



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

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

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

**2017 / 2018 Budget
For Fiscal Year Ending
June 30, 2018**

Adopted June 7, 2017



2017 / 2018 Budget
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COMMUNITY SERVICES DISTRICT

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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, 2016. 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, 2016. 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 2017/2018 budget continues to conform to the standards set forth to be eligible for this award and will submit an application accordingly.

RESOLUTION NO. 2017-07 ADOPTING THE ANNUAL BUDGET

RESOLUTION NO. 2017-07 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, 2018

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, 2018 (“2018 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 2018 Budget; and

WHEREAS, on June 7, 2017, 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 2018 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 2018 Budget, as detailed in the budget document entitled “2017/2018 Budget for the Fiscal Year Ending June 30, 2018,” is hereby adopted. A copy of the 2018 Budget is attached hereto and incorporated herein by reference.

2. The expenditure amounts designated for Fiscal Year 2017/2018, pursuant to the 2018 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 7TH day of June, 2017.

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

Cathy Pace
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 7, 2017

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 2017/2018. 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 2017/2018 are:

- Continued impacts of state mandated water conservation measures. Executive Order B-29-15 and subsequent mandates resulted in increased expenses of the District and reduced water sales resulting from conservation programs. Executive Order B-37-16 and Senate Bill 555 further specify and evolve conservation requirements and consequences of non-compliance, "making water conservation a California way of life." As a result, the District conducted a water rate study and water rates were adopted to meet the impacts to the District. Additional costs, such as monthly billing, monthly reporting, etc., associated with the mandates are now part of the normal cost of doing business. Revenues from water consumption will have a new normal as a result of conservation. These impacts will continue to be reviewed 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. This order was extended several times. 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 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 then ordered conservation efforts be accomplished based on a plan created by the District and approved by the state. This plan reduced the required conservation levels, however the District will need continue water conservation efforts in order to meet current mandates outlined in executive order B-37-16 and Senate Bill 555. 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 as a result of continued conservation efforts, making conservation a way of life.

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. This amount will be reduced 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 nine 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 14% in 2014, increased by 5% in 2015, and is expected to increase by another 5% in 2017 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 2017/2018 Budget is based on Enterprise Fund revenues of \$6,847,827 and Government Fund revenues of \$883,662, totaling \$7,731,489; Enterprise Fund expenses of \$6,443,735, and Government Fund expenses of \$594,113, totaling \$7,037,848; for a total net revenue of \$693,641.

Enterprise Revenue is estimated to increase overall due to water rate changes, which were implemented to offset the cost of state mandated conservation measures and the Chromium-6 mitigation. The largest impact to water expenses is repair and maintenance due to anticipated repair and maintenance on wells and replacement of meters. The District is anticipating an increase in Edison costs of 5%, however, the solar credits help to offset the cost of electricity, resulting in an 8% reduction in water utility expenses. Overall, there is a 3% increase in water operational expenditures.

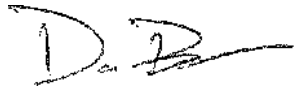
Government Revenue is estimated to increase slightly as a result of a reduction in the transfer of funds to the Enterprise Fund. Solid Waste is expected to remain level. There is an increase in revenue due to increased property tax revenue resulting from increased property values. Government Expenses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

	2017 Budget	2017 Est YE	2018 Budget	% Over Prior Year Budget	% Over Est Year End
Enterprise (Water) Revenue	\$6,423,077	\$6,735,735	\$6,847,827	6.6%	1.7%
Enterprise (Water) Expenses	\$6,415,138	\$6,288,019	\$6,443,735	0.4%	2.5%
	\$7,939	\$447,716	\$404,092		
Government Revenue	\$736,038	\$797,091	\$883,662	20.1%	10.9%
Government Expenses	\$535,263	\$558,528	\$594,113	11.0%	6.4%
	\$200,775	\$238,563	\$289,549		
Total Revenue	\$7,159,114	\$7,532,826	\$7,731,489	8.0%	2.6%
Total Expenses	\$6,950,400	\$6,846,547	\$7,037,848	1.3%	2.8%
Total Net Revenue	\$208,714	\$686,279	\$693,641		

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
Cathy Pace	President	2018
Mark Roberts	Vice President	2020
Alex Brandon	Director	2020
Al Morrissette	Director	2018
Dan Whalen	Director	2018

Note: Effective May 23, 2017, the election dates (and Directors terms) changed from odd years to even years as a result of SB415. County of San Bernardino Board of Supervisors voted to approve the change of election years in compliance with SB415 and in response to the District's resolution #2016-15.

DISTRICT MANAGEMENT

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

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

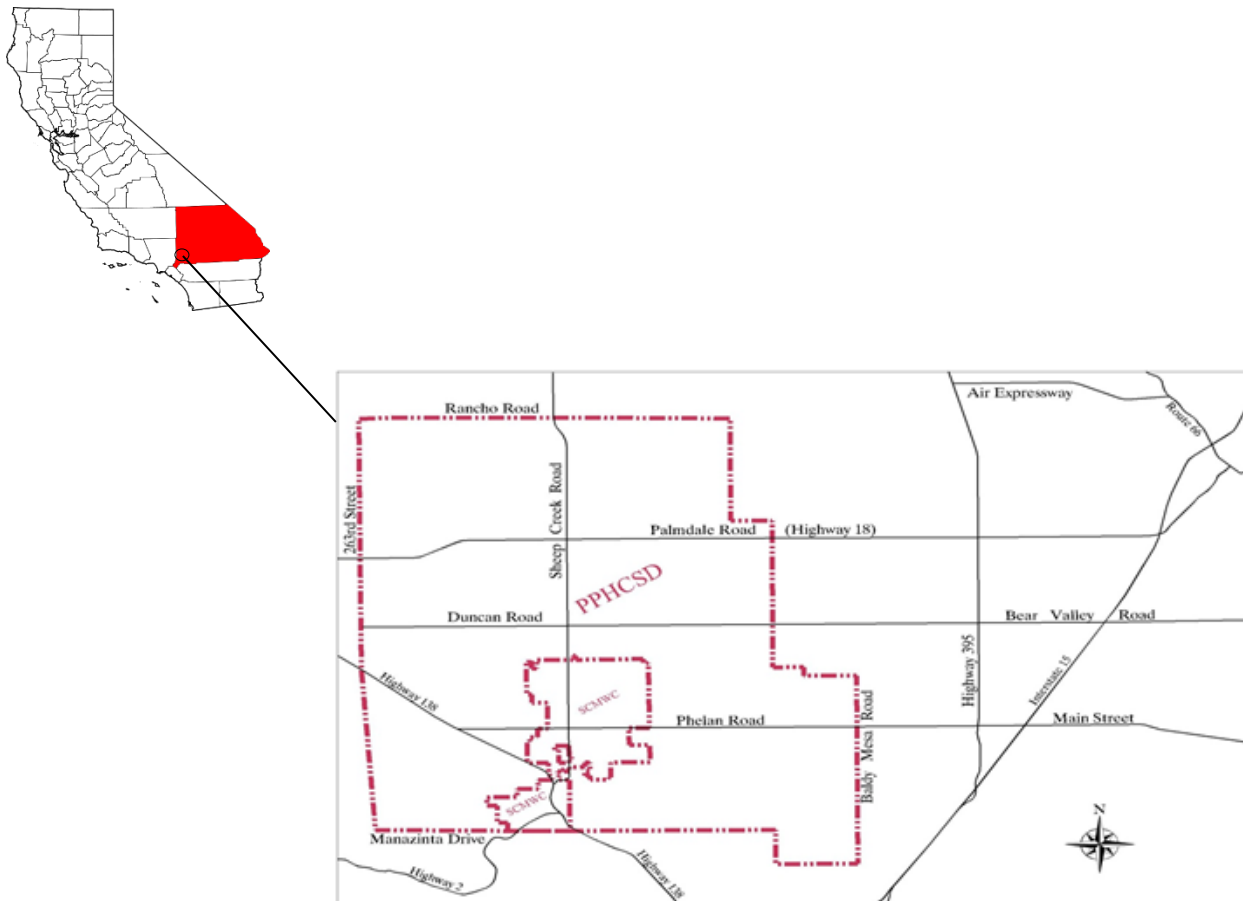
DISTRICT PROFILE

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.

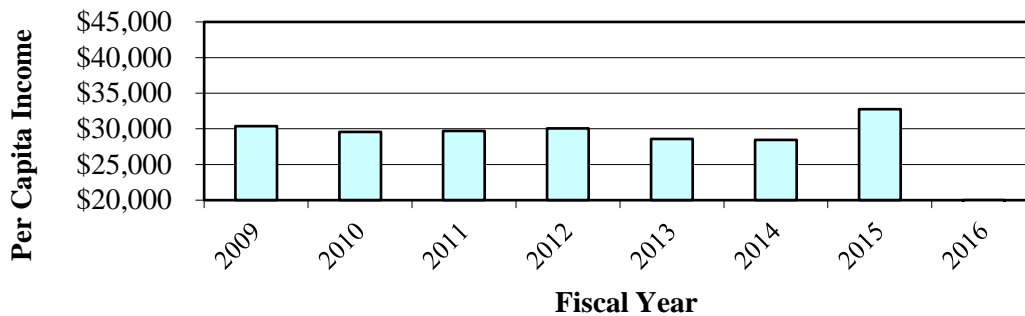
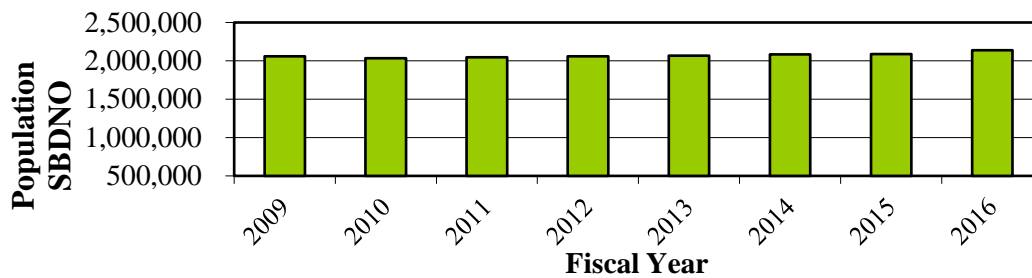
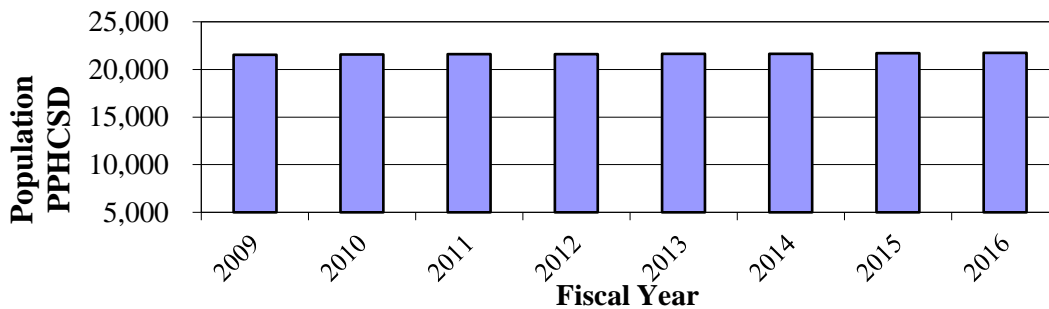


Demographic and Economic Statistics

Demographics and Economic Statistics Last Eight 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
2016	21,743	6.2%	2,140,096	*	*



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.

*Data not available.

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, formerly during odd years, effective 2017 (per SB415) changed to even year election cycles. 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, Solid Waste and Recycling, Government Affairs, and Finance. These meetings are open to the public whom are encouraged to attend.

Resolution 2017-04, 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-three full-time, four part-time employees and one outside contractor. 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 and Recycling

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)	6,809

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	3,437
Number of Commercial Customers	159

Misc. Statistical Information

Population	24,164
Service Area	128 square miles
Employees	22 Full Time, 5 Part Time
Enterprise Fund Budget	\$6,443,735
Government Fund Budget	\$ 594,113
Capital Budget – Funded with PPHCSD funds	\$ 299,000
Capital Budget – Funded w/loans, grants, etc.	\$4,116,000

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 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. The Public is invited to all of these sessions and encouraged to attend.

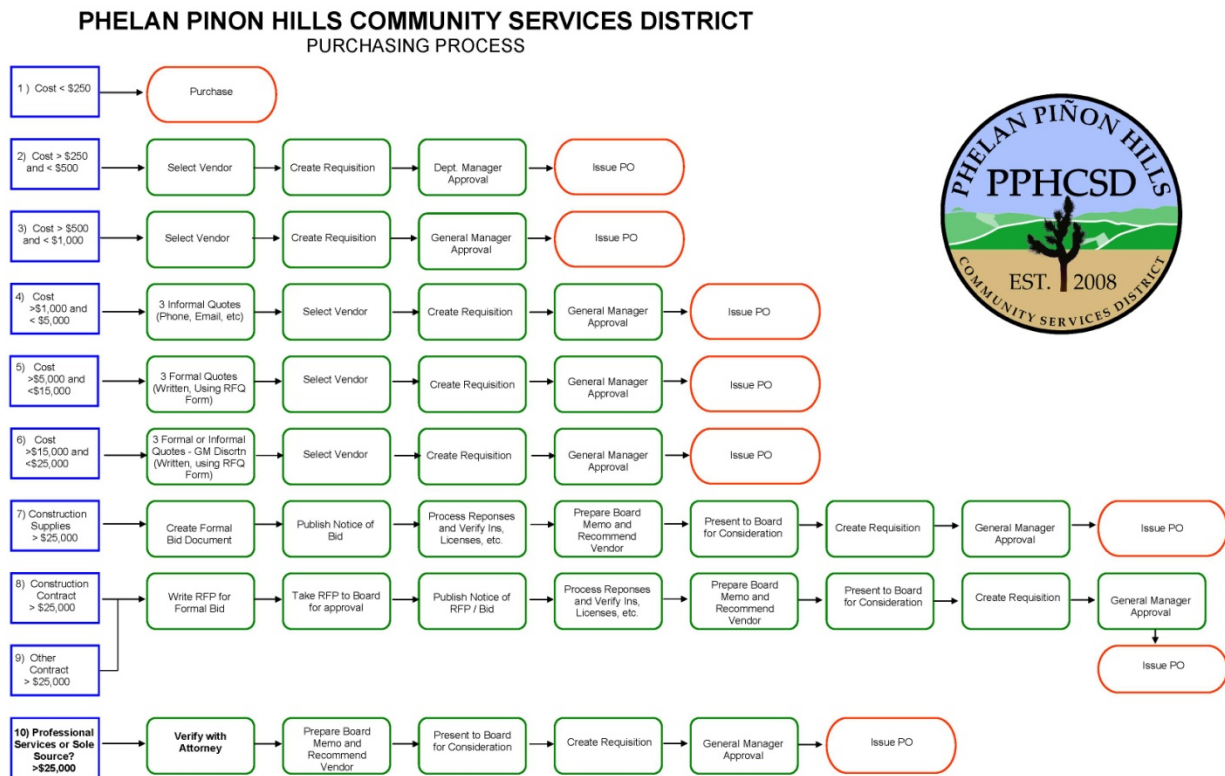
Date/Location	Time	Public Meeting
March 1, 2017 Wednesday Phelan Community Center	4:00 PM	Special Board Workshop preceding Regular Board Meeting - Review of committee proposed 10-year CIP and maintenance plans and discussion of District goals for 2017-2018
March 1, 2017 Wednesday Phelan Community Center	6:00 PM	Regular Board Meeting - Board to consider approval of revised 10-year CIP and Maintenance Plans
March 15, 2017 Wednesday Phelan Community Center	4:00 PM	Special Board Workshop - Board develops, reviews and considers budget assumptions
March 15, 2017 Tuesday Phelan Community Center	6:00 PM	Regular Board Meeting - Board makes determination for budget assumptions
March 28, 2017 Tuesday Conference Room at District Office	2:30 PM	Special Finance Committee - Review Draft Budget
April 12, 2017 Wednesday Phelan Community Center	5:00 PM	Special Board Workshop - Review draft budget
May 17, 2017 Wednesday Phelan Community Center	6:00 PM	Regular Board Meeting - Review final draft budget (NOTE: This meeting was tentatively set as a special meeting on May 10, 2017. The meeting of April 12 determined a special meeting was not necessary and the item was placed on this regular agenda).
June 7, 2017 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 workshop(s), public meeting(s), and 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 and the operational and capital budgets remain 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 addressed in the District's Budget Policy, Resolution No. 2017-05, section 1122.09, where it states that the General Manager can go over or be under budget on a line item basis, with explanation, as authorized in the District Purchasing Policy, provided it does not impact the overall Budget. 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 procedure 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.



The Board reviews the budget verses actual revenues and expenses at the committee level on a monthly basis and financials are also presented to the Board on a quarterly 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 and Recycling.

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.

The Chromium-6 mitigation project was implemented in response to requirements by the State of California which lowered the acceptable levels of Chromium-6 that can be detected in drinking water. While the levels found in the District's water supply (at certain sources) remain significantly below the federal standards and the former state standards, it slightly exceeds the new state standards. After significant review and consideration, it was determined that blending the District's water with water from a new source would meet the mandated water quality standards. The cost of the facilities that would enable blending is projected to be \$17 million dollars. The District is seeking grants and low interests loans to help reduce the impact to the customers.

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.

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 as growth occurs. 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.

District Strategic Plan

The District is in the process of developing its first District wide Strategic Plan. The plan is being developed by BHI Management Consulting. BHI has been meeting with the Board of Directors, management, staff, and the public, to bring forth a comprehensive plan that will help to focus development of the District.

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:

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

Budget Policy - Resolution 2017-05

The first budget policy was approved April 5, 2017. The Board's goal was to formally document the budget goals and practices. The budget policy addresses legal requirements, balanced budget definition and goals, periodic reporting requirements, and revenue, expense and capital expenditure assumption guidelines.

Investment Policy - Resolution 2015-24

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.

Purchasing Policy - Resolution 2015-22

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

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 has 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.

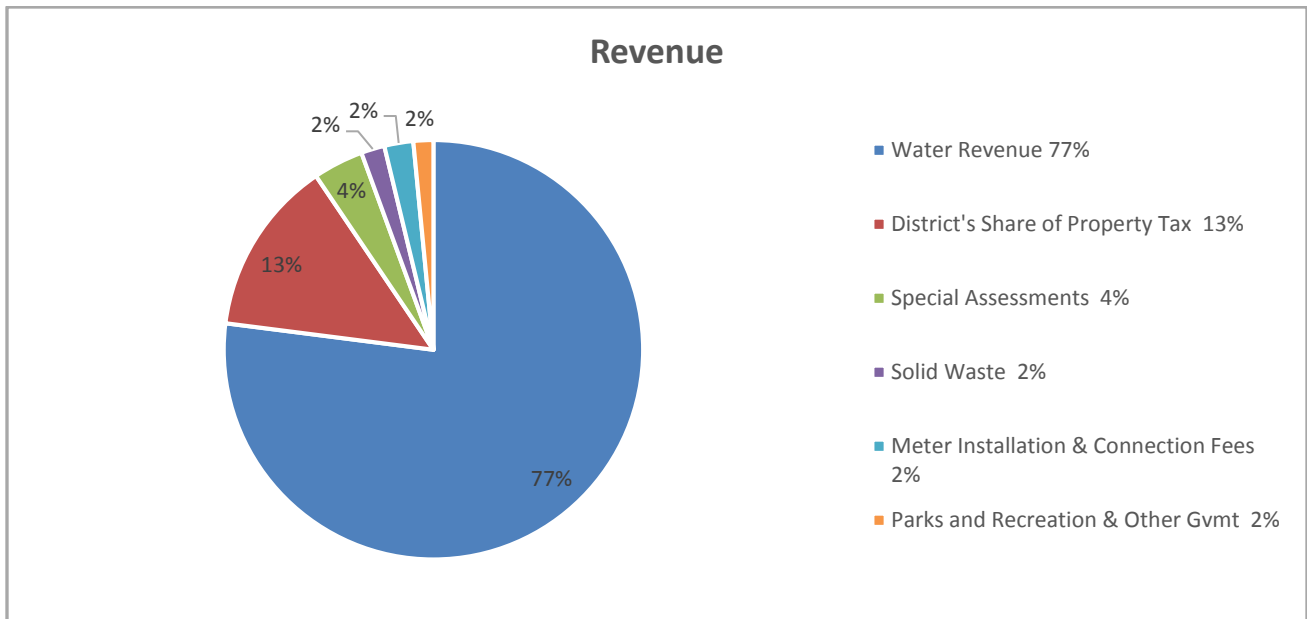
Revenue Policy - Resolution 2016-07

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.

