

Elk Grove Water District Fiscal Year 2013 – 2014 Operating Budget



Chairman: Barrie Lightfoot

Vice-chairman: Chuck Dawson

Directors: Elliot Mulberg

Tom Nelson

Donald Menasco

June 26, 2013



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MEMORANDUM

To: Florin Resource Conservation District Board of Directors

From: Mark J. Madison, General Manager

Date: June 26, 2013

Subject: **PROPOSED ELK GROVE WATER DISTRICT FY 2013-2014 OPERATING BUDGET**

For your consideration, I respectfully submit the proposed annual Elk Grove Water District Operating Budget for the fiscal year beginning July 1, 2013. This proposed operating budget reflects transparent work by staff and careful oversight of the Board.

The District has continued to be successful this fiscal year (2012-13) in controlling costs with an overall effort of maintaining financial stability. The Employee Cost Control Program has continued to reduce retirement costs and will control health care costs over time. This program, along with realized savings from unfilled positions, has resulted in projected employee costs to be approximately \$280,000 under budget. Beginning this next year, every employee will (once again) increase their contributions towards their Public Employee Retirement System cost from 4 to 6%.

Improved well production also continued to mitigate the need to purchase supplemental water from Sacramento County. Coupled with budgetary savings realized from conservative projections, the water purchase cost for FY 2012-13 should come in approximately \$380,000 under budget.

For most of FY 2012-13, the economy remained stagnant and water payment revenues nearly matched budget predictions. This region's economy is expected to improve next year, however, this is not anticipated to enhance the District's revenue forecast.

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Overall, the District maintained sound financial discipline during 2012-13 and the bottom-line (Revenues in Excess of Expenditures) is projected to close approximately \$1,300,000 more than projected in last year's budget document, before the capital improvement expenditures of approximately \$2,000,000 are taken into account.

The proposed 2013-14 budget is cash positive with budget revenues exceeding expenditures by nearly \$1,670,000, including approximately \$530,000 being allocated to projects as capitalized expenditures. This budget also reflects a deduction of \$1,800,000 and \$131,820 for depreciation and amortization, respectively, while continuing to meet our required debt service covenants. With the inclusion of both depreciation and amortization, this budget reflects a paper deficit of approximately \$258,000.

The revenue projections included in the proposed budget are based on a mid-year increase in water rates consistent with the 2013 Water Rate Study tentatively approved by the Board on May 22, 2013. Information on this Rate Study and the anticipated rate increase is provided in the Financial Overview section of this budget document.

Certain expenditures are expected to inflate, and the notable examples include medical costs (up 12.45%) and purchased water costs (up 4.47%). It should be noted, however, that the cost of purchased water is actually increasing more than this amount as staff has reduced the budget contingency from 10% to 5%.

This next year initiates an updated 5-year Capital Improvement Program (CIP), in which most capital expenditures will be continue to 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 completion of the Railroad Water Treatment Plant Parking Lot Improvements. Next year's projects will be funded (approximately \$2,998,000) mainly through the use of reserves and a small amount of revenue generated through the recommended mid-year rate adjustment.

In summary, the Elk Grove Water District must continue to maintain financial discipline during FY 2013-14. The proposed FY 2013-14 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

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BUDGET HIGHLIGHTS

FISCAL YEAR 2013-2014

The Elk Grove Water District (EGWD) budget for fiscal year (FY) 13-14 projects total revenues of approximately \$14.0 million and total expenditures of approximately \$14.3 million including depreciation and amortization of approximately \$1.931 million. The projected expenditures in excess of revenues are approximately \$258,000. This budget includes a revenue adjustment of 3.0% starting in January 2014.

Despite many non-discretionary cost increases, staff undertook exhaustive efforts to find cost reductions and these are reflected in the proposed FY 13-14 budget. The proposed budget has a slight increase in total operating expenditures by \$102,786 (1.25%) from the adopted budget for FY 12-13. The major highlights are listed below and comparisons made are against the budgeted amounts for FY 12-13.

- This budget includes a rate adjustments beginning in January 2014. This is based on the recommendations in the 2013 Water Rate Study presented and approved by the Board on April 22, 2014. The Board will hold a public hearing to adopt the proposed five year rate schedule on June 26, 2013.
- Staff is proposing to continue to freeze three positions, the Operations Manager and a Water Distribution Operator and the Utility Billing Specialist.
- Employee salaries and benefits continue to incorporate the Employee Cost Control Program (ECCP). This is the third 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 employees will pay a total of 6% towards their retirement benefits.
- The Total Salaries and Benefit costs will increase by \$136,264 (3.83%).
 - Salary costs will increase by \$47,766 (1.98%). This year's budget includes \$113,859 for holiday pay and reduces the Executive, Exempt and Non-Exempt Salaries by a like amount.
 - Total benefits costs are increasing \$62,827 (12.45%). Retirement Benefit costs are increasing by \$11,381, In addition, the Worker's Compensation costs are increasing by \$13,106.
 - Education Assistance is increasing \$48,000 (342.86%) to \$62,000 for employees pursuing job-related education that will enhance their skills and abilities.

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- Total Office and Operational Costs will increase by \$68,959 (1.75%)
 - The District's insurance costs will decrease \$12,000 due to the District's revising the operations budget in the application process to deduct Non-Operating costs of debt service and depreciation.
 - Staff reviewed the current year's expenditures for Repairs & Maintenance of Equipment and determined that the budget could be reduced by approximately \$34,000.
 - The Purchased Water line item is proposed with an \$129,495 increase (4.47%) due to proposed increases by The Sacramento County Water Agency. The District variable rate is proposed to increase from \$1.0109 per hundred cubic feet (ccf) to \$1.14 per ccf. In addition, the base charge is proposed to increase from \$25.80 per account, per month to \$27.30 per account, per month.

- Outside Services for the proposed budget are being reduced by \$134,549 (-17.54%). The primary reductions are:
 - Accounting costs will decrease by \$27,000 as Staff has not budgeted funds for an audit of the District's water purchase costs with Sacramento County.
 - Engineering cost will increase by \$30,000 as the District is budgeting \$30,000 for a firm to conduct a filter evaluation study.
 - Legal costs have decreased by \$80,000 primary due to concluded litigation cases.
 - Financial Consultants is reduced \$10,000 to reflect the use of accounting assistance for the District and the rate study being concluded.
 - Security costs are being reduced by approximately \$35,000 due to a new contract arrangement with TYCO Security.

- Equipment Rent, Taxes and Utility costs are being proposed with an increase of \$66,879 (15.54%). The Electricity line item is being proposed to be increased to \$66,879 due to current usage and an increase of \$18,000 for equipment rental costs for a boring machine to be used on construction projects.

- Capitalized Expenses are being increased by \$38,090 (40.87%) for new data processing software for Wonderware Norcal Licensing, and upgrade to the TruePoint system to process automated pay by phone payments. This line item also includes hardware computer and server replacements.

- Bond retirement, related interest expenses, and reduction of interest earning, and reimbursements will increase the Non-Operating (Income) budget by \$296,125 (5.36%) for the year. This is for budgeting bond issuance amortized costs of \$131,280 and the increased depreciation costs of \$100,000.

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- This budget anticipates capitalizing \$538,181 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 - 1.77 (1.25 required with the Rate Stabilization Fund of \$971,782)
 - Covenant No. 2 – 1.51 (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 13-14.
- 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.



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ELK GROVE WATER DISTRICT FINANCIAL OVERVIEW

Introduction

The Elk Grove Water District (EGWD) is a Division of the Florin Resource Conservation District (FRCD). The FRCD acquired the Elk Grove Water Works in 1999 from a local family who had owned and operated the water utility as a private water company for 103 years. This acquisition changed the governance of the water utility from private ownership to a publically owned and operated agency. The FRCD also structured this agency as an enterprise-funded department of the FRCD thereby keeping all financial activities of the water utility separate from other activities of the FRCD.

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. Three directors' terms will end in December, 2014, so no election costs are reflected in this year's budget. 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 Program includes many projects, including the restoration of a well and treatment facility to enhance EGWD's production capacity.

Accounting and Financial Practices

EGWD's accounting and budgetary records are maintained using the accrual basis of accounting. The revenues of EGWD 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.

The Board of Directors and Staff of the FRCD/EGWD remain committed to prudent, conservative financial practice, with goals of reducing long term debt and funding capital improvements on a pay as you go basis. EGWD has also completed efforts to review its rates

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and fees with the intent of attaining long-term stability and maintaining sufficient coverage of its outstanding bond covenants.

Current Financial Plans

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 has 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.

In January, 2012, EGWD initiated an extensive review of the EGWD's financial requirements and



the development of a new water rate study which includes a financial plan, a cost of service analysis, and a rate design plan. A separate study was also conducted to review the EGWD's connection fees, which are one-time charges assessed when a new connection is made to the water system.

The 2013 Water Rate Study is now complete and approved by the Board, subject to the receipt and consideration of protests and comments before and during a public hearing conducted on June 26, 2013. The water rate study recommends rate increases over the next five years beginning on January 1, 2014. The rate increases are necessary to fund various projects and to pay for increased operations cost, primarily due to inflation. It should be noted that EGWD has deferred all fee increases since June 2009, largely due to expense reductions through employee concessions and reductions in staff.

To maintain transparency throughout this process, there were 19 meetings where the public has had an opportunity to provide comments and input. A Community Advisory Committee was formed, which included a local group of citizens, and they contributed valuable assistance to ensure that the information and work products are accurate and equitable.

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The water rate increases are scheduled to be considered by the Board on June 26, 2013 which is the same date that this Operating Budget will also be considered. Because the Board has tentatively approved the 2013 Water Rate Study, the EGWD revenue projections for FY 2013-14 are based on the implementation of the first year's rate increase, beginning on January 1, 2014.

Long-Term Financial Planning

If the 2013 Water Rate Study, and associated rate ordinance, is approved, EGWD will have a five-year plan that provides for the stable funding of operations, capital project and debt service. With that plan, EGWD *may* explore restructuring the outstanding bond indebtedness to provide additional savings and/or mitigation to future rate adjustments. It is anticipated that the next five-year rate study will be conducted in 2018.

Pension and other Post-Employment benefits

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

EGWD provides post-employment healthcare benefits to retirees and their dependents. Two retired employees receive these benefits, which is financed by a trust fund that EGWD funds. EGWD 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 EGWD.

Employee Cost Control Program

During the development of the Elk Grove Water District FY 2011-12 Budget, staff proposed an 8-element Employee Cost Control Program (ECCP) intended to reduce and control employee costs. On June 22, 2011, the Board adopted four policies needed to implement the ECCP which included the continuance of issuing Cost of Living Adjustments (COLA's) and deducting the equivalent COLA percentage from each employee's pre-tax salary and applying that deduction towards the employee's PERS cost.

This year will be the third 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 six percent (6%) of the employees' contributions to PERS this fiscal year. This contribution will be capped at six percent

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(6%) total contribution and EGWD will pay the one percent (1%) of the employees' contribution.

The ECCP also imposed a cap on medical coverage, effectively changing it from a defined benefit to a defined contribution. Although medical costs have risen, and are expected to continue to rise, by significant percentages, this cap inflates at only 2%. Over time, this element can be expected to control EGWD medical costs significantly.



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TIMELINE FOR FISCAL YEAR 2013-14 FINANCIAL ACTIVITIES

July, 2013	Initiate Audit of the FY 2012-13 Actual financial statements
August 28, 2013	Present to the Board the compliance results from the FY 2011-12 Audit findings
October 23, 2012	Present to the Board the FY 2013-14 1 st Quarter Financial Report
Early November, 2013	Complete the FY 2012-13 Actual Financial statements
Mid November, 2013	Complete the FY 2012-13 Audit Report
December 4, 2013	Submit the FY 2012-13 Audit the Board for approval
January 1, 2014	Implement the 1 st year rate increase associated with the 2013 Water Rate Study and associated rate ordinance
January 22, 2014	Present to the Board the FY 2013-14 2 nd Quarter Financial Report
February, 2014	Conduct additional rate modeling to determine the necessity of the 2 nd year rate adjustment as prescribed in the 2013 Water Rate Study
April 1, 2014	Initiate preparation of the FY 2014-15 Operations and Capital Improvement Program budgets
April 23, 2014	Present to the results of the water rate modeling effort
May, 7	Conduct 1 st budget workshop with the Finance Committee
May 28, 2014	Present to the Board the FY 2013-14 3 rd Quarter Financial Report
June 4, 2014	Conduct 2 nd budget workshop with the Finance Committee
June 25, 2013	Present Proposed 2014-2015 budget to the Board for approval

Elk Grove Water District Fiscal Year 2013-2014 Operating Budget

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Elk Grove Water District
Budgeted Revenues and Expenditures by Category
For the Fiscal Year ending June 30, 2014

