

*Mendocino County Russian River Flood Control
& Water Conservation Improvement District*

STAFF REPORT

**Agenda Item 6: UPDATED Fiscal Year 2022-2023 Preliminary Year End Reports
February 5, 2024**

The Strategic Plan relevant priority is **Administration** – sound and sustainable management of District finances.

Background

The Board adopted the Fiscal Year 2022-2023 Budget on June 6, 2022 (<https://www.rrfc.net/finances>.) No budget amendments were approved or considered.

The Board received a Fiscal Year 2022-2023 Preliminary Year End Report in October 2023. During the Auditor’s preparation it was discovered one Property Tax revenue payment check was never received. After communicating with the Mendocino County Auditor’s office, it was deemed lost in the mail and a replacement check was reissued. The GM worked with District Accountants to allocate the revenue in the correct fiscal year in QuickBooks and this report reflects the adjustment. Additionally, the Auditor provided a pension liability adjustment of \$29,480 CalPERS GASB-68. This is not a cash expense therefore it is shown as “other expense” along with depreciation. Historically, the Board has reviewed preliminary fiscal year end reports prior to the Auditor review and the GASB-68 has been relatively low in recent years and less noticeable in the reports.

Discussion

Attached to this report are four QuickBooks year-end reports with additional explanations below.

Summary:

Total Income:	\$392,352.18	\$413,916.09
Total Expense:	<u>\$431,173.06</u>	<u>\$431,206.44</u>
<i>Difference</i>	-\$38,820.88	-\$17,290.35

Year End 1, Income & Expense / Budget vs Actual

Income (Updates in red)

- Contract Water Sales account for almost all 2022 Contract Year payments. Some revenue is from late 2021 payments and several 2022 accounts were settled in the current fiscal year; these nearly cancel one another out. During year-end review, it was found that \$8,366 was under-invoiced, primarily due to contract changes adjustments during the year. **All of the under invoiced revenue has now been paid.**
- Surplus water sales were all to Redwood Valley County Water District, with 59.46 af sold under the stipulated judgement pricing calculation at \$59.38 per af (\$3,536 total.) Note: an additional 400 af of Contracted Water was transferred under an emergency water supply agreement at \$47 per af (\$18,800 total) and is reported under contract water sales.

(Continued...)

- Water Application Fees account for four contract ownership changes.
- Property Tax came in \$14,188 under budget **income was adjusted from \$40,811.96 from the original reporting to \$62,375.87 after the receipt of the missing payment – a \$21,563.91 increase in the line item.**
- Interest from LAIF was \$9,000 higher while from Savings was \$444 less than budget.
- Other Income was a dividend from the Workers Compensation contract.

EXPENSES

- Payroll includes GM employment and three months employment of administrative support (which was not budgeted.) The General Manager's annual performance and compensation evaluation were postponed during the update of the evaluation process, therefore no compensation changes are reflected in the expenses. The Board has indicated back payment will be made at the time of evaluation.
- Water Rights expenses include meter expenses because a condition of water rights is the compliance of Water Management Regulations (SB88.)
- Projects reporting is being reorganized in QuickBooks recording. In previous years, many project expenses fell under other expense categories, such as consulting. In this reporting period, some expenses were reclassified under projects but not all, which is being remedied in the current FY reporting.
- Consulting: Accounting costs were high in support of some significant process improvements and corrections. Accounting service hours are dropping in the current FY.
- Consulting: Audit expenses were for two fiscal years and required additional work to ensure compliance.
- Consulting: Legal expenses included general and project based expenses. Further information can be provided to the Board upon request.
- Consulting: Human Resources accounted for development of administrative position recruitment, GM evaluation process update, and related activities.
- Office Operating expenses cover internet and phone services, software, newspaper subscriptions, office supplies, website hosting services, IT expenses, and other office equipment.