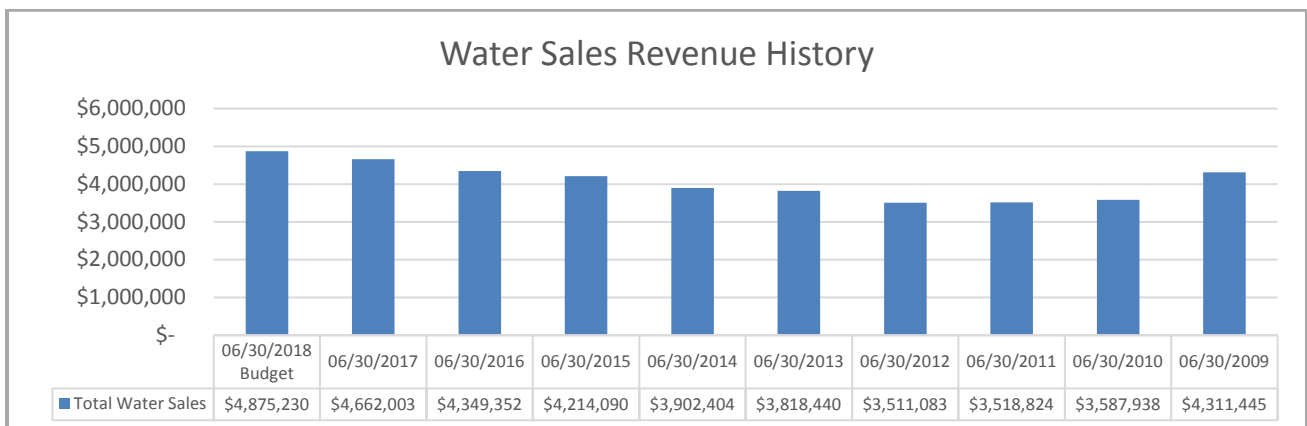
Revenue received by the District shall be utilized in accordance with this policy. Revenue received for specific funds within the District shall be utilized for expenses and obligations incurred by that fund. Revenue received into the Governmental Fund will be distributed in accordance with the Budget 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. The basis for budgeted water revenue is a 6% increase that is scheduled. The basis for property tax revenue budgeted is as reported from the County for the coming year.



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 6,829 meters to approximately 24,160 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.

Beginning on 07/01/18 (or when the Chromium 6 project is added to the system) the surcharge is approved and scheduled to increase to cover the increased operational expenses of the additional operating assets.

The Rate Study is available online. For additional information on the rate structure and the components driving the rate changes, please refer to this study at www.pphcsd.org.

Property Tax Revenue (13% 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 2012: 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. Annual property tax allocation is provided by the County Auditor/Controller/Treasurer/Tax Collector each January. Net Agency Valuations are available on the County website under Property Tax Publications.



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 (2% 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.

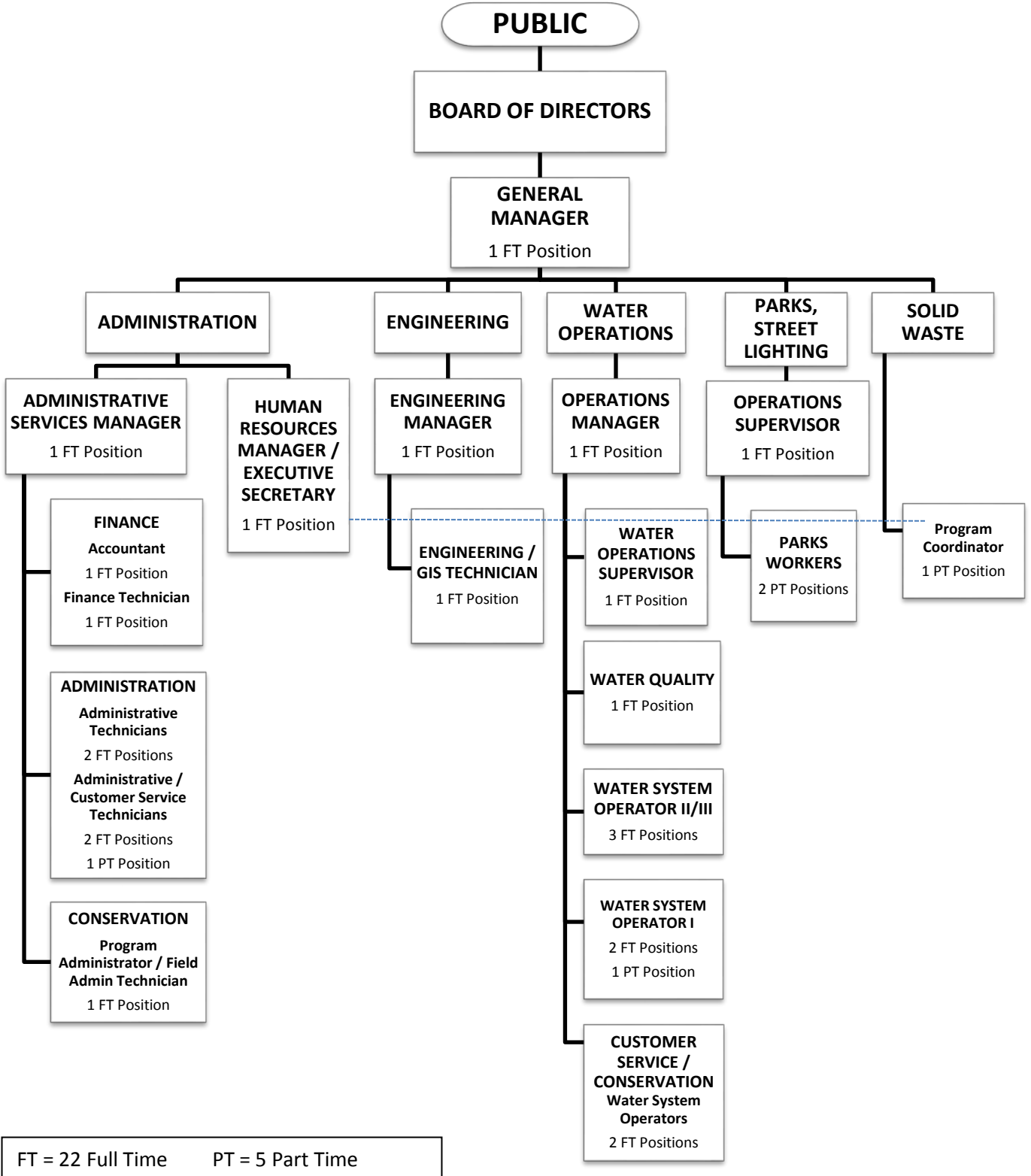
Parks and Recreation Revenue (2% of total revenue) – Fees charged for various program participation (classes, etc.), facility rental (community center rental fees, etc.), and other fees and charges for programs and events sponsored by the Parks and Recreation department (such as the Farmers Market and Senior Lunches).



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

DEPARTMENTAL **PRESENTATIONS**

ORGANIZATIONAL CHART



FT = 22 Full Time PT = 5 Part Time

STAFFING LEVELS AND SUMMARY OF PERSONNEL

Fiscal Year Ending	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Manager	1	1	1	1	1	1	1	1	1	1
ADMINISTRATION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administrative Services Manager	1	1	1	1	1	1	1	1	1	1
Human Resources Manager/Executive Secretary	1	1	1	1	1	1	1	1	1	1
Admin. & Customer Service Staff	4	4	3	3	3	3	3	5	5	5
Finance Staff	1	1	2	2	2	2	2	2	2	2
TOTAL	7	7	7	7	7	7	7	9	9	9
ENGINEERING	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Engineering Manager	1	1	1	1	1	1	1	1	1	1
GIS/CAD (Outside Contractor)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1	1	1
TOTAL	1	1	1	1	1	1	1	2	2	2
WATER OPERATIONS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water Operations Manager	1	1	1	1	1	1	1	1	1	1
Water Quality Specialist							1	1	1	1
Water Operations Supervisor Conservation Program Administrator*/Water Operations Administration	2	2	2	2	2	2	2	1	1	1
Water Operators	6	6	6	6	6	6	6	8	8	8
TOTAL	9	9	9	9	9	9	10	12	12	12
PARKS AND RECREATION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Park Supervisor	1	1	1	1	1	1	1	1	1	1
Park Workers - part time	2	2	2	2	2	2	2	2	2	2
TOTAL	3	3	3	3	3	3	3	3	3	3
STREET LIGHTING	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Street Light Staff	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0
SOLID WASTE	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Solid Waste Staff (Outside Contractor)	0	0	0	0	0	(1)	(1)	(1)	(1)	(1)
TOTAL	0	0	0	0	0	0	0	0	0	0
TOTAL STAFF	21	21	21	21	21	21	22	27	27	27

In 2015/16 the District added 1 full time and 1 part time staff in administration to accommodate monthly billing + 2 part time water operations staff for conservation enforcement (as per the state mandate).

In 2017/2018 one part time position is budgeted to be converted to full time to accommodate additional field work for monthly billing, disconnects and leak detection.

EMPLOYEE COMPENSATION AND BENEFITS

Compensation

With the exception of the General Manager, who is under contract with the District, employees are compensated based on the salary ranges established by the District. Salary ranges are adjusted each year based on the Cost of Living rate. Employees do not receive increases for Cost of Living; the only increases they receive is based on performance based merit within the parameters established by the Board during the budget process.

The Employee Personnel Manual, addresses Salary Ranges, Cost of Living and Merit as follows:

Section 3.7 Salary Ranges - The District has established pay ranges for the various job classifications of employees. In doing this, several factors were considered, including: the prevailing rates for similar positions in other water districts; the level of responsibility, technical qualifications, and the relative degree of interaction/decision making. Salary ranges are guidelines for budgetary purposes only and may not be adhered to strictly. Employees will be placed in their salary ranges according to their education, experience, and performance. In some cases, employees may be paid at a rate below the listed salary range for their job classification.

Section 3.7.1 Cost of Living Adjustment (COLA) - It is the intent of the District to keep salary ranges at pace with inflation. The Consumer Price Index (CPI) for all urban consumers within Los Angeles, Riverside and Orange County is used as a guideline. The December to December time frame for the prior year establishes the Cost of Living (COLA) rate each year. Salary ranges are adjusted accordingly, effective July 1st, and reflect the updated amount from the second step to the maximum salary for each position within the District. The first step shall remain frozen until the Board decides otherwise. This adjustment provides a greater range within which the General Manager and Department Managers/Supervisors have authority, with approval of the General Manager, to increase individual salaries based on merit.

Section 3.7.2 Salary increases are only the result of merit increases or promotion. Merit is based on employees' performance evaluations. The allowable percentage for increases will be approved during the budget process.

Benefits

Retirement – The District contracts with CalPERS for employee retirement. There are three tiers: Classic Tier 1, Classic Tier 2 and PEPR. The District does not participate in Social Security.

Medical, Dental, Vision Insurance – The District contributes up to \$1,125 per month per employee for Medical, Dental, and Vision insurance premiums contracted through the Districts insurance providers.

Life Insurance – The District provides life insurance in an amount equal to the employee's annual salary.

Disability Insurance – The District provides State Disability Insurance and Long Term Disability Insurance.

Tuition Reimbursement – The District provides reimbursement for authorized educational expenses.

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 2016/2017	Annual Quantity 2015/2016	Annual Quantity 2014/2015
Payments			
Cash	10,558	10,171	5,155
Check	11,489	10,187	6,938
Credit Cards	3,205	2,958	2,480
Mail	28,831	31,769	16,938
Online	15,792	14,474	8,697
TOTAL	69,875	69,559	40,208

Payments Received and Processed	Annual Quantity 2016/2017	Annual Quantity 2015/2016	Annual Quantity 2014/2015
Water	69,575	69,312	39,993
Parks & Rec. (Rentals, Classes, etc.)	300	269	210
TOTAL	69,875	69,559	40,208

Customer Service Other Activities	Annual Quantity 2016/2017	Annual Quantity 2015/2016	Annual Quantity 2014/2015
Service Orders Processed	5,706	5,324	4,342
Assisted Customers at Counter	25,252	23,316	14,573

Accounting Activities	Annual Quantity 2016/2017	Annual Quantity 2015/2016	Annual Quantity 2014/2015
Checks Processed	3,030	2,405	2,510
Accounts Payable Transactions	16,182	18,912	16,625
Payroll Transactions	2,832	3,175	2,815
Journal Entries Transactions	2,490	2,337	2,489
Fixed Asset Transactions	254	282	303
Inventory Transactions	2,648	1,788	2,183
Water Bills Processed	82,139	82,043	41,207
Monthly Invoices Processed	184	173	144

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 2016/2017:

- 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 85% of scanning of customer service files into Tyler system
- Began processes to implement mobile computing for service orders
- Updated policies and procedures
- Completed District Rules and Regulations
- Developed water conservation programs
- Developed and implemented active leak detection program
- Implemented Tyler Employee Self Service System (Timesheets)
- Continued cross-training program
- Implemented mobile computing for service orders
- Identified and applied for Grants for Chromium 6 mitigation project
- Identified and applied for low interest loans for Chromium 6 mitigation project
- Updated budget process and budget format

2017/2018 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
- Continue to explore and implement treasury options
- Obtain Grant for Chromium-6 mitigation project
- Obtain low-interest loan for Chromium-6 mitigation project
- Continue to update policies and procedures
- Complete cross-training program
- Develop Data Security Response Program
- Update Employee Personnel Manual



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
- Annual Water Loss Audit

20162017	
Project Management	
Total Projects	21
Field verification and documentation (GPS, mapping) of facilities	
Meters (new and relocated)	44
Combination Air Release Vacuum	2
Hydrants	3
Mainline Valves	2
GIS (Facility Mapping)	
Base map (San Bernardino County Parcels) Download	2
Imagery (San Bernardino County) Download	1
Meter Updates	175
Water Facility Information Distribution	
Utility projects: As-Built (proposed design projects)	6
Roadway Projects	1
Request for Public Records	6
Maps/Exhibits/Graphs – Created/Distributed	
Various Projects, District Events and System Analysis	139
Water Facility Information Distribution	
Roadway Projects: As-Built (proposed design projects)	1
Request for Public Records	14

Plan Check	
Mainline Extension, Commercial	2
Development Services	
Water Availability Inquiries	226
Will Serve Letters	79
Fire Flow Letters	20
Project Files	
Cataloged and Stored	51

Projects in Progress and/or Completed in 2016/2017:

- Expand GIS application and field data to include links to as-built, easements, etc. - ongoing
- GIS water meter data – updated May 2017 (6824 total meters)
- GIS Mobile Application (SEDARU) –completion May 2017
- Chromium-6 well infrastructure and connection to distribution system – design, engineer coordination - ongoing
- FY 2016/2017 standby charge engineer’s report update – completion May 2016
- Air Vacuum/Air Release Program (mapping and GIS) - ongoing
- Booster 2A upgrade – deferred

2017/2018 Goals:

- State Water Audit – compile data, reporting – coordination with Conservation, Operations and Administration
- Chromium-6 Mitigation - design coordination
- Chromium-6 Mitigation – construction bid documentation / publication
- Chromium-6 Mitigation – funding applications (USDA / State)
- FY 2017/2018 Standby Charge Engineer’s Report update
- Expand GIS application and field data to include links to as-builts, easements, etc.
- Booster 3C upgrade – design coordination with Operations
- Tank 6A Capacity Mitigation - Zone 6 expansion
- Air Vacuum/Air Release Program (mapping and GIS)
- Solar – security video camera installation
- Future Community Center - coordination with San Bernardino County and Steeno Design
- Exterior Tank Blast and Coating – coordination with Operations and STS
- Leak Maintenance Program – GIS data – coordination with Operations

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 one manager, one supervisor, one water quality specialist, seven water operators, and one part time water operator. Water conservation duties and enforcement is conducted by water operators.

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)	6,829

Water Operations Activities	Annual
Water Quality Samples Taken	740
USA's Marked	1,155
Service Orders Completed	5,706
Services Disconnected/Reconnected Shut-off Cycle	2,907
Water Operations Activities	Annual
Main/Service Line Leaks repaired	256
Service Line Replacements	10
Hydrant Repairs	9

Projects in Progress and/or Completed in 2016/2017:

- Complete valve maintenance and exercising program – 30% complete
- Complete hydrant maintenance and flushing program – 30% complete
- Flush 50% of the districts 'Dead End' Main Lines – 25% complete
- Implement and exercise emergency response and notification plan exercise - complete
- Cross Connection Control survey - 30% complete
- Achieve Cross Connection Control and Backflow compliance district wide -complete
- Well rehabilitation for Well No.5 - complete
- Increase training and education "Certification" for staff - ongoing
- Systematic tank cleaning program - complete
- Perform a Sanitary survey district wide-wells, tanks, facilities, etc. - complete
- Improve customer outreach such as leak detection and drought awareness - complete
- Provide further training to staff on SCADA system - ongoing
- Develop and implement Air Vac maintenance and flushing program - ongoing
- Aquifer sampling of Meadowbrook dairy property wells - ongoing
- Continue Tank Inspections and overflow program - ongoing
- Monthly PRV inspections - ongoing
- Covert district chlorination facilities from tablet to sodium hypochlorite - complete

2017/2018 Goals:

- Continue valve maintenance and exercising program
- Continue hydrant maintenance and flushing program
- Train all staff on SCADA system
- Implement paperless service order system
- Identify and target service replacement for water loss
- Launch service line replacement program
- Complete the Cross Connection Survey
- Develop and implement Air Vac maintenance and flushing program
- Continue Tank Inspection and overflow program
- Develop and implement sand testing schedule of district wells
- Paint district facilities "booster stations, wells, pumps, etc."
- Develop and implement PRV maintenance and repair program
- Provide training and education to all staff in OSHA regulations
- Maintain strict standards of inventory tracking
- Increase maintenance at district well and booster stations
- Train all staff on paperless service order system to streamline efficiency
- Perform pump efficiency tests on all district wells and booster pumps

- Finish converting district chlorination facilities from tablet to sodium hypochlorite “ more reliable, consistent, ease of operation”
- Train all staff on proper personal protective equipment and procedures on use



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	2016/2017	Phelan Community Center	Piñon Hills Community Center	Office
Phelan Rental	182	182		
Phelan PPHCSD Activities	110	110		
Board Meetings	28	28		
Committee Meetings	59			59
Piñon Hills Rental	143		143	
Piñon Hills PPHCSD Activities	19		19	
TOTAL	541	320	162	59

Weekly Events:

- Phelan Farmers Market
- Senior Line Dancing

Monthly Events:

- Phelan Senior Lunch Program
- Piñon Hills Senior Lunch Program

Annual Events:

- Recycling Contest (w/CR&R)
- Desert Snakes and Animals Workshop (w/Forever Wild or Dr. Glassy)
- Horse Ownership Workshop (w/Code enforcement, Land Use and Animal Control)
- Winterization Workshop
- Composting Workshop (w/Don Woo, master composter)
- Plants, Planting and Soils (w/Mojave Water Association (MWA) or Mills Hardware)
- Conservation and Recycle Awareness
- Archery – weekly summer activity (w/Mojave Archers)
- Kids Crafts – weekly summer activity (w/Phelan Seniors)
- Movie Night – weekly summer activity(w/Kiwanis)
- Kids Coloring and/or Recycle Contest
- Kids Tumbling or Parkour (w/High Desert Gymnastics)

Annual Events in Partnership with Other Agencies:

- Senior Health Fair (w/Snowline JUSD, Sheriff's Dept. and 1st District Supervisors Office)
- Get to Know Your Natives (partner with Transition Habitat Conservancy)
- Water Awareness Expo (w/MWA and other high desert water agencies)
- Friends In Sight (partner with Timberline Lion)
- Phelan Phun Days (w/Phelan Chamber)

Projects in Progress and/or Completed in 2016/2017:

- 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 – ongoing
- Repair or replace budgeted items on 10-year maintenance schedule.

2017/2018 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 2016/2017:

- There were no requests for street lights in 2016/2017.

