

FY 2014-15 BUDGET BUDGET SECTION SUMMARY

Section Title: OCCIDENTAL COUNTY SANITATION DISTRICT

A. Program Description

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

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 13-14 Adopted	FY 14-15 Requested	Percent Change	FY 13-14 Adopted	FY 14-15 Requested	Percent Change
Operations	\$1,364,600	\$1,247,072	(8.61%)	\$130,004	\$236,683	82.06%
Construction	200,000	200,000	0.00%	(300,488)	(101,650)	(66.17%)
TOTAL:	\$1,564,600	\$1,447,072	(7.51%)	(\$170,484)	\$135,033	(179.21%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 12-13 Actual	FY 13-14 Budget Estimate	FY 13-14 Revised Estimate	FY 14-15 Projected	Change from FY 13-14 Budget Estimate
Total ESDs	276	276	273	273	(1.09%)
Total APNs	122	122	122	122	0.00%

E. Summary of Issues and Significant Changes

The requested rate per equivalent single family dwelling for FY 14-15 annual service charges is \$1,899, representing a 6.5% increase from FY 13-14. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 13-14 budget. This revenue change is due to the rate increase.

The Occidental County Sanitation District (Occidental CSD) treatment plant is designed to treat an average daily dry weather flow of up to 50,000 gallons per day to secondary treatment standards. Each year, between October 1 and May 14, treated wastewater from the Occidental CSD can be discharged into Dutch Bill Creek. During the balance of the year, treated wastewater is used for irrigation.

The Occidental CSD is facing very serious financial and operational difficulties. Operating revenue and the Occidental CSD's fund balance are inadequate to support required operations, maintenance, repair, or facility improvements. Without capital upgrades of its facilities, the Occidental CSD's ability to comply with the conditions of its operating permit remains in doubt.

A new permit for the Occidental CSD was adopted in FY 12/13. This permit will require additional studies, sampling and chemical analysis costs.

The Occidental CSD is pursuing a new compliance project. This project would include construction of a new recycled water storage reservoir that would eventually allow reuse of all recycled water from the District. Funding is budgeted for FY 14-15 for the design of the proposed reservoir. Completion of this project will require funding outside of the rate base.

Estimated FY 14-15 revenues do not adequately provide the funding necessary for adequate operation and maintenance of the Occidental CSD because of the small rate-payer base and increased water quality testing being required by the North Coast Regional Water Quality Control Board. In the current year, and in recently completed years, the Occidental CSD has had insufficient funds to cover ongoing operational expenses. Transfers from the Agency's General Fund will be made to coverage shortage and will not be recovered from the Occidental CSD.

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 2014-15 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: OCCIDENTAL CSD - OPERATIONS

Section/Index No: 651109

Sub-Object No. and Title	Adopted 2013-14	Requested 2014-15	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$460,683	\$485,100	\$24,417	5.30%
1061 Flat Charges - PY	1,200	1,500	300	25.00%
1120 Penalties / Costs on Taxes	500	500	0	0.00%
Subtotal Taxes	\$462,383	\$487,100	\$24,717	5.35%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$2,600	\$2,400	(\$200)	(7.69%)
Subtotal Use of Money	\$2,600	\$2,400	(\$200)	(7.69%)
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$19,613	\$20,889	\$1,276	6.51%
Subtotal Charges for Services	\$19,613	\$20,889	\$1,276	6.51%
<u>RESIDUAL EQUITY TRANSFER</u>				
4880 Ret-Between Entities-BOS	\$750,000	\$500,000	(\$250,000)	(33.33%)
Subtotal Residual Equity Transfer	\$750,000	\$500,000	(\$250,000)	(33.33%)
TOTAL REVENUES	\$1,234,596	\$1,010,389	(\$224,207)	(18.16%)

