

# SECTION 10

## GLOSSARY

Glossary.....10-1



SOUTHERN NEVADA WATER AUTHORITY®

FISCAL YEAR 2016-17

OPERATING AND CAPITAL BUDGET



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**Accrual.** The act of recognizing a charge incurred in one accounting period that has not been paid by the end of it.

**Acre-Foot (af).** A water measurement equating to 325,851 gallons. An acre foot will supply the annual water needs of approximately 2 single family homes in the SNWA service area.

**Alfred Merritt Smith Water Treatment Facility (AMSWTF).** Built in 1971, the Alfred Merritt Smith Water Treatment Facility currently treats most of the Las Vegas Valley's drinking water. The facility can treat up to 600 million gallons a day (MGD).

**Amortization.** Amortization is the paying off of debt with a fixed repayment schedule in regular installments over a period of time.

**Arizona Groundwater Banking Program.** A program between SNWA and the Arizona Water Banking Authority (AWBA). In exchange for financial consideration, the AWBA will bank recharged water in Arizona for future use by Clark County, Nevada.

**Balanced Budget.** A budget where revenues are equal to or exceed expenses. SNWA is not required to issue a balanced budget.

**Beginning Balance.** Cash and cash equivalent balances at the beginning of an accounting period. For budget years this amount is an estimate. For actual years this amount is the actual amount of cash either in demand deposits or investments.

**Bond.** A certificate of debt issued by a government or corporation guaranteeing

payment of the original investment plus interest by a specified future date.

**Bond Funds.** Monies raised through debt issuance that are used for the acquisition or construction of major capital projects.

**Budget.** Proposed plan of revenue and expenditures over a given period of time, usually one year.

**Budget Calendar.** The schedule of key dates or milestones that the SNWA follows in the preparation and adoption of the budget.

**Budgetary Control.** The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

**Budget Document.** The official written statement prepared by the SNWA and approved by the SNWA's Board of Directors.

**U.S Bureau of Reclamation (BOR).** A federal agency under the U.S. Department of the Interior, which oversees water resource management, specifically as it applies to the oversight and operation of the diversion, delivery, and storage projects that it has built throughout the western United States for irrigation, water supply, and attendant hydroelectric power generation.

**Capital Contributions.** For net position purposes, defined as regional connection, commodity, reliability and infrastructure surcharge revenues as well as grant receipts.

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**Capital Expenditure.** Fixed assets to be acquired during a fiscal year, generally with a value of over \$10,000 and an estimated life of over three years.

**Capitalized Expenses.** This classification contains expenses such as professional services, rental expenses, research and studies, etc. that are projected to be spent in the acquisition and improvement of capital items. These costs are identical to Operating Expenses in form but are paid for with capital revenues and bond proceeds. On a GAAP prepared financial statement, these costs can appear on the Statement of Revenues, Expenses and Changes in Net Position if they are paid by the New Expansion Debt Service sub fund -- otherwise they would merely appear as a cash expenditure for a capital asset.

**Capital Revenue.** A revenue source that is used solely to either retire debt or pay for construction of capital assets. Examples include Regional Connection Charges, Regional Commodity Charges, Reliability Surcharges, Infrastructure Surcharges, sales tax revenues and contributions from the Southern Nevada Public Lands Fund.

**Colorado River Commission (CRC).** An agency of the of the State of Nevada created to acquire and hold in trust Nevada's right to water and power resources from Colorado River water apportioned among the seven Colorado River Basin states and Mexico.

**Commercial Paper.** Short-term, unsecured, discounted, and negotiable notes sold through the open market. In most cases commercial paper provides immediate cash

needs at lower rates than standard debt issues.

**Comprehensive Annual Financial Report (CAFR).** A set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB).

**Connection.** Generic term for a retail customer. Currently a connection is estimated to increase the annual load on the water delivery system by 0.45 acre-foot per year. A customer whose annual load is estimated at more than 0.45 acre-foot per year is said to have multiple connections.

**Conservation.** The act of using less water in a more efficient manner. SNWA achieves the benefits of conservation through education of the end user, promoting water efficient hardware, and pricing signals.

**Construction Expenditures.** Generally, construction expenses that are spent on third party vendors who build, supervise, or provide materials used in the construction of capital assets.

**Construction In Progress (CIP).** An accountancy term that records the cost of construction work, which is not yet completed (typically, applied to capital budget items). A CIP item is not depreciated until the asset is placed in service. Normally, upon completion, a CIP item is reclassified, and the reclassified asset is capitalized and depreciated.

