

**Elk Grove Water District**  
***Fiscal Year 2011-2012 Budget***  
***Operating Budget***



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## Elk Grove Water District

To: Board of Directors

From: Mark J. Madison, General Manager

Date: June 22, 2011

Subject: **PROPOSED FY 2011-2012 ELK GROVE WATER DISTRICT BUDGET**

For your consideration, I respectfully submit the proposed annual operating budget for the fiscal year beginning July 1, 2011. This proposed budget reflects the culmination of significant work by staff, guidance and input by the Board, and a lengthy public review process.

This current fiscal year (FY 10-11) has presented the District with unprecedented fiscal challenges. The stagnant economy dampened water payment revenues through a slight decrease in total water connections and connection fee revenue has been nearly non-existent. Unforeseen expenditures for repairs and maintenance, coupled with overages in professional service costs threatened to cause a seriously unbalanced fiscal situation for the current fiscal year. Significant savings in employee and material costs more than offset the increased expenditures and this has resulted in an overall projection of actual expenditures for FY 10-11 to be approximately \$600,000 less than originally forecasted.

Our fiscal challenges will continue over this next fiscal year (FY 11-12). Current economic conditions are predicted to remain and it is projected that District revenues will remain comparable to the actual for FY 10-11. Many operating costs will increase, such as medical costs, purchased water, equipment repairs, contracted services, and capital expenses.

The proposed budget for FY 11-12 has contemplated these fiscal challenges and has addressed them in several ways. An Employee Cost Control Program is incorporated which will significantly control and reduce retirement and health care costs over time. Decreases in insurance, overtime, and seminar/travel expenditures also reflect a dedicated effort to reduce controllable costs.

Despite these reductions, the proposed budget is not balanced. Although cash positive in terms of direct revenues and expenditures, depreciation and amortization deductions result in a net projected loss of approximately \$1.2 million. Reflected in another manner, this amount represents the amount of money that the district should be allocating toward future capital investment. Even with this loss, no increase in rates and fees are recommended for FY 11-12.

Over this next year, it will be vital for the District to find ways to further reduce expenditures and achieve fiscal stability. Debt management, purchased water, and professional service costs comprise the key areas to be focused on.

Relative to capital improvements, the state mandated Meter Retrofit program will continue under its present rate of progress. All other major capital projects will be funded from capital improvement funds, including remaining bond proceeds and no operating revenues will be used to fund those projects.

In summary, fiscal year 2011-2012 presents continued financial challenges. Despite these challenges, the Board and Staff of the Elk Grove Water District continue to provide our customers with outstanding customer service, water quality of the highest standards, and management of the District in a financially prudent manner.

MARK J. MADISON  
GENERAL MANAGER

# **BUDGET HIGHLIGHTS**

## **FISCAL YEAR 2011-2012**

The Elk Grove Water District (EGWD) budget for fiscal year 2011-2012 projects total revenues of approximately \$14 million and total direct expenditures of approximately \$13.5 million. Reflecting a calculated amount for depreciation and amortization of approximately \$1.7 million an accounting shortfall of approximately \$1.2 million exists. Unrestricted funds are available and proposed to make up that shortfall and therefore no rate increase is necessary to achieve a balanced budget.

Despite many non-discretionary cost increases, staff undertook exhaustive efforts to find cost reductions and these are reflected in the proposed FY 11-12 budget. The major cost reductions and other highlights are listed below and comparisons made are against the budgeted amounts for FY 10-11.

- Revenues are anticipated to be the same as the projected actual for FY 10-11.
- Employee salaries and benefits incorporate the eight elements included in the Employee Cost Control Program (ECCP). The notable elements include:
  - The application of a 2% Cost of Living Adjustment (COLA) toward the employee's Public Employee Retirement System (PERS) cost.
  - The introduction of a cap on medical coverage, resulting in a \$60,000 savings in post-retirement medical cost in this first year of the program.
  - The freezing of two previously approved positions.
  - The incorporation of a disability retirement plan for all District employees.
  - The addition of an engineer to aid in the reduction of outside professional service costs.
- Salary costs will decrease by approximately \$78,732 (-3.7%), primarily due to the freezing of two positions.
- Health care costs will increase by \$35,991 (+5.6%), but this cost increase incorporates a \$60,000 reduction in post-retirement medical cost due to the ECCP.
- Retirement costs will reduce by \$132,509 (-31%) due to the ECCP.
- Insurance costs will reduce by \$108,393 (-45.6%) as a result of competitive bidding.
- Education assistance will increase by \$18,000 (+25.8%) to promote additional employee development.
- No allowance is provided for an intern position.
- Seminars, Conventions, and Travel budget will be reduced by \$23,470 (-36.1%).

- Repair & Maintenance Costs will increase by \$111,200 (+68.8%) to more accurately predict the cost to properly maintain the District's managed assets.
- Fuel costs are predicted to increase by \$19,900 (+48.9%).
- Materials and meter costs will increase by \$16,974 (+1.9%) and is based on the Meter Retrofit Program continuing at an average installation rate of 6 meters per day.
- Computer support and information technology costs, including contracted support services, will increase by \$193,450 (+319%) to maintain technology enhancement within the District.
- Purchased water cost will increase by \$187,725 (+6.7%) due exclusively to the cost increases imposed by Sacramento County.
- Professional Service Costs (accounting, engineering, legal, and financial) will increase by \$218,084 (49%) to more accurately reflect the engineering needs of the District and to fund two financial audits over the next year.
- Electricity costs will increase approximately \$73,000 (+20.7%) due to the enhanced operation of Well 1-D.
- Non-Project capital expenditures will be reduced by \$92,000 (-60.5%)
- Bond retirement and related interest expenses will increase approximately \$510,000 for the year.
- The budget as recommended will meet all bond covenant requirements.
- 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

At the very core of the Florin Resource Conservation District/Elk Grove Water District, are the passion, participation and insight of the Community members. Nearly 120 years ago, a group of concerned citizens constructed a water tower in the heart of Elk Grove in order to protect the town from its numerous fires. It was the beginning of the Elk Grove Water Works, the seed for today's water district. Local farmers formed the Florin Resource Conservation District in the 1950's to protect the region hurt deeply by the internment of the Florin area's many Japanese residents during World War II. The two entities joined in 1999, when the water works faced purchase by a large conglomerate. To keep local control, the Florin Resource Conservation District purchased the Elk Grove Water Works.