Expenditure	Page Reference	General Ledger Reference	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Budget	FY 12-13 Projected	FY 13-14 Budget	Change in Budget
Revenues	Page 18	4100 - 4900	\$ 13,983,136	\$ 14,420,789	\$ 13,876,742	\$ 13,916,823	\$ 14,008,117	\$ 131,375
Salaries and Benefits	Page 21	5100 - 5280	2,974,877	2,817,775	3,553,484	3,224,962	3,689,748	136,264
Seminars, Conventions and Travel	Page 24	5300 - 5375	14,488	11,791	32,260	19,084	32,610	350
Office and Operational	Page 26	5410 - 5495	4,111,279	3,275,645	3,934,111	3,228,936	4,003,070	68,959
Outside Services	Page 29	5505 - 5580	970,855	861,157	767,025	599,418	632,476	(134,549)
Equipment Rent, Taxes and Utilities	Page 29	5620 - 5760	347,591	415,775	430,350	438,990	497,229	66,879
Subtotal Operational Expenditures			8,419,090	7,382,144	8,717,230	7,511,390	8,855,133	137,903
Less: Capitalized Expenditures*	Pages 21 & 26		-	-	(503,064)	(503,064)	(538,181)	(35,117)
Total Operational Expenses			8,419,090	7,382,144	8,214,166	7,008,326	8,316,952	102,786
Non-Operating Expenditures (Income)	Page 32	5810 - 9973	5,130,254	5,228,555	5,521,665	5,553,808	5,817,790	296,125
Capital Equipment and Expenditures	Page 32	1705 - 1760	1,376,691	-	93,200	-	131,290	38,090
Total Net Expenditures			14,926,035	12,610,698	13,829,031	12,562,134	14,266,032	437,001
Revenues In Excess of Expenditures, Principal Retirement and Capital Expenses			\$ (942,899)	\$ 1,810,091	\$ 47,711	\$ 1,354,689	\$ (257,915)	\$ (305,626)

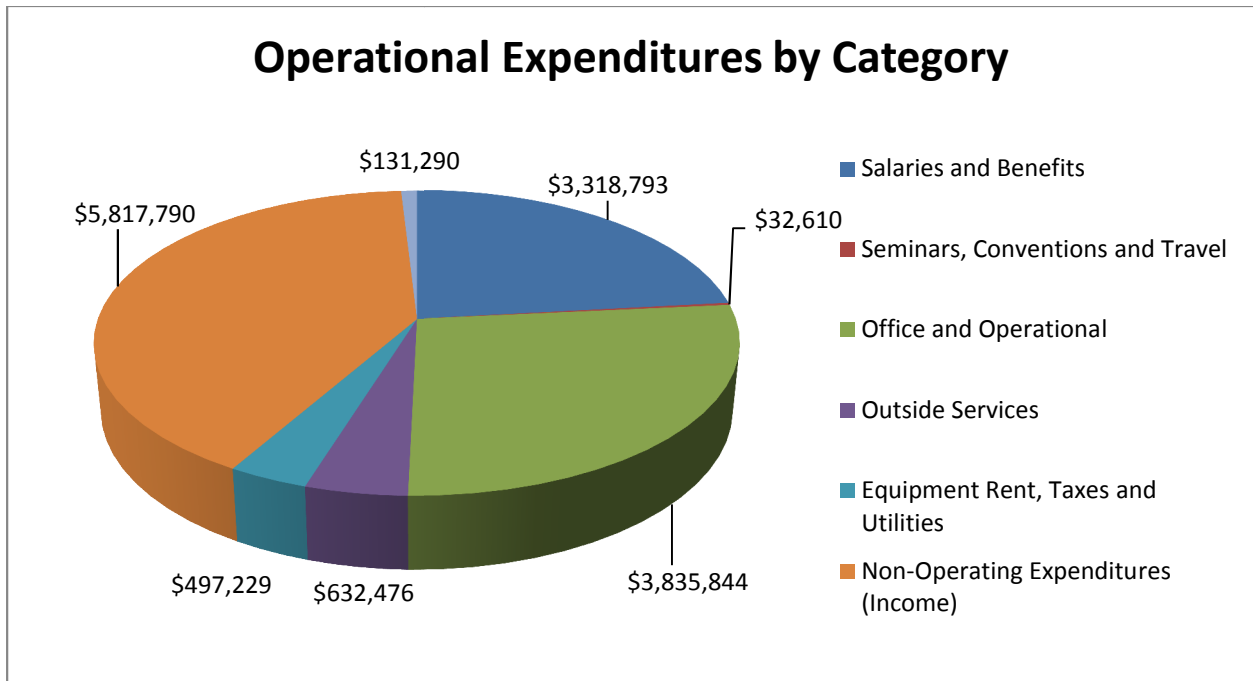
* This represents 65% of Salary, Benefits and Material Costs of the Utility Division which will be charged to the Meter Retrofit Capital Improvement Project

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ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET

OPERATIONAL EXPENDITURES BY CATEGORY

TOTAL NET EXPENDITURES \$14,266,032



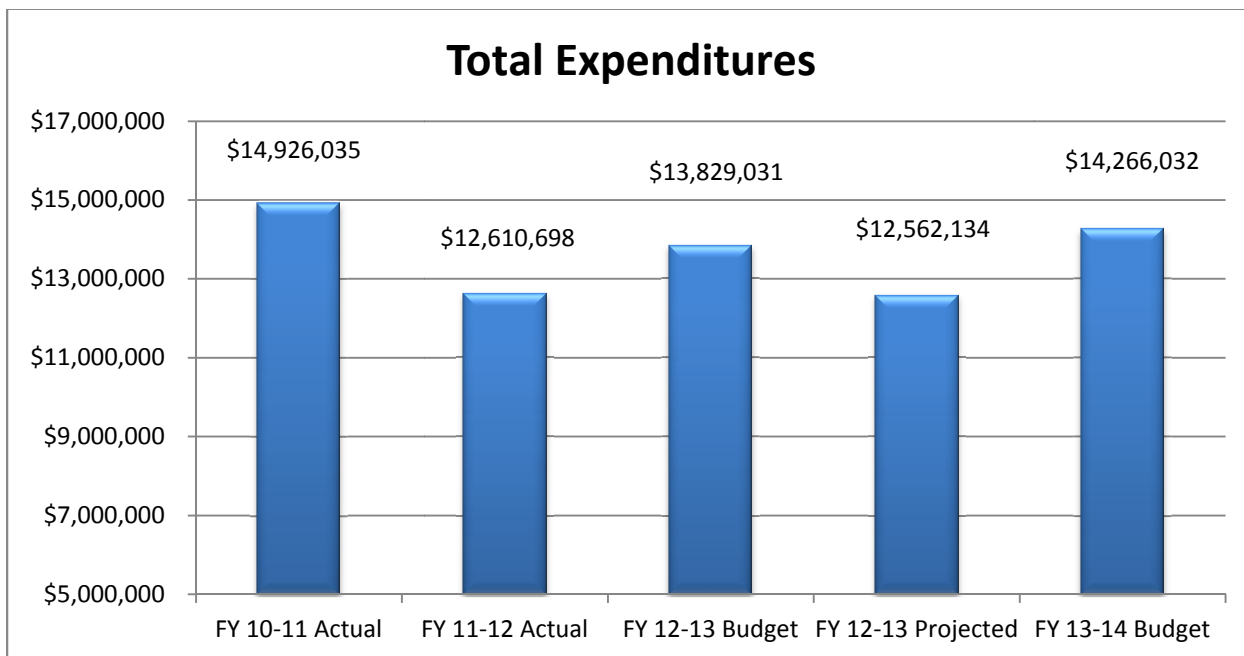
The Total Net Expenditures are net of capitalized expenses of \$538,181 for the labor and material costs associated with the Meter Retrofit Capital Improvement Project.

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ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET

TOTAL NET EXPENDITURES

FISCAL YEAR FY 2010-11 THROUGH FY 2013-14



Elk Grove Water District Fiscal Year 2013-2014 Operating Budget

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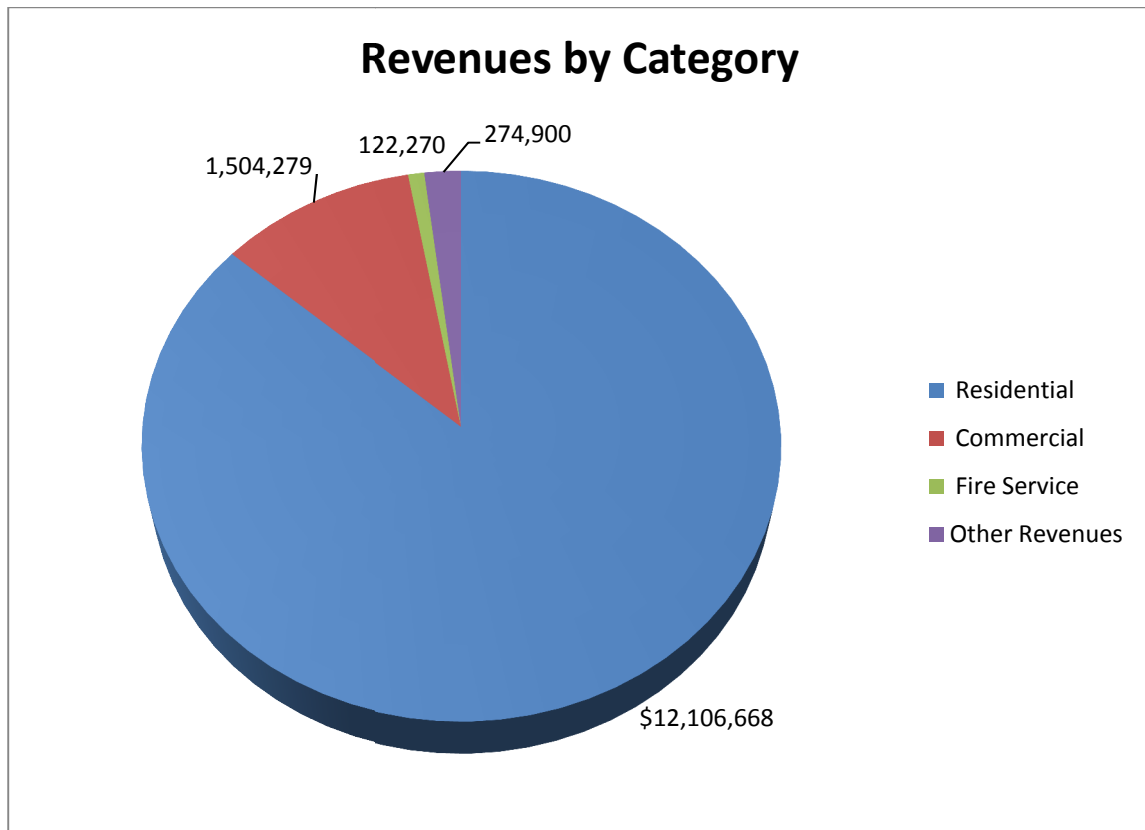
Elk Grove Water District
 Budgeted Revenue Accounts Detail
 For the Fiscal Year ending June 30, 2014

Account#	Description	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Budget	FY 12-13 Projected	FY 13-14 Requested Budget
4100	Water Payment Revenues - Residential	\$11,465,721	\$11,954,401	\$11,324,092	\$11,488,879	\$ 12,132,668
4110	Water Payment Revenues - Commercial	1,821,036	1,776,201	1,826,153	\$ 1,878,676	1,504,279
4120	Water Payment Revenues - Fire Service	402,405	395,880	404,272	368,718	122,270
4200	Meter Fees/Plan Check/Water Capacity	74,405	64,267	90,776	11,000	40,000
4520	Door Hanger Fees	130,175	129,488	133,367	122,092	127,000
4540	New Account Fees	29,730	31,250	27,880	29,060	29,000
4550	NSF Fees	3,001	2,115	2,833	2,292	2,400
4570	Shut-off Fees	76,505	80,325	82,800	80,280	70,000
4580	Credit Card Fees	7,375	7,103	8,133	6,864	6,500
4700	Rental Income	1,575	-	-	-	0
4900	Customer Refunds	(28,792)	(20,241)	(23,564)	(71,036)	(26,000)
	Total Revenues	\$13,983,136	\$14,420,789	\$13,876,742	\$13,916,823	\$ 14,008,117

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ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 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

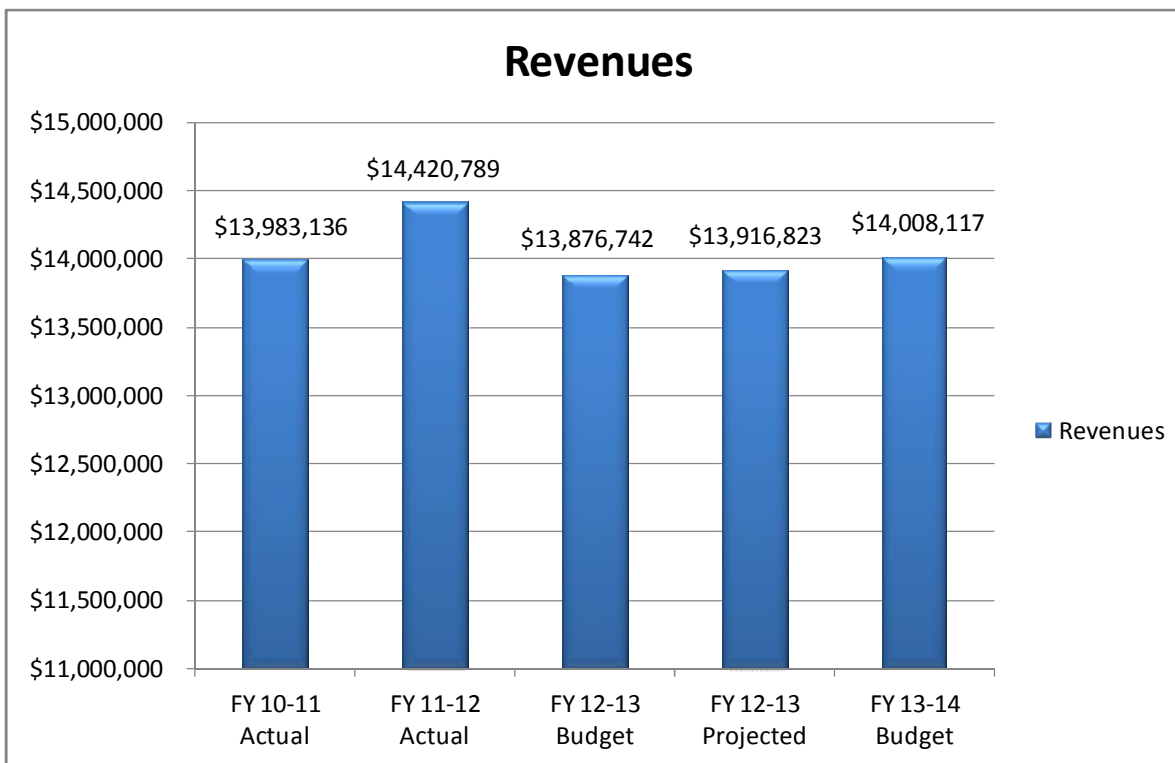
Please note that the Residential Revenue in this graph is net of customer refunds.

