,181)	\$ 79,550	\$ 22,274
Lease liabilities	3,964	\$ 19,959	(1,700)	22,223	7,501
Net pension liability	3,560,102	319,462		3,879,564	
Net OPEB liability	<u>1,957,488</u>	<u>33,211</u>		<u>1,990,699</u>	
Total	<u>\$ 5,624,285</u>	<u>\$ 372,632</u>	<u>\$ (24,881)</u>	<u>\$ 5,972,036</u>	<u>\$ 29,775</u>

Capital Leases: On January 16, 2021, the District Board of Directors authorized the financing and purchase of a Konica Copier lease through a Caltronics contract. The cost of the contract was \$22,811. The District will make 48 monthly payments for four years with the payment amount of \$475. The accumulated depreciation on the copier at June 30, 2021 totaled \$2,851.

On August 26, 2016, the District Board of Directors authorized the financing and purchase of another security vehicle. The cost of the vehicle was \$18,416 and the District took out a \$9,521 lease to finance a portion of the purchase. The District will make monthly payments of \$157 for four years with the interest rate set at 5.70%. The accumulated depreciation on the vehicle at June 30, 2021 totaled \$18,109.

**NOTE 7 – NET POSITION**

Net Position is the excess of all the District’s assets and deferred outflows over all its liabilities, and deferred inflows. Net Position is divided into three categories as follows:

*Net investment in capital assets* describes the portion of net position which is represented by the current net book value of the District’s capital assets, less the outstanding balance of any debt issued to finance these assets, excluding unspent proceeds.

*Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 7 – NET POSITION (Continued)**

which the District cannot unilaterally alter. These include connection fees restricted to capital expansion by Section 66013 of the Water Code and service charges received for use on capital projects consisting of the following:

	<u>Water</u>	<u>Sewer</u>	<u>Drainage</u>	<u>Security</u>
RESTRICTED:				
Capital replacements	\$ 2,102,698	\$ 3,314,065		
Water augmentation	2,027,398			
Capital improvements		91,044	\$ 329,208	
Security projects				\$ 45,622
TOTAL RESTRICTED				
NET POSITION	<u>\$ 4,130,096</u>	<u>\$ 3,405,109</u>	<u>\$ 329,208</u>	<u>\$ 45,622</u>

The District’s Water Treatment Plant Construction Fund, which has a deficit balance of \$791,404 borrowed from the water augmentation restricted net position to partially fund the water treatment plant project. The balance owed at June 30, 2021 is \$191,323. Monthly principal and interest payments of approximately \$4,000 are being made.

*Unrestricted* describes the portion of net position which is not restricted as to use.

*Designations* of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. They are reported as part of the District’s unrestricted net position.

**NOTE 8 – PENSION PLANS**

Plan Description: All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Plan, a cost sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS) which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues a publicly available report that includes a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Optional Settlement 2 Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 8 – PENSION PLANS (Continued)**

The Plans’ provisions and benefits in effect for the year ended June 30, 2021 is summarized as follows for each rate plan:

	Miscellaneous Plan (Prior to January 1, 2013)	Miscellaneous Plan (On or after January 1, 2013)
Hire date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	11.031%	7.732%

In addition to the contribution rates above, the District was required to make payments totaling \$289,558 toward its unfunded actuarial liability during the year ended June 30, 2020. The Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

Contributions: Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The total contributions paid to the Plan were \$430,634 for the year ended June 30, 2021.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2021, the District reported a net pension liability for its proportionate share of the Plan’s net pension liability of \$3,879,564.

The District’s net pension liability is measured as the proportionate share of the Plan’s net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30 was as follows:

Proportion - June 30, 2020	0.08890%
Proportion - June 30, 2021	0.09197%
Change - Increase	<u>0.00307%</u>



RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 8 – PENSION PLANS (Continued)**

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: For the year ended June 30, 2021, the District recognized pension expense of \$670,387. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 430,634	
Differences between actual and expected experience	199,925	
Changes in assumptions		(27,672)
Differences between employer's contributions and proportionate share of contributions		(179,831)
Change in employer's proportion	133,580	
Net differences between projected and actual earnings on plan investments	115,248	
Total	<u>\$ 879,387</u>	<u>\$ (207,503)</u>

The \$430,634 reported as deferred outflows of resources related to contributions subsequent to the measurement date of June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows as of June 30, 2021:

Year Ended June 30	
2022	\$ 12,337
2023	93,335
2024	80,303
2025	55,275
	<u>\$ 241,250</u>

Actuarial Assumptions: The total pension liability at the June 30, 2020 measurement dates was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Mortality - pre-retirement	Derived using CalPERS Membership Data

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 8 – PENSION PLANS (Continued)**

The mortality table used was developed based in CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale, 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% in the June 30, 2020 valuation. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement dates of June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%		(0.92)%
Total	100.0%		

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 8 – PENSION PLANS (Continued)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 5,950,494
Current Discount Rate	7.15%
Net Pension Liability	\$ 3,879,564
1% Increase	8.15%
Net Pension Liability	\$ 2,168,419

Pension Plan Fiduciary Net Position: Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN**

Plan Description: The District’s other postemployment benefits (OPEB) healthcare plan (the Plan) provides medical benefits to employees that directly retire from the District and their eligible dependents, subject to a monthly limitation pursuant to Government Code Section 22892, as amended by AB 2544, under an agent multiple-employer defined benefit plan. Eligibility rules include retirement from the District at age 50 or later with five years of service for employees hired prior to January 1, 2016 and 10 years of service for employees hired after January 1, 2016. When the retiree and/or spouse turn 65, benefits are reduced to include coverage provided by Medicare. Employees hired before January 1, 2016 are eligible for lifetime medical benefits under the CalPERS medical program up to a cap of \$272 to \$768 per month. Employees hired after January 1, 2016 must have 10 years of PERS service and are eligible for benefits at 50% of the cap of \$272 to \$768 per month, increasing 5% per year until reaching 100% after 20 years.

Contributions: The contribution requirements of the District are established and may be amended by the District’s Board of Directors. Plan members are currently not required to contribute. The District participates in the Public Agency Retirement Services Trust (PARS), an irrevocable trust established to fund OPEB. The Trust is administrated by PARS, and is managed by an appointed board not under the control of the District’s Board of Directors. This Trust is not considered a component unit by the District and has been excluded from these financial statements. Pre-funding contributions made by the District are at the discretion of the Board of Directors.