Recommended Action(s):

- Move to accept the **Updated** 2022-2023 Fiscal Year Reports

Attachments:

- **Updated** Year End 1, Income & Expense / Budget vs Actual
- **Updated** Year End 2, Profit & Loss with Previous Year Comparison
- **Updated** Year End 3, Balance Sheet with Previous Year Comparison
- **Updated** Year End 4, Expenses by Vendor Summary

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Prepared and submitted to the Board of Trustees by: *Elizabeth Salomone, General Manager*

Mendocino County Russian River Flood Control District
 YEAR END 1, Income & Expense / Budget vs. Actual

Cash Basis

July 2022 through June 2023

	Jul '22 - Jun 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4001 · Contract Water Sales	335,827.05	349,000.00	-13,172.95	96.2%
4002 · Surplus Water Sales	3,536.69			
4010 · Water Application Fee	1,600.00			
4050 · Property Taxes				
4051 · Current Secured	43,481.27			
4052 · Current Unsecur	1,527.28			
4053 · HOPTR	415.46			
4054 · Prior Unsecured	17.86			
4055 · URDA Pass thru	13,502.03			
4056 · URDA Residual	2,909.85			
4057 · Hwy Property Rent	1.58			
4058 · SB813	520.54			
4050 · Property Taxes - Other	0.00	55,000.00	-55,000.00	0.0%
Total 4050 · Property Taxes	62,375.87	55,000.00	7,375.87	113.4%
4080 · Interest-LAIF	11,520.35	2,500.00	9,020.35	460.8%
4081 · Interest-SBMC	55.38	500.00	-444.62	11.1%
4100 · Other Income	257.95			
4130 · Unrealized Gain(Loss) Invstment	-1,257.20			
Total Income	413,916.09	407,000.00	6,916.09	101.7%
Expense				
Payroll Expenses				
5001 · Gross Wages	137,297.36	135,000.00	2,297.36	101.7%
5002 · CalPERS Employer Expense	9,761.92	10,000.00	-238.08	97.6%
5003 · CalPERS 457 Roth Expense	4,100.00	4,000.00	100.00	102.5%
5004 · Health Insurance	20,905.00	15,000.00	5,905.00	139.4%
5005 · Medicare	2,184.46	1,900.00	284.46	115.0%
5006 · FICA	10,168.47	8,000.00	2,168.47	127.1%
5007 · CalPERS 1959 Survivor Billing	30.00	100.00	-70.00	30.0%
5008 · CALPERS GASB-68 Fees	700.00	1,000.00	-300.00	70.0%
5009 · Unfunded Pension Liability	6,311.00	9,500.00	-3,189.00	66.4%
Payroll Expenses - Other	650.00			
Total Payroll Expenses	192,108.21	184,500.00	7,608.21	104.1%
Water Supply Expenses				
5020 · Water Rights				
5021 · Annual Fees	16,886.72	17,000.00	-113.28	99.3%
5024 · Meter Maintenance	367.61	2,000.00	-1,632.39	18.4%
5025 · Meter & Data Mgmt Program	3,893.46	0.00	3,893.46	100.0%
Total 5020 · Water Rights	21,147.79	19,000.00	2,147.79	111.3%
5030 · Projects				

Mendocino County Russian River Flood Control District
 YEAR END 1, Income & Expense / Budget vs. Actual

