

FY 2022-23 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 21-22 Adopted	FY 22-23 Requested	Percent Change	FY 21-22 Adopted	FY 22-23 Requested	Percent Change
Operations	\$2,091,000	\$2,459,538	17.62%	\$473,258	(\$50,322)	(110.63%)
Construction	450,000	495,000	10.00%	(251,500)	(106,046)	(57.83%)
TOTAL:	\$2,541,000	\$2,954,538	16.27%	\$221,758	(\$156,368)	(170.51%)

C. Staffing Summary

No staffing is allocated to this fund.

D. Workload Summary

Workload Indicator	FY 20-21 Actual	FY 21-22 Budget Estimate	FY 21-22 Revised Estimate	FY 22-23 Projected	Change from FY 21-22 Budget Estimate
Total ESDs	273	273	273	273	0.00%
Total APNs	99	99	99	99	0.00%

E. Summary of Issues and Significant Changes

The requested rate per equivalent single family dwelling (ESD) for FY 22-23 annual service charges is \$2,732 representing a 4.9% increase from FY 21-22. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 21-22 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 22-23 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.

FY 2022-23 BUDGET
BUDGET SECTION SUMMARY

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 2022-23 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Account No. and Title	Adopted 2021-22	Requested 2022-23	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
40003 Direct Charges-CY	\$638,306	\$305,000	(\$333,306)	(52.22%)
40202 Direct Charges - PY	25,000	0	(25,000)	(100.00%)
40999 Penalties/Costs on Taxes	1,000	0	(1,000)	(100.00%)
Subtotal Taxes	\$664,306	\$305,000	(\$359,306)	(54.09%)
<u>INTERGOVERNMENTAL</u>				
42358 State Other Funding	\$0	\$0	\$0	N/A
42461 Federal Other Funding	0	15,000	15,000	N/A
42610 Other Government Agencies	925,000	2,100,000	1,175,000	127.03%
Subtotal Intergovernmental	\$925,000	\$2,115,000	\$1,190,000	128.65%
<u>USE OF MONEY</u>				
44002 Interest on Pooled Cash	\$5,000	\$2,160	(\$2,840)	(56.80%)
Subtotal Use of Money	\$5,000	\$2,160	(\$2,840)	(56.80%)
<u>CHARGES FOR SERVICES</u>				
45221 Sewer/Water Usage Fee	\$23,436	\$87,700	\$64,264	274.21%
Subtotal Charges for Services	\$23,436	\$87,700	\$64,264	274.21%
TOTAL REVENUES	\$1,617,742	\$2,509,860	\$892,118	55.15%

EXPENDITURES:

SERVICES AND SUPPLIES

51061 Maintenance - Equipment	\$120,000	\$485,000	\$365,000	304.17%
51201 Administration Services	5,800	5,100	(700)	(12.07%)
51205 Advertising/Marketing	0	200	200	N/A
51206 Accounting/Auditing Services	9,800	9,900	100	1.02%
51211 Legal Services	3,000	3,000	0	0.00%
51231 Testing/Analysis	11,000	11,000	0	0.00%
51241 Outside Printing & Binding	200	500	300	150.00%
51244 Permits/License/Fees	35,000	10,000	(25,000)	(71.43%)
51401 Rents & Leases-Equipment	5,000	5,400	400	8.00%
51803 Other Contract Services	54,500	208,800	154,300	283.12%
51902 Telecommunication Usage	500	800	300	60.00%
51916 County Services	5,000	6,000	1,000	20.00%
51917 District Operations Chgs	765,700	685,238	(80,462)	(10.51%)

FY 2022-23 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Account No. and Title	Adopted 2021-22	Requested 2022-23	Difference	Percent Change
EXPENDITURES:				
<u>SERVICES AND SUPPLIES (Contd.)</u>				
51921 Equipment Usage Charges	157,500	213,000	55,500	35.24%
52071 Materials and Supplies Expense	0	500	500	N/A
52081 Medical/Lab Supplies	0	50	50	N/A
52091 Memberships/Certifications	0	50	50	N/A
52141 Minor Equipment/Small Tools	0	3,000	3,000	N/A
52171 Water Conservation Prog	7,000	2,000	(5,000)	(71.43%)
52193 Utilities-Power	20,000	24,000	4,000	20.00%
Subtotal Services and Supplies	\$1,200,000	\$1,673,538	\$473,538	39.46%
<u>OTHER CHARGES</u>				
53402 Depreciation Expense	\$181,000	\$171,000	(\$10,000)	(5.52%)
Subtotal Other Charges	\$181,000	\$171,000	(\$10,000)	(5.52%)
<u>OTHER FINANCING USES</u>				
57011 Transfers out-within a Fund	\$700,000	\$600,000	(\$100,000)	(14.29%)
Subtotal Other Financing Uses	\$700,000	\$600,000	(\$100,000)	(14.29%)
<u>FIXED ASSETS</u>				
19840 Acq-WIP-Equipment	\$10,000	\$15,000	\$5,000	50.00%
Subtotal Fixed Assets	\$10,000	\$15,000	\$5,000	50.00%
TOTAL EXPENDITURES	\$2,091,000	\$2,459,538	\$368,538	17.62%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$473,258	(\$50,322)	(\$523,580)	(110.63%)

FY 2022-23 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 21-22 budget. The rate will increase 4.9% from \$2,604 to \$2,732.

ESDs times annual rate:	118 x \$2,732	\$322,400
Less Estimated Delinquency Factor:	5.4%	(17,400)
		\$305,000

(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

42461 Federal Other Funding

This records an anticipated reimbursement of a Local Hazard Mitigation Plan grant.

