

FY 2019-20 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 18-19 Adopted | FY 19-20 Requested | Percent Change | FY 18-19 Adopted | FY 19-20 Requested | Percent Change |
| Operations | \$2,922,800 | \$1,220,000 | (58.26%) | \$289,123 | \$140,095 | (51.54%) |
| Construction | 451,000 | 200,000 | (55.65%) | 151,000 | 190,500 | 26.16% |
| TOTAL: | \$3,373,800 | \$1,420,000 | (57.91%) | \$440,123 | \$330,595 | (24.89%) |

C. Staffing Summary

No staffing is allocated to this fund.

D. Workload Summary

| Workload Indicator | FY 17-18 Actual | FY 18-19 Budget Estimate | FY 18-19 Revised Estimate | FY 19-20 Projected | Change from FY 18-19 Budget Estimate |
|--------------------|--------------------|--------------------------------|---------------------------------|-----------------------|---|
| Total ESDs | 272 | 274 | 273 | 273 | (0.36%) |
| Total APNs | 99 | 101 | 100 | 100 | (0.99%) |

E. Summary of Issues and Significant Changes

The requested rate per equivalent single family dwelling (ESD) for FY 19-20 annual service charges is \$2,387 representing a 4.9% increase from FY 18-19. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 18-19 budget.

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. Even though rates for the Occidental CSD are the highest in Sonoma County and represent a significant concern for businesses in the district, the very small rates base results in revenues being insufficient to cover routine operating expenses. Additionally, without capital upgrades of its facilities, the Occidental CSD's ability to comply with the conditions of its operating permit remains in doubt.

For FY 19-20 revenues will once again not cover routine operating expenses. Transfers from the Agency's General Fund will be made to cover shortage and will 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 2019-20 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: OCCIDENTAL CSD - OPERATIONS
Fund/Department ID: 43101-33060100

| Account No. and Title | Adopted 2018-19 | Requested 2019-20 | Difference | Percent Change |
|--------------------------------------|--------------------|----------------------|------------------|-------------------|
| REVENUES: | | | | |
| <u>TAXES</u> | | | | |
| 40003 Direct Charges-CY | \$585,585 | \$635,360 | \$49,775 | 8.50% |
| 40202 Direct Charges - PY | 10,000 | 10,000 | 0 | 0.00% |
| 40999 Penalties/Costs on Taxes | 600 | 1,000 | 400 | 66.67% |
| Subtotal Taxes | \$596,185 | \$646,360 | \$50,175 | 8.42% |
| <u>INTERGOVERNMENTAL</u> | | | | |
| 42358 State Other Funding | \$0 | \$1,125 | \$1,125 | N/A |
| 42610 SC Water Agency Revenue | 0 | 400,000 | 400,000 | N/A |
| Subtotal Intergovernmental | \$0 | \$401,125 | \$401,125 | N/A |
| <u>USE OF MONEY</u> | | | | |
| 44002 Interest on Pooled Cash | \$14,742 | \$8,550 | (\$6,192) | (42.00%) |
| Subtotal Use of Money | \$14,742 | \$8,550 | (\$6,192) | (42.00%) |
| <u>CHARGES FOR SERVICES</u> | | | | |
| 45221 Sewer/Water Usage Fee | \$22,750 | \$23,870 | \$1,120 | 4.92% |
| Subtotal Charges for Services | \$22,750 | \$23,870 | \$1,120 | 4.92% |
| TOTAL REVENUES | \$633,677 | \$1,079,905 | \$446,228 | 70.42% |

EXPENDITURES:

SERVICES AND SUPPLIES

| | | | | |
|------------------------------------|-----------|-----------|-------------|-----------|
| 51061 Maintenance - Equipment | \$35,000 | \$220,000 | \$185,000 | 528.57% |
| 51201 Administration Services | 5,000 | 0 | (5,000) | (100.00%) |
| 51206 Accounting/Auditing Services | 9,000 | 0 | (9,000) | (100.00%) |
| 51211 Legal Services | 9,000 | 0 | (9,000) | (100.00%) |
| 51231 Testing/Analysis | 40,000 | 3,000 | (37,000) | (92.50%) |
| 51241 Outside Printing & Binding | 500 | 0 | (500) | (100.00%) |
| 51244 Permits/License/Fees | 10,000 | 0 | (10,000) | (100.00%) |
| 51401 Rents& Leases-Equipment | 4,000 | 0 | (4,000) | (100.00%) |
| 51421 Rents&Leases-Bldg/Imp | 25,000 | 0 | (25,000) | (100.00%) |
| 51803 Other Contract Services | 1,734,000 | 187,200 | (1,546,800) | (89.20%) |
| 51902 Telecommunication Usage | 500 | 0 | (500) | (100.00%) |
| 51916 County Services | 5,500 | 0 | (5,500) | (100.00%) |
| 51917 District Operations Chgs | 500,000 | 600,000 | 100,000 | 20.00% |