Cash Basis

July 2022 through June 2023

	Jul '22 - Jun 23	Budget	\$ Over Budget	% of Budget
5031 · Grants/Funding Analysis-general	3,861.25			
5032 · Outreach & Education	92.20			
5033 · Other	0.00	40,000.00	-40,000.00	0.0%
5034 · Addt'l Water Rights	3,737.00			
Total 5030 · Projects	7,690.45	40,000.00	-32,309.55	19.2%
5040 · USGS, streamflow gage	13,150.00	15,000.00	-1,850.00	87.7%
5050 · JPAs				
5052 · GSA	68,750.00	68,000.00	750.00	101.1%
Total 5050 · JPAs	68,750.00	68,000.00	750.00	101.1%
Total Water Supply Expenses	110,738.24	142,000.00	-31,261.76	78.0%
General & Administrative Exp				
5100 · Consulting				
5101 · Accounting	25,904.45	0.00	25,904.45	100.0%
5102 · Audit	19,000.00	0.00	19,000.00	100.0%
5105 · Legal-General	24,843.63	20,000.00	4,843.63	124.2%
5107 · Public Relations-general	150.00			
5109 · Human Resources	12,805.00	0.00	12,805.00	100.0%
5110 · Strategic Planning	2,150.00	0.00	2,150.00	100.0%
5100 · Consulting - Other	0.00	20,000.00	-20,000.00	0.0%
Total 5100 · Consulting	84,853.08	40,000.00	44,853.08	212.1%
5120 · Vehicle	1,243.42	2,000.00	-756.58	62.2%
5130 · Insurance				
5131 · Insurance, Liability	6,084.87	7,000.00	-915.13	86.9%
5132 · Insurance, Workers Comp	4,466.68	7,000.00	-2,533.32	63.8%
Total 5130 · Insurance	10,551.55	14,000.00	-3,448.45	75.4%
5140 · LAFCO Apportionment Fee	1,268.73	1,500.00	-231.27	84.6%
5150 · Memberships	5,930.00	7,000.00	-1,070.00	84.7%
5160 · Office Operating Expenses	8,164.30	5,000.00	3,164.30	163.3%
5161 · Rent, Utilities	4,500.00	5,000.00	-500.00	90.0%
5170 · Training & Conferences	5,297.45	4,000.00	1,297.45	132.4%
5180 · Stipends, Meetings	5,200.00	6,000.00	-800.00	86.7%
5190 · Property Tax Admin Fees	992.34	1,000.00	-7.66	99.2%
5200 · Election	331.74	5,000.00	-4,668.26	6.6%
5299 · Miscellaneous Expense (Revenue)	27.38			
Total General & Administrative Exp	128,359.99	90,500.00	37,859.99	141.8%
Total Expense	431,206.44	417,000.00	14,206.44	103.4%

Mendocino County Russian River Flood Control District
 YEAR END 1, Income & Expense / Budget vs. Actual

Cash Basis

July 2022 through June 2023

	<u>Jul '22 - Jun 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Net Ordinary Income	-17,290.35	-10,000.00	-7,290.35	172.9%
Other Income/Expense				
Other Expense				
5010 · GASB68 Pension Liability Change	29,480.00			
5900 · Depreciation Expense	20,939.50			
Total Other Expense	<u>50,419.50</u>			
Net Other Income	<u>-50,419.50</u>	<u>0.00</u>	<u>-50,419.50</u>	<u>100.0%</u>
Net Income	<u><u>-67,709.85</u></u>	<u><u>-10,000.00</u></u>	<u><u>-57,709.85</u></u>	<u><u>677.1%</u></u>

Mendocino County Russian River Flood Control District
YEAR END 2 - Profit & Loss Prev Year Comparison

