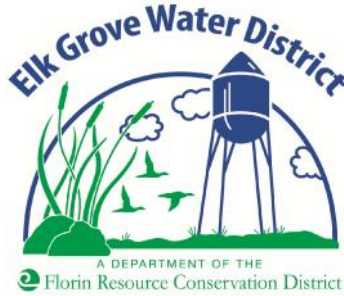


# Elk Grove Water District Fiscal Year 2012 – 2013 Operating Budget



## TABLE OF CONTENTS

Budget Transmittal Letter .....	3
Budget Highlights.....	5
District Overview .....	8
Budget Objective and Principles.....	11
Timeline for Preparation of Fiscal Year 2013-14 Budget .....	12
Budgeted Revenues and Expenditures by Category .....	14
Budgeted Revenue Accounts Detail.....	17
Budgeted Salaries and Benefits Accounts Detail.....	20
Budgeted Seminars, Conventions and Travel Accounts Detail .....	23
Budgeted Office & Operational Accounts Detail .....	25
Budgeted Outside Services Accounts Detail .....	28
Budgeted Rents, Taxes and Utilities Accounts Detail .....	28
Budgeted Capital Expenses Detail .....	31
Budgeted Non Operating Activity Detail.....	31
Organization Chart.....	34
Administration.....	37
Tech Services .....	39
Operations.....	40
Summary by Departments .....	42
Long-Term Indebtedness Section .....	50
Long-Term Indebtedness to Maturity – Certificates of Participation.....	51
Long-Term Indebtedness to Maturity – Note Payable – 9257 Elk Grove Blvd Building.....	52
Long-Term Indebtedness – Schedule of Required Payments/Debt Covenants .....	53
Acronyms & Glossary of Terms .....	54



## MEMORANDUM

**To:** Board of Directors

**From:** Mark J. Madison, General Manager

**Date:** June 27, 2012

**Re: PROPOSED ELK GROVE WATER DISTRICT FY 2012-2013  
OPERATING BUDGET**

---

For your consideration, I respectfully submit the proposed annual Elk Grove Water District Operating Budget for the fiscal year beginning July 1, 2012. This proposed operating budget reflects significant work by staff, with guidance and input provided by the Board through numerous public meetings.

The District has been successful this fiscal year (2011-12) in controlling costs with an overall effort of bring the district into financial stability. Notably, the Employee Cost Control Program was implemented which will significantly control and reduce retirement and health care costs over time. This program, along with realized savings from unfilled positions, has resulted in projected employee costs to be approximately \$350,000 under budget.

Improved well production also mitigated the need to purchase supplemental water from Sacramento County. Coupled with budgetary savings realized from conservative projections, the water purchase cost for FY 2011-12 should end up approximately \$500,000 under budget.

During FY 2011-12, the economy remained stagnant and water payment revenues nearly matched budget predictions. This region's economy is expected to remain flat next year and the District's revenue forecast will reflect this condition.

Overall, the District maintained sound financial discipline during 2011-12 and the bottom-line (Revenues in Excess of Expenditures) is projected to close approximately \$1 million more than projected in last year's budget document.

The proposed Elk Grove Water District Operating Budget for 2012-13 reduces spending by nearly another \$500,000, but remains realistic in its ability to fund operations in a manner which will continue our outstanding service and customer care. Additional cuts will be derived from leaner operational projections and implementation of the second year of the Employee Cost Control Program. Beginning this year, every employee will begin contributing 4% towards their Public Employee Retirement System cost. Next year will also be the second consecutive year of staff reductions within the District.

The proposed 2012-13 budget is cash positive with budget revenues exceeding expenditures by nearly \$50,000, notwithstanding approximately \$500,000 being allocated to projects as capitalized expenditures. This budget also reflects a deduction of \$1,710,000 for depreciation, while continuing to meet our required debt service covenants.

The revenue projections included in the proposed budget are based on **no increase in rates and fees for FY 12-13**, and this constitutes the third consecutive year in which no rate adjustments have been implemented. It should be noted, however, that a water rate study is presently underway and that revenue scenarios are being reviewed that may require a mid-year rate adjustment to rates and fees. The District is continuing to search for ways to reduce expenditures to allow continued deferral of those fee adjustments. Debt management will likely be a key area of focus.

This next year brings a new 5-year Capital Improvement Program (CIP), in which most capital expenditures will be assigned to specific projects. Notable projects for FY 2012-13 include the continuance of the Meter Retrofit Program, refurbishment of the Hampton Road Water Treatment Plant, and numerous well destructions. Initial projects will be funded (approximately \$2,250,000) exclusively through the use of reserves and no operating revenue will be used for this purpose.

In summary, the Elk Grove Water District must continue to maintain financial discipline during FY 2012-13. The proposed FY 2012-13 Operating Budget adheres to this philosophy and reflects a concerted effort by the Board and staff to maintain our customer rates and charges as low as possible.



MARK J. MADISON, P.E.  
GENERAL MANAGER

# **BUDGET HIGHLIGHTS**

## **FISCAL YEAR 2012-2013**

The Elk Grove Water District (EGWD) budget for fiscal year (FY) 12-13 projects total revenues of approximately \$13.9 million and total expenditures of approximately \$13.8 million including depreciation and amortization of approximately \$1.7 million. The projected revenues in excess of expenditures are approximately \$48,000. This budget holds rates at the same levels as FY 11-12 pending the conclusion of the five year water rate study, which is currently under way.

Despite many non-discretionary cost increases, staff undertook exhaustive efforts to find cost reductions and these are reflected in the proposed FY 12-13 budget. The proposed budget has reduced total operating expenditures by \$483,254 (5.25%) from the adopted budget for FY 11-12. The major cost reductions and other highlights are listed below and comparisons made are against the budgeted amounts for FY 12-13.

- This budget does not include a rate adjustment. The Board may take such actions at the completion of the water rate study, which will consider an adjustment together with a five-year recommendation.
- Staff is proposing to freeze two positions, the Operations Manager and a Water Distribution Operator. Last year the board authorized freezing two positions, a Water Distribution Operator III and the Utility Billing Specialist, which brings the total number of frozen positions to four. The frozen positions will reduce the growth in salary and benefit costs to the District.
- Employee salaries and benefits continue to incorporate the Employee Cost Control Program (ECCP). This is the second year of the program in which a Cost-of-Living-Adjustment (COLA) of 2% will be offset by the employees increasing their contributions by a like amount, for their retirement benefit with the Public Employment Retirement System (PERS).
- The Total Salaries and Benefit costs will increase by \$87,835 (2.53%).
  - Total salary costs will increase by \$13,601. Non-exempt salary costs are increasing by \$146,492 due to the COLA of 2%, step increases for some employees, and the use of temporary workers to assist the Utility Division in installing new meters. This is offset by an overall net decrease of \$132,891 in the other salary and wage line items.

- Total benefits costs are increasing \$74,234. There is an increase in the Retirement line item of \$54,003, due to the underestimate of last year's costs in the adopted budget. In addition, the Worker's Compensation costs are increasing by \$33,523 which reflects the adjustment for the understatement of the District's salary expenses report to the Special Districts Risk Management Authority last year during the application process for insurance.
- Other Taxes are projected to increase by \$26,864 (73.28%) due to the use of temporary workers to assist the Utility Department with the Meter Retrofit Capital Improvement Project, which increases the Social Security Payroll Tax.
- Health care costs will decrease by \$27,767 (-5.2%), as the budget freezes two positions.
- Total Office and Operational Costs will decrease by \$249,660 (-5.97%).
  - Insurance costs will decrease by \$14,051 as part of the cost of insurance in the prior year's budget included property insurance for the Susan B. Gaines Building, which is charged to the ECD Budget.
  - Staff reviewed the current year's expenditures for Repairs & Maintenance of Equipment and determined that the budget could be reduced by \$125,450 (-59.04%).
  - Staff also made a similar determination in reviewing the Materials line item and is proposing a reduction in this line item by \$57,458 (14.73%)
  - The Purchased Water line item is proposed with an \$82,244 reduction (-2.76%), which was determined by Staff after a review of the current year's budget and communications with Sacramento County Water Agency personnel.
- Outside Services for the proposed budget are being reduced by \$279,259 (-26.69%). The primary reductions are:
  - Contracted Services \$36,600 (-19.62%) – reduction in use of some services.
  - Accounting Services \$29,000 (-25.00%) – double budgeted for auditing services for the purchased water rates.
  - Engineering Services \$221,084 (-81.56%) – hiring an in-house Associate Civil Engineer and the shifting of costs to Capital Projects.
  - Financial Consultants \$30,000 – reduced due to the water rate study consultant contract in the current fiscal year.
  - Pre-employment costs \$20,000 – reduced to full staffing and no major recruitments being anticipated.
  - Sampling Costs \$14,000 – due to Title 22 requirements major sampling being completed last year.

- Equipment Rent, Taxes and Utility costs are being proposed with a reduction of \$32,900 (-7.1%). The Electricity line item is being proposed to be reduced by \$39,400 due to current usage and an increase of \$2,000 for equipment rental costs.
- Capitalized Expenses are being reduced by \$482,000 (-83.80%) with most projects being shifted to the Capital Improvement Program (CIP) Budget.
- Bond retirement, related interest expenses, and reduction of interest earning, and reimbursements will increase the Non-Operating (Income) budget by \$219,057 (4.13%) for the year.
- This budget anticipates capitalizing \$503,064 of Salaries, Benefits and Materials costs to the Meter Retrofit Capital Improvement Project, which is funded in the Five-Year Capital Improvement Program.
- The budget as recommended will meet all bond covenant requirements as follows:
  - Covenant No. 1 - 1.78 (1.25 required with the Rate Stabilization Fund of \$971,782)
  - Covenant No. 2 – 1.52 (1.15 required)
- The Board will adopt a Five-Year Capital Improvement Program (CIP) which will only appropriate funding for the CIP projects scheduled in FY 12-13.
- Staff has determined that Grants or Special Funding is currently not available. Therefore, no revenues from these income sources are included in this budget document.

More detailed information is available in the following budget.



# DISTRICT OVERVIEW

## Introduction

In May 2013, the Elk Grove Water District (EGWD) will celebrate 120 years of service to the Elk Grove community. Originally formed by 12 citizens after a devastating fire nearly destroyed the town, the Elk Grove Water Works was privately owned and operated for many years. In 1999, the Florin Resource Conservation District purchased it in response to the request of local residents who did not want to see their water supply under the control of outside interests.

Elk Grove's citizens continue to govern the Elk Grove Water District through the direction of an elected five member Board and advice from volunteer associate Board members. Board members serve four year, staggered terms. Two directors' terms will end in November, 2012, so election costs are budgeted in this report. The Board of Directors delegates the daily operations of EGWD to the General Manager, who supervises the work of 29 staff members.

EGWD provides water to nearly 12,000 homes and businesses in the heart of Elk Grove. Much of the water supplied is produced by wells located throughout Elk Grove and the treatment and storage facility on Railroad Street. EGWD produces over 1.5 billion gallons of water each year; supply is supplemented with purchased water from the Sacramento County Water Agency under a long term agreement. The Capital Improvement Project includes plans to revitalize wells and restore a closed treatment facility to further EGWD's production.

Water is sampled over 700 times a year to ensure that all safety measures are met or exceeded. EGWD produces an annual Consumer Confidence Report, sent to all customers by July 1<sup>st</sup> to share treatment and testing results and to educate customers on the quality of their water.

## Accounting and Budgetary Systems

The District's accounting and budgetary records are maintained using the accrual basis of accounting. The revenues of the District are recognized when they are earned and the expenses are recognized when they are incurred. The budget detailed in this document is used as a management tool for projecting and measuring revenues and expenses.

## Current Situation

The Board of Directors and Staff of the FRCD/EGWD are committed to prudent, conservative financial practice, with goals of reducing long term debt and capital improvements to system infrastructure. Revenues are received entirely through water rates and fees. On April 18, 2007, the Board of Directors approved a five-year financial plan and water rates ordinance.



The first rate increases occurred on April 1, 2007. However, due to downturn in the economy, the Board deferred rate adjustments during the past three fiscal years. The approved five-year plan called for an increase of 15% in FY 09-10. The Board approved an increase for 12% and deferred the three percent (3) % difference. In FY 10-11 and FY 11-12 the Board also decided to defer rate increases of three percent (3%) as well.

The District has hired Willdan Financial Services and is currently under way with a water rate study to produce a plan which will propose new rates to meet the revenue requirements of the District to cover the operating, capital and debt service needs. In addition, the study could produce a new rate structure, which may recommend changes as to how the differing revenue classifications are charged.

Staff is in the process of seeking volunteers to participate on a Community Advisory Committee (CAC) to review and provide input regarding the water rate study to the Board. Staff contemplates that the study should be concluded by September or October of the calendar year.

### **Long-Term Financial Planning**

At the conclusion of the current water rate study the District will have a five-year plan document, which will provide the District with a financial plan for the funding of operations, capital project and debt service. The District *may* explore restructuring the outstanding bond indebtedness to provide potential savings and or mitigation to rate adjustments. This financial plan, along with the Strategic Plan and the Capital Improvement Program, will serve as the District's plans to carry out safe operations to insure quality water service and projects that will enhance and increase source capacity to serve the district.

### **Local Economy**

The downturn of the economy caused many foreclosures in the area as well as turnover and vacancies in the retail sector. Although the service connections remain stable, the volume of water sold has been affected.

### **Risk Management**

In 2011, the District solicited competitive proposals for the District's insurance needs. The District selected the Special Districts Risk Management Authority to provide all of the District's property, general liability, errors and omission, worker's compensation and automobile insurance. All contractors doing work for the District are required to furnish certificates of insurance for general liability, automobile liability, professional liability, workers' compensation and indemnification clauses.

## **Pension and other post employment benefits**

The District's retirement program remains with the California State Public Employees Retirement System (PERS). The District currently pays both employer costs and a portion (three percent) of the employees' tax-deferred member contributions to the system monthly.

This year is the second year of the Employee Cost Control Program. The employee Cost of Living of two percent (2%) will be applied towards the employees' PERS contributions. The employees will pay a total of four percent (4%) of the employees' contributions to PERS this fiscal year. This contribution will cap at a six percent (6%) total contribution in the next year or two, at which time the District will continue to pay the one percent (1%) of the employees' contribution.

The District provides post employment healthcare benefits to retirees and their dependents. Two retired employees receive these benefits, which is financed on a trust fund that the District funds on an annually. The District pays the medical, dental, and vision insurance premiums for employees (and qualified spouse) that are enrolled in the health insurance plan. The current requirements for eligibility are: attaining age 55, having at least fifteen years continuous service, and retiring from the District.



## BUDGET OBJECTIVE & PRINCIPLES

The main objective of the proposed Elk Grove Water District FY 12-13 budget is to provide adequate funding for all District activities, considering the goals of maintaining exemplary customer service and meeting all regulatory requirements in a financially prudent manner. The proposed budget meets this main objective by incorporating operating cost reductions and the use of available financial reserves, projecting realistic operating revenues without a supplement from rate increases.

Early in the budget development process, consideration was given to budget principles that guided Staff in preparing this proposed budget. These principles, and an associated discussion for each one, are as follows:

- ***Revenues for 12-13 will remain the same.*** This principle is incorporated. The projected revenues for FY 12-13 are identical to the budgeted revenues for FY 11-12.
- ***The budget will be balanced.*** This principle is incorporated, notwithstanding approximately \$500,000 being allocated to project as capitalized expenditures. The revenues projected for FY 12-13 exceed the budgeted expenditures by approximately \$47,711 including \$1.7 million to reflect for depreciation and amortization.
- ***Reserves will not be used for operations.*** This principle is incorporated.
- ***No rate increase.*** The approved five-year plan called for an increase of 15% in FY 09-10. The Board approved an increase for 12% and deferred the three percent (3)% difference. In FY 10-11 and FY 11-12 the Board also decided to defer rate increases of three percent (3%) as well. The Board may decide to adjust rates after the completion of the water rate study.
- ***Capital improvements will be funded on a “pay as you go” basis.*** This principle is incorporated. There are two small capital improvement projects (CIP’s) are proposed to be funded through the operations and maintenance budget at this time. Reserves and possible rate adjustments will be used to fund capital improvements.
- ***The District will adopt a Five Year Capital Improvement Program which will fund approximately \$11.4 million in capital projects over the next five-years.*** The District will appropriate funding for only the FY 2012-13 projects as part of the budget process.

