

FY 2013-14 BUDGET BUDGET SECTION SUMMARY

Section Title:

RUSSIAN RIVER COUNTY SANITATION DISTRICT
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A. Program Description

This budget finances operation, maintenance, and administration of a collection system, pumping stations, a treatment plant, and disposal facilities which serve the Russian River area.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 12-13 Adopted	FY 13-14 Requested	Percent Change	FY 12-13 Adopted	FY 13-14 Requested	Percent Change
Operations	\$4,849,314	\$5,157,654	6.36%	\$1,057,612	\$1,236,605	16.92%
Bonds	43,802	37,302	(14.84%)	(133,748)	(140,998)	5.42%
Revenue Bonds	38,750	34,750	(10.32%)	(81,100)	(87,275)	7.61%
State Loan Reserve	0	0	N/A	(743)	(826)	11.10%
Construction	702,000	230,000	(67.24%)	476,000	(210,500)	(144.22%)
TOTAL:	\$5,633,866	\$5,459,706	(3.09%)	\$1,318,021	\$797,007	(39.53%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 11-12 Actual	FY 12-13 Budget Estimate	FY 12-13 Revised Estimate	FY 13-14 Projected	Change from FY 12-13 Budget Estimate
TOTAL ESDs	3,207	3,208	3,207	3,207	(0.03%)
TOTAL APNs	3,292	3,321	3,292	3,292	(0.87%)

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 13-14 annual service charges is \$1,253, representing a 3.5% increase from FY 12-13. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 12-13 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 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. The North Coast Regional Water Quality Board is requiring additional nutrient removal for discharges in the Russian River; The FY13-14 budget includes funding for the contract management for a nutrient removal project. In the past two years, the District has construct two large projects, ultraviolet disinfection and biological nutrient removal, to comply with its NPDES permits. Together the projects cost more than \$6,000,000. 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 2013-14 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - OPERATIONS

Section/Index No: 652107

Sub-Object No. and Title	Adopted 2012-13	Requested 2013-14	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$3,618,783	\$3,743,112	\$124,329	3.44%
1007 Flat Charges - CY Secured	6,000	0	(6,000)	(100.00%)
1061 Flat Charges - PY	105,000	107,000	2,000	1.90%
1120 Penalties / Costs on Taxes	18,000	19,000	1,000	5.56%
Subtotal Taxes	\$3,747,783	\$3,869,112	\$121,329	3.24%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$8,800	\$15,600	\$6,800	77.27%
Subtotal Use of Money	\$8,800	\$15,600	\$6,800	77.27%
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$35,119	\$36,337	\$1,218	3.47%
Subtotal Charges for Services	\$35,119	\$36,337	\$1,218	3.47%
<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	\$3,791,702	\$3,921,049	\$129,347	3.41%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$12,000	\$12,000	\$0	0.00%
6085 Janitorial Services	0	1,000	1,000	N/A
6140 Maintenance - Equipment	125,000	200,000	75,000	60.00%
6262 Lab Supplies	7,000	7,000	0	0.00%
6430 Printing Services	5,000	5,000	0	0.00%
6461 Supplies/Expense	45,000	12,000	(33,000)	(73.33%)
6512 Testing/Analysis	300,000	300,000	0	0.00%
6516 Data Processing Services	500	2,000	1,500	300.00%
6521 County Services	12,134	13,000	866	7.14%
6523 District Operations	1,632,000	1,700,000	68,000	4.17%
6540 Contract Services	100,000	100,000	0	0.00%
6570 Consultant Services	400,000	230,000	(170,000)	(42.50%)
6573 Administration Costs	33,000	33,000	0	0.00%
6589 Permits	500	15,000	14,500	2900.00%