2017/2018 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	3,437
Number of Commercial Customers	159

Projects in progress and/or completed in 2016/2017:

- Two Community Clean Up Days – completed - ongoing
- Tire Recycling Program – completed - ongoing
- Implement Uniform Commercial Trash and Recycling Program – in progress
- Develop Household Hazardous Waste Facility – abandoned
- Composting Workshop – completed - ongoing
- School Recycling Outreach Program – completed - ongoing
- Art Contest – completed - ongoing
- Continue Office Recycling Program – completed – ongoing
- Apply for Tire Amnesty Grant – completed
- Expand Voluntary Residential Collection Participation – completed – ongoing
- Develop New Programs - ongoing

2017/2018 Goals

- Two Community Clean Up Days
- Tire Recycling Program
- Implement Uniform Commercial Trash and Recycling Collection
- Composting Workshop
- Recycling Workshop/Outreach Program
- Art Contest
- Continue Office Recycling Program
- Apply for Clean-up Grant
- Expand Voluntary Residential Collection Participation
- Develop New Programs
- Develop/Expand New Partnerships



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

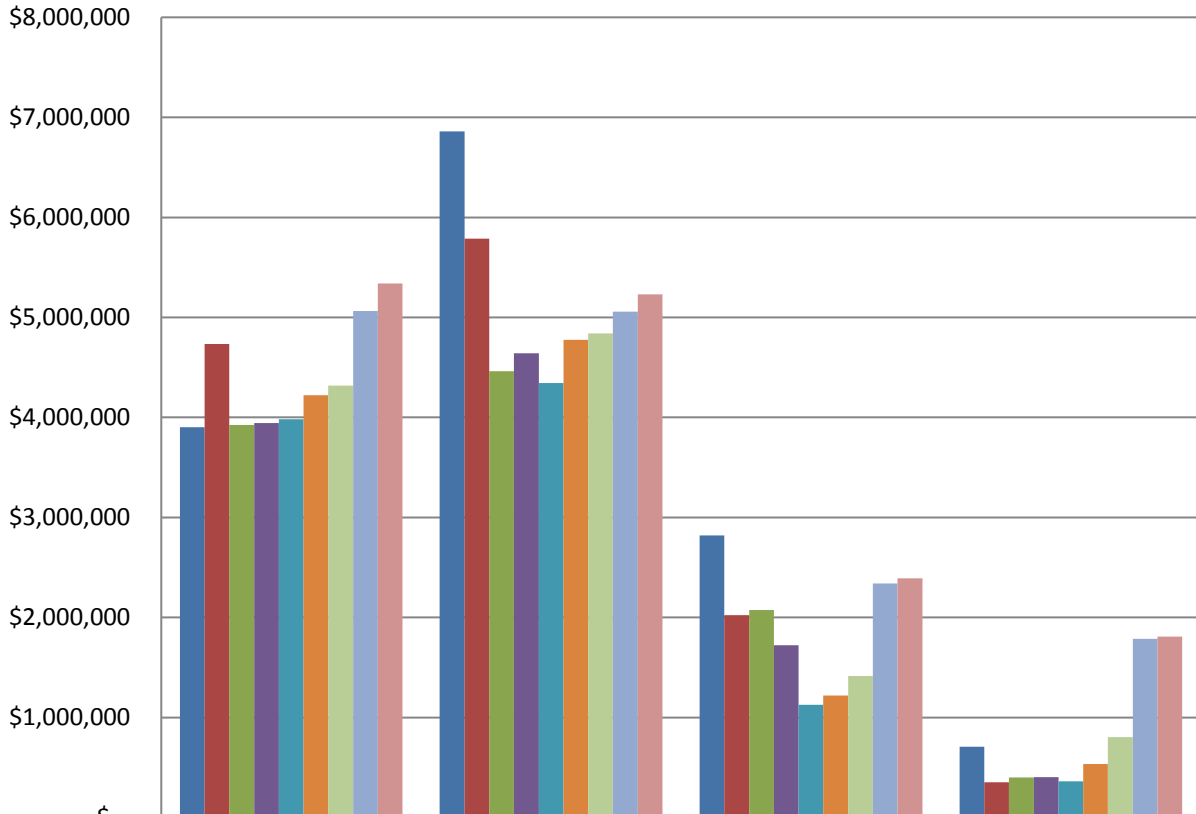
BUDGET FINANCIAL **REPORTS**

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 Audited Actual	PPHCSD 2016/17 Estimated Year End	PPHCSD 2017/18 PROPOSED Budget
	A	B	C	D	E	F	G	H	I	J	
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	\$ 4,338,006	\$ 4,599,274	\$ 4,875,230
3 Special Assessments	307,104	283,142	219,623	324,650	355,749	303,841	299,818	295,257	309,682	300,582	300,000
4 Other Services	57,906	100,820	77,848	81,123	114,114	99,754	117,505	104,317	151,570	165,510	165,510
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	\$ 4,799,257	\$ 5,065,366	\$ 5,340,740
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	7,357	9,585	9,700
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	1,720,838	1,973,764	2,149,406
10 Board Compensation	Incl Below	32,469	40,453	49,153	52,115	92,764	94,526	96,363	93,767	71,907	75,115
11 Professional Services	176,635	401,008	273,866	309,171	246,374	309,590	254,622	260,084	364,927	368,878	352,884
12 Services and Supplies	1,128,024	1,839,640	694,474	572,750	604,586	742,780	722,763	846,674	770,652	853,974	890,732
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	723,104	473,863	434,520
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	1,274,450	1,293,505	1,312,908
16 Other	2,014,296	157,996	176	202	196	1,789	8,453	474	4,254	12,910	4,671
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	\$ 4,959,349	\$ 5,058,386	5,229,935
18											
19 Net Operational Income Water	\$ (2,959,669)	\$ (1,054,267)	\$ (537,966)	\$ (698,477)	\$ (363,962)	\$ (552,759)	\$ (519,965)	\$ (461,505)	\$ (160,092)	\$ 6,980	110,806
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	35,196	24,678	24,678
23 Ordinary Expense Government Funds	Incl Below	(177,193)	(240,960)	(284,963)	(250,704)	(1,270,102)	(520,990)	(472,632)	(454,663)	(556,276)	(591,861)
24 Net Operational Income Government	\$ -	\$ (158,085)	\$ (227,914)	\$ (264,341)	\$ (214,299)	\$ (1,245,331)	\$ (507,925)	\$ (452,875)	\$ (419,467)	\$ (531,598)	\$ (567,183)
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	15,827	18,687	23,861	24,338
28 Investment Expense	(164,934)	(140,689)	(157,407)	(115,933)	(109,373)	(262,681)	(282,344)	(406,151)	(430,178)	(435,467)	(419,634)
29 Property Taxes	930,019	-	14,631	-	-	4,930	520,785	548,350	669,385	465,218	420,418
30 Other Income Taxes, Penalties, etc	202,410	-	105,652	103,017	122,988	120,814	122,755	164,193	197,048	911,572	889,761
31 Other Income State, County, Grants	-	459,388	271,980	151,582	39,514	-	-	-	436,492	125,902	-
32 Connection Fees	440,970	80,698	59,692	-	23,649	33,317	64,184	114,813	146,037	143,808	172,570
33 Other Expense	(156,647)	(5,367)	-	-	-	-	-	-	-	(794,167)	(794,167)
34 Total Non-Operating Rev(Exp) Enterprise	\$ 2,014,550	\$ 849,788	\$ 442,464	\$ 220,549	\$ 128,267	\$ (74,244)	\$ 439,295	\$ 437,032	\$ 1,037,471	\$ 440,727	\$ 293,286
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	15,827	19,645	20,038
38 Property Taxes	365,205	1,323,361	1,095,156	907,485	843,931	845,706	374,864	403,631	355,786	542,354	625,032
39 Other Income	108,047	135,232	143,101	-	500	405	5,296	63,481	26,792	70,432	73,932
40 Other Income State, County, Grants	-	-	483,038	600,000	-	-	140,000	-	-	-	-
41 Other Income Adj (non-cash Donations)	-	-	-	-	-	2,772,000	-	-	-	-	-
42 Income Solid Waste	-	-	-	-	29,874	144,527	149,437	140,996	157,210	139,982	139,982
43 Other Expense	(386,872)	(31,050)	(2,143)	(2,763)	(3,427)	(3,411)	(1,926)	(3,407)	(2,454)	(2,251)	(2,251)
44 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	\$ 553,161	\$ 770,161	\$ 856,732
45											
45 Net Income	(849,115)	1,074,370	1,406,927	773,423	441,035	1,903,448	90,743	140,960	1,011,074	686,270	693,641
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	\$ 553,331	\$ 564,254	572,718
48 Loan Principal Payments	(96,000)	(100,031)	(103,532)	(92,847)	(96,097)	(276,085)	(368,657)	(499,182)	(499,182)	(514,065)	(529,429)
49 Net Avail for Projects/Reserves	\$ (635,178)	\$ 1,349,454	\$ 1,747,108	\$ 1,199,341	\$ 882,164	\$ 833,195	\$ 295,737	\$ 226,907	\$ 1,065,223	\$ 736,459	736,930
50											
51 Beginning Cash in Bank											10,618,579
52 RESERVES											(6,065,041)
53 DEPRECIATION FUNDED (60%)											859,077
54 CIP PROJECTS											(355,000)
55 CAPITAL PURCHASES											(60,000)
56 TRANSFER TO RESERVES											(252,000)
57 CASH BALANCE = AVAILABLE CASH FOR PROJECTS											5,482,546

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

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
■ 16/17 Est YE	\$5,065,366	\$5,058,386	2,341,549	1,788,161
■ 17/18 Budget	\$5,340,740	\$5,229,935	2,390,748	1,807,913

BUDGET OVERVIEW

At the onset of the budget process, the Board requested the 2017/2018 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 2.0%, 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.

2017/2018 Budget	Enterprise Fund	Government Fund	Total
Operational Revenues	\$5,340,740	\$24,678	\$5,365,419
Operational Expenses	-\$5,229,935	-\$591,861	-\$5,821,796
Net Revenue from Operations	\$110,806	-\$567,183	-\$456,378
Non-Operational Revenues	\$1,507,087	\$858,983	\$2,366,070
Non-Operational Expenses	-\$1,213,800	-\$2,251	-\$1,216,052
Net Revenue from Non-Ops	\$293,286	\$856,732	\$1,150,018
Total Net Revenue	\$404,092	\$289,549	\$693,641
Unfunded Depreciation	\$525,163	\$47,555	\$572,718
Principal Payments on Loans	-\$529,429	\$0	-\$529,429
Total Net Revenue	\$399,826	\$337,104	\$736,930
Repayment of Reserves	-\$210,000	-\$42,000	-\$252,000
Capital Budget	-\$180,000	-\$119,000	-\$299,000
Total Net Revenue	\$9,826	\$176,104	\$185,930

OPERATIONAL INCOME:

Water revenue budgeted for 2017/2018 assumes a rate change that will provide an additional 6% in revenue from meter fees, water consumption, and Chromium-6 surcharge. (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 no change over 2016/2017 as scheduled programs and rental fees are expected to remain the same. (Line 5/28)

The total net operational income is projected to be \$5,365,419. This equates to an increase of \$275,374.81 compared to the current estimated year end operating revenue. (Line 7/33)

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 an 8.3% increase over the 2016/2017 estimated year end. The 2017/2018 Budget includes a 2.0% increase for merit, if warranted, a change in District paid insurance, the disillusion of one part time position and the addition of one full time position. The District had employee turn-over during the 2016/2017 year that reduced salary and benefits expenses, increasing outside service. 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. With the exception of Insurance coverage, other Board expenses are not expected to increase. Resulting in a 4% increase. (Line 12/60)

Professional Fees are estimated to be slightly lower due to a reduction in outside services and a reduction in water quality testing required for the 2017/2018 budget year. (Line 13/69)

Services and Supplies is 12.9% higher due to an increase in insurance costs, fuel costs repair and maintenance and public relations. There are additional programs budgeted in the coming year for solid waste and recycling. (Line14/101)

Utilities are 7.2% 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. Property taxes are on District owned properties that are not within the District boundary. The District annexed most of the land, which has reduced property tax. (Line 16/113)

Total operational expenses are to increase by 3.7% over estimated year end.

NON-OPERATIONAL INCOME:

Property Tax revenue is projected to increase by 4% 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. Property tax diverted to Water Operations is being reduced by 10% per year to ultimately eliminate Water Operations reliance on non-operational income. (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. (Line 23/138)

Meter Installation and Connection Fees are expected to increase slightly (three additional meter sets = 20%) due to growth. (Line 24/143)

Other Income shows a decrease (13%) due to the one time revenues in 2016/2017. Staff does not anticipate any changes to other income in the coming year. (Line 25/154)

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 29/163)

**PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT
2017/2018 BUDGET**

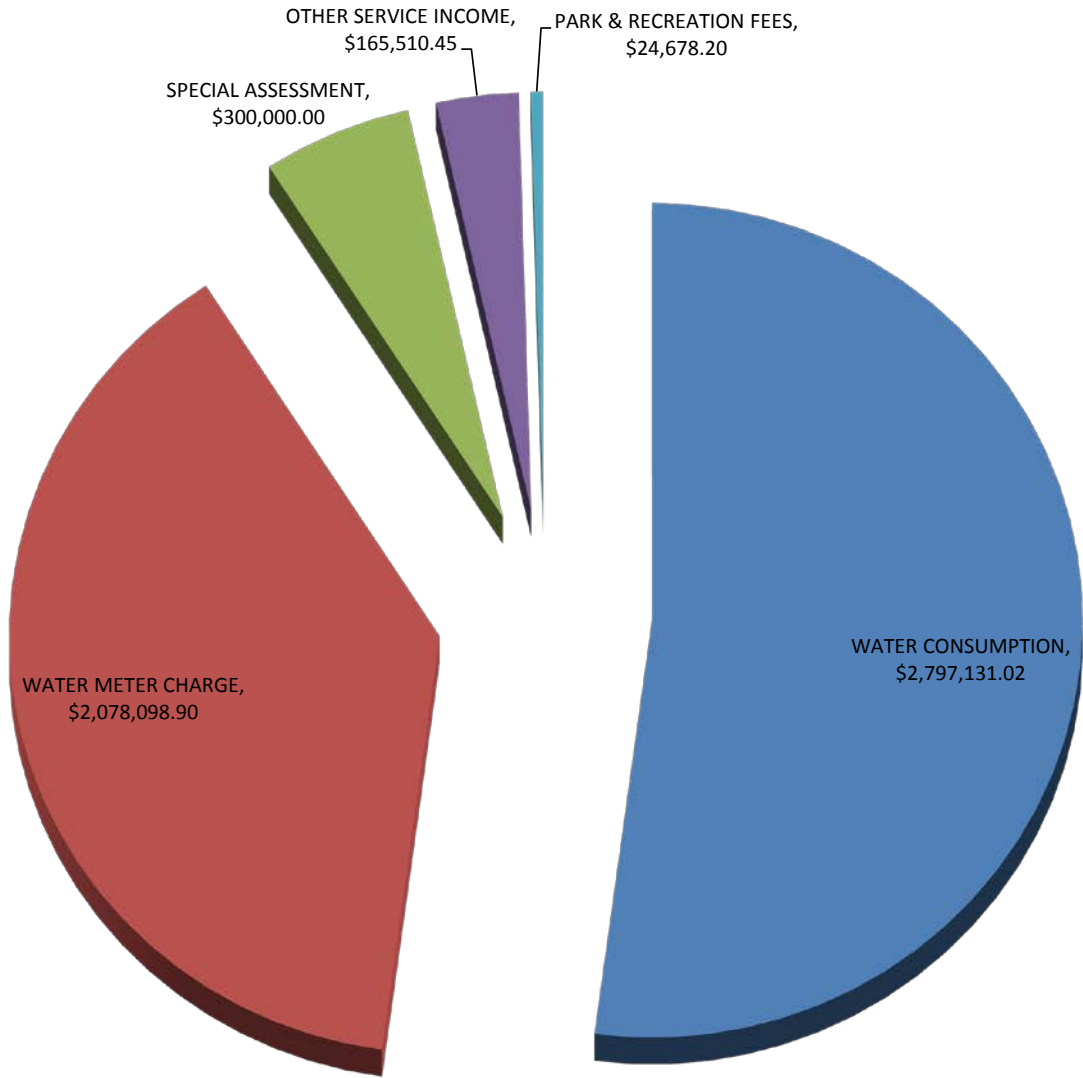
		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2017/2018 BUDGET	2017/2018 BUDGET	2017/2018 BUDGET
1	Operational Income/Expense			
2	Income			
3	WATER SALES			
4	WATER CONSUMPTION			
5	40010 Water Sales - Residential - C	2,495,194.91	0.00	2,495,194.91
6	40020 Water Sales - Commercial - C	14,074.35	0.00	14,074.35
7	40030 Water Sales - Fire Protection-C	943.08	0.00	943.08
8	40060 Water Sales - Multiple Res - C	2,565.10	0.00	2,565.10
9	40070 Water Sales - School - C	249,955.56	0.00	249,955.56
10	40090 Water Sales - Construction - C	34,398.02	0.00	34,398.02
11	40110 Water Sales - Non-Potable Water	0.00	0.00	0.00
12	Total WATER CONSUMPTION	2,797,131.02	0.00	2,797,131.02
13	WATER METER CHARGE			
14	41010 Water Sales - Residential - M	2,028,358.04	0.00	2,028,358.04
15	41020 Water Sales - Commercial - M	12,980.31	0.00	12,980.31
16	41030 Water Sales - Fire Protection-M	1,977.45	0.00	1,977.45
17	41060 Water Sales - Multiple Res - M	2,272.81	0.00	2,272.81
18	41070 Water Sales - School - M	25,172.53	0.00	25,172.53
19	41090 Water Sales - Construction - C	7,337.75	0.00	7,337.75
20	41090 Water Sales - Non-Potable Water	0.00	0.00	0.00
21	Total WATER METER CHARGE	2,078,098.90	0.00	2,078,098.90
22	Total · WATER SALES	4,875,229.92	0.00	4,875,229.92
23	SPECIAL ASSESSMENT			
24	74110 Special Assessments	300,000.00	0.00	300,000.00
25	Total · SPECIAL ASSESSMENT	300,000.00	0.00	300,000.00
26	PARKS			
27	47600 Park & Recreation Fee	0.00	24,678.20	24,678.20
28	Total · PARKS	0.00	24,678.20	24,678.20
29	OTHER SERVICE INCOME			
30	48200 Other Services Incomes	121,574.70	0.00	121,574.70
31	48700 Administrative Fees	43,935.75	0.00	43,935.75
32	Total · OTHER SERVICE INCOME	165,510.45	0.00	165,510.45
33	Total Income from Operations	5,340,740.37	24,678.20	5,365,418.57
34	Gross Profit	5,340,740.37	24,678.20	5,365,418.57
35	Expense			
36	WATER PURCHASES			
37	50010 MWA WM Admin. & Bio Fee	8,600.00	0.00	8,600.00
38	50020 MWA WM Make Up Water	1,100.00	0.00	1,100.00
39	50030 MWA WM Replacement Water	0.00	0.00	0.00
40	50040 Water Purchases - Other	0.00	0.00	0.00
41	Total · WATER PURCHASES	9,700.00	0.00	9,700.00

