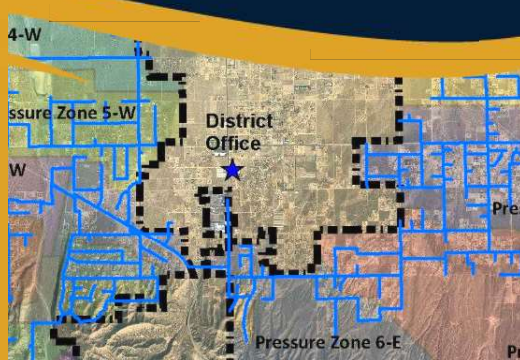
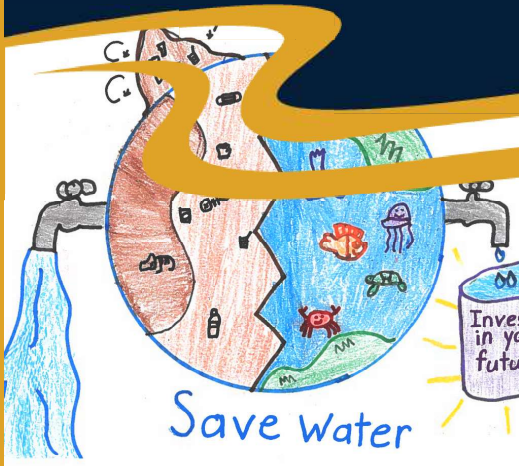




Phelan Piñon Hills CSD

Established 2008

2023/2024 Budget





2023 / 2024 Budget

For the Fiscal Year Ending
June 30, 2024

**PHELAN PIÑON HILLS
COMMUNITY SERVICES DISTRICT**

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

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GFOA DISTINGUISHED BUDGET PRESENTATION AWARD



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

**Phelan Pinon Hills Community Services District
California**

For the Fiscal Year Beginning

July 1, 2022

Christopher P. Morill

Executive Director

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, 2022. 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 ninth year the District applied for and received 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, 2022. This is the ninth 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 2023/2024 budget continues to conform to the standards set forth to be eligible for this award and will submit an application accordingly.

RESOLUTION NO. 2023-12 ADOPTING THE ANNUAL BUDGET

RESOLUTION NO. 2023-12
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, 2024

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, 2024 (“2023/2024 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 2024 Budget; and

WHEREAS, on May 10, 2023, the Board conducted a public hearing regarding the proposed 2024 Budget in accordance with the requirements of Government Code Section 61110 and considered all comments received at said hearing; and

WHEREAS, the proposed 2024 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 2024 Budget, as detailed in the budget document entitled “2023/2024 Budget for the Fiscal Year Ending June 30, 2024,” is hereby adopted. A copy of the 2023/2024 Budget is attached hereto and incorporated herein by reference.
2. The expenditure amounts designated for Fiscal Year 2023/2024, pursuant to the 2024 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 10th day of May, 2023.

AYES:
NOES:
ABSTAIN:
ABSENT:

Rebecca Kujawa
President, Board of Directors

ATTEST: Kim Sevy
Secretary, Board of Directors



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

INTRODUCTION



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

MESSAGE FROM THE GENERAL MANAGER

May 10, 2023

Board of Directors
Citizens of the Phelan Piñon Hills Community Services District

On behalf of the Phelan Piñon Hills Community Services District (“District”) and its staff, I am pleased to present the Budget for Fiscal Year 2023/2024. This Budget has been prepared to meet the many challenges facing the District, including unfunded state mandates, the exorbitant inflation over the past several years resulting in rising costs of water operations, parks and recreation programs, and solid waste and recycling services. The Budget reflects the District’s dedication to provide reliable levels of service with a commitment to prudent fiscal management by developing policies and procedures 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 efficiently provide authorized services and maximize resources for the benefit of the community.

Where We Have Been

Over the past several years, the District has been managing state directives for water, including ongoing communications with California legislators to mitigate the impacts to the District. District Directors and management have attended meetings with representatives and continued coalitions with other purveyors to represent our citizens with the Department of Water Resources to address numerous water related issues. Conservation initiatives continue, even as California has had one of the wettest years in recent history. The District was faced with significant water demands by new agricultural grows and worked with enforcement agencies to eliminate illegal production, which resulted in the elimination of most of the illegal grows in the area. The Chromium-6 regulations that were rescinded, pending further investigation by the Department of Water Resources, have been moving forward and will receive final determination in the coming months. Economic impacts resulting from the increased cost of goods and services have placed a strain on District finances over the past few years and continue to influence District resources. The District continues to address these challenges with resourcefulness while meeting the needs of the community to provide safe, clean water, and continuing to operate and maintain District facilities.

SB 1383 and AB 939 went into effect, mandating trash, recycling, and organic waste disposal. The District has been working with its hauler to develop the implementation of the requirements of these mandates. Staff have been developing outreach programs to assist customers in preparing for these mandates and to help them determine how the mandates will impact them.

As the State of California experienced one of the wettest years in recent history, conservation initiatives and long-term conservation mandates continued. The District has introduced policies and programs to help customers meet the reduced consumption levels to be in compliance with the ongoing and upcoming state mandates. The installation of the new smart meters enables customers to monitor their consumption in real-time, receive alerts, and help identify when leaks are occurring at their property.

