

FY 2011-12 BUDGET BUDGET SECTION SUMMARY

Section Title:

RUSSIAN RIVER 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 Russian River area.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 10-11 Adopted	FY 11-12 Requested	Percent Change	FY 10-11 Adopted	FY 11-12 Requested	Percent Change
Operations	\$4,731,543	\$4,939,307	4.39%	\$1,448,906	\$1,358,403	(6.25%)
Bonds	55,552	49,802	(10.35%)	(122,448)	(128,023)	4.55%
Revenue Bonds	46,250	42,500	(8.11%)	(77,000)	(76,375)	(0.81%)
Construction	856,638	250,000	(70.82%)	530,138	(272,975)	(151.49%)
TOTAL:	\$5,689,983	\$5,281,609	(7.18%)	\$1,779,596	\$881,030	(50.49%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 09-10 Actual	FY 10-11 Budget Estimate	FY 10-11 Revised Estimate	FY 11-12 Projected	Change from FY 10-11 Budget Estimate
TOTAL ESDs	3,182	3,182	3,174	3,180	(0.06%)
TOTAL APNs	3,321	3,321	3,321	3,321	0.00%

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 11-12 annual service charges is \$1,153, representing a 5.0% increase from FY 10-11. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 10-11 budget. This revenue change is primarily due to the rate increase.

The Russian River County Sanitation District (Russian River CSD) treatment plant was completed in September 1980 and began operating in 1982. The Russian River CSD treatment plant was recently upgraded to increase the capacity to treat wastewater flows during flood conditions in the Russian River CSD service area. The addition of equalization storage is being evaluated. Upgrades to the disinfection system are expected to occur in FY 11-12.

The Russian River CSD irrigates approximately 20 acres of forest area adjacent to the treatment plant (referred to as the Burch property) and approximately 40 acres of the Northwood Golf Course. The Northwood Golf Course has not been able to achieve the disposal rate which was expected when the treatment plant was constructed. As a result, increased irrigation has been required at the Burch property. The Russian River CSD is evaluating expansion of the irrigation system to reduce the amount of irrigation performed on the Burch property and match the design capacity of the plant.

The requested rates should provide the funds necessary to operate and maintain the Russian River CSD's collection system, treatment plant, and reclamation system. In addition to the funds needed for the ongoing operation of wastewater treatment and disposal facilities, funds are necessary for the replacement of aging infrastructure. A new ultraviolet light disinfection system is planned for construction in FY 11-12. Additionally, the North Coast Regional Water Quality Board is requiring significant increases in chemical analyses at Russian River CSD facilities. At the Russian River CSD, rates in the future may need to be increased above inflation levels to provide funding to comply with new and more stringent regulatory requirements.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

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

FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **RUSSIAN RIVER CSD - OPERATIONS**

Section/Index No: **652107**

Sub-Object No. and Title	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$3,115,795	\$3,415,117	\$299,322	9.61%
1007 Flat Charges - CY Secured	6,000	6,000	0	0.00%
1061 Flat Charges - PY	100,000	100,000	0	0.00%
1120 Penalties / Costs on Taxes	17,000	17,000	0	0.00%
Subtotal Taxes	\$3,238,795	\$3,538,117	\$299,322	9.24%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$12,000	\$9,350	(\$2,650)	(22.08%)
Subtotal Use of Money	\$12,000	\$9,350	(\$2,650)	(22.08%)
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$31,842	\$33,437	\$1,595	5.01%
Subtotal Charges for Services	\$31,842	\$33,437	\$1,595	5.01%
<u>ADMINISTRATIVE CONTROL</u>				
4210 Advances	\$0	\$0	\$0	N/A
4219 Advances - Clearing	0	0	0	N/A
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$3,282,637	\$3,580,904	\$298,267	9.09%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$15,000	\$10,000	(\$5,000)	(33.33%)
6140 Maintenance - Equipment	110,000	115,000	5,000	4.55%
6180 Maintenance - Bldgs / Impr	10,000	10,000	0	0.00%
6262 Lab Supplies	10,000	10,000	0	0.00%
6512 Testing/Analysis	370,000	350,000	(20,000)	(5.41%)
6521 County Services	3,000	4,000	1,000	33.33%
6522 District Services	50,000	60,000	10,000	20.00%
6523 District Operations	1,532,000	1,632,000	100,000	6.53%
6570 Consultant Services	150,000	151,000	1,000	0.67%
6573 Administration Costs	30,000	30,000	0	0.00%
6610 Legal Services	7,000	5,000	(2,000)	(28.57%)
6629 Fiscal Accounting Services	37,000	0	(37,000)	(100.00%)
6630 Audit / Accounting Services	17,000	17,000	0	0.00%
6820 Rents/Lease-Equipment	0	7,500	7,500	N/A