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**Debt Issuance Proceeds.** Principal amount of debt issues. These proceeds are used to pay for major construction expenditures incurred by the SNWA.

**Debt Service Payments.** Funds used to pay annual debt payments and interest expense.

**Department.** A basic organizational unit of the SNWA that is functionally unique in its delivery of services.

**Depreciation.** The decrease in value of physical assets due to use and the passage of time.

**Disbursements.** Funds actually expended.

**Division.** Organizational component of a department.

**Ending Balance.** Cash and cash equivalent balances at the ending of an accounting period. For budget years this amount is an estimate. For actual years this amount is the actual amount of cash either in demand deposits or investments.

**Energy.** Collective name for electricity and natural gas purchases use to treat and distribute water throughout the valley as well as power office buildings and other ancillary locations.

**Enterprise Funds.** Funds used to account for operations: 1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or

recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Environmental Protection Agency (EPA).** An agency of the U.S. federal government which was created for the purpose of protecting human health and the environment by writing and enforcing regulations based on laws passed by Congress.

**Expenditure.** The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.

**Fiscal Year (FY).** For the Southern Nevada Water Authority, the 12-month period begins with July 1, and ends with June 30 of the designated fiscal year; e.g. FY 2016-17 ends on June 30, 2017.

**Fringe Benefits.** Various types of non-wage compensation provided to employees in addition to their normal wages or salaries.

**Full-Time Equivalent (FTE).** The number of positions that equate to a 40-hour workweek for 52 weeks, or one full year. For example, two part-time positions, each working 20 hours per week, equals one FTE.

**Fund.** A fiscal and accounting tool with a self-balancing set of accounts to record revenue and expenditures.

**Fund Balance.** Also known as beginning balance and ending balance. This represents

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the estimated cash balance in a specific sub-fund at the beginning or ending of an accounting period.

**General Obligation Debt.** Bonds where the full faith and credit of the issuer is pledged to the repayment of the bonds.

**Generally Accepted Accounting Principles (GAAP).** A body of accounting and financial reporting standards set by the Governmental Accounting Standards Board (GASB) for state and local governments, and by the Financial Accounting Standards Board (FASB) for private sector organizations.

**Government Finance Officers Association (GFOA).** A professional association of approximately 17,500 state, provincial, and local government finance officers in the United States and Canada. In 1984, the GFOA signed an agreement with the Financial Accounting Foundation that gave them a voice and appointments in the creation of the Governmental Accounting Standards Board (GASB)

**Grant.** A contribution by a government or other organization to support a particular function. Grants may be classified as categorical or block, depending upon the amount of discretion allowed the grantee.

**Great Recession.** A global economic decline which began in the mid-2000's and lasted through the end of that decade.

**Groundwater Management Fees.** Fees imposed on municipalities and individual well owners. The proceeds of these fees are used to implement artificial recharge to benefit well users, provide financial

assistance to well owners who are required to connect to municipal water by the Nevada State Engineer, and pay for general maintenance costs of the groundwater management program.

**Intake No. 3.** One of the largest municipal water projects in the United States designed to draw water from Lake Mead at levels as low as 1,000 feet, 75 feet lower than SNWA's highest intake.

**Intentionally Created Surplus.** A type of surplus water that has been created or credited to a water agency through actions that conserve water and increase Lake Mead storage.

**Interest Earned.** Monies earned by investing idle funds in the open market.

**Inter-fund Loan.** An internal financing device used by the wholesale delivery operations, capital improvements plan, and Las Vegas wash sub funds wherein money is "loaned" to the sub funds by the new expansion debt service sub fund. The WDO sub fund will repay the loan as the actual market price of power falls below the model clearing price. The MCCP sub fund will repay the loan when additional bond proceeds become available. The LVW sub fund will repay the loan with future sales tax revenues. In each case the repayments will include amounts equal to the estimated amount of interest the NEDS could have earned from the loan proceeds in addition to the principal.

**Intergovernmental Revenue.** Revenue received from other governments in the

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form of grants, entitlements, shared revenues or payments in lieu of taxes.

**Investment.** Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals or base payments.

**Labor.** A budget category that includes all Authority employee salaries including overtime, longevity pay, and benefits. Labor can either be paid by operating funds or capital funds according to the project in which it was expended.

**Las Vegas Valley Groundwater Management Program (LVVGMP).** In 1997, the Nevada Legislature directed the Southern Nevada Water Authority (SNWA) to develop the Las Vegas Valley Groundwater Management Program to protect and manage the valley's primary groundwater supply. The program protects the local groundwater basin from over-drafting and potential sources of contamination.