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ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET

TOTAL REVENUES

FISCAL YEAR FY 2010-11 THROUGH FY 2013-14



The FY 2013-14 Budget contains a revenue adjustment of 3% starting in January 2014.

Elk Grove Water District Fiscal Year 2013-2014 Operating Budget

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**Elk Grove Water District
Budgeted Salaries and Benefits Accounts Detail
For the Fiscal Year ending June 30, 2014**

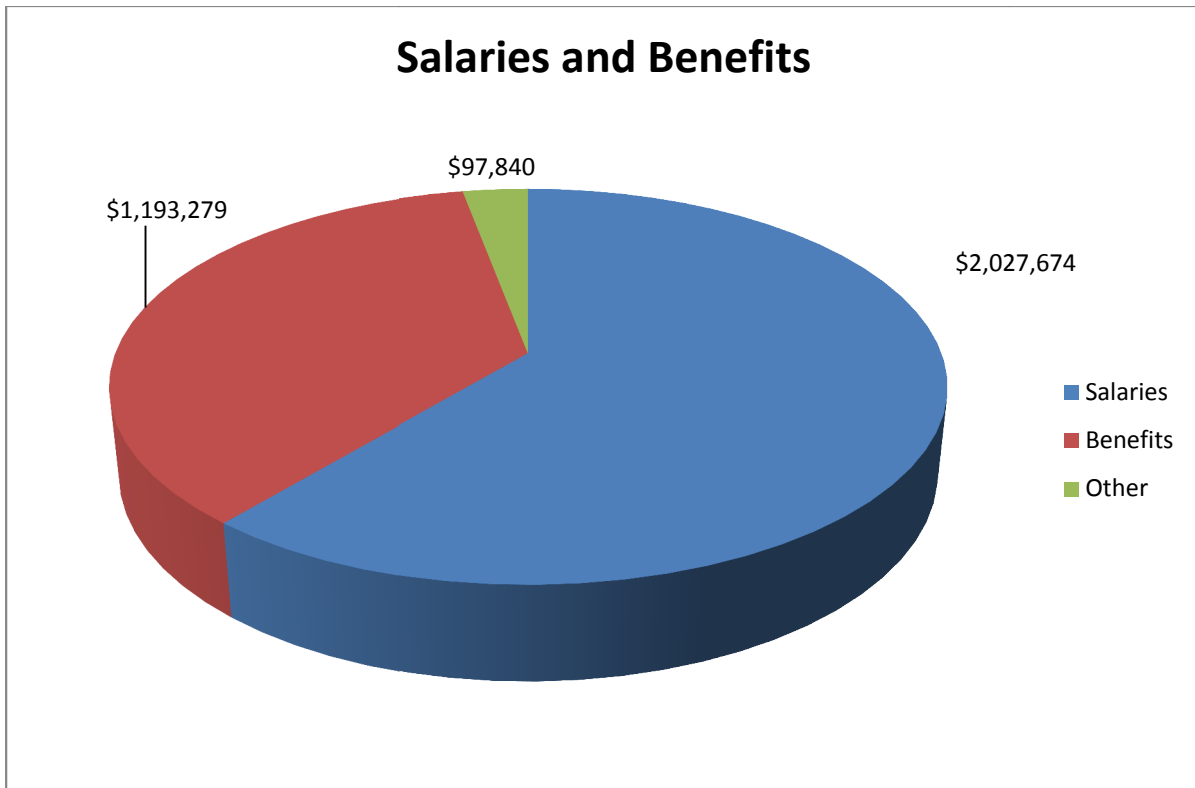
Account#	Description	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Budget	FY 12-13 Projected	FY 13-14 Requested Budget
5100	Executive Salary	\$ 129,528	\$ 134,714	\$ 156,060	\$ 135,681	\$ 150,916
5110	Exempt Salaries	366,862	349,115	402,239	388,936	492,237
5120	Non-Exempt Salaries	1,010,601	1,060,334	1,590,979	1,307,935	1,440,032
5130	Overtime Compensation	92,211	57,899	68,430	68,859	73,171
5140	On Call Pay	-	12,028	33,450	18,250	18,250
5150	Holiday Pay	66,105	76,061	-	108,189	113,859
5160	Vacation Pay	129,671	84,402	58,000	91,845	58,000
5170	Personal Time Pay	100,921	74,269	36,000	90,856	40,000
5180	Internship Program	-	-	-	-	12,164
5200	Medical Benefits	442,614	411,486	504,877	418,207	567,724
5195	EAP	-	1,158	1,293	1,083	1,229
5210	Dental/Vision/Life Insurance	10,489	42,549	55,051	46,019	54,652
5220	Retirement Benefits	340,686	290,592	349,672	315,097	338,291
5225	Retirement Benefits - Post Employment	141,747	89,756	98,500	98,500	107,500
5230	Medical Tax, Social Security and SUI	42,569	46,217	63,525	49,933	45,254
5240	Worker's Compensation Insurance	60,457	52,371	65,523	65,523	78,629
5250	Education Assistance	25,668	12,040	14,000	4,000	62,000
5260	Employee Training	12,911	21,532	51,105	15,211	32,540
5270	Employee Recognition	643	254	1,720	545	1,400
5280	Meetings	1,194	998	3,060	291	1,900
	Less Capitalized Expenses					(370,955)
		<u>\$2,974,877</u>	<u>\$2,817,775</u>	<u>\$3,553,484</u>	<u>\$3,224,962</u>	<u>\$ 3,318,793</u>

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ELK GROVE WATER DISTRICT

FY 2013-14 BUDGET

TOTAL NET SALARIES AND BENEFITS \$3,318,793*



The Other Expenditure Categories include:

- Education Assistance
- Employee Training
- Employee Recognition
- Meetings

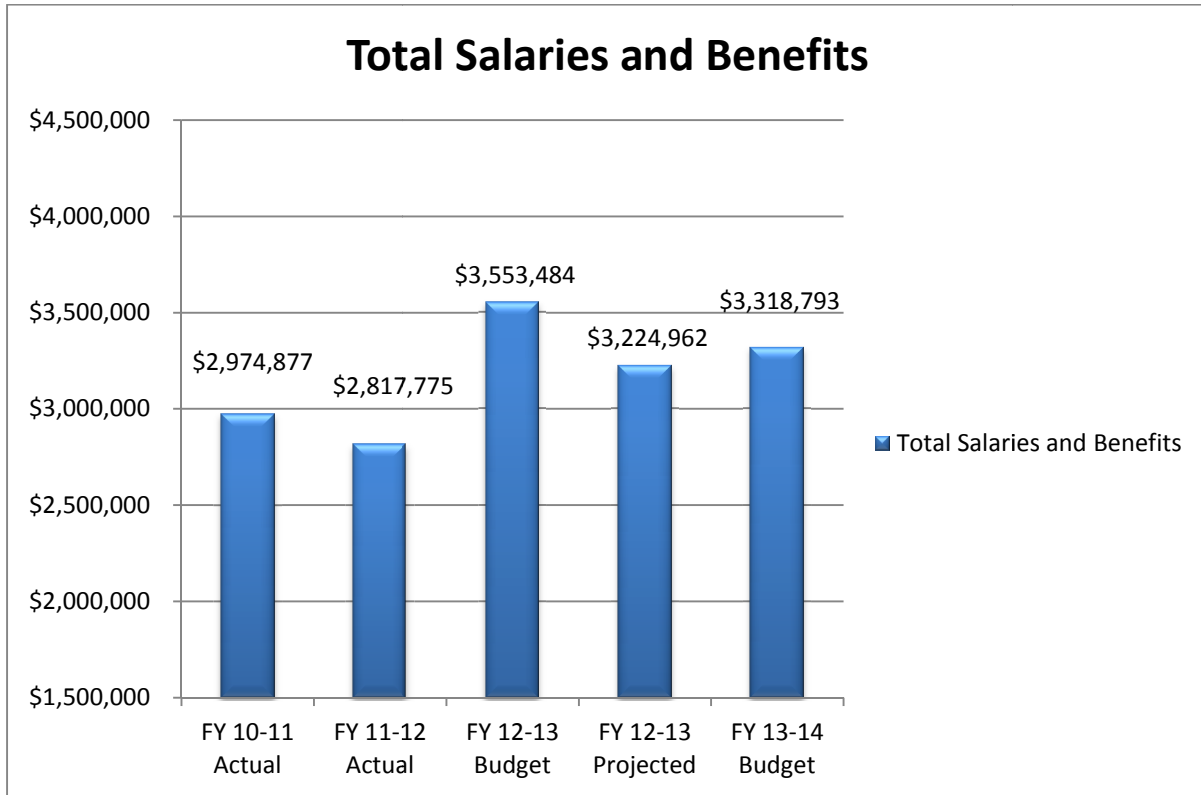
*The total Salaries and Benefits are net of labor costs of \$370,955 that will be capitalized for the Meter Retrofit Capital Improvement Project.

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ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET

TOTAL SALARIES AND BENEFITS

FISCAL YEAR FY 2010-11 THROUGH FY 2013-14



FY 2013-14 Salaries and Benefits are net of labor costs of \$370,955 that will be capitalized for the Meter Retrofit Capital Improvement Project.

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**Elk Grove Water District
Budgeted Seminars, Conventions and Travel Accounts Detail
For the Fiscal Year ending June 30, 2014**

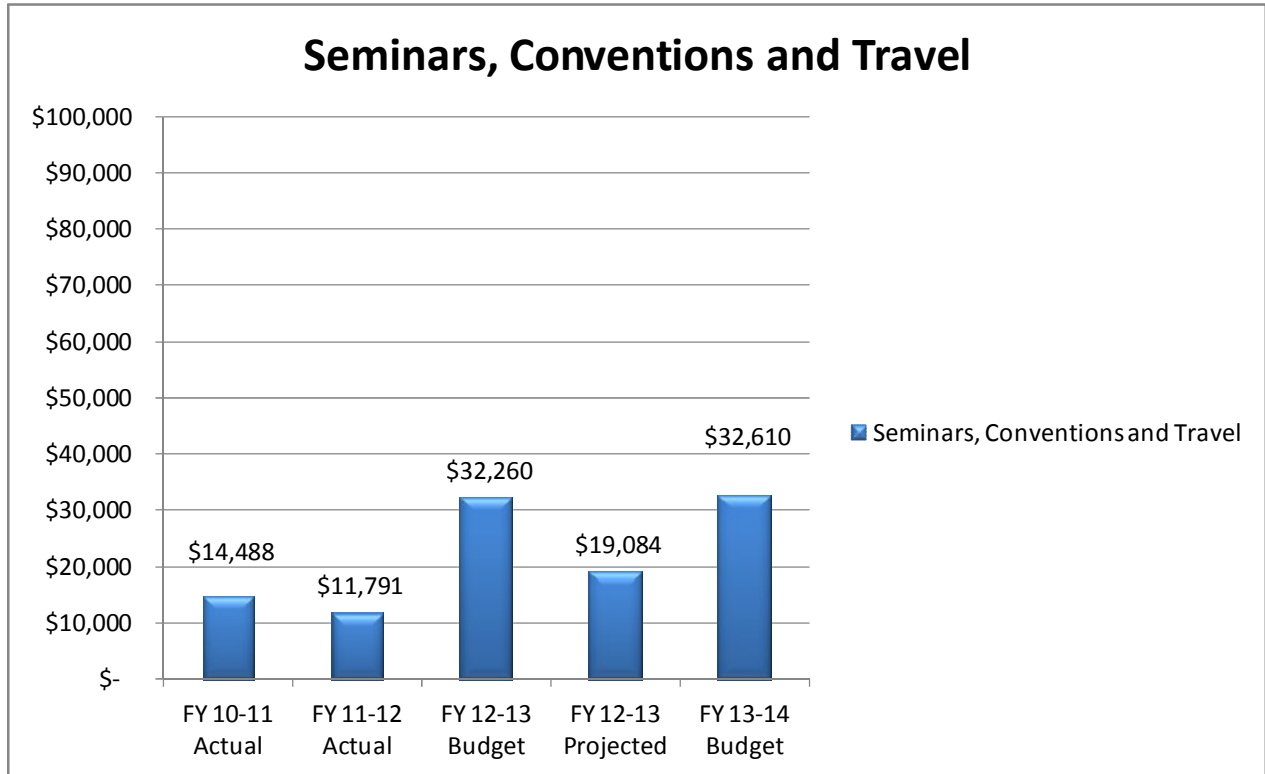
Account#	Description	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Budget	FY 12-13 Projected	FY 13-14 Requested Budget
5300	Airfare	\$ 805	\$ 199	\$ 2,600	\$ 1,600	\$ 3,200
5310	Hotels	1,941	2,048	7,150	4,000	7,200
5320	Meals	4,942	2,083	3,800	2,100	3,200
5330	Auto Rental	-	251	800	600	2,450
5340	Seminars & Conferences	3,714	1,881	7,200	4,600	7,300
5345	Seminars & Conferences - Board	550	-	5,000	700	3,000
5350	Mileage Reimbursement, Parking, Tolls	336	530	910	684	680
5375	Auto Allowance	2,200	4,800	4,800	4,800	5,580
		<u>\$ 14,488</u>	<u>\$ 11,791</u>	<u>\$ 32,260</u>	<u>\$ 19,084</u>	<u>\$ 32,610</u>