| Account No. and Title | Adopted 2018-19 | Requested 2019-20 | Difference | Percent Change |
|---|--------------------|----------------------|----------------------|-------------------|
| EXPENDITURES: | | | | |
| <u>SERVICES AND SUPPLIES (Contd.)</u> | | | | |
| 51921 Equipment Usage Charges | 25,000 | 12,000 | (13,000) | (52.00%) |
| 52072 Chemicals | 15,000 | 5,800 | (9,200) | (61.33%) |
| 52081 Medical/Laboratory Supplies | 2,000 | 0 | (2,000) | (100.00%) |
| 52111 Office Supplies | 3,300 | 0 | (3,300) | (100.00%) |
| 52141 Minor Equipment/Small Tools | 2,000 | 0 | (2,000) | (100.00%) |
| 52171 Water Conservation Prog | 1,000 | 2,000 | 1,000 | 100.00% |
| 52193 Utilities-Power | 20,000 | 0 | (20,000) | (100.00%) |
| Subtotal Services and Supplies | \$2,445,800 | \$1,030,000 | (\$1,415,800) | (57.89%) |
| <u>OTHER CHARGES</u> | | | | |
| 53402 Depreciation Expense | \$173,000 | \$173,000 | \$0 | 0.00% |
| 53501 Contributions/Donations | 0 | 0 | 0 | N/A |
| Subtotal Other Charges | \$173,000 | \$173,000 | \$0 | 0.00% |
| <u>FIXED ASSETS</u> | | | | |
| 19820 Machinery & Equipment | \$2,000 | \$15,000 | \$13,000 | 650.00% |
| Subtotal Fixed Assets | \$2,000 | \$15,000 | \$13,000 | 650.00% |
| <u>APPROPRIATIONS FOR CONT</u> | | | | |
| 55011 Appropriations for Contingency | \$2,000 | \$2,000 | \$0 | 0.00% |
| Subtotal Approp for Contingencies | \$2,000 | \$2,000 | \$0 | 0.00% |
| <u>OTHER FINANCING USES</u> | | | | |
| 57011 Transfers out-within a Fund | \$300,000 | \$0 | (\$300,000) | (100.00%) |
| Subtotal Other Financing Uses | \$300,000 | \$0 | (\$300,000) | (100.00%) |
| TOTAL EXPENDITURES | \$2,922,800 | \$1,220,000 | (\$1,702,800) | (58.26%) |
| TOTAL NET COST <i>(Expenditures Minus Revenues)</i> | \$2,289,123 | \$140,095 | (\$2,149,028) | (93.88%) |

FY 2019-20 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Occidental CSD - Operations

Character Title: Taxes **Character No.:** 43101-33060100-40

40003 Direct Charges - CY

Flat Charge revenue from annual service charges is expected to increase from the adopted FY 18-19 budget. The rate will increase 4.9% from \$2,275 to \$2,387.

| | | |
|------------------------------------|---------------|-----------|
| ESDs times annual rate: | 273 x \$2,387 | \$651,651 |
| Less Estimated Delinquency Factor: | 2.5% | (16,291) |
| | | \$635,360 |

(See Account 45221 for Total ESDs)

40202 Direct Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

40999 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Intergovernmental **Character No.:** 43101-33060100-42

42610 SC Water Agency Revenue

This account records a transfer from SCWA General Fund to provide funds to operate the treatment plant. These funds will not be recovered.

Character Title: Use of Money **Character No.:** 43101-33060100-44

44002 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 | \$450,000 |
| Projected Interest Rate | 1.90% |
| Projected/Planned Interest on Pooled Cash | \$8,550 |

Character Title: Charges for Services **Character No.:** 43101-33060100-45

45221 Sewer/Water Usage Fee

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 account 40003, Direct Charges-CY, in the following year. Based on projected FY 19-20 ESDs, the District will experience an increase in revenue for invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$2,275 to \$2,387.

| | | | |
|----------------------|--------------|---|----------|
| ESDs x Annual Charge | 10 x \$2,387 | = | \$23,870 |
|----------------------|--------------|---|----------|

51061 Maintenance - Equipment

This account records the costs for routine maintenance of equipment.

