

FY 2012-13 BUDGET BUDGET SECTION SUMMARY

Section Title:

RUSSIAN RIVER 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 Russian River area.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 11-12 Adopted	FY 12-13 Requested	Percent Change	FY 11-12 Adopted	FY 12-13 Requested	Percent Change
Operations	\$4,939,307	\$4,849,314	(1.82%)	\$1,358,403	\$1,057,612	(22.14%)
Bonds	49,802	43,802	(12.05%)	(128,023)	(133,748)	4.47%
Revenue Bonds	42,500	38,750	(8.82%)	(76,375)	(81,100)	6.19%
State Loan Reserve	0	0	N/A	(138,563)	(743)	(99.46%)
Construction	250,000	702,000	180.80%	(272,975)	476,000	(274.37%)
TOTAL:	\$5,281,609	\$5,633,866	6.67%	\$742,467	\$1,318,022	77.52%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 10-11 Actual	FY 11-12 Budget Estimate	FY 11-12 Revised Estimate	FY 12-13 Projected	Change from FY 11-12 Budget Estimate
TOTAL ESDs	3,174	3,180	3,207	3,208	0.88%
TOTAL APNs	3,321	3,321	3,292	3,321	0.00%

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 12-13 annual service charges is \$1,211, representing a 5.0% increase from FY 11-12. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 11-12 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 Russian River CSD may be required to decrease its irrigation rates in the forest area. As a result, irrigation area expansion options are being

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 should be operational in FY 12-13. Additionally, the North Coast Regional Water Quality Board is requiring additional nutrient removal for discharges in the Russian River. The Russian River CSD is also evaluating projects necessary to comply with this new policy. 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 2012-13 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - OPERATIONS

Section/Index No: 652107

Sub-Object No. and Title	Adopted 2011-12	Requested 2012-13	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$3,415,117	\$3,618,783	\$203,666	5.96%
1007 Flat Charges - CY Secured	6,000	6,000	0	0.00%
1061 Flat Charges - PY	100,000	105,000	5,000	5.00%
1120 Penalties / Costs on Taxes	17,000	18,000	1,000	5.88%
Subtotal Taxes	\$3,538,117	\$3,747,783	\$209,666	5.93%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$9,350	\$8,800	(\$550)	(5.88%)
Subtotal Use of Money	\$9,350	\$8,800	(\$550)	(5.88%)
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$33,437	\$35,119	\$1,682	5.03%
Subtotal Charges for Services	\$33,437	\$35,119	\$1,682	5.03%
<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	\$3,580,904	\$3,791,702	\$210,798	5.89%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$10,000	\$12,000	\$2,000	20.00%
6140 Maintenance - Equipment	115,000	125,000	10,000	8.70%
6180 Maintenance - Bldgs / Impr	10,000	0	(10,000)	(100.00%)
6262 Lab Supplies	10,000	7,000	(3,000)	(30.00%)
6430 Printing Services	0	5,000	5,000	N/A
6461 Supplies/Expense	0	45,000	45,000	N/A
6512 Testing/Analysis	350,000	300,000	(50,000)	(14.29%)
6516 Data Processing Services	0	500	500	N/A
6521 County Services	4,000	12,134	8,134	203.35%
6522 District Services	60,000	0	(60,000)	(100.00%)
6523 District Operations	1,632,000	1,632,000	0	0.00%
6540 Contract Services	0	100,000	100,000	N/A
6570 Consultant Services	151,000	400,000	249,000	164.90%
6573 Administration Costs	30,000	33,000	3,000	10.00%
6589 Permits	0	500	500	N/A

