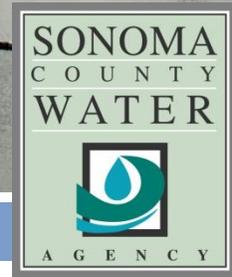


Sonoma Valley County Sanitation District



The Budget Process

The Fiscal Year

The fiscal year of the sanitation districts and zones starts on July 1st of each year and runs through June 30th of the following year. Thus the following information concerns the period July 1, 2010 through June 30, 2011. The budgets are prepared approximately six months in advance of the period they cover so that there is ample opportunity for public input and to allow the required review and approval process to take place.

Public Input

Public input is a continuous process and can occur at any time during the year. Specific maintenance and construction projects and priorities are regularly reviewed and revised by staff. Many of these projects have their own environmental and construction approval process which includes public inputs.

Approval

Once staff has developed the proposed budgets and rates, the budgets are sent to libraries around the county and are available for public review at those locations and at the Sonoma County Water Agency. This typically happens at the end of February each year. Notices of the proposed rate are also sent to the owners of all the properties in the district at that time. The public can protest rate increases up to the date of the rate hearings, typically held in mid-April at the Board of Supervisors' chambers.

District Expenses

Capital Plans

A five year capital plan is prepared for the district by the staff based on the need for replacement of aging collection systems and other assets necessary to process the waste water according to regulatory requirements.

Priorities for projects are assigned by taking public input, maintenance data, and assessment of the current condition of the facilities into account. The funds available for capital improvements and replacement are then planned for in such a way as to maintain a fairly even level of expenditures from year to year and thus reduce the impact that sharp increases in rates would have on the rate payers.

Other Costs

Budgets also take into account current maintenance and operations costs, any bond or loan repayments, and the need to maintain sufficient financial reserves to cover unexpected damage or system failures. Budgets are developed using estimates for both these items and for revenues. Because of the uneven timing of the revenues paid to the district and because actual costs rarely turn out exactly equal to our estimates, fund balances or retained earnings are kept at all times. These fund balances typically amount to three to six months of operating expenses.