In the spring of 2021, the District experienced a substantial increase in water consumption as well as water loss. Water consumption increased significantly due to agricultural grows that started up in numerous locations throughout the District, resulting in extremely high demand to the system. The District is not zoned for agriculture and had to quickly adjust its transmission system and source of water supply to meet those demands. Additionally, there were illegal grows on vacant land within the District, resulting in water theft from hydrants and illegal connections to the District's distribution system. County, state, and federal taskforces coordinated to eliminate many illegal grows within the District. This effort to protect the District's water supply was extremely successful. The previously stated items along with an historically wet winter season, resulted in a significant reduction in water production.

The revised Chromium-6 regulations are in the process of being finalized and the District is on schedule to meet the estimated final water quality standards. The District continues to collect a surcharge on the water bills to recover the costs of over \$6.8 million dollars incurred to date for Chromium-6 mitigation related projects that resulted from the state mandate. Additional costs, authorized by the District's Board of Directors associated with meeting the state mandate, will be repaid with surcharge revenue for six to seven years. Based upon the expenses necessary to meet the revised mandate, and the economic impact on costs, the surcharge may continue if necessary. The surcharge will be eliminated once the projects are complete, and the costs have been recovered.

The economic impacts to the District over the past several years have been significant. With the Consumer Price Index reflecting the increased costs of goods and services, the District is seeing significant increases to the costs of providing services. Some of the District's highest expenses (such as electricity to pump water out of the ground and move it through the system) have increased by as much as 75% over the past four years.

In 2023, the District revised its 2022 Strategic Plan. The Plan identifies strategic elements and goals with an action table to accomplish the goals. The goals outlined throughout this Budget reference the Strategic Plan, identified as "SPG#" in this document. The action plan to achieve the goals is addressed and updated periodically, as noted at the bottom of the Vision to Action Table. The table is in the Budgetary Control and Financial Practices section of this document.

Accomplishments

The District continued to face challenges resulting from the impacts COVID-19 had on the economy, including product and labor availability to meet the demands of providing services to the community. The District managed to sustain appropriate service levels in spite of these impacts.

The District secured funding for the Civic Center Building, which will be home to administrative staff activities and the Emergency Operations Center. Staff secured a \$2 million-dollar federal grant through Congressman Jay Obernolte's office, which is a significant contribution to the community. The District also secured a 20-year lease of \$6 million-dollars, which will be paid for with the interest revenue staff obtained through prudent investments of reserves. The project is estimated to break ground in July 2023 and should be completed within 18 months.

Beginning in 2018, due to an extraordinary impact to staff, the District began billing for dig-alert services during the installation of fiber-optic facilities. Over the course of five years, the District invoiced over \$600,000 for staff services. In December 2022, the District collected the final payment.

Utilizing the Park Masterplan, the District worked with consultants to develop the Civic Center Plaza that includes the Phelan Park Expansion project. The project is adjacent to the future Civic Center Building located on Sheep Creek Road, north of the existing office and current Phelan Park and Community Center property. The Park expansion project was submitted for Prop 68 grant funds but was declined. In 2023, staff secured an American Rescue Plan Act ("ARPA") grant from the County of San Bernardino for existing Park

improvements. The District is moving forward with applying for various grants that are available to help fund the project. The goal is to obtain the necessary funding to begin construction on this project in 2024.

The Departmental Presentations (beginning on page 38) include details of accomplishments for 2022/2023 and their status, including: (SPG below are from the prior year Strategic Plan)

- The meter replacement program installed over 50% of the new smart meters replacing outdated, inefficient, meters. SPG 1.3, 3.6
- Cost reductions – the District saved over \$1,126,000 in 2022/2023 as a result of purchasing water rights. SPG 1.5
- Civic Center Building/Emergency Response Center design complete, funding obtained, and construction started, estimated completion Fall of 2024. SPG 1.7
- Chromium-6 Mitigation Project – completed well rehabilitation and installed new well and associated pipeline. SPG1.1
- Development of Phelan Park expansion and civic center plans in compliance with the parks master plan. SPG 2.4, 2.5 and 3.1
- Increased community outreach – the District continues to reach out to all the organizations within the community to promote understanding and cooperation. SPG 5.2
- Improved customer service – the District continues to work with staff to develop more positive customer service experiences. SPG 6.6
- Adopted and implemented Recycled Paper Products Procurement Policy in compliance with SB 1383. SPG 3.4
- Water rate and fee study was completed in compliance with proposition 218, to address substantial decrease in production and significant increases to costs of materials and services.
- Exploring and implementing investment opportunities, resulting in additional revenue for District projects.

Upcoming/Ongoing Challenges Facing the District in 2023/2024

The most significant issues facing the District in 2023/2024 continue to be unfunded state mandates. State mandated challenges include Chromium-6, drought regulations, additional reporting requirements and implementation of Short-Lived Climate Pollutants – Organic Waste in compliance with SB 1383, to name a few. This coupled with the increased cost of materials and services (more than 65% over the past four years) and a reduction in water sales (due to elimination of illegal agricultural activity and significant rainfall), have impacted the District's cost of providing services.

The Departmental Presentations (beginning on page 38) include details of goals for 2023/2024, including:

- Impacts of changes to the state water quality regulations: The state adopted new regulations for Chromium-6 in July 2014 and were later rescinded in August 2017. In 2014, the District's water had traces of Chromium-6, which exceed the maximum contaminant levels (MCL) under the new state regulations. The District began aggressive efforts to meet the state mandate in a timely manner. The District conducted a feasibility study, performed extensive testing, determined the best course of action, and completed preliminary design, environmental review, engineering reports and project design. The regulations were rescinded in August 2017 and the state is reconsidering the MCL for Chromium-6. The District halted all Chromium-6 mitigation work, pending the state's new regulations, then resumed mitigation measures in 2020/2021. The state has moved forward with new regulations, which are pending. The District worked closely with the state and other agencies to recommend a less aggressive MCL for Chromium-6. The state has brought forth the recommendation for the new MCL and it will go before the state board for consideration and final adoption in the coming months. The District continues to move forward with projects that will mitigate the new standards. For more information, please visit the District's website.

