



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

**4176 Warbler Road
Phelan, CA 92371
(760) 868-1212**

**Water
Parks and Recreation
Solid Waste/Recycling
Street Lighting**

**2016 / 2017 Budget
For Fiscal Year Ending
June 30, 2017**

Approved June 1, 2016



2016 / 2017 Budget

For the Fiscal Year Ending

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PHELAN PIÑON HILLS
COMMUNITY SERVICES DISTRICT

4176 Warbler Road
Phelan, CA 92395
(760) 868-1212

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GFOA DISTINGUISHED BUDGET PRESENTATION AWARD



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Phelan Piñon Hills Community Services District for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This is the first year the District applied for an award with GFOA. This award is valid for a period of one year only. The District believes the current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

CSMFO OPERATING BUDGET EXCELLENCE AWARD



The California Society of Municipal Finance Officers (CSMFO) presented the Certificate of Award for Operating Budget Excellence to Phelan Piñon Hills Community Services District for the Fiscal Year beginning July 1, 2015. This is the first operating budget award the District has applied for and received from the CSMFO. This award is valid for a period of one year.

The District believes the 2016/2017 budget continues to conform to the standards set forth to be eligible for this award and will submit an application accordingly.

RESOLUTION NO. 2016-08 ADOPTING THE ANNUAL BUDGET

RESOLUTION NO. 20016-08 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017

WHEREAS, the Phelan Piñon Hills Community Services District (“the District”) is a community services district organized and operating pursuant to California Government Code Section 61000 et seq., and a local government agency subject to the requirements of the Political Reform Act of 1974, California Government Code Section 81000 et seq.; and

WHEREAS, there has been presented to the District’s Board of Directors a proposed Annual Budget for the Fiscal Year Ending June 30, 2017 (“2017 Budget”) in accordance with the requirements of Government Code Section 61110; and

WHEREAS, the Board has conducted several budget workshops open to the public and has considered all comments received during those meetings regarding the proposed 2017 Budget; and

WHEREAS, on June 1, 2016, the Board conducted a public hearing regarding the proposed 2017 Budget in accordance with the requirements of Government Code Section 61110 and considered all comments received at said hearing; and

WHEREAS, the proposed 2017 Budget has been reviewed and considered by the Board of Directors and it has been determined to be in the best interest of the District to adopt said budget for the sound financial operation of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Phelan Piñon Hills Community Services District as follows:

1. The 2016 Budget, as detailed in the budget document entitled “2016/2017 Budget for the Fiscal Year Ending June 30, 2017,” is hereby adopted. A copy of the 2017 Budget is attached hereto and incorporated herein by reference.

2. The expenditure amounts designated for Fiscal Year 2016/2017, pursuant to the 2017 Budget, are hereby appropriated and may be expended by the departments or funds for which they are designated, in accordance with the District’s Purchasing Policy.

3. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

4. If any section, subsection, sentence, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board of Directors hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause or phrase thereof,

irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases or the application thereof to any person or circumstance be held invalid.

5. This Resolution will be effective immediately upon adoption.

Adopted this 1st day of June, 2016.

AYES: Brandon, Morrissette, Roberts, Whalen
NOES: Pace
ABSTAIN:
ABSENT:

Dan Whalen
President, Board of Directors

ATTEST: Kim Ward
Board Secretary



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

INTRODUCTION



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

MESSAGE FROM THE GENERAL MANAGER

June 1, 2016

Board of Directors

Citizens of the Phelan Piñon Hills Community Services District

On behalf of the Phelan Piñon Hills Community Services District and its staff, I am pleased to present the Budget for Fiscal Year 2016/2017. This Budget has been prepared to meet the many challenges facing the District, including increasing costs of water production, water quality, water supply, and state mandated water conservation and enforcement. The Budget reflects the District's dedication to provide reasonable levels of service with a commitment to prudent fiscal management by developing policies and processes that are efficient and cost effective. This Budget has been developed to be fiscally responsible in support of the District's Mission Statement:

The Mission of the Phelan Piñon Hills Community Services District is to provide all authorized services reliably and economically for the promotion of community development and to utilize all resources for maximum beneficial use.

The most significant issues facing the District in 2016/2017 are:

- Impacts of state mandated water conservation measures. Executive Order B-29-15 and resulting mandates were estimated to cost the District over \$513,000 in 2015/2016. As a result, the District conducted a water rate study and water rates were adopted to meet these demands. Some of the additional costs associated with the mandated orders are now part of the normal cost of doing business, such as monthly billing. However, some revenues and costs will fluctuate as a result of conservation. These impacts will be reviewed and considered each year prior to implementing scheduled water rate adjustments.
- Impacts of changes to the state water quality regulations. The District's water has traces of Chromium-6, which exceed the maximum contaminant levels (MCL) under the new regulations. Although the Chromium-6 in the District's water supply is naturally occurring, the levels exceed the maximum levels allowed by the state. The District must reduce the MCL to meet the state goals by January 2020. The District thoroughly considered all options to reduce the levels of Chromium-6 in the water and has concluded that blending the water supply with water that does not contain Chromium-6 is the most efficient and economical solution. Mitigation is expected to cost approximately \$17,000,000. The District is attempting to obtain grants to help offset the costs and will obtain low-interest loans to pay for the remainder of the project. The loan will be repaid with a surcharge on the water bill, as approved by the Board during the water rate study process.

Governor Brown issued Executive Order B-29-15, imposing restrictions to achieve a statewide 25% water reduction in water use through February 28, 2016. This order was extended through January 2017. The restrictions require water suppliers to reduce usage as compared to the amount used in 2013. The

Department of Water Resources made determinations for each water agency's mandated reduction based on the tier in which the agency was assigned. Based on the District's historical production and consumption, the Phelan Piñon Hills Community Services District was in a tier that required a 32% reduction in water up through February 2016 and a 24% reduction thereafter. Because the District's water rate structure is set up to include a considerable amount of its fixed costs in the consumption fees rather than the fixed meter fee, in compliance with state recommendations, this reduction had far reaching impacts to the District's Budget. To mitigate this significant impact, the District conducted a water rate study and approved a revised rate structure in compliance with the District's order from the state. The state has now ordered conservation efforts be accomplished based on a plan created by the District and approved by the state. This plan is expected to reduce the required conservation levels considerably, however the District will need continue water conservation efforts in order to meet the 20% by 2020 water reduction requirements. The impact to District revenues remains to be seen as District customers develop a new norm for water consumption. The District is budgeting conservatively and assuming that customers will continue to conserve and any bounce back in conservation level consumption will be gradual, taking eighteen to twenty-four months to reflect the new norm for water consumption.

The state reduced the acceptable levels of Chromium-6 that can be found in drinking water from 50 parts per billion (ppb) to 10 ppb. The District's wells have Chromium-6, ranging from non-detect to 16 ppb, exceeding the maximum contaminant levels allowed under this new ruling. Based on the studies conducted by the District in consideration of the various options to reduce the Chromium-6, the District will need to install infrastructure to blend newly sourced well water with water from wells that are currently exceeding the maximum levels of Chromium-6. Blending the well water will ensure that all of the water delivered to customers will meet or exceed the state requirements. This project is estimated to cost the District in excess of \$17 million dollars. The cost of these projects will average approximately \$9.71 per month per customer or less, as the District is able to secure grants and low-interest loans.

Since the District's formation in 2008, the District has continued to look for cost saving measures and efficiencies. In spite of these efforts, over the past eight years, revenues have decreased and the cost of operating the District has continued to rise. Due to the reduction in property tax values within the District, property tax revenue decreased by over 40% between 2008 and 2012, primarily due to the number of vacant properties within the District. Water revenue decreased by 16% between 2009 and 2012. The cost of pumping water out of the ground, the District's only water source, increased by 18% in 2013, increased by another 14% in 2014, increased by 5% in 2015, and is expected to increase by another 5% in 2016 due to the Southern California Edison rate changes. These increases, along with the impacts of the conservation mandates, negated the rate increases that were adopted in 2013, and implemented each year thereafter, thus requiring a water rate study in 2015. The rate study outlined recommended rate changes, which the District adopted in January 2016. The cost of operations continue to rise, including costs of producing and delivering water, and providing clean, safe parks and community centers with programs and activities for the community.

The District continues to look for alternative ways to increase revenue and decrease expenses in an effort to minimize rate changes to customers. In 2012, the District purchased water rights which will result in a savings of reduced water rights fees. Even after repaying the \$7.5 million dollar loan, this purchase is estimated to save the District \$24 million dollars over the next thirty years. In 2016, the District installed a solar project that results in credits against the District's most costly and uncontrollable expense: electricity. After loan repayment, the estimated savings due to the solar project are \$13 million dollars over thirty years. The combined results of these two measures are savings estimated to exceed \$37 million dollars over the next thirty years.

During the first five years after formation, the District held rates at the levels assumed from San Bernardino County in March 2008. In 2012, the District contracted to have its first water rate study

prepared. The study was completed in 2013 and the Board adopted a multi-year rate change after a lengthy process which exceeded Proposition 218 requirements. In 2015, after state mandated orders were issued to address the drought conditions in the state, the District contracted for a second water rate study and completed another Proposition 218 process, again exceeding the requirements for notification, meetings, and public outreach, concluding with a multi-year rate change. The approved rate change is reviewed each year to determine if it can be reduced as a result of revenue or the cost saving measures the District has implemented.

The Fiscal Year 2016/2017 Budget is based on Enterprise Fund revenues of \$6,405,684, and Government Fund revenues of \$753,731, totaling \$7,159,114; Enterprise Fund expenses of \$6,415,138, and Government Fund expenses of \$535,263, totaling \$6,950,400; for a total net revenue of \$208,714.

Enterprise Revenue is estimated to increase overall due to water rate changes, which were implemented to offset the state mandated conservation measures and the Chromium-6 mitigation costs. As customers have increased conservation measures to meet the state requirements, water consumption is estimated to level off in the coming year, creating a new normal for water usage. The largest impact to water expenses is repair and maintenance due to anticipated repair and maintenance on wells. The District is anticipating an increase in Edison costs, however, the solar credits help to offset the cost of electricity, resulting in a 22% reduction in utility expenses. Overall, there is a 3% increase in operational expenditures.

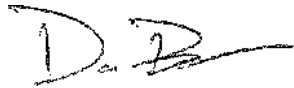
Government Revenue is estimated to increase slightly as a result of a reduction in the transfer of funds to the Enterprise Fund. Solid Waste is expected to remain level. There is an increase in recreation revenue due to increased activity and an increase in property tax revenue due to increased property values. Government Expenses are increasing slightly due to electricity costs, replacement of some equipment, and necessary building maintenance.

	2016 Budget	2016 Est. YE	2017 Budget	% Over Prior Year Budget	% Over Est. Year End
Enterprise (Water) Revenue	\$4,872,670	\$6,307,316	\$6,405,384	31.5%	1.6%
Enterprise (Water) Expenses	\$5,205,783	\$5,517,396	\$6,415,138	23.2%	16.3%
	-\$333,114	\$789,920	-\$9,754		
Government Revenue	\$477,719	\$493,999	\$753,731	57.8%	52.6%
Government Expenses	\$521,097	\$494,663	\$535,263	2.7%	8.4%
	-\$43,378	-\$665	\$218,468		
Total Revenue	\$5,350,389	\$6,801,314	\$7,159,114	33.8%	5.3%
Total Expenses	\$5,726,880	\$6,012,059	\$6,950,400	21.4%	15.6%
Total Net Revenue	-\$376,492	\$789,255	\$208,714		

I would like to thank District staff for their conscientious efforts in prudent management of District resources, enabling the District to reduce expenses whenever possible without reducing the levels of service necessary to meet the demands of good customer service and responsible facilities maintenance.

I want to thank the Board of Directors for their leadership and continued interest in, and support of, the highest level of prudent fiscal management, and for providing the vision, policies, and resources to develop and implement this Budget.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. Bartz", with a long horizontal flourish extending to the right.

Don Bartz
General Manager



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

MISSION AND VISION STATEMENT

MISSION STATEMENT

The Mission of the Phelan Piñon Hills Community Services District is to provide all authorized services reliably and economically for the promotion of community development and to utilize all resources for maximum beneficial use.

VISION STATEMENT

To develop a Community Services District that enhances the living experience for all people within the District.



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

OFFICIALS

BOARD OF DIRECTORS

		Term Expires December
Dan Whalen	President	2017
Cathy Pace	Vice President	2017
Alex Brandon	Director	2019
Al Morrissette	Director	2017
Mark Roberts	Director	2019

DISTRICT MANAGEMENT

Donald Bartz	General Manager
Lori Lowrance	Administrative Services Manager
Kim Ward	Human Resources Manager/Executive Secretary
George Cardenas	Engineering Manager
Jack Stoneseifer	Water Operations Manager

District Officials can be reached by calling (760) 868-1212

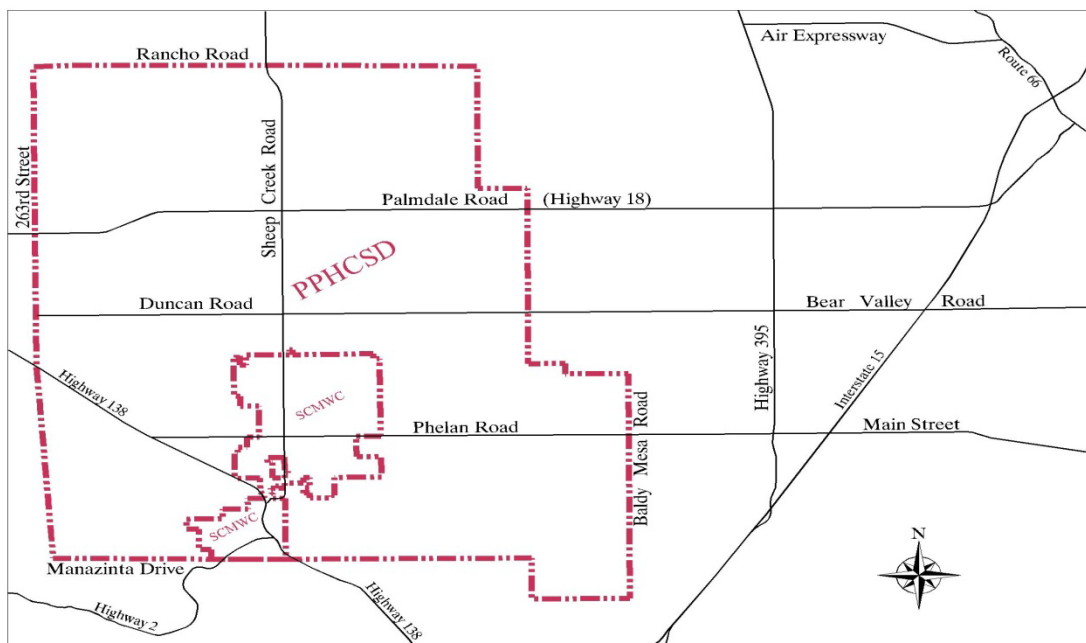
DISTRICT PROFILE

History

In February 2008, the citizens of Phelan and Piñon Hills overwhelmingly voted to separate the Water, Parks and Recreation, and Street Lighting Districts from the County and create a Community Services District. The Phelan Piñon Hills Community Services District was established through an election on February 5, 2008. With an 81% approval rating, the voters approved the formation of the District as a consolidation of three Special Districts; Zone-L70 Water, CSA-9 Phelan Parks and Street Lighting and CSA56-F1 Piñon Hills Parks. This consolidation enabled the communities to establish a form of self-governance while maintaining their individual rural integrity. The 128 square mile District is the largest Community Service District in San Bernardino County. In March 2008, the Phelan Piñon Hills Community Services District was formed (LAFCO Resolution 2994), with a five-member Board of Directors elected to govern the District.

Between March 2008 and June 30, 2008, during the early stages of the transition, the District continued to be operated and maintained by County of San Bernardino Special Districts. From July 1, 2008, through October 2008, the Directors outsourced the operations and maintenance of the District and began the recruitment process. In August, a General Manager was hired and in October through November 2008, the majority of the remaining staff was employed.

On November 16, 2011 Lafco held a hearing on proposal 3167, and adopted resolution 3153 approving the activation of solid waste and recycling function and services for the District. On January 24, 2012 the Certificate of Completion was processed, formalizing the change in organization.

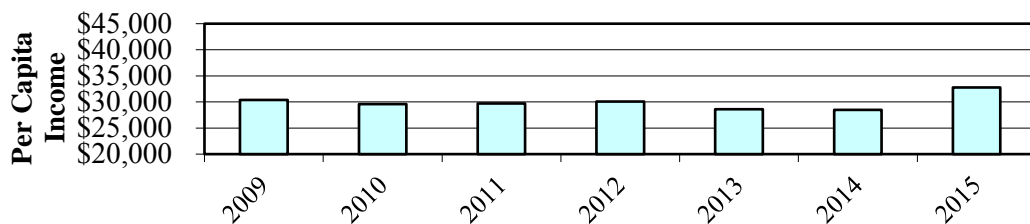
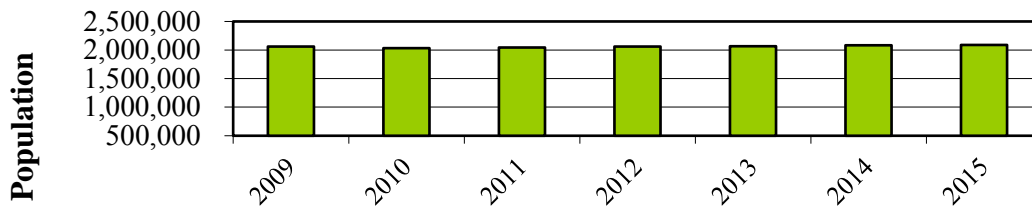
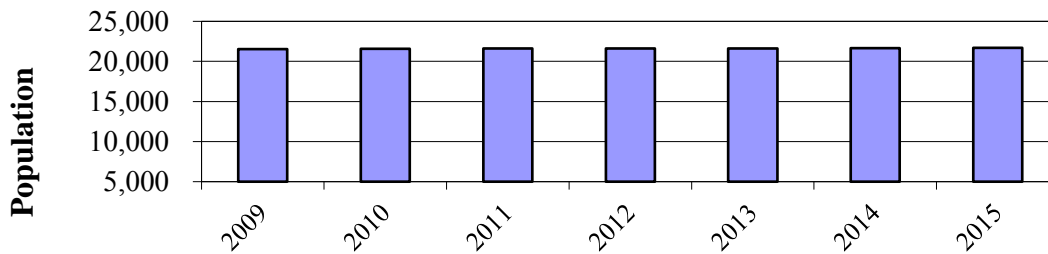


Demographic and Economic Statistics

Demographics and Economic Statistics Last Seven Calendar Years

County of San Bernardino⁽²⁾

Fiscal Year	Phelan & Piñon Hills Population ⁽¹⁾	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2009	21,549	13.5%	2,060,950	62,576,625	30,363
2010	21,576	14.3%	2,033,141	60,089,482	29,555
2011	21,601	14.0%	2,046,619	60,789,947	29,703
2012	21,614	12.6%	2,059,699	61,957,654	30,081
2013	21,625	9.9%	2,068,610	59,127,096	28,583
2014	21,641	8.1%	2,085,669	59,345,866	28,454
2015	21,692	5.8%	2,088,371	68,387,465	32,747



Sources: California Department of Finance and California Labor Market Info

Notes:

1) Data is derived from the 2010 census and adjusted for the average population per meter connection. The District has chosen to use this methodology since the District believes that it provides the best approximation of area population.

2) Only County data is updated annually. Therefore, the District has chosen to use its data since the District believes that the County data is representative of the conditions and experience of the District: Website for State of California, Employment Development Department, and San Bernardino County Profile

Governance

The District is governed by an elected, five-member Board of Directors. Board members are elected to a four year term, participating in the election process during odd years. For the currently seated Board, three Directors were elected in November of 2013 and two Directors were elected in November of 2015. The Directors are elected to set the policies of the District and provide guidance and leadership to the management and staff of the District.

The Board of Directors' regularly scheduled meetings are on the first and third Wednesdays of each month at 6pm in the Phelan Community Center. Additionally, the Directors are assigned to at least two standing committees and some serve on ad hoc committees as needed. The committees have regularly scheduled monthly meetings for Engineering, Parks, Recreation and Street Lighting, Waste and Recycling, Government Affairs, and Finance. These meetings are open to the public whom are encouraged to attend.

Resolution 2014-35, Section 1.1 states: The Board shall govern the District. The Board shall establish policies, direction, procedures, and oversight for the operation of the District. The Board shall provide for the implementation of those policies which is the responsibility of the District's General Manager.

The elected board members delegate management responsibility of the day-to-day operations of the District to an appointed General Manager who, in turn, employs all employees at the District, including department managers and supervisors. The District currently employs twenty-two full-time and five part-time employees. The District's General Manager, General Counsel, and external Auditor report directly to the Board of Directors.

District Services

As outlined by San Bernardino County LAFCO 3167 Staff Report, the District provides the following within its service area:

Water: Supply water for any beneficial use as outlined in the Municipal Water District Law of 1911 (commencing with Section 71000) of the Water Code.

Park and Recreation: Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law (commencing with Section 5780) of the Public Resources Code.

Street Lighting: Acquire, construct, improve, maintain, and operate street lighting and landscaping on public property, public right-of-way, and public easements.

Solid Waste and Recycling: Collect, transfer, and dispose of solid waste and provide solid waste handling service, including, but not limited to, source reduction, recycling, composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.

Water

The primary component of the District is water service. Being efficient in every aspect is essential and will help in improving fiscal responsibility as well as system integrity. Developing relationships with neighboring water companies, agencies, and resources will enable everyone to be more responsible and efficient; therefore the District is looking at joint ventures whenever it is viable.

The District operates and maintains a considerable infrastructure in order to provide safe, good tasting water to over 6,800 service connections within an approximate 128 square mile service area. The water service area is almost entirely single family residential, with approximately 99 percent of water service connections serving single-family residences. The water infrastructure consists of 11 wells (approximately 1,000 feet deep) in six well fields, and 35 reservoirs with a combined capacity of approximately 12,000,000 gallons, 4 de-sanding tanks, 24 booster stations, 63 booster pumps, and 32 pressure reducing stations in 11 pressure zones, with approximately 353 miles of pipeline ranging from 4-inches to 16-inches in diameter.

The District obtains its water supply from the local groundwater aquifer which is managed by Mojave Water Agency. If the District produces more than its allowance of groundwater, the District may purchase replacement water from MWA, who replenishes the used groundwater primarily with imported water from the State Water Project. As the District recently purchased additional water rights, it is unlikely the District will need to purchase water from MWA in the foreseeable future.

The District encourages water conservation and offers incentive programs in partnership with AWAC, through the Mojave Water Agency, plus resource material to promote desert landscape. The District is also looking for ways to conserve watershed land that will help in the regeneration of the aquifer. The District is focused on providing service now and for future generations.

Parks and Recreation

The District operates and maintains community centers with senior centers and two parks. The District continues to expand and improve these facilities to promote use. The District partners with the seniors at the two facilities and throughout the District to create programs that are beneficial to the community at large. The District also partners with local sports organizations to create sports programs and activities in the community.

Parks and recreation are a vital component to any community. It not only adds beauty, but provides safe areas for activities of individuals, families, and groups. As part of the District, there are two community centers. These centers are utilized for a wide range of activities and are available to the community for a small fee. The District currently offers several events and activities, and continues to work on various recreation ideas for the community.

Adjacent to the centers are two parks that have picnic tables and playgrounds. They are available from morning until dusk. The District is looking to develop a large park facility that will have athletic fields, as well as standard park integrity. The District owns two vacant parcels for future park and recreation facilities: 55 acres on Johnson Road and 80 acres on Sheep Creek.

Street Lighting

The street lights primarily service the business district of Phelan. There are also lights at strategic intersections to help in providing safety to the community. Expansion of the street lighting to other intersections is considered based upon a safety need, but the District does respect the San Bernardino County "Dark Sky" ordinance and encourages residents to do the same.

Solid Waste

The District administers solid waste and recycling programs. The solid waste and recycling services are contracted with CR&R. The District works closely with CR&R to coordinate various programs and provides a variety of recycling events within the community.