Sub-Object No. and Title	Adopted 2011-12	Requested 2012-13	Difference	Percent Change
<u>SERVICES AND SUPPLIES (cont'd)</u>				
6610 Legal Services	5,000	5,000	0	0.00%
6630 Audit / Accounting Services	17,000	17,000	0	0.00%
6820 Rents/Lease-Equipment	7,500	7,500	0	0.00%
6880 Small Tools/Instruments	7,000	15,000	8,000	114.29%
6889 Software	0	500	500	N/A
7022 Public Relations Expense	0	1,500	1,500	N/A
7201 Gas/Oil	5,000	5,000	0	0
7206 Equipment Usage Charges	107,000	140,000	33,000	30.84%
7212 Chemicals	40,000	35,000	(5,000)	(12.50%)
7217 State Permits / Fees	10,000	10,000	0	0.00%
7247 Water Conservation	70,000	55,000	(15,000)	(21.43%)
7320 Utilities	2,000	2,000	0	0.00%
7394 Power	190,000	200,000	10,000	5.26%
<i>Subtotal Services and Supplies</i>	\$2,832,500	\$3,165,634	\$333,134	11.76%
<u>OTHER CHARGES</u>				
7920 Interest	\$0	\$0	\$0	N/A
7930 Interest - LT Debt	128,002	136,930	8,928	6.97%
7980 Depreciation	1,133,000	1,097,500	(35,500)	(3.13%)
<i>Subtotal Other Charges</i>	\$1,261,002	\$1,234,430	(\$26,572)	(2.11%)
<u>FIXED ASSETS</u>				
8560 Equipment	\$40,000	\$80,000	\$40,000	100.00%
9480 Intangible Assets	5,000	5,000	0	0.00%
<i>Subtotal Fixed Assets</i>	\$45,000	\$85,000	\$40,000	88.89%
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$775,805	\$339,250	(\$436,555)	(56.27%)
<i>Subtotal Other Financing Uses</i>	\$775,805	\$339,250	(\$436,555)	(56.27%)
<u>APPROPRIATIONS FOR CONT</u>				
9000 Approp for Contingencies	\$25,000	\$25,000	\$0	0.00%
<i>Subtotal Approp for Contingencies</i>	\$25,000	\$25,000	\$0	0.00%
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9210 Advances	333,407	234,023	(99,384)	(29.81%)
9219 Advances - Clearing	(333,407)	(234,023)	99,384	(29.81%)
<i>Subtotal Administrative Control</i>	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$4,939,307	\$4,849,314	(\$89,993)	(1.82%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$1,358,403	\$1,057,612	(\$300,791)	(22.14%)

FY 2012-13 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 11-12 budget. The rate will increase 5.0%, from \$1,153 to \$1,211.

ESDs times annual rate:	3,179 x \$1,211	\$3,849,769
Less Estimated Delinquency Factor:	6%	(230,986)
		\$3,618,783

(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	\$1,600,000
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	\$8,800

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 12-13 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 \$1,153 to \$1,211.

ESDs x Annual Charge	29 x \$1,211	=	\$35,119
----------------------	--------------	---	----------

Character Title:

Administrative Control Account

Character No.:

652107-42

4210 Advances

No advances are anticipated for FY 12-13.

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.

6262 Laboratory Supplies

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

6430 Printing Services

This item is requested to cover the costs of printing services, which are primarily furnished by the County Reprographics Department.

6461 Supplies/Expense

Supplies/Expenses covers the costs of operational supplies used by the District.

6512 Testing and Analysis

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

6516 Data Processing Services

This request covers the costs of various data processing supplies and services.

6521 County Services

This item records the expense for special district accounting services. This has increased in FY 12-13 because FY 11-12 was under budgeted in error.

6523 District Operations

This account records the cost of labor and overhead associated with operations and maintenance of the District's facilities.

6540 Contract Services

This account reflects the costs for various outside services, primarily sludge hauling and disposal. The costs were previously budgeted under subobject 6522.

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 (\$125,000) PJ# TBD, collection systems modeling (\$75,000) PJ# TBD and natural hazard assessment (\$175,000) 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.

6589 Permits

This account records the cost of various permits other than State Permits and Fees.

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.

6889 Software

This item provides funds for various software packages.

7022 Public Relations Expense

Public Relations Expense includes the costs of special meetings.

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 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.

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.

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.