## TIMELINE FOR PREPARATION OF FISCAL YEAR 2013-14 BUDGET

Mid July	Distribute the budget Timeline for Preparation of Fiscal Year 2013-2014 Budget
Mid August	Review July activity with General Manager
August 22, 2012	Present to the Board the July Budget v Actual financial statements
Mid September	Review August activity with General Manager
September 26, 2012	Present to the Board the August Budget v Actual financial statements
Mid October	Review September activity with General Manager Review the first quarter activity with the Departments
October 24, 2012	Present to the Board the September Budget v Actual financial statements
Mid November	Review October activity with General Manager
Early December	Present to the Board the October Budget v Actual financial statements
Mid December	Review November activity with General Manager
Mid January	Review December activity with General Manager Review the Mid-Year activity with the Departments Pass out 2013-2014 Budget worksheets and schedules
January 23, 2013	Present to the Board the November and December Budget v Actual financial statements
February 18, 2013	Department budget worksheets due to the finance department
Mid February	Review January activity with General Manager
February 27, 2013	Present to the Board the January Budget v Actual financial statements

Late February	Work with General Manager to prepare Proposed 2013-2014 budget
Mid March	Review February activity with General Manager
March 27, 2013	Present to the Board the February Budget v Actual financial statements
Mid April	Review March activity with General Manager Review the third quarter activity with the Departments Present Proposed 2013-14 budget to budget workshop
April 24, 2013	Present to the Board the March Budget v Actual financial statements
Mid May	Review April activity with General Manager Present Proposed 2013-2014 budget to budget workshop
May 22, 2013	Present to the Board the April Budget v Actual financial statements
Mid June	Review May activity with General Manager Present Proposed 2013-2014 budget to budget workshop
June 26, 2013	Present to the Board the May Budget v Actual financial statements Present Proposed 2013-2014 budget for approval

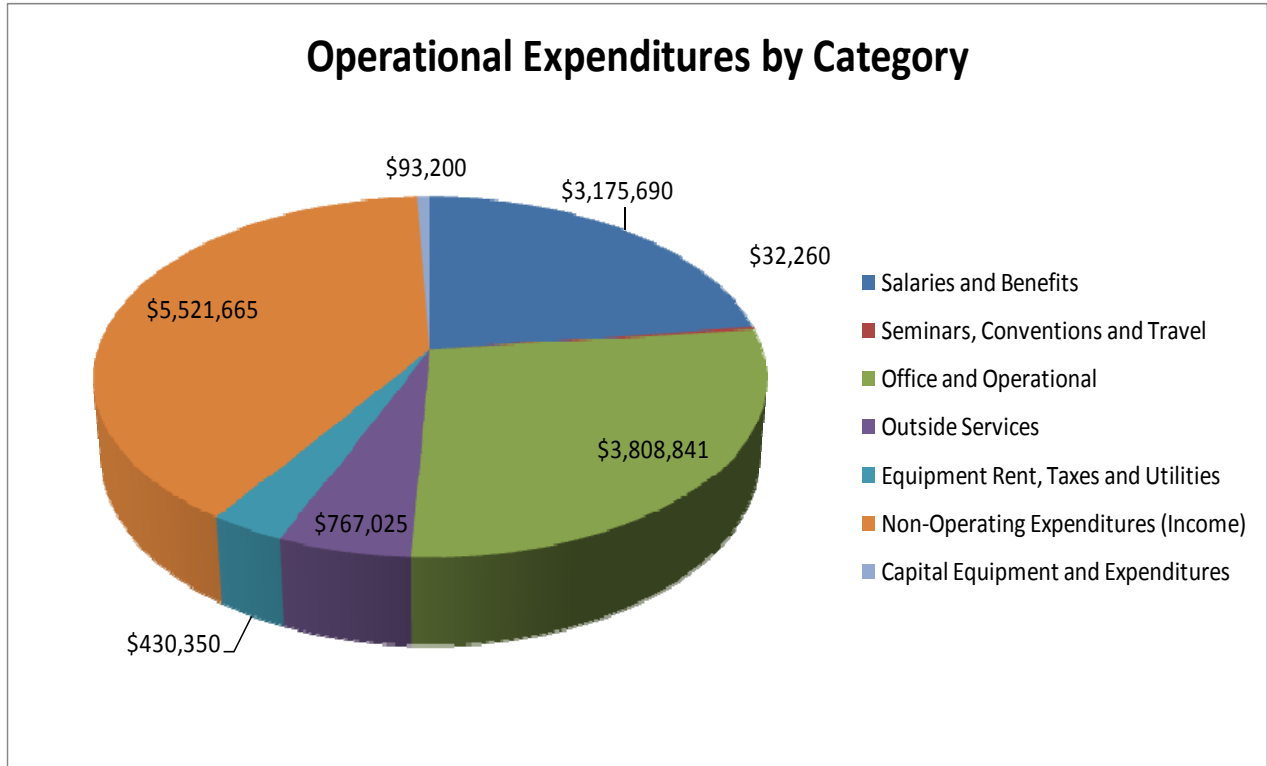


**Elk Grove Water District  
Budgeted Revenues and Expenditures by Category  
For the Fiscal Year ending June 30, 2013**

Expenditure	Page Reference	General Ledger Reference	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Budget	FY 11-12 Projected	FY 12-13 Budget	Change in Budget
Revenues	Page 17	4100 - 4900	\$ 13,642,267	\$13,983,136	\$ 13,876,742	\$13,956,394	\$13,876,742	\$ -
Salaries and Benefits	Page 20	5100 - 5280	3,114,005	2,974,877	3,465,650	\$ 3,079,321	3,553,485	87,835
Seminars, Conventions and Travel	Page 23	5300 - 5375	52,633	14,488	41,530	12,860	32,260	(9,270)
Office and Operational	Page 25	5410 - 5495	3,602,688	4,111,279	4,183,771	3,374,504	3,934,111	(249,660)
Outside Services	Page 28	5505 - 5580	783,072	970,855	1,046,284	858,061	767,025	(279,259)
Equipment Rent, Taxes and Utilities	Page 28	5620 - 5760	300,534	347,591	463,250	418,255	430,350	(32,900)
Subtotal Operational Expenditures			7,852,933	8,419,090	9,200,485	7,743,001	8,717,231	(483,254)
Less: Capitalized Expenditures*	Pages 20 & 25		-	-	-		(503,064)	(503,064)
Total Operational Expenses			7,852,933	8,419,090	9,200,485	7,743,001	8,214,166	(986,319)
Non-Operating Expenditures (Income)	Page 31	5810 - 9973	4,569,163	5,130,254	5,302,608	5,113,304	5,521,665	219,057
Capital Equipment and Expenditures	Page 31	1705 - 1760	-	1,376,691	575,200	1,589,698	93,200	(482,000)
Total Net Expenditures			12,422,096	14,926,035	15,078,293	14,446,002	13,829,031	(1,249,262)
Revenues In Excess of Expenditures, Principal Retirement and Capital Expenses			\$ 1,220,170	\$ (942,899)	\$ (1,201,551)	\$ (489,608)	\$ 47,711	\$ 1,249,262

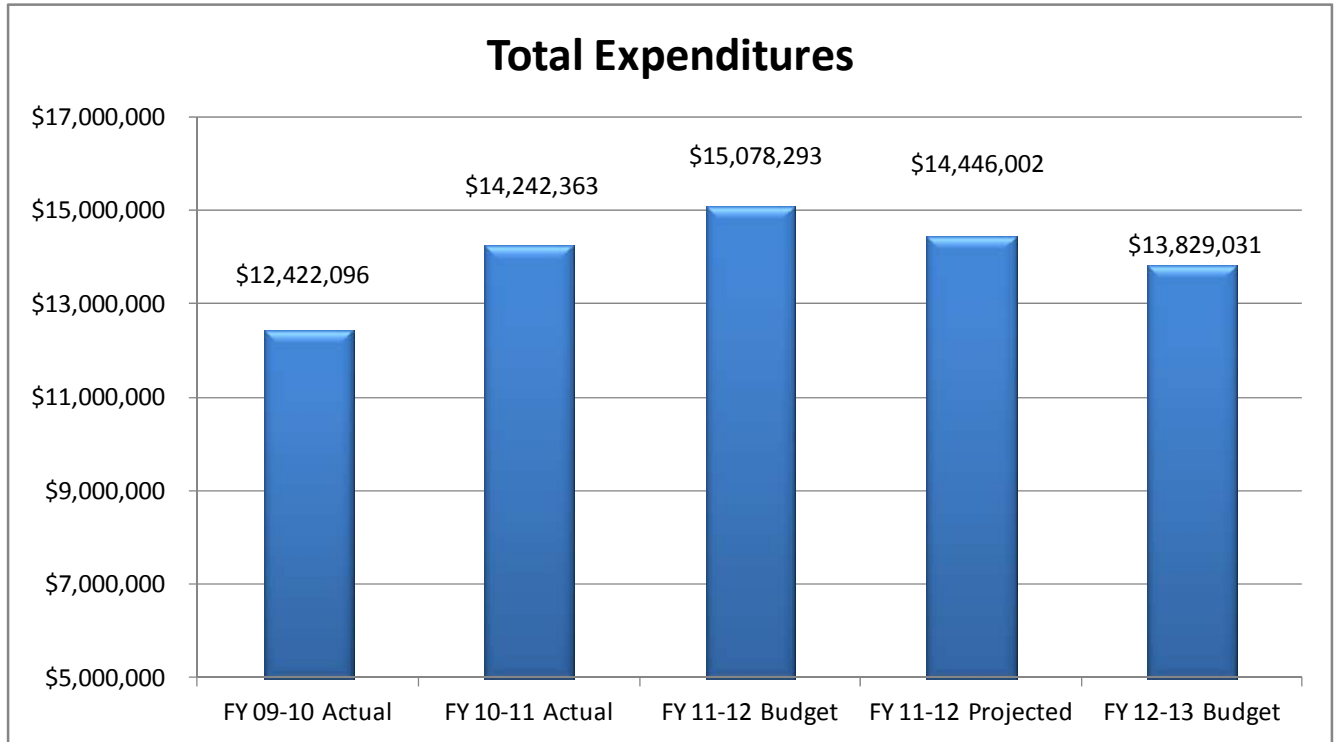
\* This represents 65% of Salary, Benefits and Material Costs of the Utility Division which will be charged to the Meter Retrofit Capital Improvement Project

**Elk Grove Water District  
FY 2012-13 Budget  
Total Net Expenditures \$13,829,031**



The Total Net Expenditures are net of capitalized expenses of \$503,064 for the labor and material costs associated with the Meter Retrofit Capital Improvement Project.

**Elk Grove Water District  
FY 2012-13 Budget  
Total Net Expenditures  
Fiscal Year FY 2009-10 through FY 2012-13**

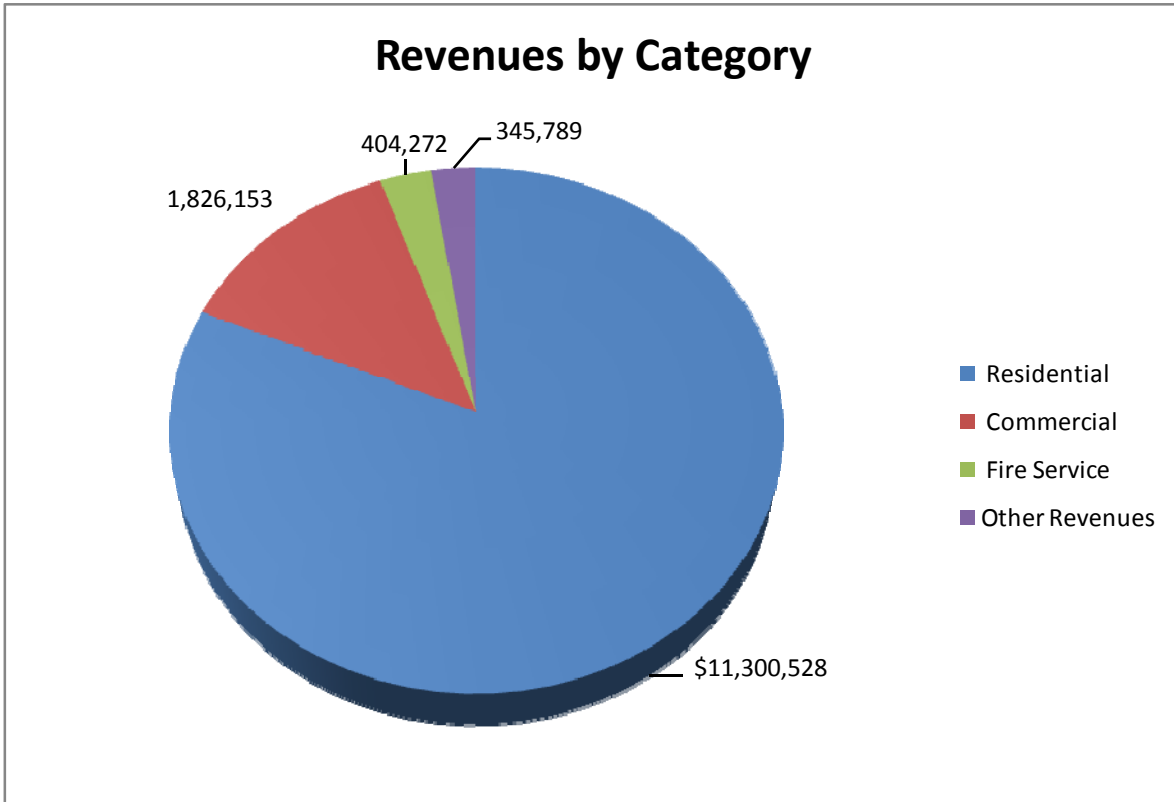




**Elk Grove Water District  
Budgeted Revenue Accounts Detail  
For the Fiscal Year Ending June 30, 2013**

<u>Account#</u>	<u>Description</u>	<u>FY 09-10 Actual</u>	<u>FY 10-11 Actual</u>	<u>FY 11-12 Budget</u>	<u>FY 11-12 Projected</u>	<u>FY 12-13 Requested Budget</u>
4100	Water Payment Revenues - Residential	\$11,144,355	\$11,465,721	\$11,324,092	\$11,445,083	\$ 11,324,092
4110	Water Payment Revenues - Commercial	1,855,350	1,821,036	1,826,153	\$ 1,817,759	1,826,153
4120	Water Payment Revenues - Fire Service	392,943	402,405	404,272	401,680	404,272
4200	Meter Fees/Plan Check/Water Capacity	49,222	74,405	90,776	74,271	90,776
4520	Door Hanger Fees	164,813	130,175	133,367	129,941	133,367
4540	New Account Fees	30,288	29,730	27,880	29,676	27,880
4550	NSF Fees	3,500	3,001	2,833	2,996	2,833
4570	Shut-off Fees	100,670	76,505	82,800	76,367	82,800
4580	Credit Card Fees	-	7,375	8,133	7,362	8,133
4700	Rental Income	-	1,575	-	-	0
4900	Customer Refunds	(98,874)	(28,792)	(23,564)	(28,740)	(23,564)
	Total Revenues	<u>\$13,642,267</u>	<u>\$13,983,136</u>	<u>\$13,876,742</u>	<u>\$13,956,394</u>	<u>\$ 13,876,742</u>