Today, the Elk Grove Water District continues to rely on the guidance of the local citizens. The FRCD/EGWD Board of Directors that directs our future is a five member, publicly-elected body. A primary qualification is that the candidate be a land owner within the FRCD boundaries – in other words, a vitally interested member of this community. Citizen participation is always encouraged, either at public meetings and workshops, in the form of acting as Associate Directors, or through direct communication on topics of interest with the staff.

The Florin Resource Conservation District (FRCD) was formed pursuant to Section 9000 et seq. of the Public Resources Code of the State of California. The FRCD is a Special District of the State of California. There are approximately 100,000 acres within the boundaries of FRCD. The Elk Grove Water District (District) is a medium sized water purveyor in the heart of Elk Grove, California, serving a population of approximately 40,000 persons.

## 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.

The FRCD General Fund uses the modified accrual basis. Generally, revenues are considered to be measurable and available only when cash is received and expenditures are recorded when a liability is incurred, as in accrual accounting. The budget for the FRCD is required to be adopted on or before June 30<sup>th</sup> of each year, and will be presented separately to the Board; it is not presented as part of this document.

## **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 5-year financial plan and water rates ordinance. The first rate increases occurred on April 1, 2007. However, due to downturns in the economy, the Board has determined to refrain from additional increases at present, drawing from reserves to balance the budget. This next year is anticipated to be one of careful consideration and decisions, as a new financial review will be completed.

## **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.

## **Elk Grove Water District Five Year Plan**

The District provides water to over 12,000 service connections and growth projections suggest that approximately 14,000 connections will be in service by year 2012. When EGWD didn't meet FY 2005-06 bond covenant requirements a mandatory rates analysis was performed. Bartle Wells Associates (BWA) was hired to perform the bond required rates analysis. To assist in this matter, a Community Advisory Committee (CAC) was formed to work with BWA in developing a 5-year financial plan (Plan). The CAC developed the following recommendations:

- Maintain appropriate level for reserve funds
- Make bond payments and meet bond covenant requirements
- Increase staffing to appropriate level for operational needs
- Comply with state mandated meters installation by 2025
- Replace aging infrastructure
- Eliminate tariff areas and have one set of water rates for both flat rates and metered service
- Accommodate additional growth
- Accommodate other or unknown items



This is the final year of the 5 Year Plan. Evaluation of the Plan's success will be included in the next financial review, calendared for 2011-2012. Those successes include:

- A substantial reserve fund
- All bond payments made on time and all bond covenant requirements met
- Staffing increased to appropriate level
- Meter retrofit program accelerated and on track to meet 2025 deadline
- Infrastructure replacements and improvements
- The elimination of tariff areas and a single set of water rates for customers

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

Since April 2007, reserve funding levels have increased and the District is meeting its monthly debt obligations as well as meeting bond covenant requirements. The plan is scheduled to accommodate the following:

- The meter installation program to change flat rate ratepayers to metered as per state mandate, and the infrastructure replacement program.
- Another independent 5-year rate study, which will include recommended water rates for the range July 1, 2012 to June 30, 2017.

The District's 5-year plan provides an opportunity to improve water service for existing and future ratepayers. Financial stability is a top priority for the Board. All future projects will be funded by water rates.

### **Risk Management**

In 2011, the District solicited competitive proposals for the District's insurance needs. Although not yet retained, the preferred proposer will 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 tax-deferred member contributions to the system monthly. This year, the proposed Employee Cost Control Program, includes a revision to the contribution method. If adopted, employee Cost of Living Allowances would be applied towards an employee PERS contribution over the next few years, capping at a 6% total contribution. The District will continue to pay the contribution balance.

The District provides post employment healthcare benefits to retirees and their dependents. One retired employee receives these benefits, which is financed on a pay-as-you-go basis, and another employee will retire by year end. Other employees are eligible for retirement in the upcoming fiscal year, but it is unknown whether they will do so. The District pays the medical, dental, and vision insurance premiums for employees (and qualified spouse) who 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 11-12 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 five budget principles that guided staff in preparing this proposed budget. These principles, and an associated discussion for each one, are as follows:

- **Revenues for 11-12 will remain the same.** This principle is incorporated. The projected revenues for FY 11-12 are identical to the project actual revenues for FY 10-11.
- **The budget will be balanced.** This principle is incorporated. The revenues projected for FY 11-12 exceed the budgeted direct expenditures by approximately \$500,000. However, accounting for a deduction of approximately \$1.7 million to reflect for depreciation and amortization, this budget is effectively balanced through the use of unrestricted fund balances (reserves).
- **Reserves will not be used.** This principle is not incorporated due to the need to account for depreciation and amortization. It can be viewed that reserves, in fact, will not actually be used to fund operational expenditures, but a \$1.2 million shortfall exists in the discretionary requirement to provide adequate future funding toward capital improvements.
- **No rate increase.** This principle is incorporated. The 2007 Financial Plan adopted by the District called for a 3% rate increase for FY 10-11 and FY 11-12. No rate adjustment was enacted in FY 10-11 and, for the second straight year, no rate adjustment is proposed. Although no rate adjustment is proposed at this time, the District will maintain its legal authority, in accordance with Proposition 218, to make such an adjustment if deemed necessary in future fiscal years.
- **Capital improvements will be funded on a “pay as you go” basis.** This principle is incorporated. No capital improvement projects (CIP’s) are proposed to be funded through the operations and maintenance budget at this time. Although several contemplated CIP’s are listed in the Capital Improvements section of this budget, no specific funding approvals are proposed and requested as part of this budget. Over this next fiscal year, a formal CIP program will be developed and future budgets will include an Operations and Maintenance Budget and a separate Capital Improvement Program