Character Title: Other Charges **Character No.:** 652107-75

7930 Interest LT Debt

This account reflects the interest expense for the State Revolving Loans 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	\$118,750
Transfer to Construction Fund (Wastewater Capital Reserve Fund)*	20,500
Transfer to Construction Fund	200,000
Total Operating Transfer	<u>\$339,250</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 10-11 Principal Payment:	(948,922)
FY 11-12 Principal Payment:	<u>(172,653)</u>
Outstanding Loan Amount	\$2,679,394

This account reflects the principal expense for the anticipated State Revolving Loan for the Disinfection Basin Project original Loan is for \$3,884,450 with a forgiveness of \$1,942,225.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$1,942,225
First installment due April, 2013	
Outstanding Loan Amount	<u><u>\$1,942,225</u></u>

9219 Advances - Clearing

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

FY 2012-13 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 10-11	Estimated FY 11-12	Requested FY 12-13
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$2,959,816	\$2,417,684	\$1,899,631
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	3,554,253	3,592,946	3,791,702
Expenditures - (Decrease) retained earnings	(4,778,529)	(8,920,154)	(4,849,314)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(1,224,276)	(5,327,208)	(1,057,612)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	1,037,330	1,097,358	1,097,500
4210 Proceeds from LT Debt	-	3,884,450	-
9200 Ent - Principal Payments	(168,442)	-	-
9210 Advances	-	(172,653)	(234,023)
Change in Matured Principal	(4,211)	-	-
Net Change in Encumbrance	(182,534)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	682,143	4,809,155	863,477
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$2,417,684	\$1,899,631	\$1,705,496
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$542,132)	(\$518,053)	(\$194,135)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/10	7/1/11	
Cash	\$2,916,836	\$2,619,176	
Other Receivables (Flat Charges)	476,277	423,031	
Accounts Payable	(62,266)	(69,204)	
Due to Other Governments	(168,442)	(172,653)	
Interest Payable	(44,049)	(41,592)	
Encumbrances (Contract)	(158,540)	(341,074)	
Total Beginning Retained Earnings	\$2,959,816	\$2,417,684	

FY 2012-13 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - REVENUE BONDS

Section/Index No: 652214

Sub-Object No. and Title	Adopted 2011-12	Requested 2012-13	Difference	Percent Change
--------------------------	--------------------	----------------------	------------	-------------------

REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$1,375	\$1,100	(\$275)	(20.00%)
Subtotal Use of Money	\$1,375	\$1,100	(\$275)	(20.00%)

OTHER FINANCING SOURCES

4625 OT - Within Spec Dist BOS	\$117,500	\$118,750	\$1,250	1.06%
Subtotal Other Financing Sources	\$117,500	\$118,750	\$1,250	1.06%

TOTAL REVENUES	\$118,875	\$119,850	\$975	0.82%
-----------------------	------------------	------------------	--------------	--------------

EXPENDITURES:

OTHER CHARGES

7920 Interest	\$42,500	\$38,750	(\$3,750)	(8.82%)
Subtotal Other Charges	\$42,500	\$38,750	(\$3,750)	(8.82%)

ADMINISTRATIVE CONTROL ACCOUNT

9200 Net - Principal	\$75,000	\$80,000	\$5,000	6.67%
9209 Net - Principal Clearing	(75,000)	(80,000)	(5,000)	6.67%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$42,500	\$38,750	(\$3,750)	(8.82%)
---------------------------	-----------------	-----------------	------------------	----------------

TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$76,375)	(\$81,100)	(\$4,725)	6.19%
---------------------------------------------------------------	-------------------	-------------------	------------------	--------------

FY 2012-13 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	\$200,000
Projected Interest Rate	<u>0.55%</u>
Projected/Planned Interest on Pooled Cash	\$1,100

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 12-13 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 12-13 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 10-11 Principal Payments:	(1,150,000)
FY 11-12 Principal Payment:	<u>(75,000)</u>
Outstanding Bond Amount	\$775,000

9209 Ent - Principal Clearing

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

FY 2012-13 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 10-11	Estimated FY 11-12	Requested FY 12-13
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$275,908	\$279,811	\$284,059
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	\$124,215	121,748	119,850
Expenditures - (Decrease) retained earnings	(\$45,312)	(42,500)	(38,750)
	<hr/>	<hr/>	<hr/>
Net Surplus or Deficit - Inc/(Dec) to retained earnings	78,903	79,248	81,100
Adjustments to Reserves/Encumbrances:			
Matured Bond Payable	-	-	-
9200 Ent - Principal	(75,000)	(75,000)	(80,000)
	<hr/>	<hr/>	<hr/>
Net Adjustment - Increase/(Decrease) to Retained Earnings	(75,000)	(75,000)	(80,000)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$279,811	\$284,059	\$285,159
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$3,903	\$4,248	\$1,100
 <u>Retained Earnings Components at Beginning of FY</u>	7/1/10	7/1/11	
Cash	\$362,470	\$365,436	
Interest Payable	(11,562)	(10,625)	
Revenue Bonds Payable	(75,000)	(75,000)	
	<hr/>	<hr/>	
Total Beginning Retained Earnings	\$275,908	\$279,811	