**Elk Grove Water District  
FY 2012-13 Budget  
Total Revenues by Category**

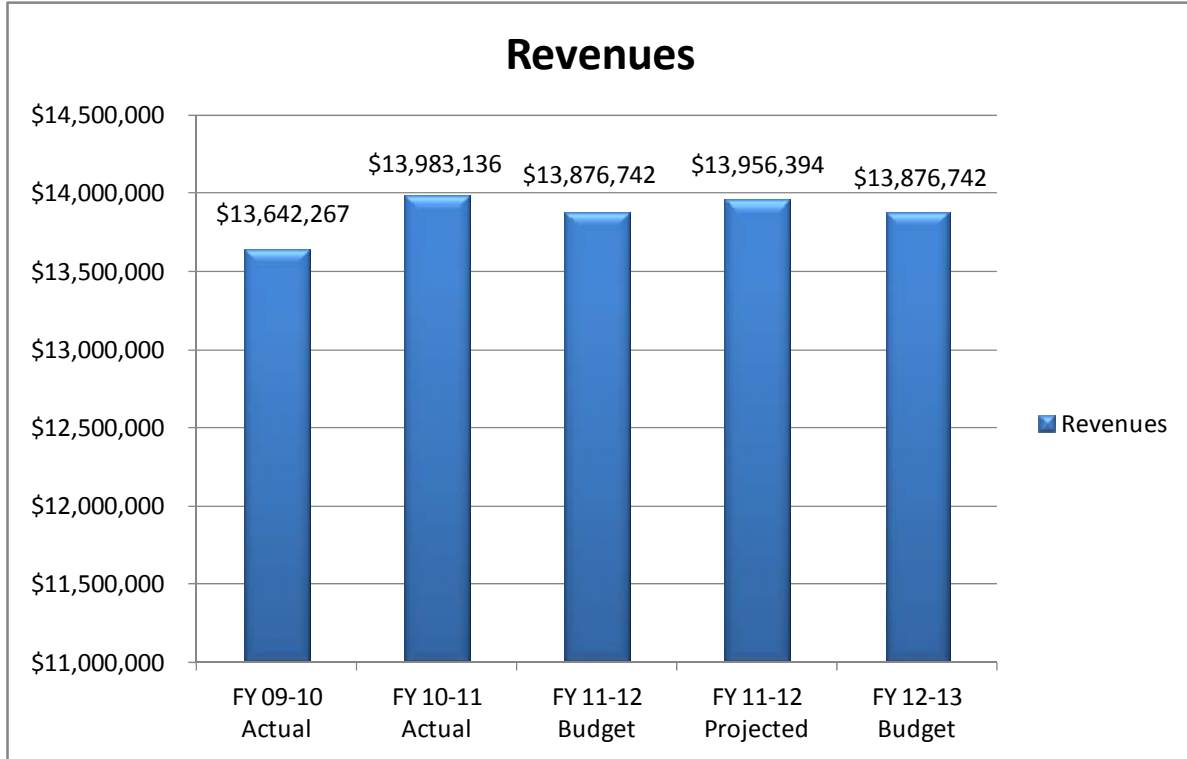


Other Revenues includes:

- Meter Fees/Plan Check/Water Capacity
- Door Hanger Fees
- New Account Fees
- NSF Fees
- Credit Card Fees

Please note that the Residential Revenue in this graph is net of customer refunds.

**Elk Grove Water District  
 FY 2012-13 Budget  
 Total Revenues  
 Fiscal Year FY 2009-10 through FY 2012-13**

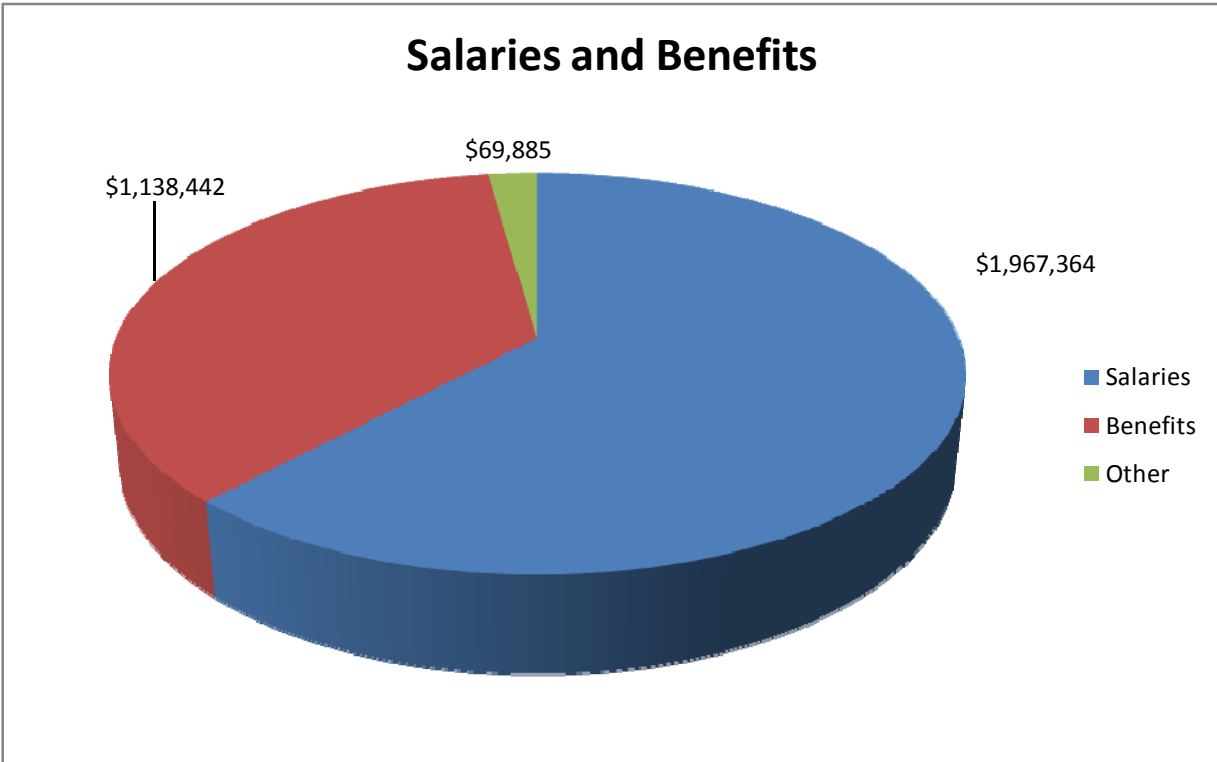


The FY 2012-13 Budget does not include a rate adjustment.

**Elk Grove Water District**  
**Budgeted Salaries and Benefits Accounts Detail**  
**For the Fiscal Year Ending June 30, 2013**

Account#	Description	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Budget	FY 11-12 Projected	FY 12-13 Requested Budget
5100	Executive Salary	\$ 127,927	\$ 129,528	\$ 153,000	\$ 160,500	\$ 156,060
5110	Exempt Salaries	342,568	366,862	464,670	315,634	402,239
5120	Non-Exempt Salaries	1,092,871	1,010,601	1,444,487	1,277,460	1,590,979
5130	Overtime Compensation	150,865	92,211	54,400	64,557	68,430
5140	On Call Pay	9,550	-	50,000	11,903	33,450
5150	Holiday Pay	71,802	66,105	-	104,038	-
5160	Vacation Pay	102,701	129,671	66,000	108,216	58,000
5170	Personal Time Pay	61,539	100,921	99,000	77,196	36,000
5180	Internship Program	2,852	-	-	-	-
5200	Medical Benefits	395,888	442,614	532,644	406,727	504,877
5195	EAP	-	-	1,427	1,177	1,293
5210	Dental/Vision/Life Insurance	10,946	10,489	55,863	42,209	55,051
5220	Retirement Benefits	407,737	340,686	295,669	285,026	349,672
5225	Retirement Benefits - Post Employment	110,419	141,747	88,684	88,684	98,500
5230	Medical Tax, Social Security and SUI	39,745	42,569	36,661	60,270	63,525
5240	Worker's Compensation Insurance	97,541	60,457	32,000	46,426	65,523
5250	Education Assistance	49,030	25,668	39,000	11,613	14,000
5260	Employee Training	39,081	12,911	47,735	16,272	51,105
5270	Employee Recognition	115	643	1,650	255	1,720
5280	Meetings	829	1,194	2,760	1,158	3,060
	Less Capitalized Expenses					(377,794)
		<u>\$3,114,005</u>	<u>\$2,974,877</u>	<u>\$3,465,650</u>	<u>\$3,079,321</u>	<u>\$ 3,175,690</u>

**Elk Grove Water District  
FY 2012-13 Budget  
Total Net Salaries and Benefits \$3,175,690\***

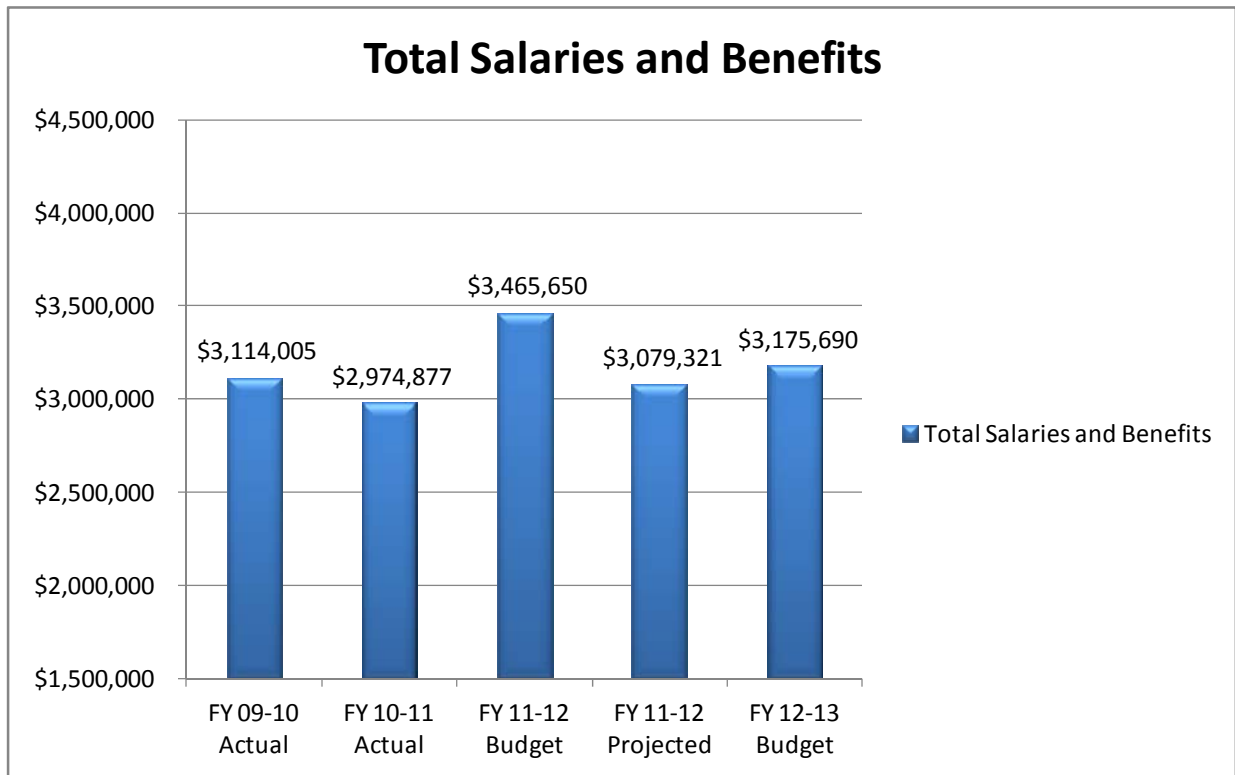


The Other Expenditure Categories include:

- Education Assistance
- Employee Training
- Employee Recognition
- Meetings

\*The total Salaries and Benefits are net of labor costs of \$377,794 that will be capitalized for the Meter Retrofit Capital Improvement Project.

**Elk Grove Water District  
 FY 2012-13 Budget  
 Total Salaries and Benefits  
 Fiscal Year FY 2009-10 through FY 2012-13**



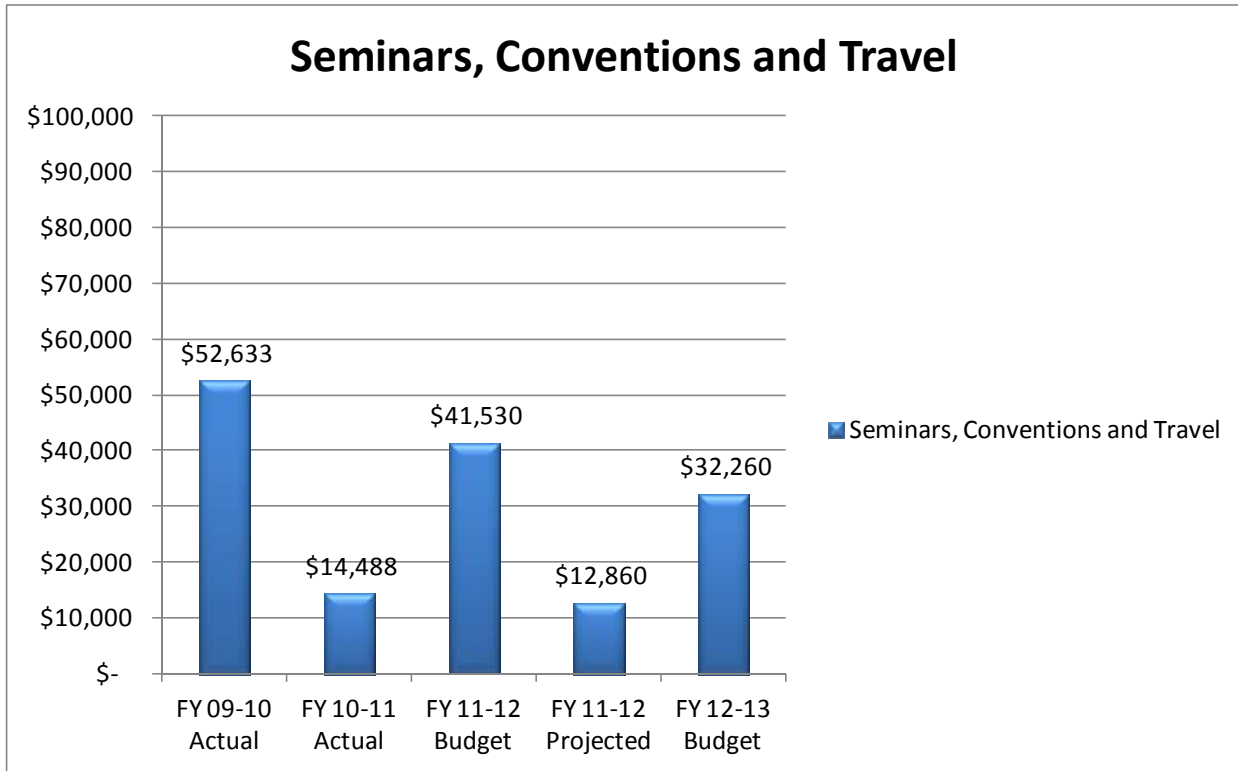
FY 2012-13 Salaries and Benefits are net of labor costs of \$377,794 that will be capitalized for the Meter Retrofit Capital Improvement Project.

The Project Salaries and Benefits of \$3,079,321 is due to savings realized with the timing of the hiring of the new Associate Engineer (December), and the vacancies in the Operations Department of the Operations Manager and two Operators.