Budget. Until the CIP program is developed, all major capital improvements will be considered by the Board case by case, and it is intended that all projects will be funded using, capital funds, on a “pay as you go” basis.



## TIMELINE FOR PREPARATION OF FISCAL YEAR 2012-2013 BUDGET

Mid July	Distribute the budget Timeline for Preparation of Fiscal Year 2012-2013 Budget
Mid August	Review July activity with General Manager
August 24, 2011	Present to the Board the July Budget v Actual financial statements
Mid September	Review August activity with General Manager
September 28, 2011	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 26, 2011	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 2012-2013 Budget worksheets and schedules
January 25, 2012	Present to the Board the November and December Budget v Actual financial statements
February 15, 2012	Department budget worksheets due to the finance department
Mid February	Review January activity with General Manager
February 22, 2012	Present to the Board the January Budget v Actual financial statements

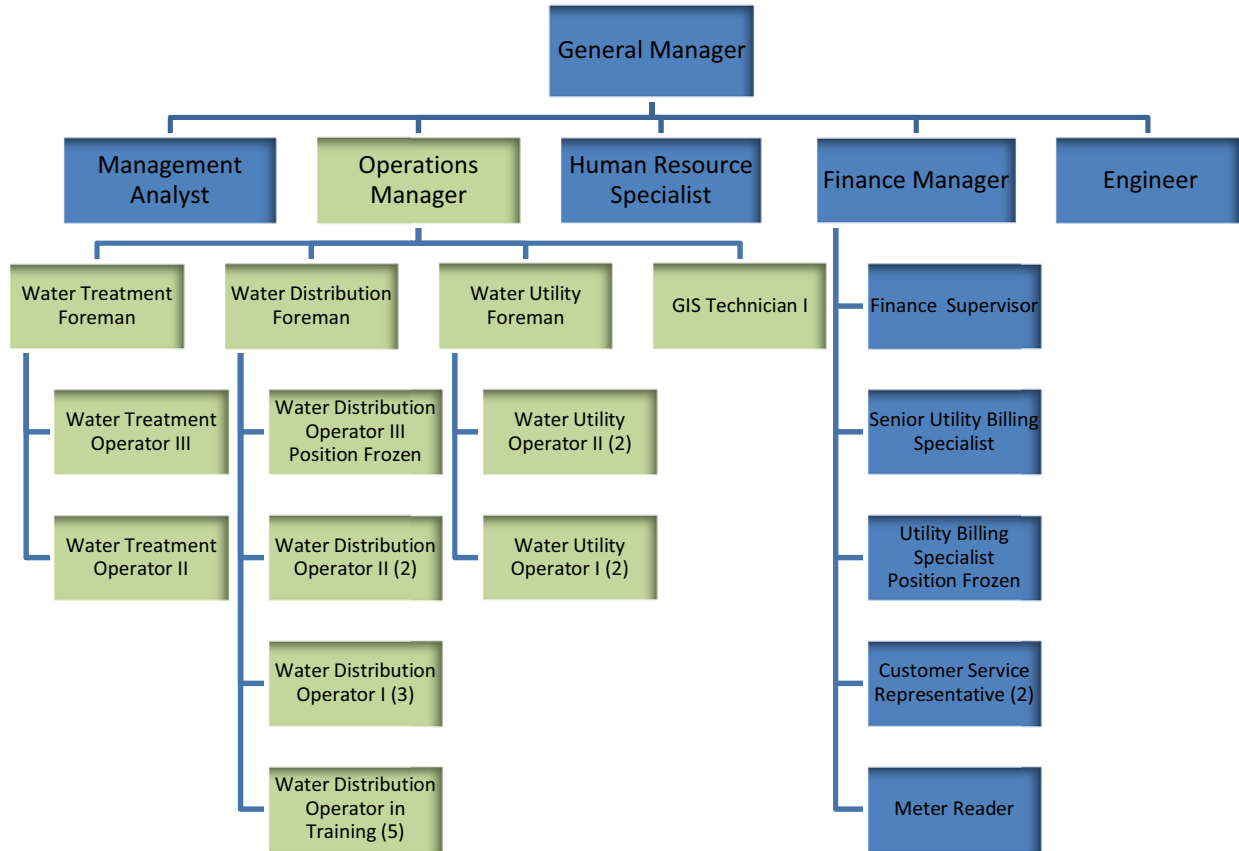
Late February	Work with General Manager to prepare Proposed 2012-2013 budget
Mid March	Review February activity with General Manager Present Proposed 2012-2013 budget to budget workshop
March 28, 2012	Present to the Board the February Budget v Actual financial statements
Mid April	Review March activity with General Manager Review the third quarter activity with the Departments
April 25, 2012	Present to the Board the March Budget v Actual financial statements Present Proposed 2012-2013 budget for approval
Mid May	Review April activity with General Manager
May 22, 2012	Present to the Board the April Budget v Actual financial statements
Mid June	Review May activity with General Manager
June 27, 2012	Present to the Board the May Budget v Actual financial statements



