

BUDGET SECTION SUMMARY

Section Title:

SONOMA VALLEY COUNTY SANITATION DISTRICT
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A. Program Description

This budget finances operation, maintenance, and administration of a collection system, pumping stations, a treatment plant, and disposal facilities which serve the Sonoma Valley County Sanitation District (Sonoma Valley CSD). The District includes the City of Sonoma, as well as the communities of Boyes Hot Springs, Agua Caliente, El Verano and Glen Ellen. The Sonoma Developmental Center is outside the District, but is served by an agreement.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 09-10 Adopted	FY 10-11 Requested	Percent Change	FY 09-10 Adopted	FY 10-11 Requested	Percent Change
Operations	\$24,478,514	\$15,866,947	(35.18%)	\$12,805,435	\$4,379,707	(65.80%)
Construction	9,279,598	3,798,349	(59.07%)	(802,652)	1,871,349	(333.15%)
Outfall Line	7,345	6,200	(15.59%)	(42,367)	(43,511)	2.70%
Glen Ellen Bonds	5,102	4,502	(11.76%)	(13,068)	(13,648)	4.44%
1998 Rev Bonds	683,041	608,928	(10.85%)	(715,500)	(788,552)	10.21%
SRF Loan Reserve	0	0	N/A	(36,209)	(36,384)	0.48%
SRF Loan	151,590	148,791	(1.85%)	(291,592)	(295,681)	1.40%
TOTAL:	\$34,605,190	\$20,433,717	(40.95%)	\$10,904,047	\$5,073,280	(53.47%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 08-09 Actual	FY 09-10 Budget Estimate	FY 09-10 Revised Estimate	FY 10-11 Projected	Change from FY 09-10 Budget Estimate
TOTAL ESDs	17,279	17,279	17,250	17,250	(0.17%)
TOTAL APNs	11,423	11,423	11,423	11,423	0.00%

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 10-11 annual service charges is \$694, representing a 6.0% increase from FY 09-10. Annual sewer service charge revenue collected on the tax roll (adjusted for the anticipated number of ESDs and an estimated delinquency factor) is projected to be higher than the FY 09-10 budget. This revenue change is due to the fact that the annual service charges were increased for FY 10-11.

The Sonoma Valley CSD provides sewage collection, treatment, and disposal service to the Sonoma Valley area. Wastewater is collected primarily by a gravity system and flows to the Sonoma Valley CSD's wastewater treatment plant for processing. Recycled water is used to irrigate local crops during the summer and is discharged to San Pablo Bay via Schell Slough during the winter. The Sonoma Valley CSD's treatment plant is permitted to treat an average daily dry weather flow of up to 3.0 million gallons per day to secondary wastewater treatment standards. Waste Discharge Requirements, Order No. R2-2002-0046 (NPDES Permit No. CA0037800), was issued on March 20, 2002 by the California Regional Water Quality Control Board, San Francisco Bay Region (SFBRWQCB) for Sonoma Valley CSD's treatment plant.

Most of the District's collection system is several decades old. A 1994 study of the collection system showed that approximately 10 of the 120 miles of Sonoma Valley CSD's pipeline needs to be repaired or replaced due to deterioration or insufficient capacity. The Sonoma Valley CSD completed a wet weather overflow prevention study, which was in response to a Notice of Violation issued by the SFBRWQCB regarding sewer system overflows on April of 1999. The study identified areas within the Sonoma Valley CSD's collection system where repair and/or replacement projects are the most needed. A program to replace the District's collection system over a period of several decades is needed to ensure the reliability and safety of this infrastructure. It is estimated that this program could require on the order of \$2,000,000 per year to implement. The District is monitoring activities aimed at developing state and federal infrastructure replacement funding for systems such as Sonoma Valley CSD. Additionally, the District has been and will continue to increase rates over and above the rate of inflation to generate funds for replacing the collection system.

The requested rates should provide the funds necessary to operate and maintain the Sonoma Valley CSD's collection system, treatment plant, and reclamation system. As indicated above, the Sonoma Valley CSD has been increasing rates to generate funds needed for the replacement of aging infrastructure. The Sonoma Valley CSD is also progressing on development of a recycled water distribution system that would reduce discharges to San Palo Bay and offset potable water use.

F. Summary of Reduction Options

This item records the expense of agenda services for FY 10-11.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2010-11 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SONOMA VALLEY CSD - OPERATIONS**

Section/Index No: **653105**

Sub-Object No. and Title	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$9,608,064	\$10,160,826	\$552,762	5.75%
1061 Flat Charges - PY	125,000	125,000	0	0.00%
1120 Penalties / Costs on Taxes	21,000	25,000	4,000	19.05%
Subtotal Taxes	\$9,754,064	\$10,310,826	\$556,762	5.71%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$28,875	\$32,000	\$3,125	10.82%
1701 Interest Earned	197,795	181,470	(16,325)	(8.25%)
1801 Rent-Real Estate	11,000	11,000	0	0.00%
Subtotal Use of Money	\$237,670	\$224,470	(\$13,200)	(5.55%)
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$1,309,345	\$787,444	(\$521,901)	(39.86%)
3403 Industrial Users Mon/Dischg	15,000	20,000	5,000	33.33%
3404 Septic Charges	100,000	70,000	(30,000)	(30.00%)
Subtotal Charges for Services	\$1,424,345	\$877,444	(\$546,901)	(38.40%)
<u>MISCELLANEOUS REVENUE</u>				
4040 Miscellaneous	\$0	\$25,000	\$25,000	N/A
4099 Conservation Program	257,000	49,500	(207,500)	(80.74%)
Subtotal Miscellaneous Revenue	\$257,000	\$74,500	(\$182,500)	(71.01%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
4200 ENT - LTD Proceeds	\$10,000,000	\$0	(\$10,000,000)	(100.00%)
4209 ENT - LTD Proceeds - Clearing	(10,000,000)	0	10,000,000	(100.00%)
4210 Advances	388,845	405,169	16,324	4.20%
4219 Advances - Clearing	(388,845)	(405,169)	(16,324)	4.20%
Subtotal Admin. Control Account	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$11,673,079	\$11,487,240	(\$185,839)	(1.59%)