BY THE NUMBERS: SUMMARY OF DISTRICT INFORMATION

Water System:

Number of Pressure Zones	11
Miles of Water Main	353
Reservoirs	35
Wells	11
Booster Stations	24
Booster Pumps	63
Pressure Reducing Stations	32
Service Connections (Meters)	6,806

Parks and Recreation Facilities:

Number of Parks	2
Number of Community Centers	2
Number of Senior Centers	2

Street Lighting:

Number of Street Lights	92
Number of Lights at RR Crossings	1

Solid Waste and Recycling:

Number of Residential Customers	3,245
Number of Commercial Customers	159

Misc. Statistical Information

Population	21,794
Service Area	128 square miles
Employees	22 Full Time, 5 Part Time
Enterprise Fund Budget	\$6,415,138
Government Fund Budget	\$ 535,263
Capital Budget	\$1,240,000

BUDGET PROCESS AND SCHEDULE

Each year, staff is tasked with preparing a budget for consideration at an annual public hearing in June. The process leading up to the hearing includes several public meetings to provide the Board and the public with information for consideration and opportunity for input on the budget process. These public meetings include workshops, committee meetings, and board meetings.

Beginning in January, managers and supervisors gather information in preparation for the budget. They consider the District goals, department goals, and state and federal mandates. They review various analysis for their areas of responsibility, such as water quality, customer service, conservation, production, and operations. They consider the age, wear and tear, and other impacts to assets in order to determine any repairs or replacements that need to occur. They review and consider operational needs in order to accomplish the tasks necessary to meet goals and mandates. After a complete review and analysis, considering all internal and external impacts, managers and supervisors provide their budgetary requirements for consideration. Board committees also review and provide updates to their 10-year plans for inclusion in the budget. At a board meeting, the Board provides staff with budget assumptions to be used based on the consumer price index and other economic factors. Considering these guidelines, staff begins the process of preparing a Draft Budget. Staff incorporates the data received from the managers and committees with the assumptions, as directed by the Board, to generate the Draft Budget. The Draft Budget is reviewed by management and presented to the Finance Committee for consideration prior to being presented to the full Board for review. Once staff has made any changes identified, the Final Draft Budget is made available and a public hearing is held. The Final Draft Budget is presented to the Board during the public meeting for final review, consideration, and adoption. All of these meetings are open and public and the District encourages public attendance and participation.

The events listed below were scheduled to promote public participation and ensure the public has the opportunity to become familiar with and involved in the budget process.

Date/Location	Time	
April 6, 2016 Wednesday Phelan Community Center	6:00 PM	Regular Board Meeting - Board makes determination for budget assumptions
April 26, 2016 Tuesday Conference Room at District Office	2:30 PM	Finance Committee - Review of Draft Budget
May 11, 2016 Wednesday Phelan Community Center	5:00 PM	Special Board Meeting and Workshop - Review Draft budget
May 25, 2016 Wednesday Phelan Community Center	5:00 PM	Special Board Meeting and Workshop - Review Final Draft budget
June 11, 2016 Wednesday Phelan Community Center	6:00 PM	Regular Board Meeting - Budget Hearing - Budget approval (with any modifications identified as a result of the hearing)

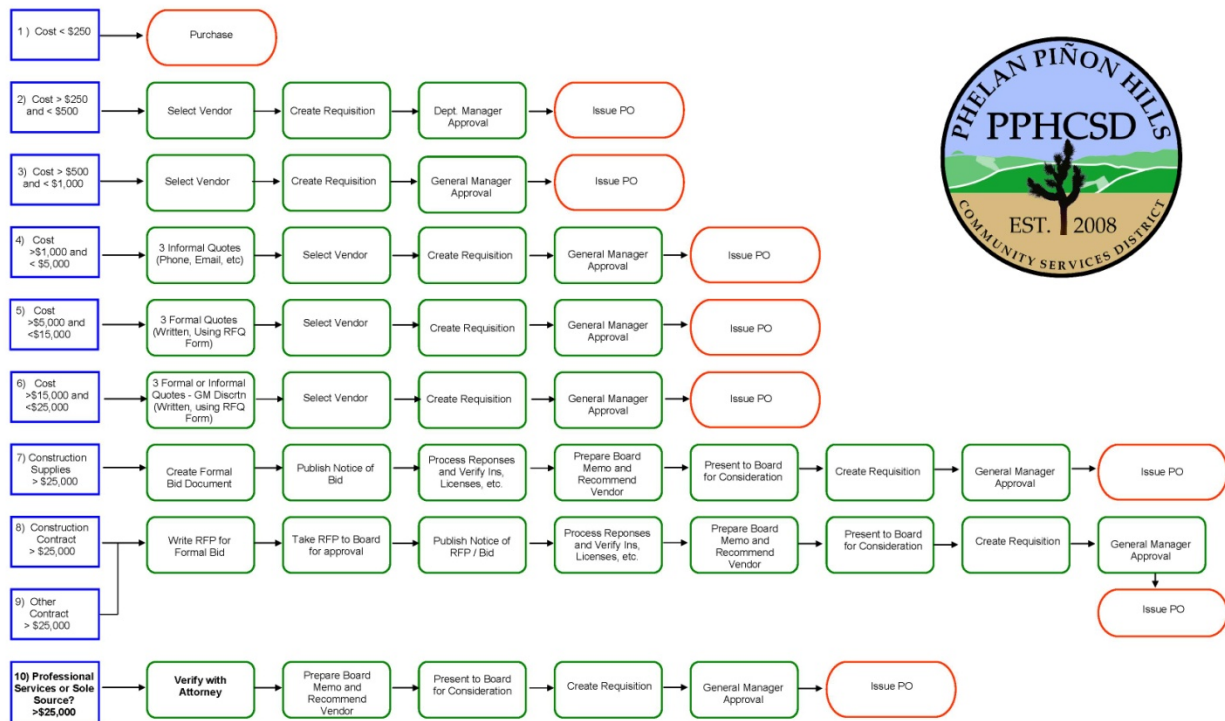
BUDGETARY CONTROL AND FINANCIAL PRACTICES

Budgetary Control

The Board of Directors adopts the Phelan Piñon Hills Community Services District (District) annual budget, after public hearing(s), by June 30 of each year. The budget is adopted on a basis that does not differ materially from Generally Accepted Accounting Principles (GAAP). The budget is in effect from July 1 of the current year to June 30 of the following year. The Board may modify the budget at any time with majority approval.

The General Manager maintains budgetary controls to ensure compliance with the appropriated budget approved by the Board of Directors. The Board approves the appropriation limit each year (page 65) and the operational and capital budgets remain well under the limit established by law (GANN Limit for appropriations) and approved by the voters in November 2008. The level of budgetary control (the level at which expenditures cannot exceed the appropriated amount) is the department level and within a single fund. The General Manager may authorize transfers of appropriations within a single fund. The General Manager is authorized to implement the appropriation as approved in the adopted budget, following the purchasing policy approved by the Board. It is the responsibility of the General Manager to establish adequate controls to ensure expenditures do not exceed the approved budget. The purchasing policy provides the standards and approval levels by which purchases can be made. Additionally, rules of procedures are established by the General Manager to ensure against abuse of public interest. Supplemental appropriations during the year must be approved by the Board of Directors. These appropriations, representing amendments to the budget during the year, could be significant in relationship to the original budget as adopted.

PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT PURCHASING PROCESS



The Board reviews the budget verses actual revenues and expenses at the committee level and financials are also presented to the Board on a monthly basis for consideration. Budget adjustments may be authorized by the Board of Directors.

Accounting and Financial Practices

The District's accounting and budgetary records are maintained using an accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as unbilled but utilized utility services recorded at year end. The budget detailed in this document is used as a management tool for projecting and measuring revenues and expenses.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Funds are organized into two major categories: Government and Enterprise (or proprietary) categories:

Government Funds Parks and Recreation, Street Lighting, and Solid Waste.

Enterprise Funds Water
Note: Water activities represent 98% of District functions.

Current Financial Plans

In 2012, the District conducted the first water rate and fee study. The study was completed over a six month period with several public workshops held throughout the process to garner public involvement and input. On February 20, 2013, after exceeding notification and meeting requirements of Proposition 218 (now Articles XII C & D of the California Constitution), the Board held a public hearing on the proposed multi-year rate change. In 2015, after state mandated orders were issued to address the drought conditions in the state and state water quality mandates necessitated the plan for a \$17 million dollar blending project, the District completed a second water rate study. The District again exceeded the requirements of Proposition 218 by notification of customers, holding workshops, and conducting public outreach meetings. In January 2016, rate changes were approved that include increased charges to recover the lost revenues and additional costs to the District resulting from the state mandated conservation programs as well as a surcharge to cover the costs to blend water in order to meet the state mandated water quality changes. The Board of Directors reviews the approved rate changes each year to verify the necessity of the rate change, and to determine if the change can be reduced as a result of District efforts to lower expenses and obtain additional revenues to help mitigate the costs of operations.

In 2015/2016 the District completed installation of a 1.16 megawatt solar project, which is projected to save the District in excess of \$13 million dollars over a thirty year period. The District receives credits for electricity produced from the solar project that to help offset the considerable electric costs, currently almost \$778,000 per year. The savings noted are after loan payment and expenses associated with the solar project are considered.

Long-Term Financial Plans

The District has developed a 10-year plan for facility repair, replacement, and additions. The additional facilities for the Enterprise Fund are projected based on the District's Water Master Plan. The repairs and replacements are based on estimated useful life of District facilities. This plan is a work in progress that is updated and reviewed by the Board of Directors each year.

FINANCIAL POLICIES

Phelan Piñon Hills Community Services District financial policies include many of the District's financial management practices that are used by District staff as guidelines for operational and strategic decision making related to current and future financial matters. The purpose of establishing these policies is to set parameters in which the District can operate to best serve its constituents. Some policies are flexible when they are utilized by District staff as management tools to monitor the District's finances, while others are restrictive to emphasize accountability.

These policies are drafted as living documents to maintain their effectiveness in order to accommodate changes. District staff and Board Members review these policies periodically to accommodate minor changes to the existing policy or major changes in financial priorities as approved by the Board of Directors at its sole discretion.

The District's primary financial policies encompass the following areas:

- Purchasing Policy
- Investment Policy
- Reserves Policy
- Revenue Policy

Purchasing Policy - Resolution 2014-08

The purpose of the policy is to standardize the purchasing procedures of the District, thereby securing advantages of a uniform purchasing policy, saving the taxpayers money and increasing public confidence in the procedures for District purchasing; to promote the fair and equitable treatment of all customers and suppliers, and to set forth the duties and responsibilities of the General Manager and District staff. The purchasing policy is reviewed periodically and updated as deemed appropriate by the Board of Directors.

A summary of the purchasing policy, as adopted by resolution #2014-08:

- Less than \$5,000 Managed by rules of procedures established by the General Manager
- \$5,000 - \$15,000 Requires three quotations and approval of the General Manager
- \$15,000-\$25,000 Requires price quotations and informal or formal bids
- Exceeding \$25,000 Requires Board approval

Investment Policy - Resolution 2014-32

The investment policy provides guidelines for ensuring the safety of funds invested while maximizing investment interest income to the District. The policy and procedures are written to be in accordance with California Government Code Sections 53600 et seq. and 53635 et seq. The three principle investment factors of Safety, Liquidity, and Yield are to be taken into consideration, in the specific order listed, when making any and all investment decisions.

Reserves Policy - Resolution 2016-04

The District reserves policy was established to protect the District's customers, taxpayers, investments in various assets and commitments under numerous financial, regulatory, and contractual obligations. The efficient management of these reserves, when combined with their appropriate fortification, add additional assurance that current levels of safety, service reliability, and quality will continue into the future.

Reserves are broken down into three areas: Operations, Property Plant and Equipment Replacement, and Disaster Response.

- Operating reserves has a goal of three to six months of operations, based on the current budget, and includes a debt service reserve, as required by debt covenants.
- Property, Plant and Equipment (PPE) reserves have a goal of 25% to 50% of accumulated depreciation. This is to assure there is adequate funding available to make major repairs (extending the useful life of the asset), and replace PPE as is necessary.
- Disaster Response reserves has a goal of 10% to 20% of total assets (excluding Land and Water Rights). This is to help ensure that, in the event of a disaster, the District will have the funds necessary to repair and/or replace assets that are damaged.

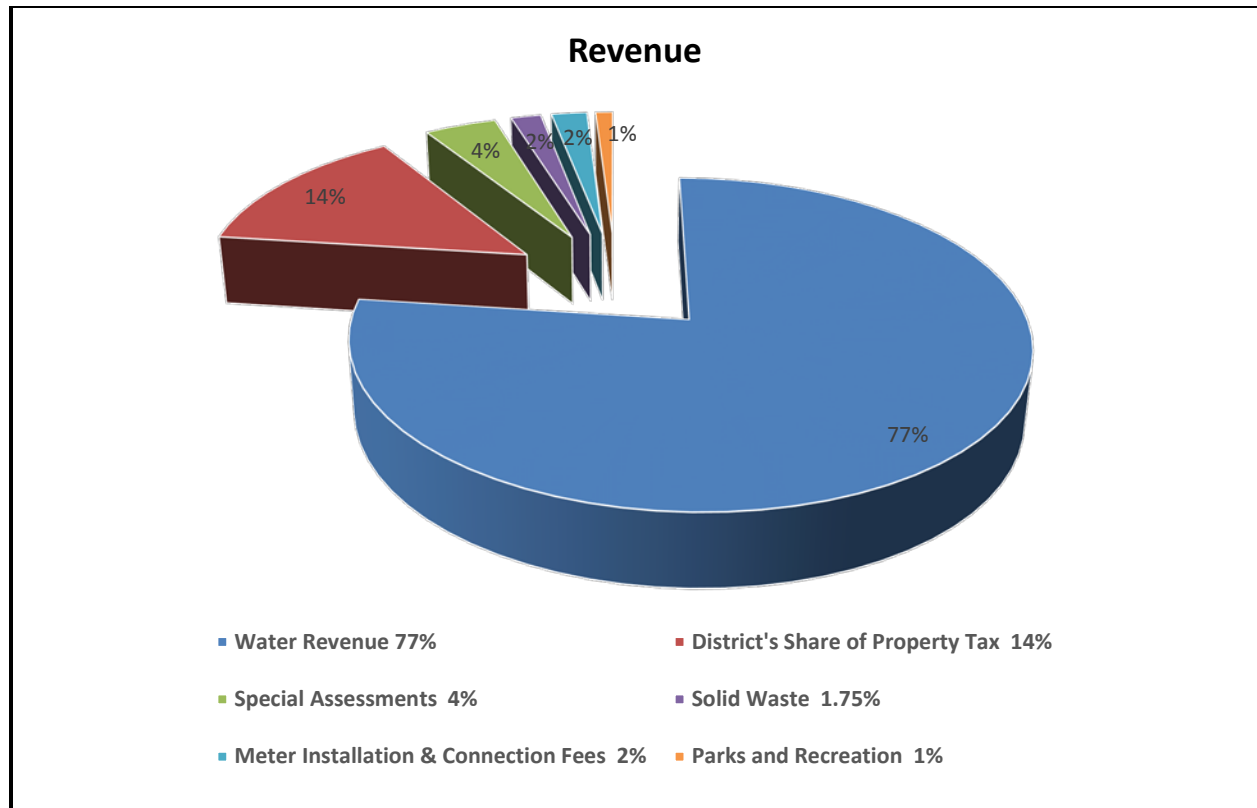
Revenue Policy - Resolution 2016-07

The purpose of this policy is to establish the District's basic policies and procedures concerning revenues received by the District. The policy shall include guidelines to design, maintain and administer a revenue system that will assure a reliable, equitable, diversified, and sufficient revenue stream to support District services, in accordance with GAAP, and State and Federal laws.

Revenue received by the District shall be utilized in accordance with this policy. Revenue received for specific funds within the District shall be utilized for expenses and obligations incurred by that fund. Revenue received into the Governmental Fund will be distributed in accordance with the Budget and the policies and approved by the Board of Directors.

SOURCES OF REVENUE

The District receives revenue from two primary sources: water sales and use fees, and property tax.



Water Revenue: Sales and Use Fees (77% of total revenue) - The District's primary business activities are from the administration, production, treatment, and distribution of water through approximately 6,830 meters to approximately 21,700 residents.

Rates and fees are determined based on the costs of production, treatment, distribution, administration of water service, state and federal mandates, and debt service. In 2012, the District enlisted an outside consultant to prepare the District's first rate and fee study. As a result of the study, the rate structure was modified and a multi-year rate change was approved in February 2013, after exceeding Proposition 218 requirements for public meetings, notification, and a protest hearing. In 2015, the District contracted for a new water rate study as a result of the impacts from the state mandated water conservation orders. The rate structure was reconfigured to address drought impacts and incorporate a drought surcharge. The Board approved the multi-year water rate structure which includes water rate changes of approximately 6% per year beginning July 1, 2016.

Historical and Future (Pending Board Review) Water Rates

	Water Rates Approved February 20, 2013				Water Rates - Approved January 20, 2016				
	Effective 03/01/2013*	Effective 01/01/2014	Effective 01/01/2015**	Effective 01/01/2016	Effective 02/01/2016	Effective 07/01/2016	Effective 07/01/2017	Effective 07/01/2018	Effective 07/01/2019
FIXED CHARGE PER METER	Bi-Monthly				Monthly				
Meter Size									
3/4"	\$31.37	\$33.75	\$35.77	\$18.96	\$18.96	\$16.97	\$17.90	\$18.16	\$19.16
1"	\$41.65	\$44.81	\$47.49	\$25.17	\$29.22	\$25.91	\$27.46	\$27.89	\$29.56
1 1/2"	\$67.35	\$72.45	\$76.80	\$40.70	\$54.87	\$48.24	\$51.34	\$52.21	\$55.54
2"	\$98.19	\$105.63	\$111.97	\$59.34	\$85.65	\$75.04	\$80.00	\$81.39	\$86.72
3"	\$170.14	\$183.05	\$194.03	\$102.83	\$157.47	\$137.57	\$146.87	\$149.47	\$159.47
4"	\$272.94	\$293.64	\$311.26	\$164.96	\$260.07	\$226.91	\$242.41	\$246.74	\$263.41
CHROMIUM 6 SURCHARGE	N/A	N/A	N/A	N/A	N/A	\$9.71	\$9.71	\$12.12	\$12.19
CONSUMPTION									
Residential									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$2.50	\$2.22	\$2.35	\$2.39	\$2.53
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.95	\$3.51	\$3.71	\$3.77	\$4.00
Commercial									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$2.99	\$2.65	\$2.81	\$2.85	\$3.02
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$2.99	\$2.65	\$2.81	\$2.85	\$3.02
School									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.17	\$2.82	\$2.98	\$2.03	\$3.21
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.17	\$2.82	\$2.98	\$3.03	\$3.21
Construction									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.96	\$3.51	\$3.72	\$3.78	\$4.00
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.96	\$3.51	\$3.72	\$3.78	\$4.00
Fire									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.23	\$2.87	\$3.03	\$3.08	\$3.26
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.23	\$2.87	\$3.03	\$3.08	\$3.26

Tier 1 = 0 to 12 units Tier 2 = 12 plus units

The Chromium 6 Surcharge is to pay for Chromium 6 related costs, including debt service on an estimated \$17 million dollar loan.

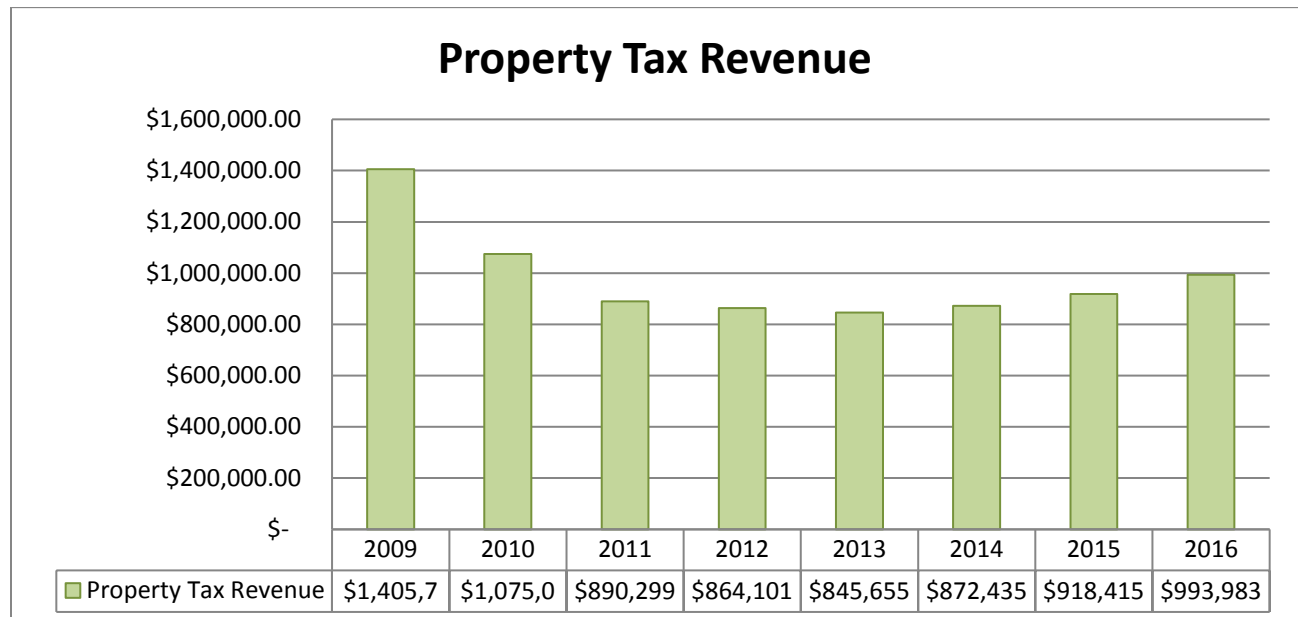
*In 2012 the District conducted its first water rate study. The rates went into effect March 1, 2013.

**July 1, 2015 the District converted to monthly billing. The above rates were divided by 2 for monthly billing.

Property Tax Revenue (18% of total revenue) – The District receives a small share (approximately 7%) of the General Tax Levy: the 1% Ad Valorem tax.



Historical property tax revenue shows a significant decrease in property tax revenue between 2009 and 2013. This was due to the housing bust that began in 2009 and leveled out in 2011: Property values dropped significantly, which impacted property tax revenue, stabilizing in 2013. Property values in the District have slowly begun rising, resulting in additional revenue, as indicated on the table below. Because the District was formed in 2009, and fund balances were at reasonable levels, impacts to service remained minimal throughout the economic downturn.



Special Assessments (aka: Standby Charge or Water Availability Fees) (4% of total revenue) – This fee is applied to unmetered (undeveloped) properties within 660' of a water line. This charge is applied to the property tax roll. Once a meter is installed at a property, the standby charge stops as the property owner is then charged a bi-monthly meter charge, the revenue from which is then water revenue. An engineer's report was completed in 2013, and an update is provided each year. The following is found on page 2 of the report:

The standby charge of the CSD may be used for any purpose pursuant to the Act, commencing with Government Code Section 54984.2, whether the water service is actually used or not. The standby charge may also vary according to land uses, benefit derived or to be derived from the use or availability of facilities to provide water, or the degree of availability or quantity of the use of the water to the affected lands. The charge may be imposed on an area, frontage, or parcel basis, or a combination thereof.

The existing standby charge methodology is employed throughout the CSD service area and is only levied against undeveloped parcels to provide equity between existing ratepayers and future customers that are not currently connected to the system by charging a portion of the cost to maintain the water system to undeveloped parcels that have the potential to develop in the future.

Solid Waste Revenue (1.75% of total revenue) – The District receives a small percent of the Solid Waste Fees collected by the authorized collection entity.

Meter Installation and Connection Fees (2% of total revenue) – The charges associated with installing a new meter to a property that does not currently have water service. As building has been slow over the past five years, this revenue stream has been much lower than it was during the building boom.

Meter Installation Fees are charged to recover the cost of purchasing and installing a meter to serve water to a property.

Connection Fees pay for that connection's share of wells, reservoirs, transmission pipeline, and other facilities necessary to bring water to the customer's property. Connection Fees are based on the size of the meter and the demand that size meter places on the system.