- Impacts of SB 555, AB 1668 and SB 606 requiring significant additional reporting to state agencies. SB 555 Requires the State Water Board to develop water loss performance standards. The effects are ongoing and have resulted in the Annual Water Audit and most recently contributed to monthly SAFER Drought and Conservation reporting requirements. AB 1668 and SB 606 require an annual Water Audit report and development of an annual water budget; to be reported annually with a Water Use Objective report. These additional reports are labor intensive, putting a burden on staff.
- Impacts of AB 939 Integrated Waste Management Act & SB 1383 Short-lived Climate Pollutants; Organic Waste. The District is responsible for complying with all state laws governing trash, recycling, and organics (food and green waste). There are new regulations and reporting for organic waste, along with the requirement to provide "curbside" collection of organic waste. Additionally, the District is required to meet the 50% diversion (recycling) requirement, with a goal of 75% diversion, per AB 939. Currently, the District is recycling at a rate of 3% (three percent) District-wide. Until SB 1383, the District fell under the County of San Bernardino's umbrella for meeting state goals and reporting diversion, which meant District residential and business recycling quantities were compiled with jurisdictions with higher recycling rates. With the passage of SB 1383, the District must report directly to the state and will be solely responsible for meeting state disposal requirements. With the reporting and monitoring requirements for recycling and organics, and for ensuring trash is properly sorted, as well as the requirement to have "curbside" collection of organic waste, the District has determined it is necessary to require all residents and businesses to have trash, recycling, and organic collection service. Alternatively, residents may be able to continue to self-haul, provided they meet the requirements. The timeline for implementation will have minimal impact on program or capital budgets this fiscal year; major impacts will occur in FYE 2024 and 2025.
- The District does not anticipate any impact on services in the coming year.
- The District will be adding staff to the Solid Waste and Recycling department to enable the District to meet the additional demands and services resulting from SB 1383 and AB 939.

Since the District's formation in 2008, the District has continued to look for cost saving measures and efficiencies. Despite these efforts, 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, 14% in 2014, 5% in 2015, and continued to increase annually, including a 9% increase in 2020 and a 15% increase in 2021, due to the Southern California Edison rate changes. These increases, along with the impacts of the state mandates, negated the rate increases that were adopted in 2013 and 2015, thus requiring a water rate study in 2020, and again in 2021 due to the agricultural impacts. The rate study outlined recommended water rate changes, which the District adopted. The 2021 water rate study calls for a 6% increase in water rates effective July 1, 2022. While the CPI for 2021 was 8.6%, in 2022 the CPI was an additional 7.3%; over the last four years, increases in the costs of pumping, maintaining and delivering, quality water as well as other District services, have increased by over 65%. The impacts on the costs of providing services have far outpaced the rate changes the District adopted.

The District continues to look for alternative ways to increase revenue and decrease expenses to minimize rate changes to customers. In 2012, the District purchased water rights, which will result in savings of reduced water production fees. The District is saving over \$1,113,338 in the coming year due to water rights purchased (page 88). Even after repaying the \$7.5 million dollar loan, this purchase is estimated to save the District over \$18.6 million dollars. 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 \$8.3 million dollars. The combined results of these two measures are savings estimated to exceed \$26.9 million dollars over thirty years.

The Fiscal Year 2023/2024 Budget is based on Enterprise Fund revenues of \$10,564,612 and Government Fund revenues of \$2,670,269, totaling \$13,234,881; Enterprise Fund expenses of \$9,780,613, and Government Fund expenses of \$1,268,466, totaling \$11,049,078; for a total net revenue of \$2,185,803.

	2023 Budget	2023 Est YE	2024 Budget	% Over Prior Year Budget	% Over Est Yr End
Enterprise (Water) Revenue	\$10,206,595	\$9,903,135	\$10,564,612	3.5%	6.7%
Enterprise (Water) Expenses	\$9,459,996	\$9,726,477	\$9,780,613	3.4%	0.6%
	\$746,599	\$176,658	\$784,000		
Government Revenue	\$1,904,115	\$2,407,988	\$2,670,269	40.2%	10.9%
Government Expenses	\$920,157	\$715,332	\$1,268,466	37.9%	77.3%
	\$983,959	\$1,692,656	\$1,401,803		
Total Revenue	\$12,110,711	\$12,311,122	\$13,234,881	9.3%	7.5%
Total Expenses	\$10,380,153	\$10,441,809	\$11,049,078	6.4%	5.8%
Total Net Revenue	\$1,730,558	\$1,869,314	\$2,185,803		

2023 2024 Budget Year - Finance and Budget Data/Budget Brief and Sum Tables

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,



Don Bartz
General Manager

MISSION STATEMENT

The Mission of the Phelan Piñon Hills Community Services District is to provide authorized services and maximize resources for the benefit of the community.

VISION STATEMENT

The Vision of the Phelan Piñon Hills Community Services District is to develop a Community Services District that enhances the living experience for all people within the District.