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$500	\$500	\$0	0.00%
6140 Maintenance - Equipment	70,000	15,000	(55,000)	(78.57%)
6262 Lab Supplies	5,000	2,500	(2,500)	(50.00%)
6461 Supplies/Expense	5,000	2,500	(2,500)	(50.00%)
6512 Testing/Analysis	80,000	60,000	(20,000)	(25.00%)
6521 County Services	2,600	2,500	(100)	(3.85%)
6523 District Operations	385,000	480,000	95,000	24.68%
6540 Contract Services	0	110,000	110,000	N/A
6570 Consultant Services	50,000	10,000	(40,000)	(80.00%)
6573 Administration Costs	4,000	5,000	1,000	25.00%
6589 Permits	5,000	6,000	1,000	20.00%
6610 Legal Services	5,000	5,000	0	0.00%

Sub-Object No. and Title	Adopted 2013-14	Requested 2014-15	Difference	Percent Change
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EXPENDITURES:

SERVICES AND SUPPLIES (Contd.)

6630 Audit / Accounting Services	14,000	10,000	(4,000)	(28.57%)
6697 EFS Costs	0	1,072	1,072	N/A
6820 Rents/Leases-Equipment	2,000	2,000	0	0.00%
6840 Rents/Leases-Buildings	25,000	25,000	0	0.00%
6880 Small Tools/Instruments	1,000	1,000	0	0.00%
7206 Equipment Usage Charges	15,000	20,000	5,000	33.33%
7212 Chemicals	30,000	30,000	0	0.00%
7247 Water Conservation	10,000	2,000	(8,000)	(80.00%)
7394 Power	20,000	20,000	0	0.00%
Subtotal Services and Supplies	\$729,100	\$810,072	\$80,972	11.11%

OTHER CHARGES

7980 Depreciation	\$108,500	\$110,000	\$1,500	1.38%
Subtotal Other Charges	\$108,500	\$110,000	\$1,500	1.38%

FIXED ASSETS

8560 Equipment	\$25,000	\$25,000	\$0	0.00%
Subtotal Fixed Assets	\$25,000	\$25,000	\$0	0.00%

OTHER FINANCING USES

8625 OT - W/in Special Dist - BOS	\$500,000	\$300,000	(\$200,000)	(40.00%)
Subtotal Other Financing Uses	\$500,000	\$300,000	(\$200,000)	(40.00%)

APPROPRIATIONS FOR CONT

9000 Approp for Contingencies	\$2,000	\$2,000	\$0	0.00%
Subtotal Approp for Contingencies	\$2,000	\$2,000	\$0	0.00%

TOTAL EXPENDITURES	\$1,364,600	\$1,247,072	(\$117,528)	(8.61%)
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TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$130,004	\$236,683	\$106,679	82.06%
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FY 2014-15 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Occidental CSD - Operations

Character Title: Taxes **Character No.:** 651109-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 13-14 budget. The rate will increase 6.5% from \$1,783 to \$1,899.

ESDs times annual rate:	262 x \$1,899	\$497,538
Less Estimated Delinquency Factor:	2.5%	(12,438)
		\$485,100

(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.:** 651109-17

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	\$400,000
Projected Interest Rate	0.60%
	\$2,400

Character Title: Charges for Services **Character No.:** 651109-30

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 14-15 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 \$1,783 to \$1,899.

ESDs x Annual Charge	11 x \$1,899	=	\$20,889
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4880 Ret-Between Equity-BOS

This account records a transfer from SCWA General Fund to provide funds to operate the treatment plant.

6040 Communications

This account records expenses paid by the Occidental CSD 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. This item has increased due to additional testing being required by the North Coast Regional Water Quality Control Board.

6461 Supplies/Expense

This account records the supplies and expenses associated with operations and maintenance of the District's Facilities.

6512 Testing and Analysis

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

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 Occidental CD Facilities.

6570 Consultant Services

This account records the cost of miscellaneous consultant services as needed.

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 all permits.

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 services.

6697 EFS Costs

This item represents the share of costs for the County's future operating system.

6820 Rents/Leases-Equipment

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

6840 Rents/Leases-Buildings

This item is requested to provide funds for the lease agreement for storage and irrigation of wastewater effluent.

6880 Small Tools/Instruments

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

7206 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant. The requested amount is considered necessary to meet the discharge requirements of the Occidental CSD NPDES permit, as required by the Regional Water Quality Control Board, as well as to meet requirements imposed by the ACL (including the use of sodium bisulfite and caustic soda).