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ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET

TOTAL SEMINARS, CONVENTIONS AND TRAVEL

FISCAL YEAR FY 2010-11 THROUGH FY 2013-14



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**Elk Grove Water District
Budgeted Office and Operational Accounts Detail
For the Fiscal Year ending June 30, 2014**

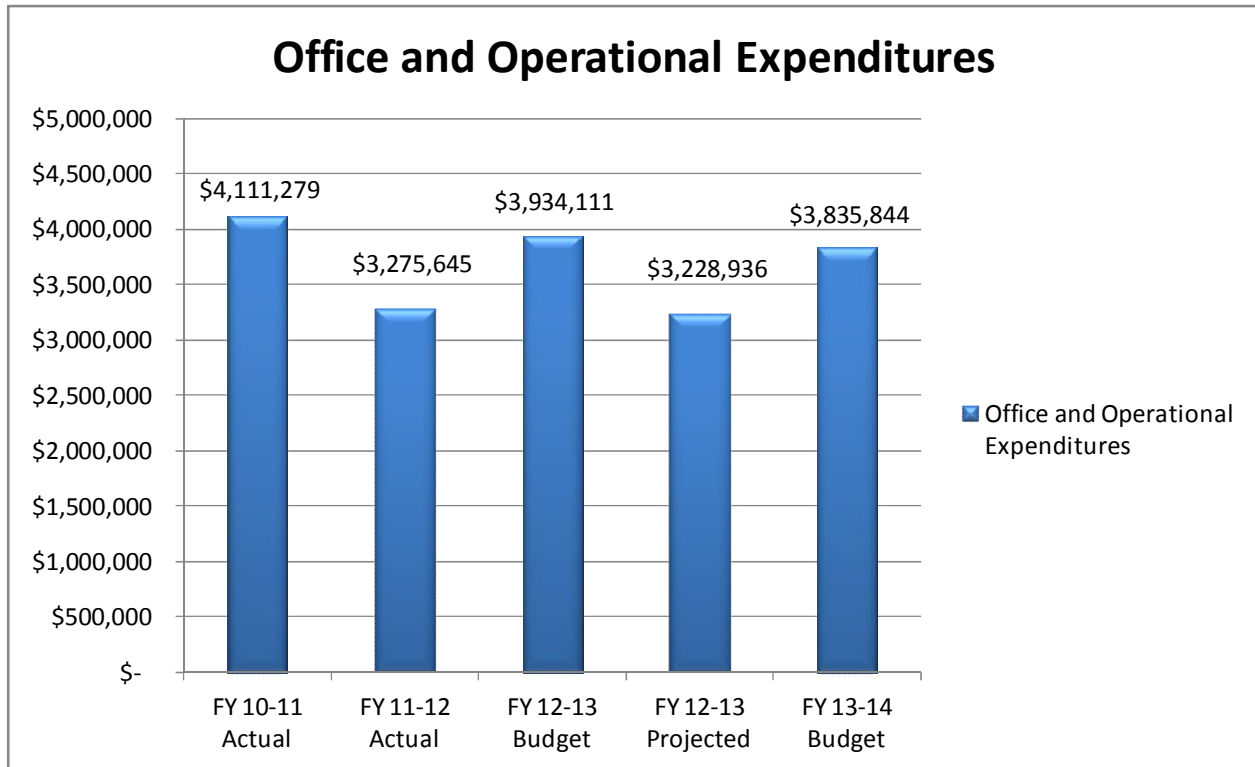
Account#	Description	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Budget	FY 12-13 Projected	FY 13-14 Requested Budget
5410	Advertising	815	\$ 5,321	\$ 4,000	\$ 3,100	\$ 4,000
5415	Association Dues	39,734	41,717	49,800	56,000	54,396
5420	Insurance	117,247	74,105	84,000	84,000	72,000
5425	Licenses, Certifications, Fees	33,478	32,607	4,350	1,800	4,350
5430	Repairs & Maintenance - Automotive	21,414	13,408	22,400	24,150	26,630
5432	Repairs & Maintenance - Building	25,379	22,942	23,000	9,934	12,581
5434	Repairs & Maintenance - Computers	96,959	37,225	24,000	22,124	15,400
5435	Repairs & Maintenance - Equipment	224,802	64,666	87,050	27,821	52,717
5438	Fuel	48,275	42,596	67,840	44,508	63,280
5440	Materials	277,419	205,605	332,542	170,798	332,542
5445	Chemicals	15,312	16,275	27,000	19,409	27,000
5450	Meter Repairs	4,000	3,564	8,300	664	600
5453	Permits	24,646	844	25,500	4,732	23,200
5455	Postage	51,454	54,279	55,600	49,853	56,800
5460	Printing	7,629	9,133	17,000	3,282	12,100
5465	Safety Equipment	1,880	3,896	6,000	278	6,000
5470	Software Programs & Updates	215,017	88,032	87,455	87,455	106,282
5475	Supplies	56,673	37,544	45,187	56,544	39,387
5480	Telephone	31,294	34,119	43,106	37,000	30,192
5485	Tools	14,845	2,268	13,000	5,199	13,000
5490	Clothing Allowance	14,449	10,774	11,500	5,287	10,000
5491	EGWD - Other Clothing	-	-	-	-	15,636
5495	Purchased Water	2,788,560	2,474,725	2,895,481	2,515,000	3,024,976
	Less Capitalized Expenses					(167,226)
		<u>\$4,111,279</u>	<u>\$3,275,645</u>	<u>\$3,934,111</u>	<u>\$3,228,936</u>	<u>\$ 3,835,844</u>

June 26, 2013

ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET

TOTAL OFFICE AND OPERATIONAL

FISCAL YEAR FY 2010-11 THROUGH FY 2013-14



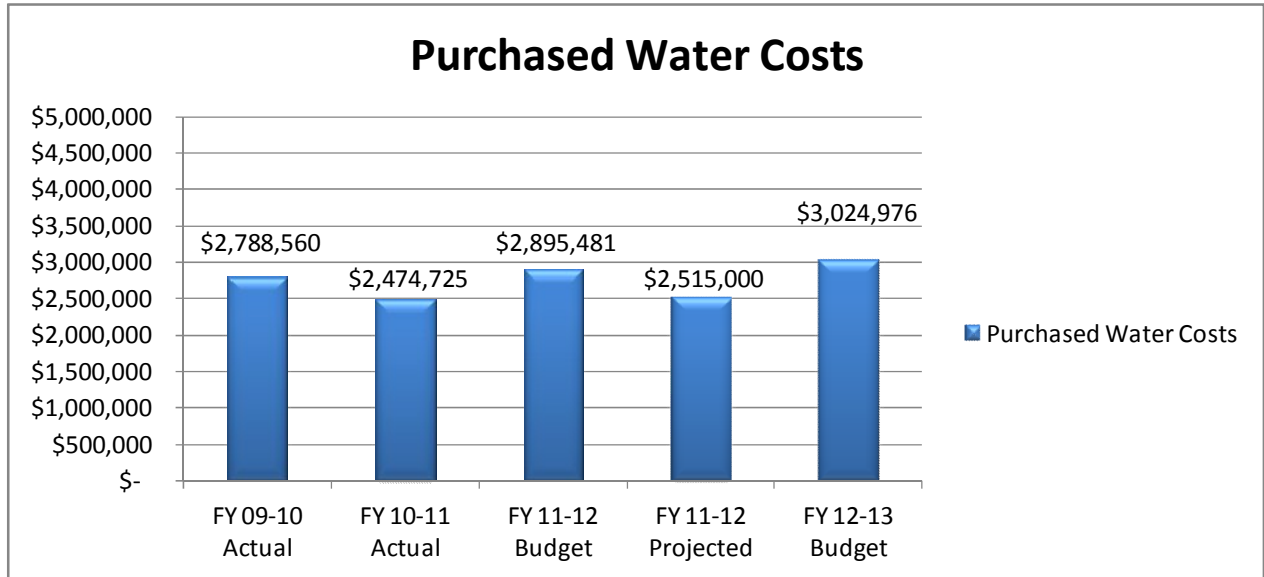
Office and Operation Expenditures include Purchased Water expenses of \$3,024,976. The total Expenditures are net of \$167,226 of capitalized expense for the Meter Retrofit Capital Improvement Project.

June 26, 2013

ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET

TOTAL PURCHASED WATER

FISCAL YEAR FY 2010-11 THROUGH FY 2013-14



Elk Grove Water District Fiscal Year 2013-2014 Operating Budget

June 26, 2013

**Elk Grove Water District
Budgeted Outside Services Accounts Detail
For the Fiscal Year ending June 30, 2014**

Account#	Description	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14
		Actual	Actual	Budget	Projected	Requested Budget
5505	Administration Services	\$ 227	\$ 1,015	\$ 1,325	\$ 1,002	\$ 1,500
5510	Bank Charges	53,331	39,362	43,500	42,375	44,000
5515	Billing Services	23,368	26,728	26,000	25,229	25,300
5520	Contracted Services	21,729	136,911	149,900	127,261	141,400
5525	Accounting Services	61,277	63,626	87,000	57,000	60,000
5530	Engineering	446,915	143,179	50,000	5,000	80,000
5535	Legal Services	254,338	292,879	265,000	180,409	185,000
5540	Financial Consultants	10,689	44,025	30,000	80,000	20,000
5545	Community Relations	5,550	60	5,600	12,142	11,200
5552	Misc. Medical	-	23,612	1,000	2,780	1,000
5550	Pre-employment	23,259	599	10,000	1,821	10,000
5555	Janitorial	3,160	3,670	5,200	3,240	7,440
5560	Bond Administration	1,160	9,650	9,000	9,000	7,500
5570	Security	26,794	50,312	54,500	32,369	19,136
5575	Sampling	33,060	22,279	26,000	16,791	16,000
5580	Board Secretary/Treasurer	6,000	3,250	3,000	3,000	3,000
		<u>\$ 970,855</u>	<u>\$ 861,157</u>	<u>\$ 767,025</u>	<u>\$ 599,418</u>	<u>\$ 632,476</u>