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	\$450,000
Projected Interest Rate	0.48%
Projected/Planned Interest on Pooled Cash	\$2,160

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 22-23 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 \$2,604 to \$2,732.

ESDs x Annual Charge	32.1 x \$2,732	=	\$87,700
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FY 2022-23 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.

FY 22-23 Planned Maintenance-Equipment:

Sludge Removal	\$185,000
Rehab six manholes	25,000
Electrical Project & Pond Level Indicator	50,000
Aerator & Deodorizer	75,000
Disposal Fees (annual charge)	150,000
	\$485,000

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.

51401 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:

FY 22-23 Planned Contract Services:

Multi-year agreement - audit	\$9,738
Local Hazard Mitigation Program Update	20,000
Regulatory Permitting Assistance	10,000
SCADA	18,800
	\$58,538

FY 2022-23 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.

51921 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

52081 Medical/Lab Supplies

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

52091 Memberships/Certifications

This account records membership dues/certificates.

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.

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 22-23 planned transfer of \$600,000 for Occidental-Graton Pipeline Project.

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 2022-23 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 20-21	Estimated FY 21-22	Requested FY 22-23
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$492,757	\$719,985	\$256,897
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,373,934	1,559,265	2,509,860
Expenditures - (Decrease) retained earnings	(1,203,962)	(2,203,100)	(2,459,538)
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Net Surplus or Deficit - Inc/(Dec) to retained earnings	169,972	(643,835)	50,322
Adjustments to Reserves/Encumbrances:			
Depreciation (53402)	161,595	180,747	171,000
Post Audit Adjustment	(39,000)	-	-
Unrealized Gain/loss	260	-	-
Change in Encumbrance	(65,600)	-	-
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Net Adjustment - Increase/(Decrease) to Retained Earnings	57,255	180,747	171,000
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Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$719,985	\$256,897	\$478,219
Target Fund Balance	\$521,057	\$656,050	\$836,769
<i>Over/(Under) Target Fund Balance</i>	<i>\$198,928</i>	<i>(\$399,153)</i>	<i>(\$358,550)</i>
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$227,228	(\$463,088)	\$221,322
<u>Retained Earnings Components at Beginning of FY</u>	7/1/2020	7/1/2021	
Cash	\$587,005	\$904,475	
Other Receivables (Flat Charges)	50,475	57,241	
Accounts Payable	(1,488)	(39,050)	
Accounts Receivable	-	30,550	
Retention Receivable	-	13	
Due from Other Governments	503	-	
Encumbrances	(143,598)	(209,198)	
Vouchers Payable	(140)	(24,046)	
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Total Beginning Retained Earnings	\$ 492,757	\$ 719,985	

FY 2022-23 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: OCCIDENTAL CSD - CONSTRUCTION
Fund/Department ID: 43102-33060200

Account No. and Title	Adopted 2021-22	Requested 2022-23	Difference	Percent Change
REVENUES:				
USE OF MONEY				
44002 Interest on Pooled Cash	\$1,500	\$1,046	(\$454)	(30.24%)
Subtotal Use of Money	\$1,500	\$1,046	(\$454)	(30.24%)
MISCELLANEOUS REVENUE				
46021 Capital Grants-Federal	\$0	\$0	\$0	N/A
Subtotal Miscellaneous Revenue	\$0	\$0	\$0	N/A
OTHER FINANCING SOURCES				
47101 Transfers In -within a Fund	\$700,000	\$600,000	(\$100,000)	(14.29%)
Subtotal Other Financing Sources	\$700,000	\$600,000	(\$100,000)	(14.29%)
TOTAL REVENUES	\$701,500	\$601,046	(\$100,454)	(14.32%)
EXPENDITURES:				
FIXED ASSETS				
19832 CIP - Infrastructure	\$450,000	\$495,000	\$45,000	10.00%
Subtotal Fixed Assets	\$450,000	\$495,000	\$45,000	10.00%
TOTAL EXPENDITURES	\$450,000	\$495,000	\$45,000	10.00%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$251,500)	(\$106,046)	\$145,454	(57.83%)

FY 2022-23 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	\$218,000
Projected Interest Rate	0.48%
Projected/Planned Interest on Pooled Cash	\$1,046

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 \$600,000 for FY 22-23.

Character Title: Fixed Assets

Character No.: 43102-33060200-19

19832 CIP-Infrastructure

This account is used for expenses associated with facility improvements or expansion.

<u>Planned Projects for FY 22-23:</u>	Project No.	Amount
Automation Project	O0053	\$20,000
Occidental-Graton Pipeline	O0058/59	475,000

FY 2022-23 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 20-21	Estimated FY 21-22	Requested FY 22-23
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$62,913	\$113,349	\$364,849
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	3,141	\$701,500	601,046
Expenditures - (Decrease) retained earnings	(2,265)	(\$450,000)	(495,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	876	251,500	106,046
Adjustments to Reserves/Encumbrances:			
Change in Encumbrance	49,514	-	-
Post Audit Adjustment	-	-	-
Unrealized Gain/loss	46	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	49,560	-	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$113,349	\$364,849	\$470,896
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$50,436	\$251,500	\$106,046
<u>Retained Earnings Components at Beginning of FY</u>	7/1/2020	7/1/2021	
Cash	\$153,312	\$154,234	
Vouchers Payable	-	-	
Accounts Payable	-	-	
Retention Payable	(12,091)	(12,091)	
Encumbrances	(78,308)	(28,794)	
Total Beginning Retained Earnings	\$62,913	\$113,349	