**Elk Grove Water District**  
**Budgeted Seminars, Conventions and Travel Accounts Detail**  
**For the Fiscal Year Ending June 30, 2013**

<u>Account#</u>	<u>Description</u>	<u>FY 09-10</u> <u>Actual</u>	<u>FY 10-11</u> <u>Actual</u>	<u>FY 11-12</u> <u>Budget</u>	<u>FY 11-12</u> <u>Projected</u>	<u>FY 12-13</u> <u>Requested Budget</u>
5300	Airfare	\$ 4,905	\$ 805	\$ 5,100	\$ 400	\$ 2,600
5310	Hotels	14,989	1,941	9,800	1,460	7,150
5320	Meals	8,314	4,942	4,300	2,600	3,800
5330	Auto Rental	170	-	1,950	500	800
5340	Seminars & Conferences	16,002	3,714	9,650	2,500	7,200
5345	Seminars & Conferences - Board	-	550	5,000	-	5,000
5350	Mileage Reimbursement, Parking, Tolls	1,054	336	930	600	910
5375	Auto Allowance	7,200	2,200	4,800	4,800	4,800
		<u>\$ 52,633</u>	<u>\$ 14,488</u>	<u>\$ 41,530</u>	<u>\$ 12,860</u>	<u>\$ 32,260</u>

**Elk Grove Water District  
 FY 2012-13 Budget  
 Total Seminars, Conventions and Travel  
 Fiscal Year FY 2009-10 through FY 2012-13**

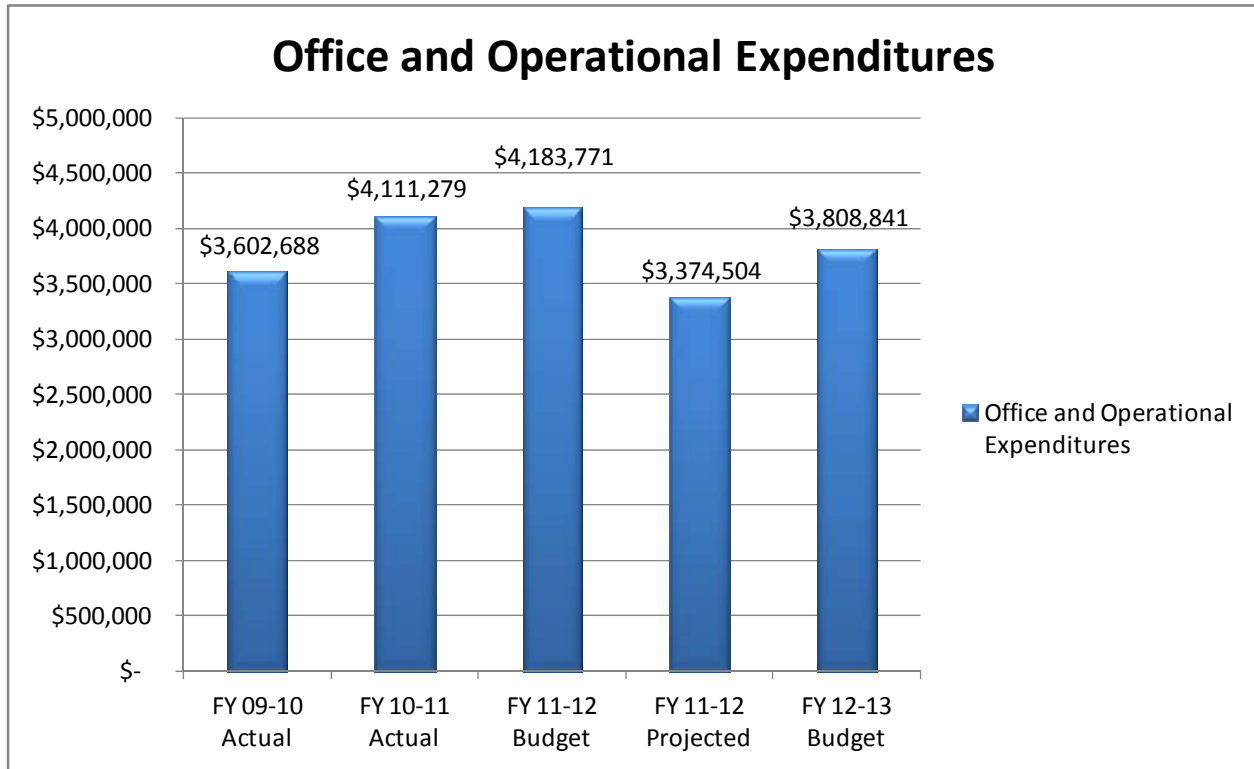




**Elk Grove Water District**  
**Budgeted Office and Operational Accounts Detail**  
**For the Fiscal Year Ending June 30, 2013**

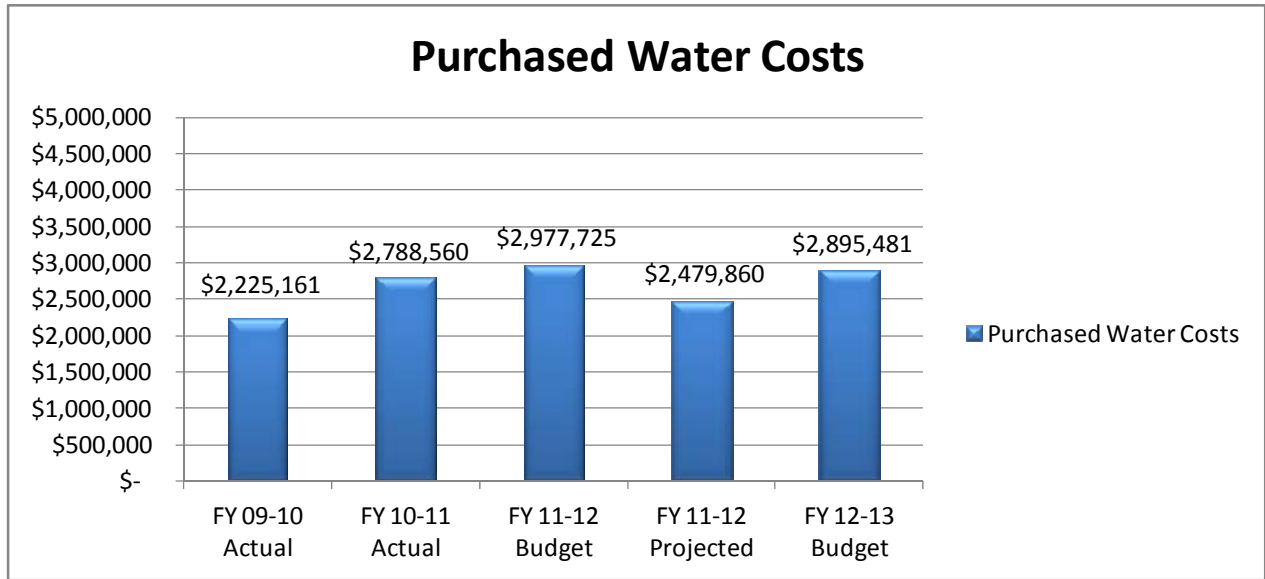
Account#	Description	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Budget	FY 11-12 Projected	FY 12-13 Requested Budget
5410	Advertising	5,277.40	\$ 815	\$ 3,750	\$ 6,000	\$ 4,000
5415	Association Dues	52,624	39,734	46,000	49,000	49,800
5420	Insurance	111,455	117,247	98,051	75,000	84,000
5425	Licenses, Certifications, Fees	41,645	33,478	7,385	22,000	4,350
5430	Repairs & Maintenance - Automotive	13,996	21,414	29,000	17,728	22,400
5432	Repairs & Maintenance - Building	45,505	25,379	16,000	27,803	23,000
5434	Repairs & Maintenance - Computers	83,389	96,959	15,400	45,574	24,000
5435	Repairs & Maintenance - Equipment	149,266	224,802	212,500	79,004	87,050
5438	Repairs & Maintenance - Equipment	48,835	48,275	60,600	50,760	67,840
5440	Materials	370,004	277,419	390,000	302,170	332,542
5445	Chemicals	9,258	15,312	17,000	15,422	27,000
5450	Meter Repairs	2,397	4,000	23,500	4,751	8,300
5453	Permits	819	24,646	19,000	1,126	25,500
5455	Postage	67,975	51,454	53,100	45,240	55,600
5460	Printing	23,771	7,629	8,000	5,582	17,000
5465	Safety Equipment	6,848	1,880	12,260	3,812	6,000
5470	Software Programs & Updates	195,305	215,017	94,950	64,257	87,455
5475	Supplies	63,942	56,673	45,200	36,618	45,187
5480	Telephone	26,530	31,294	28,000	31,739	43,106
5485	Tools	43,688	14,845	13,000	2,171	13,000
5490	Clothing Allowance	14,997	14,449	13,350	8,885	11,500
5495	Purchased Water	2,225,161	2,788,560	2,977,725	2,479,860	2,895,481
	Less Capitalized Expenses					(125,270)
		<u>\$3,602,688</u>	<u>\$4,111,279</u>	<u>\$4,183,771</u>	<u>\$3,374,504</u>	<u>\$ 3,808,841</u>

**Elk Grove Water District  
 FY 2012-13 Budget  
 Total Office and Operational  
 Fiscal Year FY 2009-10 through FY 2012-13**



Office and Operation Expenditures include Purchased Water expenses. These Expenditures are net of \$125,270 of capitalized expense for the Meter Retrofit Capital Improvement Project

**Elk Grove Water District  
FY 2012-13 Budget  
Total Purchased Water  
Fiscal Year FY 2009-10 through FY 2012-13**



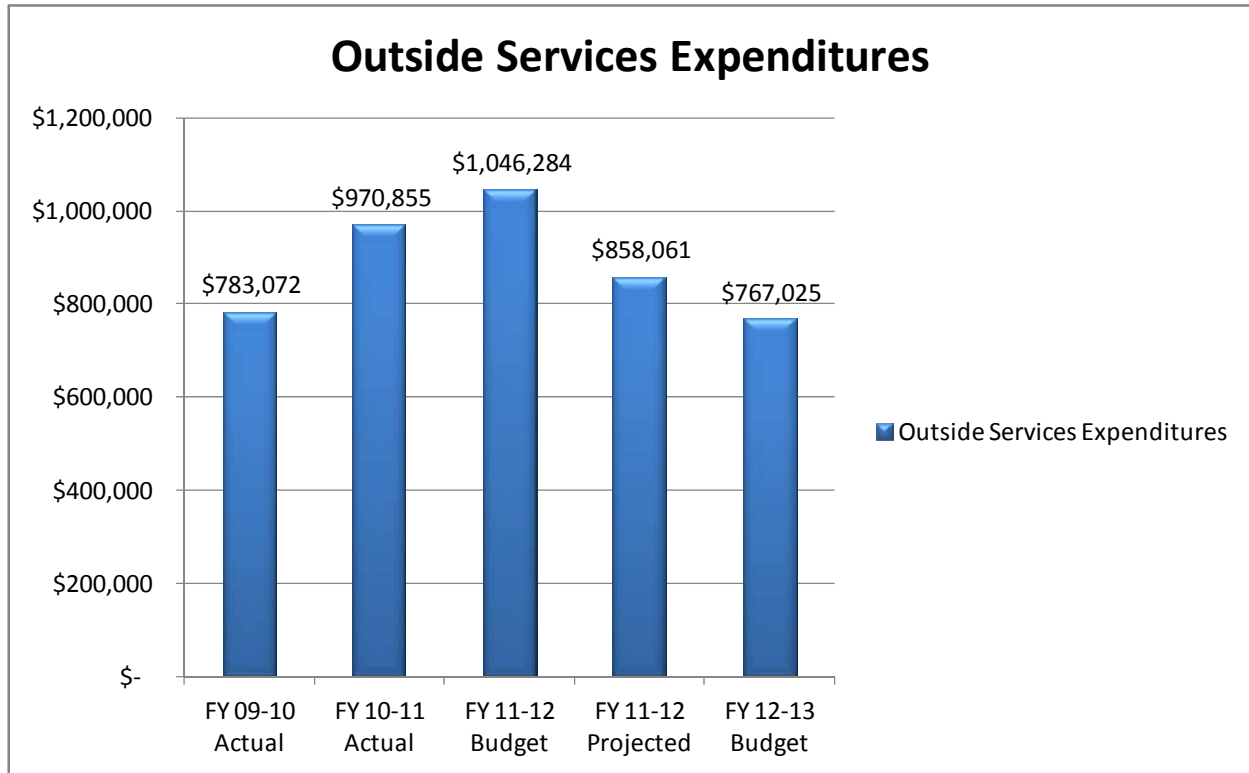
**Elk Grove Water District  
Budgeted Outside Services Accounts Detail  
For the Fiscal Year Ending June 30, 2013**

Account#	Description	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Budget	FY 11-12 Projected	FY 12-13 Requested Budget
5505	Administration Services	\$ 1,204	\$ 227	\$ 1,200	\$ 1,200	\$ 1,325
5510	Bank Charges	55,895	53,331	42,000	32,348	43,500
5515	Billing Services	26,078	23,368	23,000	22,476	26,000
5520	Contracted Services	80,373	21,729	186,500	114,112	149,900
5525	Accounting Services	29,902	61,277	116,000	56,000	87,000
5530	Engineering	230,093	446,915	271,084	150,000	50,000
5535	Legal Services	213,775	254,338	216,000	342,500	265,000
5540	Financial Consultants	(7,724)	10,689	60,000	21,225	30,000
5545	Community Relations	52,566	5,550	5,000	3,560	5,600
5552	Misc. Medical	-	-	1,000	400	1,000
5550	Pre-employment	6,831	23,259	30,000	25,000	10,000
5555	Janitorial	3,798	3,160	5,000	4,000	5,200
5560	Bond Administration	15,780	1,160	9,000	9,000	9,000
5570	Security	33,658	26,794	37,500	53,218	54,500
5575	Sampling	34,845	33,060	40,000	20,023	26,000
5580	Board Secretary/Treasurer	6,000	6,000	3,000	3,000	3,000
		<u>\$ 783,072</u>	<u>\$ 970,855</u>	<u>\$ 1,046,284</u>	<u>\$ 858,061</u>	<u>\$ 767,025</u>

**Elk Grove Water District  
Budgeted Rents, Taxes and Utilities Accounts Detail  
For the Fiscal Year Ending June 30, 2013**

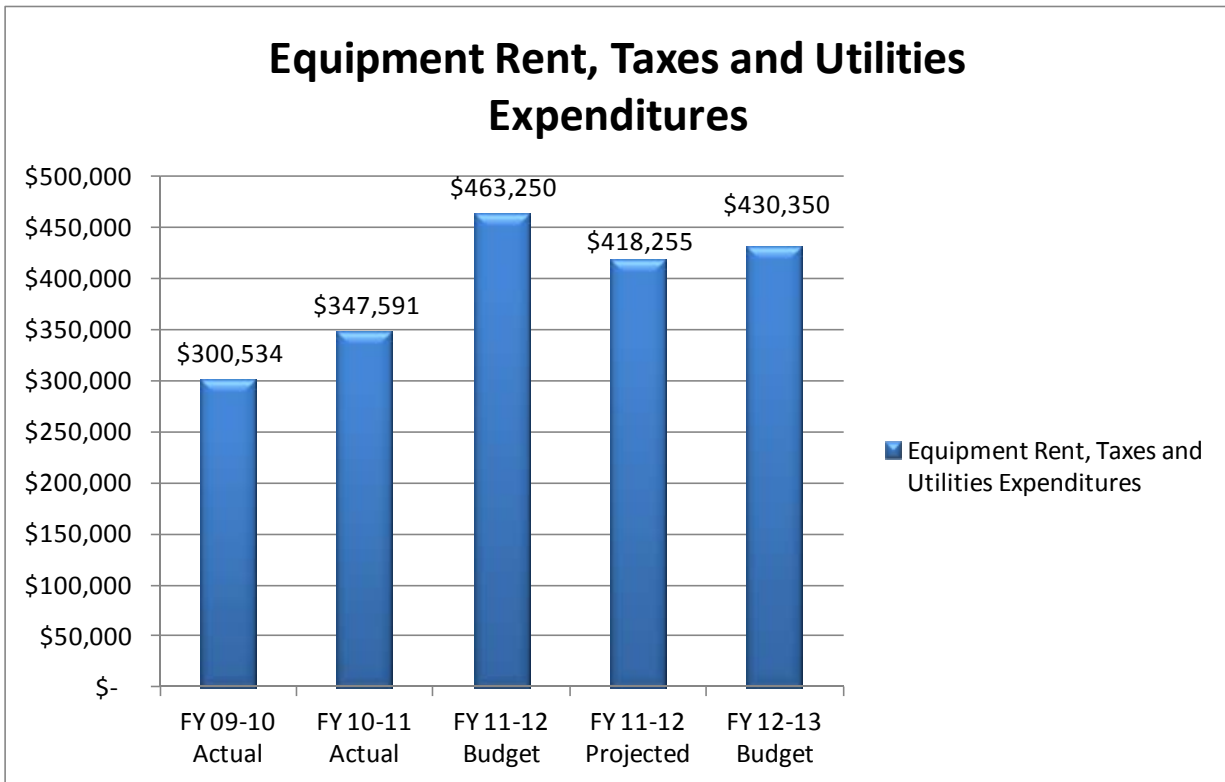
Account#	Description	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Budget	FY 11-12 Projected	FY 12-13 Requested Budget
5610	Occupancy	\$ -	\$ -	\$ -	\$ -	\$ -
5620	Equipment Rental	14,861	15,283	21,000	17,057	23,000
5710	Property Taxes	922	2,881	2,000	1,419	2,000
5720	Water	-	-	-	-	-
5740	Electricity	268,727	310,816	425,000	380,000	385,600
5750	Natural Gas	247	453	500	400	500
5760	Sewer & Garbage	15,777	18,157	14,750	19,378	19,250
		<u>\$ 300,534</u>	<u>\$ 347,591</u>	<u>\$ 463,250</u>	<u>\$ 418,255</u>	<u>\$ 430,350</u>

**Elk Grove Water District  
 FY 2012-13 Budget  
 Total Outside Services  
 Fiscal Year FY 2009-10 through FY 2012-13**



The Engineering Costs have decreased substantially due to the hiring of an Associate Engineer in house and shifting engineering costs associated with capital projects to the Five-Year Capital Improvement Program.