Sub-Object No. and Title	Adopted 2012-13	Requested 2013-14	Difference	Percent Change
<u>SERVICES AND SUPPLIES (cont'd)</u>				
6610 Legal Services	5,000	6,000	1,000	20.00%
6630 Audit / Accounting Services	17,000	17,000	0	0.00%
6820 Rents/Lease-Equipment	7,500	5,000	(2,500)	(33.33%)
6880 Small Tools/Instruments	15,000	15,000	0	0.00%
6889 Software	500	1,000	500	100.00%
6890 Computer Hardware	0	2,000	2,000	N/A
7022 Public Relations Expense	1,500	2,000	500	33.33%
7201 Gas/Oil	5,000	5,000	0	0
7206 Equipment Usage Charges	140,000	100,000	(40,000)	(28.57%)
7212 Chemicals	35,000	10,000	(25,000)	(71.43%)
7217 State Permits / Fees	10,000	0	(10,000)	(100.00%)
7247 Water Conservation	55,000	50,000	(5,000)	(9.09%)
7320 Utilities	2,000	2,000	0	0.00%
7394 Power	200,000	200,000	0	0.00%
<i>Subtotal Services and Supplies</i>	\$3,165,634	\$3,045,000	(\$120,634)	(3.81%)
<u>OTHER CHARGES</u>				
7930 Interest - LT Debt	\$136,930	\$110,404	(\$26,526)	(19.37%)
7980 Depreciation	1,097,500	1,332,000	234,500	21.37%
<i>Subtotal Other Charges</i>	\$1,234,430	\$1,442,404	\$207,974	16.85%
<u>FIXED ASSETS</u>				
8560 Equipment	\$80,000	\$80,000	\$0	0.00%
9480 Intangible Assets	5,000	5,000	0	0.00%
<i>Subtotal Fixed Assets</i>	\$85,000	\$85,000	\$0	0.00%
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$339,250	\$560,250	\$221,000	65.14%
<i>Subtotal Other Financing Uses</i>	\$339,250	\$560,250	\$221,000	65.14%
<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	\$234,023	\$260,547	\$26,524	11.33%
9219 Advances - Clearing	(234,023)	(260,547)	(26,524)	11.33%
<i>Subtotal Administrative Control</i>	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$4,849,314	\$5,157,654	\$308,340	6.36%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$1,057,612	\$1,236,605	\$178,993	16.92%

FY 2013-14 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 12-13 budget. The rate will increase 3.5%, from \$1,211 to \$1,253.

ESDs times annual rate:	3,178 x \$1,253	\$3,982,034
Less Estimated Delinquency Factor:	6%	(238,922)
		\$3,743,112

(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.:** 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	\$2,400,000
Projected Interest Rate	0.65%
Projected/Planned Interest on Pooled Cash	\$15,600

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 13-14 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 \$1,211 to \$1,253.

ESDs x Annual Charge	29 x \$1,253	=	\$36,337
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Character Title: Administrative Control Account **Character No.:** 652107-42

4210 Advances

No advances are anticipated for FY 13-14.

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.

6085 Janitorial Services

This item is requested to provide funds for custodial services.

6140 Maintenance - Equipment

This account records the costs for routine maintenance of equipment. (no longer using 6180)

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.

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.

6570 Consultant Services

This account records the costs of services provided by outside consultants including agreement for programming and integration services (\$25,000) Order # 7231A3, cost required in permitting, regulatory and collection modeling (\$175,000) Order # TBD and local hazard mitigation assessment (\$30,000) Order # 7612A2.

6573 Administration Costs

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

Character Title: Services and Supplies (Continued) Character No.: 652107-60

6589 Permits

This account records the cost of all permits. (No longer using 7217 State Permits/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.

6890 Computer Hardware

This item covers the cost of computer hardware, as needed.

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.

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, as needed.