51201 Administration Costs

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

51206 Accounting/Auditing Services

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

51211 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.

51231 Testing and Analysis

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

51241 Outside Printing & Binding

This item is requested to cover the costs of printing services, which are primarily furnished by outside printing and binding services.

51244 Permits/License/Fees

This account records the cost of all permits.

51401 Rents/Leases-Equipment

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

51421 Rents/Leases-Buildings/Land

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

51803 Other Contract Services

This account reflects the cot for various outside services which include:

| | |
|--|---|
| Rehab for 6 manholes | \$60,000 |
| Multi-year agreements | 9,200 |
| High Efficiency Direct Install Program | 3,000 |
| Capacity Analysis for Fee Study | 75,000 |
| Permitting Assistance | 40,000 |
| | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> \$187,200 |

51902 Telecommunication Usage

This account records expenses paid by the Occidental CSD for outside communication and wireless service.

51916 County Services

This item records the expense for special district accounting services.

51917 District Operations

This account records the cost of labor and overhead associated with operations and maintenance of the Occidental CSD Facilities.

Character Title: Services and Supplies (Continued)

Character No.: 43101-33060100-51 & 52

51921 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

52072 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).

52081 Medical/Lab Supplies

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

52111 Office Supplies

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

52141 Minor Equipment/Small Tools

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

52171 Water Conservation Program

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.

52193 Utilities-Power

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

Character Title: Other Charges

Character No.: 43101-33060100-53

53402 Depreciation

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

Character Title: Fixed Assets

Character No.: 43101-33060100-19

19820 Machinery & Equipment

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

Character Title: Appropriations for Contingencies

Character No.: 43101-33060100-55

55011 Appropriations for Contingencies

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

Character Title: Other Financing Uses

Character No.: 43101-33060100-57

57011 Transfers out-within a Fund

This account reflects the transfer of cash from 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.

FY 2019-20 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Fund: Occidental CSD - Operations
Fund/Department ID: 43101-33060100

| DESCRIPTION OF FUND ACTIVITY | Actual FY 17-18 | Estimated FY 18-19 | Requested FY 19-20 |
|---|--------------------|-----------------------|-----------------------|
| Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings | | | |
| Available for Budgeting (See Detailed Components Below) | \$1,355,348 | \$927,692 | \$198,540 |
| Annual Revenues and Expenditures: | | | |
| Revenues - Increase retained earnings | 2,512,099 | 1,866,669 | 1,079,905 |
| Expenditures - (Decrease) retained earnings | (3,320,124) | (2,768,821) | (1,220,000) |
| Net Surplus or Deficit - Inc/(Dec) to retained earnings | (808,024) | (902,152) | (140,095) |
| Adjustments to Reserves/Encumbrances: | | | |
| Depreciation (53402) | 110,289 | 173,000 | 173,000 |
| Post Audit Adjustment | 278,678 | - | - |
| Unrealized Gain/loss | (2,261) | - | - |
| Change in Encumbrance | (6,337) | - | - |
| Net Adjustment - Increase/(Decrease) to Retained Earnings | 380,369 | 173,000 | 173,000 |
| Undesignated/Unreserved <u>ENDING</u> Retained Earnings | | | |
| Available for Budgeting | \$927,692 | \$198,540 | \$231,444 |
| Target Fund Balance | \$1,174,791 | \$1,295,784 | \$515,000 |
| <i>Over/(Under) Target Fund Balance</i> | (\$247,099) | (\$1,097,244) | (\$283,556) |
| Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i> | (\$427,656) | (\$729,152) | \$32,905 |
| <u>Retained Earnings Components at Beginning of FY</u> | 7/1/2017 | 7/1/2018 | |
| Cash | \$1,634,281 | \$999,837 | |
| Other Receivables (Flat Charges) | 9,361 | 22,187 | |
| Retention Payable | (75) | - | |
| Retention Receivable | 210 | 432 | |
| Due from Other Governments | - | 278,679 | |
| Encumbrances | (283,728) | (290,065) | |
| Vouchers Payable | (4,701) | (83,378) | |
| Total Beginning Retained Earnings | \$1,355,348 | \$927,692 | |

FY 2019-20 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: OCCIDENTAL CSD -CONSTRUCTION