OFFICIALS

BOARD OF DIRECTORS

		Term Expires December
Rebecca Kujawa	President	2024
Mark Roberts	Vice President	2024
Charles Hays	Director	2026
Greg Snyder	Director	2026
Deborah Hilips	Director	2024

DISTRICT MANAGEMENT

Donald Bartz	General Manager
Lori Lowrance	Assistant General Manager / CFO
Kim Sevy	HR & Solid Waste Manager / District Clerk
George Cardenas	Engineering Manager
Sean Wright	Water Operations Manager

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

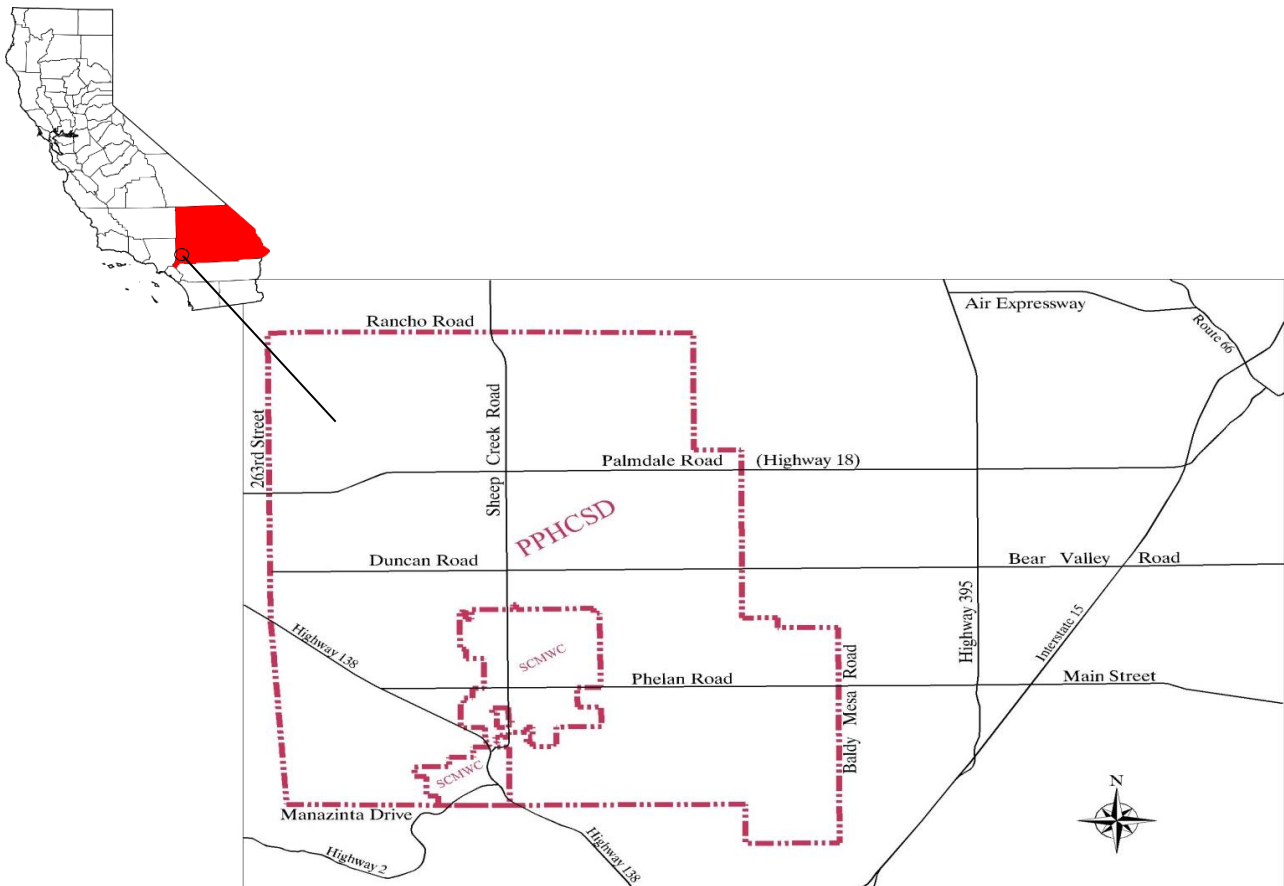
DISTRICT PROFILE

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 CSA 56-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.

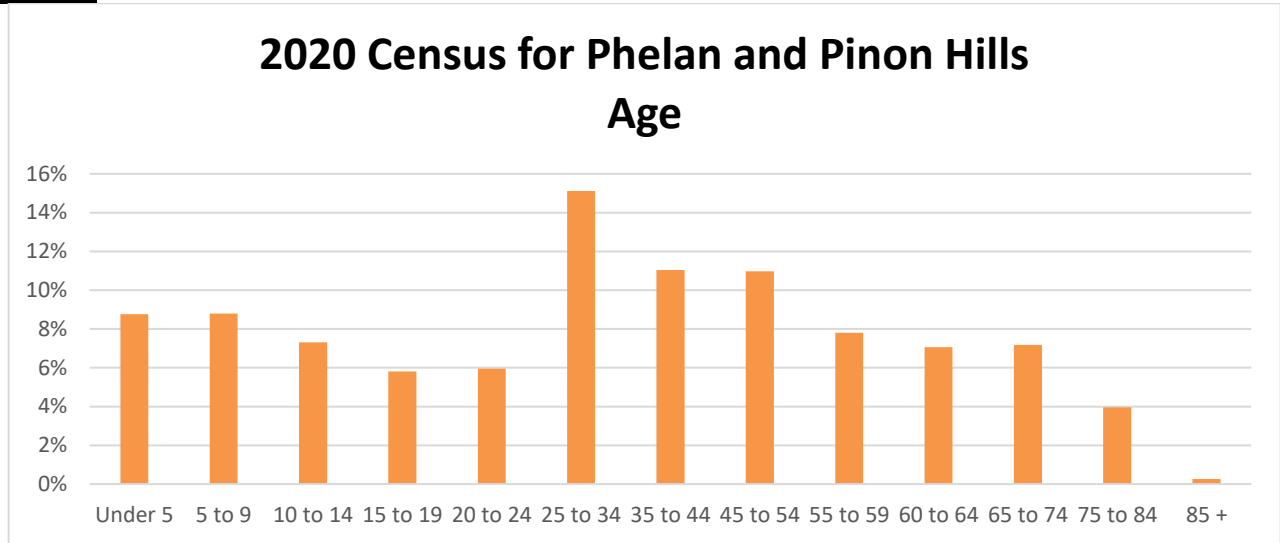
On November 16, 2011, LAFCO held a hearing on proposal 3167 and adopted resolution 3153 approving the activation of solid waste and recycling function and services for the District. On January 24, 2012, the Certificate of Completion was processed, formalizing the change in organization.