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$15,000	\$10,000	(\$5,000)	(33.33%)
6140 Maintenance - Equipment	200,000	400,000	200,000	100.00%
6180 Maintenance - Bldgs / Impr	305,000	300,000	(5,000)	(1.64%)
6262 Lab Supplies	25,000	25,000	0	0.00%
6280 Memberships	15,000	15,000	0	0.00%

Sub-Object No. and Title	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
<u>SERVICES AND SUPPLIES (cont'd)</u>				
6512 Testing-Analysis	120,000	180,000	60,000	50.00%
6521 County Services	60,000	60,000	0	0.00%
6522 District Services	600,000	550,000	(50,000)	(8.33%)
6523 District Operations	4,450,000	4,801,000	351,000	7.89%
6570 Consultant Services	347,095	360,000	12,905	3.72%
6573 Administration Costs	80,000	90,000	10,000	12.50%
6610 Legal Services	20,000	35,000	15,000	75.00%
6629 Fiscal Accounting Services	120,000	90,000	(30,000)	(25.00%)
6630 Audit / Accounting Services	25,000	25,000	0	0.00%
7201 Gas/Oil	10,000	1,000	(9,000)	(90.00%)
7206 Equipment Usage Charge	450,000	450,000	0	0.00%
7212 Chemicals	550,000	200,000	(350,000)	(63.64%)
7217 State Permits / Fees	25,000	30,000	5,000	20.00%
7247 Water Conservation	257,000	50,000	(207,000)	(80.54%)
7250 Reimbursable Projects	30,000	30,000	0	0.00%
7320 Utilities	1,000	1,000	0	0.00%
7394 Power	900,000	700,000	(200,000)	(22.22%)
Subtotal Services and Supplies	\$8,605,095	\$8,403,000	(\$202,095)	(2.35%)
<u>OTHER CHARGES</u>				
7930 Interest - LT Debt	\$605,000	\$168,000	(\$437,000)	(72.23%)
7980 Depreciation	3,202,500	3,202,500	0	0.00%
Subtotal Other Charges	\$3,807,500	\$3,370,500	(\$437,000)	(11.48%)
<u>FIXED ASSETS</u>				
8560 Equipment	\$0	\$100,000	\$100,000	N/A
Subtotal Fixed Assets	\$0	\$100,000	\$100,000	N/A
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$11,915,919	\$3,843,447	(\$8,072,472)	(67.75%)
Subtotal Other Financing Uses	\$11,915,919	\$3,843,447	(\$8,072,472)	(67.75%)
<u>APPROPRIATIONS FOR CONT</u>				
9000 Approp for Contingencies	\$150,000	\$150,000	\$0	0.00%
Subtotal Approp for Contingencies	\$150,000	\$150,000	\$0	0.00%
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$350,638	\$0	(\$350,638)	(100.00%)
9209 Ent - Principal Clearing	(350,638)	0	350,638	(100.00%)
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$24,478,514	\$15,866,947	(\$8,611,567)	(35.18%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$12,805,435	\$4,379,707	(\$8,425,728)	(65.80%)

FY 2010-11 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Operations

Character Title: Taxes Character No.: 653105-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 09-10 budget. The rate will increase 6.0%, from \$655 to \$694.

ESDs times annual rate:	15,251 x \$694	\$10,584,194
Less Estimated Delinquency Factor:	4%	<u>(423,368)</u>
		\$10,160,826

(See SubObject 3400 for Total ESDs)

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money Character No.: 653105-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$3,200,000
Projected Interest Rate	<u>1.00%</u>
Projected Interest on Pooled Cash	\$32,000

1701 Interest Earned

This represents the interest earnings on the advance to the Power Resources Fund for the purchase of the photovoltaic facility located at the treatment plant.

1801 Rent-Real Estate

This represents the rental payment for the photovoltaic facility by the ISF Power Fund.

Character Title: Charges for Services Character No.: 653105-30

3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued.

ESDs x Annual Charge	126 x \$694	=	\$87,444
Based on flow (historical figure)			<u>700,000</u>
			\$787,444

Character Title: Charges for Services (Continued) **Character No.:** 653105-30

3403 Industrial Users Monitoring/Discharge

This account records revenue associated with the Industrial Users Monitoring Program or revenue received from any industrial user for events such as an unauthorized (or specially authorized) discharge into the treatment plant. The budgeted amount is expected to offset monitoring expenses anticipated to be incurred primarily by the Agency's Environmental Compliance Inspector (see Sub-object 7250, Reimbursable Projects).

3404 Septic Disposal Fee

This account records the revenue to the district for septic haulers using the treatment plant facilities to dispose of septic waste.