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.

7394 Power

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

7980 Depreciation

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

8560 Equipment

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

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash the Operations Fund 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 will not be made and uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

9000 Appropriations for Contingencies

This account is normally used to set aside funding for unanticipated expenditures or revenue shortfalls.

FY 2014-15 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Occidental CSD - Operations

Index No.: 651109

DESCRIPTION OF FUND ACTIVITY	Actual FY 12-13	Estimated FY 13-14	Requested FY 14-15
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$454,578	\$439,884	\$276,192
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,016,033	1,234,520	1,010,389
Expenditures - (Decrease) retained earnings	(1,197,450)	(1,506,712)	(1,247,072)
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Net Surplus or Deficit - Inc/(Dec) to retained earnings	(181,417)	(272,192)	(236,683)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	139,872	108,500	110,000
Change in Water Conservation Reserve	125	-	-
Change in Encumbrance	26,726	-	-
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Net Adjustment - Increase/(Decrease) to Retained Earnings	166,723	108,500	110,000
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Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$439,884	\$276,192	\$149,509
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$14,694)	(\$163,692)	(\$126,683)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/12	7/1/13	
Cash	\$441,432	\$407,329	
Other Receivables (Flat Charges)	165,892	159,885	
Reserve for Water Conservation	(52,969)	(52,844)	
Retention Payable	(35)	(84)	
Encumbrances	(97,806)	(71,080)	
Vouchers Payable	(1,936)	(3,322)	
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Total Beginning Retained Earnings	\$454,578	\$439,884	

FY 2014-15 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: OCCIDENTAL CSD - CONSTRUCTION
Section/Index No: 651505

Sub-Object No. and Title	Adopted 2013-14	Requested 2014-15	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$488	\$1,650	\$1,162	238.11%
Subtotal Use of Money	\$488	\$1,650	\$1,162	238.11%
<u>MISCELLANEOUS REVENUE</u>				
4102 Donations/Reimbursements	\$0	\$0	\$0	N/A
4303 State Grant	0	0	0	N/A
4304 Federal Grants	0	0	0	N/A
Subtotal Miscellaneous Revenue	\$0	\$0	\$0	N/A
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
4200 ENT - LTD Proceeds	\$0	\$0	\$0	N/A
4209 ENT - LTD Proceeds - Clearing	0	0	0	N/A
Subtotal Admin. Control Account	\$0	\$0	\$0	N/A
<u>OTHER FINANCING SOURCES</u>				
4625 OT - W/in Special Dist - BOS	\$500,000	\$300,000	(\$200,000)	(40.00%)
Subtotal Other Financing Sources	\$500,000	\$300,000	(\$200,000)	(40.00%)
<u>RESIDUAL EQUITY TRANSFER</u>				
4880 Ret-Between Entities-BOS	\$0	\$0	\$0	N/A
Subtotal Residual Equity Transfer	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$500,488	\$301,650	(\$198,838)	(39.73%)
EXPENDITURES:				
<u>OTHER CHARGES</u>				
8010 Contribution Non-Co Govt	\$0	\$0	\$0	N/A
Subtotal Other Charges	\$0	\$0	\$0	N/A
<u>FIXED ASSETS</u>				
8510 Building / Improvement	\$200,000	\$0	(\$200,000)	(100.00%)
9400 Infrastructure	0	200,000	200,000	N/A
Subtotal Fixed Assets	\$200,000	\$200,000	\$0	0.00%
TOTAL EXPENDITURES	\$200,000	\$200,000	\$0	0.00%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$300,488)	(\$101,650)	\$198,838	(66.17%)

FY 2014-15 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Occidental CSD - Construction

Character Title: Use of Money **Character No.:** 651505-17

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	\$275,000
Projected Interest Rate	0.60%
Projected/Planned Interest on Pooled Cash	\$1,650

Character Title: Miscellaneous Revenue **Character No.:** 651505-40

4303 State Grants

No State Grants are anticipated for FY 14-15.

4304 Federal Grants

No Federal Grants are anticipated for FY 14-15.

Character Title: Administrative Control Account **Character No.:** 651505-42

4200 ENT-LTD Proceeds

No long term proceeds are anticipated for FY 14-15.