Local Economy

The District is located in Phelan and Piñon Hills, California, two unincorporated communities within San Bernardino County. During the first several years, San Bernardino County had witnessed a decrease in economic activity and a downturn in property values. Recent activity within the region, however, suggests a strengthening in home sale median prices and increased commercial activity. The past several years, increased home sales and new building throughout the Inland Empire has provided an upward trend in housing costs.

People



Civic Engagement (Countywide)*

Voter turnout among registered voters (2020) 77%

Voting by mail (2020) 83%

Education (Countywide)*

Residents over age 25 with a bachelor's degree (2021) 23.3%

High school graduation rate (2020) 80.7%

Economy (Countywide)*

Unemployment rate 9.2% (2020)

4.5% (March 2023)

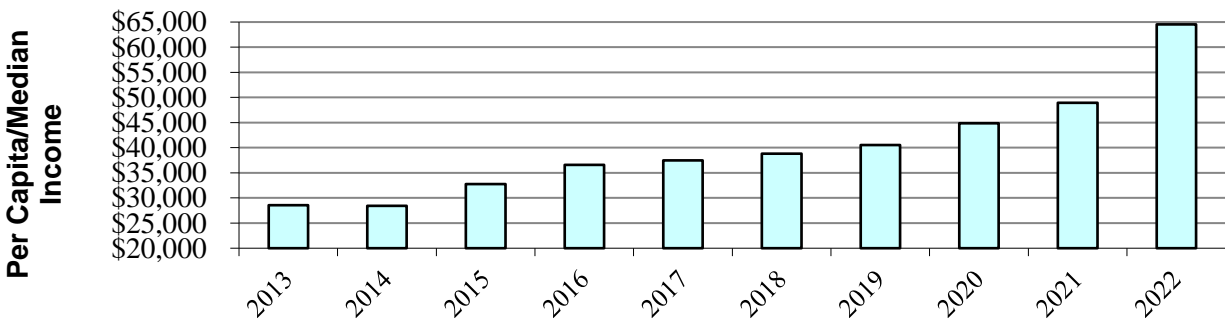
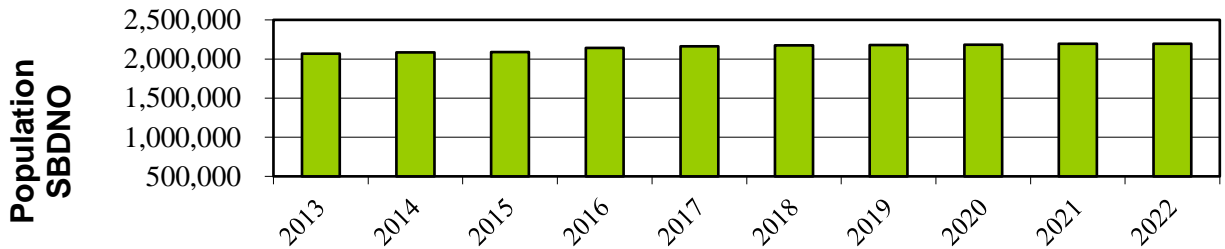
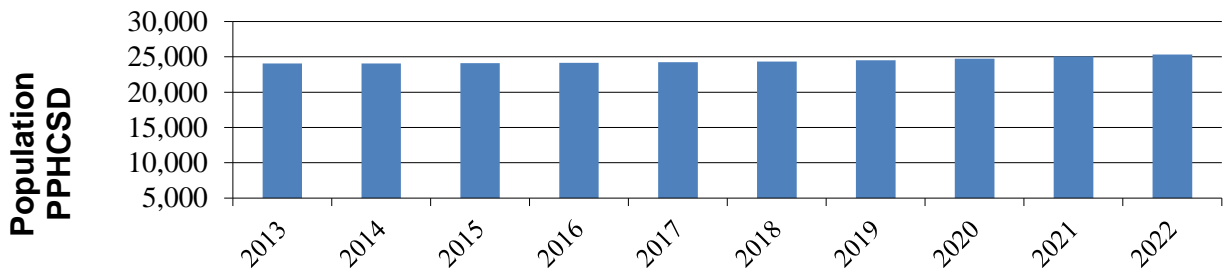
*American Community Survey: <https://data.census.gov>

Demographic and Economic Statistics

County of San Bernardino⁽²⁾

Year	Phelan & Piñon Hills Population (1)	Unemployment Rate	Population	Median Single-Family Home Price	Personal Income per Capita / Median Household Income
2013	24,040	9.9%	2,068,610	180,270	28,583
2014	24,058	8.1%	2,085,669	216,570	28,454
2015	24,107	5.8%	2,088,371	230,180	32,747
2016	24,164	6.2%	2,140,096	248,000	36,578
2017	24,225	5.8%	2,160,256	266,250	37,477
2018	24,352	4.2%	2,174,938	290,000	38,781
2019	24,516	3.9%	2,180,085	315,000	40,537
2020	24,725	9.2%	2,181,662	350,000	44,831
2021	25,058	5.0%	2,192,882	401,000	48,950
2022	25,316	4.5%	2,193,656	455,000	64,514

Note: Beginning 2016, Personal Income Per Capita was not reported. Median Household Income is reported in County Community Indicators Report.