Fund/Department ID: 43102-33060200

| Account No. and Title | Adopted 2018-19 | Requested 2019-20 | Difference | Percent Change |
|---|--------------------|----------------------|--------------------|-------------------|
| REVENUES: | | | | |
| <u>USE OF MONEY</u> | | | | |
| 44002 Interest on Pooled Cash | \$0 | \$9,500 | \$9,500 | N/A |
| Subtotal Use of Money | \$0 | \$9,500 | \$9,500 | N/A |
| <u>MISCELLANEOUS REVENUE</u> | | | | |
| 46021 Capital Grants-Federal | \$0 | \$0 | \$0 | N/A |
| 46022 Capital Grants-State | 0 | 0 | 0 | N/A |
| Subtotal Miscellaneous Revenue | \$0 | \$0 | \$0 | N/A |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| 47101 Transfers In -within a Fund | \$300,000 | \$0 | (\$300,000) | (100.00%) |
| Subtotal Other Financing Sources | \$300,000 | \$0 | (\$300,000) | (100.00%) |
| TOTAL REVENUES | \$300,000 | \$9,500 | (\$290,500) | (96.83%) |
| EXPENDITURES: | | | | |
| <u>FIXED ASSETS</u> | | | | |
| 19832 CIP - Infrastructure | \$451,000 | \$200,000 | (\$251,000) | (55.65%) |
| Subtotal Fixed Assets | \$451,000 | \$200,000 | (\$251,000) | (55.65%) |
| TOTAL EXPENDITURES | \$451,000 | \$200,000 | (\$251,000) | (55.65%) |
| TOTAL NET COST <i>(Expenditures Minus Revenues)</i> | \$151,000 | \$190,500 | \$39,500 | 26.16% |

FY 2019-20 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Occidental CSD - Construction

Character Title: Use of Money

Character No.: 43102-33060200-44

44002 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 | \$500,000 |
| Projected Interest Rate | <u>1.90%</u> |
| Projected/Planned Interest on Pooled Cash | \$9,500 |

Character Title: Miscellaneous Revenue

Character No.: 43102-33060200-46

46021 Capital Grants-Federal

No Federal grants are anticipated for FY 19-20.

46022 Capital Grants-State

No State grants are anticipated for FY 19-20.

Character Title: Other Financing Sources

Character No.: 43102-33060200-47

47101 Transfers in-within a Fund

This account records the transfer of cash from the Operation Fund to the Construction Fund to finance Buildings/Improvements. There are no planned transfers for FY 19-20.

Character Title: Fixed Assets

Character No.: 43102-33060200-19

19832 CIP-Infrastructure

This account is used for expenses associated with facility improvements or expansion. The following project are planned for FY 19-20:

| | |
|------------------------|-----------|
| Force Main Replacement | \$200,000 |
|------------------------|-----------|

FY 2019-20 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Fund: Occidental CSD - Construction
Fund/Department ID: 43102-33060200

| DESCRIPTION OF FUND ACTIVITY | Actual FY 17-18 | Estimated FY 18-19 | Requested FY 19-20 |
|---|--------------------|-----------------------|-----------------------|
| Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings | | | |
| Available for Budgeting (See Detailed Components Below) | \$780,266 | \$285,267 | \$766,906 |
| Annual Revenues and Expenditures: | | | |
| Revenues - Increase retained earnings | 870,182 | 375,168 | 9,500 |
| Expenditures - (Decrease) retained earnings | (859,164) | (588,113) | (200,000) |
| Net Surplus or Deficit - Inc/(Dec) to retained earnings | 11,018 | (212,945) | (190,500) |
| Adjustments to Reserves/Encumbrances: | | | |
| Change in Encumbrance | (510,284) | 694,584 | - |
| Unrealized Gain/loss | 4,267 | - | - |
| Net Adjustment - Increase/(Decrease) to Retained Earnings | (506,017) | 694,584 | - |
| Undesignated/Unreserved <u>ENDING</u> Retained Earnings | | | |
| Available for Budgeting | \$285,267 | \$766,906 | \$576,406 |
| Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i> | (\$494,999) | \$481,639 | (\$190,500) |
| <u>Retained Earnings Components at Beginning of FY</u> | 7/1/2017 | 7/1/2018 | |
| Cash | \$1,114,569 | \$1,290,034 | |
| Vouchers Payable | (3) | (2,887) | |
| Accounts Payable | - | (145,205) | |
| Retention Payable | - | (12,091) | |
| Encumbrances | (334,300) | (844,584) | |
| Total Beginning Retained Earnings | \$780,266 | \$285,267 | |