FY 2012-13 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - BONDS

Section/Index No: 652206

Sub-Object No. and Title	Adopted 2011-12	Requested 2012-13	Difference	Percent Change
--------------------------	--------------------	----------------------	------------	-------------------

REVENUES:

TAXES

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%

USE OF MONEY

1700 Interest on Pooled Cash	\$825	\$550	(\$275)	(33.33%)
Subtotal Use of Money	\$825	\$550	(\$275)	(33.33%)

TOTAL REVENUES	\$177,825	\$177,550	(\$275)	(0.15%)
-----------------------	------------------	------------------	----------------	----------------

EXPENDITURES:

SERVICES AND SUPPLIES

6635 Fiscal Agent Fees	\$52	\$52	\$0	0.00%
Subtotal Services and Supplies	\$52	\$52	\$0	0.00%

OTHER CHARGES

7920 Interest	\$49,750	\$43,750	(\$6,000)	(12.06%)
Subtotal Other Charges	\$49,750	\$43,750	(\$6,000)	(12.06%)

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$120,000	\$130,000	\$10,000	8.33%
9209 Ent - Principal Clearing	(120,000)	(130,000)	(10,000)	8.33%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$49,802	\$43,802	(\$6,000)	(12.05%)
---------------------------	-----------------	-----------------	------------------	-----------------

TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$128,023)	(\$133,748)	(\$5,725)	4.47%
---------------------------------------------------------------	--------------------	--------------------	------------------	--------------

FY 2012-13 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 12-13 bond payment amount (principal and interest) is \$173,802. 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	\$100,000
Projected Interest Rate	<u>0.55%</u>
Projected/Planned Interest on Pooled Cash	\$550

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 12-13 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 12-13 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 10-11 Principal Payments:	(1,905,000)
FY 11-12 Principal Payment:	<u>(120,000)</u>
Outstanding Bond Amount	\$875,000

9209 Ent - Principal Clearing

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

FY 2012-13 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 10-11	Estimated FY 11-12	Requested FY 12-13
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$165,129	\$165,855	\$127,102
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	171,226	131,049	177,550
Expenditures - (Decrease) retained earnings	(55,500)	(49,802)	(43,802)
	<hr/>	<hr/>	<hr/>
Net Surplus or Deficit - Inc/(Dec) to retained earnings	115,726	81,247	133,748
Adjustments to Reserves/Encumbrances:			
9200 Enterprise Principal	(115,000)	(120,000)	(130,000)
	<hr/>	<hr/>	<hr/>
Net Adjustment - Increase/(Decrease) to Retained Earnings	(115,000)	(120,000)	(130,000)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$165,855	\$127,102	\$130,850
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$726	(\$38,753)	\$3,748
 <u>Retained Earnings Components at Beginning of FY</u>	7/1/10	7/1/11	
Cash	\$165,129	\$165,855	
	<hr/>	<hr/>	
Total Beginning Retained Earnings	\$165,129	\$165,855	

FY 2012-13 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - CONSTRUCTION
Section/Index No: 652305

Sub-Object No. and Title	Adopted 2011-12	Requested 2012-13	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$2,475	\$5,500	\$3,025	122.22%
Subtotal Use of Money	\$2,475	\$5,500	\$3,025	122.22%
<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	\$520,500	\$220,500	(\$300,000)	(57.64%)
Subtotal Other Financing Sources	\$520,500	\$220,500	(\$300,000)	(57.64%)
TOTAL REVENUES				
	\$522,975	\$226,000	(\$296,975)	(56.79%)
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	\$0	\$702,000	\$702,000	N/A
9142 Capital Replacement Program	250,000	0	(250,000)	(100.00%)
Subtotal Fixed Assets	\$250,000	\$702,000	\$452,000	180.80%
<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				
	\$250,000	\$702,000	\$452,000	180.80%
TOTAL NET COST				
<i>(Expenditures Minus Revenues)</i>	(\$272,975)	\$476,000	\$748,975	(274.37%)

FY 2012-13 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	\$1,000,000
Projected Interest Rate	<u>0.55%</u>
Projected/Planned Interest on Pooled Cash	\$5,500

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

4200 ENT - LTD Proceeds

No Funds will be budgeted for FY 12-13

4209 ENT - LTD Proceeds - Clearing

No Funds will be budgeted for FY 12-13.