For the year ended June 30, 2021, the District paid \$217,152 of current retiree premiums and contributed \$56,605 in the form of an implied subsidy of retirement premiums.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

Employees Covered by Benefit Terms: As of the June 30, 2020 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Inactive employees or beneficiaries currently receiving benefit payments	21
Active employees	<u>28</u>
Total	<u><u>49</u></u>

Net OPEB Liability: The District’s net OPEB liabilities as of June 30, 2020 were measured as of June 30, 2020, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.26%
Salary increases	3.25%
Discount rate	7.00%
Mortality rate	CalPERS 2017 mortality pre-retirement
Healthcare trend rate	Non-medicare 6.85% for 2021, decreasing to an ultimate rate of 5.0% in 2029, Medicare 5.0%

Retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Long-term Expected Rate of Return (2)
Global Equity	48.25%	5.65%
Fixed Income	45.0%	1.39%
Real Estate Investment Trusts	1.75%	5.06%
Cash	<u>5.0%</u>	0.00%
Total	<u><u>100.0%</u></u>	

(1) The table shows the target asset allocation in the PARS moderate investment policy.

(2) JP Morgan arithmetic Long Term Capital Market Assumptions and expected inflation of 2.26%.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

Discount Rate: The discount rates used to measure the net OPEB liabilities was 7.00%, which was the same discount rate used in the previous valuations. The discount rate is based on a blend of the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan’s fiduciary net positions were projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments were applied to all periods of projected benefit payments to determine the net OPEB liabilities.

Changes in the Net OPEB Liability: Changes in the net OPEB liability were as follows during the year ended June 30, 2021:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 3,957,571	\$ 2,000,082	\$ 1,957,489
Changes in the year:			
Service cost	125,957		125,957
Interest	279,650		279,650
Differences between expected and actual experience	(13,776)		(13,776)
Contributions - employer		292,596	(292,596)
Investment income		66,025	(66,025)
Benefit payments	(180,096)	(180,096)	
Net changes	<u>211,735</u>	<u>178,525</u>	<u>33,210</u>
Balance at June 30, 2020	<u>\$ 4,169,306</u>	<u>\$ 2,178,607</u>	<u>\$ 1,990,699</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability	\$ 2,514,700	\$ 1,990,699	\$ 1,556,790

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	Current Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ 1,519,695	\$ 1,990,699	\$ 2,564,138

OPEB Plan Fiduciary Net Position: Separately issued financial statements for PARS may be obtained from Public Agency Retirement Services, 4350 Von Karman Avenue, Newport Beach, CA 95660.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended December 31, 2021, the District recognized OPEB expense of \$362,945. At June 30, 2021, the District had deferred inflows related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measurement date	\$ 273,757	
Difference between projected and actual earnings	73,214	
Change in assumptions		\$ (85,798)
Difference between expected and actual experience	605,060	(16,731)
Total	<u>\$ 952,031</u>	<u>\$ (102,529)</u>

The amount reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over 5 years for investment earning differences and over the expected average remaining service lifetime of 7.64 years for other changes and differences as follows:

<u>Year Ended June 30</u>	
2021	\$ 101,216
2022	110,365
2023	112,098
2024	105,837
2024	90,265
Thereafter	55,964
	<u>\$ 575,745</u>

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 10 – SPECIAL ASSESSMENT DISTRICT**

The District adopted a resolution for the formation of Rancho Murieta Community Services District Community Facilities District No. 2014-1 (Rancho North/Murieta Gardens) CFD 2014-1. CFD 2014-1 was formed as part of a financing plan for public infrastructure Facilities and other governmental Facilities to support the development of a hotel and other commercial, residential and mixed use properties being developed on approximately 828 acres of land within the District boundaries of CFD 2014-1. On January 29, 2015 bonds in the amount of \$5,960,000 were issued to finance the costs of the Facilities and to finance costs associated with the issuance of bonds. During the 2014-2015 fiscal year, a special tax was approved by voters and has been authorized by the Board of Directors to be levied on lots and parcels within CFD 2014-1 commencing with the fiscal year 2016-17 tax levy. Proceeds from the Special Tax will be used to repay the bonded indebtedness and associated costs. The District is acting as an agent for the property owners and is not liable for repayment of the bonds.

The amount of special assessment debt at June 30, 2021, is:

Community Facilities District No. 2014-1	<u>\$ 5,565,000</u>
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**NOTE 11 – INSURANCE**

The District participates in the Golden State Risk Management Authority (GSRMA), a public entity risk pool of California water agencies, for general and auto liability, employee liability, property damage and workers compensation liability. GSRMA provides insurance through the pool up to a certain level, beyond which group-purchased commercial excess insurance is obtained.

The District pays an annual premium to GSRMA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the GSRMA. The District’s deductibles and maximum coverage are as follows:

Coverage	GSRMA	Commercial Insurance	Deductible
General and auto liability	\$ 250,000	\$ 1,000,000	None
Property damage	\$ 5,000 to 25,000	\$ 25,000,000	\$ 250 to 1,000
Employee	\$ 25,000	\$ 10,000,000	\$ 2,500
Workers compensation liability	\$ 300,000	Statutory	None

**NOTE 12 – REVENUE LIMITATION IMPOSED BY CALIFORNIA PROPOSITION 218**

Proposition 218, which was approved by the voters in November 1996 will regulate the District’s ability to impose, increase, and extend taxes and assessments. Any new, increased, or extended taxes and assessments subject to the provisions of Proposition 218 requires voter approval before it can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative process and may be rescinded in future years by the voters.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

Grants: Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Commitments: The District entered into a solid waste agreement with California Waste Recovery System in 2013 that lasts through October 31, 2025. The current charge for these services is \$53,000 per month.

The District received funding from landowners for the construction of Phase 1 of the water treatment plant expansion, of which \$540,000 was to be reserved to fund a portion of the Phase 2 expansion. This reserve amount was used by the District to cover cost overruns on the Phase 1 construction. Should construction of Phase 2 move forward, the District would be required to provide the \$540,000 of funding on the project within 12 months of notification that Phase 2 will proceed. The remaining cost of Phase 2 would be funded by the landowners. It is unknown whether the landowners will seek to move forward with Phase 2 of the project.