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	\$119,750
Transfer to Construction Fund (Wastewater Capital Reserve Fund)*	20,500
Transfer to Construction Fund	420,000
Total Operating Transfer	<u>\$560,250</u>

*Transfers to the Construction Fund to Finance the Wastewater Capital Reserve Fund began in FY 04-05 and continues until the end of 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 payment for the State Revolving Loan for the Third Unit Processes Project. Payments on the loan will continue until FY 26-27.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$3,800,969
Total FY 05-06 through FY 11-12 Principal Payment:	(1,121,575)
FY 12-13 Principal Payment:	<u>(176,969)</u>
Outstanding Loan Amount	\$2,502,425

This account reflects the principal payment 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. Payments will continue until FY 34-35.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$1,942,225
FY 12-13 Principal Payment:	<u>(102,122)</u>
Outstanding Loan Amount	<u>\$1,840,103</u>

9219 Advances - Clearing

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

FY 2013-14 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 11-12	Estimated FY 12-13	Requested FY 13-14
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$2,417,684	\$2,348,098	\$1,456,812
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	3,715,525	3,791,430	3,921,049
Expenditures - (Decrease) retained earnings	(4,720,517)	(7,495,583)	(5,157,654)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(1,004,992)	(3,704,153)	(1,236,605)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	1,097,358	1,104,665	1,332,000
4210 Proceeds from LT Debt	-	1,942,225	-
9210 Advances	(172,653)	(234,023)	(260,547)
Change in Matured Principal	(4,316)	-	-
Net Change in Encumbrance	15,018	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	935,407	2,812,867	1,071,453
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$2,348,098	\$1,456,812	\$1,291,660
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$69,586)	(\$891,286)	(\$165,152)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/11	7/1/12	
Cash	\$2,619,176	\$2,450,292	
Other Receivables (Flat Charges)	423,031	477,901	
Accounts Payable	(69,204)	(37,996)	
Due to Other Governments	(172,653)	(176,969)	
Interest Payable	(41,592)	(39,074)	
Encumbrances (Contract)	(341,074)	(326,056)	
Total Beginning Retained Earnings	\$2,417,684	\$2,348,098	

FY 2013-14 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - REVENUE BONDS

Section/Index No: 652214

Sub-Object No. and Title	Adopted 2012-13	Requested 2013-14	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$1,100	\$2,275	\$1,175	106.82%
Subtotal Use of Money	\$1,100	\$2,275	\$1,175	106.82%

OTHER FINANCING SOURCES

4625 OT - Within Spec Dist BOS	\$118,750	\$119,750	\$1,000	0.84%
Subtotal Other Financing Sources	\$118,750	\$119,750	\$1,000	0.84%

TOTAL REVENUES	\$119,850	\$122,025	\$2,175	1.81%
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EXPENDITURES:

OTHER CHARGES

7920 Interest	\$38,750	\$34,750	(\$4,000)	(10.32%)
Subtotal Other Charges	\$38,750	\$34,750	(\$4,000)	(10.32%)

ADMINISTRATIVE CONTROL ACCOUNT

9200 Net - Principal	\$80,000	\$85,000	\$5,000	6.25%
9209 Net - Principal Clearing	(80,000)	(85,000)	(5,000)	6.25%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$38,750	\$34,750	(\$4,000)	(10.32%)
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TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$81,100)	(\$87,275)	(\$6,175)	7.61%
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FY 2013-14 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	\$350,000
Projected Interest Rate	<u>0.65%</u>
Projected/Planned Interest on Pooled Cash	\$2,275

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 32-14 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 payment for the revenue bonds that were issued in 1981. Payments on the bonds will continue until April 1, 2020. The FY 13-14 request is based on the bond amortization schedule prepared at the time the bonds were sold. Payments on the bond will continue until FY 19-20.

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 11-12 Principal Payments:	(1,225,000)
FY 12-13 Principal Payment:	<u>(80,000)</u>
Outstanding Bond Amount	\$695,000