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

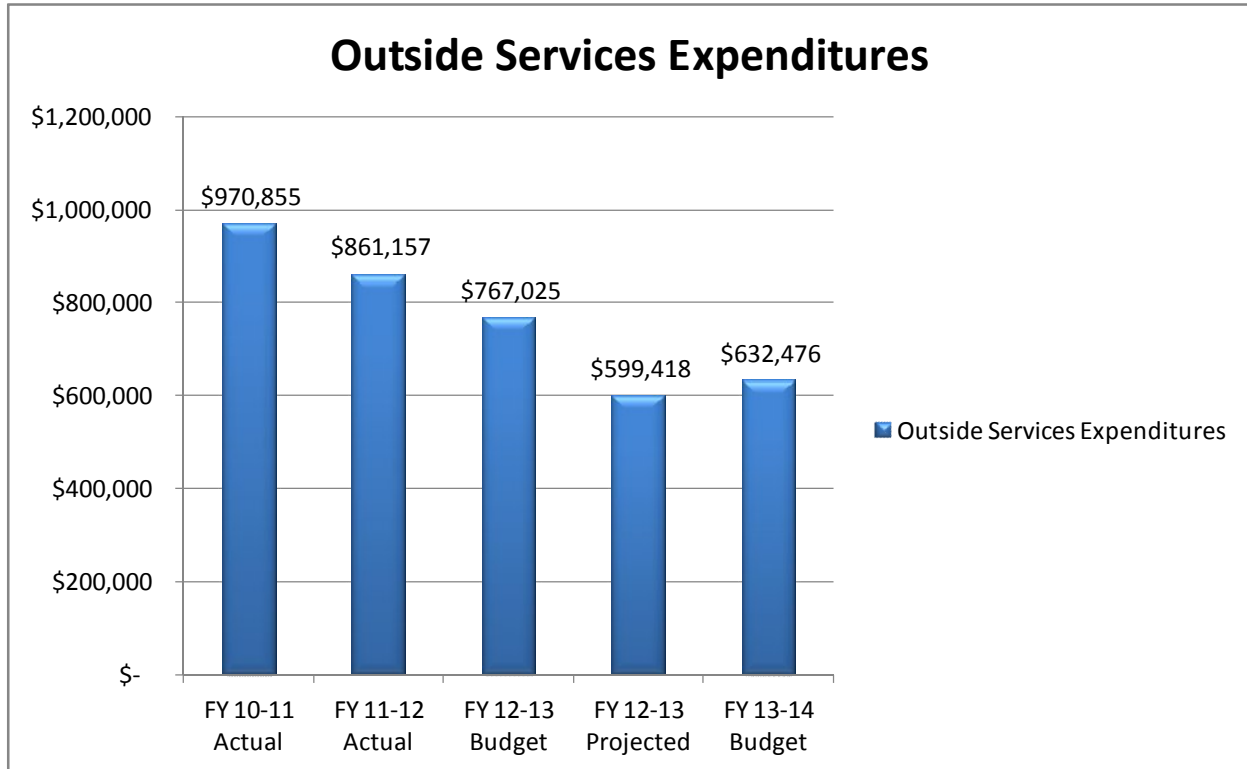
Account#	Description	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14
		Actual	Actual	Budget	Projected	Requested Budget
5610	Occupancy	\$ -	\$ -	\$ -	\$ -	\$ -
5620	Equipment Rental	15,283	19,504	23,000	20,649	41,000
5710	Property Taxes	2,881	1,419	2,000	3,678	4,000
5720	Water	-	-	-	1,087	-
5740	Electricity	310,816	378,293	385,600	385,600	420,944
5750	Natural Gas	453	282	500	345	504
5760	Sewer & Garbage	18,157	16,277	19,250	27,631	30,781
		<u>\$ 347,591</u>	<u>\$ 415,775</u>	<u>\$ 430,350</u>	<u>\$ 438,990</u>	<u>\$ 497,229</u>

June 26, 2013

ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET

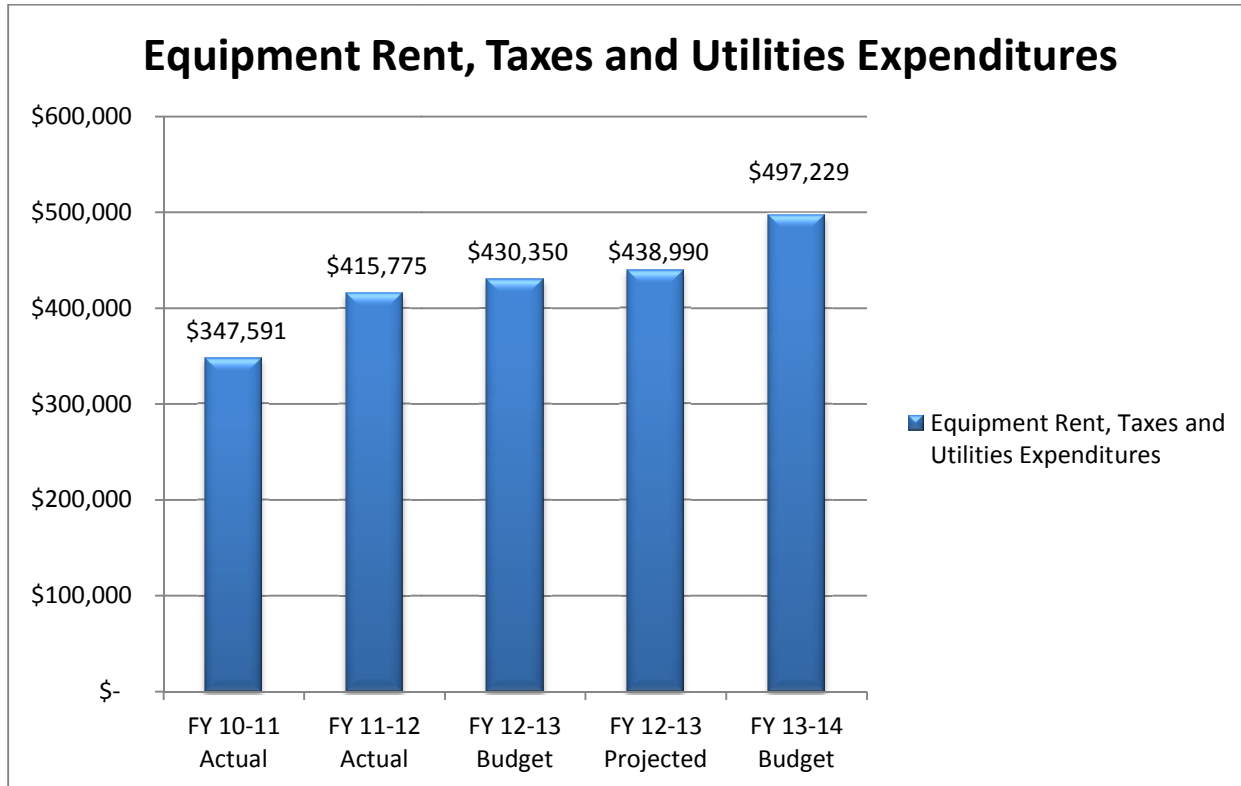
TOTAL OUTSIDE SERVICES

FISCAL YEAR FY 2010-11 THROUGH FY 2013-14



June 26, 2013

ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET
TOTAL EQUIPMENT RENT, TAXES AND UTILITIES
FISCAL YEAR FY 2010-11 THROUGH FY 2013-14



The main increases for Equipment Rent, taxes and utilities expenditures are for the electricity \$35,344 and equipment rental \$18,000 for a boring machine needed for construction projects performed by the Utility Division.

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**Elk Grove Water District
Budgeted Capital Expenses Detail
For the Fiscal Year ending June 30, 2014**

Account#	Description	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Budget	FY 12-13 Projected	FY 13-14 Requested Budget
1730	Meters	\$ 500,074	\$ -	\$ -	\$ -	\$ -
1745	Transportation Equipment	14,618	-	-	-	-
1760/1765	Capital Equipment & Expenditures	855,099	-	38,200	-	96,290
1705	Non-Project Capital Expenses	6,900	-	55,000	-	35,000
		<u>\$ 1,376,691</u>	<u>\$ -</u>	<u>\$ 93,200</u>	<u>\$ -</u>	<u>\$ 131,290</u>

**Elk Grove Water District
Budgeted Non Operating Activity Detail
For the Fiscal Year ending June 30, 2014**

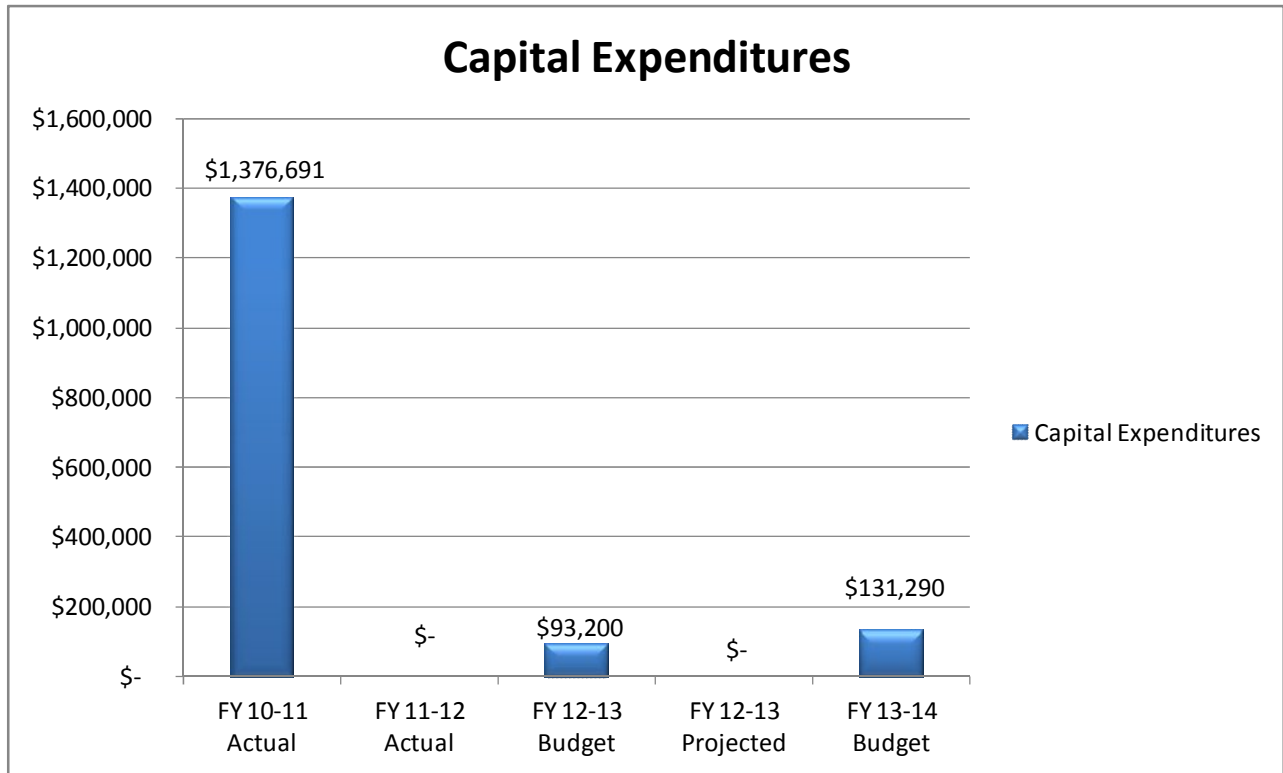
Account#	Description	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Budget	FY 12-13 Projected	FY 13-14 Requested Budget
6440	Depreciation & Amortization	\$ 1,455,222	\$ 1,807,411	\$ 1,710,000	\$ 1,710,000	\$ 1,800,000
7300	Debt Service (Bond Interest Expense)	2,762,099	2,664,091	2,638,678	2,638,678	2,595,984
7310	Discount Amortization Expense	28,344	28,344	-	28,344	28,344
7320	Offering Expense - Deferred Charges	103,476	103,476	-	103,476	103,476
7400	Interest Paid - 9257 Elk Grove Note	11,023	62,716	59,374	59,374	55,649
9920	Other Expenses (Income)	(90,183)	(472,793)	(85,000)	(109,337)	-
2470	9257 Elk Grove Blvd. Note	48,850	52,122	55,613	55,613	59,337
2500	Bond Retirement	850,000	1,005,000	1,080,000	1,080,000	1,175,000
9910	Interest Earned	(40,230)	(21,812)	(22,000)	(14,000)	-
9950	Election Costs	1,654	-	85,000	1,660	-
		<u>\$ 5,130,254</u>	<u>\$ 5,228,555</u>	<u>\$ 5,521,665</u>	<u>\$ 5,553,808</u>	<u>\$ 5,817,790</u>

June 26, 2013

ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET

TOTAL CAPITAL EXPENDITURES

FISCAL YEAR FY 2010-11 THROUGH FY 2013-14



The current and previous years Capital Expenditures included capital projects.