**NOTE 14 – RESTATEMENT**

During the year ended June 30, 2021, the District determined that delinquent CFD assessments for past years of debt service, other related CFD expenditures and delinquencies were recorded in the District's financial statements during fiscal year 2020. These funds were meant to be distributed between both the CFD and the District. This correction was made as of June 30, 2021, and, as a result, the District's net position increased by \$441,770.

During the year ended June 30, 2021, the District determined that irrigation easements acquired in 2008 were not recorded as a capital asset of the District. The value of these easements was added to capital assets and net investment in capital assets as of July 1, 2020, which totaled \$4,885,000.



REQUIRED SUPPLEMENTARY INFORMATION

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RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

For the Year Ended June 30, 2021

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
Last 10 Years**

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.09197%	0.08890%	0.08381%	0.08399%	0.07992%	0.07967%	0.08554%
Proportionate share of the net pension liability	\$ 3,879,564	\$ 3,560,102	\$ 3,158,658	\$ 3,310,789	\$ 2,776,304	\$ 2,185,709	\$ 2,114,104
Covered payroll - measurement period	\$ 2,011,198	\$ 1,777,349	\$ 1,700,521	\$ 1,844,259	\$ 1,854,042	\$ 1,776,986	\$ 1,776,986
Proportionate share of the net pension liability as a percentage of covered payroll	192.90%	200.30%	185.75%	179.52%	149.74%	123.00%	118.97%
Plan fiduciary net position as a percentage of the total pension liability	59.65%	68.19%	75.68%	73.42%	78.44%	81.69%	79.18%

Notes to Schedule:

Reporting valuation date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Change in benefit terms:	None						

Changes in assumptions: The discount rate was changed from 7.5% (net of administrative expenses) to 7.65% in the June 30, 2015 actuarial valuation. The discount rate was changed to 7.15% in the June 30, 2018 actuarial valuation.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN  
Last 10 Years**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 430,634	\$ 393,756	\$ 336,982	\$ 282,817	\$ 269,924	\$ 250,997	\$ 222,235
Contributions in relation to the actuarially determined contributions	(430,634)	(393,756)	(336,982)	(282,817)	(269,924)	(250,997)	(222,235)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - fiscal year	\$ 2,011,198	\$ 2,011,198	\$ 1,777,349	\$ 1,700,521	\$ 1,844,259	\$ 1,854,042	\$ 1,776,986
Contributions as a percentage of covered payroll	21.41%	19.58%	18.96%	16.63%	14.64%	13.54%	12.51%

Notes to Schedule:

Contribution valuation date	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:	Entry age normal cost method						
Amortization method	Level percentage of payroll, closed						
Remaining amortization period	Varies by rate plan, not more than 30 years						
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Inflation	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service						
Payroll growth	2.750%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return and discount rate	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50 to 67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.						
Mortality	Most recent CalPERS Experience Study						

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be added prospectively as they become available.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

For the Year Ended June 30, 2021

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
Last 10 Years**

Measurement period	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 125,957	\$ 119,959	\$ 120,587	\$ 120,587
Interest	279,650	218,561	202,076	193,101
Differences between expected and actual experience	(13,776)	819,620	(9,086)	(13,414)
Changes in assumptions		(116,222)		
Benefit payments	(180,096)	(170,520)	(114,202)	(101,226)
Net change in total OPEB liability	211,735	871,398	199,375	199,048
Total OPEB liability - beginning	3,957,570	3,086,172	2,886,797	2,687,749
Total OPEB liability - ending (a)	<u>\$ 4,169,305</u>	<u>\$ 3,957,570</u>	<u>\$ 3,086,172</u>	<u>\$ 2,886,797</u>
Plan fiduciary net position				
Contributions - employer	\$ 292,596	\$ 352,020	\$ 328,402	\$ 189,009
Net investment income	66,025	93,530	121,097	127,890
Benefit payments	(180,096)	(170,520)	(114,202)	
Administrative expenses			(5,456)	(4,337)
Net change in plan fiduciary net position	178,525	275,030	329,841	312,562
Plan fiduciary net position - beginning	2,000,082	1,725,052	1,395,211	1,082,649
Plan fiduciary net position - ending (b)	<u>\$ 2,178,607</u>	<u>\$ 2,000,082</u>	<u>\$ 1,725,052</u>	<u>\$ 1,395,211</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 1,990,698</u>	<u>\$ 1,957,488</u>	<u>\$ 1,361,120</u>	<u>\$ 1,491,586</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>52.25%</u>	<u>50.54%</u>	<u>55.90%</u>	<u>48.33%</u>
Covered - employee payroll - measurement period	<u>\$ 1,734,776</u>	<u>\$ 1,933,439</u>	<u>\$ 1,755,788</u>	<u>\$ 1,770,521</u>
Net OPEB liability as percentage of covered - employee payroll	<u>114.75%</u>	<u>101.24%</u>	<u>77.52%</u>	<u>84.25%</u>
Notes to schedule:				
Valuation date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Benefit changes. None.

Changes in assumptions. In the June 30, 2019 valuation, the average per capita claims costs was updated to reflect 2019 and 2020 premiums. Also, actuarial assumptions were updated to reflect the 2017 CalPERS studies.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

For the Year Ended June 30, 2021

**SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN  
 Last 10 Years**

	2021	2020	2019	2018
Actuarially or contractually determined contribution - employer fiscal year	\$ 278,685	\$ 278,685	\$ 298,011	\$ 286,184
Contributions in relation to the determined contributions	(292,596)	(292,596)	(352,020)	(328,402)
Contribution deficiency (excess)	<u>\$ (13,911)</u>	<u>\$ (13,911)</u>	<u>\$ (54,009)</u>	<u>\$ (42,218)</u>
Covered - employee payroll - employer fiscal year	\$ 1,734,776	\$ 1,996,276	\$ 1,933,439	\$ 1,777,349
Contributions as a percentage of covered - employee payroll	16.87%	14.66%	18.21%	18.70%

**Notes to Schedule:**

Valuation date June 30, 2019    June 30, 2019    June 30, 2017    June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-age normal cost method
Amortization method	Level percentage of earnings or service of the individual between entry age and assumed exit age.
Asset valuation method	Market value of assets
Inflation	2.26%
Healthcare cost trend rates	Pre 65: 2020: 6.85% in 2021 trending down to 5.00% in 2029; Post 65: 2020: 5.00% in all future years.
Salary increases	3.25% annual increases
Investment rate of return	7.00%            7.00%            7.00%            7.00%
Retirement age	50-75 years. Probabilities of retirement are based on the 2017 CalPERS experience study.
Mortality	Based on 2017 CalPERS experience study.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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## COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Rancho Murieta Community Services District  
Rancho Murieta, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the funds and the fiduciary fund of the Rancho Murieta Community Services District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 26, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and schedule of prior year findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and schedule of prior year findings as items 2021-001, 2021-002, 2019-001, 2019-004, and 2019-007, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and schedule of prior year findings as items 2019-009 and 2019-011 to be significant deficiencies.