**Elk Grove Water District  
 FY 2012-13 Budget  
 Total Equipment Rent, Taxes and Utilities  
 Fiscal Year FY 2009-10 through FY 2012-13**



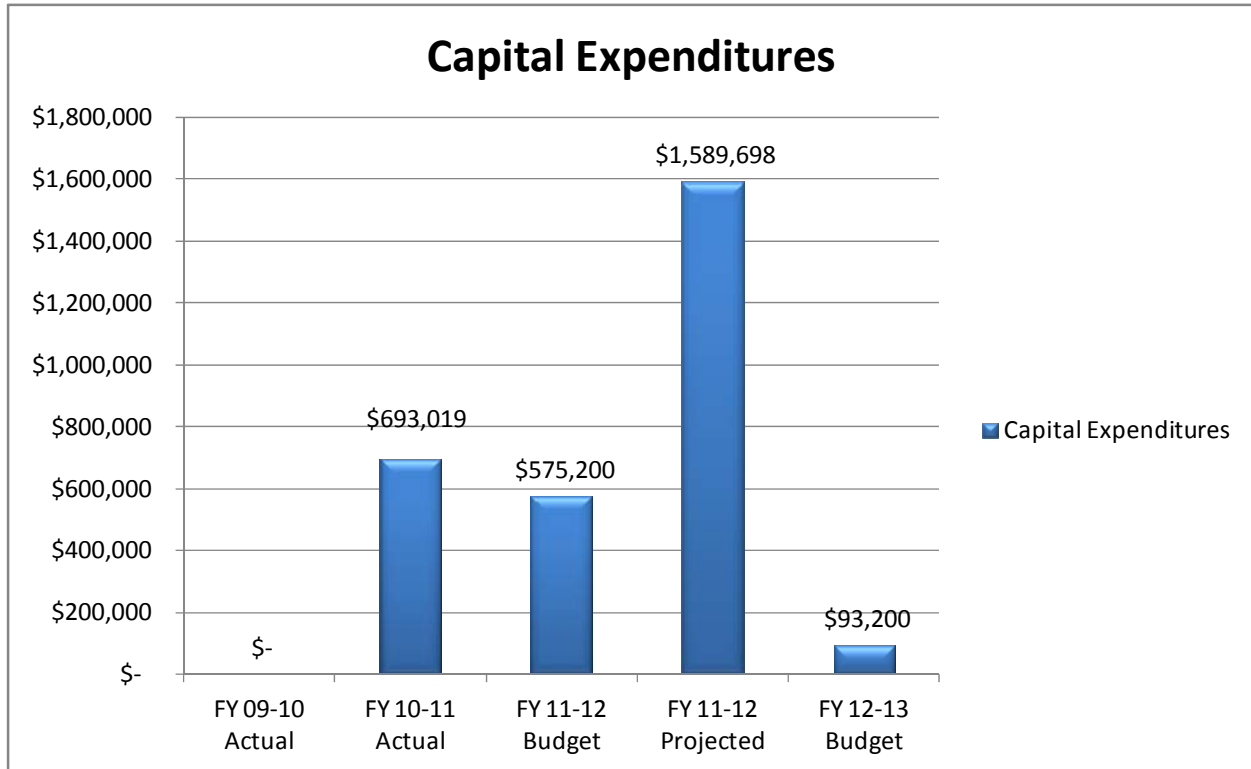
**Elk Grove Water District  
Budgeted Capital Expenses Detail  
For the Fiscal Year Ending June 30, 2013**

<u>Account#</u>	<u>Description</u>	<u>FY 09-10 Actual</u>	<u>FY 10-11 Actual</u>	<u>FY 11-12 Budget</u>	<u>FY 11-12 Projected</u>	<u>FY 12-13 Requested Budget</u>
1730	Meters	\$ -	\$ 500,074	\$ 535,200	\$ 773,200	\$ -
1745	Transportation Equipment	-	14,618	-	16,498	-
1760/1765	Capital Equipment & Expenditures	-	855,099	10,000	800,000	38,200
1705	Non-Project Capital Expenses	-	6,900	30,000	-	55,000
		<u>\$ -</u>	<u>\$ 1,376,691</u>	<u>\$ 575,200</u>	<u>\$ 1,589,698</u>	<u>\$ 93,200</u>

**Elk Grove Water District  
Budgeted Non Operating Activity Detail  
For the Fiscal Year Ending June 30, 2013**

<u>Account#</u>	<u>Description</u>	<u>FY 09-10 Actual</u>	<u>FY 10-11 Actual</u>	<u>FY 11-12 Budget</u>	<u>FY 11-12 Projected</u>	<u>FY 12-13 Requested Budget</u>
6440	Depreciation & Amortization	\$ 1,773,079	\$ 1,587,042	\$ 1,702,020	\$ 1,702,020	\$ 1,710,000
7300	Debt Service (Bond Interest Expense)	2,790,216	2,762,099	2,603,183	2,675,913	2,638,678
7400	Interest Paid - 9257 Elk Grove Note	-	11,023	62,864	62,862	59,374
9920	Other Expenses (Income)	5,867	(90,183)	(92,237)	(363,437)	(85,000)
2470	9257 Elk Grove Blvd. Note		48,850	52,122	52,122	55,613
2500	Bond Retirement		850,000	1,005,000	1,005,000	1,080,000
9910	Interest Earned		(40,230)	(30,344)	(21,176)	(22,000)
9950	Election Costs		1,654		-	85,000
		<u>\$ 4,569,163</u>	<u>\$ 5,130,254</u>	<u>\$ 5,302,608</u>	<u>\$ 5,113,304</u>	<u>\$ 5,521,665</u>

**Elk Grove Water District  
 FY 2012-13 Budget  
 Total Capital Expenditures  
 Fiscal Year FY 2009-10 through FY 2012-13**

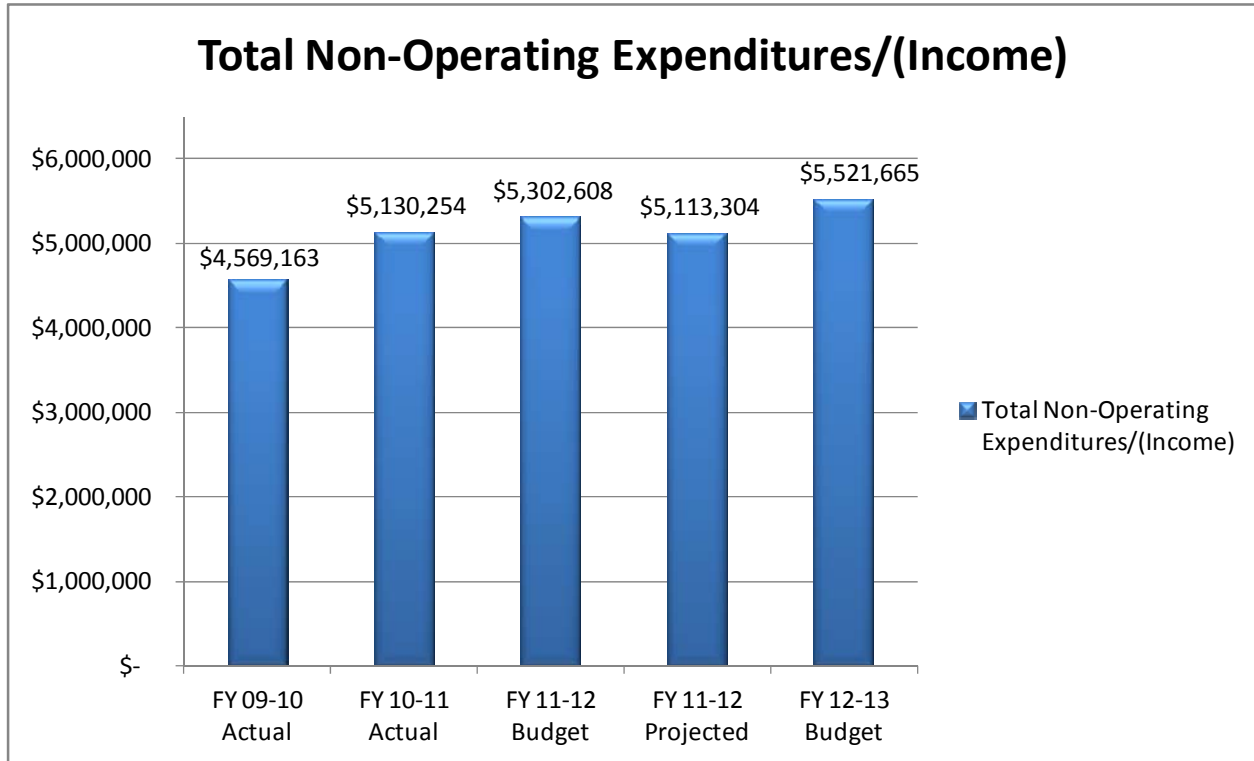


The current and previous years Capital Expenditures included capital projects.

Starting in FY 2012-13, all CIP Projects, with the exception of two minor projects, will be budgeted in the Five Capital Improvement Program.



**Elk Grove Water District  
 FY 2012-13 Budget  
 Total Non Operating Expenditures (Income)  
 Fiscal Year FY 2009-10 through FY 2012-13**



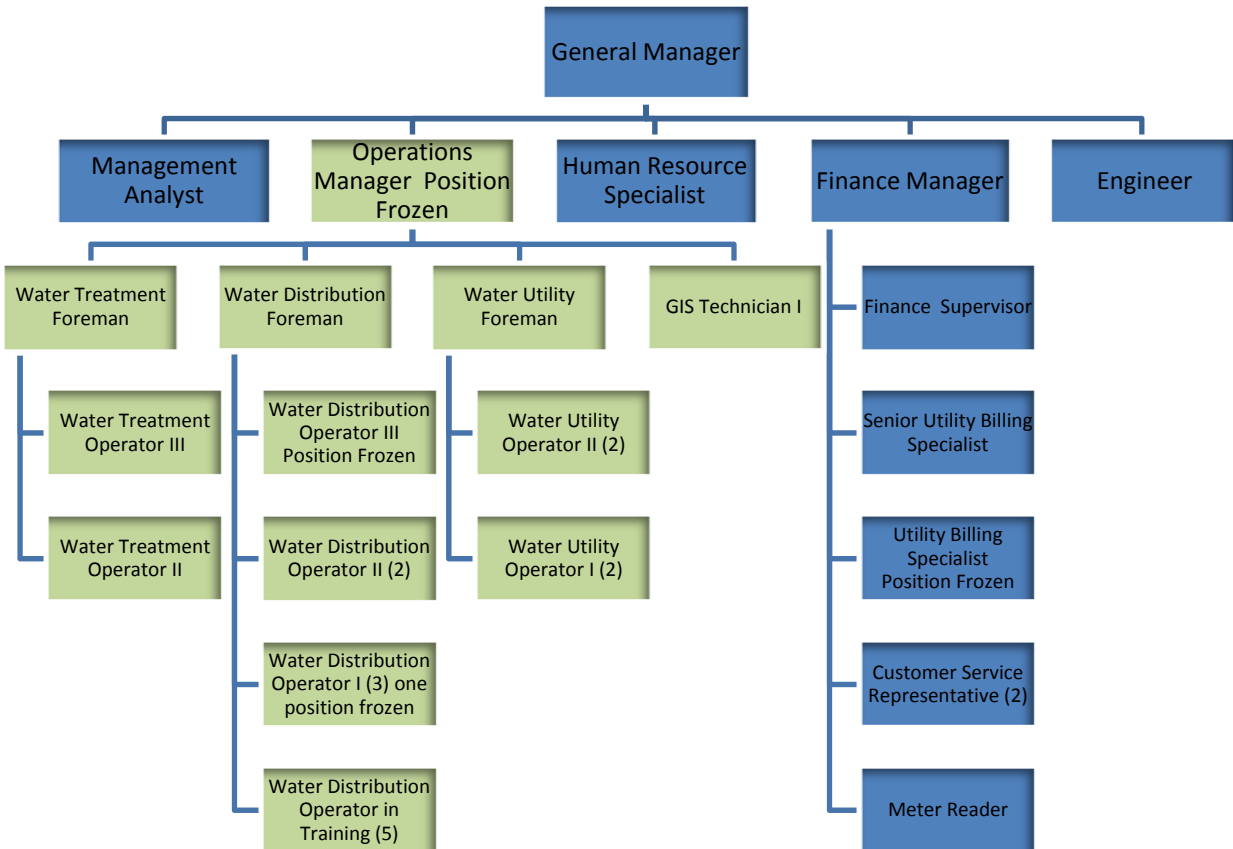
The Non-Operating Expenditures includes:

- Depreciation and Amortization
- Debt Service – Water System
- Debt Service – 9257 Elk Grove Blvd. Note
- Election Costs

# FLORIN RESOURCE CONSERVATION DISTRICT

## ELK GROVE WATER DISTRICT

### ORGANIZATION CHART



## Leadership Team

Mark J. Madison, P.E.	General Manager
Dennis M. Coleman	Finance Manager
Stefani Phillips	Human Resource Specialist
Ellen Carlson	Management Analyst
Bruce Kamilos, P.E.	Associate Civil Engineer
Donella Ouellette	Finance Supervisor
Vacant	Operations Manager
Jose Carrillo	Water Distribution Foreman
Steve Shaw	Water Treatment Foreman
Richard Salas	Water Utility Foreman

## Elk Grove Water District Staff

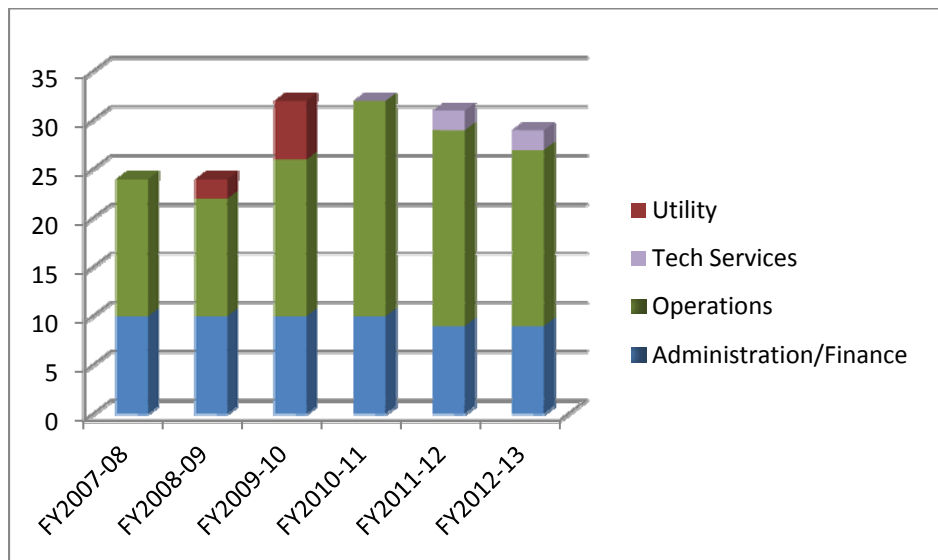
*Actual funded positions.*

	FY 07-08	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13
<b>Administration &amp; Finance</b>						
General Manager	1	1	1	1	1	1
Finance Manager	1	1	1	1	1	1
Management Analyst	1	1	1	1	1	1
Conservation Coordinator	0	0	0	0	0	0
Human Resource Specialist	1	1	1	1	1	1
Finance Services Specialist I	1	0	0	0	0	0
Finance Services Specialist II	0	1	1	1	0	0
Finance Supervisor	0	0	0	0	1	1
Senior Utility Billing Specialist	1	1	1	1	1	1
Utility Billing Specialist	1	1	1	1	0	0
Customer Service Representative I	2	2	2	2	2	2
Meter Reader	0	1	1	1	1	1
<b>Department Total</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>
<b>Tech Services</b>						
Engineer	0	0	0	0	1	1
GIS Technician I	0	0	0	0	1	1
<b>Department Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Operations</b>						
Operations Manager	1	1	1	1	1	0
Superintendent	1	0	0	0	0	0
Foremen	3	4	3	3	3	3