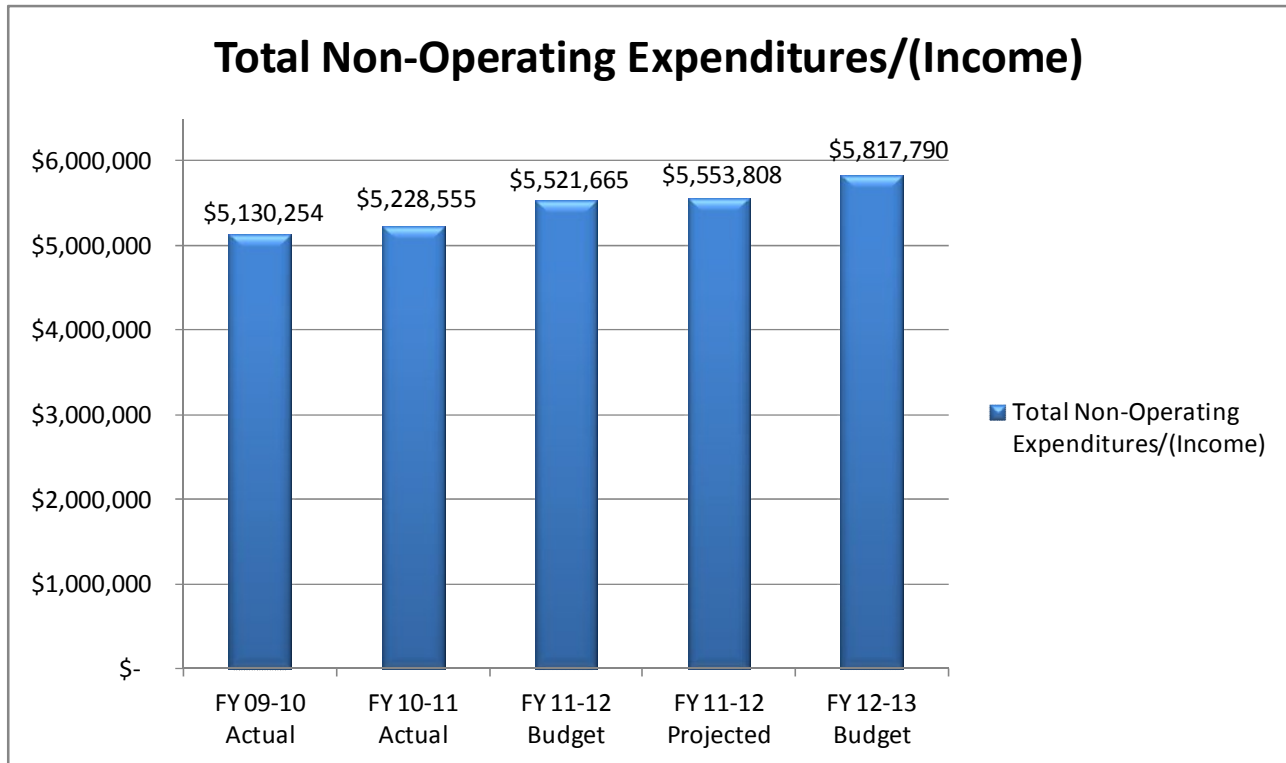
Starting in FY 2012-13, all CIP Projects, with the exception of two minor projects, will be budgeted in the Five Capital Improvement Program.

June 26, 2013

ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET

TOTAL NON OPERATING EXPENDITURES (INCOME)

FISCAL YEAR FY 2010-11 THROUGH FY 2013-14



The Non-Operating Expenditures includes:

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

Elk Grove Water District Fiscal Year 2013-2014 Operating Budget

June 26, 2013

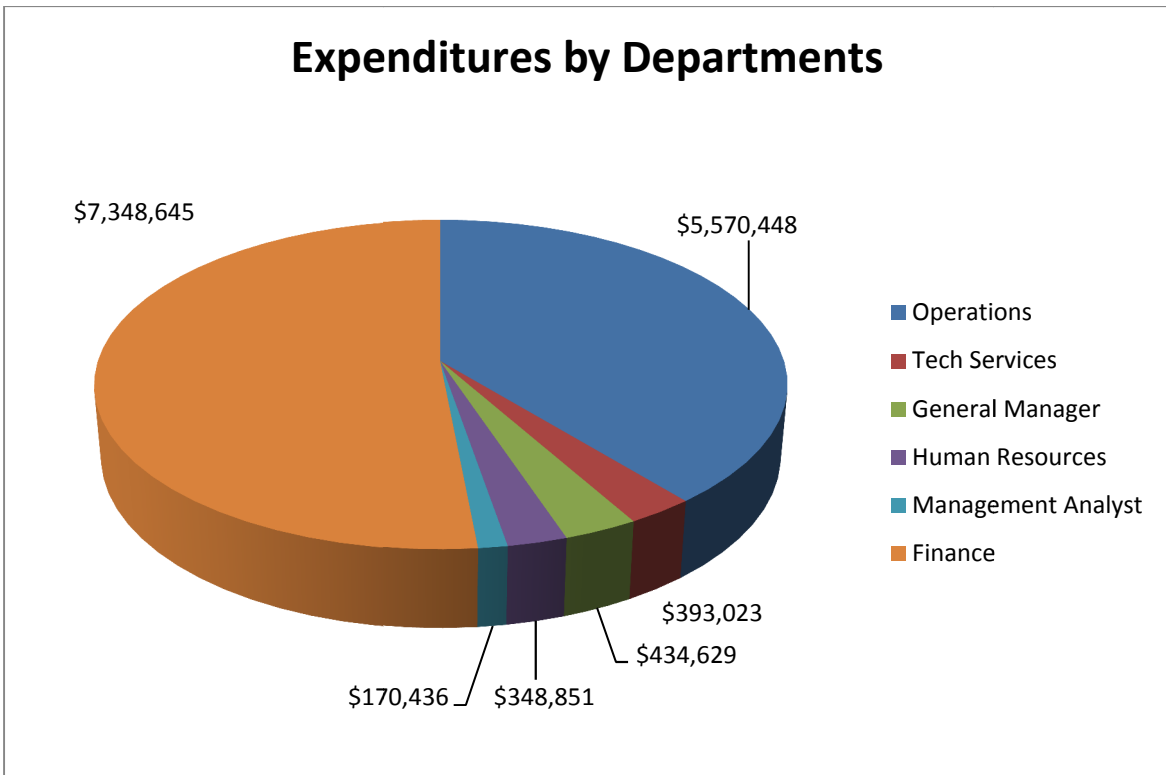
**Elk Grove Water District
Summary by Departments
For the Fiscal Year ending June 30, 2014**

Expenditure	Operations	Technical Services	General Manager	Human Resources	Management Analyst	Finance	Total Budget
Revenues							14,008,117
Salaries and Benefits	\$ 1,910,066	\$ 251,228	\$ 229,269	\$ 320,351	\$ 142,586	\$ 836,248	\$ 3,689,748
Seminars, Conventions and Travel	3,300	3,100	14,160	4,200	2,250	5,600	32,610
Office and Operational	637,150	55,695	-	6,800	15,600	262,849	978,094
Purchased Water	3,024,976	-	-	-	-	-	3,024,976
Outside Services	40,940	80,000	191,200	17,500	10,000	292,836	632,476
Equipment Rent, Taxes and Utilities	457,197	3,000	-	-	-	37,032	497,229
Subtotal Operational Expenditures	6,073,629	393,023	434,629	348,851	170,436	1,434,565	8,855,133
Less: Capitalized Expenditures*	<u>(538,181)</u>						<u>(538,181)</u>
Total Operational Expenses	5,535,448	393,023	434,629	348,851	170,436	1,434,565	8,316,952
Non-Operating Expenditures (Income)						5,817,790	5,817,790
Capital Equipment and Expenditures	<u>35,000</u>					96,290	<u>131,290</u>
Total Net Expenditures	5,570,448	393,023	434,629	348,851	170,436	7,348,645	14,266,032
Revenues In Excess of Expenditures, Principal Retirement and Capital Expenditures							<u>\$ (257,915)</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

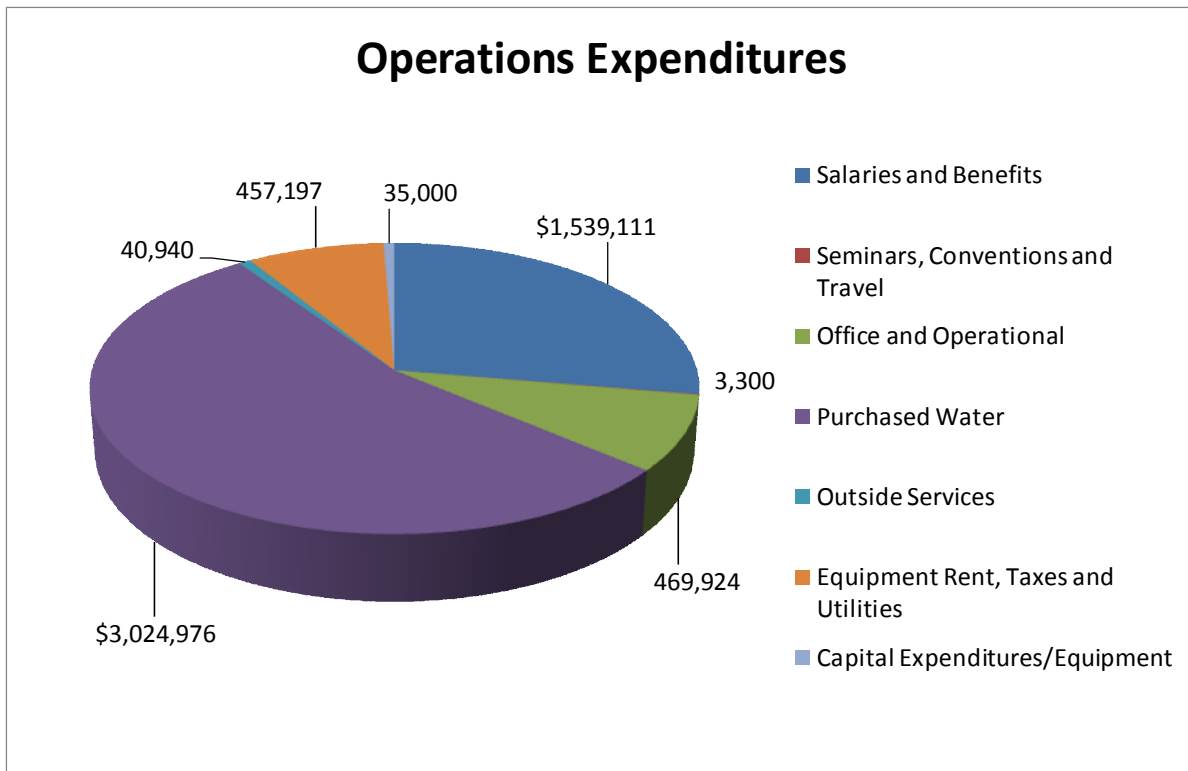
June 26, 2013

ELK GROVE WATER DISTRICT FISCAL YEAR 2013-14 BUDGET TOTAL EXPENDITURES BY DEPARTMENTS



June 26, 2013

FISCAL YEAR 2013-14 BUDGET
OPERATIONS DEPARTMENT \$5,570,448
TOTAL EXPENDITURES BY CATEGORY

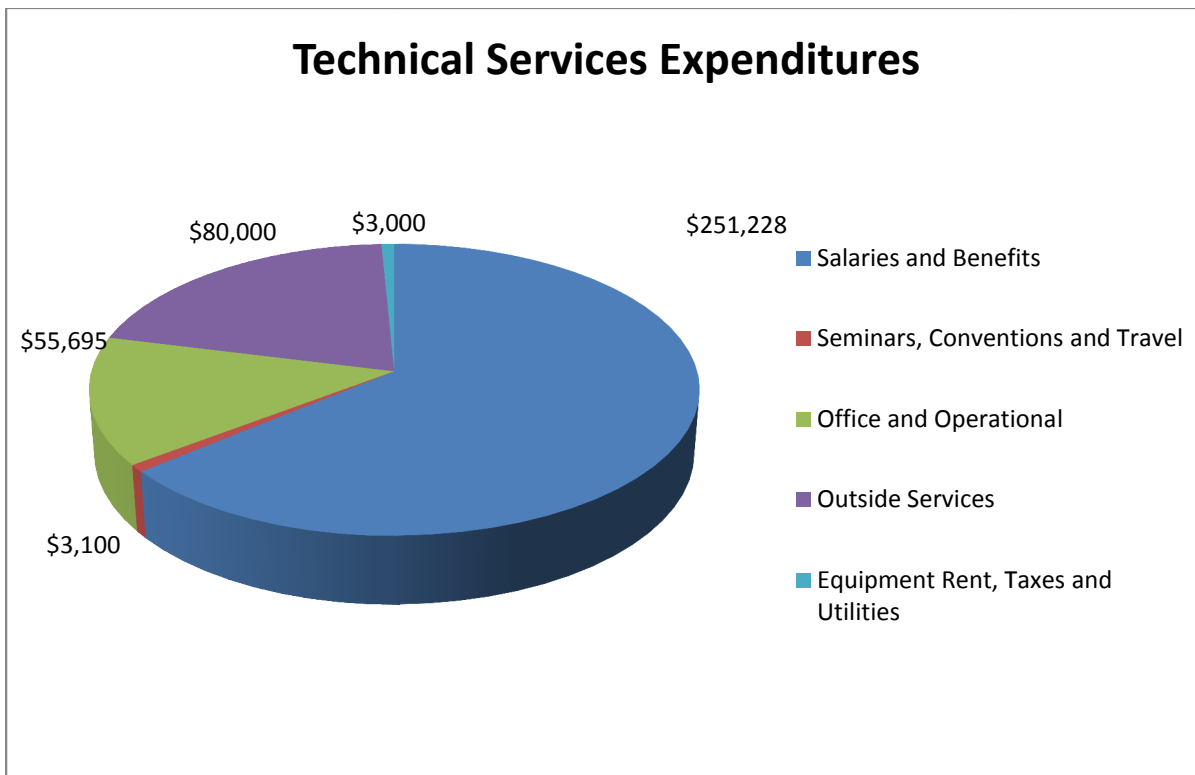


The Salaries and Benefits are adjusted as follows for the capitalized expense for the Meter Retrofit Program:

- Salaries and Benefits \$370,955
- Office and Operational \$167,226
- TOTAL \$538,191