Sources: California Department of Finance and California Labor Market Info, California Association of Realtors and San Bernardino County Community Indicators Report.

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.

Governance

The District is governed by an elected, five-member Board of Directors. Board members are elected to a four-year term. For the currently seated Board, two Directors were elected in November of 2020 and three Directors were elected in November of 2022. The elected Directors 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 second and fourth Wednesdays of each month at 5pm 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 and Solid Waste and Recycling, and quarterly meetings for Parks, Recreation and Street Lighting, Legislative, and Finance. These meetings are open to the public who are encouraged to attend.

Resolution 2023-08, 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 personnel at the District, including department managers and supervisors. The District currently employs twenty-seven full-time personnel. 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 the residents and businesses within a 128 square mile service area. The water service area is almost entirely residential, with approximately 99 percent of the water service connections serving single-family residences. The water infrastructure consists of 14 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, 25 booster stations, 69 booster pumps, and 32 pressure reducing stations in 17 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 two water authorities: Mojave Water Agency (MWA) and Antelope Valley Watermaster (AVW). If the District produces more than its allowance of groundwater in the MWA basins, the District may purchase replacement water from MWA, who replenishes the groundwater primarily with imported water from the State Water Project. If the District pumps any water out of the AVW basin, the District must pay the per unit fee, which changes annually.

The District encourages water conservation and offers incentive programs in partnership with the Alliance for Water Awareness and Conservation (AWAC), through the Mojave Water Agency, plus resource material to promote desert landscape. 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 and service clubs 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 explore various recreation ideas for the community.

Adjacent to the centers, the parks have picnic tables, playgrounds, basketball courts and other activities. 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 vacant parcels throughout the District for future park and recreation facilities.

Street Lighting

The streetlights 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 and is responsible for compliance with state and federal mandates. The District coordinates solid waste and recycling programs and provides a variety of events within the community. The District works closely with the contractual hauler, CR&R, to help accomplish these tasks.

BY THE NUMBERS: SUMMARY OF DISTRICT INFORMATION

Phelan Piñon Hills Community Services District Demographic Summary

Water System:

Number of Pressure Zones	17
Miles of Water Main	353
Reservoirs	35
Wells	14
Booster Stations	25
Booster Pumps	69
Pressure Reducing Stations	32
Service Connections (Meters)	7,251

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	5,189
Number of Commercial Customers	110

Misc. Statistical Information

Population	25,504
Service Area	128 square miles
Employees	27 Full Time
Enterprise Fund Budget	\$9,780,613
Government Fund Budget	\$1,268,466
Capital Budget - Funding with Operations	\$165,000

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 analyses 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 review and provide updates to long range capital and maintenance plans for inclusion in the budget. Staff identifies assumptions to be used based on the consumer price index and other economic factors. Considering these guidelines, staff begins the process of developing 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 prepared by management and presented to the Finance Committee for consideration prior to being presented to the full Board for review. The Final Draft Budget is made available for review by the public and 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 public meetings and encouraged to attend.

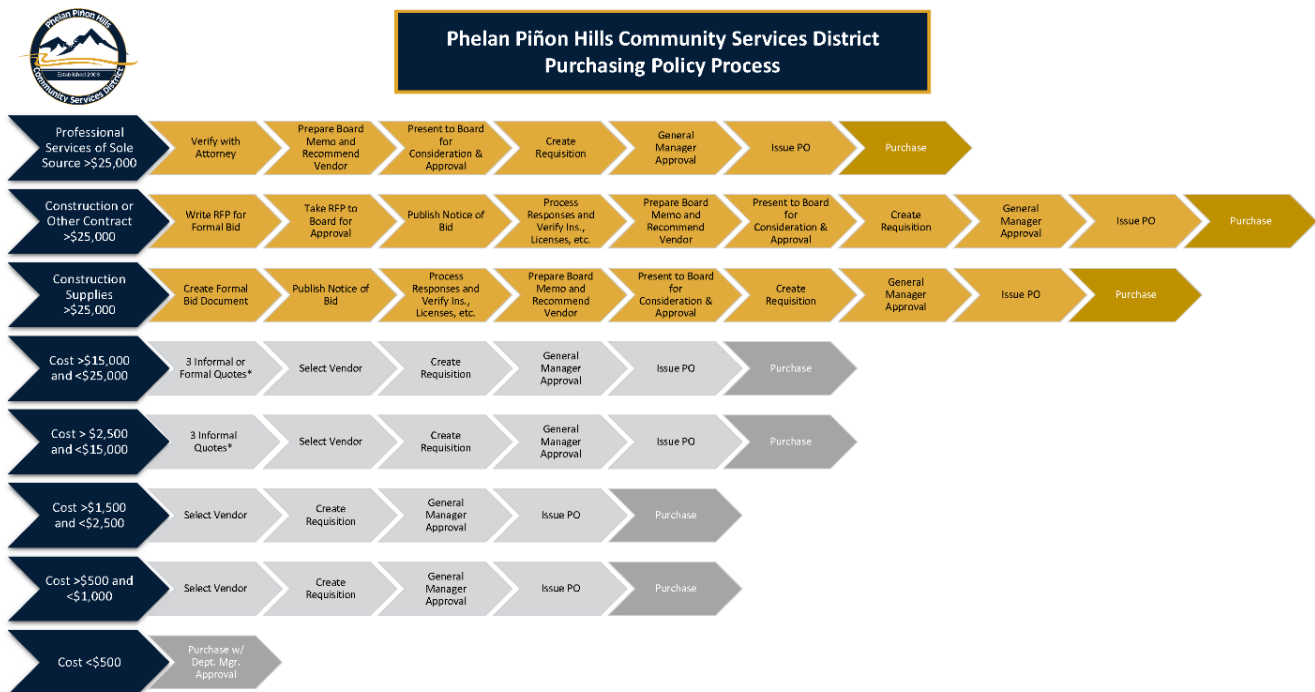
Date/Location	Time	Public Meeting
January & February, 2023	Various	Board Committees and staff develop long range plans and goals. Staff accumulates preliminary budget numbers, quotes and estimates
February 15, 2023 Wednesday Phelan Community Center & Zoom	5:00 PM	Special Board Workshop – Board reviews and approve Long Range Capital Plans, Capital Budgets, and Goals
March 21, 2022 Tuesday Phelan Community Center & Zoom	4:00 PM	Special Finance Committee – Review Draft Budget
April 5, 2023 Wednesday Phelan Community Center & Zoom	5:00 PM	Special Board Workshop – Review Draft Budget
May 8, 2023 Monday Phelan Community Center & Zoom	4:00 PM	Finance Committee – Review final draft budget
May 10, 2023 Wednesday Phelan Community Center	5:00 PM 5:00 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 workshops, public meetings, and a public hearing, 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 adopted amount) is addressed in the District's Budget Policy, Resolution No. 2023-10, section 1.9, 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 appropriations as approved in the adopted budget, within the parameters of 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 General Manager may, at their discretion, require formal quotes. Formal quotes are REQUIRED for Capital Expenditures, Contracts for Professional Services or Leases, Annual POs for Supplies, and/or Maintenance and Repair Services. Formal Quotes require a written bid/quote. Informal quotes can be obtained through phone, email, etc. Be prepared to show documentation to auditors and/or managers.

