

FY 2011-12 BUDGET
BUDGET SECTION SUMMARY

Section Title:

SONOMA VALLEY COUNTY SANITATION DISTRICT

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 10-11 Adopted	FY 11-12 Requested	Percent Change	FY 10-11 Adopted	FY 11-12 Requested	Percent Change
Operations	\$15,866,947	\$20,737,499	30.70%	\$4,379,707	\$8,111,137	85.20%
Construction	3,798,349	4,837,547	27.36%	1,871,349	(2,084,516)	(211.39%)
Outfall Line	6,200	5,025	(18.95%)	(43,511)	(44,686)	2.70%
Glen Ellen Bonds	4,502	3,852	(14.44%)	(13,648)	(14,276)	4.60%
1998 Rev Bonds	608,928	636,642	4.55%	(788,552)	(759,125)	(3.73%)
SRF Loan Reserve	0	0	N/A	(36,384)	(35,919)	(1.28%)
SRF Loan	148,791	142,025	(4.55%)	(295,681)	(301,773)	2.06%
TOTAL:	\$20,433,717	\$26,362,590	29.02%	\$5,073,280	\$4,870,843	(3.99%)

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	17,250	17,250	17,249	17,246	(0.02%)
TOTAL APNs	11,423	11,423	11,432	11,432	0.08%

E. Summary of Issues and Significant Changes

The basis for FY 11-12 annual service charges may change from a fixed rate per ESD to a variable rate based on water usage pending direction from the Board of Directors. Any proposed rate change will be subject to the Proposition 218 notice of hearing prior to implementation.

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 Sonoma Valley CSD'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 collection system 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 \$3,000,000 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 regional recycled water program that would reduce discharges to San Pablo Bay and offset potable water use.

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: SONOMA VALLEY CSD - OPERATIONS
Section/Index No: 653105