Cash Basis

July 2022 through June 2023

	Jul '22 - Jun 23	Jul '21 - Jun 22	\$ Change	% Change
Ordinary Income/Expense				
Income				
4001 · Contract Water Sales	335,827.05	345,472.23	-9,645.18	-2.8%
4002 · Surplus Water Sales	3,536.69	0.00	3,536.69	100.0%
4010 · Water Application Fee	1,600.00	0.00	1,600.00	100.0%
4050 · Property Taxes				
4051 · Current Secured	43,481.27	41,679.61	1,801.66	4.3%
4052 · Current Unsecur	1,527.28	1,351.78	175.50	13.0%
4053 · HOPTR	415.46	372.24	43.22	11.6%
4054 · Prior Unsecured	17.86	99.18	-81.32	-82.0%
4055 · URDA Pass thru	13,502.03	12,995.84	506.19	3.9%
4056 · URDA Residual	2,909.85	2,450.04	459.81	18.8%
4057 · Hwy Property Rent	1.58	1.56	0.02	1.3%
4058 · SB813	520.54	0.00	520.54	100.0%
Total 4050 · Property Taxes	62,375.87	58,950.25	3,425.62	5.8%
4080 · Interest-LAIF	11,520.35	1,886.87	9,633.48	510.6%
4081 · Interest-SBMC	55.38	88.86	-33.48	-37.7%
4100 · Other Income	257.95	0.00	257.95	100.0%
4110 · Reimbursed Expenses	0.00	37,601.48	-37,601.48	-100.0%
4120 · Gain/(Loss) on Sale of Assets	0.00	-2,336.14	2,336.14	100.0%
4130 · Unrealized Gain(Loss) Invstment	-1,257.20	-6,322.52	5,065.32	80.1%
Total Income	413,916.09	435,341.03	-21,424.94	-4.9%
Expense				
Payroll Expenses				
5001 · Gross Wages	137,297.36	128,529.84	8,767.52	6.8%
5002 · CalPERS Employer Expense	9,761.92	8,386.94	1,374.98	16.4%
5003 · CalPERS 457 Roth Expense	4,100.00	3,362.50	737.50	21.9%
5004 · Health Insurance	20,905.00	10,800.00	10,105.00	93.6%
5005 · Medicare	2,184.46	1,765.69	418.77	23.7%
5006 · FICA	10,168.47	7,287.68	2,880.79	39.5%
5007 · CalPERS 1959 Survivor Billing	30.00	142.80	-112.80	-79.0%
5008 · CALPERS GASB-68 Fees	700.00	0.00	700.00	100.0%
5009 · Unfunded Pension Liability	6,311.00	8,419.00	-2,108.00	-25.0%
Vacation/Sick	0.00	3,000.00	-3,000.00	-100.0%
Payroll Expenses - Other	650.00	0.00	650.00	100.0%
Total Payroll Expenses	192,108.21	171,694.45	20,413.76	11.9%
Water Supply Expenses				
5020 · Water Rights				
5021 · Annual Fees	16,886.72	15,930.05	956.67	6.0%
5024 · Meter Maintenance	367.61	1,993.45	-1,625.84	-81.6%
5025 · Meter & Data Mgmt Program	3,893.46	0.00	3,893.46	100.0%
Total 5020 · Water Rights	21,147.79	17,923.50	3,224.29	18.0%
5030 · Projects				
5031 · Grants/Funding Analysis-general	3,861.25	0.00	3,861.25	100.0%
5032 · Outreach & Education	92.20	7,397.32	-7,305.12	-98.8%
5033 · Other	0.00	24,456.25	-24,456.25	-100.0%
5034 · Addt'l Water Rights				
5034.02 · Engineering	3,737.00	5,595.00	-1,858.00	-33.2%
Total 5034 · Addt'l Water Rights	3,737.00	5,595.00	-1,858.00	-33.2%
Total 5030 · Projects	7,690.45	37,448.57	-29,758.12	-79.5%
5040 · USGS, streamflow gage	13,150.00	34,980.00	-21,830.00	-62.4%
5050 · JPAs				
5052 · GSA	68,750.00	10,513.64	58,236.36	553.9%
Total 5050 · JPAs	68,750.00	10,513.64	58,236.36	553.9%
Total Water Supply Expenses	110,738.24	100,865.71	9,872.53	9.8%
General & Administrative Exp				
5100 · Consulting				

Mendocino County Russian River Flood Control District
YEAR END 2 - Profit & Loss Prev Year Comparison