The Board reviews the budget and compares it to actual revenues and expenses at the Finance Committee quarterly. The financial reports are presented to the Board on a quarterly basis for consideration. Budget adjustments may be authorized by the Board of Directors as outlined in Resolution 2023-10.

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.

Financial Planning

Since formation in 2008, the District has continued to look for cost saving measures and efficiencies. The District was able to decrease expenses considerably over the County's costs of providing services. Despite the Board's efforts to maintain rates and fees, revenues decreased and the cost of operating the District continued to rise. Due to the economic downturn and housing vacancies within the District, water revenue decreased by over 15% between 2009 and 2012. The economy also caused a reduction in property tax values resulting in a loss of almost 40% of property tax revenue between 2008 and 2012. The cost of pumping water out of the ground, the District's only water source, increased by 18% in 2013, 14% in 2014, 5% in 2015, by another 5% in 2016, and continues to increase annually, including a 9% increase in 2020 and 15% in 2021, due to the Southern California Edison rate changes. These increases, along with significant impacts of the conservation and water quality mandates, negated the rate increases that were adopted in 2013 and implemented each year thereafter, thus requiring a water rate study in 2015, 2020, and again in 2021 due to agricultural impacts. The rate study outlined recommended rate changes, which the District adopted accordingly. The cost of operations continues 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 to minimize rate changes to customers. In 2012 and 2015, the District purchased water rights, which resulted 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 \$18.3 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 (currently over \$1,500,000 per year) expense: electricity. After loan repayment, the estimated savings due to the solar were projected to be \$8.3 million dollars over thirty years. The combined results of these two measures are savings estimated to exceed \$26.6 million dollars over the next thirty years.

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 and adopted the rate schedule.

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. In 2020 the scheduled rate study was completed. However, in 2021 due to unforeseen agricultural demand on the system the District completed the most recent rate study. 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 from 50 parts per billion (ppb) to 10 ppb. While the levels found in the District's water supply (at certain sources) remain significantly below the federal standards (100 ppb) and the former state standards (50 ppb), it slightly exceeded the state standards established on July 1, 2014 of 10 ppb. 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 was projected to be \$17 million dollars. The District was seeking grants and low interest loans to help reduce the impact to the customers. The District was in the process of implementing its compliance project when the State Water Resources Control Board reversed its ruling, changing the MCL back to 50 ppb. It is expected that the MCL will be reduced again, however the revised MCL is unknown at this time. The District has spent approximately \$6.8 million dollars toward the compliance project and has approved an additional \$4.3 million dollars in projects to meet the state's mandates. The total of approximately \$11.1 million dollars of the revised projects is \$5.9 million dollars less than the original estimated \$17 million dollars. The District will continue to collect the surcharge from customers to recover the funds expended.

In 2015/2016, the District completed installation of a 1.16-megawatt solar project, which is projected to save the District more than \$8.3 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 10-year plans for infrastructure repair, replacement, and additions. The additional facilities for the Water Fund are projected based on the District's Water Master Plan as growth occurs. A Parks Master Plan was completed in 2019 outlining long range plans and priorities. Parks and Recreation and Solid Waste and Recycling plans are developed by staff and the Committees. The repairs and replacements for all funds are based on estimated useful life of District facilities. These plans are updated and reviewed by the Board of Directors each year.