Sub-Object No. and Title	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
<u>SERVICES AND SUPPLIES (cont'd)</u>				
6880 Small Tools/Instruments	0	7,000	7,000	N/A
7201 Gas/Oil	0	5,000	5,000	N/A
7206 Equipment Usage Charges	90,000	107,000	17,000	18.89%
7212 Chemicals	30,000	40,000	10,000	33.33%
7217 State Permits / Fees	10,000	10,000	0	0.00%
7247 Water Conservation	175,000	70,000	(105,000)	(60.00%)
7320 Utilities	1,000	2,000	1,000	100.00%
7394 Power	200,000	190,000	(10,000)	(5.00%)
Subtotal Services and Supplies	\$2,847,000	\$2,832,500	(\$14,500)	(0.51%)
<u>OTHER CHARGES</u>				
7920 Interest	\$95,280	\$0	(\$95,280)	(100.00%)
7930 Interest - LT Debt	75,513	128,002	52,489	69.51%
7980 Depreciation	1,177,000	1,133,000	(44,000)	(3.74%)
Subtotal Other Charges	\$1,347,793	\$1,261,002	(\$86,791)	(6.44%)
<u>FIXED ASSETS</u>				
8560 Equipment	\$40,000	\$40,000	\$0	0.00%
9480 Intangible Assets	0	5,000	5,000	N/A
Subtotal Fixed Assets	\$40,000	\$45,000	\$5,000	12.50%
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$446,750	\$775,805	\$329,055	73.66%
Subtotal Other Financing Uses	\$446,750	\$775,805	\$329,055	73.66%
<u>APPROPRIATIONS FOR CONT</u>				
9000 Approp for Contingencies	\$50,000	\$25,000	(\$25,000)	(50.00%)
Subtotal Approp for Contingencies	\$50,000	\$25,000	(\$25,000)	(50.00%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$168,442	\$0	(\$168,442)	(100.00%)
9209 Ent - Principal Clearing	(168,442)	0	168,442	(100.00%)
9210 Advances	0	333,407	333,407	N/A
9219 Advances - Clearing	0	(333,407)	(333,407)	N/A
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$4,731,543	\$4,939,307	\$207,764	4.39%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$1,448,906	\$1,358,403	(\$90,503)	(6.25%)

FY 2011-12 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Operations

Character Title: Taxes

Character No.: 652107-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 10-11 budget. The rate will increase 5.0%, from \$1,098 to \$1,153.

ESDs times annual rate:	3,151 x \$1,153	\$3,633,103
Less Estimated Delinquency Factor:	6%	<u>(217,986)</u>
		\$3,415,117

(See SubObject 3400 for Total ESDs)

1007 Flat Charges - CY Secured

This item records the Flat Charges-Current Year Secured.

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.: 652107-17

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	\$1,700,000
Projected Interest Rate	<u>0.55%</u>
Projected/Planned Interest on Pooled Cash	\$9,350

Character Title: Charges for Services

Character No.: 652107-30

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. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

Based on projected FY 11-12 ESDs, the District will experience an increase in revenue from invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$1,098 to \$1,153.

ESDs x Annual Charge	29 x \$1,153	=	\$33,437
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Character Title: Administrative Control Account

Character No.: 652107-42

4210 Advances

No advances are anticipated for FY 11-12.

4219 Advances - Clearing

This is the clearing account for sub-object 4210.

Character Title: Services and Supplies

Character No.: 652107-60

6040 Communications

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

6140 Maintenance - Equipment

This account records the costs 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 Laboratory Supplies

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

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 11-12.

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.

6570 Consultant Services

This account records the costs of services provided by outside consultants including agreement with ZSI (\$25,000) project 7231-03, cost required in permitting and regulatory assistance (\$100,000) PJ# TBD and labor compliance agreement (\$26,000) PJ# TBD

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 is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6630 Audit / Accounting Services

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

6820 Rents/Leases - Equip

Rents and Leases - Equipment covers the costs of renting copiers, fax machines and other equipment as needed.