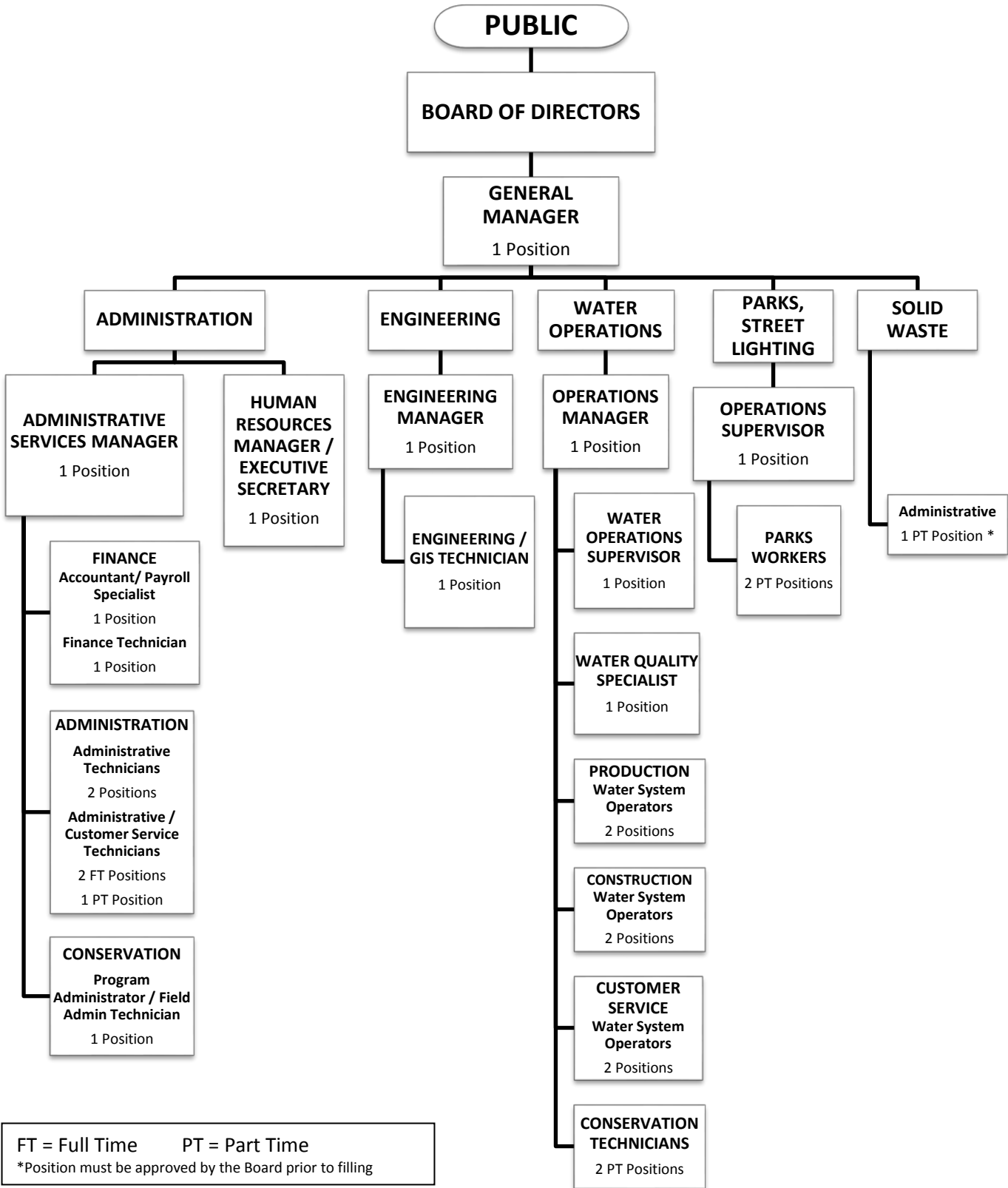
Parks and Recreation Revenue (1% of total revenue) – Fees charged for various program participation (such as Farmers Market vendors, classes, etc.), facility rental (such as community center rental fees, etc.), and other fees and charges for programs and events sponsored by the Parks and Recreation department.



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

DEPARTMENTAL
PRESENTATIONS

ORGANIZATIONAL CHART



STAFFING LEVELS AND SUMMARY OF PERSONNEL

Fiscal Year Ending:	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Manager	1	1	1	1	1	1	1	1	1
ADMINISTRATION									
Administrative Services Manager	1	1	1	1	1	1	1	1	1
Human Resources Manager/Executive Secretary	1	1	1	1	1	1	1	1	1
Conservation Program Administrator*								1	1
Administrative & Customer Service Staff*	4	4	3	3	3	3	3	5	5
Finance Staff	1	1	2	2	2	2	2	2	2
TOTAL	7	7	7	7	7	7	7	10	10
ENGINEERING									
Engineering Manager	1	1	1	1	1	1	1	1	1
GIS/CAD (Outside Contractor)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1	1
TOTAL	1	1	1	1	1	1	1	2	2
WATER OPERATIONS									
Water Operations Manager	1	1	1	1	1	1	1	1	1
Water Quality Specialist							1	1	1
Water Operations Supervisor	2	2	2	2	2	2	2	1	1
Water Operators*	6	6	6	6	6	6	6	8	8
TOTAL	9	9	9	9	9	9	10	11	11
PARKS AND RECREATION									
Park Supervisor	1	1	1	1	1	1	1	1	1
Park Workers (Part Time)	2	2	2	2	2	2	2	2	2
TOTAL	3	3	3	3	3	3	3	3	3
STREET LIGHTING									
Street Light Staff	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0
SOLID WASTE									
Solid Waste Staff - Part Time **	0	0	0	0	0	(1)	(1)	(1)	(1)
TOTAL	0	0	0	0	0	0	0	0	0
TOTAL STAFF	21	21	21	21	21	21	22	27	27

*In 2015/2016, the District hired one part-time and one full-time administrative staff to process the additional work generated by the monthly billing, two part-time water operations staff as required by the drought mandate order and converted the engineering outside contractor position to a regular staff position. Additionally, the Conservation Program Administrator was moved from Water Operations to Administration due to the administrative tasks required as a result of the drought mandate.

**Admin Staff performs duties for these activities. However, the Board has authorized a part time position, as necessary, to be approved prior to filling the position.

DEPARTMENT OVERVIEW

The Phelan Piñon Hill Community Services District has two funds, Enterprise and Government, and six departments within those funds.

The Enterprise Fund includes the following departments:

Water Operations

The Government Fund includes the following departments:

Parks and Recreation
Street Lighting
Solid Waste

The costs associated with the following departments are charged directly to the fund and department for which work or services are performed and materials are utilized:

Administration
Engineering

The District allocates staff time based on the actual time employees spend in various fund in various departments within those funds. While there are designated staff for Water and Parks and Recreation, those staff members sometimes work in other departments and that labor and associated benefits are charged to those departments.

Administration and Engineering staff are shared amongst both funds and all departments as needed. Labor and benefits are allocated directly to the fund and department where the time is spent. All expenses are allocated in the same manner: directly to the fund and department to which it is being used.

A cost allocation study performed by the District in June 2014 indicates that 98% of all District functions are related to the production, distribution, customer service of water operations and billing and collections of water accounts. Of the remaining 2%, the majority is related to Parks and Recreation activities. Only a very small amount of resources are attributable to the administration and operation of Street Lighting and Solid Waste.



ADMINISTRATION AND FINANCE

Administration and Finance is responsible for general administration and fiscal support to the Board, Management, Supervisors, and all departments within the District. These duties include complete financial and accounting support for all departments, providing great service to customers and staff, administrative duties to the Board, risk management, Human Resources, document management, public relations, facilities reservations, accounting, accounts payable, accounts receivable, payroll, debt service, water billing, and revenue collection.

Organization: The staff consists of two managers, five full-time and one part-time administrative and two finance employees.

Primary Services:

- Implement District policies, pursuant to Board direction.
- Board Administration: notification of meetings, preparation of meeting packages, recording of minutes, assuring compliance with Brown Act and legal mandates.
- Risk Management: administration of safety programs, processing claims, identifying safety risks, and obtaining quotes.
- Human Resources: recruitment, retention & succession planning, compensation and benefits administration, employee development, orientation and training, employee and labor relations, HR process development.
- Customer Service: answering calls, receiving and processing payments, processing new, closing and changes to customer accounts, processing billing, current and past due account processing, assists customers with trouble shooting account problems, administering events reservations and community calendar.
- Accounting: accounts payable, accounts receivable, inventory, journal entries, payroll, financial statements, and audit preparation.
- Cash Management: investment of District funds.
- Budget: development, administration, and management of budget process and implementation.

Customer Service A/R Activities	Annual Quantity 2015/2016	Annual Quantity 2014/2015	% change
Payments			
Cash	10,171	5,155	97%
Check	10,187	6,938	47%
Credit Cards	2,958	2,480	19%
Mail	31,769	16,938	88%
Online	14,474	8,697	66%
TOTAL	69,559	40,208	73%

Payments Received and Processed	Annual Quantity 2015/2016	Annual Quantity 2014/2015	% change
Water	69,293	39,993	73%
Senior Lunch	22	21	5%
Parks & Rec. (Rentals, Classes, etc.)	247	189	31%
TOTAL	69,562	40,208	73%

Customer Service Other Activities	Annual Quantity 2015/2016	Annual Quantity 2014/2015	% change
Service Orders Processed	5,324	4,342	23%
Assisted Customers at Counter	23,316	14,573	60%

Accounting Activities	Annual Quantity 2015/2016	Annual Quantity 2014/2015	% change
Checks Processed	2,405	2,510	-4%
Accounts Payable Transactions	18,912	16,625	14%
Payroll Transactions	3,175	2,815	13%
Journal Entries Transactions	2,337	2,489	-6%
Fixed Asset Transactions	282	303	-7%
Inventory Transactions	1,788	2,183	-18%
Water Bills Processed	82,043	41,207	99%
Monthly Invoices Processed	173	144	20%

Note: Beginning July 1, 2015, the District converted from bi-monthly billing to monthly billing, adding one full-time and one part-time staff to accommodate the additional work resulting from monthly billing.

Projects in Progress and/or Completed in 2015/2016:

- Received CAFR Award from GFOA (Government Finance Officers Association)
- Received Budget Award from GFOA and CSMFO
- Maintained Transparency Certification from California Special District Association (CSDA)
- Provided outstanding customer service
- Completed 80% of scanning of customer service files into Tyler system
- Began processes to implement mobile computing for service orders
- Implemented new treasury options
- Updated policies and procedures
- Updated office procedures
- Developed water conservation programs
- Developed and implemented active leak detection program
- Began process to implement Tyler HR System
- Developed and launched new website
- Implemented cross-training program
- Converted bi-monthly billing process to monthly billing process

2016/2017 Goals:

- Receive CAFR Award from GFOA (Government Finance Officers Association)
- Receive Budget Award from GFOA and CSMFO
- Maintain Transparency Certification from California Special District Association (CSDA)
- Continue providing outstanding customer service
- Complete scanning of customer service files into Tyler system
- Implement mobile computing for service orders
- Continue to explore and implement treasury options
- Obtain low-interest loan for Chromium-6 mitigation project
- Continue to update policies and procedures
- Finalize update of District Rules and Regulations Policies
- Complete cross-training program
- Complete implementation of Tyler HR system
- Develop Data Security Response Program
- Update Employee Personnel Manual
- Update budget process and budget format



ENGINEERING

The Engineering Department provides professional planning and engineering services to customers, both internal and external. Further, it is charged with overseeing, planning, designing, and implementing numerous projects outlined by the District's adopted Water Master Plan and integrating and coordinating those projects in conjunction with outside programs and agencies. Additionally, it provides for quality development through customer service, and timely and effective management of development and compliance processes.

Organization: The staff consists of a manager and a technician.

Primary Services:

- Implement District policies pursuant to Board direction
- GIS and mapping system development and maintenance
- Project and contract management
- Capital Improvement Program (CIP) development
- Water resources planning
- Maintenance of facilities master plan and hydraulic models for water system
- Engineering analysis of new construction and development projects
- Plan check and permitting for construction
- Develop and coordinate Request for Proposal (RFP) for District projects
- Participate in Mojave Water Agency's Technical Advisory Committee
- Participate in various joint agency programs (County Utility Committee, etc.)
- Process water inquiries / water availability inquiries / fire flow letters
- Coordinate general IT services – servers and workstations

2015/2016	
Project Management	
Total Projects	22
CAD to GIS Conversion and Verification (Facility Mapping)	
Water Mains	2 Miles
Field verification and documentation (GPS, mapping) of facilities	
Meters (new and relocated)	10
Air Vacs	4
Blow-offs	1
Hydrants	5
Dead-end Line Verifications	14
Maps/Exhibits Created/Distributed	
Various Project, Districts Events and System Analysis	181
Water Facility Information Distribution	
Utility projects: As-Built (proposed design projects)	6
Roadway Projects	1
Request for Public Records	6
Development Services	
Water Availability Inquiries	237
Will Serve Letters	82
Fire Flow Letters	17

Project Files	
Documented and Stored (in connex)	16
Scanned and Cataloged (on server)	850

Projects in Progress and/or Completed in 2015/2016:

- Expand GIS application and field data to include links to as-built, easements, etc. - ongoing
- GIS Website Project – completion August 2015
- GIS water meter data – updated May 2016 (6812 total meters)
- GIS Mobile Application (SEDARU) – ongoing development 80% complete
- Chromium-6 dairy well infrastructure and connection to distribution system – CEQA process 90% complete
- 1.16 MW Solar Project – plan check and construction – completed September 2015
- Dairy properties annexation – completion February 2016
- Water Rate Study – completion February 2016
- Air Vacuum/Air Release Program (mapping and GIS)
- 2016 Urban Water Management Plan – completion June 2016
- Cross Connection Control Program – annually
- Scan and index historical CSA 70L files – completed December 2015

2016/2017 Goals:

- Expand GIS application and field data to include links to as-builts, easements, etc.
- Expand SEDARU mobile application to integrate SCADA and Tyler Incode
- Chromium-6 mitigation project – engineering design and funding/grant processes
- 2016 Connection Fee Study update
- Booster 3C upgrade – design
- Tank 6A additional tank
- Air Vacuum/Air Release Program (mapping and GIS)
- Smithson Springs Tank – design
- Solar – video security and base

WATER OPERATIONS

Water Operations is responsible for the production, treatment, and distribution of reliable high-quality groundwater to the District's customers in an efficient manner. Water Operations personnel focus on reliability and accountability in the operation and maintenance of a vast array of production, conveyance, distribution facilities, and processes and systems to protect public health and to maintain high quality water consistent with all regulations. Water Operations personnel also perform monitoring, implement processes, and conduct analysis to ensure the water delivered to the customers meets and exceeds all regulatory requirements.

Organization: The staff consists of a manager, one supervisor, one water quality specialist, six water operations, and two part time water conservation employees.

Primary Services:

- Implement District policies pursuant to Board direction.
- Water Production: maintain and repair wells, boosters and reservoirs; read and record well meters and production facilities; monitor SCADA system and analyze production data to ensure adequate production.
- Water Quality: take samples for lab analysis, prepare DHS reports, prepare consumer confidence report, treat water (Chlorination), process and follow up on water quality complaints.
- Transmission and Distribution: repair leaks, replace damaged waterlines, maintain and repair and replace valves and hydrants, construction inspections, new service installations, USA markings, vehicle maintenance, and complete service orders for District facilities.
- Meter Services: read meters, disconnect/reconnect service, meter maintenance, relocate, replace, and data log meters, site analysis for water usage, and complete service orders for customer accounts.
- Water Conservation: develop and administer water conservation programs, participate in water conservation events, and work with other agencies on regional water conservation programs.
- General: inventory, facility maintenance, recording of GPS coordinates and updates of facilities on maps, participates in and assures compliance with safety programs and the Emergency Response Plan.

Water System	
Service Area	128 square miles
Number of Pressure Zones	11
Miles of Water Main	353
Wells (1,000'+ deep)	11
Reservoirs	35
Booster Stations	24
Booster Pumps	63
Pressure Reducing Stations	32
Service Connections (Meters)	6,806
Water Operations Activities	
Water Quality Samples Taken	893
USA's Marked	902
Service Orders Completed	4,705
Services Disconnected/Reconnected Shut-off Cycle	1,161

Water Operations Activities	Annual
Main/Service Line Leaks repaired	152
Service Line Replacements	31
Hydrant Repairs	7

Projects in Progress and/or Completed in 2015/2016:

- Complete valve maintenance and exercising program
- Complete hydrant maintenance and flushing program
- Provide better accounting for water loss
- Improve service order response time
- Implement paperless service order process
- Increase safety and training classes for staff
- Air Vac locating, GPS recordation, and maintenance
- Develop Air Vac repair and maintenance program
- Provide training for staff on SCADA system – completed September 2016
- Implement emergency response plan training – completed May 2016
- Train supervisors and operators in OSHA record keeping compliance and regulations – completed May 2016
- Develop and implement meter maintenance program – completed September 2015
- Implement in-house backflow prevention certification and program – completed October 2015

2016/2017 Goals:

- Continue valve maintenance and exercising program
- Continue hydrant maintenance and flushing program
- Continue to provide better accounting for water loss
- Continue to provide increased service order response time
- Implement paperless service order process
- Continue to increase safety and training classes for staff
- Continue Air Vac locating, GPS recordation, and maintenance
- Continue Air Vac repair and maintenance program
- Continue to provide training for staff on SCADA system
- Continue annual emergency response plan training
- Continue training supervisors and operators in OSHA record keeping compliance and regulations
- Continue meter maintenance program
- Continue in-house backflow prevention certification and program
- Enhance production capabilities at 3C booster station
- Improve deficiencies at 6A pressure zone



PARKS AND RECREATION

Parks and Recreation manages and maintains District owned parks and recreation facilities to provide quality and safe facilities to meet the needs of the community. It provides planning for facility development and improvement projects. Additionally, it provides development of projects and events for recreation, programs, and activities of the District.

Organization: The staff consists of a supervisor and two part-time parks and recreation workers.

Primary Services:

- Implement District policies pursuant to Board direction.
- Work collaboratively with local entities, including the Snowline School District, Phelan and Piñon Hills Chambers of Commerce, Phelan and Piñon Hills senior groups, various clubs and sports groups.
- Grounds keeping, tree service, facility clean-up: raking, weeding, picking up litter, emptying trash and recycling.
- Repair and maintenance park structures and playgrounds: inspect equipment for safety and vandalism; perform preventative maintenance and repairs as needed.
- Community Center and Senior Center reservations, repairs and maintenance; opening/closing centers; cleaning and supplying facilities daily.
- Develop and provide a variety of recreation programs.
- Develop, provide, and participate in community events.

Parks and Recreation Facilities:	
Number of Parks	2
Number of Community Centers	2
Number of Senior Centers	2

Parks and Recreation Activities	2015/2016	Phelan Community Center	Piñon Hills Community Center	Office
Phelan Rental	188	188		
Phelan PPHCSD Activities	104	104		
Board Meetings	36	35	1	
Committee Meetings	67			67
Piñon Hills Rental	145		145	
Piñon Hills PPHCSD Activities	11		11	
TOTAL	551	327	157	67

Weekly Events:

- Phelan Farmers Market

Monthly Events:

- Phelan Senior Lunch Program
- Piñon Hills Senior Lunch Program

Annual Events:

- Recycling Contest
- Desert Snakes and Animals Workshop
- Horse Ownership Workshop
- Winterization Workshop
- Composting Workshop
- Conservation Fair
- Archery – weekly summer activity
- Kids Crafts – weekly summer activity
- Movie Night – weekly summer activity
- Coloring Contest
- Craft Beer Festival

Annual Events in Partnership with Other Agencies:

- Senior Health Fair
- Get to Know Your Natives (partner with Transition Habitat Conservancy)
- Water Awareness Expo
- Friends In Sight (partner with Timberline Lion)
- Phelan Phun Days

Projects in Progress and/or Completed in 2015/2016:

- Provide safe clean parks and facilities for public use – ongoing
- Provide education and training for park staff - ongoing
- Pursue additional programs in partnership with businesses, clubs and local sports associations – added several classes – ongoing
- Develop additional recreational programs to meet community needs – developed Fall Festival – ongoing: renamed Craft Beer Festival

2016/2017 Goals:

- Continue to improve park operations
- Continue to provide additional training for staff
- Continue pursuit of additional recreation programs in partnership with businesses, clubs, and local sports associations
- Continue pursuit of additional recreational programs to meet community needs
- Continue to repair or replace approved equipment and facilities from the 10-year maintenance plan



STREET LIGHTING

Street lights primarily service the business district of Phelan. The District does have some street lights at strategic intersections to help in providing safety to the community. The District considers expansion of street lighting to other intersections based upon a safety need, but the District respects the San Bernardino County “Dark Sky” ordinance and encourages residents to do the same.

Organization: The administration of street lighting is performed by the administrative staff and the Board of Directors as necessary.

Primary Services:

- Implement District policies pursuant to Board direction.
- Process requests for street lights as received from the public.
- Identify areas where street lights may be added to the system.

Street Lighting:	
Number of Street Lights	92
Number of Lights at RR Crossings	1

Projects in Progress and/or Completed in 2015/2016:

- There were no requests for street lights in 2015/2016.

2016/2017 Goals:

- Identify additional locations that may benefit from street lights
- Process requests for additional street lights

SOLID WASTE AND RECYCLING

Solid Waste

The District administers solid waste and recycling programs. The solid waste and recycling services are contracted with CR&R. The District works closely with CR&R to coordinate various programs and provide a variety of recycling events within the community.

Organization: The administration of solid waste and recycling is performed by the administrative staff and the Board of Directors as necessary.

Primary services:

- Implement District policies pursuant to Board direction.
- Monitor compliance with Franchise Agreement.
- Coordinate community events.