Sub-Object No. and Title	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$10,160,826	\$10,828,820	\$667,994	6.57%
1061 Flat Charges - PY	125,000	130,000	5,000	4.00%
1120 Penalties / Costs on Taxes	25,000	25,000	0	0.00%
Subtotal Taxes	\$10,310,826	\$10,983,820	\$672,994	6.53%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$32,000	\$3,850	(\$28,150)	(87.97%)
1701 Interest Earned	181,470	164,460	(17,010)	(9.37%)
1801 Rent-Real Estate	11,000	11,000	0	0.00%
Subtotal Use of Money	\$224,470	\$179,310	(\$45,160)	(20.12%)
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$787,444	\$867,232	\$79,788	10.13%
3403 Industrial Users Mon/Dischg	20,000	20,000	0	0.00%
3404 Septic Charges	70,000	70,000	0	0.00%
Subtotal Charges for Services	\$877,444	\$957,232	\$79,788	9.09%
<u>MISCELLANEOUS REVENUE</u>				
4040 Miscellaneous	\$25,000	\$36,000	\$11,000	44.00%
4099 Conservation Program	49,500	50,000	500	1.01%
4303 State Grants	0	420,000	420,000	N/A
Subtotal Miscellaneous Revenue	\$74,500	\$506,000	\$431,500	579.19%
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
4200 ENT - LTD Proceeds	\$10,000,000	\$3,500,000	(\$6,500,000)	(65.00%)
4209 ENT - LTD Proceeds - Clearing	(10,000,000)	(3,500,000)	6,500,000	(65.00%)
4210 Advances	405,169	422,177	17,008	4.20%
4219 Advances - Clearing	(405,169)	(422,177)	(17,008)	4.20%
Subtotal Admin. Control Account	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$11,487,240	\$12,626,362	\$1,139,122	9.92%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$10,000	\$10,000	\$0	0.00%
6140 Maintenance - Equipment	400,000	400,000	0	0.00%
6180 Maintenance - Bldgs / Impr	300,000	200,000	(100,000)	(33.33%)
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 2010-11	Requested 2011-12	Difference	Percent Change
SERVICES AND SUPPLIES (cont'd)				
6512 Testing-Analysis	180,000	180,000	0	0.00%
6521 County Services	60,000	60,000	0	0.00%
6522 District Services	550,000	550,000	0	0.00%
6523 District Operations	4,801,000	4,956,000	155,000	3.23%
6570 Consultant Services	360,000	964,000	604,000	167.78%
6573 Administration Costs	90,000	100,000	10,000	11.11%
6610 Legal Services	35,000	35,000	0	0.00%
6629 Fiscal Accounting Services	90,000	0	(90,000)	(100.00%)
6630 Audit / Accounting Services	25,000	25,000	0	0.00%
6820 Rents/Lease-Equipment	0	35,000	35,000	N/A
6880 Small Tools/Instruments	0	10,000	10,000	N/A
7201 Gas/Oil	1,000	1,000	0	0.00%
7206 Equipment Usage Charge	450,000	450,000	0	0.00%
7212 Chemicals	200,000	200,000	0	0.00%
7217 State Permits / Fees	30,000	30,000	0	0.00%
7247 Water Conservation	50,000	130,000	80,000	160.00%
7250 Reimbursable Projects	30,000	30,000	0	0.00%
7320 Utilities	1,000	0	(1,000)	(100.00%)
7394 Power	700,000	700,000	0	0.00%
Subtotal Services and Supplies	\$8,403,000	\$9,106,000	\$703,000	8.37%
OTHER CHARGES				
7920 Interest	\$0	\$28,669	\$28,669	N/A
7930 Interest - LT Debt	168,000	0	(168,000)	(100.00%)
7980 Depreciation	3,202,500	3,145,000	(57,500)	(1.80%)
7981 Amort Expense	0	2,135	2,135	N/A
Subtotal Other Charges	\$3,370,500	\$3,175,804	(\$194,696)	(5.78%)
FIXED ASSETS				
8560 Equipment	\$100,000	\$100,000	\$0	0.00%
9480 Intangible Assets	0	15,000	15,000	N/A
Subtotal Fixed Assets	\$100,000	\$115,000	\$15,000	15.00%
OTHER FINANCING USES				
8625 OT - W/in Special Dist - BOS	\$3,843,447	\$8,190,695	\$4,347,248	113.11%
Subtotal Other Financing Uses	\$3,843,447	\$8,190,695	\$4,347,248	113.11%
APPROPRIATIONS FOR CONT				
9000 Approp for Contingencies	\$150,000	\$150,000	\$0	0.00%
Subtotal Approp for Contingencies	\$150,000	\$150,000	\$0	0.00%
ADMINISTRATIVE CONTROL ACCOUNT				
9200 Ent - Principal	\$0	\$179,113	\$179,113	N/A
9209 Ent - Principal Clearing	0	(179,113)	(179,113)	N/A
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$15,866,947	\$20,737,499	\$4,870,552	30.70%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$4,379,707	\$8,111,137	\$3,731,430	85.20%

FY 2011-12 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 10-11 budget. The rate will increase 5.5%, from \$694 to \$732.

ESDs times annual rate:	15,251 x \$732	\$11,163,732
Less Estimated Delinquency Factor:	3%	(334,912)
		\$10,828,820

(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	\$700,000
Projected Interest Rate	0.55%
Projected Interest on Pooled Cash	\$3,850

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 \$732	= \$92,232
Based on flow (historical figure)		775,000
		\$867,232

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.

4303 State Grants

This records anticipated revenue from the Prop 84 grant funding.

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

4200 ENT - LTD Proceeds

This account records the proceeds from the SWRCB Loan to fund the Bio-Solids Project.

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 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, 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 \$35,000 for the San Francisco Bay Integrated Regional Water Management Plan, \$50,000 for the Economic Development Board for the Water Conservation Program, \$75,000 for ZSI PJ 7231-04, \$10,000 for the Ground Water Management Plan PJ 4087-02, Permitting Assistance (\$25,000) PJ 3681-04, SOI master plan and assessment analysis (\$150,000) PJ# TBD, NBWRA (\$225,000) PJ# 3967-10, salt and nutrient management plan (\$350,000) PJ# TBD and labor compliance agreement (\$44,000) PJ# various.

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.

6630 Audit / Accounting Services

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

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.