6880 Small Tools/Instruments

This item is requested to provide funds for the purchase of office furniture, small tools, instruments and equipment that are individually under \$5,000.

7206 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

7247 Water Conservation

This account records the cost of the High Efficiency Fixture Direct Install Program with the goal of inflow reduction and the retrofit of old, high water using fixtures.

7212 Chemicals

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

7217 State Permits / Fees

This account records the cost of obtaining the Russian River CSD discharge permit issued by the Regional Water Quality Control Board.

7320 Utilities

This account records the cost of 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 the Disinfection Upgrade and Third Unit Process Project.

7980 Depreciation

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

Character Title: Fixed Assets

Character No.: 652107-85

8560 Equipment

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

9480 Intangible Assets

This account records sewer easement dedications.

Character Title: Other Financing Uses

Character No.: 652107-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Revenue Bond Fund to cover principal and interest payments, as well as to the Construction Fund to finance the Capital Replacement Program and Wastewater Capital Reserve fund required by the State Revolving Fund loan received February 2004. 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 Revenue Bond Fund	\$117,500
Transfer to State Loan Reserve	137,805
Transfer to Construction Fund (Wastewater Capital Reserve Fund)*	20,500
Transfer to Construction Fund	500,000
Total Operating Transfer	<u>\$775,805</u>

*Transfers to the Construction Fund to Finance the Wastewater Capital Reserve Fund began in FY 04-05 and continue until FY 13-14.

Character Title: Appropriations for Contingencies

Character No.: 652107-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

Character Title: Administrative Control Account

Character No.: 652107-92

9210 Advances

This account reflects the principal expense for the State Revolving Loan for the Third Unit Processes Project.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$3,800,969
Total FY 05-06 through FY 09-10 Principal Payment:	(780,481)
FY 10-11 Principal Payment:	<u>(168,442)</u>
Outstanding Loan Amount	\$2,852,046

This account reflects the principal expense for the anticipated State Revolving Loan for the Disinfection Basin Project original Loan is for 4,100,000 with a forgiveness of \$2,100,000.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$3,970,000
Total FY 09-10 Principal Payment:	(156,985)
FY 10-11 Principal Payment:	<u>(156,985)</u>
Outstanding Loan Amount	\$3,656,030

9219 Advances - Clearing

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

FY 2011-12 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Russian River CSD - Operations
 Index No.: 652107

DESCRIPTION OF FUND ACTIVITY	Actual FY 09-10	Estimated FY 10-11	Requested FY 11-12
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$2,660,890	\$2,959,816	\$2,219,963
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	3,719,927	3,410,924	3,580,904
Expenditures - (Decrease) retained earnings	(4,246,958)	(5,019,665)	(4,939,307)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(527,031)	(1,608,741)	(1,358,403)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	1,035,015	1,037,330	1,133,000
9210 Advances (Repayment County General Fund)	-	-	-
9200 Ent - Principal Payments	(164,335)	(168,442)	-
9210-Advances	-	-	(333,407)
Change in Water Conservation Reserve	(4,108)	-	-
Capitalized Interest	(33)	-	-
Change in Matured Principal	42,336	-	-
Net Change in Encumbrance	(82,918)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	825,957	868,888	799,593
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$2,959,816	\$2,219,963	\$1,661,153
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$298,926	(\$739,853)	(\$558,810)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$2,668,121	\$2,916,836	
Other Receivables (Flat Charges)	340,419	476,277	
Accounts Payable	(18,913)	(62,266)	
Reserve for Water Conservation	(42,336)	-	
Due to Other Governments	(164,334)	(168,442)	
Interest Payable	(46,445)	(44,049)	
Encumbrances (Contract)	(75,622)	(158,540)	
Total Beginning Retained Earnings	\$2,660,890	\$2,959,816	

FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **RUSSIAN RIVER CSD - REVENUE BONDS**
Section/Index No: **652214**