Solid Waste and Recycling:	
Number of Residential Customers	3,245
Number of Commercial Customers	159

Projects in progress and/or completed in 2015/2016:

- Community Clean Up Day – completed - ongoing
- Tire Recycling Program – completed - ongoing
- Implement Uniform Commercial Trash and Recycling Program - ongoing
- Develop Household Hazardous Waste Facility – in process
- Composting Workshop – completed - ongoing
- Recycling Workshop/Outreach Program - ongoing
- Continue Office Recycling Program – completed - ongoing
- Develop New Programs - ongoing

2016/2017 Goals

- Community Clean Up Day
- Tire Recycling Program
- Composting Workshop
- Recycling Workshop/Outreach Program
- Continue Office Recycling Program
- Implement Uniform Commercial Trash and Recycling Program
- Develop Household Hazardous Waste Facility
- Develop New Programs



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

BUDGET FINANCIAL
REPORTS

Phelan Piñon Hills Community Services District - 2016/2017 Budget

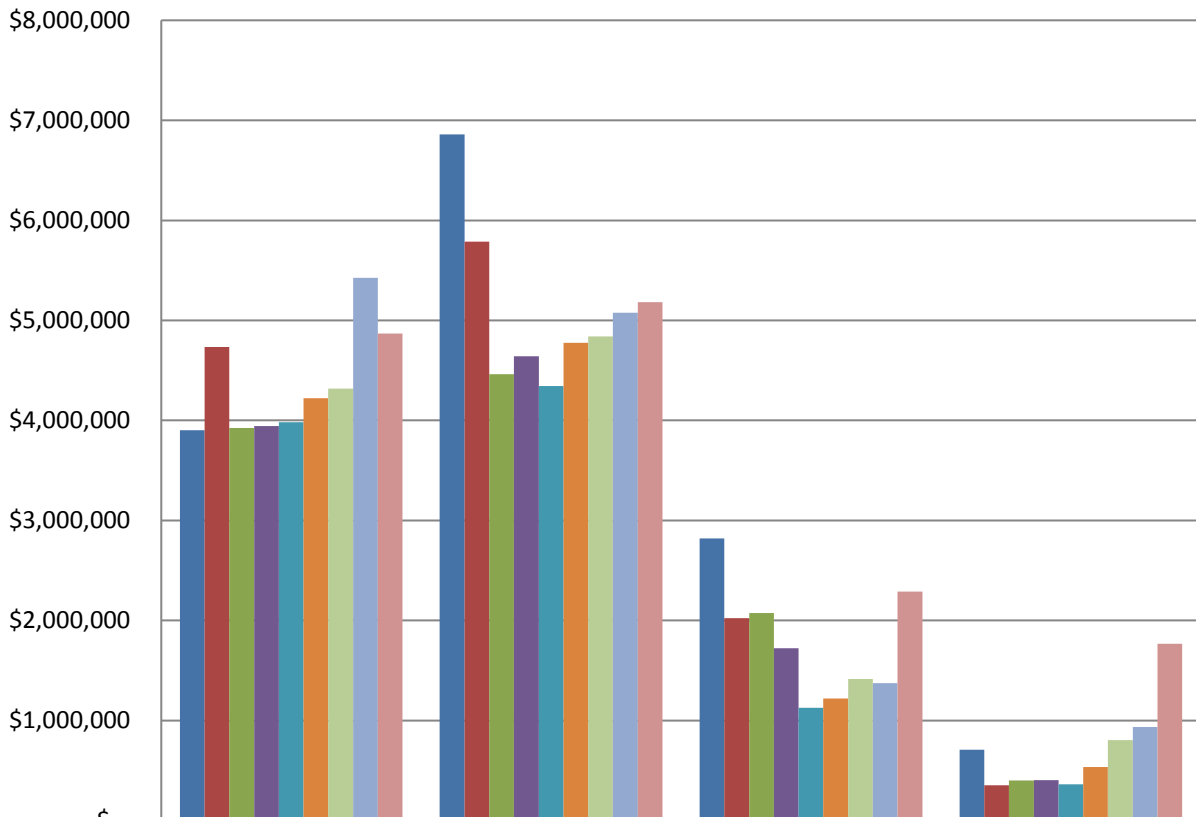
Financial History and Budget Comparison

HISTORICAL INFORMATION										
	COUNTY 2007/08 Audited Actual	PPHCSD 2008/09 Audited Actual	PPHCSD 2009/10 Audited Actual	PPHCSD 2010/11 Audited Actual	PPHCSD 2011/12 Audited Actual	PPHCSD 2012/13 Audited Actual	PPHCSD 2013/14 Audited Actual	PPHCSD 2014/15 Audited Actual	PPHCSD 2015/16 Estimated Year End	PPHCSD 2016/17 PROPOSED Budget
	A	B	C	D	E	F	G	H	I	
1 Operating Revenue - Enterprise Fund										
2 Water Sales	\$ 3,535,832	\$ 4,348,927	\$ 3,627,592	\$ 3,536,555	\$ 3,511,083	\$ 3,818,440	\$ 3,902,404	\$ 4,214,090	\$ 4,969,139	\$ 4,413,124
3 Special Assessments	307,104	283,142	219,623	324,650	355,749	303,841	299,818	295,257	302,411	300,000
4 Other Services	57,906	100,820	77,848	81,123	114,114	99,754	117,505	104,317	155,317	155,317
5 Total Operating Revenues	\$ 3,900,842	\$ 4,732,889	\$ 3,925,063	\$ 3,942,329	\$ 3,980,946	\$ 4,222,035	\$ 4,319,727	\$ 4,613,664	\$ 5,426,867	\$ 4,868,441
6										
7 Operating Expenses - Enterprise Fund										
8 Water Purchases	Incl Below	\$ 315,588	228,683	147,596	7,903	32,259	36,544	76,782	8,612	8,702
9 Salaries and Benefits	2,025,913	1,027,983	1,313,039	1,473,407	1,415,838	1,628,096	1,613,197	1,577,871	1,961,376	2,068,976
10 Board Compensation	Incl Below	32,469	40,453	49,153	52,115	92,764	94,526	96,363	79,977	80,028
11 Professional Services	176,635	401,008	273,866	309,171	246,374	309,590	254,622	260,084	421,066	405,382
12 Services and Supplies	1,128,024	1,839,640	694,474	572,750	604,586	742,780	722,763	846,674	813,341	937,107
13 Rents and Leases	602	45,944	57,254	62,166	-	-	-	-	-	-
14 Utilities	740,199	1,079,743	796,802	780,447	725,832	752,745	880,366	959,004	505,218	381,264
15 Depreciation (Ent Funds)	774,842	886,786	1,058,282	1,245,913	1,292,064	1,214,772	1,229,221	1,257,916	1,273,292	1,298,292
16 Other	2,014,296	157,996	176	202	196	1,789	8,453	474	12,395	3,722
17 Total Operating Expenses	\$ 6,860,511	\$ 5,787,155	\$ 4,463,029	\$ 4,640,805	\$ 4,344,908	\$ 4,774,794	\$ 4,839,692	\$ 5,075,169	\$ 5,075,277	5,183,473
18										
19 Net Operational Income Water	\$(2,959,669)	\$(1,054,267)	\$(537,966)	\$(698,477)	\$(363,962)	\$(552,759)	\$(519,965)	\$(461,505)	\$ 351,590	(315,032)
20										
21 Operating Revenue and Expense - Government Fund										
22 Ordinary Income Government Funds	Incl Below	19,109	13,046	20,622	36,405	24,772	13,065	19,758	38,945	40,446
23 Ordinary Expense Government Funds	Incl Below	(177,193)	(240,960)	(284,963)	(250,704)	(1,270,102)	(520,990)	(472,632)	(492,735)	(533,305)
24 Net Operational Income Government	\$ -	\$(158,085)	\$(227,914)	\$(264,341)	\$(214,299)	\$(1,245,331)	\$(507,925)	\$(452,875)	\$(453,790)	\$(492,859)
25										
26 Non-Operating Revenues (Expenses) - Enterprise Fund										
27 Investment Earnings	\$ 762,732	\$ 455,757	147,916	81,883	51,488	29,375	13,916	37,433	33,903	35,598
28 Investment Expense	(164,934)	(140,689)	(157,407)	(115,933)	(109,373)	(262,681)	(282,344)	(406,151)	(442,119)	(426,861)
29 Property Taxes	930,019	-	14,631	-	-	4,930	520,785	548,350	659,452	459,974
30 Other Income Taxes, Penalties, etc	202,410	-	105,652	103,017	122,988	120,814	122,755	142,587	88,120	892,924
31 Other Income State, County, Grants	-	459,388	271,980	151,582	39,514	-	-	-	-	-
32 Connection Fees	440,970	80,698	59,692	-	23,649	33,317	64,184	114,813	98,965	148,448
33 Other Expense	(156,647)	(5,367)	-	-	-	-	-	-	-	(804,804)
34 Total Non-Operating Rev(Exp) Enterprise	\$ 2,014,550	\$ 849,788	\$ 442,464	\$ 220,549	\$ 128,267	\$(74,244)	\$ 439,295	\$ 437,032	\$ 438,321	\$ 305,278
35										
36 Non-Operating Revenues (Expenses) - Government Fund										
37 Investment Earnings	\$ 9,624	\$ 9,390	11,191	10,970	20,152	16,555	11,667	13,607	19,795	20,191
38 Property Taxes	365,205	1,323,361	1,095,156	907,485	843,931	845,706	374,864	403,631	281,806	539,079
39 Other Income	108,047	135,232	143,101	-	500	405	5,296	63,481	28,072	28,633
40 Other Income State, County, Grants	-	-	483,038	600,000	-	-	140,000	-	-	-
40 Other Income Adj (non-cash Donations)	-	-	-	-	-	2,772,000	-	-	-	-
41 Income Solid Waste	-	-	-	-	29,874	144,527	149,437	140,996	125,380	125,380
42 Other Expense	(386,872)	(31,050)	(2,143)	(2,763)	(3,427)	(3,411)	(1,926)	(3,407)	(1,929)	(1,958)
43 Net Non-Operating Revenues (Exp) Gvm	\$ 96,004	\$ 1,436,933	\$ 1,730,343	\$ 1,515,692	\$ 891,029	\$ 3,775,782	\$ 679,338	\$ 618,308	\$ 453,125	\$ 711,327
44										
45 Net Income	(849,115)	1,074,370	1,406,927	773,423	441,035	1,903,448	90,743	140,960	789,246	208,714
46 Donated Property & Depreciation						(1,706,341)				
47 Depreciation Not Funded (40%)	\$ 309,937	\$ 375,114	\$ 443,713	\$ 518,765	\$ 537,226	\$ 912,173	\$ 573,651	\$ 585,129	\$ 552,567	\$ 563,367
48 Loan Principal Payments	(96,000)	(97,000)	(100,000)	(104,000)	(93,000)	(97,000)	(97,000)	(97,000)	(273,500)	(505,412)
49 Net Avail for Projects/Reserves	\$ (635,178)	\$ 1,352,485	\$ 1,750,640	\$ 1,188,188	\$ 885,261	\$ 1,012,280	\$ 567,393	\$ 629,089	\$ 1,068,313	266,670
50										
51 Beginning Cash in Bank										8,906,216
52 RESERVES										(5,381,639)
53 DEPRECIATION FUNDED (60%)										845,051
54 CIP PROJECTS										(350,000)
55 CAPITAL PURCHASES										(85,000)
56 CASH BALANCE = AVAILABLE CASH FOR PROJECTS										4,201,297

Note: Phelan Piñon Hills Community Services District was formed in March 2008 and began operating independently July 1, 2008.

Phelan Piñon Hills Community Services District - 2016/2017 Budget

Financial History and Budget Comparison



	Water Operations Revenues	Water Operations Expenses	Non Operational & Government Revenues	Non Operational & Government Expenses
■ 2008 County	\$3,900,842	\$6,860,511	2,819,007	708,453
■ 2008/09	\$4,732,889	\$5,787,155	2,023,547	354,298
■ 2009/10	\$3,925,063	\$4,463,029	2,073,423	400,510
■ 2010/11	\$3,942,329	\$4,640,805	1,723,977	403,660
■ 2011/12	\$3,980,946	\$4,344,908	1,128,987	363,504
■ 2012/13	\$4,222,035	\$4,774,794	1,220,401	536,194
■ 2013/14	\$4,319,727	\$4,839,692	1,415,969	805,261
■ 15/16 Est YE	\$5,426,867	\$5,075,277	1,374,438	936,782
■ 16/17 Budget	\$4,868,441	\$5,183,473	2,290,674	1,766,928

BUDGET OVERVIEW

At the onset of the budget process, the Board requested the 2016/2017 Budget be prepared with the following assumptions for increases as compared to estimated year-end figures: water revenues increase by 6%, salaries and benefits increase by 1.5%, and expenditures increase by 1.5%, except where certain increases/decreases are known and noted below. The lines (such as “line 2/20”) identified below are in the Budget Summary and Budget Detail, respectively.

2016/2017 Budget	Enterprise Fund	Government Fund	Total
Operational Revenues	\$4,868,441	\$40,446	\$4,908,887
Operational Expenses	\$5,183,473	\$533,305	\$5,716,778
Net Revenue from Operations	-\$315,032	-\$492,859	-\$807,891
Non-Operational Revenues	\$1,536,943	\$713,284	\$2,250,228
Non-Operational Expenses	\$1,231,665	\$1,958	\$1,233,623
Net Revenue from Non-Ops	\$305,278	\$711,327	\$1,016,605
Total Net Revenue	-\$9,754	\$218,468	\$208,714
Unfunded Depreciation	\$519,317	\$44,050	\$563,367
Principal Payments on Loans	-\$505,412	\$0	-\$505,412
Net Income	\$4,151	\$262,519	\$266,670

OPERATIONAL INCOME:

Water revenue budgeted for 2016/2017 assumes a rate change that will provide an additional 6% in revenue from meter fees, water consumption, and Chromium-6 surcharge. The additional 6% revenue results from the new Chromium-6 surcharge combined with the reduction of the water consumption and per meter fee revenue. (Line 3/22)

Special Assessments, standby fees applied to vacant, unmetered, land, are expected to remain the same in the coming year as staff does not anticipate growth. (Line 4/25)

Parks fees reflect a slight increase over 2015/2016 due to additional programs scheduled and additional rental fees anticipated. (Line 5/28)

The total net operational income is projected to be \$4,035,222.21. This equates to a reduction of \$515,425.00 compared to the current estimated year end operating revenue. (Line 7/31)

OPERATIONAL EXPENSES:

Water Purchases are expected to increase by 1% in the coming year. This is due to an increase in fees by the WaterMaster (Line 10/41). This expense remains steady as the District purchased water rights that eliminated the annual expense for replacement water of approximately \$450,000.

Salaries and Benefits reflect a 5% increase over the 2015/2016 estimated year end. The 2016/2017 Budget includes a 1.5% increase for merit, if warranted. The District added a new position late in the 2015/2016 budget year and there was employee turn-over during the year that reduced expenses of salary and benefits, increasing outside service and accounting costs. Overtime is expected to decrease due to staffing and changes in processes. (Line 11/53)

Board Compensation is estimated to remain stable as there are no policy changes and the number of meetings the Board members may be paid each month is fixed. Other Board expenses are not expected to increase. (Line 12/60)

Professional Fees are estimated to slightly higher due to additional water quality testing required for the 2016/2017 budget year. (Line 13/69)

Services and Supplies is 16% higher primarily due to repair and maintenance anticipated for wells (the District's water source). There are additional programs budgeted in the coming year for water conservation, solid waste and recycling. (Line 14/101)

Utilities are 22% lower due to the increase in solar credits, offset by a projected increase of 5% by Edison in the coming year. (Line 15/107)

Depreciation and Amortization is based on the addition of assets as projects are completed and new assets are added. The property taxes are on properties that are not within the District boundary. The District annexed most of that land, which will reduce property tax expense in the future. (Line 16/113)

NON-OPERATIONAL INCOME:

Property Tax revenue is projected to increase by 6% this year. After years of reductions due to foreclosures and a decline in property values, the economic forecast for the area shows that values are increasing. (Line 21/132)

Penalties and Other Fees are not expected to increase in 2016/2017. (Line 22/135)

Solid Waste is expected to remain the same in the coming year. There is a decrease in fees implemented by CR&R, as authorized in the franchise agreement, offset by anticipated new service. (Line 23/138)

Meter Installation and Connection Fees are expected to increase due to growth. (Line 24/143)

Other Income shows a substantial increase due to the addition of the Chromium-6 surcharge on the water bills. This is specifically to fund the costs of Chromium-6 mitigation and will ultimately fund a loan for the project. Staff does not anticipate any changes to other income in the coming year. (Line 25/149)

NON-OPERATIONAL EXPENSES:

Other Expenses will increase significantly this year as Chromium-6 mitigation expenses are included. Interest expense is dropping somewhat due to aging loans. (Line 27/158)

**Phelan Piñon Hills Community Services District
2016/2017 Budget**

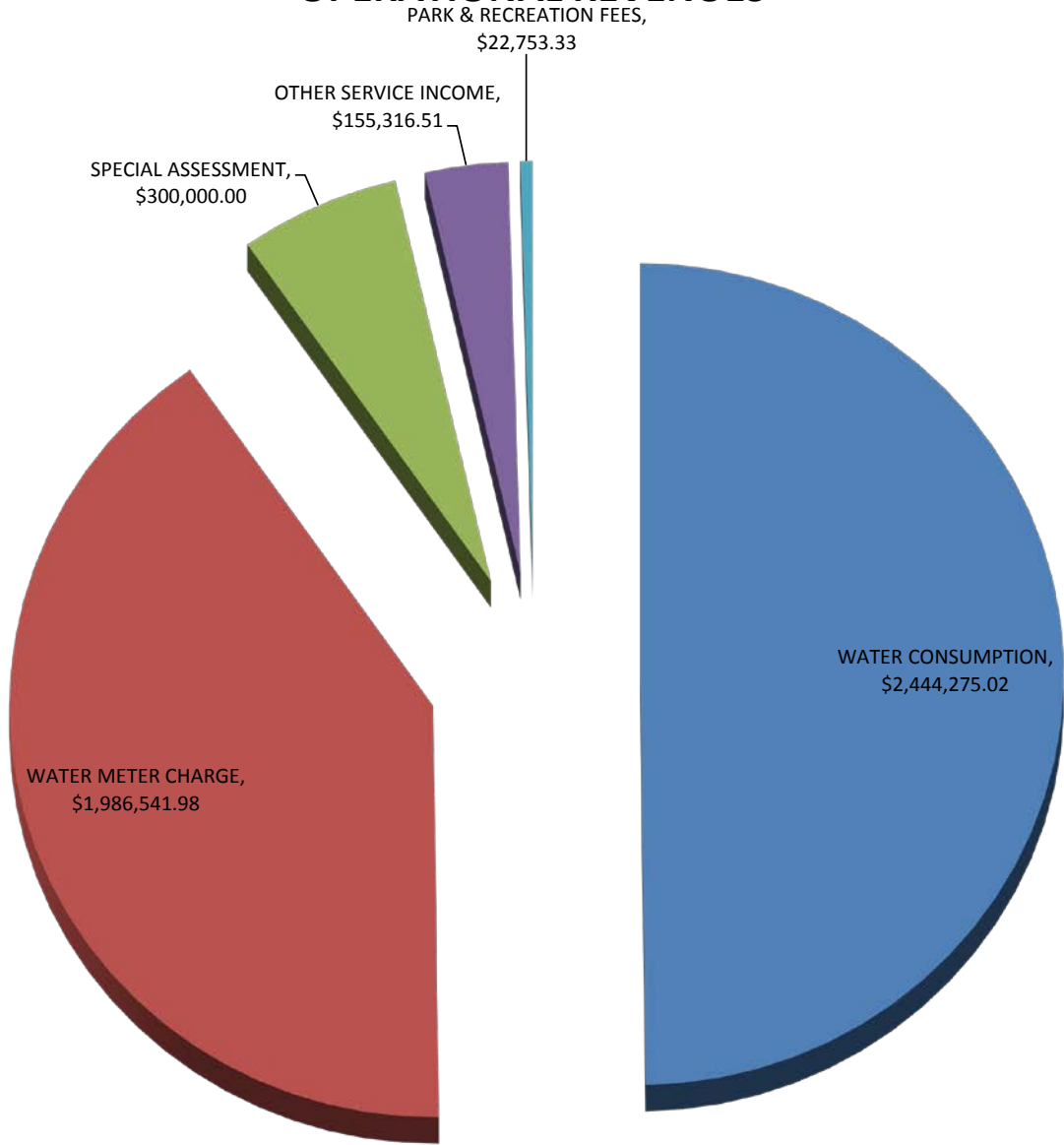
		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2016/2017 BUDGET	2016/2017 BUDGET	2016/2017 BUDGET
Operational Income/Expense				
1	Income			
2	WATER SALES			
3	WATER CONSUMPTION			
4	40010 Water Sales - Residential - C	1,232,924.83	0.00	1,232,924.83
5	40020 Water Sales - Commercial - C	3,208.00	0.00	3,208.00
6	40030 Water Sales - Fire Protection-C	375.00	0.00	375.00
7	40060 Water Sales - Multiple Res - C	1,852.17	0.00	1,852.17
8	40070 Water Sales - School - C	77,371.00	0.00	77,371.00
9	40090 Water Sales - Construction - C	10,179.00	0.00	10,179.00
10	40110 Water Sales - Drought Surcharge	1,102,329.00	0.00	1,102,329.00
11	40110 Water Sales - Non-Potable Water	0.00	16,036.02	16,036.02
12	Total WATER CONSUMPTION	2,428,239.00	16,036.02	2,444,275.02
13	WATER METER CHARGE			
14	41010 Water Sales - Residential - M	1,941,690.09	0.00	1,941,690.09
15	41020 Water Sales - Commercial - M	8,258.00	0.00	8,258.00
16	41030 Water Sales - Fire Protection-M	1,223.00	0.00	1,223.00
17	41060 Water Sales - Multiple Res - M	2,916.91	0.00	2,916.91
18	41070 Water Sales - School - M	22,409.00	0.00	22,409.00
19	41090 Water Sales - Construction - C	8,388.00	0.00	8,388.00
20	41090 Water Sales - Non-Potable Water	0.00	1,656.98	1,656.98
21	41090 Water Sales - Surcharge	0.00	0.00	0.00
22	Total WATER METER CHARGE	1,984,885.00	1,656.98	1,986,541.98
23	Total · WATER SALES	4,413,124.00	17,693.00	4,430,817.00
24	SPECIAL ASSESSMENT			
25	74110 Special Assessments	300,000.00	0.00	300,000.00
26	Total · SPECIAL ASSESSMENT	300,000.00	0.00	300,000.00
27	PARKS			
28	47600 Park & Recreation Fee	0.00	22,753.33	22,753.33
29	Total · PARKS	0.00	22,753.33	22,753.33
30	OTHER SERVICE INCOME			
31	48200 Other Services Incomes	116,533.84	0.00	116,533.84
32	48700 Administrative Fees	38,782.67	0.00	38,782.67
33	Total · OTHER SERVICE INCOME	155,316.51	0.00	155,316.51
34	Total Income from Operations	4,868,440.51	40,446.33	4,908,886.84
35	Gross Profit	4,868,440.51	40,446.33	4,908,886.84
36	Expense			
37	WATER PURCHASES			
38	50010 MWA WM Admin. & Bio Fee	8,702.39	0.00	8,702.39
39	50020 MWA WM Make Up Water	0.00	0.00	0.00
40	50030 MWA WM Replacement Water	0.00	0.00	0.00
41	50040 Water Purchases - Other	0.00	0.00	0.00

		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2016/2017 BUDGET	2016/2017 BUDGET	2016/2017 BUDGET
42	Total · WATER PURCHASES	8,702.39	0.00	8,702.39
43	SALARIES & BENEFIT			
44	51110 Salaries & Wages	1,224,455.31	120,633.37	1,345,088.68
45	51120 Vacations	70,339.02	5,295.33	75,634.35
46	51130 Holiday	58,995.21	5,622.71	64,617.92
47	51140 Sick Pay	64,358.41	6,133.86	70,492.27
48	51150 Misc Earn	48,484.13	2,040.00	50,524.13
49	51170 Overtime	82,341.20	4,646.81	86,988.00
50	51210 Payroll Taxes	43,667.39	4,550.96	48,218.36
51	51220 Worker's Compensation	43,568.29	7,147.92	50,716.21
52	51230 Employee Group Insurance	230,048.08	9,764.14	239,812.22
53	51240 Retirement	202,718.72	17,988.78	220,707.49
54	Total · SALARIES & BENEFIT	2,068,975.76	183,823.87	2,252,799.62
55	BOARD COMPENSATIONS			
56	52110 Board Director's Fee	31,973.33	3,923.33	35,896.67
57	52210 Board Exp - Auto Expense	3,427.34	0.00	3,427.34
58	52220 Board Exp - Meals & Lodging	18,769.35	0.00	18,769.35
59	52230 Board Exp - Education/Training	1,125.85	0.00	1,125.85
60	52240 Board Exp - Insurance & Other Exp	24,731.96	3,537.24	28,269.20
61	Total · BOARD COMPENSATIONS	80,027.84	7,460.57	87,488.41
62	PROFESSIONAL FEE			
63	53110 Auditing & Accounting Fees	22,565.15	761.25	23,326.40
64	53120 Legal Services	71,716.52	1,048.83	72,765.35
65	53130 Engineering	300.44	175.26	475.70
66	53140 Laboratory Analysis	42,665.85	0.00	42,665.85
67	53150 Outside Service	185,436.42	32,863.51	218,299.93
68	53160 Permits & Fees	7,710.37	950.72	8,661.09
69	53170 Software Support	74,986.78	0.00	74,986.78
70	Total · PROFESSIONAL FEE	405,381.53	35,799.57	441,181.10
71	SERVICE AND SUPPLIES			
72	54110 Advertising	5,297.41	4,260.36	9,557.77
73	54140 Auto Expense	3,132.87	0.00	3,132.87
74	54170 Auto Allowance	7,366.67	0.00	7,366.67
75	54200 Credit Card Fee & Bank Charges	33,836.19	0.00	33,836.19
76	54230 Dues & Subscriptions	17,316.33	866.13	18,182.47
77	54260 Education & Training	44,865.88	1,515.62	46,381.50
78	54290 Employment Expense	7,465.77	293.34	7,759.11
79	57110 Equipment Rental/ Lease	5,298.91	1,556.78	6,855.69
80	54320 General Maintenance	4,350.97	489.91	4,840.87
81	54350 Insurance	74,391.06	1,170.25	75,561.31
82	54380 Insurance - Vehicle	13,968.62	861.86	14,830.48
83	54410 Fuel Costs	40,519.00	3,673.83	44,192.83
84	54440 Meeting, Seminar & Supplies	9,408.90	0.00	9,408.90
85	54470 Travel Expense	24,526.20	0.00	24,526.20
86	54500 Operating Supplies	57,354.47	9,952.32	67,306.79
87	54530 Office Supplies	39,378.01	1,515.38	40,893.38
88	54620 Repair & Maintenance	322,855.82	12,402.68	335,258.50
89	54650 Small Tools	16,013.17	831.46	16,844.63