**Las Vegas Valley Groundwater Management Program Sub Fund.** Sub fund that tracks revenues and expenses incurred from the SNWA program designed to protect and manage the Las Vegas valley's primary groundwater supply.

**Las Vegas Wash (LVW).** The primary channel through which the valley's excess water returns to Lake Mead. The water flowing through the wash comprises less than 2 percent of the water in Lake Mead and consists of urban runoff, shallow groundwater, storm water and releases

from the valley's three water reclamation facilities.

**Las Vegas Wash Program Fees.** Fees imposed on signatories of the Las Vegas Wash Inter local Agreement that will be used for Las Vegas Wash operating expenses. The fees are net of any anticipated grant proceeds. Participants in the Inter local Agreement are the SNWA, the City of Henderson, the City of Las Vegas, Clark County, the Clark County Regional Flood Control District, and the Clark County Water Reclamation District.

**Las Vegas Wash (LVW) Sub Fund.** Sub fund that tracks capital and operational revenues and expenses pertaining to the Las Vegas Wash.

**Las Vegas Valley Water District (LVVWD).** The major water retailer in southern Nevada. The District is the operating agent of the Southern Nevada Water Authority although the two companies are autonomous and produce financial records and statements independent of each other.

**Major Construction and Capital Program (MCCP).** A schedule of approved capital projects, their estimated costs, and funding sources.

**Megawatt Hour (MWh).** A unit of power equal to one million watt hours. Energy in watt hours is the multiplication of power in watts and time in hours.

**Million-Gallon per Day (MGD).** A unit of flow measurement. MGD is a standard measurement in the water utility industry.

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**Model Clearing Price.** A power cost calculated per MWh and established to reflect the projected cost of electrical power over a ten year period.

**Modified Accrual Accounting.** A basis of accounting in which expenditures are accrued when liability is incurred, but revenues are recognized only when they are measurable and available as net current assets. This method of accounting is statutorily required in Nevada.

**Net Position.** The excess of an entity's assets over its liabilities. Net position was originally known as fund equity until the application of GASB 65.

**Nevada Revised Statutes (NRS).** The current codified laws of the State of Nevada.

**New Expansion Debt Service (NEDS) Sub Fund.** Sub fund that tracks revenues and expenses relating to debt service incurred from the expansion of the SNWA transmission and distribution system.

**Northern Resources.** All inclusive term for water rights, land, and ranching operations owned by the SNWA and found in Lincoln and White Pine County, Nevada.

**Occupational Health and Safety Administration (OSHA).** An agency of the United States Department of Labor. OSHA's mission is to "assure safe and healthful working conditions for working men and women by setting and enforcing standards and by providing training, outreach, education and assistance".

**Operating Budget.** Authorized expenditures for on-going day-to-day services; e.g., maintenance, materials, supplies, etc.

**Operating Expenses.** This classification contains expenses such as professional services, rental expenses, research and studies, etc. that are projected to be spent in the course of operations of the SNWA's treatment and distribution system and through the Las Vegas Wash and groundwater management program. These expenses are identical to Capital Expenses in form but are paid with operating revenues. On a GAAP prepared financial statement, these costs will appear on the Statement of Revenues, Expenses and Changes in Net Position.

**Operating Revenue.** For net position purposes, defined as wholesale delivery charge, net income from ranch operations, program fees collected from the operation of the Las Vegas Wash and groundwater management fees.

**Other Revenues.** Various sundry revenues from minor sources. Other revenues include, but are not limited to, reimbursement of Authority operating expenses for purveyors who do not use the SNWA's treatment facilities and income from the SNWA's Northern Resource holdings.

**Payroll and Related.** For net position purposes, this classification includes all non-capitalized labor costs.

**Period.** The date (usually a 12 month span) that expenditures, encumbrances, etc. are recorded for reporting purposes.

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**Period Ending.** The last date any expenditures, encumbrances, etc. are recorded for reporting purposes. Any data received after this date will be reflected in the next report. A Period Ending may be the end of a pay period, the end of the last pay period of a month, or the end of a calendar month.

**Positions.** Authorized (created by the LVVWD Board of Directors and approved by the SNWA Board of Directors) employee slots (either currently filled or vacant) that are specifically funded through the budget process.

**Potable water.** Water that has been treated and meets or exceeds standards set by the Safe Water Drinking Act.

**Power.** Electricity and natural gas costs that are used for the transportation and transmission of water throughout the SNWA distribution system.