To the Board of Directors  
Rancho Murieta Community Services District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

*Government Auditing Standards* require auditors to perform limited procedures on the District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Richardson & Company, LLP*

February 26, 2024

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

SCHEDULE OF FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

MATERIAL WEAKNESSES IN INTERNAL CONTROL

**Current Year Findings**

**Finding 2021-001: Year-End Closing Procedures**

Condition: The audit was delayed because of delays in producing closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors, due to the District having difficulty finding qualified staff.

To ensure the year-end closing process proceeds more quickly and smoothly, we recommend developing a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished. The District needs to ensure that all balance sheet accounts are reviewed and reconciled to supporting schedules and are reviewed and approved prior to the beginning of the audit.

Recommendation: We recommend that the District streamline accounting processes to create timely, accurate financial reporting. Reconciliations of account balances should be performed throughout the year. A closing procedures checklist would ensure account balances are reviewed and corrected prior to the start of the audit. The review function should include monitoring compliance with District policy and generally accepted accounting principles. Procedures should be in place to prepare the required reconciliations at year-end and post entries needed to close the books prior to the start of the audit.

District's response: Agreed. The District has new management in place and procedures for regular, periodic financial reporting and account reconciliations. A closing procedures checklist is being developed and account balances will be reviewed and corrected prior to the start of audits including required reconciliations and entries needed to close the accounting books. The District's review process will include monitoring compliance with District policies and generally accepted accounting principles.

**Finding 2021-002: Developer-constructed infrastructure**

Condition: Developer-constructed infrastructure that is deeded to the District does not appear to have been recorded as capital assets in the District's general ledger. One transaction was identified dating back to 2007, but there may be others.

Criteria: A complete and accurate capital asset listing, including developer-constructed assets, needs to be maintained.

Cause: It appears certain policies and procedures related to developer-donated infrastructure have not been put into place.

Effect: This situation creates a misstatement of the capital assets.

Recommendation: We recommend the District evaluate the extent of developer-donated infrastructure received and estimate and record the amount of developer-donated assets and related depreciation in its general ledger and capital asset listing.

District's response: Agreed. The District is beginning an evaluation of developer-donated infrastructure received and will estimate and record the amount of developer-donated assets and related depreciation in the general accounting ledger as well as the fixed assets subledger. The District anticipates identifying all developer-donated infrastructure and having the appropriate adjustments made to the accounting records for the FY 21-22 financial close.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

MATERIAL WEAKNESSES IN INTERNAL CONTROLS

**Prior Year Findings**

**Finding 2020-001: Year-End Closing Procedures**

Condition: The audit was delayed because of delays in producing closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors, which resulted in numerous adjustments. The large number of adjustments identified during the course of the audit indicates that the District does not have the internal controls in place to prevent or detect misstatements on a timely basis.

We believe that the year-end closing process could proceed more quickly and smoothly by developing a logical order for closing procedures. The required closing procedures should be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished. The District needs to ensure that all balance sheet accounts are reviewed and reconciled to supporting schedules and are reviewed and approved prior to the beginning of the audit.

Recommendation: We recommend that the District streamline accounting processes to create timely, accurate financial reporting. A closing procedures checklist would ensure account balances are reviewed and corrected prior to the start of the audit. The review function should include monitoring compliance with District policy and generally accepted accounting principles. Procedures should be in place to prepare the required reconciliations at year-end and post entries needed to close the books prior to the start of the audit.

Current Status: This issue still exists. See current year 2021-001.

District's response: The District agrees with the condition stated in the finding. The District has had high turnover in key accounting positions and difficulties in onboarding new staff. At the time of the audit, the District was not able to locate any documented procedures identifying considerations in the year-end closing process. The District will document all processes required to complete the year-end close and monitor account balances prior to the start of the audit. All accounting staff will be trained on new processes and will be informed of any revisions. We anticipate these measures to be implemented prior to close of FY 2023-24.

**Finding 2020-002: Developer-constructed infrastructure**

Condition: Developer-constructed infrastructure that is deeded to the District does not appear to have been recorded as capital assets in the District's general ledger.

Criteria: A complete and accurate capital asset listing, including developer-constructed assets, needs to be maintained.

Cause: It appears certain policies and procedures related to developer-donated infrastructure have not been put into place.

Effect: This situation creates a misstatement of the capital assets.

Recommendation: We recommend the District evaluate the extent of developer-donated infrastructure received and estimate and record the amount of developer-donated assets and related depreciation in its general ledger and capital asset listing

Current Status: This issue still exists. See current year finding 2021-002.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

FOR THE YEAR ENDED JUNE 30, 2021

District's response: The District is currently reviewing and maintaining a list of capital assets that include the developer donated assets. The District agrees that the developer donated assets were not originally included in the capital assets list and proper policies and procedures are being developed to ensure an accurate accounting for all capital assets and depreciation in the future. We anticipate these measures to be implemented prior to the audit for FY 2023-24.

**FS 2019-001:** During the fiscal year ended June 30, 2019, the District relied on the external auditor to ensure its financial statements were in accordance with GAAP. In addition, the District relied on the external auditor to ensure that all necessary disclosures were included in the notes to the financial statements. The District does not employ a staff member with the necessary knowledge and training to prepare governmental financial statements. In accordance with AU-C 265 external auditors cannot be part of any entity's internal controls over preparation of the financial statements and are prohibited from auditing their own work, which would impair their independence. We noted the District retained an outside accounting consultant to assist with internal controls and some year-end close assistance.

Recommendation: We recommend the District accounting staff reconcile the general ledger to the underlying support as part of year-end closing procedures prior to the audit, or utilize the outside accountant to verify the accuracy of what is provided to the auditor.