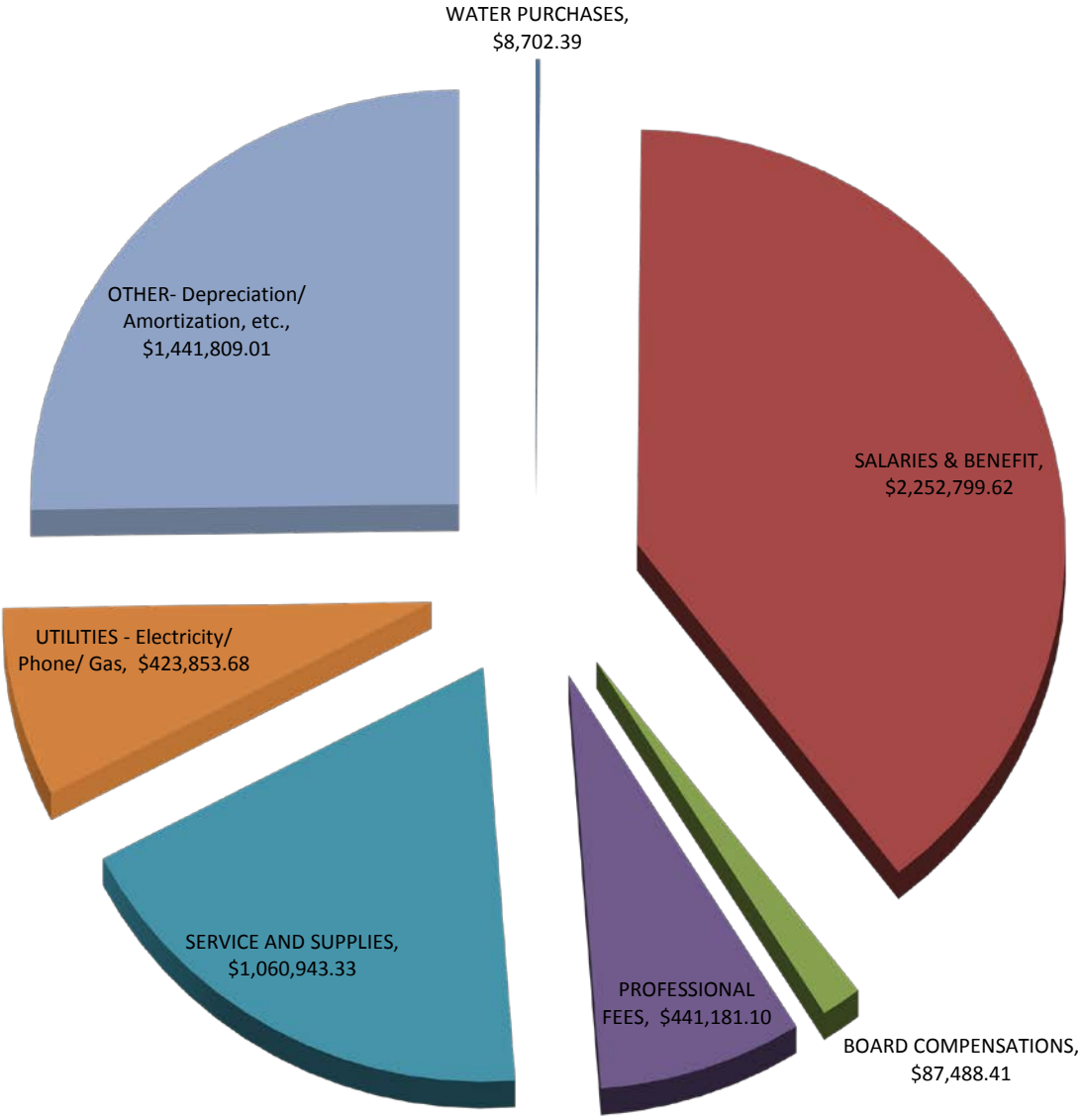
		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2016/2017 BUDGET	2016/2017 BUDGET	2016/2017 BUDGET
90	54680 Uniforms	8,668.00	1,950.00	10,618.00
91	54710 Vehicle Maintenance	45,270.57	6,333.88	51,604.45
92	54740 Easement Lease	1,273.18	0.00	1,273.18
93	54770 Computer & Equipment Maint	7,287.78	0.00	7,287.78
94	54800 Programs (Wtr Cons, parks,etc)	40,252.90	16,729.41	56,982.30
95	54801 Senior Lunch Program	0.00	20,917.99	20,917.99
96	54802 Farmers Market	0.00	16,108.98	16,108.98
97	54803 Fall Festival	0.00	7,000.00	7,000.00
98	54830 State & County Fees & Services	21,586.44	0.00	21,586.44
99	54860 Postage & Mailing	55,228.70	0.00	55,228.70
100	54890 Printing	30,193.57	1,405.78	31,599.35
101	54920 Public Relation	0.00	14,000.00	14,000.00
102	Total · SERVICE AND SUPPLIES	937,107.37	123,835.96	1,060,943.33
103	UTILITIES - Electric/Phone/Gas			
104	58010 Telephone	20,474.12	647.79	21,121.91
105	58110 Utilities - Operations	749,439.43	28,255.08	777,694.51
106	58115 Utilities - Solar Credit	(388,649.70)	0.00	(388,649.70)
107	58111 Utilities - Street Lights	0.00	13,686.96	13,686.96
108	Total · UTILITIES - Electric/Phone/Gas	381,263.85	42,589.83	423,853.68
109	OTHER- Depreciation/Amort, etc.			
110	59310 Bad Debt	3,500.00	0.00	3,500.00
111	59110 Property Taxes	170.89	29,669.40	29,840.29
112	59120 Depreciation & Amortization	1,298,292.19	110,125.79	1,408,417.97
113	59310 Other Operating Expenses	50.75	0.00	50.75
114	Total · OTHER- Depreciation/Amort, etc.	1,302,013.83	139,795.19	1,441,809.01
115	Total Expense	5,183,472.56	533,304.98	5,716,777.54
116	Net Operational Income	(315,032.05)	(492,858.65)	(807,890.70)
117	Other Income/Expense			
118	Other Income			
119	PROPERTY TAXES			
120	71110 Property Taxes - Curr Sec	0.00	857,287.99	857,287.99
121	71120 Property Taxes - Curr Unsec	0.00	37,738.28	37,738.28
122	71130 Property Taxes - Curr Supplimen	0.00	9,075.15	9,075.15
123	71140 Property Taxes - Curr Unitary	0.00	33,774.30	33,774.30
124	71150 Property Taxes - Curr Other	0.00	9,075.15	9,075.15
125	72110 Property Taxes - Prior Sec	0.00	16,139.09	16,139.09
126	72120 Property Taxes - Prior Unsec	0.00	768.48	768.48
127	72130 Property Taxes - Prior Supplimn	0.00	5,215.92	5,215.92
128	72150 Property Taxes - Prior Other	0.00	574.91	574.91
129	73160 Property Taxes - Homeowner	0.00	8,817.34	8,817.34
130	73170 Tax Penalties & Others	11,973.65	8,612.87	20,586.52
131	SUB-TOTAL PROPERTY TAX REVENUE	11,973.65	987,079.47	999,053.13
132	71500 Property Tax	448,000.00	(448,000.00)	0.00
133	Total · PROPERTY TAXES	459,973.65	539,079.47	999,053.13
134	PENALTIES & OTHER FEE			
135	86120 Penalties & Other Fees	75,389.47	0.00	75,389.47

		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2016/2017 BUDGET	2016/2017 BUDGET	2016/2017 BUDGET
136	Total · PENALTIES & OTHER FEE	75,389.47	0.00	75,389.47
137	SOLID WASTE			
138	76100 Solid Waste Franchise Fee	0.00	125,380.41	125,380.41
139	Total · SOLID WASTE	0.00	125,380.41	125,380.41
140	METER INSTALLATION/FEES/CONNECTION			
141	45300 Meter Installation	24,829.53	0.00	24,829.53
142	45400 Permits & Inspections	1,260.00	0.00	1,260.00
143	45500 Connection Fee	122,358.00	0.00	122,358.00
144	Total · METER INSTALLATION/FEES/CONNECTION	148,447.53	0.00	148,447.53
145	OTHER INCOME			
146	88110 Interest Income	35,597.81	20,191.08	55,788.89
147	88120 Other Income - Water Other	12,730.61	0.00	12,730.61
148	88150 Other Income - County	0.00	28,633.48	28,633.48
149	Total · OTHER INCOME	48,328.43	48,824.56	97,152.98
150	Total Other Income	732,139.08	713,284.45	1,445,423.52
151	Other Expense			
152	Other Expense			
153	91010 Interest Expense	398,905.92	0.00	398,905.92
154	92010 Loan Administrator Fee	27,811.36	0.00	27,811.36
155	93010 Tax Deduction	0.00	1,957.60	1,957.60
156	95010 Net Incr/Decr in Fair Value	144.06	0.00	144.06
157	Total · Other Expense	426,861.34	1,957.60	428,818.94
158	Total Other Expense	426,861.34	1,957.60	428,818.94
159	Net Other Income	305,277.74	711,326.85	1,016,604.58
160	Net Income	(9,754.31)	218,468.20	208,713.88
	Depr & Amort 40% (Fund = 60%)	519,316.87	44,050.31	563,367.19
	Principal Payments	(505,411.50)	0.00	(505,411.50)
	Net Profit (Loss) after depreciation & principal pmt on loans	4,151.06	262,518.51	266,669.57

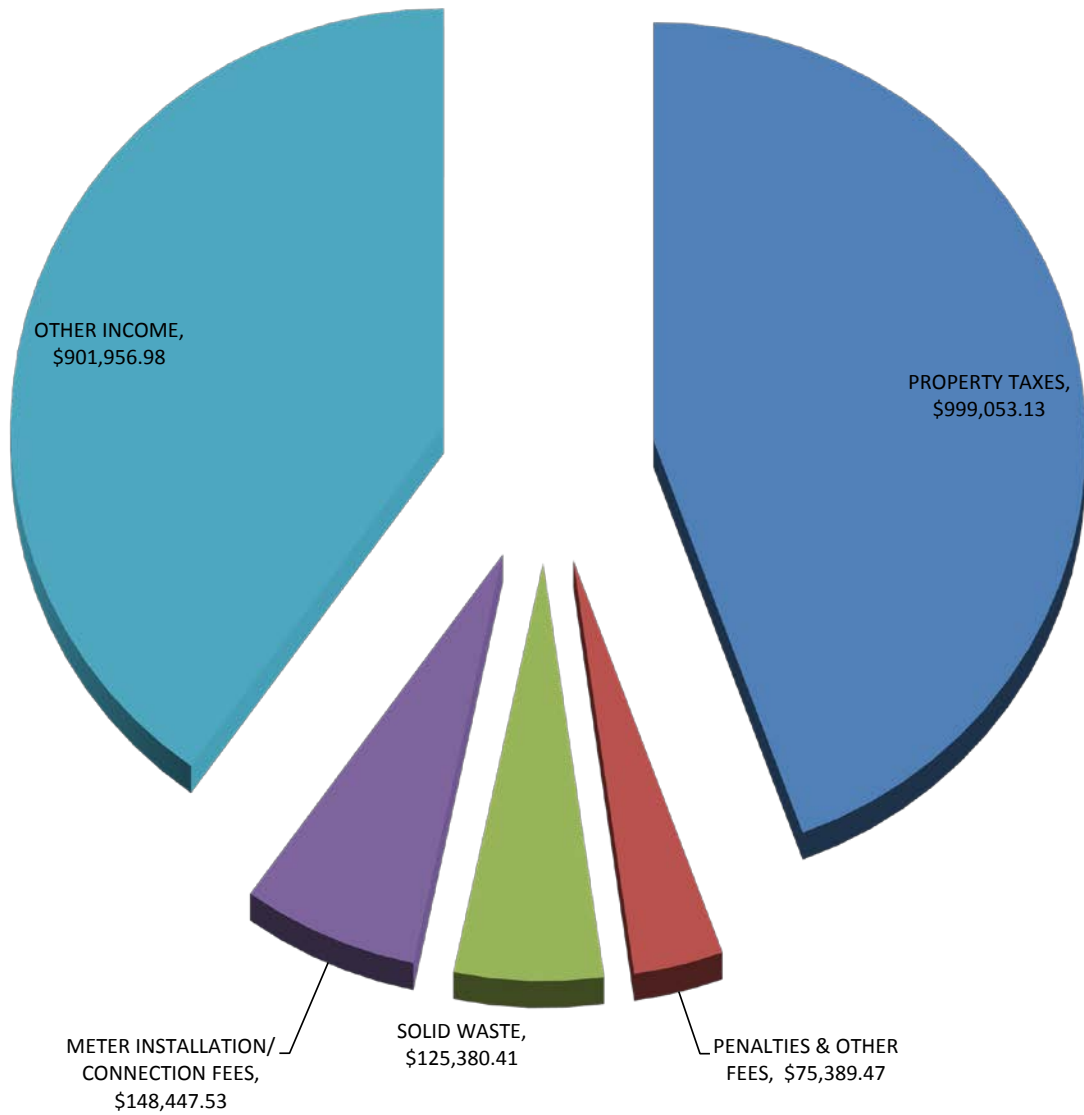
OPERATIONAL REVENUES



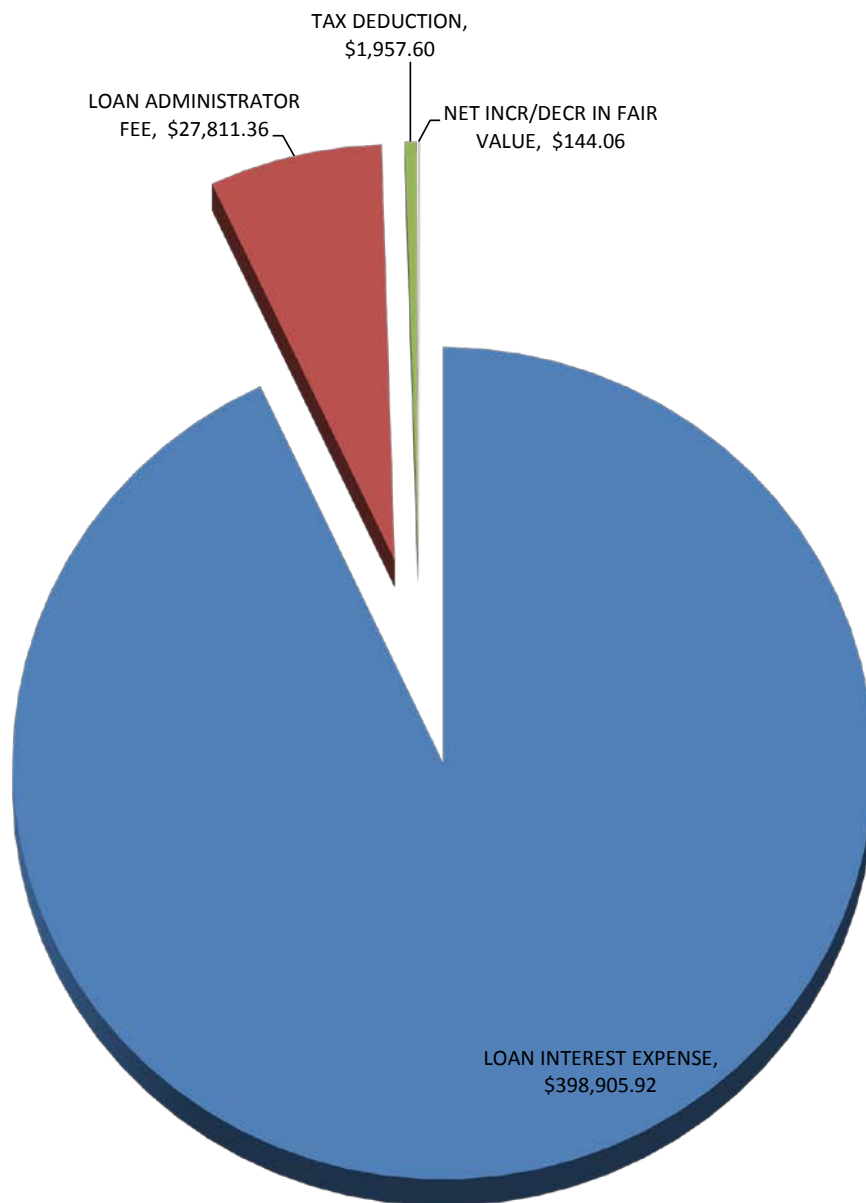
OPERATIONAL EXPENSES



NON-OPERATIONAL REVENUES



NON-OPERATIONAL EXPENSES



**Phelan Pinon Hills Community Services District
2016/2017 Budget Summary**

Assumes: % Over Est Year End		A	B	C	D	E	F	G	H	I	J	K
Rates/Revenue	6.0%	TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Proposed Budget vs. Prior Year Budget	Proposed Budget vs. Est YE
Expense	1.5%	Prior Year		Proposed	Prior Year		Proposed	Prior Year		Proposed		
Salary	1.5%	2015/2016 Budget	EST YE 15/16	2016/2017 BUDGET	2015/2016 Budget	EST YE 15/16	2016/2017 BUDGET	2015/2016 Budget	EST YE 15/16	2016/2017 BUDGET		
1 OPERATIONAL INCOME/EXPENSE												
2 INCOME												
3 Water Sales		3,621,670.28	4,969,139.00	4,413,124.00	0.00	16,691.51	17,693.00	3,621,670.28	4,985,830.51	4,430,817.00	22%	-11%
4 Special Assessment		300,000.00	302,411.47	300,000.00	0.00	0.00	0.00	300,000.00	302,411.47	300,000.00	0%	-1%
5 Parks		0.00	0.00	0.00	24,306.07	22,253.33	22,753.33	24,306.07	22,253.33	22,753.33	-6%	2%
6 Other Service Income		89,245.87	155,316.51	155,316.51	0.00	0.00	0.00	89,245.87	155,316.51	155,316.51	74%	0%
7 Total Income from Operations		4,010,916.14	5,426,875.98	4,868,440.51	24,306.07	38,944.84	40,446.33	4,035,222.21	5,465,811.82	4,908,886.84	22%	-10%
8 Gross Profit		4,010,916.14	5,426,875.98	4,868,440.51	24,306.07	38,944.84	40,446.33	4,035,222.21	5,465,811.82	4,908,886.84	22%	-10%
9 EXPENSE												
10 Water Purchases		5,264.66	8,611.96	8,702.39	0.00	0.00	0.00	5,264.66	8,611.96	8,702.39	65%	1%
11 Salaries & Benefits		1,890,562.61	1,961,376.19	2,068,975.76	189,382.16	181,615.61	183,823.87	2,079,944.77	2,142,991.80	2,252,799.62	8%	5%
12 Board Compensation		88,953.08	79,977.19	80,027.84	9,079.49	7,460.57	7,460.57	98,032.57	87,437.76	87,488.41	-11%	0%
13 Professional Fees		311,579.97	421,065.55	405,381.53	23,507.99	20,492.19	35,799.57	335,087.96	441,557.73	441,181.10	32%	0%
14 Service and Supplies		838,196.41	813,341.16	937,107.37	116,822.37	104,233.59	123,835.96	955,018.78	917,574.75	1,060,943.33	11%	16%
15 Utilities - Electric/Phone/Gas		343,606.55	505,217.88	381,263.85	41,145.03	41,137.52	42,589.83	384,751.58	546,355.40	423,853.68	10%	-22%
16 Other- Depreciation/Amort, etc.		1,284,624.27	1,285,687.20	1,302,013.83	137,827.77	137,795.19	139,795.19	1,422,452.04	1,423,482.38	1,441,809.01	1%	1%
17 Total Expense		4,762,787.55	5,075,277.12	5,183,472.56	517,764.82	492,734.67	533,304.98	5,280,552.37	5,568,011.79	5,716,777.54	8%	3%
18 Net Operational Income		(751,871.41)	351,602.86	(315,032.05)	(493,458.75)	(453,789.83)	(492,858.65)	(1,245,330.16)	(102,199.97)	(807,890.70)	-35%	690%
19 NON-OPERATIONAL INCOME/EXPENSE												
20 NON-OPERATIONAL INCOME												
21 Property Tax		647,478.11	659,451.77	459,973.65	291,972.11	281,806.23	539,079.47	939,450.22	941,258.00	999,053.13	6%	6%
22 Penalties & Other Fees		97,742.85	75,389.47	75,389.47	0.00	0.00	0.00	97,742.85	75,389.47	75,389.47	-23%	0%
23 Solid Waste		0.00	0.00	0.00	127,888.02	125,380.41	125,380.41	127,888.02	125,380.41	125,380.41	100%	0%
24 Meter Installation/Connection		71,902.60	98,965.02	148,447.53	0.00	0.00	0.00	71,902.60	98,965.02	148,447.53	106%	50%
25 Other Income		44,630.20	46,633.29	853,132.43	33,552.63	47,867.21	48,824.56	78,182.83	94,500.51	901,956.98	1054%	854%
26 Total Non-Operational Income		861,753.76	880,439.55	1,536,943.08	453,412.76	455,053.86	713,284.45	1,315,166.52	1,335,493.41	2,250,227.52	71%	68%
27 NON-OPERATIONAL EXPENSE												
28 Other Expense		442,995.95	442,118.80	1,231,665.34	3,332.17	1,928.67	1,957.60	446,328.12	444,047.47	1,233,622.94	176%	178%
29 Total Non-Operational Expense		442,995.95	442,118.80	1,231,665.34	3,332.17	1,928.67	1,957.60	446,328.12	444,047.47	1,233,622.94	176%	178%
30 Net Non-Operational Income		418,757.82	438,320.75	305,277.74	450,080.59	453,125.19	711,326.85	868,838.40	891,445.94	1,016,604.58	17%	14%
31 Net Income		(333,113.59)	789,923.61	(9,754.31)	(43,378.16)	(664.64)	218,468.20	(376,491.75)	789,245.97	208,713.88	-155%	-74%
Depr & Amort @ 60%		510,823.38	509,316.87	519,316.87	43,378.17	43,250.31	44,050.31	554,201.54	552,567.19	563,367.19		
Principal Payments Due on Loan		499,182.16	490,607.11	505,411.50	0.00	0.00	0.00	499,182.16	273,500.00	505,411.50		
Net Profit (Loss) Funds for CIP		(321,472.38)	808,633.38	4,151.06	0.00	42,585.68	262,518.51	(321,472.37)	1,068,313.16	266,669.57		