		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2017/2018 BUDGET	2017/2018 BUDGET	2017/2018 BUDGET
42	SALARIES & BENEFIT			
43	51110 Salaries & Wages	1,246,570.23	123,454.85	1,370,025.08
44	51120 Vacations	77,234.81	7,501.68	84,736.49
45	51130 Holiday	59,441.76	4,999.18	64,440.95
46	51140 Sick Pay	64,845.56	5,453.65	70,299.22
47	51150 Misc Earn	52,603.92	2,040.00	54,643.92
48	51170 Overtime	98,938.47	4,935.01	103,873.48
49	51210 Payroll Taxes	36,813.96	4,181.72	40,995.68
50	51220 Worker's Compensation	35,450.61	5,275.20	40,725.81
51	51230 Employee Group Insurance	281,492.23	15,332.84	296,825.07
52	51240 Retirement	196,013.97	17,516.23	213,530.20
53	Total - SALARIES & BENEFIT	2,149,405.53	190,690.38	2,340,095.90
54	BOARD COMPENSATIONS			
55	52110 Board Director's Fee	27,225.00	4,125.00	31,350.00
56	52210 Board Exp - Auto Expense	2,824.09	189.30	3,013.38
57	52220 Board Exp - Meals & Lodging	10,132.09	0.00	10,132.09
58	52230 Board Exp - Education/Training	2,305.06	0.00	2,305.06
59	52240 Board Exp - Insurance & Other Exp	32,628.52	5,538.29	38,166.81
60	Total - BOARD COMPENSATIONS	75,114.75	9,852.59	84,967.34
61	PROFESSIONAL FEE			
62	53110 Auditing & Accounting Fees	30,049.08	812.00	30,861.08
63	53120 Legal Services	37,120.46	532.88	37,653.33
64	53130 Engineering	0.00	300.00	300.00
65	53140 Laboratory Analysis	30,000.00	0.00	30,000.00
66	53150 Outside Service	151,415.16	6,570.00	157,985.16
67	53160 Permits & Fees	10,344.49	1,630.00	11,974.49
68	53170 Software Support	93,954.91	1,917.45	95,872.35
69	Total - PROFESSIONAL FEE	352,884.10	11,762.32	364,646.42
70	SERVICE AND SUPPLIES			
71	54110 Advertising	5,028.30	4,348.48	9,376.78
72	54140 Auto Expense	2,736.50	0.00	2,736.50
73	54170 Auto Allowance	7,350.00	0.00	7,350.00
74	54200 Credit Card Fee & Bank Charges	40,187.06	0.00	40,187.06
75	54230 Dues & Subscriptions	17,597.06	1,000.00	18,597.06
76	54260 Education & Training	42,872.44	1,524.51	44,396.95
77	54290 Employment Expense	7,445.03	0.00	7,445.03
78	57110 Equipment Rental/ Lease	4,090.22	1,375.41	5,465.63
79	54320 General Maintenance	5,092.76	341.04	5,433.80
80	54350 Insurance	81,836.96	1,735.01	83,571.97
81	54380 Insurance - Vehicle	16,061.23	1,019.83	17,081.06
82	54410 Fuel Costs	37,930.67	1,327.06	39,257.72
83	54440 Meeting, Seminar & Supplies	7,103.28	62.72	7,166.00
84	54470 Travel Expense	24,253.81	2,575.39	26,829.20
85	54500 Operating Supplies	59,003.42	10,406.46	69,409.88
86	54530 Office Supplies	32,108.95	1,148.32	33,257.27
87	54620 Repair & Maintenance	302,112.68	59,130.00	361,242.68
88	54650 Small Tools	18,680.00	1,000.00	19,680.00
89	54680 Uniforms	8,931.71	2,000.00	10,931.71

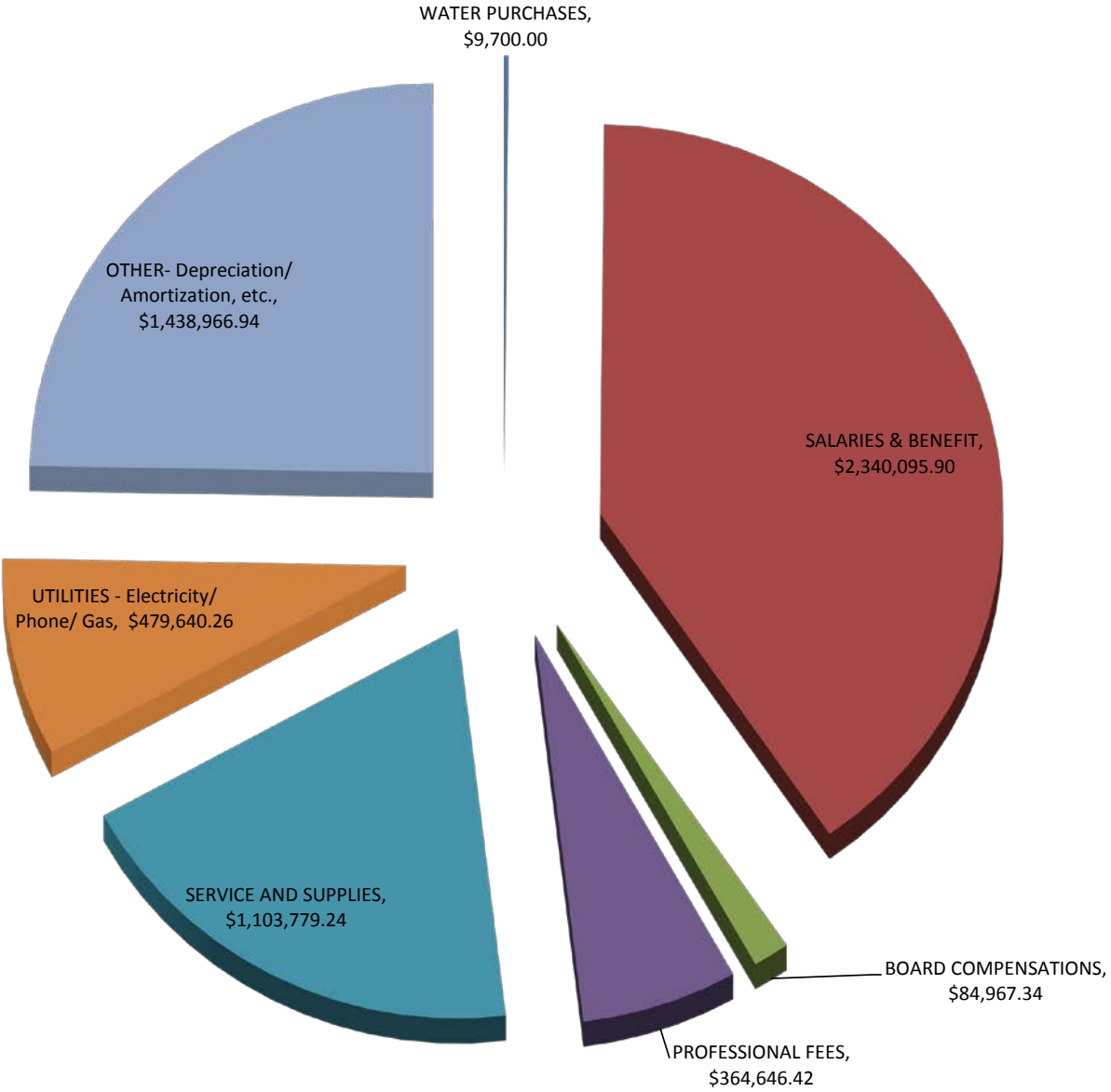
		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2017/2018 BUDGET	2017/2018 BUDGET	2017/2018 BUDGET
90	54710 Vehicle Maintenance	35,000.00	6,000.00	41,000.00
91	54740 Easement Lease	993.69	0.00	993.69
92	54770 Computer & Equipment Maint	7,520.23	0.00	7,520.23
93	54800 Programs (Wtr Cons, parks,etc)	28,390.80	62,501.06	90,891.86
94	54801 Senior Lunch Program	0.00	20,399.72	20,399.72
95	54802 Farmers Market	0.00	20,696.61	20,696.61
96	54803 Fall Festival	0.00	7,000.00	7,000.00
97	54830 State & County Fees & Services	22,108.17	0.00	22,108.17
98	54860 Postage & Mailing	50,514.50	0.00	50,514.50
99	54890 Printing	23,340.17	0.00	23,340.17
100	54920 Public Relation	2,441.88	7,456.11	9,897.99
101	Total - SERVICE AND SUPPLIES	890,731.50	213,047.73	1,103,779.24
102	UTILITIES - Electric/Phone/Gas			
103	58010 Telephone	29,265.63	635.69	29,901.32
104	58110 Utilities - Operations	612,012.78	33,299.20	645,311.98
105	58115 Utilities - Solar Credit	(206,758.65)	0.00	(206,758.65)
106	58111 Utilities - Street Lights	0.00	11,185.61	11,185.61
107	Total - UTILITIES - Electric/Phone/Gas	434,519.76	45,120.51	479,640.26
108	OTHER- Depreciation/Amort, etc.			
109	59310 Bad Debt	4,000.00	0.00	4,000.00
110	59110 Property Taxes	260.07	2,500.00	2,760.07
111	59120 Depreciation & Amortization	1,312,907.62	118,887.84	1,431,795.46
112	59310 Other Operating Expenses	411.41	0.00	411.41
113	Total - OTHER- Depreciation/Amort, etc.	1,317,579.10	121,387.84	1,438,966.94
114	Total Expense	5,229,934.73	591,861.36	5,821,796.09
115	Net Operational Income	110,805.64	(567,183.16)	(456,377.52)
116	Other Income/Expense			
117	Other Income			
118	PROPERTY TAXES			
119	71110 Property Taxes - Curr Sec	0.00	891,579.51	891,579.51
120	71120 Property Taxes - Curr Unsec	0.00	39,247.82	39,247.82
121	71130 Property Taxes - Curr Supplimen	0.00	9,438.16	9,438.16
122	71140 Property Taxes - Curr Unitary	0.00	35,125.27	35,125.27
123	71150 Property Taxes - Curr Other	0.00	9,438.16	9,438.16
124	72110 Property Taxes - Prior Sec	0.00	19,781.60	19,781.60
125	72120 Property Taxes - Prior Unsec	0.00	934.04	934.04
126	72130 Property Taxes - Prior Supplimn	0.00	6,476.27	6,476.27
127	72150 Property Taxes - Prior Other	0.00	753.42	753.42
128	73160 Property Taxes - Homeowner	0.00	8,150.42	8,150.42
129	73170 Tax Penalties & Others	17,217.68	7,307.01	24,524.69
130	SUB-TOTAL PROPERTY TAX REVENUE	17,217.68	1,028,231.68	1,045,449.36
131	71500 Property Tax	403,200.00	(403,200.00)	0.00
132	Total - PROPERTY TAXES	420,417.68	625,031.68	1,045,449.36
133	PENALTIES & OTHER FEE			
134	86120 Penalties & Other Fees	68,595.04	0.00	68,595.04
135	Total - PENALTIES & OTHER FEE	68,595.04	0.00	68,595.04

		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2017/2018 BUDGET	2017/2018 BUDGET	2017/2018 BUDGET
136	SOLID WASTE			
137	76100 Solid Waste Franchise Fee	0.00	139,981.58	139,981.58
138	Total - SOLID WASTE	0.00	139,981.58	139,981.58
139	METER INSTALLATION/FEES/CONNECTION			
140	45300 Meter Installation	31,439.77	0.00	31,439.77
141	45400 Permits & Inspections	3,105.00	0.00	3,105.00
142	45500 Connection Fee	138,025.00	0.00	138,025.00
143	Total - METER INSTALLATION/FEES/CONNECTION	172,569.77	0.00	172,569.77
144	OTHER INCOME			
145	88110 Interest Income	24,338.05	20,038.29	44,376.33
146	88120 Other Income - Water Other	26,999.69	0.00	26,999.69
147	88125 Other Income - Senior Lunch	0.00	1,661.40	1,661.40
148	88126 Other Income - Farmers Mkt	0.00	22,020.12	22,020.12
149	88126 Other Income - Fall Festival	0.00	4,724.57	4,724.57
150	88128 Other Income - Farmers Mkt MM	0.00	3,525.75	3,525.75
151	88150 Other Income	0.00	0.00	0.00
152	88170 Other Income	0.00	42,000.00	42,000.00
153	88300 Chromium 6 Surcharge	794,166.53	0.00	794,166.53
154	Total - OTHER INCOME	845,504.27	93,970.13	939,474.39
155	Total Other Income	1,507,086.75	858,983.39	2,366,070.14
156	Other Expense			
157	Other Expense			
158	91010 Interest Expense	384,798.80	0.00	384,798.80
159	92010 Loan Administrator Fee	26,913.42	0.00	26,913.42
160	92500 Chromium 6 Expenses	794,166.53	0.00	794,166.53
161	93010 Tax Deduction	0.00	2,251.34	2,251.34
162	95010 Net Incr/Decr in Fair Value	7,921.64	0.00	7,921.64
163	Total - Other Expense	1,213,800.39	2,251.34	1,216,051.73
164	Total Other Expense	1,213,800.39	2,251.34	1,216,051.73
165	Net Other Income	293,286.36	856,732.05	1,150,018.41
166	Net Income	404,092.01	289,548.88	693,640.89
	Depr & Amort 40% (Fund = 60%)	525,163.05	47,555.14	572,718.18
	Principal Payments	(529,428.70)	0.00	(529,428.70)
	Net Profit (Loss) after depreciation & principal pmt on loans	399,826.35	337,104.02	736,930.37
	Repayment of Reserves	210,000.00	42,000.00	252,000.00
	Capital Projects/Purchases	180,000.00	119,000.00	299,000.00
	TOAL NET INCOME AFTER ALL OBLIGATIONS	9,826.35	176,104.02	185,930.37