# FLORIN RESOURCE CONSERVATION DISTRICT

## ELK GROVE WATER DISTRICT

### ORGANIZATION CHART



## Leadership Team

Mark J. Madison, P.E.	General Manager
Vacant	Engineer
Stefani Phillips	Human Resource Specialist
Ellen Carlson	Management Analyst
Thomas S. Bartlett, CPA	Finance Manager
Donella Ouellette	Finance Supervisor
Jeff Maupin	Operations Manager
Jose Carrillo	Water Distribution Foreman
Steve Shaw	Water Treatment Foreman
Richard Salas	Water Utility Foreman

## Elk Grove Water District Staff

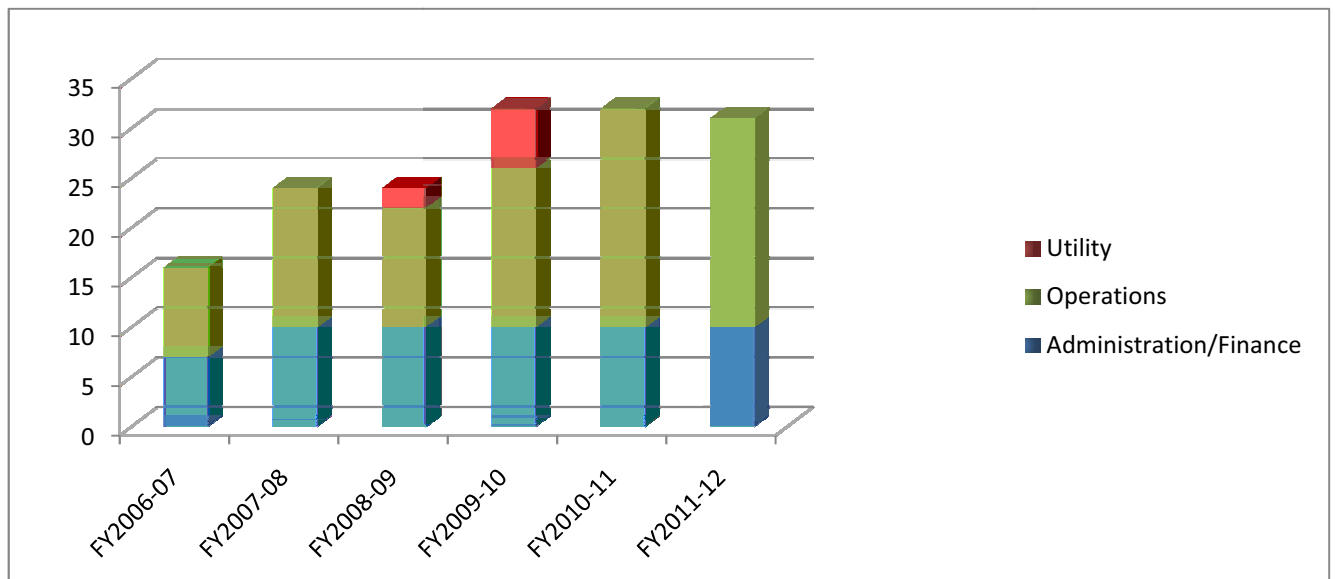
*Actual funded positions.*

	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12
<b>Administration &amp; Finance</b>						
General Manager	1	1	1	1	1	1
Managers	1	1	1	1	1	1
Engineer	0	0	0	0	0	1
Management Analyst	0	1	1	1	1	1
Conservation Coordinator (duties assigned)	1	0	0	0	0	0
Administrative Assistant	2	0	0	0	0	0
Human Resource Specialist	0	1	1	1	1	1
Finance Services Specialist I	0	1	0	0	0	0
Finance Services Specialist II	0	0	1	1	1	0
Finance Supervisor	0	0	0	0	0	1
Senior Utility Billing Specialist	0	1	1	1	1	1
Utility Billing Specialist (Position frozen)	1	1	1	1	1	0
Customer Service Representative I	1	2	2	2	2	2
Meter Reader	0	1	1	1	1	1
<b>Department Total</b>	<b>7</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Operations</b>						
Managers	1	1	1	1	1	1
Superintendent	1	1	0	0	0	0
Foremen	0	3	4	3	3	3
<b>Operations, cont.</b>						
Cross Connection Specialist (Duties assigned)	0	0	0	1	1	0



GIS Technician I	0	0	0	0	0	1
Water Distribution Operator In Training	0	2	2	4	4	5
Water Distribution Operator I	4	4	1	1	1	3
Water Distribution Operator II	1	1	2	2	2	2
Water Distribution Operator III (Position Frozen)	0	0	0	2	2	0
Water Treatment Operator I	0	1	0	0	0	0
Water Treatment Operator II	2	1	2	1	1	1
Water Treatment Operator III	0	0	1	2	2	1
Water Utility Operator I	0	0	0	3	3	2
Water Utility Operator II	0	0	1	2	2	2
<b>Departmental Total</b>	<b>16</b>	<b>14</b>	<b>14</b>	<b>22</b>	<b>22</b>	<b>21</b>
<b>Organizational Total</b>	<b>23</b>	<b>24</b>	<b>24</b>	<b>32</b>	<b>32</b>	<b>31</b>