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 \$180,000 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. No funds will be budgeted for FY 11-12.

7394 Power

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

7920 Interest

This account reflects the interest expense on the purchased property for a storage pond site.

7980 Depreciation

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

7981 Amort Expense

This records the amortization of intangible assets.

8560 Equipment

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

9480 Intangible Assets

This account records sewer easement dedications.

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	1,391,642
SRF Loan	442,973
SRF Loan Reserve	34,984
SRF Loan Reserve	271,385 (Watmaugh & Bio-Solids)
Construction Fund	<u>6,000,000</u>
Total Operating Transfer	<u>\$ 8,190,695</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. Also, for the the purchased property for a storage pond site (\$179,113) due in FY 11-12.

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: Sonoma Valley CSD - Operations
Index No.: 653105

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)	\$3,489,213	\$5,816,425	\$1,950,745
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	12,205,081	11,497,977	12,626,362
Expenditures - (Decrease) retained earnings	(14,324,923)	(23,120,226)	(20,737,499)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(2,119,842)	(11,622,249)	(8,111,137)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	3,071,722	3,171,400	3,145,000
Net Change in Encumbrance	(20,471)	-	-
4200 - Proceeds from LT Debt	-	4,100,000	3,500,000
9200 Ent - Principal Payments	-	-	(179,113)
Change in Water Conservation Reserve	1,425,260	80,000	-
Capitalized Interest	(46)	-	-
Post Audit Adjustment - Payables	4,600	-	-
Post Audit Adjustment - Receivables	(32,479)	-	-
Post Audit Adjustment - Contingent Liab-spill	(350,000)	-	-
Dedication of Sewer Easements	(56,700)	-	-
Change in Due from Other Fund	16,323	-	-
Advances-ISF Power Resources Fund	388,845	405,169	422,177
Net Adjustment - Increase/(Decrease) to Retained Earnings	4,447,054	7,756,569	6,888,064
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$5,816,425	\$1,950,745	\$727,672
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$2,327,212	(\$3,865,680)	(\$1,223,073)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$4,567,160	\$5,803,485	
Other Receivables-Flat Charges	629,910	642,650	
Accounts Payable	(147,023)	(139,988)	
Water Conservation Reserve	(1,532,873)	(107,613)	
Other Current Liability	-	(350,000)	
Due From Other Funds	388,845	405,168	
Encumbrances (PO)	(64,207)	-	
Encumbrances (Contract)	(352,599)	(437,277)	
Total Beginning Retained Earnings	\$3,489,213	\$5,816,425	

FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - CONSTRUCTION

Section/Index No: 653303

Sub-Object No. and Title	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
--------------------------	--------------------	----------------------	------------	-------------------

REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$2,000	\$2,063	\$63	3.13%
Subtotal Use of Money	\$2,000	\$2,063	\$63	3.13%

MISCELLANEOUS REVENUE

4303 State Grants	\$0	\$300,000	\$300,000	N/A
4304 Federal Grants	0	620,000	620,000	N/A
Subtotal Miscellaneous Revenue	\$0	\$920,000	\$920,000	N/A

ADMINISTRATIVE CONTROL ACCOUNT

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

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$1,925,000	\$6,000,000	\$4,075,000	211.69%
Subtotal Other Financing Sources	\$1,925,000	\$6,000,000	\$4,075,000	211.69%

TOTAL REVENUES	\$1,927,000	\$6,922,063	\$4,995,063	259.21%
-----------------------	--------------------	--------------------	--------------------	----------------

EXPENDITURES:

OTHER CHARGES

7920 Interest	\$0	\$28,669	\$28,669	N/A
Subtotal Other Charges	\$0	\$28,669	\$28,669	N/A

FIXED ASSETS

8500 Land	\$400,000	\$0	(\$400,000)	(100.00%)
8510 Building / Improvement	2,095,000	3,737,878	1,642,878	78.42%
9142 Capital Replacement Program	1,303,349	1,071,000	(232,349)	(17.83%)
Subtotal Fixed Assets	\$3,798,349	\$4,808,878	\$1,010,529	26.60%