Sub-Object No. and Title	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$2,000	\$1,375	(\$625)	(31.25%)
Subtotal Use of Money	\$2,000	\$1,375	(\$625)	(31.25%)
<u>OTHER FINANCING SOURCES</u>				
4625 OT - Within Spec Dist BOS	\$121,250	\$117,500	(\$3,750)	(3.09%)
Subtotal Other Financing Sources	\$121,250	\$117,500	(\$3,750)	(3.09%)
TOTAL REVENUES				
	\$123,250	\$118,875	(\$4,375)	(3.55%)
EXPENDITURES:				
<u>OTHER CHARGES</u>				
7920 Interest	\$46,250	\$42,500	(\$3,750)	(8.11%)
Subtotal Other Charges	\$46,250	\$42,500	(\$3,750)	(8.11%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Net - Principal	\$75,000	\$75,000	\$0	0.00%
9209 Net - Principal Clearing	(75,000)	(75,000)	0	0.00%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES				
	\$46,250	\$42,500	(\$3,750)	(8.11%)
TOTAL NET COST				
<i>(Expenditures Minus Revenues)</i>	(\$77,000)	(\$76,375)	\$625	(0.81%)

FY 2011-12 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Revenue Bonds

Character Title: Use of Money **Character No.:** 652214-17

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	\$250,000
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	\$1,375

Character Title: Other Financing Sources **Character No.:** 652214-46

4625 OT - W/in Special Dist - BOS

The revenues supporting the revenue bond are collected in the Operations Fund. This account reflects the transfer of cash from Operations Fund to the Revenue Bond Fund to cover the annual principal and interest payment.

Character Title: Other Charges **Character No.:** 652214-75

7920 Interest

This account reflects the interest expense on the outstanding revenue bonds. The interest rate is 5.0%. Payments began April 1, 1982 and will continue semi-annually until April 1, 2020. The FY 11-12 request is based on the bond amortization schedule prepared at the time the bonds were sold.

Character Title: Administrative Control Account **Character No.:** 652214-92

9200 Ent - Principal

This account reflects the principal expense for the revenue bonds that were issued in 1981. Payments on the bonds will continue until April 1, 2020. The FY 11-12 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 Revenue Bond Issue:	\$2,000,000
Total FY 82-83 through FY 09-10 Principal Payments:	(1,075,000)
FY 10-11 Principal Payment:	(75,000)
Outstanding Bond Amount	\$850,000

9209 Ent - Principal Clearing

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

FY 2011-12 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Russian River CSD - Revenue Bonds
 Index No.: 652214

DESCRIPTION OF FUND ACTIVITY	Actual FY 09-10	Estimated FY 10-11	Requested FY 11-12
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$276,125	\$275,908	\$278,792
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	\$123,658	124,134	118,875
Expenditures - (Decrease) retained earnings	(\$48,875)	(46,250)	(42,500)
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Net Surplus or Deficit - Inc/(Dec) to retained earnings	74,783	77,884	76,375
Adjustments to Reserves/Encumbrances:			
Matured Bond Payable	(5,000)	-	-
9200 -Ent - Principal	(70,000)	(75,000)	(75,000)
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Net Adjustment - Increase/(Decrease) to Retained Earnings	(75,000)	(75,000)	(75,000)
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Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$275,908	\$278,792	\$280,167
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$217)	\$2,884	\$1,375
<u>Retained Earnings Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$358,563	\$362,470	
Interest Payable	(12,438)	(11,562)	
Revenue Bonds Payable	(70,000)	(75,000)	
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Total Beginning Retained Earnings	\$276,125	\$275,908	

**FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES**

Section Title: **RUSSIAN RIVER CSD - BONDS**
Section/Index No: **652206**

Sub-Object No. and Title	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1000 Prop Taxes - CY Secured	\$175,000	\$175,000	\$0	0.00%
1020 Prop Taxes - CY Supplemental	1,500	1,500	0	0.00%
1040 Prop Taxes - CY Unsecured	500	500	0	0.00%
Subtotal Taxes	\$177,000	\$177,000	\$0	0.00%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$1,000	\$825	(\$175)	(17.50%)
Subtotal Use of Money	\$1,000	\$825	(\$175)	(17.50%)
TOTAL REVENUES	\$178,000	\$177,825	(\$175)	(0.10%)
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	\$55,500	\$49,750	(\$5,750)	(10.36%)
Subtotal Other Charges	\$55,500	\$49,750	(\$5,750)	(10.36%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$115,000	\$120,000	\$5,000	4.35%
9209 Ent - Principal Clearing	(115,000)	(120,000)	(5,000)	4.35%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$55,552	\$49,802	(\$5,750)	(10.35%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$122,448)	(\$128,023)	(\$5,575)	4.55%

FY 2011-12 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Bonds

Character Title: Taxes

Character No.: 652206-10

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 Auditor-Controller's office.