Character Title: Miscellaneous Revenue **Character No.:** 653105-40

4099 Conservation Program

This account records \$1,500 of each connection fee to support the water conservation program per Ordinance 59 dated 8/8/2002.

Character Title: Administrative Control Account **Character No.:** 653105-42

4200 ENT - LTD Proceeds

No long term debt is anticipated for FY 10-11.

4209 ENT - LTD Proceeds - Clearing

This is the clearing account for sub-object 4200.

4210 Advances

This account records the proceeds from the ISF-Power Resources Fund to purchase the photovoltaic asset. The total asset value as of 6/30/08 is \$8,021,593 which will be paid over 12 years.

4219 Advances - Clearing

This is the clearing account for sub-object 4210.

Character Title: Services and Supplies **Character No.:** 653105-60

6040 Communications

This account records expenses paid by the District for outside communication and wireless services.

6140 Maintenance - Equipment

This account records the cost of materials for routine maintenance of equipment.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required for non-routine maintenance of the treatment plant and collection system.

6262 Lab Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6280 Memberships

This account records membership due in the North Bay Watershed Association.

6512 Testing and Analysis

This account records expenses incurred to comply with all regulatory testing requirements.

6521 County Services

This item records the expense of agenda services for FY 10-11.

6522 District Services

This account records the service and supply type items associated with operations and maintenance of the District's facilities.

6523 District Operations

This account records the cost of labor and overhead associated with operations and maintenance of the District's facilities, as well as staff costs associated with supporting the San Francisco Bay Integrated Regional Water Management Plan and Recycled Water Project.

6570 Consultant Services

This account records the costs of services provided by outside consultants including \$25,000 for the San Francisco Bay Integrated Regional Water Management Plan, \$50,000 for the Economic Development Board for the Water Conservation Program, \$25,000 for ZSI PJ 7231-05, \$30,000 for the Ground Water Management Plan PJ 4087-02, Connection Fee Study (\$40,000) PJ# TBD, evaluation of sewer service charge structure (\$140,000) PJ# TBD, and Permitting Assistance (\$50,000) PJ 3681-04.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item covers the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6629 Fiscal Accounting Services

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to District's accounting.

6630 Audit / Accounting Services

This account represents the cost of accounting and audit services provided by an outside certified public accounting

7201 Gas/Oil

This item include the costs of gas, diesel and oil.

7206 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant in accordance with the Sonoma Valley CSD NPDES permit, as required by the Regional Water Quality Control Board.

7217 State Permits / Fees

This account records the cost of obtaining the Sonoma Valley CSD's permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7247 Water Conservation Program

This account reflects \$50,000 for the expanded water conservation program. This program is funded by revenue generated by the \$1,500 connection fee noted above under sub-object 4099.

7250 Reimbursable Projects

This account records any expenses that are expected to be covered by reimbursement. The budget request is based on projected expenses associated with the Environmental Compliance Inspector and the program for monitoring industrial users.

7320 Utilities

This account records the cost of payments made for utilities such as water.

7394 Power

This account records the cost of utilities such as gas and electricity.

7930 Interest LT Debt

This account reflects the interest expense for the State Revolving Loan for Bio-Solids Handling Facility and main sewer trunk repair at Watmaugh Rd. The interest rate is 3.0%. Payments will begin 2011 to and continue annually until 2031.

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

8560 Equipment

This account records cost for equipment over \$5,000.

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund, the 1998 Revenue Bond Fund, SRF Loan and SRF Loan Reserve funds to cover principal and interest payments, as well as to the Construction Fund to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Transfer to:

Outfall Line Fund	\$ 49,711
1998 Revenue Bond Fund	1,390,780
SRF Loan	442,972
SRF Loan Reserve	34,984
Construction Fund	<u>1,925,000</u>
Total Operating Transfer	<u>\$ 3,843,447</u>

Character Title: Appropriations for Contingencies

Character No.: 653105-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

Character Title: Administrative Control Account

Character No.: 653105-92

9200 Ent - Principal

This account reflects the principal expense for the State Revolving Loan for the Bio-Solids Handling Facility and main trunk repair at Watmaugh Rd. These payments will not be due until FY 2012-2013.

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2010-11 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley CSD - Operations
Index No.: 653105

DESCRIPTION OF FUND ACTIVITY	Actual FY 08-09	Estimated FY 09-10	Requested FY 10-11
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$2,005,504	\$3,489,213	\$3,406,991
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	10,536,407	10,600,763	11,487,240
Expenditures - (Decrease) retained earnings	(13,017,131)	(22,343,552)	(15,866,947)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(2,480,724)	(11,742,789)	(4,379,707)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	3,018,756	3,071,722	3,202,500
Net Change in Encumbrance	113,601	-	-
4200 - Proceeds from LT Debt	-	7,200,000	-
9200 Ent - Principal Payments	-	-	-
Change in Water Conservation Reserve	427,044	1,000,000	500,000
Loss on Fixed Assets	1,194	-	-
Post Audit Adjustment - Receivables	14,994	-	-
Change in Due from Other Fund	15,667	-	-
Advances-ISF Power Resources Fund	373,178	388,845	405,169
Net Adjustment - Increase/(Decrease) to Retained Earnings	3,964,434	11,660,567	4,107,669
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$3,489,213	\$3,406,991	\$3,134,953
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$1,483,709	(\$82,222)	(\$272,038)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/08	7/1/09	
Cash	\$3,913,965	\$4,567,160	
Other Receivables-Flat Charges	502,682	629,910	
Accounts Payable	(293,997)	(147,023)	
Water Conservation Reserve	(1,959,917)	(1,532,873)	
Due From Other Funds	373,178	388,845	
Encumbrances (PO)	(31,520)	(64,207)	
Encumbrances (Contract)	(498,887)	(352,599)	
Total Beginning Retained Earnings	\$2,005,504	\$3,489,213	