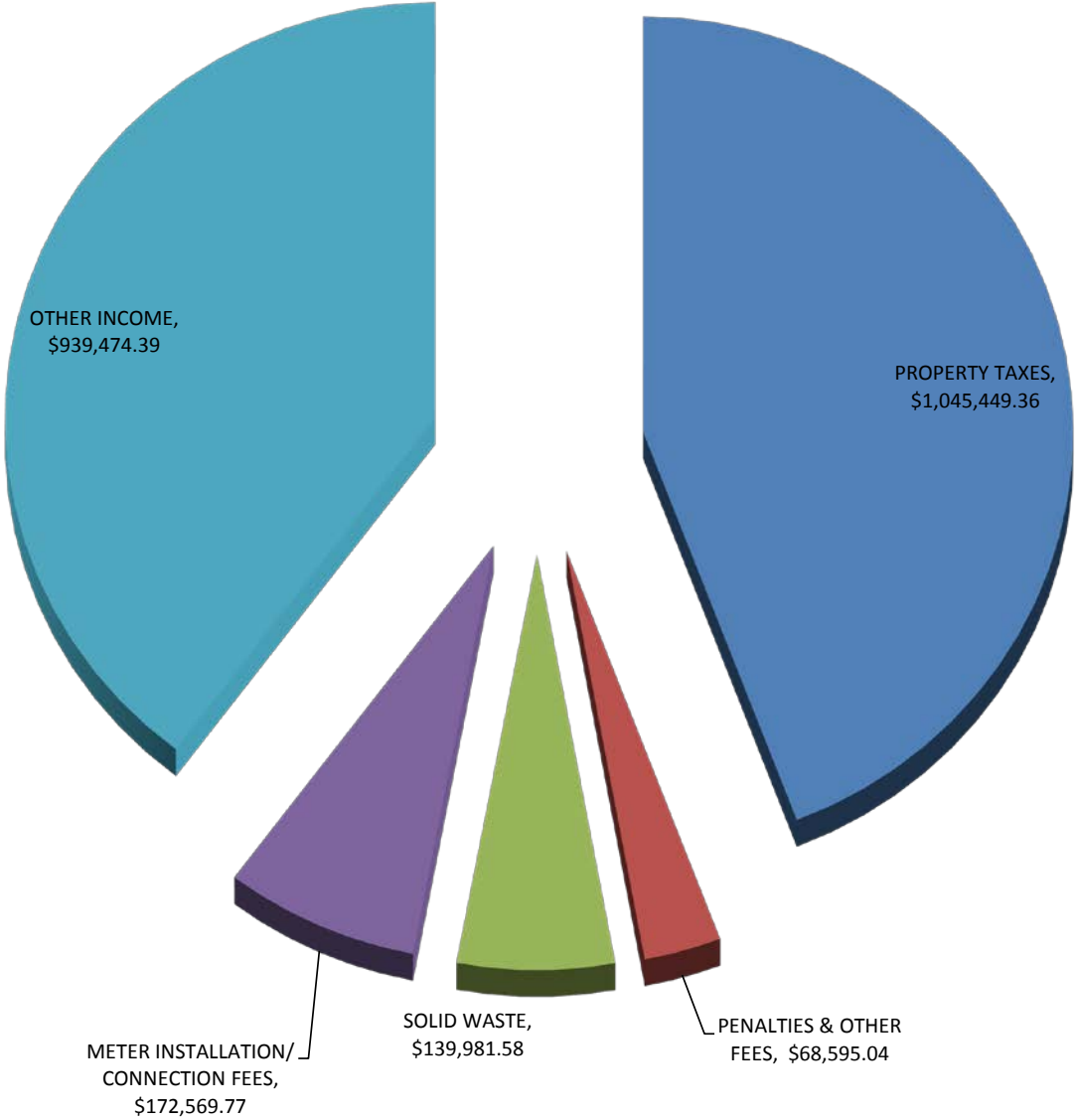
OPERATIONAL REVENUES



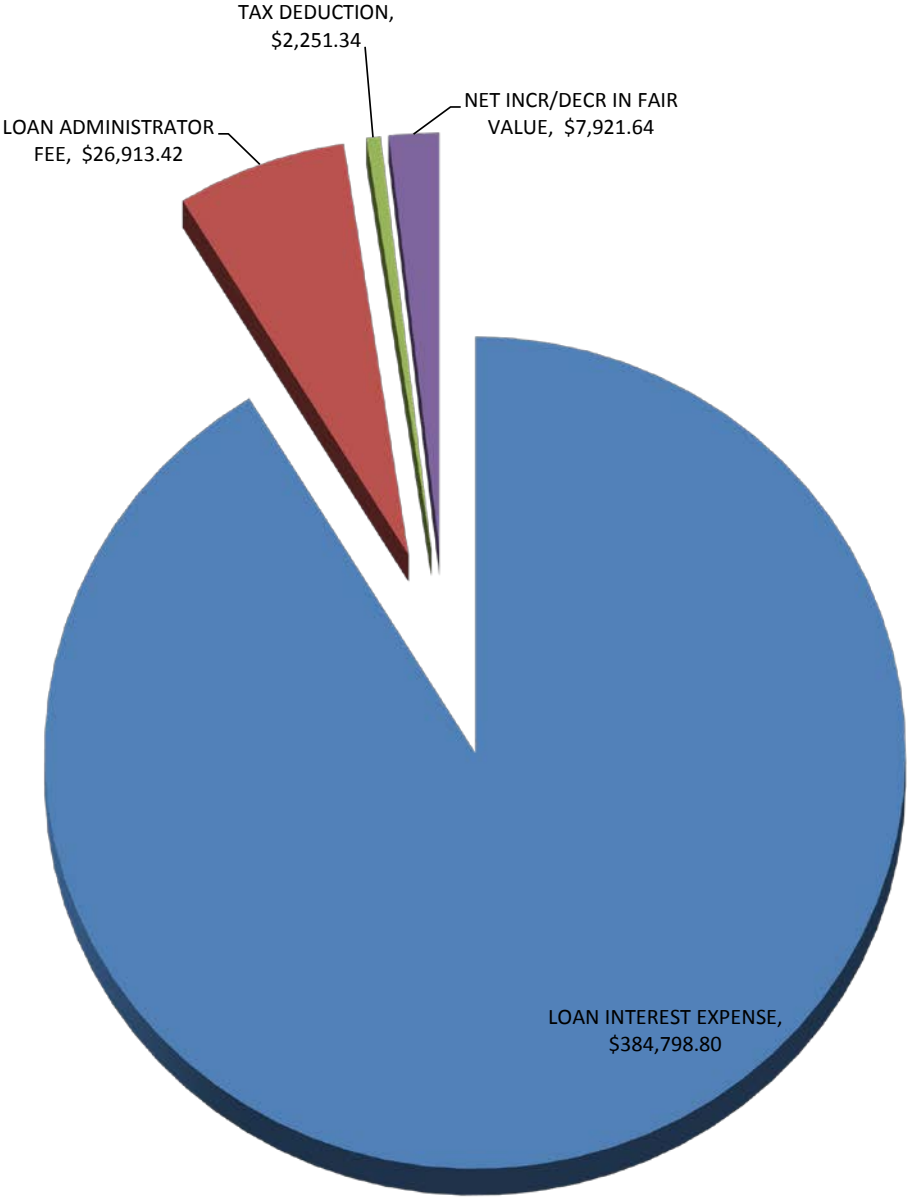
OPERATIONAL EXPENSES



NON-OPERATIONAL REVENUES



NON-OPERATIONAL EXPENSES



BUDGET SUMMARY COMPARISON

Assumes: % Over Est Year End		A	B	C	D	E	F	G	H	I	J	K	O	P
Rates/Revenue	6.00%	TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS						
Expense	1.50%	Prior Year		Proposed	Prior Year		Proposed	Prior Year		Proposed	Proposed	Proposed		
Salary	2.00%	2016/2017	EST YE 16/17	2017/2018	2016/2017	EST YE 16/17	2017/2018	2016/2017	EST YE 16/17	2017/2018	Budget	Budget vs.		Proposed Budget vs.
		Budget		BUDGET	Budget		BUDGET	Budget		BUDGET	Est YE	Est YE		Est YE
1 OPERATIONAL INCOME/EXPENSE														
2 INCOME														
3 Water Sales		4,430,817.00	4,599,273.51	4,875,229.92	0.00	0.00	0.00	4,430,817.00	4,599,273.51	4,875,229.92	10%	6%	Includes rate change approved with 2015 rate study.	275,956.41
4 Special Assessment		300,000.00	300,581.60	300,000.00	0.00	0.00	0.00	300,000.00	300,581.60	300,000.00	0%	0%	Assumes no change in standby revenue.	(581.60)
5 Parks		0.00	0.00	0.00	22,753.33	24,678.20	24,678.20	22,753.33	24,678.20	24,678.20	8%	0%	Assumes no change in fees.	0.00
6 Other Service Income		155,316.51	165,510.45	165,510.45	0.00	0.00	0.00	155,316.51	165,510.45	165,510.45	7%	0%	Assumes no change in fees.	0.00
7 Total Income from Operations		4,886,133.51	5,065,365.56	5,340,740.37	22,753.33	24,678.20	24,678.20	4,908,886.84	5,090,043.76	5,365,418.57	9%	5%		
8 Gross Profit		4,886,133.51	5,065,365.56	5,340,740.37	22,753.33	24,678.20	24,678.20	4,908,886.84	5,090,043.76	5,365,418.57	9%	5%		275,374.81
9 EXPENSE														
10 Water Purchases		8,702.39	9,584.98	9,700.00	0.00	0.00	0.00	8,702.39	9,584.98	9,700.00	11%	1%	Increase per Watermaster report.	115.02
11 Salaries & Benefits		2,068,975.76	1,973,763.82	2,149,405.53	183,823.87	187,671.82	190,690.38	2,252,799.62	2,161,435.64	2,340,095.90	4%	8%	Assumes full staff, -1PT, +1FT, & 2% possible merit increase.	178,660.26
12 Board Compensation		80,027.84	71,906.91	75,114.75	7,460.57	9,586.06	9,852.59	87,488.41	81,492.97	84,967.34	-3%	4%	Assumes same activity for Board and Incr. in insurance.	3,474.37
13 Professional Fees		405,381.53	368,877.65	352,884.10	35,799.57	25,300.71	11,762.32	441,181.10	394,178.36	364,646.42	-17%	-7%	Assumes O/S staff reduction due to hire as regular staff.	(29,531.94)
14 Service and Supplies		937,107.37	853,974.32	890,731.50	123,835.96	123,836.21	213,047.73	1,060,943.33	977,810.53	1,103,779.24	4%	13%	Increase due to: Insurance, Repair and Maint., Programs.	125,968.71
15 Utilities - Electric/Phone/Gas		381,263.85	473,863.34	434,519.76	42,589.83	42,992.79	45,120.51	423,853.68	516,856.13	479,640.26	13%	-7%	Assumes 5% incr in electrical costs & incr in solar credits.	(37,215.87)
16 Other- Depreciation/Amort, etc.		1,302,013.83	1,306,414.87	1,317,579.10	139,795.19	166,888.67	121,387.84	1,441,809.01	1,473,303.54	1,438,966.94	0%	-2%		(34,336.60)
17 Total Expense		5,183,472.56	5,058,385.89	5,229,934.73	533,304.98	556,276.26	591,861.36	5,716,777.54	5,614,662.15	5,821,796.09	2%	4%		207,133.94
18 Net Operational Income		(297,339.05)	6,979.67	110,805.64	(510,551.65)	(531,598.06)	(567,183.16)	(807,890.70)	(524,618.39)	(456,377.52)	-44%	-13%		68,240.87
19 NON-OPERATIONAL INCOME/EXPENSE														
20 NON-OPERATIONAL INCOME														
21 Property Tax		459,973.65	465,217.68	420,417.68	539,079.47	542,353.64	625,031.68	999,053.13	1,007,571.32	1,045,449.36	5%	4%	Assumes slight increase per County estimates.	37,878.04
22 Penalties & Other Fees		75,389.47	68,595.04	68,595.04	0.00	0.00	0.00	75,389.47	68,595.04	68,595.04	-9%	0%	Assumes similar revenue to prior year.	0.00
23 Solid Waste		0.00	0.00	0.00	125,380.41	139,981.58	139,981.58	125,380.41	139,981.58	139,981.58	100%	0%	Assumes similar revenue to prior year.	0.00
24 Meter Installation/Connection		148,447.53	143,808.14	172,569.77	0.00	0.00	0.00	148,447.53	143,808.14	172,569.77	16%	20%	Assumes three additional meter sets.	28,761.63
25 Other Income		853,132.43	992,739.67	845,504.27	48,824.56	90,077.22	93,970.13	901,956.98	1,082,816.89	939,474.39	4%	-13%	Assumes decrease due to one-time revenues in 16/17.	(143,342.50)
26 Total Non-Operational Income		1,536,943.08	1,670,360.53	1,507,086.75	713,284.44	772,412.44	858,983.39	2,250,227.52	2,442,772.97	2,366,070.14	5%	-3%		(76,702.83)
27 NON-OPERATIONAL EXPENSE														
28 Other Expense		1,231,665.34	1,229,633.56	1,213,800.39	1,957.60	2,251.34	2,251.34	1,233,622.94	1,231,884.90	1,216,051.73	-1%	-1%		(15,833.17)
29 Total Non-Operational Expense		1,231,665.34	1,229,633.56	1,213,800.39	1,957.60	2,251.34	2,251.34	1,233,622.94	1,231,884.90	1,216,051.73	-1%	-1%		(15,833.17)
30 Net Non-Operational Income		305,277.74	440,726.97	293,286.36	711,326.85	770,161.10	856,732.05	1,016,604.58	1,210,888.07	1,150,018.41	13%	-5%		(60,869.66)
31 Net Income		7,938.69	447,706.64	404,092.01	200,775.20	238,563.04	289,548.88	208,713.89	686,269.68	693,640.89	232%	1%		7,371.21
32 Depr & Amort @ 60%		519,316.87	517,402.02	525,163.05	44,050.31	46,852.35	47,555.14	563,367.18	564,254.37	572,718.18			Add back in 40% not Funded	8,463.81
33 Principal Payments Due on Loan		505,411.50	514,065.04	529,428.70	0.00	0.00	0.00	505,411.50	514,065.04	529,428.70			2002, 2012 (Water), 2014 (Solar) & Caltrans Loan.	15,363.66
34 Net Profit (Loss) Funds for CIP		21,844.06	451,043.61	399,826.35	244,825.51	285,415.39	337,104.02	266,669.57	736,459.00	736,930.37				
35 Repayment of Reserves				210,000.00			42,000.00			252,000.00				
36 Capital Projects/Purchases				180,000.00			119,000.00			299,000.00				
37 TOTAL NET INCOME AFTER ALL OBLIGATIONS				9,826.35			176,104.02			185,930.37				

BUDGET DETAIL COMPARISON

Assumes: Rates/Revenue Expense Salary		% Over Est Year End 6.00% 1.50% 2.00%		A	B	C	D	E	F	G	H	I	J	K	L	M	N	17/18 Budget vs. Actual Est YE (Column I / Column H)
				TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE				
				Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Column I compared to column G	Column I compared to column H				
1	Operational Income/Expense																	
2	Income																	2
3	40 - WATER SALES																	3
4	40A - WATER CONSUMPTION																	4
5	40010	Water Sales - Residential - C	2,245,699.83	2,353,957.46	2,495,194.91	0.00	0.00	0.00	2,245,699.83	2,353,957.46	2,495,194.91	11.1%	6.0%	Includes rate change.			5	
6	40020	Water Sales - Commercial - C	5,843.00	13,277.69	14,074.35	0.00	0.00	0.00	5,843.00	13,277.69	14,074.35	140.9%	6.0%				6	
7	40030	Water Sales - Fire Protection-C	683.00	889.70	943.08	0.00	0.00	0.00	683.00	889.70	943.08	38.1%	6.0%	The Chromium 6 surcharge is added below (Non-Op Revenue) .			7	
8	40060	Water Sales - Multiple Res - C	3,373.17	2,419.91	2,565.10	0.00	0.00	0.00	3,373.17	2,419.91	2,565.10	-24.0%	6.0%	as it is specifically for the Chromium 6 project not operations.			8	
9	40070	Water Sales - School - C	140,927.00	235,807.13	249,955.56	0.00	0.00	0.00	140,927.00	235,807.13	249,955.56	77.4%	6.0%				9	
10	40090	Water Sales - Construction - C	31,713.00	32,450.96	34,398.02	0.00	0.00	0.00	31,713.00	32,450.96	34,398.02	8.5%	6.0%				10	
11	40095	Water Sales - Construction Non-Potabl	16,036.02	0.00	0.00	0.00	0.00	0.00	16,036.02	0.00	0.00	N/A	0.0%	Customer no longer using non-potable water (since 4/2016).			11	
12	TOTAL WATER CONSUMPTION		2,444,275.02	2,638,802.85	2,797,131.02	0.00	0.00	0.00	2,444,275.02	2,638,802.85	2,797,131.02	14.4%	6.0%	Includes rate change approved with 2015 rate study.		158,328.17	12	
13	40B - WATER METER CHARGE																	13
14	41010	Water Sales - Residential - M	1,941,690.09	1,913,545.32	2,028,358.04	0.00	0.00	0.00	1,941,690.09	1,913,545.32	2,028,358.04	4.5%	6.0%	Includes rate change.			14	
15	41020	Water Sales - Commercial - M	8,258.00	12,245.58	12,980.31	0.00	0.00	0.00	8,258.00	12,245.58	12,980.31	57.2%	6.0%				15	
16	41030	Water Sales - Fire Protection-M	1,223.00	1,865.52	1,977.45	0.00	0.00	0.00	1,223.00	1,865.52	1,977.45	61.7%	0.0%				16	
17	41060	Water Sales - Multiple Res - M	2,916.91	2,144.16	2,272.81	0.00	0.00	0.00	2,916.91	2,144.16	2,272.81	-22.1%	6.0%				17	
18	41070	Water Sales - School - M	22,409.00	23,747.67	25,172.53	0.00	0.00	0.00	22,409.00	23,747.67	25,172.53	12.3%	6.0%				18	
19	41090	Water Sales - Construction - M	8,388.00	6,922.41	7,337.75	0.00	0.00	0.00	8,388.00	6,922.41	7,337.75	-12.5%	6.0%				19	
20	41095	Water Sales - Construction Non Potabl	1,656.98	0.00	0.00	0.00	0.00	0.00	1,656.98	0.00	0.00	N/A	0.0%	Customer no longer using non-potable water (since 4/2016)			20	
21	TOTAL WATER METER CHARGE		1,986,541.98	1,960,470.66	2,078,098.90	0.00	0.00	0.00	1,986,541.98	1,960,470.66	2,078,098.90	4.6%	6.0%	Includes rate change approved with 2015 rate study.		117,628.24	21	
22	Total - WATER SALES		4,430,817.00	4,599,273.51	4,875,229.92	0.00	0.00	0.00	4,430,817.00	4,599,273.51	4,875,229.92	10.0%	6.0%			275,956.41	22	
23	71 - SPECIAL ASSESSMENT																	23
24	74110	Special Assessments	300,000.00	300,581.60	300,000.00	0.00	0.00	0.00	300,000.00	300,581.60	300,000.00	0.0%	-0.2%	Assumes no change in properties with standby.			24	
25	TOTAL SPECIAL ASSESSMENT		300,000.00	300,581.60	300,000.00	0.00	0.00	0.00	300,000.00	300,581.60	300,000.00	0.0%	-0.2%	Assumes no change in standby revenue.			25	
26	46 - PARKS																	26
27	47600	Park & Recreation Fee	0.00	0.00	0.00	22,753.33	24,678.20	24,678.20	22,753.33	24,678.20	24,678.20	8.5%	0.0%	Does not include Farmers Market or special programs (see below).			27	
28	TOTAL PARKS		0.00	0.00	0.00	22,753.33	24,678.20	24,678.20	22,753.33	24,678.20	24,678.20	8.5%	0.0%	Assumes no change in fees.		0.00	28	
29	48 - OTHER SERVICE INCOME																	29
30	48200	Other Services Incomes	116,533.84	121,574.70	121,574.70	0.00	0.00	0.00	116,533.84	121,574.70	121,574.70	4.3%	0.0%				30	
31	48700	Administrative Fees	38,782.67	43,935.75	43,935.75	0.00	0.00	0.00	38,782.67	43,935.75	43,935.75	13.3%	0.0%				31	
32	TOTAL OTHER SERVICE INCOME		155,316.51	165,510.45	165,510.45	0.00	0.00	0.00	155,316.51	165,510.45	165,510.45	6.6%	0.0%	Assumes no change in fees.		0.00	32	
33	TOTAL INCOME FROM OPERATIONS		4,886,133.51	5,065,365.56	5,340,740.37	22,753.33	24,678.20	24,678.20	4,908,886.84	5,090,043.76	5,365,418.57	9.3%	5.4%				33	
34	GROSS PROFIT		4,886,133.51	5,065,365.56	5,340,740.37	22,753.33	24,678.20	24,678.20	4,908,886.84	5,090,043.76	5,365,418.57	9.3%	5.4%			275,374.81	34	
35																		35
36	50 - WATER PURCHASES																	36
37	50010	MWA WM Admin. & Bio Fee	8,702.39	8,484.98	8,600.00	0.00	0.00	0.00	8,702.39	8,484.98	8,600.00	-1.2%	1.4%	Increase per Watermaster report.		115.02	37	
38	50020	MWA WM Make Up Water	0.00	1,100.00	1,100.00	0.00	0.00	0.00	0.00	1,100.00	1,100.00	0.0%	0.0%	11AF Make up Obligation in Alto .			38	
39	50030	MWA WM Replacement Water	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%				39		
40	50040	Water Purchases - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%	Assumes no water from other agencies.			40		
41	TOTAL WATER PURCHASES		8,702.39	9,584.98	9,700.00	0.00	0.00	0.00	8,702.39	9,584.98	9,700.00	11.5%	1.2%			115.02	41	

Assumes: Rates/Revenue Expense Salary	% Over Est Year End 6.00% 1.50% 2.00%	A	B	C	D	E	F	G	H	I	J	K	L	M	N	17/18 Budget vs. Actual Est YE (Column I / Column H)											
																	TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
																	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Column I compared to column G	Column I compared to column H
42	51 - SALARIES & BENEFITS															Includes 2% Incr. Incl. 1 PT to 1 FT. Note: In prior year there were changes to staff. We had interim staff, etc. that skews percentages.	42										
43	51110 Salaries & Wages	1,224,455.31	1,130,027.06	1,246,570.23	120,633.37	119,374.83	123,454.85	1,345,088.68	1,249,401.89	1,370,025.08	1.9%	9.7%				The budget is based on exact calculations of approved positions.	43										
44	51120 Vacations	70,339.02	72,464.84	77,234.81	5,295.33	4,481.07	7,501.68	75,634.35	76,945.91	84,736.49	12.0%	10.1%				Vacation time increased for several staff due to longevity.	44										
45	51130 Holiday	58,995.21	54,417.61	59,441.76	5,622.71	5,051.34	4,999.18	64,617.92	59,468.95	64,440.95	-0.3%	8.4%					45										
46	51140 Sick Pay	64,358.41	60,069.68	64,845.56	6,133.86	4,645.41	5,453.65	70,492.27	64,715.09	70,299.22	-0.3%	8.6%					46										
47	51150 Misc Earn	48,484.13	63,807.46	52,603.92	2,040.00	3,469.68	2,040.00	50,524.13	67,277.14	54,643.92	8.2%	-18.8%				Total Reg/Vac/Hol/Sic/Mis	47										
48	51170 Overtime	82,341.20	108,176.57	98,938.47	4,646.81	8,746.21	4,935.01	86,988.00	116,922.78	103,873.48	19.4%	-11.2%				1,517,808.98	1,644,145.66	48									
49	51210 Payroll Taxes	43,667.39	35,212.89	36,813.96	4,550.96	3,915.69	4,181.72	48,218.36	39,128.58	40,995.68	-15.0%	4.8%				8%	126,336.68	49									
50	51220 Worker's Compensation	43,568.29	37,245.20	35,450.61	7,147.92	8,643.30	5,275.20	50,716.21	45,888.50	40,725.81	-19.7%	-11.3%					Decrease in Workers Comp Exp Mod due to Safety.	50									
51	51230 Employee Group Insurance	230,048.08	231,406.41	281,492.23	9,764.14	11,459.06	15,332.84	239,812.22	242,865.47	296,825.07	23.8%	22.2%					Assumes a 5% increase in Insurance + change in policy	1,125.00	51								
52	51240 Retirement	202,718.72	180,936.10	196,013.97	17,988.78	17,885.23	17,516.23	220,707.49	198,821.33	213,530.20	-3.3%	7.4%					WC exp mod was 102% in 15/16, 91% in 16/17.		52								
53	TOTAL SALARIES & BENEFITS	2,068,975.76	1,973,763.82	2,149,405.53	183,823.87	187,671.82	190,690.38	2,252,799.62	2,161,435.64	2,340,095.90	3.9%	8.3%					Assumes full staff, -1PT, +1FT, & 2% possible merit increase.	178,660.26	53								
54	52 - BOARD COMPENSATIONS (Expenses)															In 2016/17 we we had turn-over that required temporary help and/or OT in the interim. This skews the comparison to prior year.		54									
55	52110 Board Director's Fee	31,973.33	27,225.00	27,225.00	3,923.33	4,125.00	4,125.00	35,896.67	31,350.00	31,350.00	-12.7%	0.0%					0.00	55									
56	52210 Board Exp - Auto Expense	3,427.34	2,782.35	2,824.09	0.00	186.50	189.30	3,427.34	2,968.85	3,013.38	-12.1%	1.5%	E				44.53	56									
57	52220 Board Exp - Meals & Lodging	18,769.35	9,982.35	10,132.09	0.00	0.00	0.00	18,769.35	9,982.35	10,132.09	-46.0%	1.5%	E				149.74	57									
58	52230 Board Exp - Education/Training	1,125.85	2,271.00	2,305.06	0.00	0.00	0.00	1,125.85	2,271.00	2,305.06	104.7%	1.5%	E				34.06	58									
59	52240 Board Exp - Insurance & Other Expense	24,731.96	29,646.21	32,628.52	3,537.24	5,274.56	5,538.29	28,269.20	34,920.77	38,166.81	35.0%	9.3%					Assumes a 5% increase in Insurance + change in policy.	3,246.04	59								
60	TOTAL BOARD COMPENSATIONS (Expenses)	80,027.84	71,906.91	75,114.75	7,460.57	9,586.06	9,852.59	87,488.41	81,492.97	84,967.34	-2.9%	4.3%					Assumes same activity for Board and Incr. in insurance.	3,474.37	60								
61	53 - PROFESSIONAL FEE																	61									
62	53110 Auditing & Accounting Fees	22,565.15	29,605.00	30,049.08	761.25	800.00	812.00	23,326.40	30,405.00	30,861.08	32.3%	1.5%	E					62									
63	53120 Legal Services	71,716.52	36,571.88	37,120.46	1,048.83	525.00	532.88	72,765.35	37,096.88	37,653.33	-48.3%	1.5%	E					63									
64	53130 Engineering	300.44	0.00	0.00	175.26	0.00	300.00	475.70	0.00	300.00	-36.9%	0.0%						64									
65	53140 Laboratory Analysis	42,665.85	39,708.00	30,000.00	0.00	0.00	0.00	42,665.85	39,708.00	30,000.00	-29.7%	-24.4%					Required Testing varies from year to year.	(9,708.00)	65								
66	53150 Outside Service	185,436.42	160,234.73	151,415.16	32,863.51	20,459.10	6,570.00	218,299.93	180,693.83	157,985.16	-27.6%	-12.6%					Est. O/S Staff becoming regular staff	(22,708.67)	66								
67	53160 Permits & Fees	7,710.37	10,191.62	10,344.49	950.72	1,627.50	1,630.00	8,661.09	11,819.12	11,974.49	38.3%	1.3%					O/S Ent Fund assumes reduction due to full staffing.		67								
68	53170 Software Support	74,986.78	92,566.42	93,954.91	0.00	1,889.11	1,917.45	74,986.78	94,455.53	95,872.35	27.9%	1.5%	E				O/S Includes \$35,000 for Solar OM		68								
69	TOTAL PROFESSIONAL FEE	405,381.53	368,877.65	352,884.10	35,799.57	25,300.71	11,762.32	441,181.10	394,178.36	364,646.42	-17.3%	-7.5%					Assumes O/S staff reduction due to hire as regular staff.	(29,531.94)	69								
70	54 - SERVICE AND SUPPLIES																	70									
71	54110 Advertising	5,297.41	4,953.99	5,028.30	4,260.36	4,280.00	4,348.48	9,557.77	9,233.99	9,376.78	-1.9%	1.5%	E					71									
72	54140 Auto Expense	3,132.87	2,696.06	2,736.50	0.00	0.00	0.00	3,132.87	2,696.06	2,736.50	-12.7%	1.5%	E					72									
73	54170 Auto Allowance	7,366.67	7,312.50	7,350.00	0.00	0.00	0.00	7,366.67	7,312.50	7,350.00	-0.2%	0.5%						73									
74	54200 Credit Card Fee & Bank Charges	33,836.19	39,593.16	40,187.06	0.00	0.00	0.00	33,836.19	39,593.16	40,187.06	18.8%	1.5%	E					74									
75	54230 Dues & Subscriptions	17,316.33	17,337.00	17,597.06	866.13	955.00	1,000.00	18,182.47	18,292.00	18,597.06	2.3%	1.7%						75									
76	54260 Education & Training	44,865.88	42,238.86	42,872.44	1,515.62	1,500.50	1,524.51	46,381.50	43,739.36	44,396.95	-4.3%	1.5%	E				Required Hours for Certifications, etc.	657.59	76								
77	54290 Employment Expense	7,465.77	7,335.00	7,445.03	293.34	0.00	0.00	7,759.11	7,335.00	7,445.03	-4.0%	1.5%	E				Note: Obtain free training whenever possible.		77								
78	54300 Equipment Rental/ Lease	5,298.91	4,029.77	4,090.22	1,556.78	1,353.75	1,375.41	6,855.69	5,383.52	5,465.63	-20.3%	1.5%	E					78									
79	54320 General Maintenance	4,350.97	5,017.50	5,092.76	489.91	336.00	341.04	4,840.87	5,353.50	5,433.80	12.2%	1.5%	E					79									
80	54350 Insurance	74,391.06	74,397.24	81,836.96	1,170.25	1,577.28	1,735.01	75,561.31	75,974.52	83,571.97	10.6%	10.0%					10% Increase (First rate increase in several years).	7,597.45	80								
81	54380 Insurance - Vehicle	13,968.62	14,601.12	16,061.23	861.86	927.12	1,019.83	14,830.48	15,528.24	17,081.06	15.2%	10.0%						81									
82	54410 Fuel Costs	40,519.00	35,449.22	37,930.67	3,673.83	1,240.24	1,327.06	44,192.83	36,689.46	39,257.72	-11.2%	7.0%					Assumes 7% Increase (.12/gal = 5% + 2% general incr).	2,568.26	82								
83	54440 Meeting, Seminar & Supplies	9,408.90	6,998.31	7,103.28	0.00	61.73	62.72	9,408.90	7,060.04	7,166.00	-23.8%	1.5%	E					83									
84	54470 Travel Expense	24,526.20	23,895.38	24,253.81	0.00	1,521.68	2,575.39	24,526.20	25,417.06	26,829.20	9.4%	5.6%					Additional Solid Waste activity.		84								
85	54500 Operating Supplies	57,354.47	58,131.45	59,003.42	9,952.32	10,252.67	10,406.46	67,306.79	68,384.12	69,409.88	3.1%	1.5%	E					1,025.76	85								
86	54530 Office Supplies	39,378.01	31,634.44	32,108.95	1,515.38	1,131.35	1,148.32	40,893.38	32,765.79	33,257.27	-18.7%	1.5%	E					491.48	86								
87	54620 Repair & Maintenance	322,855.82	287,053.28	302,112.68	12,402.68	11,072.62	59,130.00	335,258.50	298,125.90	361,242.68	7.8%	21.2%					Meter replacement, well repair, etc., Parks/CC's Incr for paint, etc	63,116.78	87								