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 (\$200,000). 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 12-13:

Building/Improvements	PCAS No.	Amount
<u>Irrigation Expansion</u> This requested amount is intended to fund planning efforts.	7027	\$50,000
<u>Lift Station Improvements</u> This requested amount is intended for the implementation of upgrades at the Vacation Beach lift station.	TBD	100,000
<u>Biological Nutrient Removal (BNR)</u> This requested amount is intended for the design for treatment upgrades to remove nutrients (nitrogen) from wastewater for discharge compliance.	TBD	425,000
<u>Disinfection Upgrade Project</u> This requested amount is intended for contract administration associated with the construction of the UV disinfection system.	4015	<u>127,000</u>
Subtotal for Buildings / Improvements (Sub-object 8510)		\$702,000

9142 Capital Replacement Program \$0

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.

Subtotal for Capital Replacement Program (Sub-object 9142)	<u>\$0</u>
Grand Total - Character 85	<u><u>\$702,000</u></u>

FY 2012-13 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 10-11	Estimated FY 11-12	Requested FY 12-13
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$411,827	(\$1,665,267)	\$1,636,367
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	818,460	4,435,616	226,000
Expenditures - (Decrease) retained earnings	(\$625,040)	(1,133,982)	(702,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>193,420</u>	<u>3,301,634</u>	<u>(476,000)</u>
Adjustments to Reserves/Encumbrances:			
Capitalized Interest	(110,980)	-	-
Change in Encumbrances	(2,142,563)	-	-
Adjustment Ordinance 39 Receivable	(16,971)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(2,270,514)</u>	<u>-</u>	<u>-</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	<u>(\$1,665,267)</u>	<u>\$1,636,367</u>	<u>\$1,160,367</u>
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$2,077,094)	\$3,301,634	(\$476,000)
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/10</u>	<u>7/1/11</u>	
Cash	\$945,075	\$1,024,335	
Other Receivables	42,660	25,880	
Accounts Payable	(6,170)	(3,181)	
Encumbrances (Contract)	(569,738)	(2,712,301)	
Total Beginning Retained Earnings	<u>\$411,827</u>	<u>(\$1,665,267)</u>	

FY 2012-13 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Sub-Object No. and Title	Adopted 2011-12	Requested 2012-13	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$758	\$743	(\$16)	(2.04%)
Subtotal Use of Money	\$758	\$743	(\$16)	(2.04%)
<u>OTHER FINANCING SOURCES</u>				
4625 OT - Within Spec Dist BOS	\$137,805	\$0	(\$137,805)	(100.00%)
Subtotal Other Financing Sources	\$137,805	\$0	(\$137,805)	(100.00%)
TOTAL REVENUES	\$138,563	\$743	(\$137,821)	(99.46%)

FY 2012-13 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	\$135,000
Projected Interest Rate	<u>0.55%</u>
Projected/Planned Interest on Pooled Cash	\$743

Character Title: Other Financing Sources

Character No.: 652412-46

4625 OT - W/in Special Dist - BOS

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. No transfer is planned for FY 12-13.

FY 2012-13 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 10-11	Estimated FY 11-12	Requested FY 12-13
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$0	\$0	\$137,805
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	-	137,805	743
Expenditures - (Decrease) retained earnings	-	-	-
Net Surplus or Deficit - Inc/(Dec) to retained earnings	-	137,805	743
Adjustments to Reserves/Encumbrances:	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	-	-	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$0	\$137,805	\$138,548
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$0	\$137,805	\$743
<u>Fund Balance Components at Beginning of FY</u>	7/1/10	7/1/11	
Cash	\$0	\$0	
Total Beginning Fund Balance	\$0	\$0	