Cash Basis

July 2022 through June 2023

	Jul '22 - Jun 23	Jul '21 - Jun 22	\$ Change	% Change
5101 · Accounting	25,904.45	0.00	25,904.45	100.0%
5102 · Audit	19,000.00	2,400.00	16,600.00	691.7%
5105 · Legal-General	24,843.63	33,972.12	-9,128.49	-26.9%
5107 · Public Relations-general	150.00	0.00	150.00	100.0%
5109 · Human Resources	12,805.00	0.00	12,805.00	100.0%
5110 · Strategic Planning	2,150.00	0.00	2,150.00	100.0%
5100 · Consulting - Other	0.00	2,425.25	-2,425.25	-100.0%
Total 5100 · Consulting	84,853.08	38,797.37	46,055.71	118.7%
5120 · Vehicle	1,243.42	655.73	587.69	89.6%
5130 · Insurance				
5131 · Insurance, Liability	6,084.87	6,144.80	-59.93	-1.0%
5132 · Insurance, Workers Comp	4,466.68	2,816.12	1,650.56	58.6%
Total 5130 · Insurance	10,551.55	8,960.92	1,590.63	17.8%
5140 · LAFCO Apportionment Fee	1,268.73	1,817.07	-548.34	-30.2%
5150 · Memberships	5,930.00	5,670.00	260.00	4.6%
5160 · Office Operating Expenses	8,164.30	6,387.30	1,777.00	27.8%
5161 · Rent, Utilities	4,500.00	9,012.29	-4,512.29	-50.1%
5170 · Training & Conferences	5,297.45	2,864.31	2,433.14	85.0%
5180 · Stipends, Meetings	5,200.00	2,925.00	2,275.00	77.8%
5190 · Property Tax Admin Fees	992.34	0.00	992.34	100.0%
5200 · Election	331.74	0.00	331.74	100.0%
5299 · Miscellaneous Expense (Revenue)	27.38	0.00	27.38	100.0%
Total General & Administrative Exp	128,359.99	77,089.99	51,270.00	66.5%
Total Expense	431,206.44	349,650.15	81,556.29	23.3%
Net Ordinary Income	-17,290.35	85,690.88	-102,981.23	-120.2%
Other Income/Expense				
Other Expense				
5010 · GASB68 Pension Liability Change	29,480.00	-40,453.00	69,933.00	172.9%
5700 · Use of Wtr Reliability Reserve	0.00	93,750.00	-93,750.00	-100.0%
5800 · Prior Year Expense	0.00	9,262.89	-9,262.89	-100.0%
5900 · Depreciation Expense	20,939.50	19,623.69	1,315.81	6.7%
Total Other Expense	50,419.50	82,183.58	-31,764.08	-38.7%
Net Other Income	-50,419.50	-82,183.58	31,764.08	38.7%
Net Income	-67,709.85	3,507.30	-71,217.15	-2,030.5%

Mendocino County Russian River Flood Control District
YEAR END 3 - Balance Sheet Prev Year Comparison

Cash Basis

As of June 30, 2023

	Jun 30, 23	Jun 30, 22	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1000 · SBMC Checking	265,565.19	483,865.96	-218,300.77	-45.1%
1001 · SBMC Savings				
1001.02 · Savings Water Reliability Fund	200,110.49	50,055.11	150,055.38	299.8%
1001.01 · General Savings	50,000.00	50,000.00	0.00	0.0%
Total 1001 · SBMC Savings	250,110.49	100,055.11	150,055.38	150.0%
1010 · LAIF				
1011 · Capital Reserve	56,000.00	48,000.00	8,000.00	16.7%
1012 · Emergency Reserve	28,000.00	28,000.00	0.00	0.0%
1013 · Operating Reserve	210,000.00	153,000.00	57,000.00	37.3%
1014 · Water Reliability Reserve	205,602.55	262,085.37	-56,482.82	-21.6%
Total 1010 · LAIF	499,602.55	491,085.37	8,517.18	1.7%
1019 · LAIF - Fair Market Value	-7,579.72	-6,322.52	-1,257.20	-19.9%
Total Checking/Savings	1,007,698.51	1,068,683.92	-60,985.41	-5.7%
Other Current Assets				
1210 · Interest Receivable	3,922.58	919.41	3,003.17	326.6%
1220 · Taxes Receiveable	27,503.37	4,115.28	23,388.09	568.3%
Total Other Current Assets	31,425.95	5,034.69	26,391.26	524.2%
Total Current Assets	1,039,124.46	1,073,718.61	-34,594.15	-3.2%
Fixed Assets				
1401 · Meters & Vehicles	147,783.80	140,539.80	7,244.00	5.2%
1499 · Accumulated Depreciation	-100,358.05	-79,418.55	-20,939.50	-26.4%
Total Fixed Assets	47,425.75	61,121.25	-13,695.50	-22.4%
Other Assets				
1600 · Deferred Outflows	46,819.00	23,868.00	22,951.00	96.2%
Total Other Assets	46,819.00	23,868.00	22,951.00	96.2%
TOTAL ASSETS	1,133,369.21	1,158,707.86	-25,338.65	-2.2%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				