Assumes: Rates/Revenue Expense Salary			% Over Est Year End 6.00% 1.50% 2.00%			A			B			C			D			E			F			G			H			I			J		K		L		M		N	
			TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud		Bud vs Est YE				17/18 Budget vs. Actual Est YE (Column I / Column H)																								
Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Column I compared to column G	Column I compared to column H																													
88	54650	Small Tools	16,013.17	16,747.84	18,680.00	831.46	975.91	1,000.00	16,844.63	17,723.75	19,680.00	16.8%	11.0%	Rep & Main: HVAC, paint, appliances, water heaters, etc for CC.																												
89	54680	Uniforms	8,668.00	8,799.71	8,931.71	1,950.00	1,938.73	2,000.00	10,618.00	10,738.44	10,931.71	3.0%	1.8%			193.27																										
90	54710	Vehicle Maintenance	45,270.57	33,723.50	35,000.00	6,333.88	1,251.62	6,000.00	51,604.45	34,975.12	41,000.00	-20.5%	17.2%			6,024.88																										
91	54740	Easement Lease	1,273.18	979.00	993.69	0.00	0.00	0.00	1,273.18	979.00	993.69	-22.0%	1.5%	E																												
92	54770	Computer & Equipment Maint	7,287.78	7,409.09	7,520.23	0.00	0.00	0.00	7,287.78	7,409.09	7,520.23	3.2%	1.5%	E																												
93	54800	Programs (Wtr Cons, parks,etc)	40,252.90	27,971.23	28,390.80	16,729.41	27,094.64	62,501.06	56,982.30	55,065.87	90,891.86	59.5%	65.1%	Includes \$35,000 additional Solid Waste programs.		35,825.99																										
94	54801	Senior Lunch Program	0.00	0.00	0.00	20,917.99	20,098.25	20,399.72	20,917.99	20,098.25	20,399.72	100.0%	1.5%	E																												
95	54802	Farmers Market	0.00	0.00	0.00	16,108.98	20,390.75	20,696.61	16,108.98	20,390.75	20,696.61	100.0%	1.5%	E		Farmers market costs offset by revenue.																										
96	54803	Fall Festival	0.00	0.00	0.00	7,000.00	10,402.37	7,000.00	7,000.00	10,402.37	7,000.00	100.0%	-32.7%	E		Fall Festival costs offset by revenue.																										
97	54830	State & County Fees & Services	21,586.44	21,781.45	22,108.17	0.00	0.00	0.00	21,586.44	21,781.45	22,108.17	2.4%	1.5%	E		No election costs this year.																										
98	54860	Postage & Mailing	55,228.70	49,767.98	50,514.50	0.00	0.00	0.00	55,228.70	49,767.98	50,514.50	-8.5%	1.5%	E		746.52																										
99	54890	Printing	30,193.57	22,995.24	23,340.17	1,405.78	0.00	0.00	31,599.35	22,995.24	23,340.17	-26.1%	1.5%	E																												
100	54920	Public Relation	0.00	1,125.00	2,441.88	14,000.00	5,474.00	7,456.11	14,000.00	6,599.00	9,897.99	-29.3%	50.0%	E		Reduction in 16/17, Incr. for 17/18. 3,298.99																										
101	TOTAL SERVICE AND SUPPLIES		937,107.37	853,974.32	890,731.50	123,835.96	123,836.21	213,047.73	1,060,943.33	977,810.53	1,103,779.24	4.0%	12.9%	E		Increase due to: Insurance, Repair and Maint., Programs. 125,968.71																										
102	58 - UTILITIES - Electric/Phone/Gas																	102																								
103	58010	Telephone	20,474.12	28,833.13	29,265.63	647.79	626.30	635.69	21,121.91	29,459.43	29,901.32	41.6%	1.5%	E																												
104	58110	Utilities - Operations	749,439.43	582,869.31	612,012.78	28,255.08	31,713.53	33,299.20	777,694.51	614,582.84	645,311.98	-17.0%	5.0%	E		Increase in Electric Costs of 5% (other utilities =0 incr). 30,729.14																										
105	58115	Utilities - Solar Credit	(388,649.70)	(137,839.10)	(206,758.65)	0.00	0.00	0.00	(388,649.70)	(137,839.10)	(206,758.65)	-46.8%	50.0%	E		Third year credits -Proforma dated Sept 2014 @ 70% (68,919.55)																										
106	58210	Utilities - Street Lights	0.00	0.00	0.00	13,686.96	10,652.97	11,185.61	13,686.96	10,652.97	11,185.61	-18.3%	5.0%	E		= (\$313,588.80) Proposed = EST YE 532.65																										
107	TOTAL UTILITIES - Electric/Phone/Gas		381,263.85	473,863.34	434,519.76	42,589.83	42,992.79	45,120.51	423,853.68	516,856.13	479,640.26	13.2%	-7.2%	E		Assumes 5% incr in electrical costs & incr in solar credits. (37,215.87)																										
108	59 - OTHER- Depreciation/Amort, etc.																	108																								
109	59100	Bad Debt	3,500.00	12,244.43	4,000.00	0.00	0.00	0.00	3,500.00	12,244.43	4,000.00	14.3%	-67.3%	E		High this year due to multi-year write off after exhaustive collection efforts. 109																										
110	59110	Property Taxes	170.89	260.07	260.07	29,669.40	49,757.79	2,500.00	29,840.29	50,017.86	2,760.07	-90.8%	-94.5%	E		Property Tax for dairy property reduced. 110																										
111	59120	Depreciation & Amortization	1,298,292.19	1,293,505.04	1,312,907.62	110,125.79	117,130.88	118,887.84	1,408,417.97	1,410,635.92	1,431,795.46	1.7%	1.5%	E		Assumes slight increase in assets 21,159.54																										
112	59310	Other Operating Expenses	50.75	405.33	411.41	0.00	0.00	0.00	50.75	405.33	411.41	710.7%	1.5%	E																												
113	TOTAL OTHER- Depreciation/Amort, etc.		1,302,013.83	1,306,414.87	1,317,579.10	139,795.19	166,888.67	121,387.84	1,441,809.01	1,473,303.54	1,438,966.94	-0.2%	-2.3%	E		Assumes reduction due to bad debt and property tax expense. (34,336.60)																										
114	TOTAL EXPENSE		5,183,472.56	5,058,385.89	5,229,934.73	533,304.98	556,276.26	591,861.36	5,716,777.54	5,614,662.15	5,821,796.09	1.8%	3.7%	E		207,133.94																										
115	NET OPERATIONAL INCOME		(297,339.05)	6,979.67	110,805.64	(510,551.65)	(531,598.06)	(567,183.16)	(807,890.70)	(524,618.39)	(456,377.52)	-43.5%	-13.0%	E		68,240.87																										
116	NON-OPERATIONAL INCOME/EXPENSE																	116																								
117	NON-OPERATIONAL INCOME																	117																								
118	70 - PROPERTY TAXES																	118																								
119	71110	Property Taxes - Curr Sec	0.00	0.00	0.00	857,287.99	857,287.99	891,579.51	857,287.99	857,287.99	891,579.51	4.0%	4.0%	E		Assumes slight increase (4%) in property tax. 119																										
120	71120	Property Taxes - Curr Unsec	0.00	0.00	0.00	37,738.28	37,738.29	39,247.82	37,738.28	37,738.29	39,247.82	4.0%	4.0%	E		(Per County report on Districts share of General Tax). 120																										
121	71130	Property Taxes - Curr Supplimen	0.00	0.00	0.00	9,075.15	9,075.15	9,438.16	9,075.15	9,075.15	9,438.16	4.0%	4.0%	E																												
122	71140	Property Taxes - Curr Unitary	0.00	0.00	0.00	33,774.30	33,774.30	35,125.27	33,774.30	33,774.30	35,125.27	4.0%	4.0%	E																												
123	71150	Property Taxes - Curr Other	0.00	0.00	0.00	9,075.15	9,075.15	9,438.16	9,075.15	9,075.15	9,438.16	4.0%	4.0%	E																												
124	72110	Property Taxes - Prior Sec	0.00	0.00	0.00	16,139.09	19,781.60	19,781.60	16,139.09	19,781.60	19,781.60	22.6%	0.0%	E		Assumes prior year collections will be similar to last fiscal year. 124																										
125	72120	Property Taxes - Prior Unsec	0.00	0.00	0.00	768.48	934.04	934.04	768.48	934.04	934.04	21.5%	0.0%	E																												
126	72130	Property Taxes - Prior Supplimn	0.00	0.00	0.00	5,215.92	6,476.27	6,476.27	5,215.92	6,476.27	6,476.27	24.2%	0.0%	E																												
127	72150	Property Taxes - Prior Other	0.00	0.00	0.00	574.91	753.42	753.42	574.91	753.42	753.42	31.1%	0.0%	E																												
128	73160	Property Taxes - Homeowner	0.00	0.00	0.00	8,817.34	8,150.42	8,150.42	8,817.34	8,150.42	8,150.42	-7.6%	0.0%	E																												
129	73170	Tax Penalties & Others	11,973.65	17,217.68	17,217.68	8,612.87	7,307.01	7,307.01	20,586.52	24,524.69	24,524.69	19.1%	0.0%	E		From old taxes being paid. 129																										
130	SUB-TOTAL PROPERTY TAX REVENUE		11,973.65	17,217.68	17,217.68	987,079.47	990,353.64	1,028,231.68	999,053.13	1,007,571.32	1,045,449.36			E																												
131	71500	Property Tax	448,000.00	448,000.00	403,200.00	(448,000.00)	(448,000.00)	(403,200.00)	0.00	0.00	0.00	0.0%	0.0%	E		44,800.00																										
132	TOTAL PROPERTY TAXES		459,973.65	465,217.68	420,417.68	539,079.47	542,353.64	625,031.68	999,053.13	1,007,571.32	1,045,449.36	4.6%	3.8%	E		Assumes slight increase per County estimates. 37,878.04																										

Assumes: Rates/Revenue Expense Salary	% Over Est Year End 6.00% 1.50% 2.00%	A	B	C	D	E	F	G	H	I	J	K	L	M	N	
		TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE		17/18 Budget vs. Actual Est YE (Column I / Column H)		
		Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Column I compared to column G	Column I compared to column H				
133	75 - PENALTIES & OTHER FEE															133
134	86120 Penalties & Other Fees	75,389.47	68,595.04	68,595.04	0.00	0.00	0.00	75,389.47	68,595.04	68,595.04	-9.0%	0.0%				134
135	TOTAL PENALTIES & OTHER FEE	75,389.47	68,595.04	68,595.04	0.00	0.00	0.00	75,389.47	68,595.04	68,595.04	-9.0%	0.0%		Assumes similar revenue to prior year.		135
136	48 - SOLID WASTE															136
137	48500 Solid Waste Franchise Fee	0.00	0.00	0.00	125,380.41	139,981.58	139,981.58	125,380.41	139,981.58	139,981.58	11.6%	0.0%				137
138	TOTAL SOLID WASTE	0.00	0.00	0.00	125,380.41	139,981.58	139,981.58	125,380.41	139,981.58	139,981.58	11.6%	0.0%		Assumes similar revenue to prior year.	0.00	138
139	45 - METER INSTALLATION/CONNECTION FEES															139
140	45300 Meter Installation	24,829.53	26,199.81	31,439.77	0.00	0.00	0.00	24,829.53	26,199.81	31,439.77	26.6%	20.0%		Assumes three additional meter sets.		140
141	45400 Permits & Inspections	1,260.00	2,587.50	3,105.00	0.00	0.00	0.00	1,260.00	2,587.50	3,105.00	146.4%	20.0%				141
142	45500 Connection Fee	122,358.00	115,020.83	138,025.00	0.00	0.00	0.00	122,358.00	115,020.83	138,025.00	12.8%	20.0%				142
143	TOTAL METER INSTALLATION/CONNECTION FEES	148,447.53	143,808.14	172,569.77	0.00	0.00	0.00	148,447.53	143,808.14	172,569.77	16.2%	20.0%		Assumes three additional meter sets.	28,761.63	143
144	80 - OTHER INCOME															144
145	88110 Interest Income	35,597.81	23,860.83	24,338.05	20,191.08	19,645.38	20,038.29	55,788.89	43,506.21	44,376.33	-20.5%	2.0%		Assumes slight increase in Interest .		145
146	88120 Other Income	12,730.61	48,810.31	26,999.69	0.00	0.00	0.00	12,730.61	48,810.31	26,999.69	112.1%	-44.7%		Misc Water Revenue otherwise not categorized.		146
147	88125 Other Income - Senior Lunch	0.00	0.00	0.00	2,220.66	1,661.40	1,661.40	2,220.66	1,661.40	1,661.40	-25.2%	0.0%				147
148	88126 Other Income - Farmers Mkt	0.00	0.00	0.00	13,858.03	22,020.12	22,020.12	13,858.03	22,020.12	22,020.12	58.9%	0.0%				148
149	88127 Other Income - Fall Festival	0.00	0.00	0.00	7,841.58	4,724.57	4,724.57	7,841.58	4,724.57	4,724.57	-39.7%	0.0%				149
150	88128 Other Income - Farmers Mkt MM	0.00	0.00	0.00	4,128.54	3,525.75	3,525.75	4,128.54	3,525.75	3,525.75	-14.6%	0.0%				150
151	88150 Other Income	0.00	125,902.00	0.00	584.67	0.00	0.00	584.67	125,902.00	0.00	-100.0%	-100.0%		Grant from SCE for SCADA 2016/2017. (One time revenue).		151
152	88170 Other Income	0.00	0.00	0.00	0.00	38,500.00	42,000.00	0.00	38,500.00	42,000.00	N/A	9.1%		Dairy Lease Income.		152
153	88300 Chromium 6 Surcharge	804,804.00	794,166.53	794,166.53	0.00	0.00	0.00	804,804.00	794,166.53	794,166.53	0.0%	0.0%				153
154	Total - OTHER INCOME	853,132.43	992,739.67	845,504.27	48,824.56	90,077.22	93,970.13	901,956.98	1,082,816.89	939,474.39	4.2%	-13.2%		Assumes decrease due to one-time revenues in 16/17.		154
155	TOTAL NON-OPERATIONAL INCOME	1,536,943.08	1,670,360.53	1,507,086.75	713,284.44	772,412.44	858,983.39	2,250,227.52	2,442,772.97	2,366,070.14	5.1%	-3.1%		Increase due to Property Tax Revenue increase.	(76,702.83)	155
156	NON-OPERATIONAL EXPENSE															156
157	796 - Other Expense															157
158	91010 Interest Expense	398,905.92	399,734.03	384,798.80	0.00	0.00	0.00	398,905.92	399,734.03	384,798.80	-3.5%	-3.7%		2002, 2012 (Water), 2014 (Solar) & Caltrans Loan.	(14,935.23)	158
159	92010 Loan Administrator Fee	27,811.36	27,811.36	26,913.42	0.00	0.00	0.00	27,811.36	27,811.36	26,913.42	-3.2%	-3.2%			(897.94)	159
160	93010 Tax Deduction/Collection Charge	0.00	0.00	0.00	1,957.60	2,251.34	2,251.34	1,957.60	2,251.34	2,251.34	15.0%	0.0%		Property Tax Collection Charge and Processing Fee.		160
161	94010 Chromium 6 Expenses	804,804.00	794,166.53	794,166.53	0.00	0.00	0.00	804,804.00	794,166.53	794,166.53	-1.3%	0.0%				161
162	95010 Net Incr/Decr in Fair Value	144.06	7,921.64	7,921.64	0.00	0.00	0.00	144.06	7,921.64	7,921.64	5398.8%	0.0%				162
163	Total - Other Expense	1,231,665.34	1,229,633.56	1,213,800.39	1,957.60	2,251.34	2,251.34	1,233,622.94	1,231,884.90	1,216,051.73	-1.4%	-1.3%		Decrease due to reduction in interest expense.	(15,833.17)	163
164	TOTAL NON-OPERATIONAL EXPENSE	1,231,665.34	1,229,633.56	1,213,800.39	1,957.60	2,251.34	2,251.34	1,233,622.94	1,231,884.90	1,216,051.73	-1.4%	-1.3%				164
165	NET NON-OPERATIONAL INCOME	305,277.74	440,726.97	293,286.36	711,326.85	770,161.10	856,732.05	1,016,604.58	1,210,888.07	1,150,018.41	13.1%	-5.0%			(60,869.66)	165
166	NET INCOME	7,938.69	447,706.64	404,092.01	200,775.20	238,563.04	289,548.88	208,713.89	686,269.68	693,640.89	232.3%	1.1%			7,371.21	166
167	Fund Depr @ 60% = add back 40%	519,316.87	517,402.02	525,163.05	44,050.31	46,852.35	47,555.14	563,367.18	564,254.37	572,718.18	1.7%	1.5%		Add back in 40% not Funded		167
168	Principal Payments Due on Loan	505,411.50	514,065.04	529,428.70	0.00	0.00	0.00	505,411.50	514,065.04	529,428.70	4.8%	3.0%		Principal portion of payments	15,363.66	168
169	TOTAL NET INCOME (AFTER DEPR AND PRIN)	21,844.06	451,043.61	399,826.35	244,825.51	285,415.39	337,104.02	266,669.57	736,459.00	736,930.37	176.3%	0.1%				169
170	Repayment of Property Plant & Equip Reserves			105,000.00	See Col. M & N Line 169		21,000.00	Dairy Lease Revenue		126,000.00				Per Rate Study, Board wishes to repay reserves over 5 years	12.7	170
171	Repayment of Disaster Response Reserves			105,000.00	See Col. M & N Line 169		21,000.00	Dairy Lease Revenue		126,000.00				Total due Reserves for 2012 Water Rights	3,200,000.00	171