FY 2010-11 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SONOMA VALLEY CSD - CONSTRUCTION**
Section/Index No: **653303**

Sub-Object No. and Title	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$82,250	\$2,000	(\$80,250)	(97.57%)
Subtotal Use of Money	\$82,250	\$2,000	(\$80,250)	(97.57%)
<u>MISCELLANEOUS REVENUE</u>				
4102 Donations/Reimbursements	\$0	\$0	\$0	N/A
4303 State Grants	0	0	0	N/A
Subtotal Miscellaneous Revenue	\$0	0	\$0	N/A
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
4200 ENT - LTD Proceeds	\$0	\$0	0	N/A
4209 ENT - LTD Proceeds - Clearing	0	0	0	N/A
Subtotal Admin. Control Account	\$0	\$0	\$0	N/A
<u>OTHER FINANCING SOURCES</u>				
4625 OT - W/in Special Dist - BOS	\$10,000,000	\$1,925,000	(\$8,075,000)	(80.75%)
Subtotal Other Financing Sources	\$10,000,000	\$1,925,000	(\$8,075,000)	(80.75%)
TOTAL REVENUES	\$10,082,250	\$1,927,000	(\$8,155,250)	(80.89%)
EXPENDITURES:				
<u>FIXED ASSETS</u>				
8500 Land	\$0	\$400,000	\$400,000	N/A
8510 Building / Improvement	5,220,098	2,095,000	(3,125,098)	(59.87%)
9142 Capital Replacement Program	4,059,500	1,303,349	(2,756,151)	(67.89%)
Subtotal Fixed Assets	\$9,279,598	\$3,798,349	(\$5,481,249)	(59.07%)
TOTAL EXPENDITURES	\$9,279,598	\$3,798,349	(\$5,481,249)	(59.07%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$802,652)	\$1,871,349	\$2,674,001	(333.15%)

FY 2010-11 BUDGET CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Construction

Character Title: Use of Money

Character No.: 653303-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$200,000
Projected Interest Rate	1.00%
Projected/Planned Interest on Pooled Cash	\$2,000

Character Title: Miscellaneous Revenue

Character No.: 653303-40

4303 State Grants

No State Grant is anticipated for FY 10-11.

Character Title: Other Financing Sources

Character No.: 653303-46

4625 OT - w/in Special Dist - BOS

This account reflects the transfer from the Operations Fund (\$1,925,000) to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Fixed Assets

Character No.: 653303-85

8500 Land \$400,000

Budgeted funds in this account provide for the acquisition of real property associated with planned capital improvement projects.

8510 Buildings / Improvements

This account can be used to provide capacity to new users pursuant to the County General Plan (using connection fee revenue), as well as for treatment plant and reclamation system improvement projects.

The following projects are planned for the forthcoming year:

This account can be used to provide capacity to new users pursuant to the County General Plan (using connection fee revenue), as well as for treatment plant and reclamation system improvement projects. The following projects are planned for the forthcoming year:

<u>Recycled Water Project</u>	3761	\$775,000
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This project will construct an underground pipeline distribution system throughout portions of the southern Sonoma Valley to provide recycled water for agricultural and urban irrigation uses. The current budget item will fund costs associated with design and construction management.

<u>North San Pablo Bay Project</u>	TBD	250,000
Funding will be used for project management and coordination with other Agencies.		
<u>Napa/Sonoma Salt Marsh</u>	TBD	450,000
Funding will be used for design of the pipeline project to provide recycled water to the salt marsh.		
<u>Bio-Solids Handling Facility</u>	4051	245,000
Funding will be used to construct improvements to the bio-solids handling facility.		
<u>CL2 Corridor Coating</u>	TBD	<u>375,000</u>
Funding will be used to provide protective coating on the existing chlorine contact chamber.		
Subtotal for Buildings / Improvements (Sub-object 8510)		\$ 2,095,000
9142 Capital Replacement Program		
The funding requested in this account is for repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.		
<u>Main Sewer Trunk Replacement-Phase 3</u>	7067	\$ 200,000
This project will replace a portion of the existing trunk main. Funding will be used for construction management of the portion between East Watmaugh Road and the treatment plant.		
<u>MH-90 to MH 136-5 Main Replacement</u>	7365	<u>1,103,349</u>
This project will replace a portion of the existing trunk main. Funding will be used for CEAQ, right-of-way acquisition, design and permit compliance for the portion between Studley Street and Happy Lane.		
Subtotal for Capital Replacement Program (Sub-object 9142)		\$ 1,303,349
Grand Total-Character 85		<u><u>\$3,798,349</u></u>

FY 2010-11 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department Sonoma County Water Agency - Sanitation
Section: Sonoma Valley CSD - Construction
Index No.: 653303