Mendocino County Russian River Flood Control District
YEAR END 3 - Balance Sheet Prev Year Comparison

Cash Basis

As of June 30, 2023

	Jun 30, 23	Jun 30, 22	\$ Change	% Change
2000 · Accounts Payable	0.00	186.89	-186.89	-100.0%
Total Accounts Payable	0.00	186.89	-186.89	-100.0%
Other Current Liabilities				
2010 · Accrued Expenses	7,787.50	17,509.57	-9,722.07	-55.5%
2020 · Accrued Payroll	6,572.27	0.00	6,572.27	100.0%
2030 · Vacation Accrual	24,980.77	29,538.46	-4,557.69	-15.4%
2050 · Payroll Liabilities				
2051 · Federal Withholding	0.00	632.00	-632.00	-100.0%
2052 · State Withholding CA	0.00	331.18	-331.18	-100.0%
2053 · FICA	0.00	749.32	-749.32	-100.0%
2054 · Medicare	0.00	175.26	-175.26	-100.0%
2055 · ER PERS Payable	134.46	379.50	-245.04	-64.6%
2056 · EE PERS Payable	121.50	337.50	-216.00	-64.0%
2057 · Roth 457(b) Payable	150.00	0.00	150.00	100.0%
2058 · 1959 Survivor Benefits (Liab)	1.00	1.00	0.00	0.0%
Total 2050 · Payroll Liabilities	406.96	2,605.76	-2,198.80	-84.4%
Total Other Current Liabilities	39,747.50	49,653.79	-9,906.29	-20.0%
Total Current Liabilities	39,747.50	49,840.68	-10,093.18	-20.3%
Long Term Liabilities				
2600 · Deferred Inflows	2,265.00	4,322.00	-2,057.00	-47.6%
2700 · Net Pension Liability	59,381.00	4,893.00	54,488.00	1,113.6%
Total Long Term Liabilities	61,646.00	9,215.00	52,431.00	569.0%
Total Liabilities	101,393.50	59,055.68	42,337.82	71.7%
Equity				
3000 · Opening Bal Equity	541,116.95	541,116.95	0.00	0.0%
3001 · Retained Earnings	558,568.61	555,027.93	3,540.68	0.6%
Net Income	-67,709.85	3,507.30	-71,217.15	-2,030.5%
Total Equity	1,031,975.71	1,099,652.18	-67,676.47	-6.2%
TOTAL LIABILITIES & EQUITY	1,133,369.21	1,158,707.86	-25,338.65	-2.2%

Mendocino County Russian River Flood Control District
Expenses by Vendor Summary

July 2022 through June 2023

Cash Basis

	Jul '22 - Jun 23
ACWA	4,140.00
Alaniz, Tamara (vendor)	9,262.89
Alfred White	1,450.00
Balance Hydrologics	3,737.00
CA Tax and Fee Admin-Water Rights \$	16,886.72
California Special Districts Assoc.	1,790.00
CalPERS	7,661.00
Cardmember Service	10,201.18
Chevalier Vineyard Management, Inc.	3,893.46
Christiansen Properties	4,500.00
Christopher Watt	1,275.00
Comcast Business	670.70
Eide Bailly	25,554.45
Environmental Systems Research Institute	1,050.00
Herum/Crabtree/Suntag	24,843.63
Ilena Pegan	150.00
Internal Revenue Service	896.86
Intuit	560.00
John Reardan	1,200.00
LACO	3,861.25
Leap Solutions Group, Inc	14,955.00
McCrometer	284.97
Mendocino County Auditor-Controller	-32,611.43
Mendocino County Clerk-Recorder	331.74
Nigro & Nigro PC	19,000.00
Roxanne V. Berg, CPA	350.00
RTI "Respectech"	813.00
Special District Risk Management	6,084.87
State Compensation Insurance Fund	4,208.73
Streamline	900.00
Team Mobile	305.18
Toll Bridge	9.40
Tyler Rodrigue	725.00
US Cellular	641.87
USGS	21,712.50
UVB Groundwater Sustainabilty Agency	68,750.00
TOTAL	230,044.97