## STAFF POSITIONS BY DEPARTMENT



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

**EGWD Budgeted Revenues and Expenses by Category**  
**For the Fiscal Year ending June 30, 2012**

Account Categories	Page Reference	General Ledger Reference	08 / 09		09 / 10		10 / 11		10 / 11		11 / 12		Change in Budget
			Actual	Budget	Actual	Budget	Projected	Budget	Projected	Budget	Budget	Budget	
Revenues	PAGE 15	4100 - 4900	12,873,349	13,642,267	14,291,119	13,876,742	13,876,742	13,876,742	13,876,742	13,876,742	13,876,742	13,876,742	(414,377)
Salaries & Benefits	PAGE 16	5100 - 5280	3,127,627	3,114,006	3,653,323	3,004,435	3,465,650	3,004,435	3,465,650	3,004,435	3,465,650	3,465,650	(187,673)
Seminars, Conventions and Travel	PAGE 17	5300 - 5375	53,112	52,634	65,000	14,850	41,530	14,850	41,530	14,850	41,530	41,530	(23,470)
Office & Operational	PAGE 18	5410 - 5495	3,055,430	3,602,687	4,318,712	4,192,496	4,183,771	4,192,496	4,183,771	4,192,496	4,183,771	4,183,771	(134,941)
Outside Services	PAGE 20	5505 - 5580	633,880	783,074	782,700	980,622	1,046,284	980,622	1,046,284	980,622	1,046,284	1,046,284	263,584
Equipment Rent, Taxes and Utilities	PAGE 21	5620 - 5760	<u>523,214</u>	<u>300,534</u>	<u>387,600</u>	<u>385,500</u>	<u>463,250</u>	<u>385,500</u>	<u>463,250</u>	<u>385,500</u>	<u>463,250</u>	<u>463,250</u>	<u>75,650</u>
Total Operational Expenses			<u>7,393,263</u>	<u>7,852,935</u>	<u>9,207,335</u>	<u>8,577,903</u>	<u>9,200,485</u>	<u>8,577,903</u>	<u>9,200,485</u>	<u>8,577,903</u>	<u>9,200,485</u>	<u>9,200,485</u>	<u>(6,850)</u>
Net Operations			<u>5,480,086</u>	<u>5,789,332</u>	<u>5,083,784</u>	<u>5,298,839</u>	<u>4,676,257</u>	<u>5,298,839</u>	<u>4,676,257</u>	<u>5,298,839</u>	<u>4,676,257</u>	<u>4,676,257</u>	<u>(407,527)</u>
<b>Non-Operating Activity</b>													
Depreciation & Amortization		5810 - 5820	1,983,639	1,773,079	1,603,488	1,514,000	1,702,020	1,514,000	1,702,020	1,514,000	1,702,020	1,702,020	(98,532)
Bond Interest Accrued		7300 - 7300	2,918,698	2,734,459	2,698,333	2,378,428	2,603,183	2,378,428	2,603,183	2,378,428	2,603,183	2,603,183	95,150
Interest Expense		7400	-	5,531	66,136	62,864	62,864	62,864	62,864	62,864	62,864	62,864	3,272
Interest Earned		9910 - 9910	(122,220)	110,833	30,000	30,344	30,344	30,344	30,344	30,344	30,344	30,344	344
Other		9920 - 9973	141,475	64,049	113,535	120,583	92,237	120,583	92,237	120,583	92,237	92,237	205,772
9257 Elk Grove Blvd Note		2470	-	-	48,850	52,122	52,122	52,122	52,122	52,122	52,122	52,122	(3,272)
Bond Retirement		2500	-	635,000	850,000	850,000	1,005,000	850,000	1,005,000	850,000	1,005,000	1,005,000	(155,000)
Furniture & Equipment		1760	-	-	-	24,797	10,000	24,797	10,000	24,797	10,000	10,000	(10,000)
Capital Expenses		1705	-	-	<u>152,000</u>	<u>475,000</u>	<u>565,200</u>	<u>475,000</u>	<u>565,200</u>	<u>475,000</u>	<u>565,200</u>	<u>565,200</u>	<u>(413,200)</u>
Revenues in Excess of Expenditures			<u>314,054</u>	<u>688,047</u>	<u>(418,558)</u>	<u>92,555</u>	<u>(1,201,551)</u>	<u>92,555</u>	<u>(1,201,551)</u>	<u>92,555</u>	<u>(1,201,551)</u>	<u>(1,201,551)</u>	<u>(782,993)</u>

EGWD Budgeted Revenue Accounts Detail  
For The Fiscal Year ending June 30, 2012

Account #	Description	FY09 Actual	FY10 Actual	FY11 Budget	FY11 Projected	FY12 Requested Budget
4100	Water Payment Revenues- Residential	9,931,044	11,144,355	11,503,873	11,324,092	11,324,092
4110	Water Payment Revenues - Commercial	2,308,853	1,855,350	2,124,503	1,826,153	1,826,153
4120	Water Payment Revenues - Fire Service	376,407	392,943	371,626	404,272	404,272
4200	Meter Fees/Plan Check/ Water Capacity	45,143	49,222	40,951	90,776	90,776
4520	Door Hanger Fees	132,288	164,813	156,813	133,367	133,367
4540	New Account Fees	33,297	30,288	28,853	27,880	27,880
4550	NSF Fees	2,450	3,500	4,500	2,833	2,833
4570	Shut-off Fees	47,280	59,310	-	-	-
4580	Restoration Fees	30,980	41,360	80,000	82,800	82,800
4590	Credit Card Fees				8,133	8,133
4700	Rental Income	<u>7,575</u>				
4900	Customer Refunds	<u>(41,968)</u>	<u>(98,874)</u>	<u>(20,000)</u>	<u>(23,564)</u>	<u>(23,564)</u>
		<u>12,873,349</u>	<u>\$ 13,642,267</u>	<u>\$ 14,291,119</u>	<u>\$ 13,876,742</u>	<u>\$ 13,876,742</u>

EGWD Budgeted Salaries and Benefits Accounts Detail  
For The Fiscal Year ending June 30, 2012