4209 ENT-LTD Proceeds - Clearing

This is the clearing account for sub-object 4200.

Character Title: Other Financing Sources **Character No.:** 651505-46

4625 OT - W/in Special Dist - BOS

This account records the transfer of cash from the Operation Fund to the Construction Fund to finance Buildings/Improvements for FY 14-15.

Character Title: Residual Equity Transfer **Character No.:** 651505-48

4880 Ret-Between Equity-BOS

This account records a transfer from SCWA General Fund to provide funds for capital projects. No transfer is anticipated in FY 14-15.

Character Title: Fixed Assets **Character No.:** 651505-85

9400 Infrastructure

This account is used for expenses associated with facility improvements or expansion. The following project are planned for FY 14-15:

NPDES Permit Compliance	Order # TBD	\$200,000
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This project will implement infrastructure improvements necessary to comply with District's NPDES permit. The requested amount will fund design efforts.

FY 2014-15 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Occidental CSD - Construction
Index No.: 651505

DESCRIPTION OF FUND ACTIVITY	Actual FY 12-13	Estimated FY 13-14	Requested FY 14-15
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$294,953	\$108,653	\$457,698
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	\$431,706	501,308	301,650
Expenditures - (Decrease) retained earnings	(549,637)	(152,263)	(200,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(117,931)	349,045	101,650
Adjustments to Reserves/Encumbrances:			
Change in Encumbrance	(68,369)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(68,369)	-	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$108,653	\$457,698	\$559,348
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$186,300)	\$349,045	\$101,650
<u>Retained Earnings Components at Beginning of FY</u>	7/1/12	7/1/13	
Cash	\$124,107	\$275,036	
Due from Other Government	170,503	-	
Vouchers Payable	-	(98,357)	
Encumbrances	(157)	(68,526)	
Deposit with Others	500	500	
Total Beginning Retained Earnings	\$294,953	\$108,653	

FY 2014-15 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: OCCIDENTAL CSD - BONDS #2

Section/Index No: 651224

Sub-Object No. and Title	Adopted 2013-14	Requested 2014-15	Difference	Percent Change
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REVENUES:

TAXES

1000 Prop Taxes - CY Secured	\$0	\$0	\$0	N/A
Subtotal Taxes	\$0	\$0	\$0	N/A

USE OF MONEY

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

TOTAL REVENUES	\$0	\$0	\$0	N/A
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EXPENDITURES:

SERVICES AND SUPPLIES

6635 Fiscal Agent Fees	\$0	\$0	\$0	N/A
Subtotal Services and Supplies	\$0	\$0	\$0	N/A

OTHER CHARGES

7920 Interest	\$0	\$0	\$0	N/A
Subtotal Other Charges	\$0	\$0	\$0	N/A

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$0	\$0	\$0	N/A
9209 Ent - Principal Clearing	0	0	0	N/A
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$0	\$0	\$0	N/A
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TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$0	\$0	\$0	N/A
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FY 2014-15 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Occidental CSD - Bonds #2

The debt was fully retired as of June 30, 2008 and no further budget will be required.

-15 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Occidental CSD - Bonds #2

Index No.: 651224

DESCRIPTION OF FUND ACTIVITY	Actual FY 12-13	Estimated FY 13-14	Requested FY 14-15
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	(\$323)	(\$347)	(\$347)
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	0	-	-
Expenditures - (Decrease) retained earnings	(24)	-	-
Net Surplus or Deficit - Increase/(Decrease) to fund balance	<u>(24)</u>	<u>-</u>	<u>-</u>
Adjustments to Reserves/Encumbrances:			
9200 Enterprise Principal	(1,000)	-	-
Change in Matured Bonds Payable	1,000	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>-</u>	<u>-</u>	<u>-</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	(\$347)	(\$347)	(\$347)
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$24)	\$0	\$0
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/12</u>	<u>7/1/13</u>	
Cash	\$1,655	\$677	
Matured Principal Payable	(1,000)	(1,000)	
Total Beginning Retained Earnings	<u>\$655</u>	<u>(\$323)</u>	