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$0	\$179,113	\$179,113	N/A
9209 Ent - Principal Clearing	0	(179,113)	(\$179,113)	N/A
	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$3,798,349	\$4,837,547	\$1,039,198	27.36%
---------------------------	--------------------	--------------------	--------------------	---------------

TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$1,871,349	(\$2,084,516)	(\$3,955,865)	(211.39%)
---	--------------------	----------------------	----------------------	------------------

FY 2011-12 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	\$375,000
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	\$2,063

Character Title: Miscellaneous Revenue

Character No.: 653303-40

4303 State Grants

Proceeds from Proposition 84 are anticipated in FY 11-12.

4304 Federal Grants

Proceeds from the Bureau of Reclamation are anticipated in FY 11-12.

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 (\$6,000,000) 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

\$0

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:

	PCAS No.	Amount
<u>Recycled Water Project</u>	3761	\$75,000

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 construction management.

	PCAS No.	Amount
<u>North San Pablo Bay Project</u> Funding will be used for project management and coordination with other Agencies.	TBD	150,000
<u>Napa/Sonoma Salt Marsh</u> Funding will be used for design of the pipeline project to provide recycled water to the salt marsh.	7239	166,878
<u>Bio-Solids Handling Facility</u> Funding will be used to construct improvements to the bio-solids handling facility.	4051	2,873,000
<u>Reservoir 5</u> Funding will be used for contract management for construction of a storage reservoir.	TBD	280,000
<u>Effluent Pump Station</u> Funding will be used for the planning and design of new effluent pumping improvements.	TBD	93,000
<u>Recycled Water Services</u> Funding will be used to plan, design and construct new service connections to the recycled water system. Current year expenditures will include the San Giacomo service.	TBD	<u>100,000</u>
Subtotal for Buildings / Improvements (Sub-object 8510)		\$3,737,878
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		
<u>Collection System Creek Crossing</u> Funding will be used to design and construct improvements to the collection system at stream crossing. Current year expenditures will include the trunk main crossing system at Aqua Caliente Creek.	TBD	\$100,000
<u>Main Sewer Trunk Replacement-Phase 3</u> 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.	7067	319,000
<u>MH-90 to MH 136-5 Main Replacement</u> This project will replace a portion of the existing trunk main. Funding will be used for right-of-way acquisition, design and permit compliance for the portion between Studley Street and Happy Lane.	7365	<u>652,000</u> 97'
Subtotal for Capital Replacement Program (Sub-object 9142)		\$1,071,000
Grand Total-Character 85		<u><u>\$4,808,878</u></u>

FY 2011-12 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 09-10	Estimated FY 10-11	Requested FY 11-12
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$3,216,183	\$1,208,561	\$352,826
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	\$358,549	9,404,373	6,922,063
Expenditures - (Decrease) retained earnings	(2,225,027)	(11,021,154)	(4,837,547)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(1,866,478)	(1,616,781)	2,084,516
Adjustments to Reserves/Encumbrances:			
PY CIP Reclass	4,391	-	-
Capitalized Interest	(159,173)	-	-
Audit Adjustment-Due to Other Fund	(66,679)	-	-
4210-Advances (SV EPA)	-	(171,954)	-
Note Payable-Saski Property	-	933,000	-
9200 Ent - Principal Payments	-	-	(179,113)
Change in Encumbrances	80,317	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	(141,144)	761,046	(179,113)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$1,208,561	\$352,826	\$2,258,229
Total Increase/(Decrease) in Retained Earnings for Fiscal Year			
<i>(Difference between Beginning and Ending Balance)</i>	(2,007,622)	(\$855,735)	\$1,905,403
<u>Retained Earnings Components at Beginning of FY</u>			
	7/1/09	7/1/10	
Cash	\$3,201,917	\$1,007,310	
Accounts Payable	(64,680)	(36,830)	
Deposit with Others	228,900	157,400	
Due from Other Gov't	-	250,457	
Contract Retention Payable	-	(33,460)	
Due to Other Fund	-	(66,679)	
Encumbrances (Contract)	(149,954)	(69,637)	
Total Beginning Retained Earnings	\$3,216,183	\$1,208,561	

FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SONOMA VALLEY CSD - OUTFALL LINE**

Section/Index No: **653337**

Sub-Object No. and Title	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
--------------------------	--------------------	----------------------	------------	-------------------

REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$0	\$0	\$0	N/A
Subtotal Use of Money	\$0	\$0	\$0	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special District - BOS	\$49,711	\$49,711	\$0	0.00%
Subtotal Other Financing Sources	\$49,711	\$49,711	\$0	0.00%

TOTAL REVENUES	\$49,711	\$49,711	\$0	0.00%
-----------------------	-----------------	-----------------	------------	--------------

EXPENDITURES:

OTHER CHARGES

7930 Interest - LT Debt	\$6,200	\$5,025	(\$1,175)	(18.95%)
Subtotal Other Charges	\$6,200	\$5,025	(\$1,175)	(18.95%)

ADMINISTRATIVE CONTROL ACCOUNT

9210 Advances	\$43,511	\$44,686	\$1,175	2.70%
9219 Advances - Clearing	(43,511)	(44,686)	(1,175)	2.70%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$6,200	\$5,025	(\$1,175)	(18.95%)
---------------------------	----------------	----------------	------------------	-----------------

TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$43,511)	(\$44,686)	(\$1,175)	2.70%
---	-------------------	-------------------	------------------	--------------

**FY 2011-12 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 11-12 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 11-12 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 09-10 Principal Payments:	(531,396)
FY 10-11 Principal Payment:	<u>(43,511)</u>
Outstanding Loan Amount	\$186,085

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: Sonoma Valley CSD - Outfall Line
 Index No.: 653337

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)	(\$28,454)	(\$28,394)	(\$28,598)
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	49,771	49,507	49,711
Expenditures - (Decrease) retained earnings	(6,199)	(6,200)	(5,025)
Net Surplus or Deficit - Increase/(Dec) to retained earnings	43,572	43,307	44,686
Adjustments to Reserves/Encumbrances:			
9210 Advances	(42,367)	(43,511)	(44,686)
Change in Due to Other Governments	(1,144)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(43,511)	(43,511)	(44,686)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	(\$28,394)	(\$28,598)	(\$28,598)
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$60	(\$204)	\$0
<u>Retained Earnings Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$21,256	\$21,316	
Due to Other Governments	(42,367)	(43,511)	
Interest Payable	(7,343)	(6,199)	
Total Beginning Retained Earnings	(\$28,454)	(\$28,394)	

FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Sub-Object No. and Title	Adopted 2010-11	Requested 2011-12	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	\$50	\$28	(\$23)	(45.00%)
Subtotal Use of Money	\$50	\$28	(\$23)	(45.00%)
TOTAL REVENUES				
	\$18,150	\$18,128	(\$23)	(0.12%)
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	\$4,450	\$3,800	(\$650)	(14.61%)
Subtotal Other Charges	\$4,450	\$3,800	(\$650)	(14.61%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$13,000	\$14,000	\$1,000	7.69%
9209 Ent - Principal Clearing	(13,000)	(14,000)	(1,000)	7.69%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES				
	\$4,502	\$3,852	(\$650)	(14.44%)
TOTAL NET COST				
<i>(Expenditures Minus Revenues)</i>	(\$13,648)	(\$14,276)	(\$628)	4.60%

FY 2011-12 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 11-12 bond payment amount (principal and interest) is \$17,800. 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>0.55%</u>
Projected/Planned Interest on Pooled Cash	\$28

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 11-12 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 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:	\$300,000
Total FY 77-78 through FY 09-10 Principal Payments:	(211,000)
FY 10-11 Principal Payment:	(13,000)
Outstanding Bond Amount	<u>\$76,000</u>

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: Sonoma Valley CSD - Glen Ellen Bonds
 Section: 653345