Account #	Description	FY09 Actual	FY10 Actual	FY11 Budget	FY11 Projected	FY12 Requested Budget
5100	Executive Salary	122,408	127,927	150,000	128,309	153,000
5110	Exempt Salaries	249,590	342,568	403,885	360,000	464,670
5120	Non-Exempt Salaries	1,462,389	1,164,673	1,587,004	1,155,000	1,444,487
5130	Overtime Compensation	159,461	150,865	49,658	97,000	54,400
5140	On Call Pay	39,028	9,550	56,375	-	50,000
5160	Vacation Pay	83,271	102,701	51,493	65,922	66,000
5170	Personal Time Pay	82,261	61,539	52,393	98,883	99,000
5180	Internship Program	18,828	2,852	-	-	-
5200	Medical Benefits:	264,125	395,888	475,200	455,263	532,644
5210	Dental/Vision/Life Insurance	39,636	10,946	42,000	2,700	55,863
5215	Employee Assistance Program					1,427
5220	Retirement Benefits	318,368	407,737	428,178	355,000	295,669
5225	Retirement Benefits-Post Employment	112,264	110,419	124,000	148,684	88,684
5230	Medicare Tax and SUI	41,492	39,745	31,043	46,339	36,661
5240	Worker's Compensation Insurance	66,468	97,541	118,444	61,804	32,000
5250	Education Assistance	34,458	49,030	31,000	25,563	39,000
5260	Employee Training	28,388	39,081	47,750	2,520	47,735
5270	Employee Recognition	585	115	1,000	543	1,650
5280	Meetings	4,607	829	3,900	905	2,760
		<u>\$ 3,127,627</u>	<u>\$ 3,114,006</u>	<u>\$ 3,653,323</u>	<u>\$ 3,004,435</u>	<u>\$ 3,465,650</u>

EGWD Budgeted Seminars, Conventions and Travel Accounts Detail

For The Fiscal Year ending June 30, 2012

Account #	Description	FY10		FY11		FY11		FY12	
		Actual	Actual	Budget	Budget	Projected	Requested Budget		
5300	Airfare	8,275	4,905	8,200	1,500	5,100			
5310	Hotels	16,536	14,989	14,000	3,500	9,800			
5320	Meals	5,821	8,314	7,700	4,200	4,300			
5330	Auto Rental	338	170	1,500		1,950			
5340	Seminars & Conferences	14,655	16,002	24,200	3,200	9,650			
5345	Seminars & Conferences - Board		-	1,000	-	5,000			
5350	Mileage Reimbursement, Parking, Tolls	4,487	1,054	1,200	250	930			
5375	Auto Allowance	<u>3,000</u>	<u>7,200</u>	<u>7,200</u>	<u>2,200</u>	<u>4,800</u>			
		<u>\$ 53,112</u>	<u>\$ 52,634</u>	<u>\$ 65,000</u>	<u>\$ 14,850</u>	<u>\$ 41,530</u>			

EGWD Budgeted Office & Operational Accounts Detail  
For The Fiscal Year ending June 30, 2012

Account #	Description	FY09 Actual	FY10 Actual	FY11 Budget	FY11 Projected	FY12 Requested Budget
5410	Advertising	6,338	5,277	8,150	500	3,750
5415	Association Dues	42,859	52,624	52,300	42,000	46,000
5420	Insurance	97,418	111,455	120,000	117,298	98,051
5425	Licenses, Certifications, Fees	27,453	41,645	26,900	40,000	7,385
5430	Repairs & Maintenance – Automotive	19,361	13,996	15,600	16,919	29,000
5432	Repairs & Maintenance – Building	30,504	45,505	13,100	23,551	16,000
5434	Repairs & Maintenance – Computers	80,002	83,389	72,000	98,719	15,400
5435	Repairs & Maintenance – Equipment	48,179	149,266	61,000	250,820	212,500
5438	Fuel	43,042	48,835	40,700	46,543	60,600
5440	Materials	512,446	370,004	878,226	407,316	390,000
5445	Chemicals	14,384	9,258	15,000	11,775	17,000
5450	Meter Repairs	14,712	2,397	10,000	5,333	23,500
5453	Permits	-	819		18,948	19,000
5455	Postage	44,456	67,975	70,200	46,080	53,100
5460	Printing	5,694	23,771	12,000	4,264	8,000
5465	Safety Equipment	-	6,848	2,400	3,849	12,260
5470	Software Programs & Updates	62,122	195,305	31,000	99,116	94,950
5475	Supplies	73,114	63,942	34,500	55,787	45,200
5480	Telephone	35,193	26,530	30,000	31,601	28,000
5485	Tools	40,199	43,688	28,000	15,143	13,000
5490	Clothing Allowance	13,249	14,997	7,636	12,565	13,350
5495	Purchased Water	1,844,708	2,225,161	2,790,000	2,844,369	2,977,725
		<u>\$3,055,4530</u>	<u>\$3,602,687</u>	<u>\$4,318,712</u>	<u>\$4,192,496</u>	<u>\$4,183,771</u>

EGWD Budgeted Outside Services Accounts Detail  
For The Fiscal Year ending June 30, 2012