June 26, 2013

FISCAL YEAR 2013-14 BUDGET
TECHNICAL SERVICES DEPARTMENT \$393,023
TOTAL EXPENDITURES BY CATEGORY

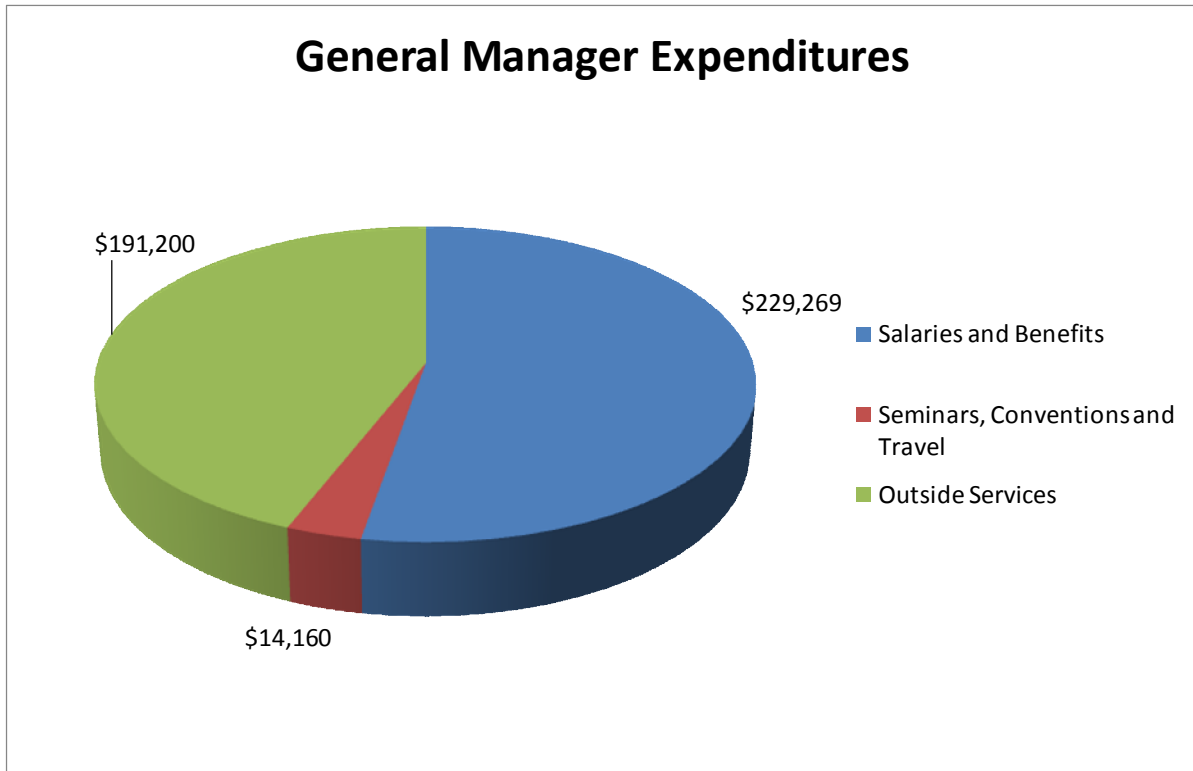


June 26, 2013

FISCAL YEAR 2013-14 BUDGET

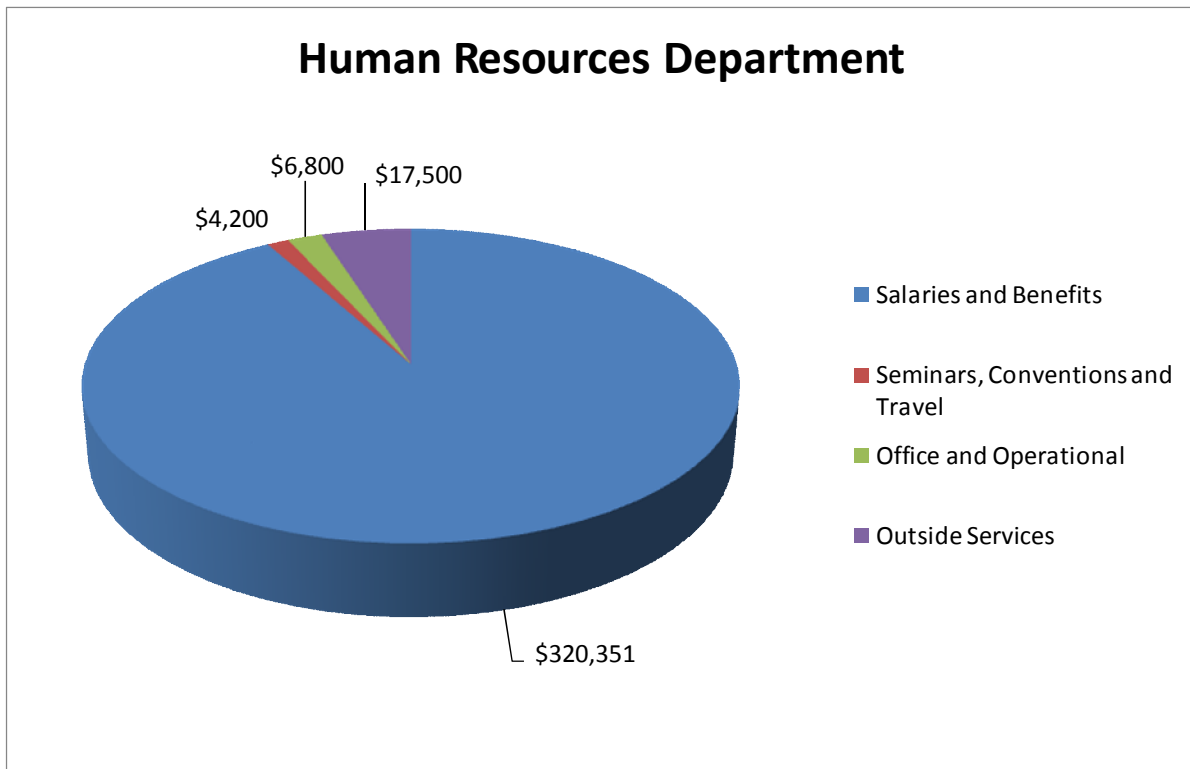
GENERAL MANAGER DEPARTMENT \$434,629

TOTAL EXPENDITURES BY CATEGORY



June 26, 2013

FISCAL YEAR 2013-14 BUDGET
HUMAN RESOURCES DEPARTMENT \$348,851
TOTAL EXPENDITURES BY CATEGORY



The Salaries and Benefits for the Human Resources Department include:

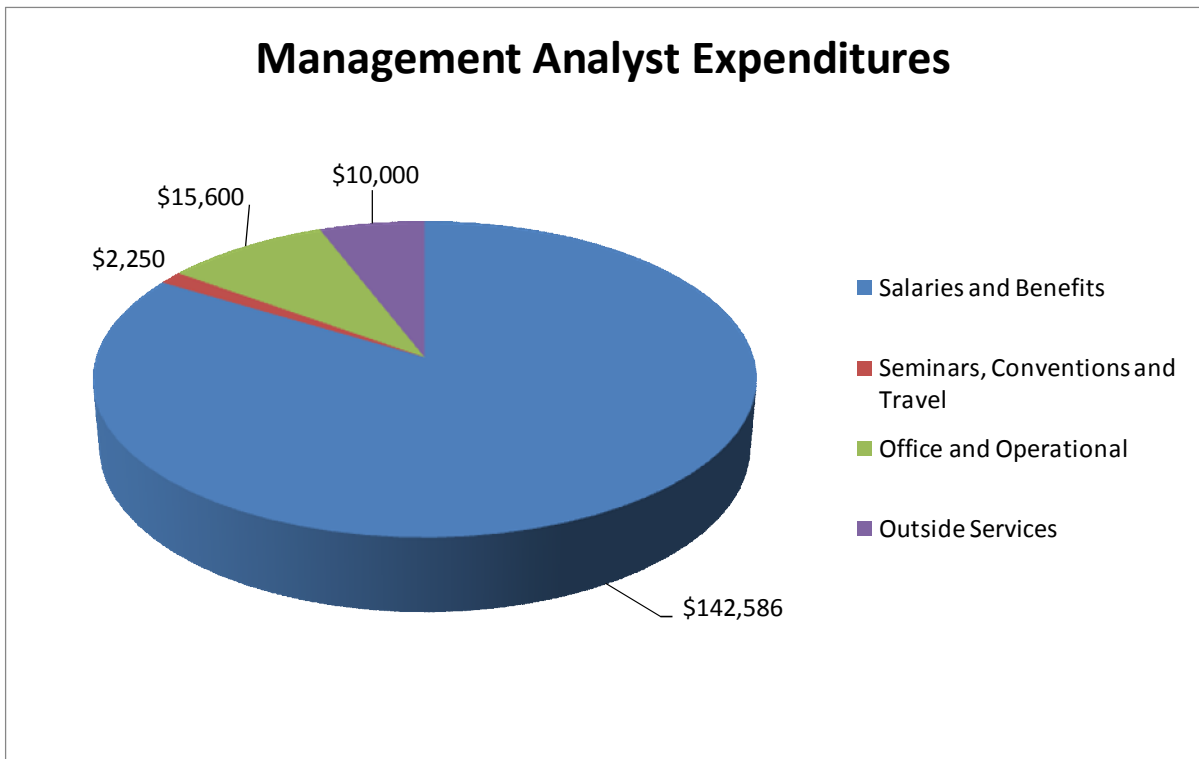
- Vacation Pay (Cash Outs) \$58,000
- Personal Time Pay (Cash Outs) \$40,000
- TOTAL \$94,000