Current Status: This issue still exists. See current year finding 2020-0001.

District Response: The District agrees with the condition stated in the finding. The District has had high turnover in key accounting positions and difficulties in onboarding new staff. Staff identified key deficiencies in the job descriptions of accounting classifications and will be correcting them in FY 2020-21. The District also recognizes that proper processes for general ledger year-end reconciliation will be implemented to ensure financial statements are accurate prior to the start of the audit. The District is currently recruiting key personnel and anticipates implementing proper general ledger closing procedures prior to the FY 2023-24 audit.

**FS 2019-004:** During our review of the general ledger, we noted after November 2018 that there were many instances of journal entries being posted and reversed and then reposted. Per review of the journal entries we noted that no accounting personnel were reviewing and approving the journal entries that were being prepared and posted by accounting staff and the outside consultants. The lack of review and authorization increases the risk of material misstatements in the financial statements.

Recommendation: In order to reduce the risk of material misstatements we recommend implementing internal controls where journal entries are reviewed and approved, prior to posting the entry by an accounting staff member with adequate skill, knowledge, and experience.

Current Status: Several instances of this were noted in the current year audit as well, including the accrued payroll journal entry that had to be reversed during the audit as this journal entry was recorded twice. The review of journal entries should be documented by the reviewer's initials and date of review and this documentation should be retained based on the District's retention policy.

District Response: The District has had high turnover in key positions, creating the lack of segregation of duties. The District has hired part-time temporary staff to allow for internal controls. The District recognizes that the lack of key personnel and accurate alignment of job duties created silos in which certain journal entries were not reviewed prior to posting. Staff have completed an assessment and have realigned the workflow to include segregation of duties when completing journal entries. The District is

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

FOR THE YEAR ENDED JUNE 30, 2021

currently recruiting key personnel prior to the FY 2020-21 audit and have implemented proper segregation of duties within existing staffing levels.

**FS 2019-007:** During our review of the general ledger we noted the District was not maintaining a self-balancing set of accounts by fund during the 2018/19 fiscal year. The District recorded a journal entry at year-end to balance the funds. Proper accounting controls would require the individual funds to be self-balancing. The cause of this condition is that the Great Plains accounting program is not specifically designed to be a fund accounting program. The prior administration established procedures to make the system function like a fund accounting program, however the method is very complex and with the turnover that occurred during the 2018/19 fiscal year, the accounting entries required to keep the funds in balance were not being maintained. This is a condition that could lead to a qualified opinion in the auditor's report if it is not corrected.

**Recommendation:** We recommend the District consider purchasing accounting software that is designed for fund accounting.

**Current Status:** This issue still exists. The District should consider setting up their accounting system on a fund basis to ensure the funds remain in balance when recording journal entries.

**District Response:** The District recognizes the limitation in the current financial system and is working to set up the correct accounts to ensure proper fund accounting. The District is looking into implementing a new ERP system that is specifically designed for governmental fund accounting. The District anticipates the new ERP implementation for the FY 2021-22.

**SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL**

**FS 2019-008:** During our testing of accrued payroll benefit liabilities, we noted that many of the accounts did not agree to the underlying support. We also noted that many of the payroll benefit liability accounts had debit balances, which is a negative balance for a liability account.

**Recommendation:** We recommend the District reconcile the accrued payroll benefit liability accounts to the underlying documentation and verify that the liability accounts are being allocated to the funds based on direct allocations or by the approved allocation formula.

**Current Status:** The payroll liabilities were written off in fiscal year 2020/21.

**FS 2019-009:** During our review of bank reconciliations, we noted instances where the reconciliations were not performed in a timely manner after month-end and also instances where the reconciliations were not initialed by a reviewer other than the person preparing the bank reconciliation.

**Recommendation:** We recommend preparing the bank reconciliations in a timely manner after month-end and that a staff member, who is not part of the cash collection, cash receipting or has check signing authority, review, date and initial the bank reconciliations.

**Current Status:** This issue still exists to some extent. In the fiscal year 2019/20 audit, the District provided bank reconciliations for June 30, 2020 that were generated from the accounting system; however, the book balance did not agree to the general ledger balances. The District was able to prepare manual bank reconciliations with immaterial differences. We recommend the District determine if the system-generated reconciliations can be relied upon in the future.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

FOR THE YEAR ENDED JUNE 30, 2021

District Response: The District has lacked key personnel to complete the monthly bank reconciliations in a timely manner. The District is currently recruiting for personnel and has been utilizing an outside consultant to assist with the monthly reconciliations and will transfer the knowledge when key personnel are onboarded. This issue should be considered resolved for the FY 2020-21 audit.

**FS 2019-011:** During our testing of accounts receivables we noted the District had numerous non-active customer accounts with credit balances. The total of the non-active customer credit balances was \$18,774. We also noted this condition in the prior audit. These accounts use the code OFFC in the platinum billing system.

Recommendation: The District should determine their legal responsibility for returning the funds to customers for these credit balance accounts prior to the board approving them to be written off. The District should also run the credit balance report as of June 30, the financial statement reporting date.

Current Status: These credit balances still exist at June 30, 2021.

District Response: The District has utilized an external consultant to maintain and manage the utility accounts due to lack of key personnel to manage the customer accounts appropriately. The District is currently recruiting for personnel that will manage and maintain customer accounts and will develop procedures to prevent receivables and determine the course of action to either return the funds or request approval from the Board to write-off the outstanding balances.

**FS 2019-013:** During our testing of prepaid expense, we noted the general ledger balances were not reconciled to the underlying support. We noted \$14,579 recorded as prepaid workers compensation, whereas our expected balance was zero, as the District made all the required 2018/19 fiscal year contributions in the 2018/19 fiscal year. It appears that after the November 2018 allocations were made to prepaid workers compensation from the water and security funds, resulting in a negative \$5,631 prepaid workers compensation balance in the water fund.

We also noted the prepaid expense balances, all funds 1260-99, carried over from the prior fiscal year totaling \$19,779, were not reversed in the current fiscal year resulting in an overstatement of prepaid expense and an understatement of expense.

Recommendation: This issue was resolved in fiscal year 2020/21.