Account #	Description	FY09 Actual	FY10 Actual	FY11 Budget	FY11 Projected	FY12 Requested Budget
5505	Administrative Services		5,056	1,204	2,200	1,200
5510	Bank Charges	45,133	55,895	45,000	58,000	42,000
5515	Billing Services	33,004	26,078	30,000	23,000	23,000
5520	Contracted Services	87,869	80,373	57,000	50,000	186,500
5525	Accounting Services	71,748	29,902	70,000	50,000	116,000
5530	Engineering	26,769	230,093	120,000	475,000	271,084
5535	Legal Services	189,603	213,775	250,000	210,000	216,000
5540	Financial Consultants	12,082	(7,724)	5,000	5,000	60,000
5545	Community Relations	63,015	52,566	99,200	2,550	5,000
5550	Pre-employment	9,105	6,831	10,000	25,000	30,000
5552	Misc. Medical	-	-	-	-	1,000
5555	Janitorial	4,620	3,798	5,000	3,200	5,000
5560	Bond Administration	5,669	15,780	9,000	9,000	9,000
5570	Security	23,717	33,658	41,500	24,000	37,500
5575	Sampling	49,990	34,845	35,000	37,672	40,000
5580	Board Secretary / Treasurer	6,500	6,000	6,000	6,000	3,000
		<u>\$ 633,880</u>	<u>\$ 783,074</u>	<u>\$ 2,700</u>	<u>\$ 980,622</u>	<u>\$ 1,046,284</u>

EGWD Rents, Taxes, and Utilities Accounts Detail  
For The Fiscal Year ending June 30, 2012

Account #	Description	FY09 Actual	FY10 Actual	FY11 Budget	FY11 Projected	FY12 Requested Budget
5610	Occupancy	41,532				
5620	Equipment Rental	73,422	14,861	21,000	15,000	21,000
5710	Property Taxes	6,136	922	1,000	4,000	2,000
5720	Water	567	-	-	-	-
5740	Electricity	385,143	268,727	352,000	350,000	425,000
5750	Natural Gas	94	247	500	500	500
5760	Sewer & Garbage	16,320	15,777	13,100	16,000	14,750
		<u>\$ 523,214</u>	<u>\$ 00,534</u>	<u>\$ 387,600</u>	<u>\$ 385,500</u>	<u>\$ 463,250</u>

**ELK GROVE WATER DISTRICT**  
**LONG-TERM INDEBTEDNESS TO MATURITY**  
**CERTIFICATES OF PARTICIPATION**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010-2011	850,000	2,698,333	3,548,333
2011-2012	1,005,000	2,667,045	3,672,045
2012-2013	1,080,000	2,628,250	3,708,250
2013-2014	1,175,000	2,584,092	3,759,092
2014-2015	1,290,000	2,533,364	3,823,364
2015-2016	1,430,000	2,476,185	3,906,185
2016-2017	1,555,000	2,413,154	3,968,154
2017-2018	1,650,000	2,344,229	3,994,229
2018-2019	1,730,000	2,266,242	3,996,242
2019-2020	1,815,000	2,183,385	3,998,385
2020-2021	1,930,000	2,094,178	4,024,178
2021-2022	2,055,000	1,998,428	4,053,428
2022-2023	2,155,000	1,897,012	4,052,012
2023-2024	2,270,000	1,788,011	4,058,011
2024-2025	2,380,000	1,772,945	4,152,945
2025-2026	2,550,000	1,551,113	4,101,113
2026-2027	2,720,000	1,420,336	4,140,336
2027-2028	2,855,000	1,282,188	4,137,188
2028-2029	3,000,000	1,137,211	4,137,211
2029-2030	3,150,000	984,992	4,134,992
2030-2031	3,315,000	824,786	4,139,786
2031-2032	3,475,000	656,400	4,131,400
2032-2033	3,650,000	421,616	4,071,616
2033-2034	935,000	353,816	1,288,816
2034-2035	485,000	331,253	816,253
2035-2036	505,000	307,741	812,741
2036-2037	535,000	283,041	818,041
2037-2038	555,000	257,153	812,153
2038-2039	585,000	230,078	815,078
2039-2040	615,000	201,578	816,578
2040-2041	640,000	171,831	811,831
2041-2042	675,000	160,541	835,541
2042-2043	705,000	107,766	812,766
2043-2044	740,000	73,506	813,506
2044-2045	775,000	37,466	812,466
2045-2046	352,145	3,166	355,311
	<b>\$ 57,187,145</b>	<b>\$ 45,142,428</b>	<b>\$ 102,329,573</b>



**ELK GROVE WATER DISTRICT**  
**LONG-TERM INDEBTEDNESS TO MATURITY**  
**NOTE PAYABLE – 9257 ELK GROVE BLVD BUILDING**

Year	Principal	Interest	Total
2010-2011	48,850	66,136	114,986
2011-2012	52,122	62,864	114,986
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>\$ 1,039,602</u>	<u>\$ 531,875</u>	<u>\$ 1,571,478</u>

**ELK GROVE WATER DISTRICT**  
**FISCAL YEAR 2011-2012**  
**LONG-TERM INDEBTEDNESS**  
**SCHEDULE OF REQUIRED PAYMENTS**

<u>Series</u>	<u>Description</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002A	Refunding COP, EGWD	490,000	1,059,396	1,549,396
2002B	Capital Improvement COP, EGWD	255,000	440,352	695,352
2003A	Capital Improvement COP, EGWD	190,000	556,700	746,700
2005A	Capital Improvement COP, EGWD	70,000	607,641	677,641
	Note Payable, 9257 Elk Grove Blvd Bldg	<u>52,122</u>	<u>62,864</u>	<u>114,986</u>
		<u>1,057,122</u>	<u>2,726,953</u>	<u>3,784,075</u>

## CAPITAL IMPROVEMENT PROGRAM

At this time, the Elk Grove Water District does not have an approved Capital Improvement Project (CIP) program containing specific projects and associated budget estimates. During this next fiscal year, staff will develop a five-year CIP program to be presented to the Board for their consideration. It is anticipated that this program will be designed to be funded through a “pay as you go” approach, and project phasing must consider available funds and future projected revenues.