Note: The FY 11-12 bond payment amount (principal and interest) is \$169,750. 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 in 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.: 652206-17

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	\$150,000
Projected Interest Rate	<u>0.55%</u>
Projected/Planned Interest on Pooled Cash	\$825

Character Title: Services and Supplies

Character No.: 652206-60

6635 Fiscal Agent Fees

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

Character Title: Other Charges

Character No.: 652206-75

7920 Interest

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5.0%. Payments began July 1, 1980 and will continue semi-annually until July 1, 2018. The FY 11-12 request is based on the bond amortization schedule prepared at the time the bonds were sold.

Character Title: Administrative Control Account

Character No.: 652206-92

9200 Ent - Principal

This account reflects the principal expense for general obligation bonds that were issued in 1979 to finance the local share of a wastewater collection system. Payments on the bonds will continue until July 1, 2018. The FY 11-12 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:	\$2,900,000
Total FY 80-81 through FY 09-10 Principal Payments:	(1,790,000)
FY 10-11 Principal Payment:	<u>(115,000)</u>
Outstanding Bond Amount	\$995,000

9209 Ent - Principal Clearing

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

FY 2011-12 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Russian River CSD - Bonds
 Index No.: 652206

DESCRIPTION OF FUND ACTIVITY	Actual FY 09-10	Estimated FY 10-11	Requested FY 11-12
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$164,797	\$165,129	\$134,365
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	171,332	139,788	177,825
Expenditures - (Decrease) retained earnings	(61,000)	(55,552)	(49,802)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	110,332	84,236	128,023
Adjustments to Reserves/Encumbrances:			
9200 Enterprise Principal	(110,000)	(115,000)	(120,000)
Net Adjustment - Increase/(Decrease) to Retained Earnings	(110,000)	(115,000)	(120,000)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$165,129	\$134,365	\$142,388
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$332	(\$30,764)	\$8,023
<u>Retained Earnings Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$164,797	\$165,129	
Total Beginning Retained Earnings	\$164,797	\$165,129	

FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **RUSSIAN RIVER CSD - CONSTRUCTION**

Section/Index No: **652305**

Sub-Object No. and Title	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$1,000	\$2,475	\$1,475	147.50%
Subtotal Use of Money	\$1,000	\$2,475	\$1,475	147.50%
<u>ADMINISTRATIVE CONTROL</u>				
4200 ENT - LTD Proceeds	\$0	\$0	\$0	N/A
4209 ENT - LTD Proceeds - Clearing	0	0	0	N/A
Subtotal Administrative Control	\$0	\$0	\$0	N/A
<u>OTHER FINANCING SOURCES</u>				
4625 OT - W/in Special Dist - BOS	\$325,500	\$520,500	\$195,000	59.91%
Subtotal Other Financing Sources	\$325,500	\$520,500	\$195,000	59.91%
TOTAL REVENUES				
	\$326,500	\$522,975	\$196,475	60.18%
EXPENDITURES:				
<u>OTHER CHARGES</u>				
7930 Interest-L.T. Debt	\$0	\$0	\$0	N/A
Subtotal Other Charges	\$0	\$0	\$0	N/A
<u>FIXED ASSETS</u>				
8510 Building / Improvement	\$706,638	\$0	(\$706,638)	(100.00%)
9142 Capital Replacement Program	150,000	250,000	100,000	66.67%
Subtotal Fixed Assets	\$856,638	\$250,000	(\$606,638)	(70.82%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9210 Advances	\$0	\$0	\$0	N/A
9219 Advances - Clearing	0	0	0	N/A
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES				
	\$856,638	\$250,000	(\$606,638)	(70.82%)
TOTAL NET COST				
<i>(Expenditures Minus Revenues)</i>	\$530,138	(\$272,975)	(\$803,113)	(151.49%)

FY 2011-12 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Construction

Character Title: Use of Money **Character No.:** 652305-17

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	\$450,000
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	\$2,475

Character Title: Administrative Control Account **Character No.:** 652305-42

4200 ENT - LTD Proceeds

No Funds will be budgeted for FY 11-12

4209 ENT - LTD Proceeds - Clearing

No Funds will be budgeted for FY 11-12.