**Operations, cont.**

Cross Connection Specialist (Duties assigned)	0	0	1	1	0	0
Water Distribution Operator In Training (1 frozen)	2	2	4	4	5	4
Water Distribution Operator I	4	1	1	1	3	3
Water Distribution Operator II	1	2	2	2	2	2
Water Distribution Operator III (Position frozen)	0	0	2	2	0	0
Water Treatment Operator I	1	0	0	0	0	0
Water Treatment Operator II	1	2	1	1	1	1
Water Treatment Operator III	0	1	2	2	1	1
Water Utility Operator I	0	0	3	3	2	2
Water Utility Operator II	0	1	2	2	2	2
<b>Departmental Total</b>	<b>14</b>	<b>14</b>	<b>22</b>	<b>22</b>	<b>20</b>	<b>18</b>
<b>Organizational Total</b>	<b>24</b>	<b>24</b>	<b>32</b>	<b>32</b>	<b>31</b>	<b>29</b>

## STAFF POSITIONS BY DEPARTMENT



Note that in 2010-11, the Utility Department is combined with the Operations Department.

## **Administration**

The purpose of Administration is to facilitate the overall management and organizational focus of the District and to provide support services to the core operations. Administrative and support services include accounting and financial management, customer services, human resource management, payroll services, purchase/procurement management, risk management, legislative analysis, information technology and communication systems.

The General Manager is the Chief Executive Officer, responsible for the overall leadership, management, and supervision of the District. This office is responsible for carrying out the policies and directives identified by the Board.

The Human Resource Department is responsible for personnel services including recruitment; employee selection; employee training and development; policy compliance and development; benefits administration; pay plan implementation; and employee insurance management. The role of Human Resources is to ensure that personnel matters are handled fairly, equitably, and without discrimination in accordance with good personnel practices and in compliance with applicable policies, regulations, and laws.

The Management Analyst is responsible for special projects as directed by the General Manager. The Management Analyst is responsible for legislative monitoring; grant application writing; and updating of the District's Best Management Practices as prescribed by governing authorities.

The Finance Department is responsible for maintaining the fiscal affairs of the District in a professional manner consistent with generally accepted accounting principles and statutory requirements. Areas of responsibility include customer service, accounts payable, billing and accounts receivable, general ledger maintenance, capital assets records, investment activity, accounting, budget development and monitoring, development of cash flow models, debt service, revenue and expenditure forecasting, payroll, financial reporting and coordination with external financial audits. The Finance Department is responsible for information services of Administration including the development and support of computers and software, program development, office telecommunications, office security, and office systems.

### **FY 12-13 Goals**

#### **Office of the General Manager**

- Provide leadership to ensure that the District's overall mission and values are accomplished.
- Provide the Board of Directors timely support and information.

- Ensure that all water facilities and programs are operated in compliance with all applicable standards.
- Promote continued innovation and creativity in providing services in a more effective and cost efficient manner.
- Maintain effective long-term financial and operational plans.
- Implement sound fiscal policies, budgets, and controls.
- Maintain effective coordination, cooperation, and communication with local Governments, State and Federal agencies and continue involvement in civic, professional and community affairs.
- Motivate employees and encourage teamwork throughout the organization.

### **Human Resources**

- Administer the classification and pay plan for the District to ensure that the pay and benefits package is competitive in the marketplace.
- Recruit capable candidates for vacant positions.
- Schedule training for employees, supervisors, and managers to maintain safety and legal compliance.
- Help employees develop to their full potential on the job through counseling when needed.
- Update employee evaluation forms.
- Review personnel policies and practices and make recommendations for revisions.
- Promote the general well-being of the workforce through counseling, special personal need assistance and advice to employees and managers through available resources.

### **Management Analyst**

- Monitor State and Federal bills, advise the General Manager and author letters to legislators pertaining to bills of interest to Elk Grove Water District.
- Revise existing BMPs, analyze costs commitment for Elk Grove Water District be compliant, and determine penalties for non-compliance.

### **Finance**

- Continue to develop a strong budget management, procurement and internal control culture to ensure the District meets the Board's and the financial community's expectations for continued strong financial performance.
- Continue to provide excellent customer service to the Elk Grove Water District ratepayers; improve the billing system; and address billing conflicts in a timely manner.
- Process and monitor payroll and the accounts payable function to assure timeliness and correctness.

- Work with the District’s technology consultants to design an enhanced billing system; and develop, implement, and maintain a long-range technology plan for the effective and efficient use of technology for information systems throughout the organization.
- Manage the District’s debt service.
- Provide prompt and accurate management reports.
- Maintain the general ledger and the accounting system.
- Enhance the District’s internal controls by development and implementation of internal auditing procedures.

## **Tech Services**

The Technical Services division provides planning, engineering, construction management and technical support for District operations. Technical Services employs an Associate Civil Engineer and a Geographic Information System (GIS) Technician. The division is headed by the Associate Civil Engineer who reports to the General Manager. The Technical Services division is housed at the Railroad Street Water Treatment and Storage Facility.

The Technical Services division works collaboratively with Operations and provides technical assistance to support the activities of Operations. The Technical Services division develops and maintains the District’s GIS to track operational activities, maintenance and data associated with the District’s water system.

The Technical Services division is responsible for developing the capital improvement and replacement program. The capital improvement program serves as a blueprint for the development and rehabilitation of the District’s water system infrastructure.

The Technical Services division promotes sustainable use of natural resources through special projects. Technical Services develops and implements projects to enhance the efficient use of water and energy.

# Operations

The Operations Department consists of the Treatment, Distribution and Utility Divisions. The purpose of Operations is to maintain all facilities and equipment to meet or exceed their life expectancy, to respond quickly to emergency situations; to supply our ratepayers with an adequate supply of water that is of the highest quality while minimizing service interruptions. The Operations Department practices responsible management of water as a natural resource.

## FY 12-13 Goals

### Operations

- Management of the Distribution systems, the Treatment facilities, and the Utility crews responsible for the Meter Retrofit Program. This is currently being handled by the General Manager while the Operations Manager position is frozen.
- Provide employee training for maintaining certifications as well as the possibility for advancement in the Department.
- Provide safety classes to all employees in an effort to minimize job related injuries and lost productivity.

### Distribution

- Provide quick response and effective repairs or solutions to address the needs of the facilities and the District's infrastructure.
- Abide by all State and Federal regulations regarding repairs that impact potable water.
- Maintain all equipment and facilities with the intent to exceed life expectancy.

### Treatment

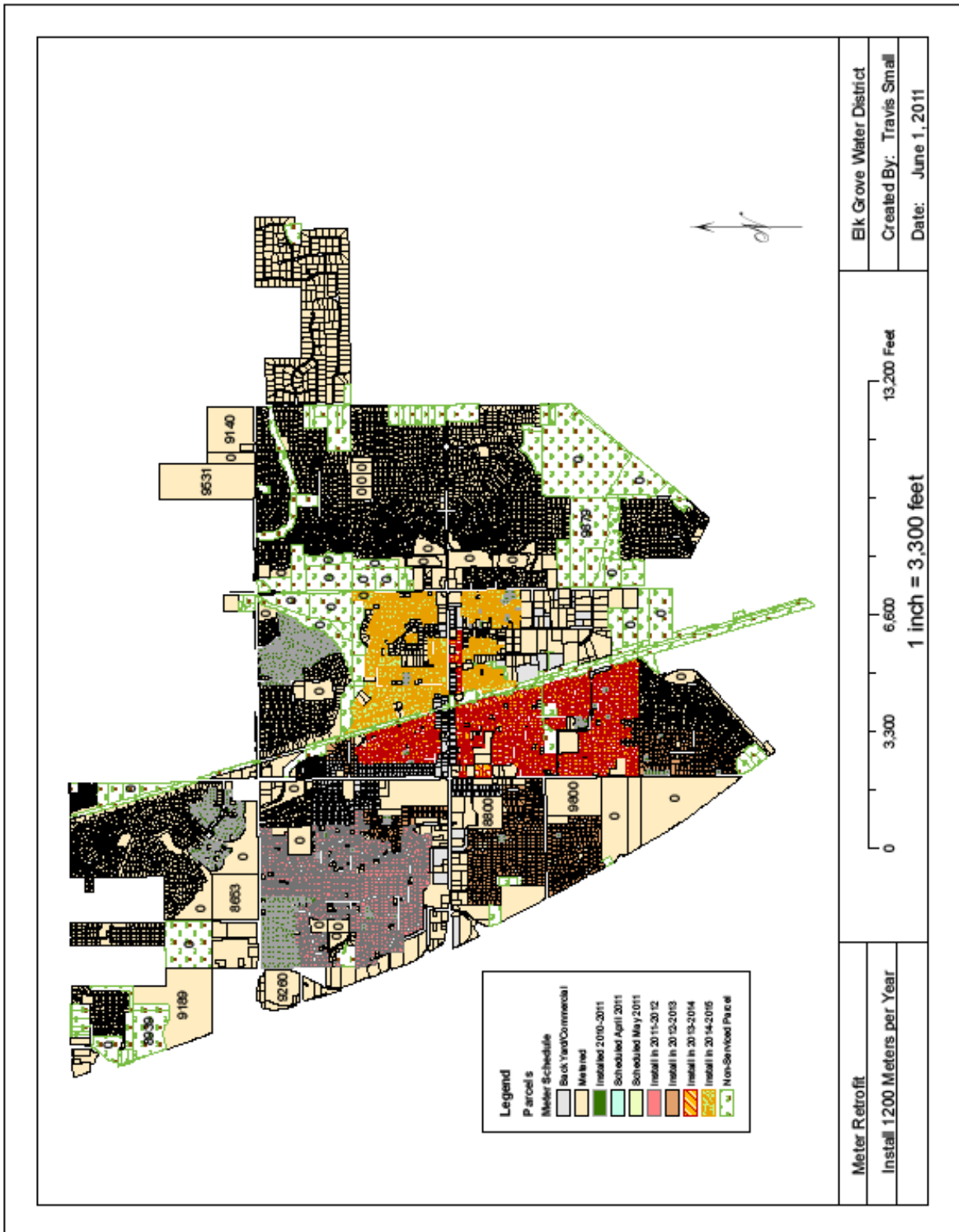
- Provide all of the District's ratepayers with dependable, high quality water.
- Ensure that all rules, regulations and guidelines meet all Federal and State standards.
- Develop redundancy in the systems to ensure adequate availability.
- Minimize the cost of water treatment.
- Establish a replacement schedule for filters and other consumables used in the plant.
- Secure all of the District's remote facilities by use of cameras and other means, future networking, SCADA, and communications systems.

### Utility

- Eliminate or minimize the need for outside construction services by performing all tasks with District personnel.
- Retrofit approximately 1200-1500 non-metered residences annually.



