

FY 2020-21 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 19-20 Adopted	FY 20-21 Requested	Percent Change	FY 19-20 Adopted	FY 20-21 Requested	Percent Change
Operations	\$1,220,000	\$1,366,400	12.00%	\$140,095	(\$100,319)	(171.61%)
Construction	200,000	51,000	(74.50%)	190,500	794	(99.58%)
TOTAL:	\$1,420,000	\$1,417,400	(0.18%)	\$330,595	(\$99,525)	(130.10%)

C. Staffing Summary

No staffing is allocated to this fund.

D. Workload Summary

Workload Indicator	FY 18-19 Actual	FY 19-20 Budget Estimate	FY 19-20 Revised Estimate	FY 20-21 Projected	Change from FY 19-20 Budget Estimate
Total ESDs	273	273	273	273	0.00%
Total APNs	100	100	99	100	0.00%

E. Summary of Issues and Significant Changes

The requested rate per equivalent single family dwelling (ESD) for FY 20-21 annual service charges is \$2,504 representing a 4.9% increase from FY 19-20. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 19-20 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 20-21 revenues will once again not cover routine operating expenses. Transfers from the Water Agency's General Fund will be made to cover shortage and will not be recovered from the Occidental CSD.

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Section Title:

OCCIDENTAL COUNTY SANITATION DISTRICT
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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 2020-21 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Account No. and Title	Adopted 2019-20	Requested 2020-21	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
40003 Direct Charges-CY	\$635,360	\$612,795	(\$22,565)	(3.55%)
40202 Direct Charges - PY	10,000	25,000	15,000	150.00%
40999 Penalties/Costs on Taxes	1,000	1,000	0	0.00%
Subtotal Taxes	\$646,360	\$638,795	(\$7,565)	(1.17%)
<u>INTERGOVERNMENTAL</u>				
42358 State Other Funding	\$1,125	\$0	(\$1,125)	(100.00%)
42610 Other Government Agencies	400,000	800,000	400,000	100.00%
Subtotal Intergovernmental	\$401,125	\$800,000	\$398,875	99.44%
<u>USE OF MONEY</u>				
44002 Interest on Pooled Cash	\$8,550	\$2,884	(\$5,666)	(66.27%)
Subtotal Use of Money	\$8,550	\$2,884	(\$5,666)	(66.27%)
<u>CHARGES FOR SERVICES</u>				
45221 Sewer/Water Usage Fee	\$23,870	\$25,040	\$1,170	4.90%
Subtotal Charges for Services	\$23,870	\$25,040	\$1,170	4.90%
TOTAL REVENUES	\$1,079,905	\$1,466,719	\$386,814	35.82%

EXPENDITURES:

SERVICES AND SUPPLIES

51061 Maintenance - Equipment	\$220,000	\$400,000	\$180,000	81.82%
51201 Administration Services	0	5,000	5,000	N/A
51206 Accounting/Auditing Services	0	10,000	10,000	N/A
51211 Legal Services	0	2,000	2,000	N/A
51231 Testing/Analysis	3,000	40,000	37,000	1233.33%
51241 Outside Printing & Binding	0	1,000	1,000	N/A
51244 Permits/License/Fees	0	6,000	6,000	N/A
51401 Rents & Leases-Equipment	0	4,000	4,000	N/A
51803 Other Contract Services	187,200	81,300	(105,900)	(56.57%)
51902 Telecommunication Usage	0	500	500	N/A
51916 County Services	0	2,600	2,600	N/A
51917 District Operations Chgs	600,000	535,000	(65,000)	(10.83%)