9209 Ent - Principal Clearing

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

FY 2013-14 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 11-12	Estimated FY 12-13	Requested FY 13-14
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$279,811	\$279,865	\$278,885
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	\$121,616	122,770	122,025
Expenditures - (Decrease) retained earnings	(\$41,562)	(38,750)	(34,750)
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Net Surplus or Deficit - Inc/(Dec) to retained earnings	80,054	84,020	87,275
Adjustments to Reserves/Encumbrances:			
Matured Bond Payable	(5,000)	(5,000)	-
9200 Ent - Principal	(75,000)	(80,000)	(85,000)
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Net Adjustment - Increase/(Decrease) to Retained Earnings	(80,000)	(85,000)	(85,000)
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Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$279,865	\$278,885	\$281,160
 Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	 \$54	 (\$980)	 \$2,275
 <u>Retained Earnings Components at Beginning of FY</u>	7/1/11	7/1/12	
Cash	\$365,436	\$369,552	
Interest Payable	(10,625)	(9,687)	
Revenue Bonds Payable	(75,000)	(80,000)	
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Total Beginning Retained Earnings	\$279,811	\$279,865	

FY 2013-14 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - BONDS

Section/Index No: 652206

Sub-Object No. and Title	Adopted 2012-13	Requested 2013-14	Difference	Percent Change
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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	\$550	\$1,300	\$750	136.36%
Subtotal Use of Money	\$550	\$1,300	\$750	136.36%

TOTAL REVENUES	\$177,550	\$178,300	\$750	0.42%
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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	\$43,750	\$37,250	(\$6,500)	(14.86%)
Subtotal Other Charges	\$43,750	\$37,250	(\$6,500)	(14.86%)

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$130,000	\$135,000	\$5,000	3.85%
9209 Ent - Principal Clearing	(130,000)	(135,000)	(5,000)	3.85%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$43,802	\$37,302	(\$6,500)	(14.84%)
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TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$133,748)	(\$140,998)	(\$7,250)	5.42%
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FY 2013-14 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 13-14 bond payment amount (principal and interest) is \$172,250. 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	\$200,000
Projected Interest Rate	<u>0.65%</u>
Projected/Planned Interest on Pooled Cash	\$1,300

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 13-14 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 13-14 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 11-12 Principal Payments:	(2,025,000)
FY 12-13 Principal Payment:	<u>(130,000)</u>
Outstanding Bond Amount	\$745,000

9209 Ent - Principal Clearing

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

FY 2013-14 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 11-12	Estimated FY 12-13	Requested FY 13-14
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$165,855	\$204,241	\$248,952
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	208,136	218,513	178,300
Expenditures - (Decrease) retained earnings	(49,750)	(43,802)	(37,302)
	<hr/>	<hr/>	<hr/>
Net Surplus or Deficit - Inc/(Dec) to retained earnings	158,386	174,711	140,998
Adjustments to Reserves/Encumbrances:			
9200 Enterprise Principal	(120,000)	(130,000)	(135,000)
	<hr/>	<hr/>	<hr/>
Net Adjustment - Increase/(Decrease) to Retained Earnings	(120,000)	(130,000)	(135,000)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$204,241	\$248,952	\$254,950
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$38,386	\$44,711	\$5,998
<u>Retained Earnings Components at Beginning of FY</u>	7/1/11	7/1/12	
Cash	\$165,855	\$204,241	
	<hr/>	<hr/>	
Total Beginning Retained Earnings	\$165,855	\$204,241	

FY 2013-14 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - CONSTRUCTION

Section/Index No: 652305

Sub-Object No. and Title	Adopted 2012-13	Requested 2013-14	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$5,500	\$0	(\$5,500)	(100.00%)
Subtotal Use of Money	\$5,500	\$0	(\$5,500)	(100.00%)
<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	\$220,500	\$440,500	\$220,000	99.77%
Subtotal Other Financing Sources	\$220,500	\$440,500	\$220,000	99.77%
TOTAL REVENUES	\$226,000	\$440,500	\$214,500	94.91%
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	\$702,000	\$230,000	(\$472,000)	(67.24%)
9142 Capital Replacement Program	0	0	0	N/A
Subtotal Fixed Assets	\$702,000	\$230,000	(\$472,000)	(67.24%)
<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	\$702,000	\$230,000	(\$472,000)	(67.24%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$476,000	(\$210,500)	(\$686,500)	(144.22%)

FY 2013-14 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	\$0
Projected Interest Rate	0.65%
Projected/Planned Interest on Pooled Cash	\$0

Character Title: Administrative Control Account

Character No.: 652305-42

4200 ENT - LTD Proceeds

No Funds will be budgeted for FY 13-14

4209 ENT - LTD Proceeds - Clearing

No Funds will be budgeted for FY 13-14.