# Meter Retrofit Schedule

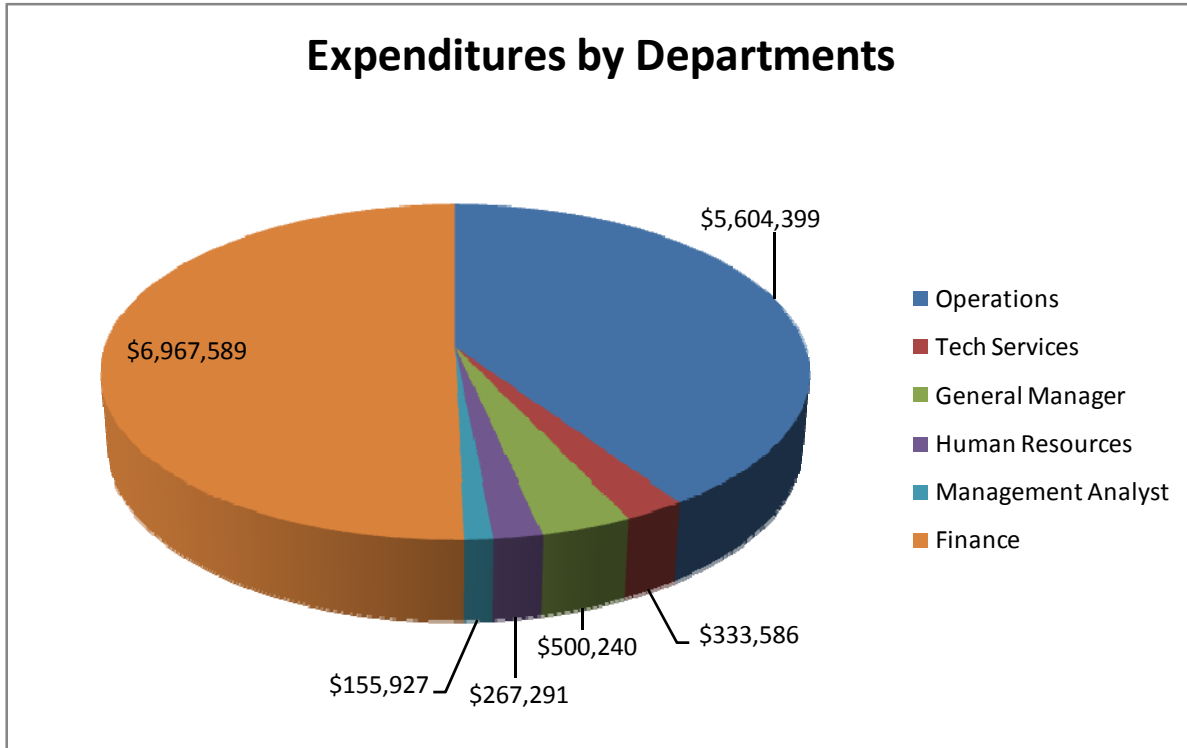


**Elk Grove Water District  
Summary by Departments  
For the Fiscal Year ending June 30, 2013**

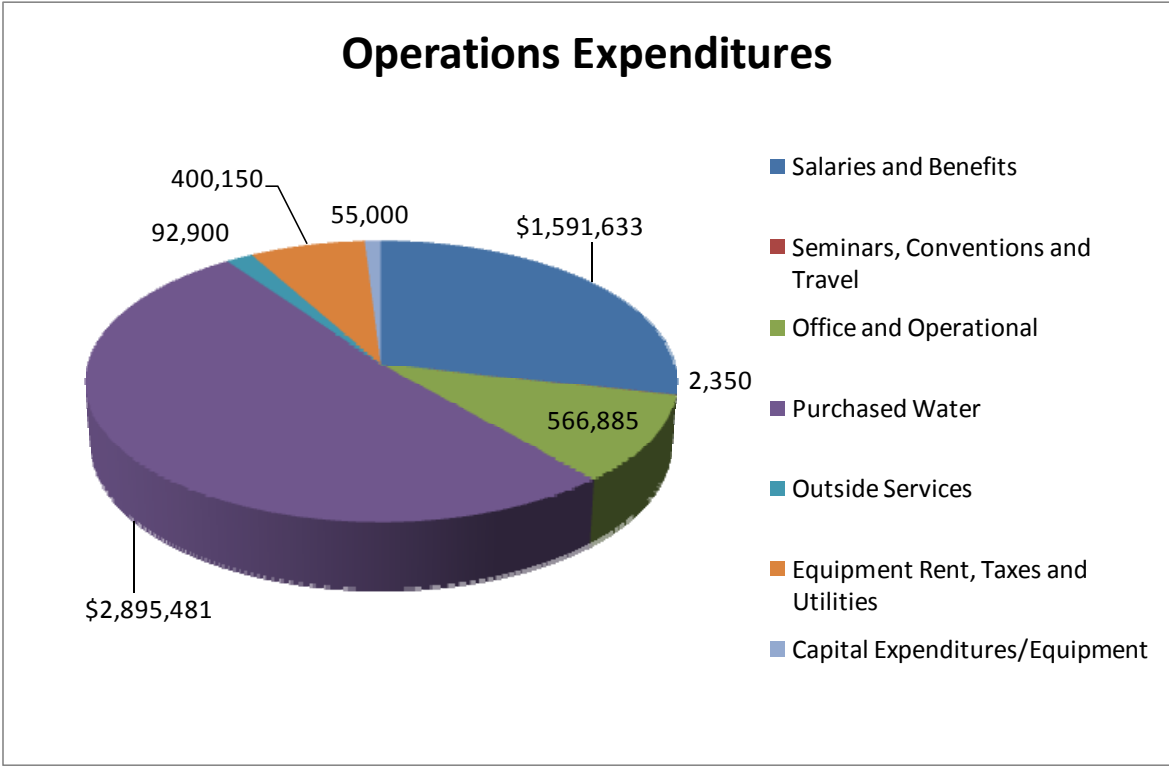
Expenditure	Operations	Technical Services	General Manager	Human Resources	Management Analyst	Finance	Total Budget
Revenues							13,876,742
Salaries and Benefits	\$1,969,428	\$238,716	\$213,680	\$236,666	\$ 140,777	\$ 754,219	\$ 3,553,485
Seminars, Conventions and Travel	2,350	4,000	15,960	4,000	2,150	3,800	32,260
Office and Operational	692,155	40,870	-	9,300	8,000	288,305	1,038,630
Purchased Water	2,895,481	-	-	-	-	-	2,895,481
Outside Services	92,900	50,000	270,600	17,325	5,000	331,200	767,025
Equipment Rent, Taxes and Utilities	400,150	-	-	-	-	30,200	430,350
Subtotal Operational Expenditures	6,052,464	333,586	500,240	267,291	155,927	1,407,724	8,717,231
Less: Capitalized Expenditures*	(503,064)						(503,064)
Total Operational Expenses	5,549,399	333,586	500,240	267,291	155,927	1,407,724	8,214,166
Non-Operating Expenditures (Income)						5,521,665	5,521,665
Capital Equipment and Expenditures	55,000					38,200	93,200
Total Net Expenditures	5,604,399	333,586	500,240	267,291	155,927	6,967,589	13,829,031
Revenues In Excess of Expenditures, Principal Retirement and Capital Expenditures							<u>\$ 47,711</u>

\* This represents 65% of Salary, Benefits and Material Costs of the Utility Division which will be charged to the Meter Retrofit Capital Improvement Project

**Elk Grove Water District  
FY 2012-13 Budget  
Total Expenditures by Departments**



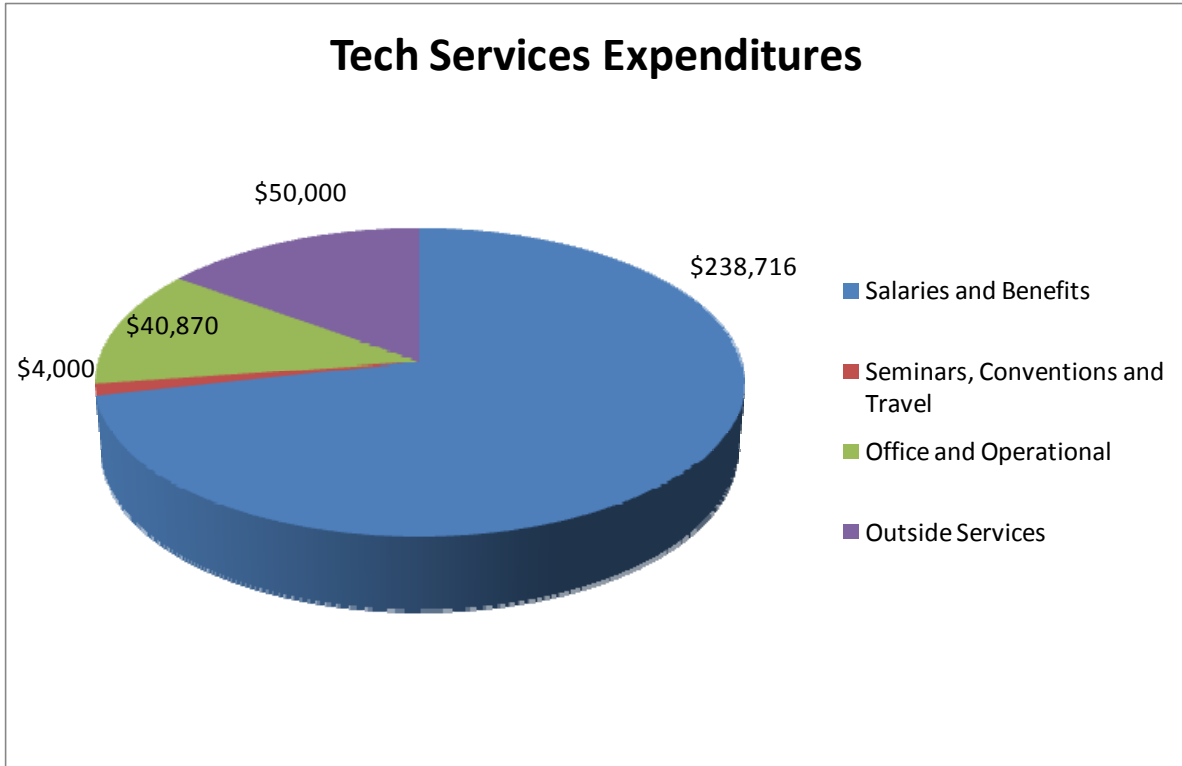
**FY 2012-13 Budget  
Operations Department \$5,604,399  
Total Expenditures by Category**



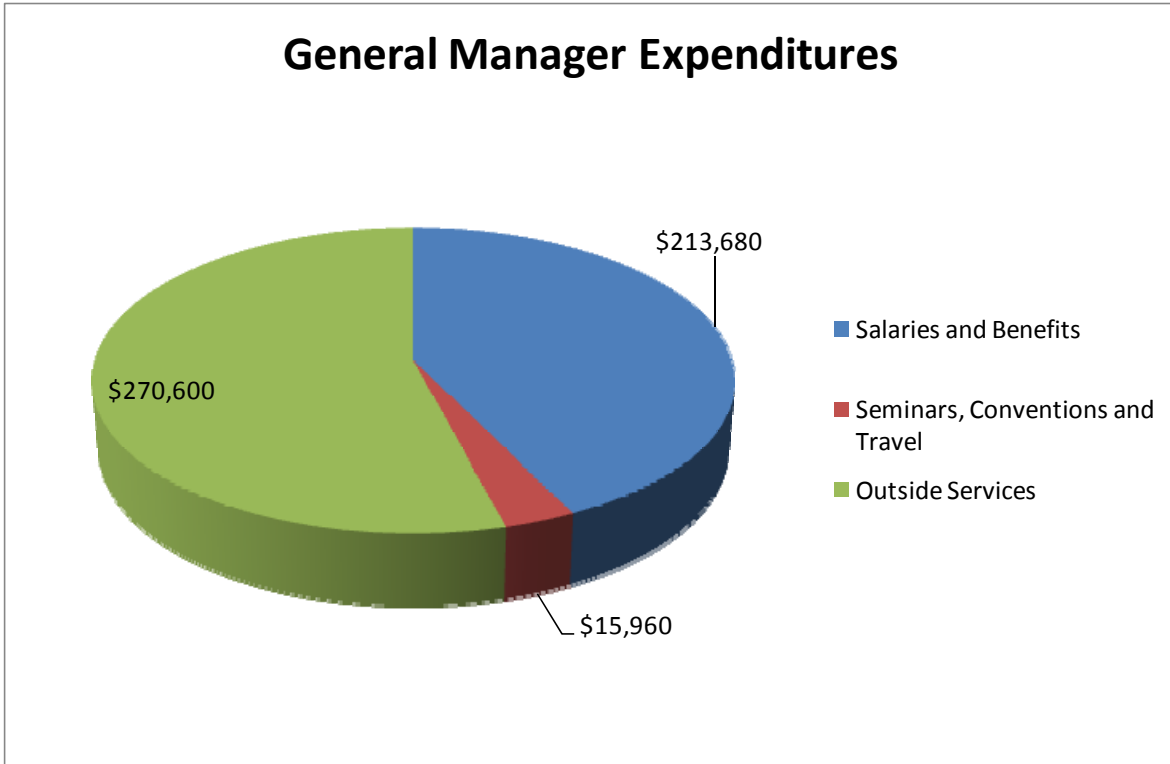
The Salaries and Benefits are adjusted as follows for the capitalized expense for the Meter Retrofit Program:

- Salaries and Benefits      \$377,794
- Office and Operational      \$125,270
- TOTAL                              \$503,064

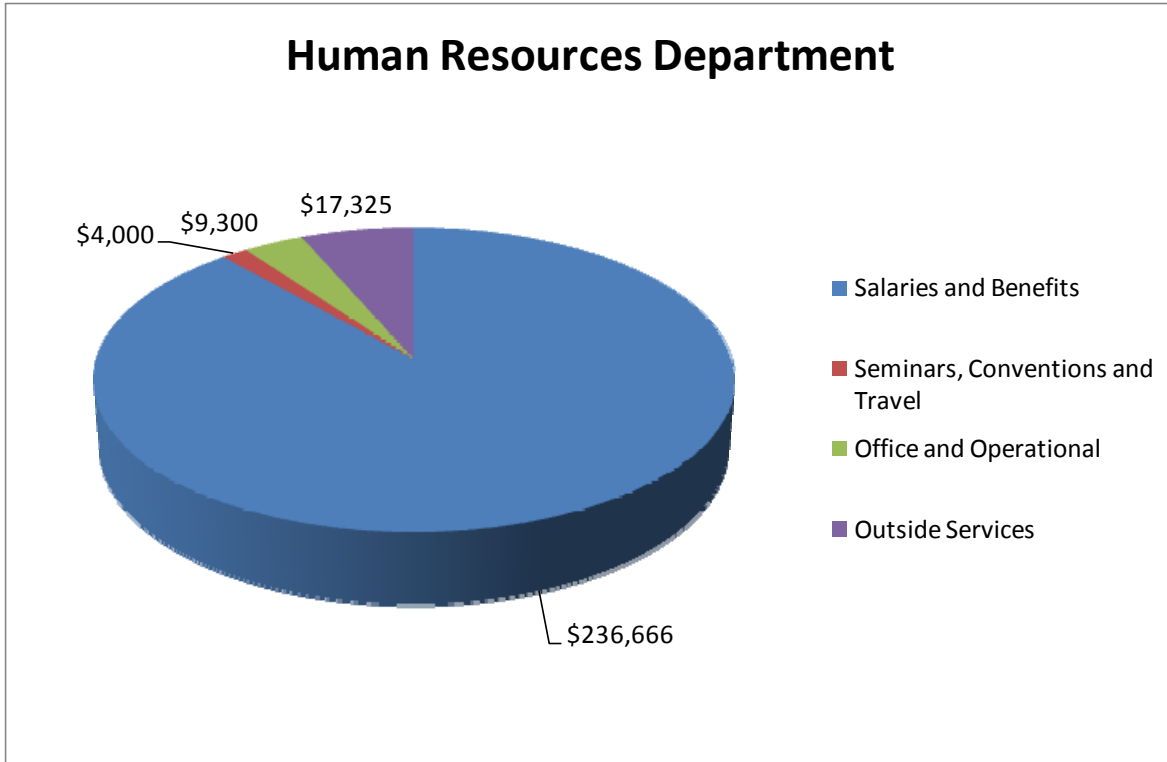
**FY 2012-13 Budget  
Tech Services Department \$333,586  
Total Expenditures by Category**



**FY 2012-13 Budget  
General Manager Department \$500,240  
Total Expenditures by Category**



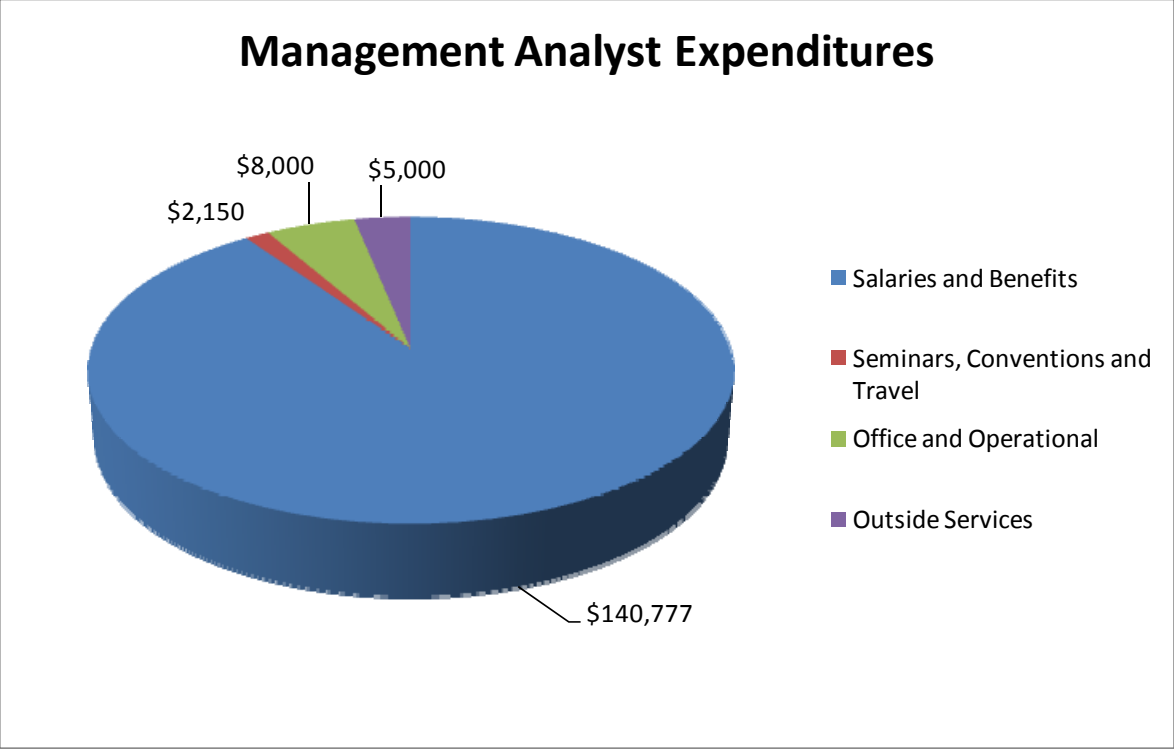
**FY 2012-13 Budget**  
**Human Resources Department \$267,291**  
**Total Expenditures by Category**



The Salaries and Benefits for the Human Resources Department include:

