

**Mayor**  
John Murray  
**Mayor Pro Tem**  
John Grego  
**Councilmembers**  
Mary Hornsby  
Ed Martin  
Willard Rodarmel



City of  
**LEMOORE**  
CALIFORNIA

**Finance  
Department**

119 Fox Street  
Lemoore Ca 93245  
Phone(559)924-6707  
FAX(559)924-9003

Item #   10  

**To: Lemoore City Council**  
**From: Nancy E. Cota, Finance Director**  
**Date: August 1, 2008**  
**Subject: Water and Sewer Accrual for Debt Service**

**Discussion:**

During the review and acceptance of the 2008-2009 Budget it was requested of staff to report on the accounting of the water and sewer set aside accruals based on the rate increase in December 2007. As reported in December 2007, the water rate increase includes a portion to be set aside for the funding of arsenic related improvements. The portion of the water set aside will fluctuate mostly due to changes in usages and amounts billed. The water rate increase is based on the percentage of the increase for each year from the inception of debt. Staff is placing these funds in a set aside account to be utilized for the requirement of debt service. The first year calculation of the portion of the water rate increase for the set aside is approximately 11.18%. This has been broken down into a monthly allocation. The account number for the water reserve is 050.2085.

The sewer rate increase portion is a \$10 per resident equivalent. A portion of the sewer increase is to be set aside for a Waste Water Treatment Plant. The general ledger account will be a deferred revenue account in the liability section of the balance sheet portion of the financial reporting. The account number for the sewer reserve is 060.2085. This distribution will properly separate these amounts from current revenues.

Each month accrual into the set aside account is carefully analyzed to accommodate for the transient changes in population, the seasonal use of various businesses, and new additions to the services.

<u>Fiscal Year 2008</u>	11.18% / increase <u>Water Approx.</u>	\$10 per RE <u>Sewer Set Aside</u>
January	\$ 22,425	\$ 83,357
February	21,375	83,259
March	19,621	83,489
April	30,450	83,224
May	30,510	83,484
June	<u>36,684</u>	<u>83,504</u>
Total Collected to date	\$161,064	\$500,316