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## Rancho Murieta Community Services District

15160 Jackson Road • P.O. Box 1050 Rancho Murieta, CA 95683 • 916-354-3700 • Fax 916-354-2082  
Visit our website [www.rmcsd.com](http://www.rmcsd.com)

### IMPORTANT INFORMATION REGARDING SERVICE RATE INCREASES

#### **Rancho Murieta CSD Customers:**

Rancho Murieta CSD is proposing to increase FY24-25 water, wastewater and solid waste rates. The Board will discuss the factors requiring increases on April 17, 2024. All are welcome.

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#### **TO OUR RANCHO MURIETA CSD CUSTOMERS AND COMMUNITY MEMBERS,**

The District Board of Directors and staff are working diligently to improve the District's overall financial management. Part of that effort includes finalizing audits and approving daily accounting to gain clearer understanding of the revenues and expenses for each service area.

Understanding those factors helps us determine the service rates needed to fully cover operational expenses, pay for critical maintenance, and pay contracted solid waste fees. The rates also play a role in growing reserves to cover future anticipated replacement of aging infrastructure.

We recognize that cost increases are difficult for consumers and have been very mindful of the impact even the smallest increase can have on fixed budgets. We have tried to balance that with the very real need to keep the water system intact, fully functional, and compliant with all regulations.

This consolidated notice encompasses the three services for which we are proposing rate increases: water, wastewater and solid waste. This notice is being sent 45 days ahead of the first reading of the FY24-25 budget (May 15, 2024) so you can evaluate the information. We appreciate your input and request that you submit any protests by May 15, 2024.

Sincerely,

The Board of Directors  
of Rancho Murieta Community Services District

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#### **HOW TO PARTICIPATE?**

**Join us May 15, 2024, 5:00 p.m.**  
**Public Rate Hearing (Board of Directors Meeting)**  
*All meetings are held in the District Board Room.*

Under California state law, all property owners and customers of record may submit a written protest about proposed rate changes. Each letter must contain the property owner or customer name, address and rate they are protesting to be counted towards the protest. Protests may be submitted until the close of the public hearing on May 15, 2024. Only one protest per parcel is permitted and all written protests will be verified. There is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge (until October 3, 2024).

**Letters should be sent to:**  
Rancho Murieta CSD Board Secretary  
P.O. Box 1050, Rancho Murieta, CA 95683  
For more info, call **(916) 354-3700** or email [PIO@rmcsd.com](mailto:PIO@rmcsd.com)

*Serving the Community for over 30 years*

Board of Directors: Tim Maybee, President • Martin Pohll, Vice-President • Randy Jenco • Linda Butler • Martin Pohll • Stephen Booth  
General Manager • Mimi Morris

# FAQs

## WHY IS THE DISTRICT PROPOSING MORE RATE INCREASES?

The Grand Jury report ballparked a shortfall in the District’s Reserves of over \$10 million. The District is raising rates to both cover current operating costs and make incremental steps toward building up an adequate reserve balance.

## WHEN DID THE MOST RECENT RATE INCREASE GO INTO EFFECT?

In FY23-24, water and wastewater rate increases were 10.6% and 17%, respectively.

In FY23-24, solid waste collection was raised by 24%.

## HOW DOES THE DISTRICT ACCURATELY FORECAST OPERATIONAL EXPENSES, MAINTENANCE AND REPAIRS, AND LONG-TERM CAPITAL IMPROVEMENTS NEEDS?

The District’s ability to determine how much money is needed for operational expenses, maintenance and repairs and vital long-term capital improvements begins with a detailed budgeting process. Known and projected revenues are calculated. Known and expected expenses are compiled. All revenues and expenses are tracked according to each utility service or fund and even to the various sub funds.

Expenses throughout the year are charged against these budgeted line items and evaluated monthly to determine if District spending is in line with expected financial resources. This process is not too different from personal financial management in your own homes.

Capital improvements are somewhat more complex because there are many different components, with varying expected life spans. A study is being completed which will capture all the components and provide their expected date of lost functionality along with a projected replacement cost. These costs are tabulated and evaluated by year to be able to ascertain how much money is needed in five years, in ten years, in twenty years, etc., to ensure that the operating system remains fully viable for the community. The Capital Improvement Plan will be funded largely from reserves.

## WHAT DRIVES SOLID WASTE RATE INCREASES?

The Cal-Waste contract allows annual rate increases tied to the inflation index known as the Consumer Price Index (CPI). The CSD charges a \$2.50 per month administrative fee and the monthly County surcharge is \$3.00.

# PROPOSED 24-25 INCREASES

## WATER

Current Rate FY 2023-24		Proposed FY 2024-25		Increase
Base Charge (w/o reserve contribution)	42.84	Base Charge (w/o reserve contribution)	52.26	22%
Reserve Contribution	14.00	Reserve Contribution	14.00	0%
<b>Total Base Charge</b>	56.84	<b>Total Base Charge</b>	66.26	16.57%
Debt Service Charge	6.00	Debt Service Charge	6.00	0%
Usage Charge (per CF)	.0217	Usage Charge (per CF)	.0326	50%

## WASTEWATER/RECYCLED WATER

Current Rate FY 2024-25		Proposed FY 2024-25		Increase
Base Charge (w/o reserve contribution)	54.12	Base Charge (w/o reserve contribution)	59.52	10%
Reserve Contribution	14.00	Reserve Contribution	14.00	0%
<b>Total Base Charge</b>	68.12	<b>Total Base Charge</b>	73.52	7.93%

## SOLID WASTE

Current Rate FY 2023-24		Proposed FY 2024-25		Increase
<b>Garbage Collection Services</b>		<b>Garbage Collection Services<sup>1</sup></b>		
38-Gallon Cart	30.76	38-Gallon Cart	32.25	4.85%
64-Gallon Cart	36.96	64-Gallon Cart	38.75	4.85%
96-Gallon Cart	59.33	96-Gallon Cart	62.21	4.85%
<b>Additional Garbage Cans</b>		<b>Additional Garbage Cans</b>		
38-Gallon Cart	9.46	38-Gallon Cart	9.92	4.86%
64-Gallon Cart	12.61	64-Gallon Cart	13.22	4.84%
96-Gallon Cart	28.98	96-Gallon Cart	30.39	4.87%
Additional Recycling Cart	7.80	Additional Recycling Cart	8.18	4.87%
Additional Green Waste Cart	7.80	Additional Green Waste Cart	8.18	4.87%
<b>Surcharges, Organic &amp; Admin Fees</b>		<b>Surcharges, Organic &amp; Admin Fees</b>		
Phased Organic Collection Rate	0	Final Phased Organic Collection Rate	3.50	100%
Sacramento County Surcharge	3.00	Sacramento County Surcharge	3.00	0%
District Franchise Fee	2.00	District Franchise Fee	2.50	25%