DESCRIPTION OF FUND ACTIVITY	Actual FY 08-09	Estimated FY 09-10	Requested FY 10-11
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$3,130,671	\$3,216,183	\$2,122,159
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,340,861	7,640,365	1,927,000
Expenditures - (Decrease) retained earnings	(1,418,301)	(8,734,389)	(3,798,349)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>(77,440)</u>	<u>(1,094,024)</u>	<u>(1,871,349)</u>
Adjustments to Reserves/Encumbrances:			
PY CIP Reclass	13,223	-	-
Capitalized Interest	(123,140)	-	-
Transfer of Asset	6,984	-	-
Change in Encumbrances	<u>265,885</u>	<u>-</u>	<u>-</u>
Net Adjustment - Increase/(Decrease) to Fund Balance	<u>162,952</u>	<u>-</u>	<u>-</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$3,216,183	\$2,122,159	\$250,810
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$85,512	(\$1,094,024)	(\$1,871,349)
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/08</u>	<u>7/1/09</u>	
Cash	\$3,876,955	\$3,201,917	
Accounts Payable	(293,022)	(64,680)	
Deposit with Others	-	228,900	
Contract Retention Payable	(37,423)	-	
Encumbrances (PO)	(76,603)	-	
Encumbrances (Contract)	(339,236)	(149,954)	
Total Beginning Retained Earnings	<u>\$3,130,671</u>	<u>\$3,216,183</u>	

FY 2010-11 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SONOMA VALLEY CSD - OUTFALL LINE**
 Section/Index No: **653337**

Sub-Object No. and Title	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$0	\$0	\$0	N/A
Subtotal Use of Money	\$0	\$0	\$0	N/A
<u>OTHER FINANCING SOURCES</u>				
4625 OT - W/in Special District - BOS	\$49,712	\$49,711	(\$1)	(0.00%)
Subtotal Other Financing Sources	\$49,712	\$49,711	(\$1)	(0.00%)
TOTAL REVENUES	\$49,712	\$49,711	(\$1)	(0.00%)
EXPENDITURES:				
<u>OTHER CHARGES</u>				
7930 Interest - LT Debt	\$7,345	\$6,200	(\$1,145)	(15.59%)
Subtotal Other Charges	\$7,345	\$6,200	(\$1,145)	(15.59%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9210 Advances	\$42,367	\$43,511	\$1,144	2.70%
9219 Advances - Clearing	(42,367)	(43,511)	(1,144)	2.70%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$7,345	\$6,200	(\$1,145)	(15.59%)
TOTAL NET COST (Expenditures Minus Revenues)	(\$42,367)	(\$43,511)	(\$1,144)	2.70%

FY 2010-11 BUDGET CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Outfall Line

Character Title: Use of Money

Character No.: 653337-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. No significant cash balance is maintained in this fund. Cash transfers are made from the Operations Fund to this fund only as necessary to make annual payments due on the long term loan from the State. Accordingly, we do not recommend budgeting any interest revenue during the forthcoming year.

Character Title: Other Financing Sources

Character No.: 653337-46

4625 OT - W/in Special Dist - BOS

The revenues supporting the payments on the long term loan from the State Revolving Fund are collected in the Operations Fund. This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund to cover the annual principal and interest payment.

Character Title: Other Charges

Character No.: 653337-75

7930 Interest on LT Debt

This account reflects the interest expense on the outstanding loan from the State Revolving Fund. Payments began on this loan in July 1995 and will continue annually until July 2014. The FY 10-11 request is based on the repayment schedule prepared by the State.

Character Title: Administrative Control Account

Character No.: 653337-92

9210 Advances

This account reflects the principal payments on a long term (20 year) loan issued to the District in 1994 from the State Revolving Fund. Payments on the loan will continue until July 2014. The FY 10-11 request is based on the repayment schedule prepared by the State.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$760,992
Total FY 95-96 through FY 08-09 Principal Payments:	(489,029)
FY 09-10 Principal Payment:	(42,367)
Outstanding Loan Amount	\$229,596

9219 Advances - Clearing

This is the clearing account for sub-object 9210, Advances.

FY 2010-11 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Sonoma Valley CSD - Outfall Line
 Index No.: 653337

DESCRIPTION OF FUND ACTIVITY	Actual FY 08-09	Estimated FY 09-10	Requested FY 10-11
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	(\$28,587)	(\$28,454)	(\$28,714)
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	49,843	49,452	49,711
Expenditures - (Decrease) retained earnings	(7,320)	(7,345)	(6,200)
Net Surplus or Deficit - Increase/(Dec) to retained earnings	42,523	42,107	43,511
Adjustments to Reserves/Encumbrances:			
9210 Advances	(41,275)	(42,367)	(43,511)
Change in Due to Other Governments	(1,115)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(42,390)	(42,367)	(43,511)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	(\$28,454)	(\$28,714)	(\$28,714)
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$133	(\$260)	\$0
<u>Retained Earnings Components at Beginning of FY</u>	7/1/08	7/1/09	
Cash	\$21,122	\$21,256	
Due to Other Governments	(41,252)	(42,367)	
Interest Payable	(8,457)	(7,343)	
Total Beginning Retained Earnings	(\$28,587)	(\$28,454)	

FY 2010-11 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SONOMA VALLEY CSD - GLEN ELLEN BONDS**
 Section/Index No: **653345**