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 (\$420,000). 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

Character Title: Other Financing Sources (Continued)

Character No.: 652305-46

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.

Character Title: Fixed Assets Character No.: 652305-85

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 13-14:

Building/Improvements	Order No.	Amount
<u>Irrigation Expansion</u> This requested amount is intended to fund planning efforts.	7027	\$30,000
<u>Biological Nutrient Removal (BNR)</u> This requested amount is intended for the construction of treatment upgrades to remove nutrients (nitrogen) from wastewater for discharge compliance.	7583	200,000
	Total	<u><u>\$230,000</u></u>

FY 2013-14 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 11-12	Estimated FY 12-13	Requested FY 13-14
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	(\$1,665,267)	(\$1,633,761)	\$25,964
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	542,011	4,759,725	440,500
Expenditures - (Decrease) retained earnings	(3,030,496)	(3,100,000)	(230,000)
	<hr/>	<hr/>	<hr/>
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(2,488,485)	1,659,725	210,500
Adjustments to Reserves/Encumbrances:			
Capitalized Interest	(159,425)	-	-
Restricted for Wastewater Capital Reserve	-	-	(205,000)
Change in Encumbrances	2,697,303	-	-
Adjustment Ordinance 39 Receivable	(17,886)	-	-
	<hr/>	<hr/>	<hr/>
Net Adjustment - Increase/(Decrease) to Retained Earnings	2,519,992	-	(205,000)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Available for Budgeting	(\$1,633,761)	\$25,964	\$31,464
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$31,506	\$1,659,725	\$5,500
<u>Retained Earnings Components at Beginning of FY</u>	7/1/11	7/1/12	
Cash	\$1,024,335	(\$1,624,382)	
Other Receivables	25,880	9,098	
Accounts Payable	(3,181)	(3,479)	
Encumbrances (Contract)	(2,712,301)	(14,998)	
	<hr/>	<hr/>	
Total Beginning Retained Earnings	(\$1,665,267)	(\$1,633,761)	

**FY 2013-14 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES**

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

Sub-Object No. and Title	Adopted 2012-13	Requested 2013-14	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$743	\$826	\$83	11.10%
<i>Subtotal Use of Money</i>	<u>\$743</u>	<u>\$826</u>	<u>\$83</u>	<u>11.10%</u>
<u>OTHER FINANCING SOURCES</u>				
4625 OT - Within Spec Dist BOS	\$0	\$0	\$0	N/A
<i>Subtotal Other Financing Sources</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>N/A</u>
TOTAL REVENUES	<u>\$743</u>	<u>\$826</u>	<u>\$83</u>	<u>11.10%</u>

FY 2013-14 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	\$127,000
Projected Interest Rate	<u>0.65%</u>
Projected/Planned Interest on Pooled Cash	\$826

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 (\$127,000). This requirement has been met and no further transfer are necessary.

FY 2013-14 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 11-12	Estimated FY 12-13	Requested FY 13-14
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	127,200	1,048	826
Expenditures - (Decrease) retained earnings	-	-	-
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>127,200</u>	<u>1,048</u>	<u>826</u>
Adjustments to Reserves/Encumbrances:			
Change in Reserve	<u>(127,200)</u>	<u>(1,048)</u>	<u>-</u>
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(127,200)</u>	<u>(1,048)</u>	<u>-</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$0	\$0	\$826
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$0	\$0	\$826
<u>Fund Balance Components at Beginning of FY</u>			
	7/1/11	7/1/12	
Cash	\$0	\$127,200	
Reserve for Debt	0	(127,200)	
Total Beginning Fund Balance	<u>\$0</u>	<u>\$0</u>	