**Phelan Piñon Hills Community Services District
2016/2017 Budget - Detail Comparison - By Fund**

Assumes: Rates/Reven Expense Salary	% Over Est Year End 6.0% 1.5% 1.5%	TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
		Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Column I compared to column G	Column I compared to column H
		A	B	C	D	E	F	G	H	I	J	K
1	Operational Income/Expense											
2	Income											
3	40 · WATER SALES											
4	40A · WATER CONSUMPTION											
5	40010 Water Sales - Residential - C	1,643,219.35	1,437,531.46	1,232,924.83	0.00	0.00	0.00	1,643,219.35	1,437,531.46	1,232,924.83	-25.0%	-14.2%
6	40020 Water Sales - Commercial - C	5,217.69	3,778.00	3,208.00	0.00	0.00	0.00	5,217.69	3,778.00	3,208.00	-38.5%	-15.1%
7	40030 Water Sales - Fire Protection-C	811.27	437.00	375.00	0.00	0.00	0.00	811.27	437.00	375.00	-53.8%	-14.2%
8	40060 Water Sales - Multiple Res - C	2,540.44	2,159.54	1,852.17	0.00	0.00	0.00	2,540.44	2,159.54	1,852.17	-27.1%	-14.2%
9	40070 Water Sales - School - C	97,457.51	90,097.00	77,371.00	0.00	0.00	0.00	97,457.51	90,097.00	77,371.00	-20.6%	-14.1%
10	40090 Water Sales - Construction - C	17,884.17	11,791.00	10,179.00	0.00	0.00	0.00	17,884.17	11,791.00	10,179.00	-43.1%	-13.7%
11	40093 Water Sales - Drought Surcharge - C	0.00	1,187,632.00	1,102,329.00	0.00	0.00	0.00	0.00	1,187,632.00	1,102,329.00	N/A	-7.2%
12	40095 Water Sales - Construction Non-Potable	0.00	0.00	0.00	0.00	15,128.32	16,036.02	0.00	15,128.32	16,036.02	N/A	6.0%
13	TOTAL WATER CONSUMPTION	1,767,130.43	2,733,426.00	2,428,239.00	0.00	15,128.32	16,036.02	1,767,130.43	2,748,554.32	2,444,275.02	38.3%	-11.1%
14	40B · WATER METER CHARGE											
15	41010 Water Sales - Residential - M	1,822,301.91	2,187,059.48	1,941,690.09	0.00	0.00	0.00	1,822,301.91	2,187,059.48	1,941,690.09	6.6%	-11.2%
16	41020 Water Sales - Commercial - M	8,221.03	9,301.00	8,258.00	0.00	0.00	0.00	8,221.03	9,301.00	8,258.00	0.4%	-11.2%
17	41030 Water Sales - Fire Protection-M	681.89	1,378.00	1,223.00	0.00	0.00	0.00	681.89	1,378.00	1,223.00	79.4%	-11.2%
18	41060 Water Sales - Multiple Res - M	1,838.90	3,285.52	2,916.91	0.00	0.00	0.00	1,838.90	3,285.52	2,916.91	58.6%	-11.2%
19	41070 Water Sales - School - M	16,611.59	25,241.00	22,409.00	0.00	0.00	0.00	16,611.59	25,241.00	22,409.00	34.9%	-11.2%
20	41090 Water Sales - Construction - M	4,884.53	9,448.00	8,388.00	0.00	0.00	0.00	4,884.53	9,448.00	8,388.00	71.7%	-11.2%
21	41095 Water Sales - Construction Non Potable	0.00	0.00	0.00	0.00	1,563.19	1,656.98	0.00	1,563.19	1,656.98	N/A	6.0%
22	41100 Water Sales - Surcharge - M	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A	100.0%
23	TOTAL WATER METER CHARGE	1,854,539.84	2,235,713.00	1,984,885.00	0.00	1,563.19	1,656.98	1,854,539.84	2,237,276.19	1,986,541.98	7.1%	-11.2%
22	Total · WATER SALES	3,621,670.28	4,969,139.00	4,413,124.00	0.00	16,691.51	17,693.00	3,621,670.28	4,985,830.51	4,430,817.00	22.3%	-11.1%
23	71 · SPECIAL ASSESSMENT											
24	74110 Special Assessments	300,000.00	302,411.47	300,000.00	0.00	0.00	0.00	300,000.00	302,411.47	300,000.00	0.0%	-0.8%
25	TOTAL SPECIAL ASSESSMENT	300,000.00	302,411.47	300,000.00	0.00	0.00	0.00	300,000.00	302,411.47	300,000.00	0.0%	-0.8%
26	46 · PARKS											
27	47600 Park & Recreation Fee	0.00	0.00	0.00	24,306.07	22,253.33	22,753.33	24,306.07	22,253.33	22,753.33	-6.4%	2.2%
28	TOTAL PARKS	0.00	0.00	0.00	24,306.07	22,253.33	22,753.33	24,306.07	22,253.33	22,753.33	-6.4%	2.2%

**Phelan Piñon Hills Community Services District
2016/2017 Budget - Detail Comparison - By Fund**

Assumes: Rates/Reven Expense Salary	% Over Est Year End 6.0% 1.5% 1.5%	A			B			C			D			E			F			G			H			I			J	K	
		TOTAL ENTERPRISE FUNDS									TOTAL GOVERNMENT FUNDS									TOTAL ALL FUNDS									Bud vs Bud	Bud vs Est YE	
		Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Column I compared to column G	Column I compared to column H																
29	48	OTHER SERVICE INCOME																													
30		48200	Other Services Incomes	78,275.87	116,533.84	116,533.84	0.00	0.00	0.00	78,275.87	116,533.84	116,533.84	48.9%	0.0%																	
31		48700	Administrative Fees	10,970.00	38,782.67	38,782.67	0.00	0.00	0.00	10,970.00	38,782.67	38,782.67	253.5%	0.0%																	
32		TOTAL OTHER SERVICE INCOME											89,245.87	155,316.51	155,316.51	0.00	0.00	0.00	89,245.87	155,316.51	155,316.51	74.0%	0.0%								
33		TOTAL INCOME FROM OPERATIONS											4,010,916.14	5,426,875.98	4,868,440.51	24,306.07	38,944.84	40,446.33	4,035,222.21	5,465,811.82	4,908,886.84	21.7%	-10.2%								
34		GROSS PROFIT											4,010,916.14	5,426,875.98	4,868,440.51	24,306.07	38,944.84	40,446.33	4,035,222.21	5,465,811.82	4,908,886.84	21.7%	-10.2%								
35																															
36	50	WATER PURCHASES																													
37		50010	MWA WM Admin. & Bio Fee	5,264.66	8,611.96	8,702.39	0.00	0.00	0.00	5,264.66	8,611.96	8,702.39	65.3%	1.0%																	
38		50020	MWA WM Make Up Water	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%																	
39		50030	MWA WM Replacement Water	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%																	
40		50040	Water Purchases - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%																	
41		TOTAL WATER PURCHASES											5,264.66	8,611.96	8,702.39	0.00	0.00	0.00	5,264.66	8,611.96	8,702.39	65.3%	1.1%								
42	51	SALARIES & BENEFITS																													
43		51110	Salaries & Wages	1,078,295.79	1,135,749.07	1,224,455.31	120,574.58	115,557.01	120,633.37	1,198,870.38	1,251,306.09	1,345,088.68	12.2%	7.5%																	
44		51120	Vacations	69,156.52	64,307.55	70,339.02	5,652.03	6,480.97	5,295.33	74,808.55	70,788.52	75,634.35	1.1%	6.8%																	
45		51130	Holiday	52,398.54	56,397.31	58,995.21	5,656.48	5,509.92	5,622.71	58,055.02	61,907.23	64,617.92	11.3%	4.4%																	
46		51140	Sick Pay	57,162.04	63,005.89	64,358.41	6,170.71	6,028.84	6,133.86	63,332.75	69,034.73	70,492.27	11.3%	2.1%																	
47		51150	Misc Earn	48,130.44	47,184.02	48,484.13	1,290.00	1,963.89	2,040.00	49,420.44	49,147.91	50,524.13	2.2%	2.8%																	
48		51170	Overtime	52,175.72	96,476.07	82,341.20	6,566.49	6,252.15	4,646.81	58,742.21	102,728.21	86,988.00	48.1%	-15.3%																	
49		51210	Payroll Taxes	35,002.08	41,589.38	43,667.39	4,251.15	4,325.33	4,550.96	39,253.23	45,914.71	48,218.36	22.8%	5.0%																	
50		51220	Worker's Compensation	37,646.62	45,983.66	43,568.29	7,837.48	8,805.95	7,147.92	45,484.10	54,789.61	50,716.21	11.5%	-7.4%																	
51		51230	Employee Group Insurance	258,853.84	228,172.41	230,048.08	11,656.07	9,300.69	9,764.14	270,509.91	237,473.10	239,812.22	-11.3%	1.0%																	
52		51240	Retirement	201,741.04	182,510.82	202,718.72	19,727.17	17,390.85	17,988.78	221,468.20	199,901.67	220,707.49	-0.3%	10.4%																	
53		TOTAL SALARIES & BENEFITS											1,890,562.61	1,961,376.19	2,068,975.76	189,382.16	181,615.61	183,823.87	2,079,944.77	2,142,991.80	2,252,799.62	8.3%	5.1%								
54	52	BOARD COMPENSATIONS (Expenses)																													
55		52110	Board Director's Fee	33,440.00	31,973.33	31,973.33	4,840.00	3,923.33	3,923.33	38,280.00	35,896.67	35,896.67	-6.2%	0.0%																	
56		52210	Board Exp - Auto Expense	2,465.96	3,376.69	3,427.34	0.00	0.00	0.00	2,465.96	3,376.69	3,427.34	39.0%	1.5%																	
57		52220	Board Exp - Meals & Lodging	19,209.68	18,769.35	18,769.35	0.00	0.00	0.00	19,209.68	18,769.35	18,769.35	-2.3%	0.0%																	

**Phelan Piñon Hills Community Services District
2016/2017 Budget - Detail Comparison - By Fund**

Assumes: Rates/Reven Expense Salary		% Over Est Year End 6.0% 1.5% 1.5%		TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
		A	B	C	D	E	F	G	H	I	J	K		
		Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Column I compared to column G	Column I compared to column H		
58	52230 Board Exp - Education/Training	5,621.60	1,125.85	1,125.85	0.00	0.00	0.00	5,621.60	1,125.85	1,125.85	-80.0%	0.0%		
59	52240 Board Exp - Insurance & Other Expense	28,215.84	24,731.96	24,731.96	4,239.49	3,537.24	3,537.24	32,455.33	28,269.20	28,269.20	-12.9%	0.0%		
60	TOTAL BOARD COMPENSATIONS (Expenses)	88,953.08	79,977.19	80,027.84	9,079.49	7,460.57	7,460.57	98,032.57	87,437.76	87,488.41	-10.8%	0.1%		
61	53 · PROFESSIONAL FEE													
62	53110 Auditing & Accounting Fees	25,904.00	37,010.00	22,565.15	750.00	750.00	761.25	26,654.00	37,760.00	23,326.40	-12.5%	-38.2%		
63	53120 Legal Services	31,938.11	70,656.67	71,716.52	1,099.00	1,033.33	1,048.83	33,037.11	71,690.00	72,765.35	120.3%	1.5%		
64	53130 Engineering	21,896.36	296.00	300.44	685.33	172.67	175.26	22,581.69	468.67	475.70	-97.9%	1.5%		
65	53140 Laboratory Analysis	28,578.67	24,301.33	42,665.85	0.00	0.00	0.00	28,578.67	24,301.33	42,665.85	49.3%	75.6%		
66	53150 Outside Service	135,937.40	207,326.52	185,436.42	19,675.32	17,599.52	32,863.51	155,612.72	224,926.04	218,299.93	40.3%	-2.9%		
67	53160 Permits & Fees	8,935.72	7,596.43	7,710.37	1,298.33	936.67	950.72	10,234.05	8,533.09	8,661.09	-15.4%	1.5%		
68	53170 Software Support	58,389.72	73,878.60	74,986.78	0.00	0.00	0.00	58,389.72	73,878.60	74,986.78	28.4%	1.5%		
69	TOTAL PROFESSIONAL FEE	311,579.97	421,065.55	405,381.53	23,507.99	20,492.19	35,799.57	335,087.96	441,557.73	441,181.10	31.7%	-0.1%		
70	54 · SERVICE AND SUPPLIES													
71	54110 Advertising	1,560.00	5,219.12	5,297.41	4,925.32	4,197.40	4,260.36	6,485.32	9,416.52	9,557.77	47.4%	1.5%		
72	54140 Auto Expense	3,644.91	3,086.57	3,132.87	0.00	0.00	0.00	3,644.91	3,086.57	3,132.87	-14.0%	1.5%		
73	54170 Auto Allowance	7,800.00	7,366.67	7,366.67	0.00	0.00	0.00	7,800.00	7,366.67	7,366.67	-5.6%	0.0%		
74	54200 Credit Card Fee & Bank Charges	37,955.15	33,336.15	33,836.19	0.00	0.00	0.00	37,955.15	33,336.15	33,836.19	-10.9%	1.5%		
75	54230 Dues & Subscriptions	25,042.25	17,060.43	17,316.33	906.67	853.33	866.13	25,948.92	17,913.76	18,182.47	-29.9%	1.5%		
76	54260 Education & Training	35,631.76	39,276.73	44,865.88	1,248.00	508.00	1,515.62	36,879.76	39,784.73	46,381.50	25.8%	16.6%		
77	54290 Employment Expense	2,216.75	7,355.44	7,465.77	336.00	289.00	293.34	2,552.75	7,644.44	7,759.11	204.0%	1.5%		
78	54300 Equipment Rental/ Lease	7,642.97	5,220.60	5,298.91	1,211.60	1,533.77	1,556.78	8,854.57	6,754.37	6,855.69	-22.6%	1.5%		
79	54320 General Maintenance	4,288.00	4,286.67	4,350.97	300.00	482.67	489.91	4,588.00	4,769.33	4,840.87	5.5%	1.5%		
80	54350 Insurance	74,469.24	73,291.68	74,391.06	1,173.72	1,152.96	1,170.25	75,642.96	74,444.64	75,561.31	-0.1%	1.5%		
81	54380 Insurance - Vehicle	14,628.36	13,762.19	13,968.62	857.04	849.12	861.86	15,485.40	14,611.31	14,830.48	-4.2%	1.5%		
82	54410 Fuel Costs	56,965.35	39,920.20	40,519.00	1,678.79	3,619.53	3,673.83	58,644.13	43,539.73	44,192.83	-24.6%	1.5%		
83	54440 Meeting, Seminar & Supplies	9,751.19	9,269.85	9,408.90	32.51	0.00	0.00	9,783.70	9,269.85	9,408.90	-3.8%	1.5%		
84	54470 Travel Expense	18,535.52	24,163.75	24,526.20	536.97	0.00	0.00	19,072.49	24,163.75	24,526.20	28.6%	1.5%		
85	54500 Operating Supplies	49,741.38	56,506.87	57,354.47	12,094.33	9,805.24	9,952.32	61,835.71	66,312.11	67,306.79	8.8%	1.5%		
86	54530 Office Supplies	31,671.61	38,796.07	39,378.01	2,161.23	1,507.76	1,515.38	33,832.84	40,303.83	40,893.38	20.9%	1.5%		
87	54620 Repair & Maintenance	292,597.73	199,040.21	322,855.82	14,204.65	2,859.79	12,402.68	306,802.38	201,900.00	335,258.50	9.3%	66.1%		
88	54650 Small Tools	14,305.61	15,776.52	16,013.17	381.81	819.17	831.46	14,687.43	16,595.69	16,844.63	14.7%	1.5%		
89	54680 Uniforms	8,483.04	7,756.19	8,668.00	1,029.32	1,776.81	1,950.00	9,512.36	9,533.00	10,618.00	11.6%	11.4%		
90	54710 Vehicle Maintenance	36,998.48	44,601.55	45,270.57	2,299.76	6,240.28	6,333.88	39,298.24	50,841.83	51,604.45	31.3%	1.5%		

**Phelan Piñon Hills Community Services District
2016/2017 Budget - Detail Comparison - By Fund**

Assumes: % Over Est Year End Rates/Reven 6.0% Expense 1.5% Salary 1.5%		A	B	C	D	E	F	G	H	I	J	K
		TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
		Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Column I compared to column G	Column I compared to column H
91	54740 Easement Lease	1,217.83	1,254.36	1,273.18	0.00	0.00	0.00	1,217.83	1,254.36	1,273.18	4.5%	1.5%
92	54770 Computer & Equipment Maint	0.00	7,180.08	7,287.78	0.00	0.00	0.00	0.00	7,180.08	7,287.78	#DIV/0!	1.5%
93	54800 Programs (Wtr Cons, parks,etc)	25,613.32	39,658.03	40,252.90	31,867.16	11,556.07	16,729.41	57,480.48	51,214.09	56,982.30	-0.9%	11.3%
94	54801 Senior Lunch Program	0.00	0.00	0.00	18,543.91	19,131.03	20,917.99	18,543.91	19,131.03	20,917.99	100.0%	9.3%
95	54802 Farmers Market	0.00	0.00	0.00	15,017.51	15,870.92	16,108.98	15,017.51	15,870.92	16,108.98	100.0%	1.5%
96	54803 Fall Festival	0.00	0.00	0.00	0.00	6,529.07	7,000.00	0.00	6,529.07	7,000.00	100.0%	7.2%
97	54830 State & County Fees & Services	14,658.40	40,183.68	21,586.44	0.00	0.00	0.00	14,658.40	40,183.68	21,586.44	47.3%	-46.3%
98	54860 Postage & Mailing	22,140.31	50,224.21	55,228.70	0.00	0.00	0.00	22,140.31	50,224.21	55,228.70	149.4%	10.0%
99	54890 Printing	30,975.09	29,747.36	30,193.57	1,776.08	1,385.00	1,405.78	32,751.17	31,132.36	31,599.35	-3.5%	1.5%
100	54920 Public Relation	9,662.16	0.00	0.00	4,240.00	13,266.67	14,000.00	13,902.16	13,266.67	14,000.00	0.7%	5.5%
101	TOTAL SERVICE AND SUPPLIES	838,196.41	813,341.16	937,107.37	116,822.37	104,233.59	123,835.96	955,018.78	917,574.75	1,060,943.33	11.1%	15.6%
102	58 · UTILITIES - Electric/Phone/Gas											
103	58010 Telephone	17,587.40	20,171.55	20,474.12	665.67	638.21	647.79	18,253.07	20,809.76	21,121.91	15.7%	1.5%
104	58110 Utilities - Operations	640,571.15	713,891.33	749,439.43	25,619.23	27,464.11	28,255.08	666,190.38	741,355.44	777,694.51	16.7%	4.9%
105	58115 Utilities - Solar Credit	(314,552.00)	(228,845.00)	(388,649.70)	0.00	0.00	0.00	(314,552.00)	(228,845.00)	(388,649.70)	23.6%	69.8%
106	58111 Utilities - Street Lights	0.00	0.00	0.00	14,860.13	13,035.20	13,686.96	14,860.13	13,035.20	13,686.96	-7.9%	5.0%
107	TOTAL UTILITIES - Electric/Phone/Gas	343,606.55	505,217.88	381,263.85	41,145.03	41,137.52	42,589.83	384,751.58	546,355.40	423,853.68	10.2%	-22.4%
108	59 · OTHER- Depreciation/Amort, etc.											
109	59100 Bad Debt	7,347.87	12,174.12	3,500.00	0.00	0.00	0.00	7,347.87	12,174.12	3,500.00	-52.4%	-71.3%
110	59110 Property Taxes	167.96	170.89	170.89	29,382.36	29,669.40	29,669.40	29,550.32	29,840.29	29,840.29	1.0%	0.0%
111	59120 Depreciation & Amortization	1,277,058.44	1,273,292.19	1,298,292.19	108,445.41	108,125.79	110,125.79	1,385,503.85	1,381,417.97	1,408,417.97	1.7%	2.0%
112	59310 Other Operating Expenses	50.00	50.00	50.75	0.00	0.00	0.00	50.00	50.00	50.75	1.5%	1.5%
113	TOTAL OTHER- Depreciation/Amort, etc.	1,284,624.27	1,285,687.20	1,302,013.83	137,827.77	137,795.19	139,795.19	1,422,452.04	1,423,482.38	1,441,809.01	1.4%	1.3%
114	TOTAL EXPENSE	4,762,787.55	5,075,277.12	5,183,472.56	517,764.82	492,734.67	533,304.98	5,280,552.37	5,568,011.79	5,716,777.54	8.3%	2.7%
115	NET OPERATIONAL INCOME	(751,871.41)	351,602.86	(315,032.05)	(493,458.75)	(453,789.83)	(492,858.65)	(1,245,330.16)	(102,199.97)	(807,890.70)	-35.1%	690.5%
116	NON-OPERATIONAL INCOME/EXPENSE											
117	NON-OPERATIONAL INCOME											
118	70 · PROPERTY TAXES											
119	71110 Property Taxes - Curr Sec	0.00	0.00	0.00	806,071.11	804,965.25	857,287.99	806,071.11	804,965.25	857,287.99	6.4%	6.5%
120	71120 Property Taxes - Curr Unsec	0.00	0.00	0.00	42,113.85	35,435.00	37,738.28	42,113.85	35,435.00	37,738.28	-10.4%	6.5%

**Phelan Piñon Hills Community Services District
2016/2017 Budget - Detail Comparison - By Fund**

Assumes: % Over Est Year End Rates/Reven 6.0% Expense 1.5% Salary 1.5%		A	B	C	D	E	F	G	H	I	J	K
		TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
		Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Prior Year 2015/2016 Budget	Actual EST YE 15/16	Proposed 2016/2017 BUDGET	Column I compared to column G	Column I compared to column H
121	71130 Property Taxes - Curr Supplimen	0.00	0.00	0.00	4,132.11	8,521.27	9,075.15	4,132.11	8,521.27	9,075.15	119.6%	6.5%
122	71140 Property Taxes - Curr Unitary	0.00	0.00	0.00	35,397.07	31,712.96	33,774.30	35,397.07	31,712.96	33,774.30	-4.6%	6.5%
123	71150 Property Taxes - Curr Other	0.00	0.00	0.00	11,491.13	8,521.27	9,075.15	11,491.13	8,521.27	9,075.15	-21.0%	6.5%
124	72110 Property Taxes - Prior Sec	0.00	0.00	0.00	16,491.29	16,139.09	16,139.09	16,491.29	16,139.09	16,139.09	-2.1%	0.0%
125	72120 Property Taxes - Prior Unsec	0.00	0.00	0.00	377.59	768.48	768.48	377.59	768.48	768.48	103.5%	0.0%
126	72130 Property Taxes - Prior Supplimn	0.00	0.00	0.00	4,861.94	5,215.92	5,215.92	4,861.94	5,215.92	5,215.92	7.3%	0.0%
127	72150 Property Taxes - Prior Other	0.00	0.00	0.00	537.40	574.91	574.91	537.40	574.91	574.91	7.0%	0.0%
128	73160 Property Taxes - Homeowner	0.00	0.00	0.00	8,767.08	8,817.34	8,817.34	8,767.08	8,817.34	8,817.34	0.6%	0.0%
129	73170 Tax Penalties & Others	0.00	11,973.65	11,973.65	9,209.67	8,612.87	8,612.87	9,209.67	20,586.52	20,586.52	123.5%	0.0%
130	SUB-TOTAL PROPERTY TAX REVENUE	0.00	11,973.65	11,973.65	939,450.22	929,284.35	987,079.47	939,450.22	941,258.00	999,053.13		
131	71500 Property Tax	647,478.11	647,478.12	448,000.00	(647,478.11)	(647,478.12)	(448,000.00)	0.00	0.00	0.00	0.0%	0.0%
132	TOTAL PROPERTY TAXES	647,478.11	659,451.77	459,973.65	291,972.11	281,806.23	539,079.47	939,450.22	941,258.00	999,053.13	6.3%	6.1%
133	75 · PENALTIES & OTHER FEE											
134	86120 Penalties & Other Fees	97,742.85	75,389.47	75,389.47	0.00	0.00	0.00	97,742.85	75,389.47	75,389.47	-22.9%	0.0%
135	TOTAL PENALTIES & OTHER FEE	97,742.85	75,389.47	75,389.47	0.00	0.00	0.00	97,742.85	75,389.47	75,389.47	-22.9%	0.0%
136	48 · SOLID WASTE											
137	48500 Solid Waste Franchise Fee	0.00	0.00	0.00	127,888.02	125,380.41	125,380.41	127,888.02	125,380.41	125,380.41	-2.0%	0.0%
138	TOTAL SOLID WASTE	0.00	0.00	0.00	127,888.02	125,380.41	125,380.41	127,888.02	125,380.41	125,380.41	-2.0%	0.0%
139	45 · METER INSTALLATION/CONNECTION FEES											
140	45300 Meter Installation	8,593.74	16,553.02	24,829.53	0.00	0.00	0.00	8,593.74	16,553.02	24,829.53	188.9%	50.0%
141	45400 Permits & Inspections	3,080.77	840.00	1,260.00	0.00	0.00	0.00	3,080.77	840.00	1,260.00	-59.1%	50.0%
142	45500 Connection Fee	60,228.09	81,572.00	122,358.00	0.00	0.00	0.00	60,228.09	81,572.00	122,358.00	103.2%	50.0%
143	TOTAL METER INSTALLATION/CONNECTION FEES	71,902.60	98,965.02	148,447.53	0.00	0.00	0.00	71,902.60	98,965.02	148,447.53	106.5%	50.0%
144	80 · OTHER INCOME											
145	88110 Interest Income	34,084.16	33,902.68	35,597.81	17,929.64	19,795.17	20,191.08	52,013.80	53,697.85	55,788.89	7.3%	3.9%
146	88130 Chromium 6 Surcharge	0.00	0.00	804,804.00	0.00	0.00	0.00	0.00	0.00	804,804.00	0.0%	0.0%
147	88120 Other Income	10,546.04	12,730.61	12,730.61	0.00	0.00	0.00	10,546.04	12,730.61	12,730.61	20.7%	0.0%
148	88125 Other Income	0.00	0.00	0.00	15,622.99	28,072.04	28,633.48	15,622.99	28,072.04	28,633.48	83.3%	2.0%
149	Total · OTHER INCOME	44,630.20	46,633.29	853,132.43	33,552.63	47,867.21	48,824.56	78,182.83	94,500.51	901,956.98	1053.7%	854.4%