June 26, 2013

FISCAL YEAR 2013-14 BUDGET

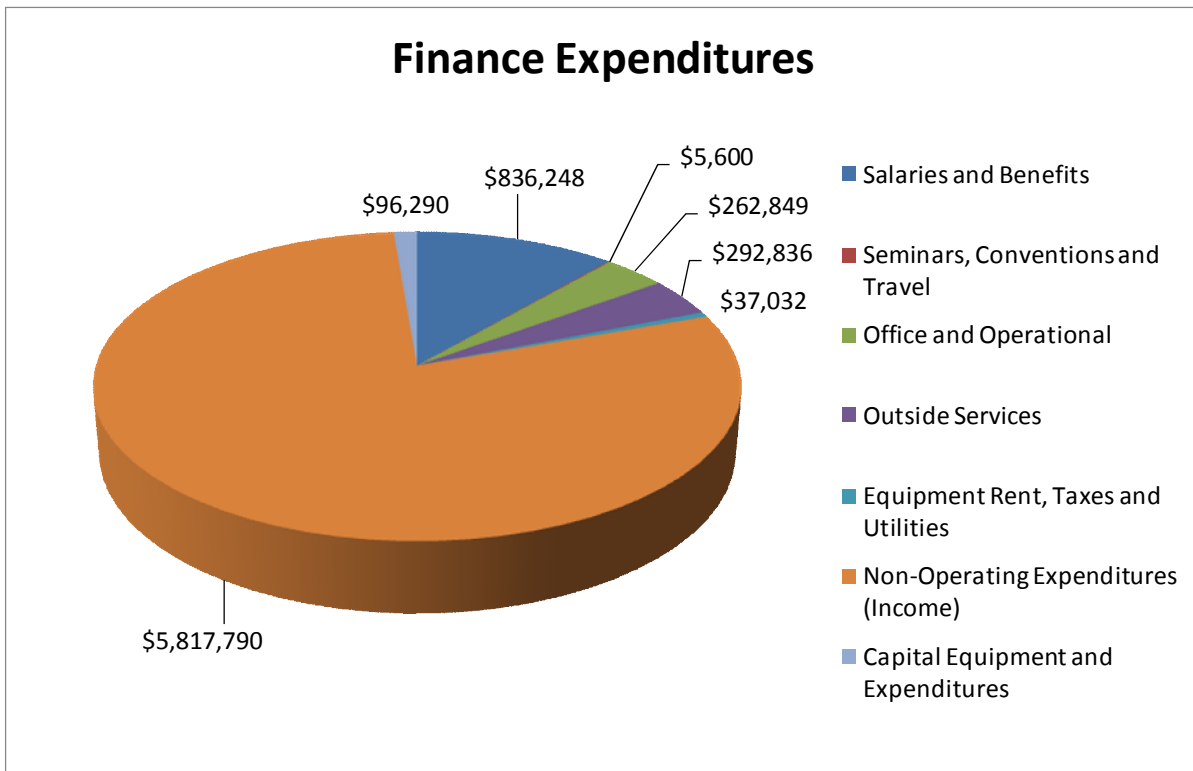
MANAGEMENT ANALYST DEPARTMENT \$170,436

TOTAL EXPENDITURES BY CATEGORY



June 26, 2013

FISCAL YEAR 2013-14 BUDGET
FINANCE DEPARTMENT \$7,348,645
TOTAL EXPENDITURES BY CATEGORY

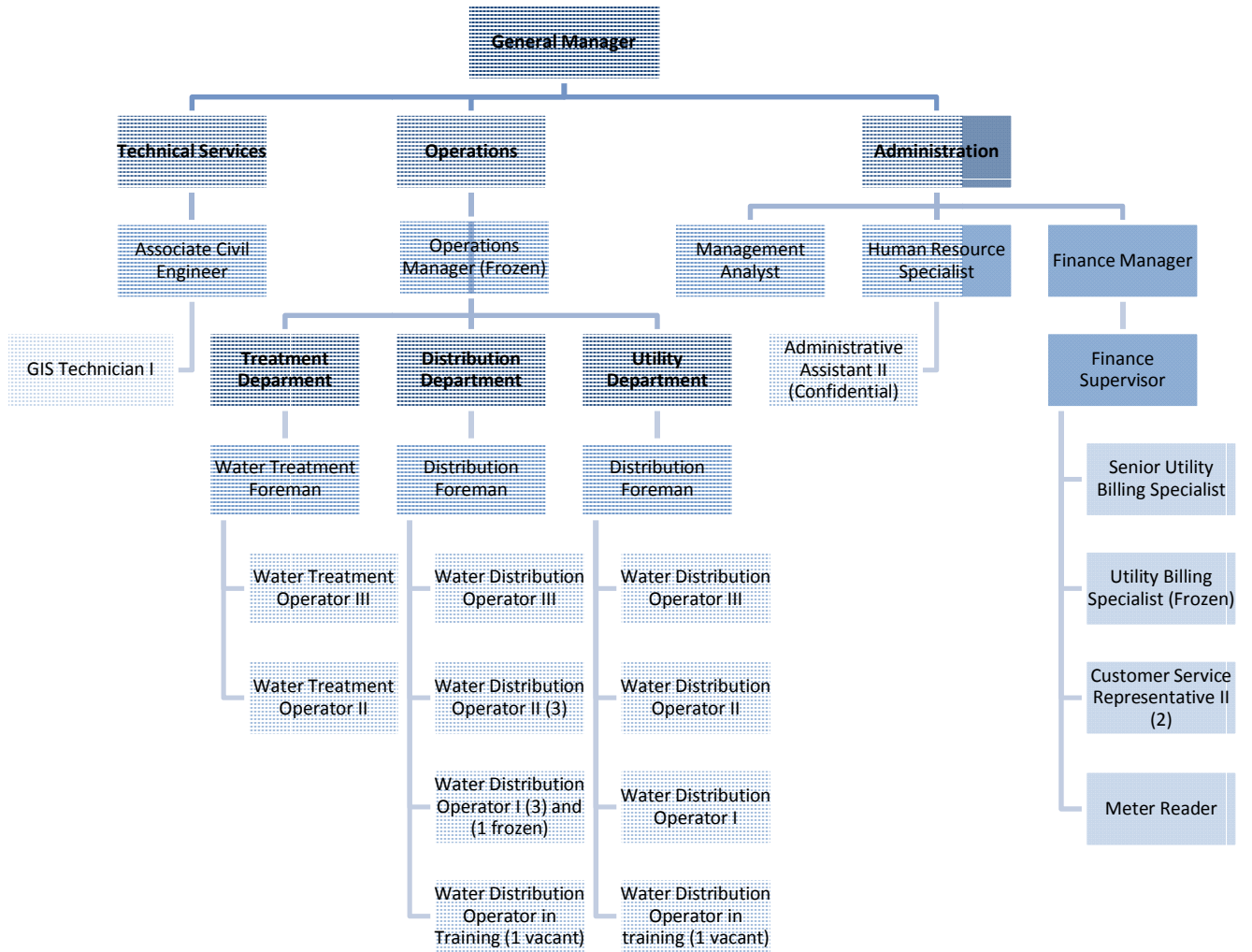


The Non-Operating Expenditures for the Finance Department includes:

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

June 26, 2013

ELK GROVE WATER DISTRICT ORGANIZATION CHART



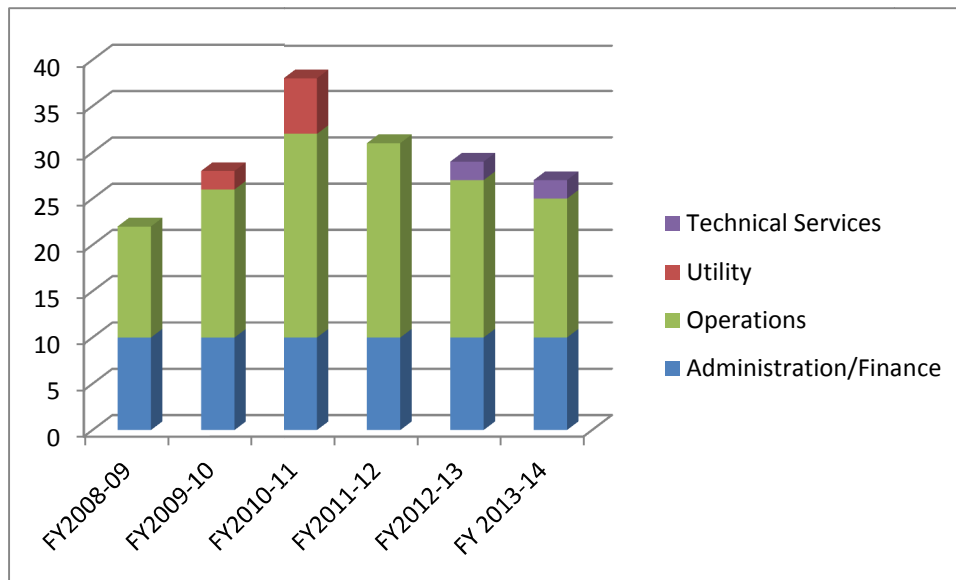
June 26, 2013

LEADERSHIP TEAM

Mark J. Madison, P.E.
Dennis M. Coleman
Frozen Position
Ellen Carlson
Stefani Phillips
Bruce Kamilos
Donella Ouellette
Jose Carrillo
Steve Shaw
Richard Salas

General Manager
Finance Manager/Treasurer
Operations Manager
Management Analyst
Human Resource Specialist
Associate Civil Engineer
Finance Supervisor
Water Distribution Foreman
Water Treatment Foreman
Water Distribution Foreman

STAFF POSITIONS BY DEPARTMENT



June 26, 2013

ELK GROVE WATER DISTRICT STAFF

	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14
Administration & Finance					
General Manager	1	1	1	1	1
Finance Manager	1	1	1	1	1
Management Analyst	1	1	1	1	1
Conservation Coordinator	0	0	0	0	0
Human Resource Specialist	1	1	1	1	1
Administrative Assistant II (Confidential)	0	0	0	0	1
Finance Services Specialist I	0	0	0	0	0
Finance Services Specialist II	1	1	0	0	0
Finance Supervisor	0	0	1	1	1
Senior Utility Billing Specialist	1	1	1	1	1
Utility Billing Specialist (Frozen Position)	1	1	0	0	0
Customer Service Representative I	2	2	2	2	0
Customer Service Representative II	0	0	0	0	2
Meter Reader	1	1	1	1	1
Department Total	10	10	9	9	10
Technical Services					
Associate Civil Engineer	0	0	1	1	1
GIS Technician I	0	0	1	1	1
Department Total	0	0	2	2	2
Operations					
Manager (Frozen Position)	1	1	0	0	0
Foremen	3	3	3	3	3
Cross Connection Specialist	1	1	0	0	0
Water Distribution Operator In Training	4	4	4	4	2
Water Distribution Operator I (1 Frozen Position)	1	1	3	3	4
Water Distribution Operator II	2	2	2	2	4
Water Distribution Operator III	2	2	0	0	2
Water Treatment Operator I	0	0	0	0	0
Water Treatment Operator II	1	1	1	1	1
Water Treatment Operator III	2	2	1	1	1
Water Utility Operator I	3	3	2	2	0
Water Utility Operator II	2	2	2	2	0
Departmental Total	22	22	18	18	17
Organizational Total	32	32	29	29	29

June 26, 2013

ADMINISTRATION

Administration is responsible for the business operations of EGWD. Administration includes the general management of EGWD, accounting and financial management, human resources, customer service, payroll services, purchasing/procurement management, risk management, legislative analysis, public outreach, information technology and communications.

The General Manager superintends the FRCD/EGWD, ensuring that the policies and directives of the Board of Directors are carried out as assigned. The General Manager leads the entire staff with a subset of managers informally called the Leadership Team.

The Human Resource Specialist and Administrative Assistant are responsible for handling confidential personnel matters, including recruitment, hiring, training and development, policy compliance and employee benefits. The Human Resources Specialist makes certain that employee matters are handled fairly, equitably and without discrimination according to EGWD policies and State and Federal regulations.

The Management Analyst manages special projects as assigned by the General Manager, including legislative analysis, grant writing, maintaining employee policy manuals, authoring a variety of communications and preparing annual reports. The Management Analyst also handles EGWD's conservation needs, providing customer assistance with water efficiency measures.

The Finance Department is responsible for maintaining the fiscal stability in a manner consistent with generally accepted accounting principles and statutory requirements. Included in the Financial Department's duties are: 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 also responsible for information services, including development and support of computers and software, program development, office telecommunications, office security, and office systems.

June 26, 2013

FY 13-14 Goals

Office of the General Manager

- Provide leadership to ensure that EGWD'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 EGWD to ensure that the pay and benefits package is competitive with the industry.
- Recruit qualified candidates for vacant positions and oversee the hiring process.
- Schedule training for employees, supervisors, and managers to maintain required compliance.
- Help employees develop to their full potential on the job through coordinating training and development, and personal coaching and mentoring.
- Maintain timely employee evaluations and merit increases.
- Review personnel policies and practices and make recommendations for updates and additions.
- Promote good morale through employee recognition.
- Promote the general well-being of the workforce by providing available resources.

Management Analyst

- Monitor State and Federal legislation, advise the General Manager of bills important to EGWD/FRCD and author letters to legislators pertaining to those bills of interest.

June 26, 2013

- Represent EGWD in water efficiency issues through participation in the CUWCC activities and Regional Water Authority's RWEPCAC.
- Analyze cost commitments for Elk Grove Water District's compliance with Best Management Practices and determine penalties for non-compliance.
- Review available grant opportunities and pursue those that seem of likely benefit to EGWD.
- Coordinate emergency response planning and disaster recovery process.

Finance

- Continue to develop a strong budget management, procurement and internal control culture to ensure EGWD 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 EGWD'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 EGWD's debt service.
- Provide prompt and accurate management reports.
- Maintain the general ledger and the accounting system.
- Enhance EGWD's internal controls by development and implementation of internal auditing procedures.

June 26, 2013

TECHNICAL SERVICES

The Technical Services division provides planning, engineering, construction management and technical support for EGWD 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 EGWD's GIS to track operational activities, maintenance and data associated with the EGWD'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 EGWD's water system infrastructure, and other facilities owned and operated by EGWD. The Technical Services division is responsible for implementing design and construction of projects contained in the capital improvement program. Technical Services promotes the efficient use of water and energy in these projects.

June 26, 2013

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 and to supply our ratepayers with an adequate supply of water that is of the highest quality while minimizing service interruptions.

FY 13-14 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 remains 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 EGWD'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.
- Implement a hydrant maintenance program, ensuring reliability of fire flows during emergencies.
- Implement a valve exercising program, ensuring that every valve throughout the system is checked and exercised every three years.

Treatment

- Provide all of EGWD'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.

June 26, 2013

- Minimize the cost of water treatment.
- Operate and monitor EGWD's remote facilities by use of SCADA, cameras, and other communications systems.

Utility

- Eliminate or minimize the need for outside construction services by performing all tasks with EGWD personnel.
- Retrofit approximately 1400 non-metered residences, thereby completing the Meter Retrofit Program.
- Complete the relocation of approximately 200 backyard services



June 26, 2013

ELK GROVE WATER DISTRICT
LONG-TERM INDEBTEDNESS
CERTIFICATES OF PARTICIPATION/PROPERTY NOTE
BOND COVENANT RATIOS

June 26, 2013

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

Year	Principal	Interest	Total
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
	\$ 54,252,145	\$ 37,793,691	\$ 92,045,836

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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>

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**Elk Grove Water District
Fiscal Year 2013-14
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	\$ 595,000	\$ 1,023,538	\$ 1,618,538
2002 B	Capital Improvement COP, EGWD	275,000	423,150	698,150
2003 A	Capital Improvement COP, EGWD	245,000	544,931	789,931
2005 A	Capital Improvement COP, EGWD	<u>60,000</u>	<u>604,365</u>	<u>664,365</u>
	Total COP Debt Service	<u>\$1,175,000</u>	<u>\$ 2,595,984</u>	<u>\$ 3,770,984</u>
	Note Payable, 9257 Elk Grove Bldg.	<u>\$ 59,337</u>	<u>\$ 55,649</u>	<u>\$ 114,986</u>
	TOTAL DEBT SERVICE PAYMENTS	<u>\$ 1,234,337</u>	<u>\$ 2,651,633</u>	<u>\$ 3,885,970</u>

Coverage Ratios

<u>Required</u>	<u>Ratio</u>
Covenant No. 1 - 1.25	1.77
Covenant No. 2 - 1.15	1.51
Net Income	\$5,691,165
Rate Stabilization	\$ 971,782
Total COP Debt Service	\$3,770,984

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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 EGWD/FRCD which have monetary value.

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

AWWA – American Water Works Association

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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 EGWD/FRCD 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 EGWD/FRCD 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.

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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.

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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.

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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

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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.

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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.

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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