**Proprietary Fund.** Synonym in this document for Enterprise Fund.

**Purveyor.** A subset of the members of SNWA consisting of City of Boulder City, City of Henderson, City of Las Vegas, City of North Las Vegas, and the Las Vegas Valley Water District. These members purchase potable water from SNWA and remit a form of capital revenue.

**Recharge.** Lake water injected directly into the aquifer by wells for the purpose of storing it for future use.

**Regional.** Pertaining to the area of Clark County, Nevada (the jurisdiction of SNWA).

**Regional Commodity Charge.** Charge placed each thousand gallons of potable water sold. This charge is collected by SNWA's purveyor members (City of Henderson, City of North Las Vegas and Las Vegas Valley Water District only) and remitted monthly to SNWA.

**Regional Connection Charge.** Charge placed on new connections to the system. Mainly based on service size, although adjustments to certain customer classes are made. This charge is collected by SNWA's purveyor members (City of Henderson, City of North Las Vegas and Las Vegas Valley Water District only) and remitted monthly to SNWA.

**Regional Infrastructure Surcharge.** Surcharge placed on all retail water bills. Revenue collected by the purveyors on this charge is forwarded to SNWA monthly. The charge is based on the size of meter or meters that service a customer. Different rates apply for residential, nonresidential and nonresidential fire services. Residential fire services are not assessed this charge.

**Reliability Surcharge.** Surcharge placed on retail water bills. Currently the charge is 0.25% of total retail bill for residential customers, and 2.5% of total retail bill for non-residential services. This charge is collected by SNWA's purveyor members (City of Henderson, City of North Las Vegas and Las Vegas Valley Water District only) and remitted monthly to SNWA.

**Restricted Revenues.** For net position purposes, defined as operating capital and expenses, payroll, recharge purchases and power costs. However it excludes these

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costs if they are present in the M CCP sub-fund or if they are associated with capital costs for the Las Vegas Wash.

**Revenues.** Funds received from various sources and treated as income to SNWA to finance expenditures.

**Revenue Bonds.** Bonds where pledges are made to dedicate specific revenue sources to repay the bonds.

**Risk Management.** An organized attempt to protect a government's assets against accidental loss in the most economical method.

**River Mountains Treatment Plant (RMTP).** Facility treats up to 300 million gallons of water per day. The facility provides additional reliability and capacity to Southern Nevada's municipal water treatment and distribution capabilities. It began delivering treated water in October 2002.

**Salaries & Wages.** A budget category that includes employee salaries including overtime, longevity pay and benefits.

**Sales Tax.** One quarter of one penny addition to the Clark County sales tax rate that is remitted to SNWA on a monthly basis. The rate was added on April 1999, and is shared with wastewater agencies, rural water and wastewater systems and the Las Vegas Wash.

**Significant financial impact.** Five years immediately following when a capital item is placed into service. The term is required by

the Government Finance Officers Association.

**Southern Nevada Public Lands Funds.** A federal law governing the disposition of certain public lands in the Las Vegas Valley by the Bureau of Reclamation. The SNPLMA calls for SNWA to receive 10% of the purchase price of all public lands sold pursuant to the Act. These funds are restricted in use to paying for the SNWA Capital Improvement Plan.

**Southern Nevada Water Authority (SNWA).** Was formed in 1991 to manage Southern Nevada's water needs on a regional basis. The SNWA comprises seven member agencies including the city of Henderson, city of Las Vegas, city of North Las Vegas, Big Bend Water District (Laughlin), the Clark County Water Reclamation District and the Las Vegas Valley Water District. SNWA provides wholesale water treatment and delivery for the greater Las Vegas Valley and is responsible for acquiring and managing long-term water resources for Southern Nevada.

**Southern Nevada Water System (SNWS).** Refers to the system of distribution facilities that delivers raw Colorado River water from Lake Mead and delivers potable water to Southern Nevada's municipal water providers.

**Sub Fund.** An internal control measure used to ensure that revenues and expenses from similar operations are matched. Although SNWA is an enterprise fund under Nevada law, the sub fund philosophy assists SNWA in analyzing and controlling its costs throughout the year.

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**Wholesale Delivery Charge (WDC).** The per acre-foot charge that SNWA charges purveyor members for the treatment and delivery of treated, potable water.

**Wholesale Delivery Operations (WDO) Sub Fund.** Sub fund that tracks revenues and expenses incurred from the production of potable water.

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