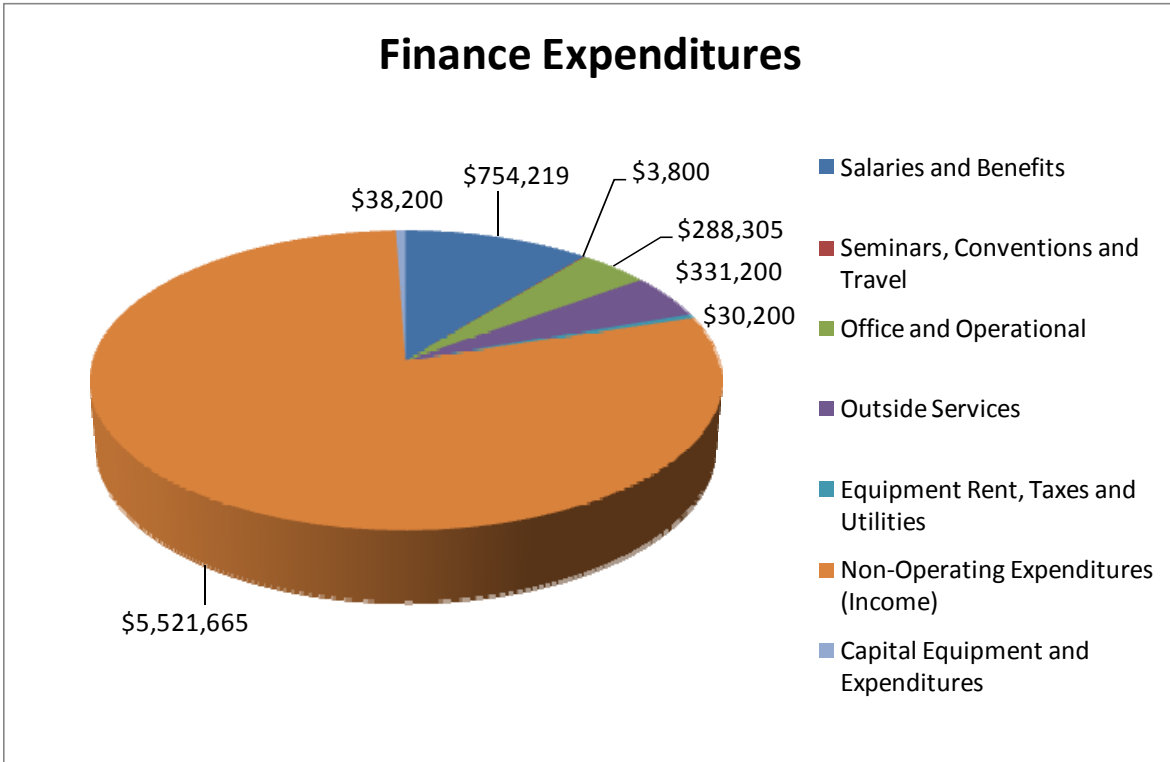
- Vacation Pay (Cash Outs)           \$58,000
- Personal Time Pay (Cash Outs)   \$36,000
- TOTAL                                   \$94,000

**FY 2012-13 Budget  
Management Analyst Department \$155,927  
Total Expenditures by Category**





**FY 2012-13 Budget  
Finance Department \$6,967,589  
Total Expenditures by Category**



The Non-Operating Expenditures for the Finance Department includes:

- Depreciation and Amortization
- Debt Service – Water System
- Debt Service – 9257 Elk Grove Blvd. Note
- Election Costs

**Elk Grove Water District  
Long-Term Indebtedness  
Certificates of Participation/Property Note  
Bond Covenant Ratios**

**Elk Grove Water Service**  
**Long-Term Indebtedness to Maturity**  
**Certificates of Participation**

Year	Principal	Interest	Total
2012-2013	1,080,000	2,638,678	3,718,678
2013-2014	1,175,000	2,595,984	3,770,984
2014-2015	1,290,000	2,546,826	3,836,826
2015-2016	1,430,000	2,491,219	3,921,219
2016-2017	1,555,000	2,429,613	3,984,613
2017-2018	1,650,000	2,362,600	4,012,600
2018-2019	1,730,000	2,286,346	4,016,346
2019-2020	1,815,000	2,204,811	4,019,811
2020-2021	1,930,000	2,117,294	4,047,294
2021-2022	2,055,000	2,023,041	4,078,041
2022-2023	2,155,000	1,923,269	4,078,269
2023-2024	2,270,000	1,816,128	4,086,128
2024-2025	2,380,000	1,702,419	4,082,419
2025-2026	2,550,000	1,582,688	4,132,688
2026-2027	2,720,000	1,454,022	4,174,022
2027-2028	2,855,000	1,317,547	4,172,547
2028-2029	3,000,000	1,174,369	4,174,369
2029-2030	3,150,000	1,024,006	4,174,006
2030-2031	3,315,000	865,844	4,180,844
2031-2032	3,475,000	699,506	4,174,506
2032-2033	3,650,000	524,838	4,174,838
2033-2034	935,000	371,088	1,306,088
2034-2035	485,000	337,013	822,013
2035-2036	505,000	313,738	818,738
2036-2037	535,000	289,394	824,394
2037-2038	555,000	263,744	818,744
2038-2039	585,000	237,025	822,025
2039-2040	615,000	208,881	823,881
2040-2041	640,000	179,431	819,431
2041-2042	675,000	148,556	823,556
2042-2043	705,000	116,138	821,138
2043-2044	740,000	82,294	822,294
2044-2045	775,000	46,669	821,669
2045-2046	352,145	57,355	409,500
	<u>\$ 55,332,145</u>	<u>\$ 40,432,368</u>	<u>\$ 95,764,513</u>

# Elk Grove Water District

## Long-Term Indebtedness to Maturity

### Note Payable - Property

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012-2013	55,613	59,374	114,986
2013-2014	59,337	55,649	114,986
2014-2015	63,311	51,675	114,986
2015-2016	67,551	47,435	114,986
2016-2017	72,075	42,911	114,986
2017-2018	76,902	38,084	114,986
2018-2019	82,052	32,934	114,986
2019-2020	87,548	27,439	114,986
2020-2021	93,411	21,575	114,986
2021-2022	99,667	15,320	114,986
2022-2023	106,342	8,645	114,986
2023-2024	74,822	1,835	76,657
	<u>\$ 938,630</u>	<u>\$ 402,875</u>	<u>\$ 1,341,505</u>

**Elk Grove Water District**  
**Fiscal Year 2012-13**  
**Long-Term Indebtedness**  
**Schedule of Required Payments**

<u>Series</u>	<u>Description</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2002 A	Refunding COP, EGWD	\$ 565,000	\$ 1,046,228	\$ 1,611,228
2002 B	Capital Improvement COP, EGWD	265,000	433,753	698,753
2003 A	Capital Improvement COP, EGWD	190,000	552,173	742,173
2005 A	Capital Improvement COP, EGWD	<u>60,000</u>	<u>606,525</u>	<u>666,525</u>
	Total COP Debt Service	<u>\$1,080,000</u>	<u>\$ 2,638,678</u>	<u>\$ 3,718,678</u>
	Note Payable, 9257 Elk Grove Bldg.	<u>\$ 55,613</u>	<u>\$ 59,374</u>	<u>\$ 114,987</u>
	<b>TOTAL DEBT SERVICE PAYMENTS</b>	<b><u>\$ 1,135,613</u></b>	<b><u>\$ 2,698,052</u></b>	<b><u>\$ 3,833,665</u></b>

**Coverage Ratios**

<u>Required</u>	<u>Ratio</u>
Covenant No. 1 - 1.25	1.78
Covenant No. 2 - 1.15	1.52
Net Income	\$ 5,662,576
Rate Stabilization	\$ 971,782
Total COP Debt Service	\$ 3,718,678

## ACRONYMS & GLOSSARY OF TERMS

### A

**Account** – A category that identifies the justification of the transaction of funds received or paid.

**Account Balance** – The difference in dollars between the total debits and the total credits in an account.

**Accrual Basis of Accounting** – A basis of accounting under which increases and decreases in economic resources are recognized as soon as the underlying event or transaction occurs. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

**Accrual** – The recognition of a revenue or expense in a current period even though the actual cash may not be received or paid until a following period.

**Acre-foot of Water** – The volume of water that covers one acre to a depth of one foot; 43,560 cubic feet; 1,233.5 cubic meters; 325,872 gallons.

**Actual** – The final audited revenue / expenditure results of operations for the fiscal year indicated.

**ACWA** – Association of California Water Agencies.

**AICPA** – American Institute of Certified Public Accountants.

**Amortization** – Gradual reduction, redemption, or liquidation of the balance of an account according to a specified times and amounts.

**Assets** – Resources owned or held by the District which have monetary value.

**Audit** – An examination of the books and records of the District to determine financial status and results of operations (excess or loss).

**AWWA** – American Water Works Association

### B

**Backflow** – The backing up of water through a conduit or channel in the direction opposite to normal flow.

**BMPs** – Best Management Practices.

**Board of Directors** – The District is governed by a Board, the members of which are elected by the voters within the FRCD boundaries. The Board sets policy and provides overall leadership for District including the mission, goals, priorities and resource allocation.

**Bond Issuance Costs** – The costs incurred by the bond issuer during the planning, marketing and sale of a bond issue.

**Budget Calendar** – The schedule of key dates or milestones which the District follows in the preparation, adoption, and administration of the budget.

**Budgetary Control** - The control of management in accordance with the approved budget to keep expenditures within the limitations of available appropriations and available revenues.

## **C**

**CAC** – Community Advisory Committee.

**CalPERS** – California Employees Public Retirement System.

**Capital Equipment (Assets)** – Fixed assets such as vehicles, computers, equipment, technical instruments, etc., which have a life expectancy of more than one year and a value over \$5,000.

**Cash Flows** – The movement of cash in and out of the District from day-to-day activities.

**Cash Management** – The management of cash flows in such a way that interest and penalties paid are minimized and interest earned is maximized. Funds received are deposited on the day of receipt and invested as soon as the funds are available. The District maximizes the return on all funds available for investment without sacrifice of safety or necessary liquidity.

**CCR** – Consumer Confidence Report.

**CMTA** – California Municipal Treasurer’s Association.

**COPs** – Certificates of Participation. Financing in which an individual buys a share of the periodic revenues of an agreement made by a municipal or governmental entity, rather than the bond being secured by those revenues.

**Consumer Price Index (CPI)** – A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living or doing business (i.e. economic inflation).

**CSDA** – California Special Districts Association.

**Current Assets** – Cash plus assets that are expected to be converted to cash, sold or consumed during the next 12 months or as a part of the normal operating cycle.

**Current Liabilities** – Obligations that will become due within the next year or within the normal operating cycle, if longer than a year.

## **D**

**Debt** – An obligation resulting from the borrowing of money or from the purchase of goods and services. These include bonds and accounts payable.

**Debt Service** – The payment of principal and interest on any short-term and long-term debt.

**Debt Service Requirements** – The amount of money required to pay interest and principal on outstanding debt.

**Depreciation** – The allocation of the acquisition cost of plant, property and equipment to the particular periods or products that benefit from the utilization of the asset in service.

## **E**

**Easement** – An acquired legal right to the use of land owned by others.

**EGWD** – Elk Grove Water District.

**Enterprise Fund** – A fund established to account for the operation of self-supporting enterprises.

**Expenditures** – A decrease in net financial resources, actual payment for goods and services received.

## **F**

**Financial Statement** – A set of summary documents which pertain to financial information that consist of the following: Balance Sheet or Combining Schedule of Net Assets, Income Statement or Combining Schedule of Revenues and Expenses, Statement of Cash Flows, Notes of Financial Statements and, in the District's case, various Supplements, Schedules, etc.

**Fiscal Policy** – The District's policies with respect to revenues, spending, and debt management as these relate to services, programs and capital investment.

**Fixed Assets** – Long-term tangible assets that have a normal use expectancy of more than one year and do not lose their individual identity through use. Fixed assets include primarily buildings, equipment, and land.

**FRCD** – Florin Resource Conservation District.

**Fund** – A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances and changes



therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

**Fund Balance** – The cumulative difference of all revenues and all expenditures of the fund from the time the District was established. Fund balance is also considered to be the difference between fund assets and fund liabilities and is sometimes referred to as “fund equity” at any given point in time.

## **G**

**Generally Accepted Accounting Principles (GAAP)** – Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations. The primary authoritative statement on the application of GAAP to state and local governments is Government Accounting Standards Board (GASB) pronouncements.

**Geographic Information System (GIS)** – An organized collection of computer hardware, software and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

**Goals** – General statements of desired state, condition, or situation to be achieved, which may be viewed from a short or long term perspective.

**Governmental Accounting Standards Board (GASB)** – Their mission is to establish and improve standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports.

**Governmental Finance Officers of America (GFOA)** – Their purpose is to enhance and promote the professional management of governments for the public benefit. The GFOA accomplishes this mission by identifying and developing financial policies and practices and promoting them through education, training and leadership.

**Groundwater** – Water produced by pumping from underground.

## **H**

## **I**

**Independent Auditor** – External public accounting firm hired to audit the annual financial statements and express an opinion on those statements as to conformity with generally accepted accounting principles.

**Infrastructure** – District owned capital assets that provide services to the ratepayers.

**Internal Control** – Methods and procedures that are primarily concerned with the authorization of transactions, safeguarding of assets, and accuracy of the financial records.

**Inventories** – Items held for future use.

**Investment Income** – Income derived by investing certain fund balance in interest-yielding securities in compliance with the provisions of the District’s Investment policy.

## **J**

## **K**

## **L**

**Liabilities** – Obligations incurred in past or current transactions requiring present or future settlement.

**Long-Term Debt** – Debt with a maturity of more than one year after the date of issuance.

## **M**

**Meter** – An instrument of measuring the flow of water.

**Mid-Year Review** – Midway through the fiscal year the current year budget is evaluated based on spending to date and current projections. The primary areas reviewed and analyzed are year-to-date expenditure and revenue status plus expenditure and revenue projections for the remainder of the year.

**Modified Accrual Basis** – The accrual basis of accounting adapted to the governmental fund type. Revenues are recognized when they become both “measurable” and “available to finance expenditures of the current period.” Expenditures are recognized when the liability is incurred except on long-term debt which is recognized when due.

## **N**

**Notes Payable** – Long or short-term obligations that are payable according to a contract or agreement in which the timeframe is executed.

## **O**

**Objective** – A statement of purpose defined more specifically than goals, defining the result-oriented activities necessary to achieve a stated goal.

**Obligation** – Amounts which the District may be legally required to meet out of its resources and includes not only actual liabilities, but also encumbrances not yet paid.

**Operating Expense** – All costs required for the daily operation of the District necessary to provide services and maintain the systems in good operating condition that are not considered capital improvements or debt repayments.

**Overtime** – Hours worked in excess of 40 hours per work week or hours worked in excess of those scheduled in a shift.

## **P**

**Projected** – An estimate of revenues or expenditures based on past trends, the present economic situation and future financial forecasts.

**PTO** – Personal time off.

## **Q**

## **R**

**Ratepayers**– Those being provided with water service by Elk Grove Water District.

**Refunding Bonds** – Bonds issued to retire bonds already outstanding.

**Reimbursements** – Payment made to someone for out-of-pocket expenses incurred.

**Reserves** – An account used to indicate that a portion of a fund's assets are restricted for a specific purpose.

**Revenue** – An inflow of assets in exchange for services.

**Risk Management** – A coordinated effort to minimize costs – typically where insurance policies are purchased to manage the District's exposure to various risks of loss; Workers' Compensation; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

**RWA** – Regional Water Authority.

## **S**

**SCADA System** – “*Supervisory Control and Data Acquisition*” System. The computer system that collects data, processes the data and allows operating personnel to take corrective actions.

## **T**

**Treated Water** – Water which has been processed through the District’s water treatment plant(s) or imported from other utilities to supplement the District’s water supplies.

## **U**

## **V**

**Variance** – The dollar and/or percentage difference between two sets of figures.

**VTO** – Vacation time off.

## **W**

**Water Conservation** – Reducing the demand for water through activities that alter water use practices, e.g., improving efficiency in water use, and reducing losses of water from leaks.

**Water Quality** – The chemical, physical and biological characteristics of water with respect to its suitability for a particular purpose. The same water may be of good quality for one purpose or use, and bad for another, depending on its characteristics and the requirements for the particular use.

**Well** – A vertical drilled hole into an underground formation, usually to obtain a source of water, to monitor ground water quality or to determine the position of the water table.

## **X**

## **Y**

## **Z**