<sup>1</sup> Includes one bulky waste pickup



## Rancho Murieta Community Services District

15160 Jackson Road • P.O. Box 1050 Rancho Murieta, CA 95683 • 916-354-3700 • Fax 916-354-2082  
Visit our website [www.rmcsd.com](http://www.rmcsd.com)

### IMPORTANT INFORMATION REGARDING SERVICE RATE INCREASES

#### **Rancho Murieta CSD Customers:**

Rancho Murieta CSD is proposing to increase FY24-25 water, wastewater and solid waste rates. The Board will discuss the factors requiring increases on April 17, 2024. All are welcome.

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#### **TO OUR RANCHO MURIETA CSD CUSTOMERS AND COMMUNITY MEMBERS,**

The District Board of Directors and staff are working diligently to improve the District's overall financial management. Part of that effort includes finalizing audits and approving daily accounting to gain clearer understanding of the revenues and expenses for each service area.

Understanding those factors helps us determine the service rates needed to fully cover operational expenses, pay for critical maintenance, and pay contracted solid waste fees. The rates also play a role in growing reserves to cover future anticipated replacement of aging infrastructure.

We recognize that cost increases are difficult for consumers and have been very mindful of the impact even the smallest increase can have on fixed budgets. We have tried to balance that with the very real need to keep the water system intact, fully functional, and compliant with all regulations.

This consolidated notice encompasses the three services for which we are proposing rate increases: water, wastewater and solid waste. This notice is being sent 45 days ahead of the first reading of the FY24-25 budget (May 15, 2024) so you can evaluate the information. We appreciate your input and request that you submit any protests by May 15, 2024.

Sincerely,

The Board of Directors  
of Rancho Murieta Community Services District

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#### **HOW TO PARTICIPATE?**

**Join us May 15, 2024, 5:00 p.m.**  
**Public Rate Hearing (Board of Directors Meeting)**  
*All meetings are held in the District Board Room.*

Under California state law, all property owners and customers of record may submit a written protest about proposed rate changes. Each letter must contain the property owner or customer name, address and rate they are protesting to be counted towards the protest. Protests may be submitted until the close of the public hearing on May 15, 2024. Only one protest per parcel is permitted and all written protests will be verified. There is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge (until October 3, 2024).

**Letters should be sent to:**  
Rancho Murieta CSD Board Secretary  
P.O. Box 1050, Rancho Murieta, CA 95683  
For more info, call **(916) 354-3700** or email [PIO@rmcsd.com](mailto:PIO@rmcsd.com)

*Serving the Community for over 30 years*

Board of Directors: Tim Maybee, President • Martin Pohll, Vice-President • Randy Jenco • Linda Butler • Martin Pohll • Stephen Booth  
General Manager • Mimi Morris

# FAQs

## WHY IS THE DISTRICT PROPOSING MORE RATE INCREASES?

The Grand Jury report ballparked a shortfall in the District’s Reserves of over \$10 million. The District is raising rates to both cover current operating costs and make incremental steps toward building up an adequate reserve balance.

## WHEN DID THE MOST RECENT RATE INCREASE GO INTO EFFECT?

In FY23-24, water and wastewater rate increases were 10.6% and 17%, respectively.

In FY23-24, solid waste collection was raised by 24%.

## HOW DOES THE DISTRICT ACCURATELY FORECAST OPERATIONAL EXPENSES, MAINTENANCE AND REPAIRS, AND LONG-TERM CAPITAL IMPROVEMENTS NEEDS?

The District’s ability to determine how much money is needed for operational expenses, maintenance and repairs and vital long-term capital improvements begins with a detailed budgeting process. Known and projected revenues are calculated. Known and expected expenses are compiled. All revenues and expenses are tracked according to each utility service or fund and even to the various sub funds.

Expenses throughout the year are charged against these budgeted line items and evaluated monthly to determine if District spending is in line with expected financial resources. This process is not too different from personal financial management in your own homes.

Capital improvements are somewhat more complex because there are many different components, with varying expected life spans. A study is being completed which will capture all the components and provide their expected date of lost functionality along with a projected replacement cost. These costs are tabulated and evaluated by year to be able to ascertain how much money is needed in five years, in ten years, in twenty years, etc., to ensure that the operating system remains fully viable for the community. The Capital Improvement Plan will be funded largely from reserves.

## WHAT DRIVES SOLID WASTE RATE INCREASES?

The Cal-Waste contract allows annual rate increases tied to the inflation index known as the Consumer Price Index (CPI). The CSD charges a \$2.50 per month administrative fee and the monthly County surcharge is \$3.00.

# PROPOSED 24-25 INCREASES

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## MEMORANDUM

Date: March 13, 2024  
To: Board of Directors  
From: Amelia Wilder, District Secretary  
Subject: Consider Adoption of Resolution R2024-03, A Resolution Calling the General District Election and Consolidation with the Statewide Election to be Held on November 5, 2024

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### RECOMMENDED ACTION

Adopt Resolution R2024-03, a resolution calling the General District Election and consolidation with the Statewide election to be held on November 5, 2024 for the purpose of electing two (2) candidates whose terms expire in 2028.

### BACKGROUND

This is the standard Resolution that the Board adopts in election years. The Resolution calls for holding the election with the General Election on November 5, 2024 for the purpose of electing three (3) candidates whose terms expire in 2028; for candidates to pay for the publication of their candidate statement pursuant to Elections Code Section 13307; and to limit the candidate statements to 200 words. The District also agrees to reimburse the Registrar of Voters for actual costs incurred, as we have done in the past.

## RESOLUTION R2024-03

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT CALLING THE GENERAL DISTRICT ELECTION

**WHEREAS**, an election will be held within the Rancho Murieta Community Services District that will affect the following county or counties Sacramento on November 5, 2024, for the purpose of electing two (2) Directors; and

**WHEREAS**, a Presidential General Election will be held within the County of Sacramento on the same day.

**WHEREAS**, Elections Code §10403 requires jurisdictions to file with the Board of Supervisors, and a copy with the Registrar of Voters, a resolution requesting consolidation with a statewide election.