Sub-Object No. and Title	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1000 Prop Taxes - CY Secured	\$17,500	\$17,500	\$0	0.00%
1020 Prop Taxes - CY Supplemental	200	200	0	0.00%
1040 Prop Taxes - CY Unsecured	400	400	0	0.00%
Subtotal Taxes	\$18,100	\$18,100	\$0	0.00%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$70	\$50	(\$20)	(28.57%)
Subtotal Use of Money	\$70	\$50	(\$20)	(28.57%)
TOTAL REVENUES				
	\$18,170	\$18,150	(\$20)	(0.11%)
EXPENDITURES:				
<u>SERVICES AND SUPPLIES</u>				
6635 Fiscal Agent Fees	\$52	\$52	\$0	0.00%
Subtotal Services and Supplies	\$52	\$52	\$0	0.00%
<u>OTHER CHARGES</u>				
7920 Interest	\$5,050	\$4,450	(\$600)	(11.88%)
Subtotal Other Charges	\$5,050	\$4,450	(\$600)	(11.88%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$12,000	\$13,000	\$1,000	8.33%
9209 Ent - Principal Clearing	(12,000)	(13,000)	(1,000)	8.33%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES				
	\$5,102	\$4,502	(\$600)	(11.76%)
TOTAL NET COST				
<i>(Expenditures Minus Revenues)</i>	(\$13,068)	(\$13,648)	(\$580)	4.44%

FY 2010-11 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Glen Ellen Bonds

Character Title: Taxes

Character No.: 653345-10

1000 Prop Taxes - CY Secured

The Auditor-Controller establishes a tax rate sufficient to accumulate tax revenues necessary to make bond payments of interest and principal. The bonds were passed to fund construction of sewage facilities.

1020 Prop Taxes - CY Supplemental

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1040 Prop Taxes - CY Unsecured

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the

Note:

The FY 10-11 bond payment amount (principal and interest) is \$17,450. To avoid major fluctuations in the tax rate from year to year, the tax amount budgeted and/or collected each year may not correspond exactly to the annual bond payment (P&I). Over or under collection in any single year (when compared to the bond payment for that year) merely increases or decreases the fund balance retained for this index. The Auditor's long term tax rate calculations are designed to ensure that debt service obligations are met, while retaining an appropriate level of fund balance, and minimizing unnecessary tax rate fluctuations.

Character Title: Use of Money

Character No.: 653345-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for this Bond Fund by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$5,000
Projected Interest Rate	<u>1.00%</u>
Projected/Planned Interest on Pooled Cash	\$50

Character: Services and Supplies

Character No.: 653345-60

6635 Fiscal Agent Fees

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

Character: Other Charges

Character No.: 653345-75

7920 Interest

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5%. Payments began January 1, 1977 and will continue semi-annually until July 1, 2016. The FY 10-11 request is based on the bond amortization schedule prepared at the time the bonds were sold.

9200 Ent - Principal

This account reflects the principal expense for general obligation bonds that were issued in 1976 to finance the local share of a wastewater collection system. Payments on the bonds will continue until September 1, 2016. FY 10-11 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the General Obligation Bond Issue:	\$300,000
Total FY 77-78 through FY 08-09 Principal Payments:	(187,000)
FY 09-10 Principal Payment:	(12,000)
Outstanding Bond Amount	<u>\$101,000</u>

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2010-11 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Sonoma Valley CSD - Glen Ellen Bonds
 Section: 653345

DESCRIPTION OF FUND ACTIVITY	Actual FY 08-09	Estimated FY 09-10	Requested FY 10-11
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$7,238	\$7,521	\$8,674
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	17,933	18,255	18,150
Expenditures - (Decrease) retained earnings	(5,650)	(5,102)	(4,502)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	12,283	13,153	13,648
Adjustments to Reserves/Encumbrances:			
9200 - Enterprise Principal	(12,000)	(12,000)	(13,000)
Net Adjustment - Increase/(Decrease) to Retained Earnings	(12,000)	(12,000)	(13,000)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$7,521	\$8,674	\$9,322
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$283	\$1,153	\$648
<u>Retained Earnings Components at Beginning of FY</u>	7/1/08	7/1/09	
Cash	\$7,238	\$7,521	
Total Beginning Fund Balance	\$7,238	\$7,521	

FY 2010-11 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SONOMA VALLEY CSD - 1998 REVENUE BONDS**

Section/Index No: **653352**

Sub-Object No. and Title	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$10,500	\$6,700	(\$3,800)	(36.19%)
1701 Interest Earned	0	0	0	N/A
Subtotal Use of Money	\$10,500	\$6,700	(\$3,800)	(36.19%)
<u>Other Financing Sources</u>				
4625 OT - W/in Special Dist - BOS	\$1,388,041	\$1,390,780	\$2,739	0.20%
Subtotal Other Financing Sources	\$1,388,041	\$1,390,780	\$2,739	0.20%
TOTAL REVENUES	\$1,398,541	\$1,397,480	(\$1,061)	(0.08%)
EXPENDITURES:				
<u>SERVICES AND SUPPLIES</u>				
6635 Fiscal Agent Fees	\$8,000	\$8,000	\$0	0.00%
6640 Debt Issuance Costs	19,884	19,884	0	0.00%
Subtotal Services and Supplies	\$27,884	\$27,884	\$0	0.00%
<u>OTHER CHARGES</u>				
7920 Interest	\$644,157	\$570,044	(\$74,113)	(11.51%)
7923 Discount/Bonds	11,000	11,000	0	0.00%
Subtotal Other Charges	\$655,157	\$581,044	(\$74,113)	(11.31%)
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
Subtotal Other Financing Uses	\$0	\$0	\$0	N/A
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$705,000	\$730,000	\$25,000	3.55%
9209 Ent - Principal Clearing	(705,000)	(730,000)	(25,000)	3.55%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$683,041	\$608,928	(\$74,113)	(10.85%)
TOTAL NET COST (Expenditures Minus Revenues)	(\$715,500)	(\$788,552)	(\$73,052)	10.21%

FY 2010-11 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - 1998 Revenue Bonds

Character Title: Use of Money

Character No.: 653352-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$670,000
Projected Interest Rate	<u>1.00%</u>
Projected/Planned Interest on Pooled Cash	\$6,700

1701 Interest Earned

Proceeds from the 1998 Revenue Bonds are held by US Bank acting as trustee. Interest earnings on the proceeds are retained by the trustee and a corresponding adjustment is made at year end closing to recognize the earnings within this account. There is no projected interest for FY 10-11.