Assumes:	% Over Est Year End	A			B			C			D			E			F			G			H			I			J		K		L	M		N	17/18 Budget vs. Actual Est YE (Column I / Column H)
		TOTAL ENTERPRISE FUNDS									TOTAL GOVERNMENT FUNDS						TOTAL ALL FUNDS						Bud vs Bud		Bud vs Est YE												
		Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Prior Year 2016/2017 Budget	Actual EST YE 16/17	Proposed 2017/2018 BUDGET	Column I compared to column G	Column I compared to column H																			
172	TOTAL NET INCOME (After Repayment of Reserves)			189,826.35				295,104.02						484,930.37																Total due Reserves for 2015 Water Rights	2,556,098.00	172					
173	Capital Budget			180,000.00				119,000.00						299,000.00															Note: 2015 Water Rights are part of C6 and will be repaid with C6 funding		173						
174	TOTAL NET INCOME (After CIP)			9,826.35				176,104.02						185,930.37															Note: Dairy Lease Income is used on line 169/170 for reserves		174						
175																															175						
176	2017/2018 Debt Service	2002	2012 (Water)	2014 (Solar)	Caltrans (HWY 138)	TOTAL LOANS																							Note: The E in column L stands for "Expense" and represents notation of the accounts that we do not know how much they may increase and therefore use the Board assumption of 1.5%		176						
177	Principal	114,133.24	193,367.63	188,396.45	33,531.38	\$ 529,428.70																									177						
178	Interest	77,079.76	136,112.41	169,194.83	2,411.80	\$ 384,798.80																									178						
179	Fees	6,606.84	20,306.58	0.00	0.00	\$ 26,913.42																									179						
180		197,819.84	349,786.62	357,591.28	35,943.18	\$ 941,140.92																									180						
181																																181					
182	Estimated Solar Credits:			-206,758.65																												182					
183																																183					
184	Total Operating Revenue	4,886,133.51	5,065,365.56	5,340,740.37	22,753.33	24,678.20	24,678.20	4,908,886.84	5,090,043.76	5,365,418.57																						184					
185	Total Non-Operating Revenue	1,536,943.08	1,670,360.53	1,507,086.75	713,284.44	772,412.44	858,983.39	2,250,227.52	2,442,772.97	2,366,070.14																						185					
186	Total Revenue	6,423,076.58	6,735,726.09	6,847,827.13	736,037.78	797,090.64	883,661.59	7,159,114.36	7,532,816.73	7,731,488.71	973697.7																					186					
187																																187					
188	Total Operating Expense	5,183,472.56	5,058,385.89	5,229,934.73	533,304.98	556,276.26	591,861.36	5,716,777.54	5,614,662.15	5,821,796.09																						188					
189	Total Non-Operating Expense	1,231,665.34	1,229,633.56	1,213,800.39	1,957.60	2,251.34	2,251.34	1,233,622.94	1,231,884.90	1,216,051.73																						189					
190	Total Expense	6,415,137.90	6,288,019.45	6,443,735.12	535,262.58	558,527.60	594,112.70	6,950,400.48	6,846,547.05	7,037,847.82																						190					

FUND BALANCES AND CASH FLOW PROJECTIONS

	Enterprise Fund	Government Fund	Total
FUND BALANCES			
Est. Cash in Bank Beginning Balance 07/01/17	\$ 6,105,464.82	\$ 4,513,114.53	\$ 10,618,579.35
Board Approved Reserves	<u>(5,520,585.85)</u>	<u>(544,454.70)</u>	<u>(6,065,040.55)</u>
Total Fund Balance (Cash Available)	\$ 584,878.97	\$ 3,968,659.83	\$ 4,553,538.80
		543,854.00	
OPERATIONAL ACTIVITIES			
Net Profit (Loss)	\$ 404,092.01	\$ 289,548.88	\$ 693,640.89
Depreciation @ 40% (not funding 40%)	525,163.05	47,555.14	572,718.18
Depreciation @ 60% (funding 60%)	<u>787,744.57</u>	<u>71,332.70</u>	<u>859,077.27</u>
Cash available from operations	\$ 1,716,999.62	\$ 408,436.72	\$ 2,125,436.34
INVESTMENT ACTIVITIES			
Projects	\$ (120,000.00)	\$ (235,000.00)	\$ (355,000.00)
Capital Purchases	<u>(60,000.00)</u>	<u>-</u>	<u>\$ (60,000.00)</u>
Total Investment Activity	\$ (180,000.00)	\$ (235,000.00)	\$ (415,000.00)
FINANCE ACTIVITIES			
Loans (Principal)	<u>\$ (529,428.70)</u>	<u>\$ -</u>	<u>\$ (529,428.70)</u>
Total Finance Activity	\$ (529,428.70)	\$ -	\$ (529,428.70)
NET CASH FROM ACTIVITIES			
	\$ 1,007,570.92	\$ 173,436.72	\$ 1,181,007.64
Transfer of funds or Reserves	-210,000.00	-42,000.00	-252,000.00
Net Cash Available for Future Projects	1,382,449.89	4,100,096.55	\$ 5,482,546.44

RESERVES

Phelan Piñon Hills Community Service District
2016/2017 Schedule
Approved March 1, 2017

BOARD DESIGNATED RESERVES	ENTERPRISE	GOVERNMENT	Total
1. UNRESTRICTED RESERVES	Fund 01	Fund 02	
1A. Contingency and Operations (Goal = Six months no less than three mos.)			
2016/17 Budget Total	\$6,415,138	\$535,263	\$6,950,401
Less:			
Depreciation	1,298,292	110,126	1,408,418
Debt Service (Interest)	398,906		398,906
	4,717,940	425,137	5,143,077
Reserve @ Three Months =	x 3/12	x 3/12	x 3/12
Contingency and Operating Reserve	1,179,485	106,284	1,285,769
Debt Service Reserve - Loans (1 yr P&I.)	932,129		932,129
TOTAL RESERVE FOR OPERATIONS	\$2,111,614	\$106,284	\$2,217,898
1B. Property, Plant, and Equipment Replacement Reserve (Goal = 25%- 50%)			
Accumulated Depreciation 06/30/16	21,442,875	963,389	22,406,264
Reserve @ 25% =	5,360,719	240,847	5,601,566
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	\$2,482,670	\$240,847	\$2,723,517
1C. Disaster Response Reserve (Goal = 10 - 20%)			
Total Assets (Excluding Land& Wtr Rts) 06/30/16	38,043,506	1,973,232	40,016,738
Reserve @ 10% =	3,804,351	197,323	4,001,674
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	\$926,302	\$197,323	\$1,123,625
TOTAL RESERVES	\$5,520,586	\$544,455	\$6,065,041
2. ADDITIONAL RESERVES IDENTIFIED BY THE BOARD			
Capital, Projects*, & Replacement Budget Current Year	1,190,000	50,000	1,240,000
TOTAL FUNDS NEEDED FOR CAPITAL PROJECTS	\$1,190,000	50,000	\$1,240,000

* WRAP = Water Rights Acquisition 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							
08/01/17			\$38,540	\$38,540		\$38,540	
02/01/18	\$2,088,145	\$114,133	\$38,540	\$152,673	\$6,607	\$159,280	\$197,820
2012 I-Bank Loan							
08/01/17	\$6,575,493	\$193,368	\$69,042	\$262,410	\$20,307	\$282,717	
02/01/18			\$67,070	\$67,070		\$67,070	\$349,787
2014 Muni Loan							
08/01/17	\$4,550,246	\$93,323	\$85,472	\$178,796		\$178,796	
02/01/18	\$4,455,173	\$95,073	\$83,723	\$178,796		\$178,796	\$357,591
2015 CalTrans Loan							
07/01/17	\$277,002	\$8,354	\$632	\$8,986		\$8,986	
10/01/17	\$268,648	\$8,373	\$613	\$8,986		\$8,986	
01/01/18	\$260,275	\$8,392	\$593	\$8,986		\$8,986	
04/01/18	\$251,882	\$8,412	\$574	\$8,986		\$8,986	\$35,943
Total		\$529,429	\$384,799	\$914,228	\$26,913	\$941,141	\$941,141

Revenue Coverage

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Actual 2011/2012	Actual 2012/2013	Actual 2013/2014	Actual 2014/2015	Actual 2015/2016	Budget 2016/2017	Budget 2017/2018
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	\$5,633,243
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	\$5,229,935
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	890,732
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	\$3,885,181	\$4,339,203
Net Revenues Water Fund	\$601,609	\$786,303	\$616,024	\$1,016,880	\$587,768	\$944,631	\$1,194,723	\$1,719,139	\$1,255,425	\$1,294,040
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	\$197,820
2012 Water Rights Acquisition					26,240	368,852	351,719	350,061	\$349,925	349,787
2014 Solar Project							150,150	357,591	\$357,591	357,591
2014 Hwy 138							13,231	26,462	\$35,943	35,943
Combined Total Annual Debt	\$231,311	\$231,021	\$230,721	\$209,792	\$225,605	\$567,930	\$713,879	\$932,584	\$941,610	\$941,141
Debt Service Coverage	260%	340%	267%	485%	261%	166%	167%	184%	133%	137%

The above debt service is listed on the last page of the Budget Detail section of this document. Potential or scheduled new debt is identified in the Capital section of this budget document. The Chromium-6 mitigation project is the potential debt identified for this budget year. The District is currently collecting a surcharge on the water bills (rate schedule is on page 24) to pay for expenses and debt for this project.

APPROPRIATIONS LIMIT

The 2017-2018 appropriations limit was set by Resolution #2017-11 and approved by the Board of Directors on June 21, 2017.

PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT APPROPRIATIONS LIMIT CALCULATION		
FISCAL YEAR 2017/2018		
1	PRICE FACTOR U.S. CAPITA PERSONAL INCOME CPI	3.69%
2	POPULATION PERCENT CHANGE	0.62%
3	PER CAPITA CONVERTED TO A RATIO:	1.03690
4	POPULATION CONVERTED TO A RATIO:	1.00620
5	CALCULATION FACTOR FOR RATIO OF CHANGE:	1.04333
6	PRIOR YEAR (16/17) APPROPRIATION LIMIT	\$3,384,477
7	CURRENT YEAR APPROPRIATION LIMIT	\$3,531,122

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 21, 2017, 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 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.

Chromium-6 Mitigation Project

The proposed plan is to incorporate the production of four wells located at the Meadowbrook Dairy and George's Field (Dairy Sub-200gpm, NW Corner-300gpm, Center-600 and George's well 1200gpm) 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 District has contracted with Infrastructure Engineering Corporation (IEC) to prepare a preliminary engineering report and design plans for the blending project. Request for proposals for the construction is scheduled for early 2018 with construction beginning soon after.

Completion of the final design plans is scheduled for the early part of September 2017. Grant application to the Bureau of Reclamation was submitted in late 2016. Applications for funding with the State and USDA is planned for 2017.

***\$4,000,000 budgeted for design and progressive payments for construction
Funded by Chromium 6 surcharge, Loan and possible grant***

Administrative Building

The future administrative building project was started, preliminary site specifications and design were completed, and various permits have been obtained. The District has elected to do what is necessary to obtain remaining permits for this project through the Planning Commission hearing process. This includes preliminary site plan, record of survey, and Water Quality Management Plan (WQMP) plan checks.

\$25,000 budgeted for Permits and Fees

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.

\$10,000 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 2017/2018 budgeted for the continued work on the GIS.

\$25,000 budgeted for contracted services

Master Plan update - Hydraulic Model

As part of the Water Master Plan update necessary for 2020, staff is recommending moving forward with updating the current hydraulic model. This would involve updating the hydraulic model using the District's most accurate GIS that was built over the last few years. The current model was built using paper maps that were provided to the District when they took over from Special Districts. With work being done to the model outlined in the Chromium 6 Mitigation Project, it would be beneficial to complete the model of the District in whole working with IEC to complete work. The hydraulic analysis for the IEC Cr6 Project portion, \$3,720. Estimated cost for the 80 acre School Site (project) \$1,500.

\$50,000 budgeted for GIS and Hydraulic Model for the Master Plan Update

Solar Site Security

The District has identified security measures that would reduce the number of call outs to the solar site. Currently, when an alarm is tripped, staff must go out to the site to identify the cause of the alarm. Many times, it is due to animals or tumbleweeds crossing the path of the motion sensors. Installation of cameras would enable staff to evaluate the cause of the alarm without visiting the site. Additionally, if there are intruders, video surveillance and documentation would be extremely beneficial.

\$10,000 budgeted for Security Equipment

Replace Playground equipment, flooring, HVAC

This item was budgeted for 2016/2017 and may not be completed within that fiscal year, therefore it is being included in the 2017/2018 budget. 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 to be funded out of depreciation

Replace Phelan Park/Community Center/Senior Center Parking Lot

The parking lot serving the District Administration Building, Park, Community Center, and Senior Center, receives significant wear and tear due to the high volume of activity at those facilities. Generally, the parking lot is re-surfaced as needed (approximately every five years). As the parking lot is showing significant stress and wear and tear, staff recommended that the parking lot be replaced this year.

\$160,000 budgeted for the replacement of the parking lot

Solid Waste Projects

The Solid Waste Committee has requested funds be allocated for the Solid Waste and Recycling demands of the District. These projects will be brought before the Board as the need is identified.

\$25,000 budgeted for Solid Waste and Recycling projects to be funded out of Solid Waste Revenues

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 one vehicle in 2017/2018 and only purchased one. Purchases are made if the need arises and only after Board approval.

\$35,000 budgeted for one new service truck to be funded out of depreciation

Computers and Equipment

There are two computers and equipment that is nearing the end of its life expectancy and will need to be replaced this year. The District replaces computers and equipment as is necessary to meet operational demands.

\$10,000 budgeted for Computers and Equipment funded out of depreciation

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.

CAPITAL EXPENDITURE BUDGET

CIP PROJECTS			ESTIMATE	Funding
PROJECT	DESCRIPTION/LOCATION	2017/2018	Source	
1	Chromium 6 Mitigation Projects Design & construction	4,000,000.00	H	
2	Administrative Building Permits and Fees	25,000.00	A	
3	Adjudication of Water Rights Continued LA Adjudication	10,000.00	A	
4	GIS/Mapping Convert GIS and mapping to new system	25,000.00	A	
5	Water Master Plan Update GIS and Hydraulic Model Update w/Cr6 project	50,000.00	A	
6	Solar Site Security Cameras for Solar Site	10,000.00	A	
		<u>\$4,120,000.00</u>		
7	Park and Recreation Replace Phelan parking lot, flooring, HVAC	210,000.00	E & G	
8	Solid Waste Potential Capital Projects	25,000.00	G	
		<u>\$ 235,000.00</u>		
TOTAL PROJECTS		\$4,355,000.00		

CAPITAL PURCHASES			ESTIMATE	
9	Vehicle Replace one truck	35,000.00	A	
10	Computers & Software Replace computers, purchase software, etc.	10,000.00	A	
11	Administrative Building Carpet Replacement	15,000.00	A	
		<u>\$ 60,000.00</u>		
TOTAL PROJECTS AND CAPITAL PURCHASES			\$4,415,000.00	

FUNDING SOURCES				
Ent A	Depreciation Funded	60% of Depreciation	A	\$ 180,000.00
Ent B	Property Plant and Equipment Replacement Reserve*		B	
Ent C	Connection Fees		C	
Ent D			D	
Gvt E	Depreciation Funded	60% of Depreciation	E	119,000.00
Gvt F	*Property Plant and Equipment Replacement Reserve		F	
Gvt G	Existing Funds Available or Operational Revenue		G	116,000.00
	H Loan or other Source to be identified		H	<u>4,000,000.00</u>
				<u>\$4,415,000.00</u>

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

Note: Items 1-6 are developed in the Engineering Committee
 Item # 7 was developed in the Parks and Recreation Committee
 Item #8 was developed in the Solid Waste and Recycling Committee



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

BUDGET FORECAST

FIVE YEAR FORECAST

PPHCSD Forecast Model						
Assumptions	2018/19	2019/20	2020/21	2021/2022	2022/2023	
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%	
PROPOSED						
	2017/2018	2018/19	2019/20	2020/21	2021/2022	2022/2023
1 Operating Revenue - Enterprise Fund						
2 Water Sales	\$ 4,875,230	\$ 5,167,744	\$ 5,477,808	\$ 5,806,477	\$ 5,980,671	\$ 6,160,091
3 Special Assessments	300,000	300,000	300,000	300,000	300,000	300,000
4 Other Services	165,510	165,510	165,510	165,510	165,510	165,510
5 Total Operating Revenues	\$ 5,340,740	\$ 5,633,254	\$ 5,943,319	\$ 6,271,987	\$ 6,446,182	\$ 6,625,602
6						
7 Operating Expenses - Enterprise Fund						
8 Water Purchases	9,700	10,185	10,694	11,229	11,790	12,380
9 Board Compensation	75,115	78,870	82,814	86,955	91,302	95,868
10 Professional Services	352,884	370,528	389,055	408,507	428,933	450,379
11 Salaries and Benefits - Enterprise	2,149,406	2,213,888	2,280,304	2,348,713	2,419,175	2,491,750
12 Services and Supplies - Enterprise	890,732	935,268	982,031	1,031,133	1,082,690	1,136,824
13 Rents and Leases	-	-	-	-	-	-
14 Utilities	434,520	456,246	479,058	503,011	528,161	554,570
15 Depreciation	1,312,908	1,378,553	1,957,090	1,969,260	1,993,096	2,022,368
16 Other	4,671	4,905	5,150	5,408	5,678	5,962
17 Total Operating Expenses	\$ 5,229,935	\$ 5,448,443	\$ 6,186,197	\$ 6,364,216	\$ 6,560,826	\$ 6,770,101
18						
19 Net Operational Income Water	\$ 110,806	\$ 184,811	\$ (242,878)	\$ (92,229)	\$ (114,645)	\$ (144,499)
20						
21 Operating Revenue and Expense - Government Fund						
22 Ordinary Income Government Funds	24,678	24,678	24,678	24,678	24,678	24,678
23 Ordinary Expense Government Funds	(591,861)	(621,454)	(652,527)	(685,154)	(719,411)	(755,382)
24 Net Operational Income Government	\$ (567,183)	\$ (596,776)	\$ (627,849)	\$ (660,475)	\$ (694,733)	\$ (730,704)
25						
26 Non-Operating Revenues (Expenses)						
27 Investment Earnings	24,338	25,068	25,820	26,595	27,393	28,214
28 Investment Expense	(419,634)	(439,866)	(424,830)	(409,300)	(393,262)	(376,698)
29 Property Taxes	420,418	433,030	446,021	459,402	473,184	487,379
30 Other Income Taxes, Penalties, etc	889,761	916,454	943,948	972,266	1,001,434	1,031,477
31 Other Income Grants, Solar Credits, etc	-	384,174	399,882	416,177	433,082	433,082
32 Connection Fees	172,570	182,924	193,899	205,533	211,699	218,050
33 Other Expense	(794,167)	(794,167)	(196,656)	(206,489)	(216,813)	(227,654)
34 Net Non-Operating Revenues (Expenses)	\$ 293,286	\$ 707,618	\$ 1,388,085	\$ 1,464,184	\$ 1,536,716	\$ 1,593,852
35						
36 Non-Operating Revenues (Expenses) - Government Fund						
37 Investment Earnings	20,038	20,639	21,259	21,896	22,553	23,230
38 Property Taxes	625,032	643,783	663,096	682,989	703,479	724,583
39 Other Income	73,932	73,932	73,932	73,932	73,932	73,932
40 Income Solid Waste	139,982	142,781	145,637	148,550	151,521	154,551
41 Other Expense	(2,251)	(2,364)	(2,482)	(2,606)	(2,737)	(2,873)
42 Net Non-Operating Revenues (Exp) Gvmt	\$ 856,732	\$ 878,771	\$ 901,441	\$ 924,761	\$ 948,748	\$ 973,422
43						
44 Net Income	\$ 693,641	\$ 1,174,423	\$ 1,418,799	\$ 1,636,240	\$ 1,676,087	\$ 1,692,071
45						
46 Depreciation Unfunded (40%)	\$ 572,718	\$ 551,421	\$ 782,836	\$ 787,704	\$ 797,239	\$ 808,947
47 Loan Principal Payments	(529,429)	(466,256)	(1,285,838)	(1,300,897)	(1,316,451)	(1,332,516)
48 Net Cash Avail for Projects/Reserves	\$ 736,930	\$ 1,259,588	\$ 915,797	\$ 1,123,047	\$ 1,156,874	\$ 1,168,502
Beginning Cash in Bank (1)	\$ 10,618,579	\$ 11,799,587	\$ 13,470,207	\$ 15,135,158	\$ 16,664,661	\$ 18,079,243
RESERVES	(6,065,041)	(5,560,441)	(8,507,261)	(9,155,881)	(9,874,501)	(10,625,731)
FUNDED DEPRECIATION (60%)	859,077	827,132	1,174,254	1,181,556	1,195,858	1,213,421
CIP PROJECTS	(355,000)	(356,100)	(365,100)	(715,100)	(878,150)	(668,100)
CAPITAL PURCHASES	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
CASH BALANCE = AVAILABLE CASH	\$ 5,734,546	\$ 7,909,767	\$ 6,627,898	\$ 7,508,781	\$ 8,204,742	\$ 9,107,335