**THEREFORE, BE IT RESOLVED**, that the Rancho Murieta Community Services District requests the Board of Supervisors of Sacramento County to consolidate the regularly scheduled Presidential General Election, November 5, 2024; and

#### NOMINATION OF CANDIDATES FOR THE GOVERNING BODY

Incumbent's Name	Division Number	Regular/ Short Term
Stephen Booth		Regular
Martin Pohll		Regular

1. Said election shall be to fill a vacancy for the following Board Member(s) who resigned and/or whose term(s) expired:
2. Said Directors for this District are elected in the following manner:  
 At Large  
There are no divisions in the district, all voters in the district vote for all candidates.  
 By District, Division or Area  
The candidates are qualified and elected by district, division, or area.
3. For the publication of the candidate's statement, pursuant to Elections Code §13307. The limitation on the number of words that a candidate may use in their candidate's statement shall not exceed 200 words; and

**BE IT FURTHER RESOLVED** that the cost of the Candidate Statement shall be paid by the candidate at the Sacramento County Voter Registration and Elections Department. If the District is shared, candidate(s) shall pay at their respective election's office.

- In the case of a tie vote, the election shall be determined by **LOT**. Elections Code § 10551(b)

- The district hereby certifies that there are District Boundary changes since our last election,  
\_\_\_\_ YES       X  NO

If so, the district will provide a current map and boundary description to the Registrar of Voters.

**BE IT FURTHER RESOLVED** that the district agrees to reimburse the Registrar of Voters for actual costs accrued, such costs to be calculated by the method set forth in the County’s current Election Fee Schedule.

**THEREFORE, BE IT RESOLVED,** that the Rancho Murieta Community Services District requests the Board of Supervisors of Sacramento County consolidate the regularly scheduled General District Election with the Presidential General Election to be held on November 5, 2024; and

**PASSED AND ADOPTED** by the following vote on March 20, 2024.

**Ayes:**  
**Noes:**  
**Absent:**  
**Abstain:**

\_\_\_\_\_  
Timothy E Maybee, President of the Board  
Rancho Murieta Community Services District

(Seal)

**Attest:**

\_\_\_\_\_  
Amelia Wilder, District Secretary

# Rancho Murieta Community Services District

## Comprehensive Communications Plan

### 1 Goals and Objectives:

- 1.1 Develop and maintain a system of open, honest, and positive communications with the community about services and issues.
- 1.2 Transition 80% of customers to ACH (electronic funds transfer) from paper checks by July 1, 2025.
- 1.3 Establish direct contact through email and texts with 100% of customers by December 31, 2024.

### 2 Identify Target Audience:

- 2.1 Our primary audience is community residents, local businesses, and the media.
- 2.2 Tailor our messages to resonate with each specific audience segment.

### 3 Key Messages:

- 3.1 Develop clear and concise messages that align with our objectives and review annually.
- 3.2 Ensure consistency in messaging across all communication channels
- 3.3 Monthly Topics: District Financial Condition, Water Quality and Quantity, Capital Improvements, Bill Payment Procedures, District Hours, Security/Gate Issues, and Special Events.
- 3.4 Special Topics, as needed: Responsible use of water, rules regarding waste separation and recycling; Share tips to promote safety, Share progress on various operational improvements, and efforts to increase environmental sustainability.

### 4 Communication Channels

- 4.1 Select appropriate channels based on target audience. Common channels:
  - Direct Communication: Email; Text
  - Website: Maintain an informative, user-friendly website with updates, FAQs, and resources.*
  - Social Media (Utilize platforms like Facebook/Instagram and maybe NextDoor until emails are being used for regular updates, tips, & community engagement)*
  - Newsletters (email or physical)*
  - Community Meetings: Host town hall meetings for face-to-face interaction.*
  - Educational Programs: Workshops, webinars, & seminars on conservation, waste management, & security*
  - Local Media (newspapers)*

### 5 Content Calendar:

- 5.1 Plan a content calendar to ensure regular communication; schedule specific calendar topics
- 5.2 Align content with events, holidays or specific initiatives

### 6 Engagement Initiatives:

- 6.1 Develop initiatives to encourage community communication
- 6.2 Consider contests, challenges, or community events to foster engagement

### 7 Feedback Mechanism

- 7.1 Establish a feedback mechanism to allow the community to provide input
- 7.2 Respond promptly to feedback and address concerns

### 8 Crisis Communication Plan:

- 8.1 Update on an annual basis the community Emergency Response Plan which addresses crises or unexpected events.
- 8.2 Outline key messages and communication channels during emergencies.
- 8.3 Collaborate with local schools, community groups, & businesses to amplify the reach of communication initiatives.
- 8.4 Partner with environmental organizations for joint events or awareness campaigns.



## **9 Partnerships and Collaborations:**

- 9.1 Explore partnerships with local organizations or businesses to expand our reach.
- 9.2 Collaborate on events or initiatives that align with our objectives.

## **10 Metrics and Evaluation:**

- 10.1 Define Key Performance Indicators (KPIs) to measure the success of our strategy
- 10.2 Regularly evaluate performance and make adjustments based on data

## **11 Budget Allocation:**

- 11.1 Allocate resources for website maintenance, social media management, print materials, and event sponsorship
- 11.2 Prioritize channels that are most effective in reaching our target audience

## **12 Training and Development**

- 12.1 Train staff to effectively communicate with the community (Security, Admin, Operations)- Centralize data, track details, know when to elevate issues.
- 12.2 Provide resources for ongoing professional development in communication strategies.

## **13 Consistent Branding**

- 13.1 Maintain consistent branding across all communication materials
- 13.2 Use logos, colors, and fonts that represent the identity of the service district - LT, develop identity that differentiates between the RMA and the Country Club.

## **14 Legal and Compliance Considerations:**

- 14.1 Ensure that all communication complies with legal and compliance requirements (Brown Act, ADA, Web 2.0)
- 14.2 Consider privacy and data protection issues

## **15 Regular Review and Adaptation**

- 15.1 Schedule quarterly reviews/recommendations of our communication strategy
- 15.2 Adapt our approach based on changing community needs, technological advancements, or other relevant factors.