Character Title: Other Financing Sources

Character No.: 653352-46

4625 OT - W/in Special Dist - BOS

The revenues supporting this new revenue bond will be collected in the Operations Fund. This account will be used to reflect the transfer of cash from the Operations Fund to this Revenue Bond Fund to cover the annual principal and interest payment.

Character Title: Services and Supplies

Character No.: 653352-60

6635 Fiscal Agent Fees

This account records the annual administrative fees from the trustee for the 1998 and 2005 Revenue Bonds.

6640 Debt Issuance Costs

This account records the costs associated with the issuance of the 1998 and 2005 Revenue Bonds. This is an annual expense that will be recognized throughout the life of the bonds. Although this is a non-cash transaction, appropriations are required to record the expense.

Character Title: Other Charges

Character No.: 653352-75

7920 Interest

This account reflects the interest expense on the non-refunded portion of Sonoma Valley 1998 Revenue Bonds at 4.75% and 2005 refunding is serial bonds with interest rates ranging from 4.6% to 5.0%

7923 Discount/Bonds

This account records the discount realized upon the issuance of the bonds. This will be an annual expense throughout the life of the bonds. Although this is a non-cash transaction, appropriations are required to record the expense.

Character Title: Other Financing Uses

Character No.: 653352-86

8625 OT - Within Sp Dist - BOS

This account reflects the transfer of funds to the Construction Fund to finance Capital Replacement Projects. No transfer will be made for FY 10-11.

Character Title: Administrative Control Account

Character No.: 653352-92

9200 Ent - Principal

This account reflects the principal expense for revenue bonds issued in FY 98-99 and partial refunding in FY 05-06 to finance the Sonoma Valley CSD's planned capital program. Payments began in 1999 and will continue as interest only from February 2006 until 2019 when principal payment will resume and continue to maturity in 2023. Principal payments on the 1998 non-refunded portion will resume in 2019 when the 2005 issue has been paid off.

Original 1998 Bond Issue	\$21,410,000
FY 05-06 Principal Payments:	<u>(3,855,000)</u>
Outstanding Loan Amount	17,555,000
2005 Portion Refunded	<u>(11,095,000)</u>
Outstanding Balance	\$6,460,000
2005 Refunding Issue	\$10,240,000
Total FY 07-08 through FY 08-09 Principal Payments:	<u>(1,985,000)</u>
FY 09-10 Principal Payments:	<u>(705,000)</u>
Outstanding Loan Amount	\$7,550,000

Principal payments begin October 2006 and will continue until maturity in October 2018.

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2010-11 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Sonoma Valley CSD - 1998 Revenue Bonds
 Index No.: 653352

DESCRIPTION OF FUND ACTIVITY	Actual FY 08-09	Estimated FY 09-10	Requested FY 10-11
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$486,377	\$573,900	\$670,444
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,406,285	1,401,849	1,397,480
Expenditures - (Decrease) retained earnings	(\$696,414)	(683,041)	(608,928)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	709,871	718,808	788,552
Adjustments to Reserves/Encumbrances:			
9200 Enterprise - Principal	(690,000)	(705,000)	(730,000)
Amortization of Debt Issuance Costs	19,883	19,884	19,884
Amortization of Debt Refunding	51,852	51,852	51,852
Discount on Revenue Bonds Payable	10,917	11,000	11,000
Change in Matured Bonds Payable	(15,000)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(622,348)	(622,264)	(647,264)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$573,900	\$670,444	\$811,732
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$87,523	\$96,544	\$141,288
<u>Fund Balance Components at Beginning of FY</u>	7/1/08	7/1/09	
Cash	\$1,378,400	\$1,476,119	
Cash with Trustee	17,300	17,274	
Cash with Trustee Res for Debt Service	(12,633)	(12,633)	
Matured Principal Payable	(690,000)	(705,000)	
Interest Payable	(206,690)	(201,860)	
Total Beginning Fund Balance	\$486,377	\$573,900	

FY 2010-11 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SONOMA VALLEY CSD - SRF LOAN RESERVE**

Section/Index No: **653428**

Sub-Object No. and Title	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$1,225	\$1,400	\$175	14.29%
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Subtotal Use of Money	\$1,225	\$1,400	\$175	14.29%
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Other Financing Sources

4625 OT - W/in Special Dist - BOS	\$34,984	\$34,984	\$0	0.00%
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Subtotal Other Financing Sources	\$34,984	\$34,984	\$0	0.00%
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TOTAL REVENUES	\$36,209	\$36,384	\$175	0.48%
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TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$36,209)	(\$36,384)	(\$175)	0.48%
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FY 2010-11 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - SRF Loan Reserve

Character Title: Use of Money

Character No.: 653428-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$140,000
Projected Interest Rate	1.00%
Projected/Planned Interest on Pooled Cash	\$1,400