**Phelan Piñon Hills Community Services District
2015/2016 Budget
Fund Balances and Cash Flow Projections**

	Enterprise Fund	Government Fund	Total
FUND BALANCES			
Est. Cash in Bank Beginning Balance 07/01/16	\$ 4,783,031.86	\$ 4,123,183.98	\$ 8,906,215.84
Board Approved Reserves	<u>(4,885,535.43)</u>	<u>(496,103.49)</u>	<u>(5,381,638.92)</u>
Total Fund Balance (Cash Available)	\$ (102,503.57)	\$ 3,627,080.49	\$ 3,524,576.92
OPERATIONAL ACTIVITIES			
Net Profit (Loss)	\$ (9,754.31)	\$ 218,468.20	\$ 208,713.88
Depreciation @ 40% (not funding 40%)	519,316.87	44,050.31	563,367.19
Depreciation @ 60% (funding 60%)	<u>778,975.31</u>	<u>66,075.47</u>	<u>845,050.78</u>
Cash available from operations	\$ 1,288,537.87	\$ 328,593.99	\$ 1,617,131.86
INVESTMENT ACTIVITIES			
Projects	\$ (300,000.00)	\$ (50,000.00)	\$ (350,000.00)
Capital Purchases	<u>(85,000.00)</u>	<u>-</u>	<u>\$ (85,000.00)</u>
Total Investment Activity	\$ (385,000.00)	\$ (50,000.00)	\$ (435,000.00)
FINANCE ACTIVITIES			
Loans (Principal)	<u>\$ (505,411.50)</u>	<u>\$ -</u>	<u>\$ (505,411.50)</u>
Total Finance Activity	\$ (505,411.50)	\$ -	\$ (505,411.50)
NET CASH FROM ACTIVITIES			
	\$ 398,126.37	\$ 278,593.99	\$ 676,720.36
Transfer of funds or Reserves	0.00	0.00	0.00
Net Cash Available for Future Projects	295,622.80	3,905,674.48	\$ 4,201,297.28

Phelan Piñon Hills Community Service District
2015/2016 Schedule
Approved May 4, 2016 Resolution 2016-04

BOARD DESIGNATED RESERVES

1. UNRESTRICTED RESERVES	ENTERPRISE	GOVERNMENT	
1A. Contingency and Operations (Goal = Three to Six months)	Fund 01	Fund 02	Total
2015/16 Budget Total	\$5,205,784	\$521,097	\$5,726,880
Less:			
Depreciation	1,277,058	108,445	1,385,504
Debt Service (Interest)	414,198		414,198
	<u>3,514,527</u>	<u>412,652</u>	<u>3,927,179</u>
Reserve @ Three Months =	<u>x 3/12</u>	<u>x 3/12</u>	<u>x 3/12</u>
Contingency and Operating Reserve	878,632	103,163	981,795
Debt Service Reserve - Loans (1 yr P&I.)	942,066		942,066
TOTAL RESERVE FOR OPERATIONS	<u>\$1,820,697</u>	<u>\$103,163</u>	<u>\$1,923,860</u>
1B. Property, Plant, and Equipment Replacement Reserve (Goal = 25%- 50%)			
Accumulated Depreciation 06/30/15	20,168,425	854,512	21,022,937
Reserve @ 25% =	5,042,106	213,628	5,255,734
Reserves used for WRAP project funding 2012	-1,600,000 *		-1,600,000
Reserves used for Water Rights funding 2015	-1,278,049 *		-1,278,049
TOTAL RESERVE FOR REPLACEMENT	<u>\$2,164,058</u>	<u>\$213,628</u>	<u>\$2,377,685</u>
1C. Disaster Response Reserve (Goal = 10 - 20%)			
Total Assets (Excluding Land& Wtr Rts) 06/30/15	37,788,293	1,793,127	39,581,420
Reserve @ 10% =	3,778,829	179,313	3,958,142
Reserves used for WRAP project funding 2012	-1,600,000 *		-1,600,000
Reserves used for Water Rights funding 2015	-1,278,049 *		-1,278,049
TOTAL RESERVE FOR DISASTER	<u>\$900,781</u>	<u>\$179,313</u>	<u>\$1,080,093</u>
TOTAL RESERVES	<u>\$4,885,535</u>	<u>\$496,103</u>	<u>\$5,381,639</u>
2. ADDITIONAL RESERVES IDENTIFIED BY THE BOARD			
Capital, Projects*, & Replacement Budget Current Year	1,985,500	0	1,985,500
TOTAL FUNDS NEEDED FOR CAPITAL PROJECTS	<u>\$1,985,500</u>	<u>0</u>	<u>\$1,985,500</u>

* WRAP = Water Rights Aquisition Project. The Board elected to borrow reserve funds to provide the cash necessary to fund this project.

DEBT SERVICE

The District currently has two loans with California Infrastructure and Economic Development Bank (CIEDB or I-Bank), one loan with Municipal Finance Corporation and one loan with Caltrans.

2002 CIEDB Loan titled “County Service Area 70 -Water Tank Project” was assumed by the District when it separated from the County of San Bernardino in 2008, was revised in October 2011 to reflect the District’s assumption of this loan. The loan project consisted of drilling a water well #14; constructing a booster station; constructing four one-billion gallon reservoirs, specifically reservoirs 1-A, 1-B, 1-C and 2-C; and constructing transmission piping. The project was completed prior to the District becoming part of Phelan Piñon Hills Community Services District. Original loan = \$4,989,753.

2012 CIEDB Loan titled “Water Resources Acquisition Project” consists of the acquisition of land, including 160 acres of land, water well located on the property, and 2,335 acre feet of water rights in the Oeste subarea of the Mojave Groundwater Basin. Original loan = \$7,500,000.

2014 Municipal Finance Corporation Installment Sale Agreement for the construction of 1.16 megawatt solar field to provide power to generate credits for District-wide facilities in order to minimize overall energy demand. Original Loan = \$5,000,000.

2014 Caltrans Highway 138 Loan for the lowering of waterlines along Highway 138 in preparation of the Highway 138 expansion. Original Loan = \$252,633.

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending June 30
2002 I-Bank Loan							
08/01/16			\$40,470	\$40,470		\$40,470	
02/01/17	\$2,202,279	\$110,274	\$40,470	\$150,743	\$6,938	\$157,681	\$198,151
2012 I-Bank Loan							
08/01/16	\$6,768,861	\$189,039	\$70,971	\$260,009	\$20,874	\$280,883	
02/01/17			\$69,042	\$69,042		\$69,042	\$349,925
2014 Muni Loan							
08/01/16	\$4,740,049	\$89,920	\$88,876	\$178,796		\$178,796	
02/01/17	\$4,650,130	\$91,606	\$87,190	\$178,796		\$178,796	\$357,591
2015 CalTrans Loan							
07/01/16	\$216,189	\$6,122	\$493	\$6,615		\$6,615	
10/01/16	\$210,067	\$6,136	\$479	\$6,615		\$6,615	
01/01/17	\$203,930	\$6,150	\$465	\$6,615		\$6,615	
04/01/17	\$197,780	\$6,164	\$451	\$6,615		\$6,615	\$26,462
Total		\$505,412	\$398,906	\$904,317	\$27,811	\$932,129	\$932,129

Revenue Coverage

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Actual 2011/2012	Actual 2012/2013	Actual 2013/2014	Actual 2014/2015	Est YE 2015/2016	Budget 2016/2017
Gross Revenues									
Water Fund Revenues	\$5,579,013	\$4,348,388	\$4,127,211	\$4,178,972	\$4,405,277	\$4,837,380	\$5,455,816	\$5,647,864	\$5,140,606
Operating Expenses									
Water Fund Expenses	-\$5,864,190	-\$4,620,366	-\$4,757,100	-\$4,454,156	-\$5,032,281	-\$5,121,970	-\$5,513,152	-\$5,205,784	-\$5,183,473
Less Depreciation	886,786	1,058,281	1,245,913	1,292,064	1,214,772	1,229,221	1,252,058	1,277,058	1,298,292
Total Water Fund Expenses	-\$4,977,404	-\$3,562,085	-\$3,511,187	-\$3,162,092	-\$3,817,509	-\$3,892,749	-\$4,261,093	-\$3,928,725	-\$3,885,180
Net Revenues Water Fund	\$601,609	\$786,303	\$616,024	\$1,016,880	\$587,768	\$944,631	\$1,194,723	\$1,719,139	\$1,255,426
Senior and Parity Debt Service									
2002 Water Facilities	\$231,311	\$231,021	\$230,721	\$209,792	\$199,366	\$199,077	\$198,779	\$198,470	\$198,151
2012 Water Rights Acquisition					26,240	368,852	351,719	350,061	349,925
2014 Solar Project							150,150	357,591	357,591
2014 Hwy 138							13,231	26,462	26,462
Combined Total Annual Debt	\$231,311	\$231,021	\$230,721	\$209,792	\$225,605	\$567,930	\$713,879	\$932,584	\$932,129
Debt Service Coverage	260%	340%	267%	485%	261%	166%	167%	184%	135%

APPROPRIATIONS LIMIT

The 2016-2017 appropriations limit was set by Resolution #2016-1215 and approved by the Board of Directors on June 15, 2016.

PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT APPROPRIATIONS LIMIT CALCULATION		
FISCAL YEAR 2016/2017		
1	PRICE FACTOR U.S. CAPITA PERSONAL INCOME CPI	5.37%
2	POPULATION PERCENT CHANGE	0.68%
3	PER CAPITA CONVERTED TO A RATIO:	1.05370
4	POPULATION CONVERTED TO A RATIO:	1.00680
5	CALCULATION FACTOR FOR RATIO OF CHANGE:	1.06087
6	PRIOR YEAR (15/16) APPROPRIATION LIMIT	\$3,190,299
7	CURRENT YEAR APPROPRIATION LIMIT	\$3,384,477

The appropriations limit was implemented by Propositions 4 and 111, which produced restrictions on the amount of revenue that can be appropriated in any fiscal year. The limit applies only to revenue received from the General Tax Levy, and excludes any funds spent on capital improvement projects.

The appropriations limit must be reviewed and calculated each year to assure compliance. This action is a formality for Phelan Piñon Hills Community Services District, at this time, for two reasons: 1) the tax revenues the District receives are less than the appropriations limit, and 2) the tax revenue received can be designated to be spent on capital improvement projects, which would exclude the revenues from limitation.

Pursuant to Condition No. 17 of LAFCO Resolution No. 2994, the District's permanent appropriations limit was established at the first District election held November 8, 2011. Measure G passed by an overwhelming majority, establishing the base appropriations limit.

The District establishes the appropriations limit each year, based on the prior year limit calculated by the means identified by the Department of Finance each year for the unincorporated area of San Bernardino County.

At the June 15, 2016, Board Meeting, the Board conducted a hearing, in compliance with Government Code, to set the annual appropriations limit for the District. All of the documentation used for the determination of the proposed appropriations limit was available to the public at the District office prior to the hearing.



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

CAPITAL IMPROVEMENT **PROGRAM**

CAPITAL IMPROVEMENT PROJECTS

Capital projects and expenditures at the Phelan Piñon Hills Community Services District are purchased in accordance with the District's Purchasing Policy. The cost must exceed \$5,000 and have an expected life of more than one year to be capitalized. (The District carefully reviews all equipment before determining if a replacement is necessary and does not solely consider age, but also the cost to keep in service and the anticipated remaining usefulness). To determine the priority of construction projects, the District evaluates the needs of all the departments and prioritizes the requests with the available funding. The 2010 Water Master Plan has been used as a resource in the development of the Ten Year Capital Plan that is utilized for budgeting purposes.

Smithson Springs Tank

This project proposes the capture of existing flows from Smithson Springs by diverting flows. The tentative proposed plan is to install a pipeline from the spring to a proposed 20,000 gallon reservoir tank about 600 feet downstream of the spring. The proposed plan is to incorporate the spring flow into the District's distribution system utilizing the Smithson Springs tank in the future. Currently, the spring flows north into Jawbone Canyon.

\$25,000 budgeted for tank and pipeline design.

Chromium-6 Mitigation Project

The proposed plan is to incorporate the production of two wells located at the Meadowbrook Dairy (George's Field well, 1,200 GPM, and Center well, 600 GPM) into the District's existing distribution system to mitigate the requirements set by the state to reduce the Chromium 6 levels in the water supply. The state reduced the maximum levels of Chromium 6 from 50 parts per billion (ppb) to 10 ppb. Currently, six of eleven wells that supply water to the District contain Chromium 6 levels slightly exceeding 10 ppb. The wells that are located at the Dairy do not contain detectable levels of Chromium 6.

A preliminary study was completed in December 2015 outlining three alignments to connect the Dairy wells with the existing distribution system. CEQA anticipated completion is July 2016. The District will move forward with approval, the RFP process, for design of the project and detailed study to begin in late 2016 and completed in June 2017. The tentative proposed layout includes approximately 9 miles of transmission pipeline, a storage/blending tank, and two booster stations will be necessary to mitigate the state's Chromium 6 requirements. Funding and grant applications requiring Preliminary Engineering Study (PER) are in process throughout this fiscal year.

\$805,000 budgeted for initial design and engineering.

Land Acquisition

Yearly, the District is given the opportunity to purchase property through the County of San Bernardino tax lien sales for potential properties for future use. Outlined in the 2011 Water Master Plan, future sites are needed for Phase 2 and Built-out of the District's facilities for future reservoir sites and facilities.

\$25,000 budgeted for property purchase.

Solar Project

The construction of the 1.16 MW solar project was completed on September 2015 at the former Meadowbrook Dairy site. The District has entered into an Edison bill credit program through a RESBCT program.

Motion sensor security was installed in late 2015. Video surveillance installation is scheduled for late 2016.

\$25,000 budgeted for the solar project.

Adjudication of Water Rights

The District is involved in the adjudication process of water rights for water the District may be pumping out of the Antelope Valley Aquifer. The judgment produced from this process will determine the amount of water the District will be able to continue pumping in that basin.

\$200,000 budgeted for legal fees.

GIS / Mapping

Staff continues to update the water system in the Geographic Information System (GIS). This includes creating links to as-built information; researching and entering water meter data, facilities details, booster information, and water pipeline easements; annotating District facilities and the parcel base map, and populating attributes, as well as incorporating other District data into the GIS. The current 10-year CIP for fiscal year 2015/2016 budgeted for the continued work on the GIS.

\$25,000 budgeted for contracted services.

Replace Playground equipment, flooring, HVAC

The playground equipment in the Piñon Hills Park is in need of replacement and is scheduled on the 10-year plan. Additionally, flooring needs replacement and the HVAC system is nearing the end of its life cycle and will likely need replacing in this fiscal year.

\$50,000 budgeted for Parks and Recreation projects.

Vehicle Replacement

The District has several vehicles that are nearing the end their projected life cycle. As the mileage has increased, the maintenance issues have increased, costing the District additional funds as well as employee efficiency when the vehicles break down or are out of service. The District has looked at other options for vehicles (natural gas, various types and models, etc.) and will continue to do so as opportunities arise. This is a place holder for possible replacement of two trucks that are similar to the vehicles currently in service. Note: The District budgeted for two vehicles in 2015/2016 and only purchased one. Purchases are made if the need arises and only after Board approval.

\$70,000 budgeted for two new service trucks.

Computers & Software

There are seven computers and two laptops that require replacement to meet the standards of the updated operating system. Each computer has various software and components that also need replacement. A mobile device and meter reading software is also necessary in the coming year. Additionally, there is other computer equipment that is nearing the end of its life expectancy and may need to be replaced this year. The District replaces computers and equipment as is necessary to meet operational demands.

\$15,000 budgeted for Computers and Software.

Note: All purchases are made within the provisions set forth in the Purchasing Policy. The above items that exceed \$25,000 will be brought to the Board for approval prior to authorizing the purchase.

Phelan Piñon Hills Community Services District

CAPITAL BUDGET 2016/2017 Budget

CIP PROJECTS			ESTIMATE	Funding
	PROJECT	DESCRIPTION/LOCATION	2016/2017	Source
1	Smithson Springs Tank	Tank and pipeline design	25,000.00	C
2	Chromium 6 Mitigation Projects	Design & construction (District portion)	805,000.00	D
3	Land Acquisition	Future sites	25,000.00	C
4	Solar Project	District Portion	25,000.00	A
5	Adjudication of Water Rights	Continued LA Adjudication	200,000.00	A
6	GIS/Mapping	Convert GIS and mapping to new system	25,000.00	A
			\$ 1,105,000.00	
7	Park and Recreation CIP	Replace playground equipment, flooring, HVAC	50,000.00	E
			\$ 50,000.00	
TOTAL PROJECTS			\$ 1,155,000.00	

CAPITAL PURCHASES			ESTIMATE	
8	Vehicles	Replace two trucks	70,000.00	A
9	Computers & Software	Replace computers, purchase software, etc.	15,000.00	A
			\$ 85,000.00	
TOTAL PROJECTS AND CAPITAL PURCHASES			\$ 1,240,000.00	

FUNDING SOURCES			
Ent	Depreciation Funded	60% of Depreciation	A \$ 335,000.00
Ent *	Property Plant and Equipment Replacement Reserve		B
Ent	Connection Fees		C 50,000.00
Ent	Chromium 6 Surcharge		D 805,000.00
Gvt	Depreciation Funded	60% of Depreciation	E 50,000.00
Gvt *	Property Plant and Equipment Replacement Reserve		F
Gvt	Existing Funds Available		G
	Loan or other Source to be identified		H
			\$ 1,240,000.00

* Note: Board will identify how reserves will be replaced.



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

BUDGET FORECAST

Phelan Piñon Hills Community Services District

2016/2017 Budget - Five Year Forecast

PPHCSD Forecast Model						
Assumptions	2017/18	2018/19	2019/20	2020/2021	2021/2022	
Rate Increase	6.0%	6.0%	6.0%	3.0%	3.0%	
Merit	3.0%	3.0%	3.0%	3.0%	3.0%	
Expenses	5.0%	5.0%	5.0%	5.0%	5.0%	
APPROVED						
	2016/2017	2017/18	2018/19	2019/20	2020/2021	2021/2022
1 Operating Revenue - Enterprise Fund						
2 Water Sales	\$ 4,413,124	\$ 4,677,911	\$ 4,958,586	\$ 5,256,101	\$ 5,413,784	\$ 5,576,198
3 Special Assessments	300,000	300,000	300,000	300,000	300,000	300,000
4 Other Services	155,317	155,317	155,317	155,317	155,317	155,317
5 Total Operating Revenues	<u>\$ 4,868,441</u>	<u>\$ 5,133,228</u>	<u>\$ 5,413,903</u>	<u>\$ 5,711,418</u>	<u>\$ 5,869,101</u>	<u>\$ 6,031,514</u>
7 Operating Expenses - Enterprise Fund						
8 Water Purchases	8,702	9,138	9,594	10,074	10,578	11,107
9 Board Compensation	80,028	84,029	88,231	92,642	97,274	102,138
10 Professional Services	405,382	425,651	446,933	469,280	492,744	517,381
11 Salaries and Benefits - Enterprise	2,068,976	2,131,045	2,194,976	2,260,826	2,328,650	2,398,510
12 Services and Supplies - Enterprise	937,107	983,963	1,033,161	1,084,819	1,139,060	1,196,013
13 Rents and Leases	-	-	-	-	-	-
14 Utilities	381,264	400,327	420,343	441,361	463,429	486,600
15 Depreciation	1,298,292	1,363,207	1,941,743	1,953,913	1,977,750	2,007,022
16 Other	3,722	3,908	4,103	4,308	4,524	4,750
17 Total Operating Expenses	<u>\$ 5,183,473</u>	<u>\$ 5,401,267</u>	<u>\$ 6,139,085</u>	<u>\$ 6,317,223</u>	<u>\$ 6,514,009</u>	<u>\$ 6,723,520</u>
18						
19 Net Operational Income Water	<u>\$ (315,032)</u>	<u>\$ (268,039)</u>	<u>\$ (725,183)</u>	<u>\$ (605,805)</u>	<u>\$ (644,908)</u>	<u>\$ (692,006)</u>
20						
21 Operating Revenue and Expense - Government Fund						
22 Ordinary Income Government Funds	40,446	40,446	40,446	40,446	40,446	40,446
23 Ordinary Expense Government Funds	(533,305)	(559,970)	(587,969)	(617,367)	(648,236)	(680,647)
24 Net Operational Income Government	<u>\$ (492,859)</u>	<u>\$ (519,524)</u>	<u>\$ (547,522)</u>	<u>\$ (576,921)</u>	<u>\$ (607,789)</u>	<u>\$ (640,201)</u>
25						
26 Non-Operating Revenues (Expenses)						
27 Investment Earnings	35,598	36,666	37,766	38,899	40,066	41,268
28 Investment Expense	(426,861)	(439,866)	(424,830)	(409,300)	(393,262)	(376,698)
29 Property Taxes	459,974	473,773	487,986	502,626	517,704	533,236
30 Other Income Taxes, Penalties, etc	892,924	919,712	947,303	975,722	1,004,994	1,035,144
31 Other Income Grants, Solar Credits, etc	-	384,174	399,882	416,177	433,082	433,082
32 Connection Fees	148,448	157,354	166,796	176,803	182,107	187,571
33 Other Expense	(804,804)	(804,804)	(196,656)	(206,489)	(216,813)	(227,654)
34 Net Non-Operating Revenues (Expenses)	<u>\$ 305,278</u>	<u>\$ 727,009</u>	<u>\$ 1,418,247</u>	<u>\$ 1,494,438</u>	<u>\$ 1,567,878</u>	<u>\$ 1,625,948</u>
35						
36 Non-Operating Revenues (Expenses) - Government Fund						
37 Investment Earnings	20,191	20,797	21,421	22,063	22,725	23,407
38 Property Taxes	539,079	555,252	571,909	589,067	606,739	624,941
39 Other Income	28,633	28,633	28,633	28,633	28,633	28,633
40 Income Solid Waste	125,380	127,888	130,446	133,055	135,716	138,430
41 Other Expense	(1,958)	(2,055)	(2,158)	(2,266)	(2,379)	(2,498)
42 Net Non-Operating Revenues (Exp) Gvmt	<u>\$ 711,327</u>	<u>\$ 730,515</u>	<u>\$ 750,251</u>	<u>\$ 770,552</u>	<u>\$ 791,434</u>	<u>\$ 812,913</u>
43						
44 Net Income	<u><u>\$ 208,714</u></u>	<u><u>\$ 669,961</u></u>	<u><u>\$ 895,793</u></u>	<u><u>\$ 1,082,264</u></u>	<u><u>\$ 1,106,615</u></u>	<u><u>\$ 1,106,654</u></u>
45						
46 Depreciation Unfunded (40%)	\$ 563,367	\$ 545,283	\$ 776,697	\$ 781,565	\$ 791,100	\$ 802,809
47 Loan Principal Payments	(505,412)	(466,256)	(1,285,838)	(1,300,897)	(1,316,451)	(1,332,516)
48 Net Cash Avail for Projects/Reserves	<u>\$ 266,670</u>	<u>\$ 748,987</u>	<u>\$ 386,653</u>	<u>\$ 562,932</u>	<u>\$ 581,264</u>	<u>\$ 576,947</u>
Beginning Cash in Bank (1)	\$ 8,906,216	\$ 9,582,936	\$ 10,708,747	\$ 11,810,346	\$ 12,745,526	\$ 13,550,290
RESERVES	(5,381,639)	(4,876,039)	(7,822,859)	(8,471,479)	(9,190,099)	(9,941,329)
FUNDED DEPRECIATION (60%)	845,051	817,924	1,165,046	1,172,348	1,186,650	1,204,213
CIP PROJECTS	(350,000)	(356,100)	(365,100)	(715,100)	(878,150)	(668,100)
CAPITAL PURCHASES	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
CASH BALANCE = AVAILABLE CASH	<u>\$ 4,201,297</u>	<u>\$ 5,832,709</u>	<u>\$ 3,987,487</u>	<u>\$ 4,274,047</u>	<u>\$ 4,360,191</u>	<u>\$ 4,637,020</u>

NOTES:

(1) Beginning Cash in Bank (in Forecast Years = Cash Balance from Prior Year + Reserves Prior Year)

A: Depreciation changes based on the additional assets (CIP Projects) added in the prior year.