FY 2020-21 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Account No. and Title	Adopted 2019-20	Requested 2020-21	Difference	Percent Change
<u>EXPENDITURES:</u>				
<u>SERVICES AND SUPPLIES (Contd.)</u>				
51921 Equipment Usage Charges	12,000	25,000	13,000	108.33%
52072 Chemicals	5,800	5,000	(800)	(13.79%)
52111 Office Supplies	0	500	500	N/A
52141 Minor Equipment/Small Tools	0	2,000	2,000	N/A
52171 Water Conservation Prog	2,000	3,500	1,500	75.00%
52193 Utilities-Power	0	20,000	20,000	N/A
<i>Subtotal Services and Supplies</i>	<u>\$1,030,000</u>	<u>\$1,143,400</u>	<u>\$113,400</u>	<u>11.01%</u>
<u>OTHER CHARGES</u>				
53402 Depreciation Expense	\$173,000	\$158,000	(\$15,000)	(8.67%)
53501 Contributions/Donations	0	0	0	N/A
<i>Subtotal Other Charges</i>	<u>\$173,000</u>	<u>\$158,000</u>	<u>(\$15,000)</u>	<u>(8.67%)</u>
<u>APPROPRIATIONS FOR CONT</u>				
55011 Appropriations for Contingency	\$2,000	\$0	(\$2,000)	(100.00%)
<i>Subtotal Approp for Contingencies</i>	<u>\$2,000</u>	<u>\$0</u>	<u>(\$2,000)</u>	<u>(100.00%)</u>
<u>OTHER FINANCING USES</u>				
57011 Transfers out-within a Fund	\$0	\$50,000	\$50,000	N/A
<i>Subtotal Other Financing Uses</i>	<u>\$0</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>N/A</u>
<u>FIXED ASSETS</u>				
19820 Machinery & Equipment	\$15,000	\$15,000	\$0	0.00%
<i>Subtotal Fixed Assets</i>	<u>\$15,000</u>	<u>\$15,000</u>	<u>\$0</u>	<u>0.00%</u>
TOTAL EXPENDITURES	<u>\$1,220,000</u>	<u>\$1,366,400</u>	<u>\$146,400</u>	<u>12.00%</u>
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	<u>\$140,095</u>	<u>(\$100,319)</u>	<u>(\$240,414)</u>	<u>(171.61%)</u>

FY 2020-21 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 19-20 budget. The rate will increase 4.9% from \$2,387 to \$2,504.

ESDs times annual rate:	263 x \$2,504		\$658,552
Less Estimated Delinquency Factor:	3.0%		(19,757)
			\$638,795

(See Account 45221 for Total ESDs)

40202 Direct Charges - PY

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

40999 Penalties / Costs on Taxes

This account records penalties paid on delinquent sewer service charges.

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

42610 Sonoma County Water Agency Revenue

This account records a transfer from Water Agency 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		\$140,000
Projected Interest Rate		2.06%
Projected/Planned Interest on Pooled Cash		\$2,884

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 20-21 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 \$2,387 to \$2,504.

ESDs x Annual Charge	10 x \$2,504	=	\$25,040
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FY 2020-21 BUDGET
CHARACTER JUSTIFICATION

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

Character Title: Services and Supplies **Character No.:** 43101-33060100-51 & 52

51061 Maintenance - Equipment

This account records the costs for routine maintenance of equipment.

Additional Planned Projects:

Ventilation of Wet Well in EQ Facility Building	\$50,000
Lift Station Canopy Repair	35,000
Roof Replacement	25,000
	\$110,000

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 account 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 account 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

This account covers the costs of renting copiers, fax machines and other equipment as needed.

51421 Rents/Leases-Buildings/Land

This account represents costs for the lease agreement for storage and irrigation of wastewater effluent.

51803 Other Contract Services

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

Multi-year agreement - audit	\$9,300
Other Contract Services - as needed	2,000
Sanitary Sewer Hydraulic Modeling	10,000
Sludge Removal	40,000
Permitting Assistance	20,000
	\$81,300

FY 2020-21 BUDGET
CHARACTER JUSTIFICATION

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

Character Title: Services and Supplies (Continued) **Character No.:** 43101-33060100-51 & 52

51902 Telecommunication Usage

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

51916 County Services

This account 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.

Additional Planned Projects:

Lift Station Canopy Repair \$60,000

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).

52111 Office Supplies

This account 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 indoor water use efficiency programs including but not limited to indoor water use assessments/audits, fixture replacements and rebates with the goal of inflow reduction.