Character Title: Other Financing Sources

Character No.: 652428-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Reserve Fund to finance the Capital Replacement Program. The amount added to the Capital Reserve Fund each year is \$34,984 (.5% of the final loan amount of approximately \$6,996,831). This transfer will occur each year during the first 10 years of the loan. Interest earned on the Reserve Fund shall remain in the fund. The schedule for transfers to the Reserve Fund is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Balance</u>
07-08	34,984	34,984
08-09	34,984	69,968
09-10	34,984	104,952
10-11	34,984	139,936
11-12	34,984	174,920
12-13	34,984	209,904
13-14	34,984	244,888
14-15	34,984	279,872
15-16	34,984	314,856
16-17	34,984	349,840

Funds held in the Reserve Fund may be used for capital improvements. If used, the District must replace the expended funds at a rate of 10 percent per year. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will be limited to the amount required for the Wastewater Capital Reserve Fund. Any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

NOTE; In order to comply with the State Revolving Fund loan requirements, the ending fund balance of the SVCSD SRF Loan Reserve Fund shall not fall below the required balance in any given year during the 20 year term of the loan.

FY 2010-11 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Sonoma Valley CSD - SRF Loan Reserve
 Index No.: 653428

DESCRIPTION OF FUND ACTIVITY	Actual FY 08-09	Estimated FY 09-10	Requested FY 10-11
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$35,108	\$70,908	\$106,628
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	35,800	35,720	36,384
Expenditures - (Decrease) retained earnings	-	-	-
Net Surplus or Deficit - Inc/(Dec) to retained earnings	35,800	35,720	36,384
Adjustments to Reserves/Encumbrances:	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	-	-	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$70,908	\$106,628	\$143,012
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$35,800	\$35,720	\$36,384
<u>Fund Balance Components at Beginning of FY</u>	7/1/08	7/1/09	
Cash	\$35,108	\$70,908	
Total Beginning Fund Balance	\$35,108	\$70,908	

FY 2010-11 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - SRF LOAN

Section/Index No: 653410

Sub-Object No. and Title	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$0	\$1,500	\$1,500	N/A
Subtotal Use of Money	\$0	\$1,500	\$1,500	N/A
<u>Other Financing Sources</u>				
4625 OT - W/in Special Dist - BOS	\$443,182	\$442,972	(\$210)	(0.05%)
Subtotal Other Financing Sources	\$443,182	\$442,972	(\$210)	(0.05%)
TOTAL REVENUES	\$443,182	\$444,472	\$1,290	0.29%

EXPENDITURES:

OTHER CHARGES

7920 Interest	\$0	\$0	\$0	N/A
7930 Interest-L.T. Debt	151,590	148,791	(2,799)	(1.85%)
Subtotal Other Charges	\$151,590	\$148,791	(\$2,799)	(1.85%)

OTHER FINANCING USES

8625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
Subtotal Other Financing Uses	\$0	\$0	\$0	N/A

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$291,592	\$294,181	\$2,589	0.89%
9209 Ent - Principal Clearing	(291,592)	(294,181)	(2,589)	0.89%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$151,590	\$148,791	(\$2,799)	(1.85%)
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TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$291,592)	(\$295,681)	(\$4,089)	1.40%
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FY 2010-11 BUDGET CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - SRF Loan

Character Title: Other Financing Sources Character No.: 653410-46

4625 OT - W/in Special Dist - BOS

This account will be used to reflect the transfer of cash from the Operations Fund to this Loan Fund to cover the annual principal and interest payment.

Character Title: Other Charges Character No.: 653410-75

7930 Interest - L. T. Debt

This account reflects the interest expense for the State Revolving Loan for the Tertiary Treatment Plant Upgrades. The interest rate is 2.50%. Payment begin November 2007 and will continue annually until November 2027.

Character Title: Other Financing Uses Character No.: 653410-86

8625 OT - Within Sp Dist - BOS

No operating transfer will be budgeted in FY 10-11.

Character Title: Administrative Control Character No.: 653410-92

9200 Ent - Principal

This account reflects the principal expense for the State Revolving Loan for the Tertiary Treatment Plant Upgrade Project.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$6,996,831
Interest during construction added to principal	10,671
Total FY 08-09 Principal Payment:	(247,600)
FY 09-10 Principal Payments:	(290,741)
Outstanding Loan Amount	\$6,469,161

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2010-11 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Sonoma Valley CSD- SRF Loan
 Index No.: 653410

DESCRIPTION OF FUND ACTIVITY	Actual FY 08-09	Estimated FY 09-10	Requested FY 10-11
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$393,709	\$174,638	\$180,482
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	456,967	449,026	444,472
Expenditures - (Decrease) retained earnings	(1,357,691)	(151,590)	(148,791)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(900,724)	297,436	295,681
Adjustments to Reserves/Encumbrances:			
9200 Enterprise - Principal	(247,600)	(291,592)	(294,181)
Increase in Matured Bonds Payable	(291,591)	-	-
Accrued Interest add to Principal	10,670	-	-
Loan Proceeds	1,210,174	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	681,653	(291,592)	(294,181)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$174,638	\$180,482	\$181,982
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$219,071)	\$5,844	\$1,500
<u>Fund Balance Components at Beginning of FY</u>	7/1/08	7/1/09	
Cash	\$474,162	\$567,288	
Interest Payable	(80,453)	(101,059)	
Due to Other Government	-	(291,591)	
Total Beginning Fund Balance	\$393,709	\$174,638	