Until the CIP program is developed and approved, staff will present all CIP’s to the Board case-by case, ensuring that adequate funding exists without reliance on the operations and maintenance budget. Notable projects identified for consideration for FY 11-12 include:

**Completion of the Source Capacity Improvement Program.** This includes, in part, improvements to Well 4-D, 11-D and Well 9 and is needed to maintain reliable water supply for portions of the Elk Grove Water District’s service area.

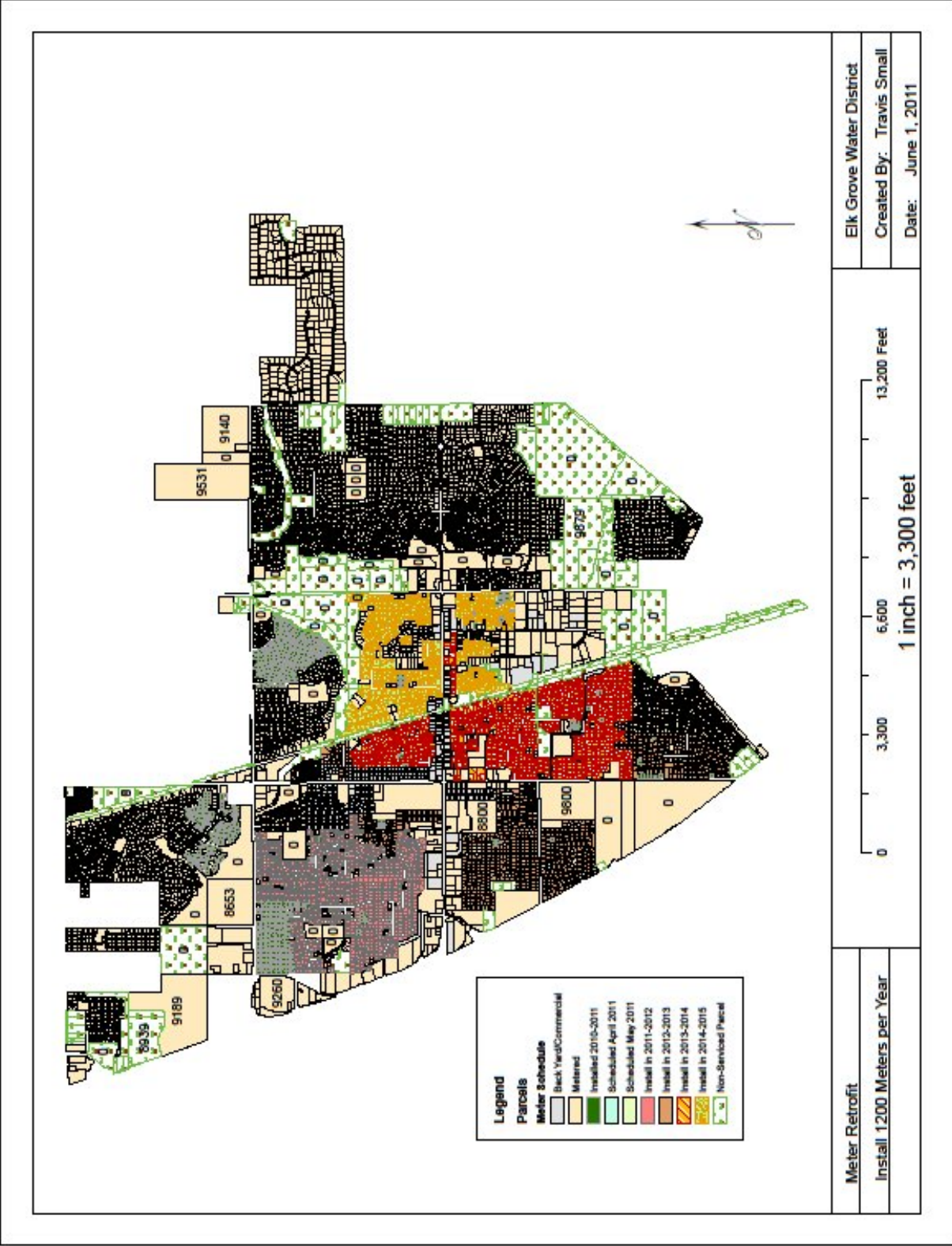
**Well 12 Improvement Project.** This project may be needed to ensure reliable water quality from Water Well 12 and would include downhole modifications to maintain manganese concentrations below the maximum contaminant level as prescribed by the California Department of Public Health.

**Construction of the 4<sup>th</sup> Filter Train at the Railroad Water Treatment Plant.** This project is needed to ensure reliable treatment capacity of the Railroad Plant, especially consideration of the increased water quantity developed through the Source Capacity Improvement Program.

**Construction of the Railroad Corridor Water Line.** This project’s need is uncertain at this time and will be determined pursuant to the completion of the District’s hydraulic water system model presently under development.

**Design and Construction of a New Deep Well.** This project may be necessary if the Source Capacity Improvement Program does not sufficiently provide the reliable supplies necessary to meet the District’s water supply needs. At present, it is contemplated that this new deep well would replace Water Well 13, which is inactive due to water quality problems. If it is determined that a new deep well is necessary, it is anticipated that only the water well would be constructed in FY 11-12. Top-side appurtenances, possibly including a pump station, would not be scheduled for design and construction until FY 12-13.

**Meter Retrofit Program.** This program is ongoing and will continue during FY 11-12. Because it is a program, it is the only major capital improvement being funded through the operations and maintenance budget. For FY 11-12, it is projected that 1,200 new meters will be installed.



## 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.

**BWA** – Bartle Wells Associates.

## **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**