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.

FY 2020-21 BUDGET
CHARACTER JUSTIFICATION

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

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.

Character Title: Fixed Assets **Character No.:** 43101-33060100-19

19840 Work in Progress - Equipment

This account is used for the purchase of equipment that is a fixed or movable tangible asset used for operations.

FY 2020-21 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 18-19	Estimated FY 19-20	Requested FY 20-21
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$927,692	\$470,075	\$113,921
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,905,769	1,172,305	1,466,719
Expenditures - (Decrease) retained earnings	(2,519,337)	(1,701,459)	(1,366,400)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(613,568)	(529,154)	100,319
Adjustments to Reserves/Encumbrances:			
Depreciation (53402)	110,289	173,000	158,000
Post Audit Adjustment	2	-	-
Unrealized Gain/loss	(7,589)	-	-
Change in Encumbrance	53,250	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	155,952	173,000	158,000
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$470,075	\$113,921	\$372,240
Target Fund Balance	\$979,398	\$585,730	\$571,700
<i>Over/(Under) Target Fund Balance</i>	<i>(\$509,323)</i>	<i>(\$471,809)</i>	<i>(\$199,460)</i>
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$457,617)	(\$356,154)	\$258,319
<u>Retained Earnings Components at Beginning of FY</u>	7/1/2018	7/1/2019	
Cash	\$999,837	\$751,388	
Other Receivables (Flat Charges)	22,187	27,345	
Accounts Payable	-	(58,890)	
Retention Receivable	432	432	
Due from Other Governments	278,679	-	
Encumbrances	(290,065)	(236,815)	
Vouchers Payable	(83,378)	(13,385)	
Total Beginning Retained Earnings	\$ 927,692	\$ 470,075	

FY 2020-21 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: OCCIDENTAL CSD -CONSTRUCTION

Fund/Department ID: 43102-33060200

Account No. and Title	Adopted 2019-20	Requested 2020-21	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
44002 Interest on Pooled Cash	\$9,500	\$206	(\$9,294)	(97.83%)
Subtotal Use of Money	\$9,500	\$206	(\$9,294)	(97.83%)
<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	\$0	\$50,000	\$50,000	N/A
Subtotal Other Financing Sources	\$0	\$50,000	\$50,000	N/A
TOTAL REVENUES	\$9,500	\$50,206	\$40,706	428.48%
EXPENDITURES:				
<u>FIXED ASSETS</u>				
19832 CIP - Infrastructure	\$200,000	\$51,000	(\$149,000)	(74.50%)
Subtotal Fixed Assets	\$200,000	\$51,000	(\$149,000)	(74.50%)
TOTAL EXPENDITURES	\$200,000	\$51,000	(\$149,000)	(74.50%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$190,500	\$794	(\$189,706)	(99.58%)

FY 2020-21 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	\$10,000
Projected Interest Rate	2.06%
Projected/Planned Interest on Pooled Cash	<u>\$206</u>

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 is a planned transfer of \$50,000 for FY 20-21.

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 is planned for FY 20-21:

Automation Project	\$51,000
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FY 2020-21 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 18-19	Estimated FY 19-20	Requested FY 20-21
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$285,267	\$338,475	\$125,445
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	472,302	\$379,500	50,206
Expenditures - (Decrease) retained earnings	(1,286,872)	(\$592,530)	(51,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(814,571)	(213,030)	(794)
Adjustments to Reserves/Encumbrances:			
Change in Encumbrance	766,276	-	-
Post Audit Adjustment	110,688	-	-
Unrealized Gain/loss	(9,185)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	867,779	-	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$338,475	\$125,445	\$124,651
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$53,208	(\$213,030)	(\$794)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/2018	7/1/2019	
Cash	\$1,290,034	\$667,083	
Vouchers Payable	(2,887)	(214,522)	
Accounts Payable	(145,205)	(23,687)	
Retention Payable	(12,091)	(12,091)	
Encumbrances	(844,584)	(78,308)	
Total Beginning Retained Earnings	\$285,267	\$338,475	