B: Based on average of reserve levels recommended by Directors + Assumes additional assets each year x .08 = additional reserves + reimbursement for reserve loans

C: From 10-year CIP Plan



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

STATISTICS AND TRENDS

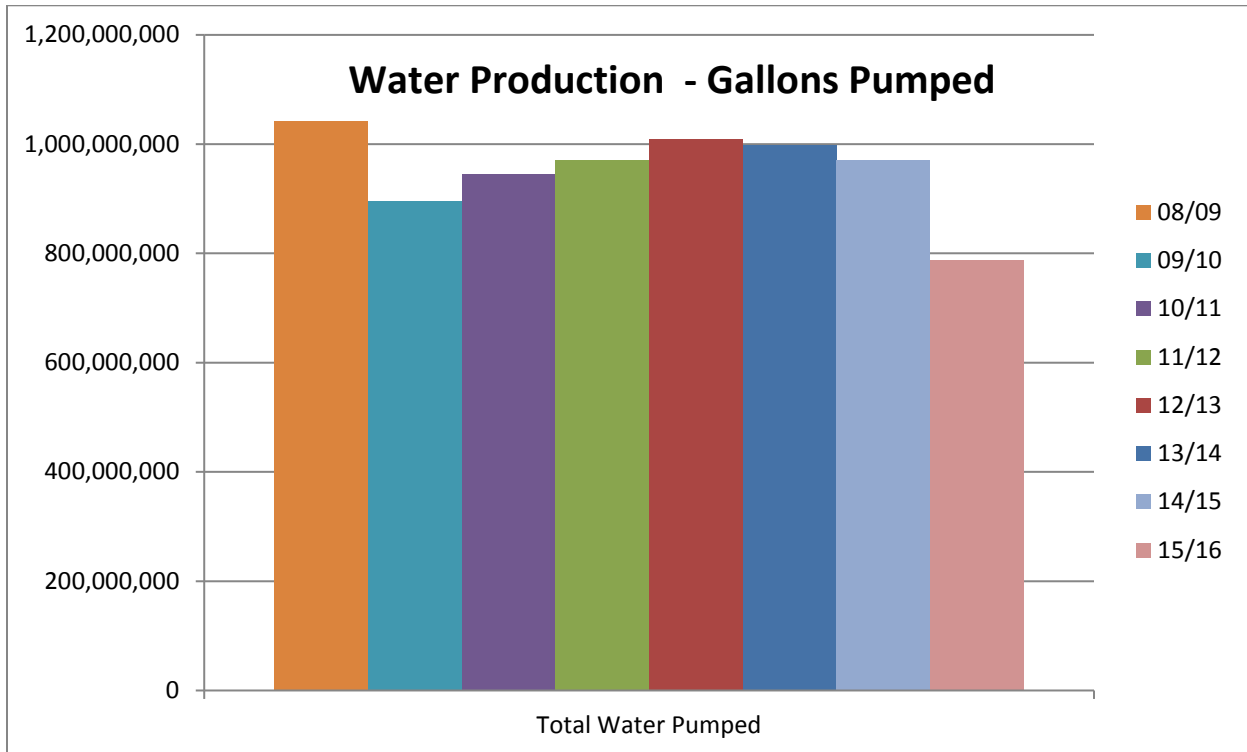
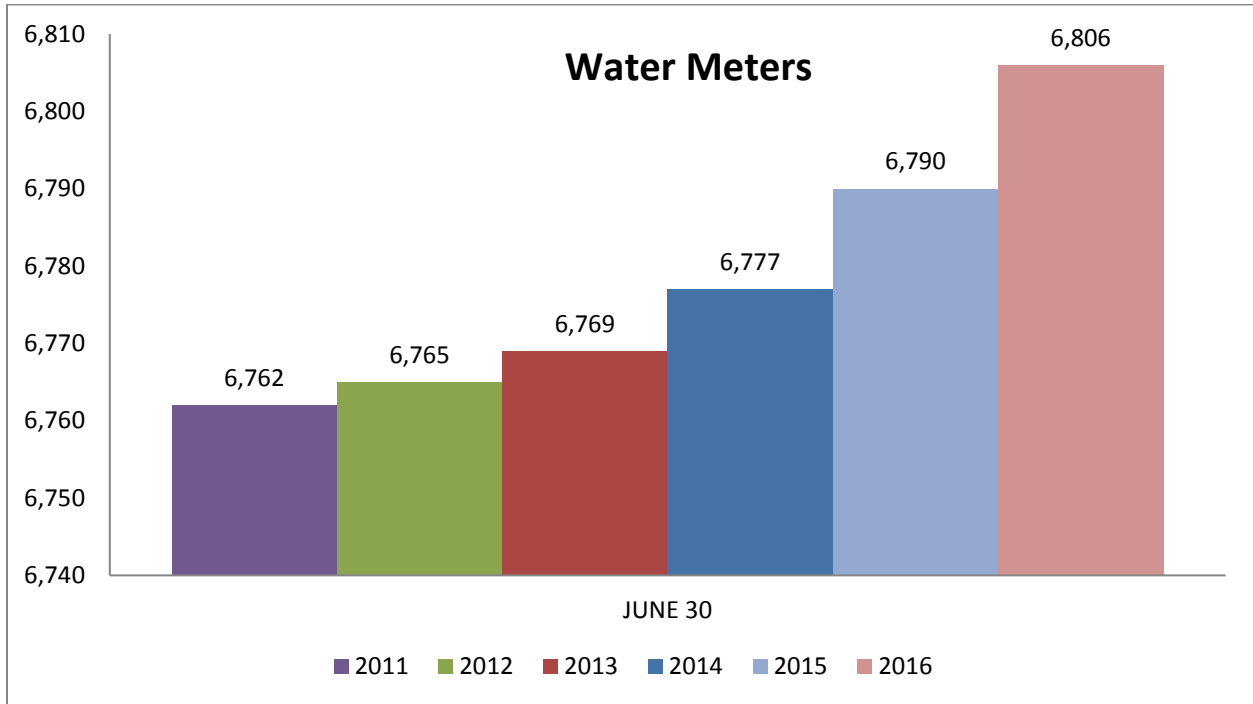
WATER SYSTEM STATISTICS AND HISTORICAL INFORMATION

NUMBER OF WATER CUSTOMERS as of 06/30/2015									
	Current Fiscal Year – 8* 06/30/2008	Current Fiscal Year – 7* 06/30/2009	Current Fiscal Year – 6* 06/30/2010	Current Fiscal Year – 5* 06/30/2011	Current Fiscal Year – 4* 06/30/2012	Current Fiscal Year – 3* 06/30/2013	Current Fiscal Year – 2* 06/30/2014	Current Fiscal Year – 1* 06/30/2015	Current Fiscal Year 06/30/2016
Residential	6,685	6,698	6,708	6,709	6,712	6,714	6,719	6,735	6,753
Commercial	50	50	50	50	50	51	51	51	49
Industrial						3	4	4	4
Other	2	2	2	2	2				
TOTAL	6,737	6,750	6,760	6,761	6,764	6,768	6,774	6,790	6,806

CURRENT AND HISTORICAL AVERAGE MONTHLY USER CHARGE PER RESIDENTIAL UNIT (includes minimum + 15 HCF of water for 3/4" meter)									
	Current Fiscal Year – 7* 06/30/2008	Current Fiscal Year – 7* 06/30/2009	Current Fiscal Year – 6* 06/30/2010	Current Fiscal Year – 5* 06/30/2011	Current Fiscal Year – 4* 06/30/2012	Current Fiscal Year – 3* 06/30/2013	Current Fiscal Year – 2* 06/30/2014	Current Fiscal Year – 1* 06/30/2015	Current Fiscal Year 06/30/2016
Residential Unit	41.76	41.76	41.76	41.76	41.76	41.69	45.95	48.96	60.81

TEN LARGEST SYSTEM USERS as of 06/30/2016					
User	Annual Usage	% of System Use	Gross Revenue s	% of System Revenues	Customer Class (Residential/Commercial/ Industrial/Other)
SNOWLINE JUSD	69,460	5.93%	\$168,679	4.00%	INSTITUTIONAL
KIRK RADEWALD	3,431	0.29%	\$8,700	0.21%	RESIDENTIAL
MYONG CHA (GRACE) PAK	3,296	0.28%	\$8,565	0.20%	RESIDENTIAL
SANG BUM CHANG	2,216	0.19%	\$5,574	0.13%	INDUSTRIAL/OTHER
DANIEL H PARK	1,961	0.17%	\$5,142	0.12%	RESIDENTIAL
JANICE CHUNG	1,954	0.17%	\$5,496	0.13%	RESIDENTIAL
JEONG JA YEO	1,915	0.16%	\$4,994	0.12%	RESIDENTIAL
JINA JUNG LUNDQUIST	1,865	0.16%	\$4,592	0.11%	RESIDENTIAL
HAE LI LEE	1,756	0.15%	\$4,591	0.11%	RESIDENTIAL
JOHN R & MARTHA J BROWNE	1,707	0.15%	\$4,227	0.10%	RESIDENTIAL
TOTAL	89,561	7.65%	\$220,561	5.23%	

HISTORICAL METERS IN GROUND AND PRODUCTION



HISTORICAL AND FUTURE (PENDING BOARD REVIEW) WATER RATES

	Water Rates Approved February 20, 2013				Water Rates - Approved January 20, 2016				
	Effective 03/01/2013*	Effective 01/01/2014	Effective 01/01/2015**	Effective 01/01/2016	Effective 02/01/2016	Effective 07/01/2016	Effective 07/01/2017	Effective 07/01/2018	Effective 07/01/2019
FIXED CHARGE PER METER	Bi-Monthly				Monthly				
Meter Size									
3/4"	\$31.37	\$33.75	\$35.77	\$18.96	\$18.96	\$16.97	\$17.90	\$18.16	\$19.16
1"	\$41.65	\$44.81	\$47.49	\$25.17	\$29.22	\$25.91	\$27.46	\$27.89	\$29.56
1 1/2"	\$67.35	\$72.45	\$76.80	\$40.70	\$54.87	\$48.24	\$51.34	\$52.21	\$55.54
2"	\$98.19	\$105.63	\$111.97	\$59.34	\$85.65	\$75.04	\$80.00	\$81.39	\$86.72
3"	\$170.14	\$183.05	\$194.03	\$102.83	\$157.47	\$137.57	\$146.87	\$149.47	\$159.47
4"	\$272.94	\$293.64	\$311.26	\$164.96	\$260.07	\$226.91	\$242.41	\$246.74	\$263.41
CHROMIUM 6 SURCHARGE	N/A	N/A	N/A	N/A	N/A	\$9.71	\$9.71	\$12.12	\$12.19
CONSUMPTION									
Residential									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$2.50	\$2.22	\$2.35	\$2.39	\$2.53
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.95	\$3.51	\$3.71	\$3.77	\$4.00
Commercial									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$2.99	\$2.65	\$2.81	\$2.85	\$3.02
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$2.99	\$2.65	\$2.81	\$2.85	\$3.02
School									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.17	\$2.82	\$2.98	\$2.03	\$3.21
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.17	\$2.82	\$2.98	\$3.03	\$3.21
Construction									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.96	\$3.51	\$3.72	\$3.78	\$4.00
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.96	\$3.51	\$3.72	\$3.78	\$4.00
Fire									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.23	\$2.87	\$3.03	\$3.08	\$3.26
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.23	\$2.87	\$3.03	\$3.08	\$3.26

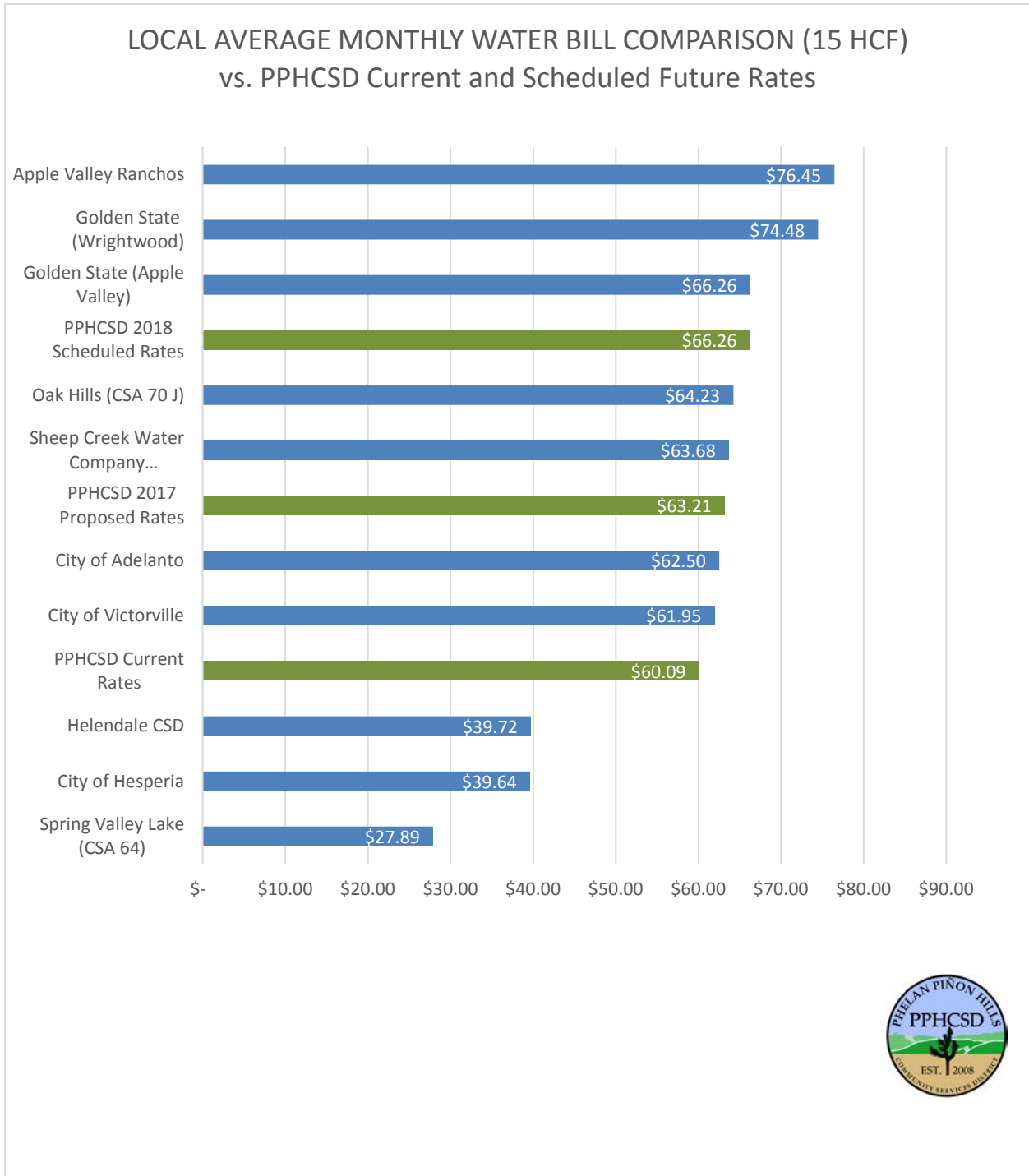
Tier 1 = 0 to 12 units Tier 2 = 12 plus units

The Chromium 6 Surcharge is to pay for Chromium 6 related costs, including debt service on an estimated \$17 million dollar loan.

*In 2012 the District conducted its first water rate study. The rates went into effect March 1, 2013.

**July 1, 2015 the District converted to monthly billing. The above rates were divided by 2 for monthly billing.

WATER BILL COMPARISON TO LOCAL WATER PROVIDERS



Average monthly bill for ¾" meter and 15 HCF (748 gallons per hundred cubic foot) water usage.





PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

GLOSSARY OF ACRONYMS
AND TERMS

GLOSSARY OF ACRONYMS

AF	Acre-Foot (of water)
CaIPERS	California Employees Public Retirement System
CIP	Capital Improvement Program
CPI	Consumer Price Index
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GIS	Geographic Information System
GFOA	Governmental Finance Officers of America
HCF	Hundred Cubic Feet (of water)
SCADA	Supervisory Control and Data Acquisition System

GLOSSARY OF TERMS

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.

Accrual Basis of Accounting - The accounting basis used by Phelan Piñon Hills Community Services District under which transactions are recognized when they occur, regardless of the timing of cash receipts and disbursements.

Acre-foot (AF) 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.

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

Appropriation - An authorization granted by a legislative body to incur obligations and to make expenditures for specific purposes. This is usually time sensitive and must be used by a specific deadline.

Assets - Resources owned or controlled by the District with the expectation that it will provide future benefit. District assets include cash, receivables, inventory, water rights, and utility infrastructure.

Audit - An examination of the books and records of Phelan Piñon Hills Community Services District to determine financial status and results of operations (excess or loss).

Board of Directors - The Phelan Piñon Hills Community Services District is governed by a Board, the members of which are elected by the voters within the District boundaries. The Board sets policy and provides overall leadership for Phelan Piñon Hills Community Services District including the mission, goals, priorities, and resource allocation.

Budget - A balanced financial plan for a given period of time, which includes appropriations and revenues which finance the various District funds. The District's budget is considered to be a spending plan and a policy guide.

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.

CalPERS - California Employees Public Retirement System.

Capital Assets - Physical assets used in operations that have initial useful lives of more than one year. District capital assets include land, buildings, improvements, vehicles, equipment, and infrastructure.

Capital Contributions - Amounts received that are often restricted for building or purchasing capital assets, or the receipt of an actual capital asset.

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.

Capital Improvement Program (CIP) - A long range construction plan to be incurred each year over a number of years to meet the capital needs of the Phelan Piñon Hills Community Services District for the benefit of the community as a whole.

Capital Improvement Projects - Projects related to the construction, acquisition, and renovation of capital assets.

Capital Project - Major construction, acquisition, or renovation which increases the useful life of the District's assets or adds to the value of physical assets.

Cash - Legal tender held in bank accounts and marketable securities. Cash as reported on the balance sheet may also include assets that can be converted into cash immediately.

Change in Fund Balance - The increase or decrease from year to year in cash for a specific fund.

Change in Net Assets - The increase or decrease from year to year in Net Assets which are the sum total of assets less liabilities plus the change in the Statement of Revenues, Expenses and Changes in Net Assets.

Charges for Services - Fees and other charges to the users or recipients of goods and services the District provides, such as water service.

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).

Debt Service - The payment of interest and principal on amounts borrowed.

Enterprise Fund - A type of fund that separately accounts for goods and services provided by the District, generally on a user-charge basis. The District has a Water Enterprise.

Expenditures - The outflow of cash, a promise to pay, or other financial resources in return for goods and services that have been received.

Expense - The recognition on the Statement of Revenues, Expenses and Changes in Net Assets of a use of resources. Expenses may not match expenditures due to the accrual basis of accounting utilized by the District.

Financial Statement - A set of summary documents which pertain to financial information that consist of the following: Balance Sheet, Schedule of Revenues and Expenses, Statement of Cash Flows, and, in the District's case, various supplements, schedules, etc.

Fiscal Year - The typical period covered by an agency's budget and financial statements. The District operates on the 12-month fiscal year beginning July 1st and ending June 30th of every year.

Fixed Asset - An item of long term character and/or of a significant set value. These include buildings, vehicles, certain office equipment, etc.

Fund - A fiscal and accounting entity created by an agency for the purpose of tracking the finances of a particular activity or group of activities.

Fund Balance - Cash remaining after expenditures (including debt payments, capital expenditures and changes in working capital) are subtracted from receipts.

Generally Accepted Accounting Principles (GAAP) - Uniform minimum standards for guidelines for external financial accounting including the reporting of financial statements. GAAP encompasses the conventions, rules, and procedures that define accepted accounting principles. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

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.

Government Fund - A type of fund that separately accounts for goods and services provided by the District, generally on a user-charge basis. The District has Parks and Recreation, Street Lighting, and Solid Waste activities that are in the Government Fund.

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.

Hundred Cubic Feet (HCF) - The unit measure that is used for water billing purposes. 1 HCF = Approximately 748 gallons.

Infrastructure - Especially long-lasting capital assets that are stationary, can be preserved for significantly greater periods than most capital assets, and typically are part of a large system of assets, such as water mains and sewers.

Interest Expense - The cost of using borrowed money; it is typically a percentage of principal. Interest costs paid by the Phelan Piñon Hills Community Services District on interest and debt service.

Interest Income - Income received by the District from cash and investments.

Maintenance - Activities that keep assets in good working order, but do not significantly increase the capacity or life of an asset.

Meter - An instrument of measuring the flow of water and providing service to an account.

Net Change in Cash - The remainder after expenditures (including debt payments, fund transfers, capital expenditures and changes in working capital) are subtracted from receipts; a positive number indicates an increase in cash, while a negative number indicates a decrease in cash.

Net Revenue - Revenue less expenses for the purpose of calculating the District's Pledged Revenue Coverage. This calculation does not include depreciation, amortization or interest expense related to external debt.

Non-Operational Expense - Expenses that are not attributed to operations, such as loan fees, interest expense, etc.

Non-Operational Revenue - Revenues that are not a result of revenue received for service provided or facilities utilized, such as interest income.

Operating Expenses (or Expenditures) - The costs of producing and providing goods and services. Electricity to pump water out of the ground, wages for personnel operating the system, fuel for vehicles assisting with customer accounts, etc.

Operating Revenues (or Receipts) - Fees and charges generated by the production and provision of goods and services to customers of the District. Water, community center rental fees, etc.

Operational Expenses - Same as Operating Expenses (or Expenditures) above.

Operational Revenue - Same as Operating Revenues (or Receipts) above.

Pledged Revenue Coverage - The ratio of net revenue to annual debt service. The District's debt obligations require that the District maintain at least a 1.10 ratio. New debt requires a 1.15 to 1.20 ratio.

Policy - Statement of principle or of guiding actions that imply clear commitment. Directional orders that set forth guidelines to meet goals and objectives.

Principal – The original amount borrowed, or the amount remaining after payments are made, for bonds, loans, or other debt instrument.

Property Taxes - The District receives approximately 7% (7 cents of each dollar) of the 1% property tax levied against parcels of land within the Phelan Piñon Hills Community Services District.

Proposition 218 (aka Prop 218) - The legislation that was approved by California voters, in November of 1996 (now Articles XIII C and D of the California Constitution), that mandated certain rules, notification requirements, and protest hearings take place in order to implement or change taxes, assessments, and certain rates and fees. For the Phelan Piñon Hills Community Services District, it set forth certain notification and protest hearing requirements in order to change water rates. The District exceeded these requirements in 2012 and 2013, when the District established multi-year rate changes after an extensive water rate study, multiple public meetings, multiple notices, and a protest hearing in February 2013.

Recreation Fees - Revenue received from day use and special events within the Parks & Recreation District.

Reserve - Amount in a fund used to meet cash requirements, emergency expenditures or other future defined requirements.

Reserve Balance - Current balance of specific funds that are set aside for future purposes and therefore cannot or should not be appropriated for general uses.

Resolution - Special or temporary order of a legislative body requiring less formality than a statute or ordinance.

Revenue - Income received to finance the operations of the Phelan Piñon Hills Community Services District.

Salary & Benefits - Salary and wage expenses paid by the District to employees for regular pay, sick pay, vacation pay, holiday pay, safety pay, overtime pay, and other miscellaneous pay. Benefits include payroll taxes (such as Medicare), workers compensation, group insurance (such as medical, dental, vision, and disability insurance) and retirement (such as CalPers). This section also includes temporary, seasonal, and part time pay expenses. Note: The District does not participate in Social Security for employees who are members of CalPers.

Services & Supplies - Accounts established that cover expenditures for most operating costs for departments and their programs.

Special District - Independent unit of local government organized to perform special & specific functions.

Supervisory Control and Data Acquisition System (SCADA) - The computer system that collects data, processes the data and allows operating personnel to take corrective actions. For the District, this system is used to track and monitor well activity, tank levels.

Useful Life - Period during which a capital asset is expected to be usable for District operations.

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 to obtain a source of water, to monitor ground water quality or to determine the position of the water table.