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)	\$7,521	\$7,085	\$7,808
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	16,614	18,225	18,128
Expenditures - (Decrease) retained earnings	(5,050)	(4,502)	(3,852)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	11,564	13,723	14,276
Adjustments to Reserves/Encumbrances:			
9200 - Enterprise Principal	(12,000)	(13,000)	(14,000)
Net Adjustment - Increase/(Decrease) to Retained Earnings	(12,000)	(13,000)	(14,000)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$7,085	\$7,808	\$8,084
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$436)	\$723	\$276
<u>Retained Earnings Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$7,521	\$7,085	
Total Beginning Fund Balance	\$7,521	\$7,085	

FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SONOMA VALLEY CSD - 1998 REVENUE BONDS**
 Section/Index No: **653352**

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	\$6,700	\$4,125	(\$2,575)	(38.43%)
1701 Interest Earned	0	0	0	N/A
Subtotal Use of Money	\$6,700	\$4,125	(\$2,575)	(38.43%)
<u>Other Financing Sources</u>				
4625 OT - W/in Special Dist - BOS	\$1,390,780	\$1,391,642	\$862	0.06%
Subtotal Other Financing Sources	\$1,390,780	\$1,391,642	\$862	0.06%
TOTAL REVENUES	\$1,397,480	\$1,395,767	(\$1,713)	(0.12%)
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	\$570,044	\$597,758	\$27,714	4.86%
7923 Discount/Bonds	11,000	11,000	0	0.00%
Subtotal Other Charges	\$581,044	\$608,758	\$27,714	4.77%
<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	\$755,000	\$50,000	7.09%
9209 Ent - Principal Clearing	(705,000)	(755,000)	(50,000)	7.09%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$608,928	\$636,642	\$27,714	4.55%
TOTAL NET COST (Expenditures Minus Revenues)	(\$788,552)	(\$759,125)	\$29,427	(3.73%)

FY 2011-12 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	\$750,000
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	\$4,125

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 11-12.

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.

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 11-12.

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 09-10 Principal Payments:	<u>(2,690,000)</u>
FY 10-11 Principal Payments:	<u>(730,000)</u>
Outstanding Loan Amount	\$6,820,000

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 2011-12 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 09-10	Estimated FY 10-11	Requested FY 11-12
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$573,900	\$644,535	\$713,460
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,393,555	1,396,128	1,395,767
Expenditures - (Decrease) retained earnings	(675,570)	(654,939)	(636,642)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	717,985	741,189	759,125
Adjustments to Reserves/Encumbrances:			
9200 Enterprise - Principal	(705,000)	(730,000)	(755,000)
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	10,916	11,000	11,000
Change in Matured Bonds Payable	(25,000)	(25,000)	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(647,349)	(672,264)	(672,264)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$644,536	\$713,460	\$800,321
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$70,636	\$68,925	\$86,861
<u>Fund Balance Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$1,476,119	\$1,566,467	
Cash with Trustee	17,274	17,273	
Cash with Trustee Res for Debt Service	(12,633)	(12,633)	
Matured Principal Payable	(705,000)	(730,000)	
Interest Payable	(201,860)	(196,572)	
Total Beginning Fund Balance	\$573,900	\$644,535	

FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Section/Index No: **653428**

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	\$1,400	\$935	(\$465)	(33.21%)
Subtotal Use of Money	\$1,400	\$935	(\$465)	(33.21%)
<u>Other Financing Sources</u>				
4625 OT - W/in Special Dist - BOS	\$34,984	\$34,984	\$0	0.00%
Subtotal Other Financing Sources	\$34,984	\$34,984	\$0	0.00%
TOTAL REVENUES	\$36,384	\$35,919	(\$465)	(1.28%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$36,384)	(\$35,919)	\$465	(1.28%)

FY 2011-12 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.: 652428-17

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	\$170,000
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	\$935

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 2011-12 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 09-10	Estimated FY 10-11	Requested FY 11-12
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$70,908	\$106,523	\$142,171
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	35,616	35,648	35,919
Expenditures - (Decrease) retained earnings	-	-	-
Net Surplus or Deficit - Inc/(Dec) to retained earnings	35,616	35,648	35,919
Adjustments to Reserves/Encumbrances:	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	-	-	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$106,523	\$142,171	\$178,090
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$35,615	\$35,648	\$35,919
<u>Fund Balance Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$70,908	\$106,523	
Total Beginning Fund Balance	\$70,908	\$106,523	

FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - SRF LOAN

Section/Index No: 653410

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	\$1,500	\$825	(\$675)	(45.00%)
Subtotal Use of Money	\$1,500	\$825	(\$675)	(45.00%)
<u>Other Financing Sources</u>				
4625 OT - W/in Special Dist - BOS	\$442,972	\$442,973	\$1	0.00%
Subtotal Other Financing Sources	\$442,972	\$442,973	\$1	0.00%
TOTAL REVENUES	\$444,472	\$443,798	(\$674)	(0.15%)

EXPENDITURES:

OTHER CHARGES

7920 Interest	\$0	\$0	\$0	N/A
7930 Interest-L.T. Debt	148,791	142,025	(6,766)	(4.55%)
Subtotal Other Charges	\$148,791	\$142,025	(\$6,766)	(4.55%)

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	\$294,181	\$300,948	\$6,767	2.30%
9209 Ent - Principal Clearing	(294,181)	(300,948)	(6,767)	2.30%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$148,791	\$142,025	(\$6,766)	(4.55%)
---------------------------	------------------	------------------	------------------	----------------

TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$295,681)	(\$301,773)	(\$6,092)	2.06%
---	--------------------	--------------------	------------------	--------------

**FY 2011-12 BUDGET
CHARACTER JUSTIFICATION**

Department - Division: **Sonoma County Water Agency - Sanitation**

Section Title: **Sonoma Valley CSD - SRF Loan**

Character Title: **Use of Money** Character No.: **653410-17**

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: **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 11-12.

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 through FY 09-10-Principal Payments:	<u>(538,341)</u>
FY 10-11 Principal Payments:	(294,181)
Outstanding Loan Amount	\$6,174,980

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: Sonoma Valley CSD- SRF Loan
 Index No.: 653410

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)	\$174,638	\$176,643	\$179,215
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	445,702	445,544	443,798
Expenditures - (Decrease) retained earnings	(150,365)	(148,791)	(142,025)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	295,337	296,753	301,773
Adjustments to Reserves/Encumbrances:			
9200 Enterprise - Principal	(290,741)	(294,181)	(300,948)
Increase in Matured Bonds Payable	(2,590)	-	-
Accrued Interest add to Principal	-	-	-
Loan Proceeds	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(293,331)	(294,181)	(300,948)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$176,643	\$179,215	\$180,040
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$2,005	\$2,572	\$825
<u>Fund Balance Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$567,288	\$570,018	
Interest Payable	(101,059)	(99,194)	
Due to Other Government	(291,591)	(294,181)	
Total Beginning Fund Balance	\$174,638	\$176,643	

FY 2011-12 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Section/Index No: **653436**

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	\$1,493	\$1,493	N/A
Subtotal Use of Money	\$0	\$1,493	\$1,493	N/A
<u>Other Financing Sources</u>				
4625 OT - W/in Special Dist - BOS	\$0	\$271,385	\$271,385	N/A
Subtotal Other Financing Sources	\$0	\$271,385	\$271,385	N/A
TOTAL REVENUES	\$0	\$272,878	\$272,878	N/A
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$0	(\$272,878)	(\$272,878)	N/A

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - State Loan Reserve

Character Title: Use of Money

Character No.: 673436-17

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	\$271,385
Projected Interest Rate	<u>0.55%</u>
Projected/Planned Interest on Pooled Cash	\$1,493

Character Title: Other Financing Sources

Character No.: 653436-46

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: Sonoma Valley CSD - State Loan Reserve
 Index No.: 653436

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	-	-	272,878
Expenditures - (Decrease) retained earnings	-	-	-
Net Surplus or Deficit - Inc/(Dec) to retained earnings	-	-	272,878
Adjustments to Reserves/Encumbrances:	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	-	-	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$0	\$0	\$272,878
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$0	\$0	\$272,878
<u>Fund Balance Components at Beginning of FY</u>	7/1/09	7/1/10	
Cash	\$0	\$0	
Total Beginning Fund Balance	\$0	\$0	