Character Title: Other Financing Sources **Character No.:** 652305-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the Capital Replacement Program (\$1,070,500). This transfer also includes the annual contribution to the Wastewater Capital Reserve Fund required by the State Revolving Fund loan received in February 2004. The amount added to the Capital Reserve Fund each year is \$20,500 (.5% of the final loan amount of approximately \$4,100,000). 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>
04-05	\$20,500	\$20,500
05-06	20,500	41,000
06-07	20,500	61,500
07-08	20,500	82,000
08-09	20,500	102,500
09-10	20,500	123,000
10-11	20,500	143,500
11-12	20,500	164,000
12-13	20,500	184,500
13-14	20,500	205,000

4625 OT - W/in Special Dist - BOS (Continued)

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 RRCSD Construction Fund shall not fall below the required balance for the Wastewater Capital Reserve Fund in any given year during the 20 year term of the loan.

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 Plant/Reclamation Improvement Projects are planned for FY 11-12:

Building/Improvements	PCAS No.	Amount
	Subtotal for Buildings / Improvements (Sub-object 8510)	\$ -
9142 Capital Replacement Program	TBD	\$ 250,000
	Subtotal for Capital Replacement Program (Sub-object 9142)	<u>\$ 250,000</u>
	Grand Total - Character 85	<u><u>\$ 250,000</u></u>

This requested amount is intended to fund 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. The current budget will fund costs for project scoping, preliminary design, CEQA compliance and lift station upgrades.

FY 2011-12 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Russian River CSD - Construction
 Index No.: 652305

DESCRIPTION OF FUND ACTIVITY	Actual FY 09-10	Estimated FY 10-11	Requested FY 11-12
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$1,102,428	\$411,827	\$898,036
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	49,183	809,197	522,975
Expenditures - (Decrease) retained earnings	(154,536)	(4,522,988)	(250,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(105,353)	(3,713,791)	272,975
Adjustments to Reserves/Encumbrances:			
Capitalized Interest	(86,852)	-	-
Change in Encumbrances	(481,815)	-	-
Proceeds from SWRCB Loan	-	4,200,000	-
Adjustment Ordinance 39 Receivable	(16,581)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(585,248)	4,200,000	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$411,827	\$898,036	\$1,171,011
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$690,601)	\$486,209	\$272,975
<u>Retained Earnings Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$1,137,677	\$945,075	
Other Receivables	59,471	42,660	
Accounts Payable	(6,797)	(6,170)	
Encumbrances (Contract)	(87,923)	(569,738)	
Total Beginning Retained Earnings	\$1,102,428	\$411,827	

**FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES**

Section Title: RUSSIAN RIVER CSD - STATE LOAN RESERVE
Section/Index No: 652412

Sub-Object No. and Title	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$0	\$758	\$758	N/A
<i>Subtotal Use of Money</i>	<u>\$0</u>	<u>\$758</u>	<u>\$758</u>	<u>N/A</u>
<u>OTHER FINANCING SOURCES</u>				
4625 OT - Within Spec Dist BOS	\$0	\$137,805	\$137,805	N/A
<i>Subtotal Other Financing Sources</i>	<u>\$0</u>	<u>\$137,805</u>	<u>\$137,805</u>	<u>N/A</u>
TOTAL REVENUES	<u>\$0</u>	<u>\$138,563</u>	<u>\$138,563</u>	<u>N/A</u>

FY 2011-12 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - State Loan Reserve

Character Title: Use of Money **Character No.:** 672412-17

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	\$137,805
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	\$758

Character Title: Other Financing Sources **Character No.:** 652412-46

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. This Reserve Fund is established in order to comply with the State Revolving Fund loan requirement to have reserves equal to one year's debt service.

FY 2011-12 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Russian River CSD - State Loan Reserve
 Index No.: 652412

DESCRIPTION OF FUND ACTIVITY	Actual FY 09-10	Estimated FY 10-11	Requested FY 11-12
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$0	\$0	\$0
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	-	-	138,563
Expenditures - (Decrease) retained earnings	-	-	-
Net Surplus or Deficit - Inc/(Dec) to retained earnings	-	-	138,563
Adjustments to Reserves/Encumbrances:	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	-	-	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$0	\$0	\$138,563
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$0	\$0	\$138,563
<u>Fund Balance Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$0	\$0	
Total Beginning Fund Balance	\$0	\$0	