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

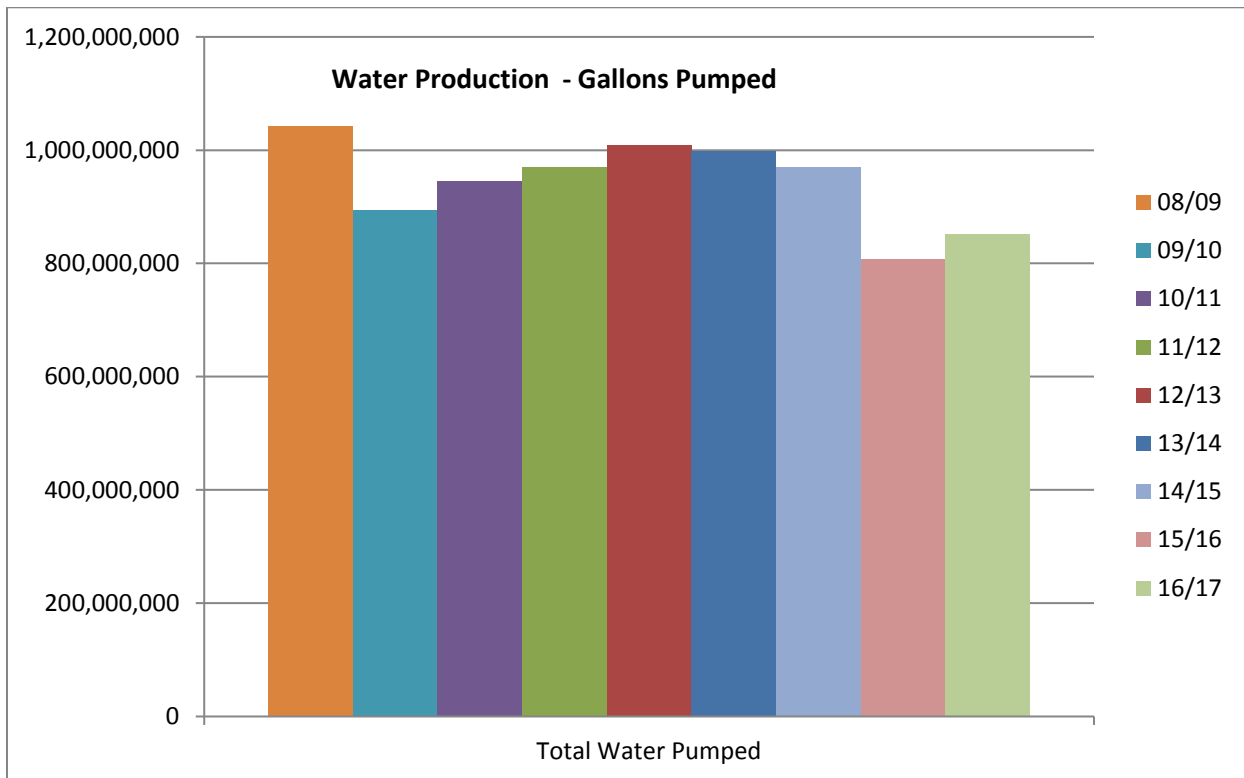
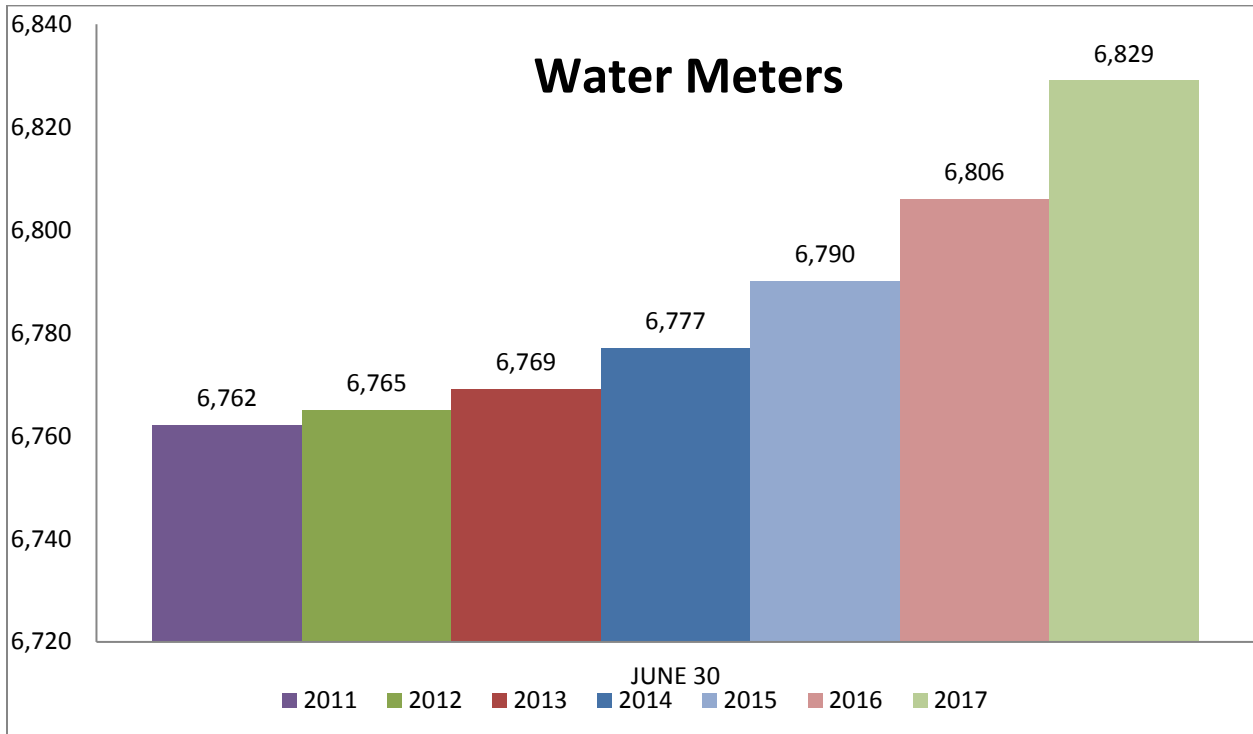
WATER SYSTEM STATISTICS AND HISTORICAL INFORMATION

NUMBER OF WATER CUSTOMERS as of 06/30/2017										
	Current Fiscal Year – 9*	Current Fiscal Year – 8*	Current Fiscal Year – 7*	Current Fiscal Year – 6*	Current Fiscal Year – 5*	Current Fiscal Year – 4*	Current Fiscal Year – 3*	Current Fiscal Year – 2*	Current Fiscal Year – 1*	Current Fiscal Year
	06/30/2008	06/30/2009	06/30/2010	06/30/2011	06/30/2012	06/30/2013	06/30/2014	06/30/2015	06/30/2016	06/30/2017
Residential	6,685	6,698	6,708	6,709	6,712	6,714	6,719	6,735	6,753	6,780
Commercial	51	51	51	51	51	51	51	51	49	42
Construction						4	7	5	4	7
Other	2	2	2	2	2					
TOTAL	6,738	6,751	6,761	6,762	6,765	6,769	6,777	6,791	6,806	6,829

CURRENT AND HISTORICAL AVERAGE MONTHLY USER CHARGE PER RESIDENTIAL UNIT (includes minimum + 15 HCF of water for 3/4" meter)										
	Current Fiscal Year – 9*	Current Fiscal Year – 8*	Current Fiscal Year – 7*	Current Fiscal Year – 6*	Current Fiscal Year – 5*	Current Fiscal Year – 4*	Current Fiscal Year – 3*	Current Fiscal Year – 2*	Current Fiscal Year – 1*	Current Fiscal Year
	06/30/2008	06/30/2009	06/30/2010	06/30/2011	06/30/2012	06/30/2013	06/30/2014	06/30/2015	06/30/2016	06/30/2017
Residential Unit	41.76	41.76	41.76	41.76	41.76	41.69	45.95	48.96	54.87	60.34

TEN LARGEST SYSTEM USERS as of 06/30/2017					
User	Annual Usage	% of System Use	Annual Gross Revenues	% of System Revenues	Customer Class
SNOWLINE JUSD	87,252	8.79%	\$273,186	5.00%	INSTITUTIONAL
COUNTY OF SAN BERNARDINO	3,713	0.37%	\$28,006	0.51%	CONSTRUCTION
MINA JUN	2,566	0.26%	\$9,842	0.18%	RESIDENTIAL
MYONG CHA (GRACE) PAK	2,522	0.25%	\$9,104	0.17%	RESIDENTIAL
FLATIRON WEST INC	2,110	0.21%	\$15,206	0.28%	CONSTRUCTION
KIRK RADEWALD	2,066	0.21%	\$7,535	0.14%	RESIDENTIAL
JANICE CHUNG	1,763	0.18%	\$6,442	0.12%	RESIDENTIAL
JOHN R & MARTHA J BROWNE	1,684	0.17%	\$6,154	0.11%	RESIDENTIAL
HAE LI LEE	1,566	0.16%	\$5,747	0.11%	RESIDENTIAL
TERRY & CHERIE CONAN	1,548	0.16%	\$5,674	0.10%	RESIDENTIAL
TOTAL	106,791	10.75%	\$366,895	6.72%	

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

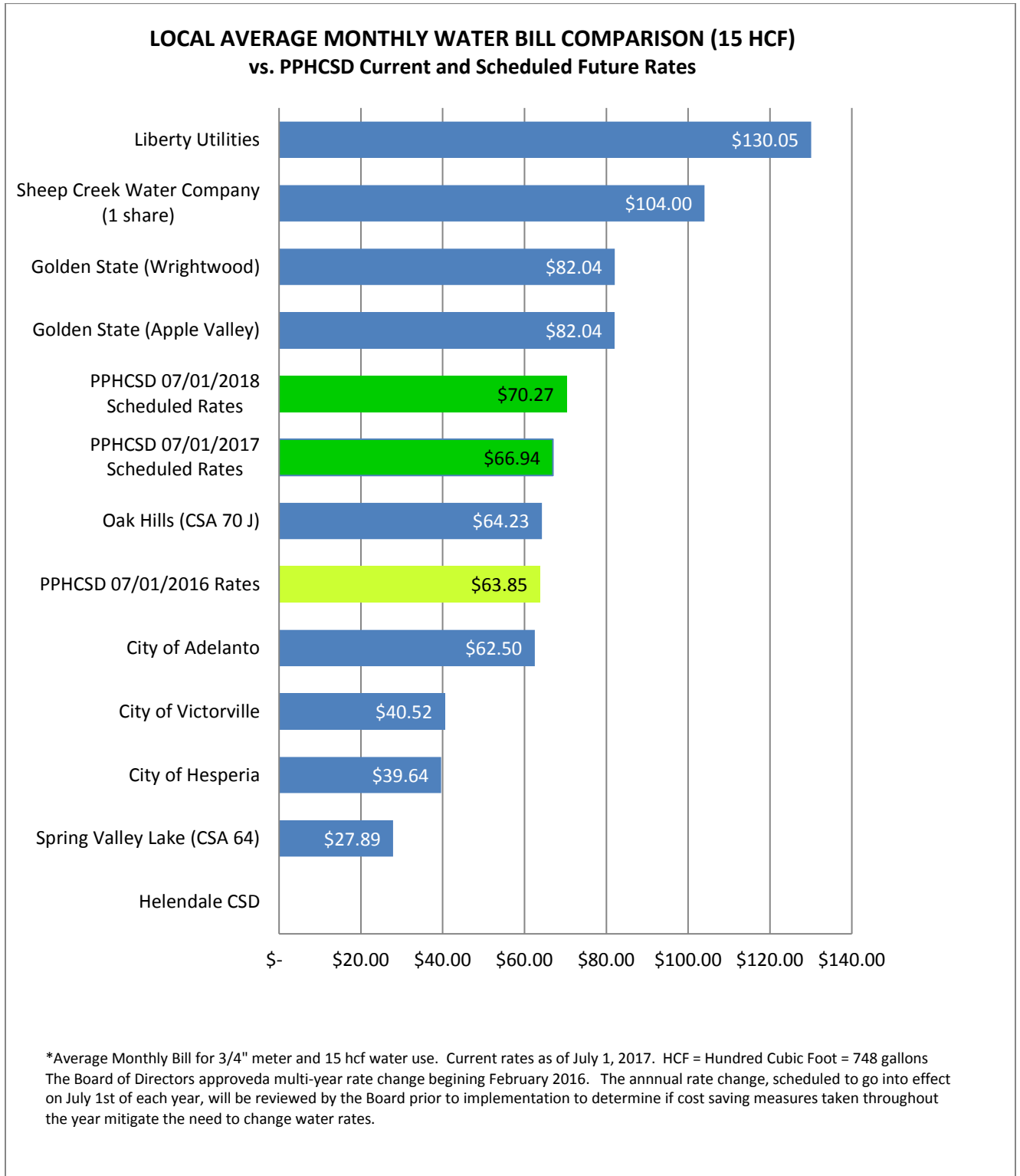
Tier 1 = 0 to 12 units Tier 2 = 12 plus units

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.

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 Service 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. In 2012 the District activated Solid Waste and Recycling services.

The 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.

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.

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, Government Affairs, and Finances. These meetings are open to the Public whom are encouraged to attend.

District Services

The District provides the following within its service area:

- ◆ Water
- ◆ Park and Recreation
- ◆ Street Lighting
- ◆ Solid Waste and Recycling

BOARD OF DIRECTORS

		Term Expires December
Cathy Pace	President	2018
Mark Roberts	Vice President	2020
Alex Brandon	Director	2020
Al Morrisette	Director	2018
Dan Whalen	Director	2018

DISTRICT MANAGEMENT

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

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.

Please visit the District's website at PPHCSD.ORG for the up-to-date information and upcoming events.



**Phelan Piñon Hills
Community Services District**

2017/2018 BUDGET



**WATER
PARKS AND RECREATION
STREET LIGHTING
SOLID WASTE AND RECYCLING**



Phelan Piñon Hills Community Services District
4176 Warbler Road, Phelan, CA 92371
760-868-1212

Budget in Brief

By the Numbers

Phelan Piñon Hills Community Services District

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)	6,829

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

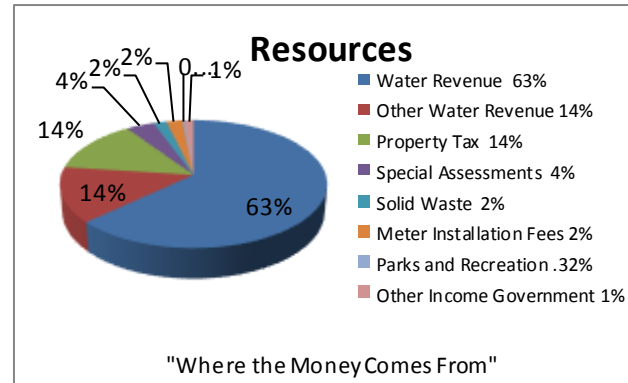
Solid Waste and Recycling:

Number of Residential Customers	3,437
Number of Commercial Customers	159

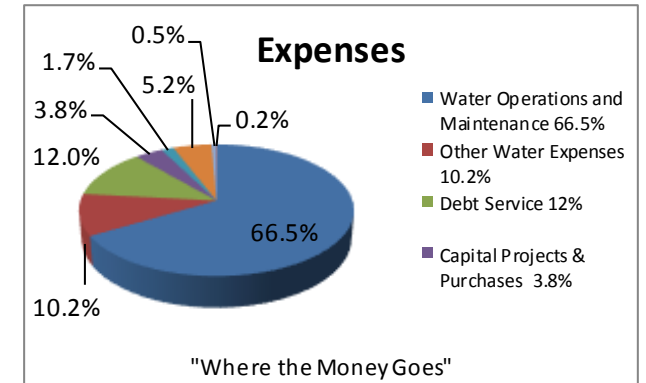
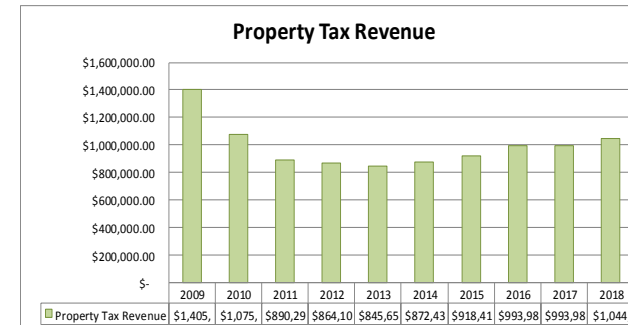
Misc. Statistical Information

Population	24,164
Service Area	128 square miles
Employees	22 Full Time 5 Part Time
Enterprise Fund Budget	\$6,443,735
Government Fund Budget	\$ 594,113
Capital Budget	\$4,116,000

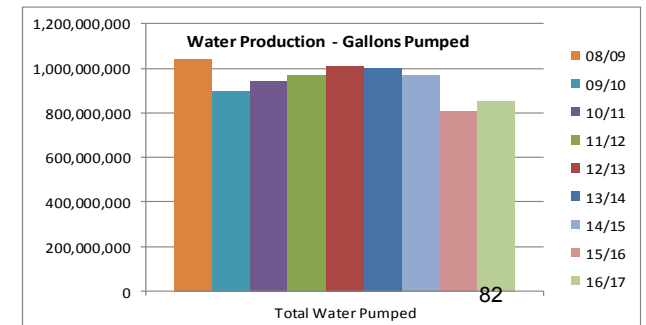
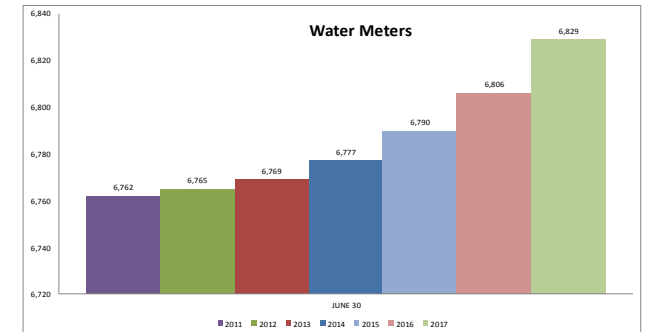
FY 2017/2018 Adopted Budget in Brief



Resources	
Water Revenue 63%	\$4,875,230
Other Water Revenue 14%	\$1,079,610
Property Tax 14%	\$1,045,449
Special Assessments 4%	\$300,000
Solid Waste 2%	\$139,982
Meter Installation Fees 2%	\$172,570
Parks and Recreation .32%	\$24,678
Other Income Government 1%	\$93,970
TOTAL RESOURCES	\$7,731,489



Expenses	
Water Operations and Maintenance 66.5%	\$5,229,935
Other Water Expenses 10.2%	\$802,088
Debt Service 12%	\$941,141
Capital Projects & Purchases 3.8%	\$299,000
Governmental Administrative 1.7%	\$130,705
Parks and Recreation O&M 5.2%	\$409,937.77
Solid Waste Administration .5%	\$41,588
Street Lighting Operations .2%	\$11,882
TOTAL EXPENDITURES	\$7,866,277





PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

GLOSSARY OF ACRONYMS

AND TERMS

GLOSSARY OF ACRONYMS

AF	Acre-Foot (of water)
CalPERS	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.