District Strategic Plan

The District updated and adopted the Strategic Plan in 2021/2022. The plan was developed by BHI Management Consulting. BHI had numerous meetings with the Board of Directors, management, staff, and the public, to bring forth a comprehensive plan that provides focus for development of the District. The plan's current Vision to Action Table is on the following pages. The full plan is available on the District's website and is cited throughout this document in reference to goals and plans for the coming year.

STRATEGIC PLAN VISION TO ACTION TABLE

Strategic Element	Strategic Goals	Completion Time Frame
1.0 Water Operations	1.1 Sheep Creek Mutual Water Company Consolidation	2023/2024
	1.2 Chromium-6 Mitigation	2022/2023
	1.3 Water Conservation	2022/2023
	1.4 Water Resources	2022/2023
	1.5 Water Production & Storage	2022/2024
	1.6 Meter Replacement Program	2025
	1.7 Emergency Preparedness	2023/2024
	1.8 Complete Civic Center	2024
2.0 Parks & Recreation	2.1 Phelan Community Park Expansion	2027
	2.2 Parks Master Plan Update	2024/2025
	2.3 Complete Parks Portion of the Civic Center Building	2023/2024
	2.4 Public and Private Partnerships for Parks and Recreation Programs	Ongoing
	2.5 Community Recreation Building/ Gymnasium	Ongoing
3.0 Solid Waste, Recycling, & Organics Disposal Compliance	3.1 Franchise Amendment	2022
	3.2 Adopt Ordinance for Uniform Residential & Commercial Solid Waste, Recycling, & Organics Collection	2022
	3.3 School Outreach Program	Ongoing
	3.4 SB 1383 Procurement Policy	2022
	3.5 SB 1383 Edible Food Recovery Program	2022
	3.6 SB 1383 Outreach & Education	Ongoing
	3.7 Additional Diversion Programs	Ongoing
4.0 Fiscal Efficiency	4.1 Annual Budget Process	Ongoing
	4.2 Periodic Financial Studies	Ongoing
	4.3 Connection Fee Analysis	2022/2023
	4.4 Annual Audit	Annual
	4.5 Fiscal Policies	Ongoing
	4.6 Financing	Ongoing
5.0 Strategic Partners and Public Affairs	5.1 Increase Communication to the Public	Ongoing
	5.2 Community Business & Organization Outreach	Ongoing
	5.3 Involvement in Professional Organizations	Ongoing
	5.4 Outreach to Legislators and Local Agencies	Ongoing
6.0 Personnel Management	6.1 Retention & Development	Ongoing
	6.2 Internal Communication	Ongoing
	6.3 Team Building	Ongoing
	6.4 Succession Planning	2022/2023
	6.5 Personnel Policies	2022/2023

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 2023-10

The Budget Policy formally documents the budget goals and practices. The budget policy addresses legal requirements, balanced budget definition and goals, periodic reporting requirements, and assumption guidelines. The District considers a budget as balanced if there are sufficient net revenues to cover the cost of operations and debt service. Adjustments to the budget may be made in compliance with 1.8 of this policy.

Investment Policy – Resolution 2020-01

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 investment decisions.

Reserves Policy – Resolution 2023-07

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.

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

- Operating Reserves has a goal of six months, and no less than three 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 two times, not to exceed four times, of the total annual 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% 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.
- Rate Stabilization Reserves has a goal of 5% to 10% of water revenues. This is to help smooth out revenue variability resulting from various factors.

Revenue Policy – Resolution 2021-20

The Revenue Policy establishes 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.

Purchasing Policy – Resolution 2022-05

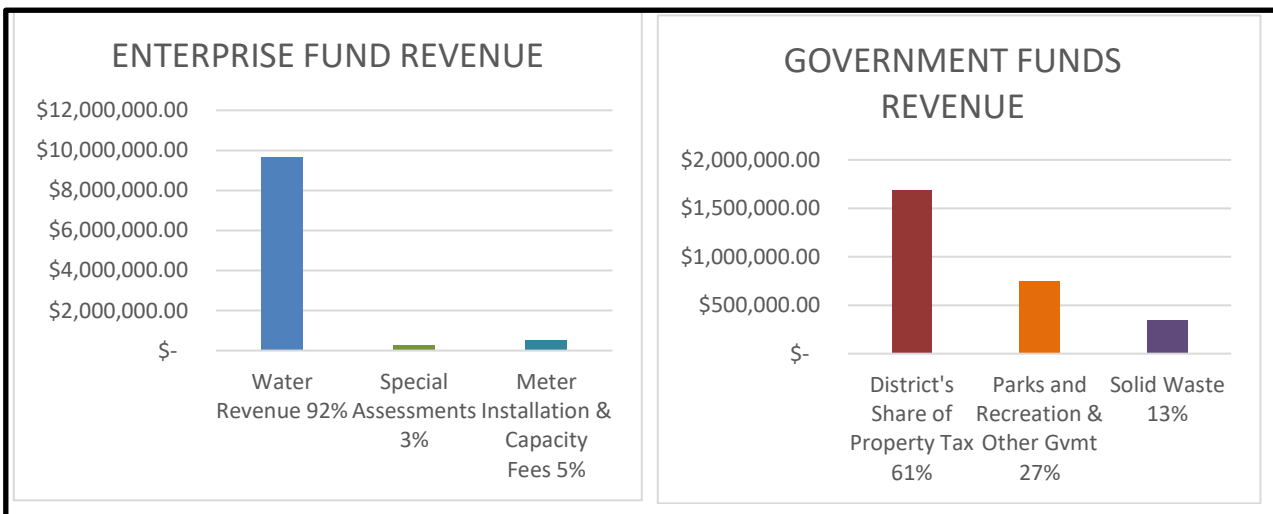
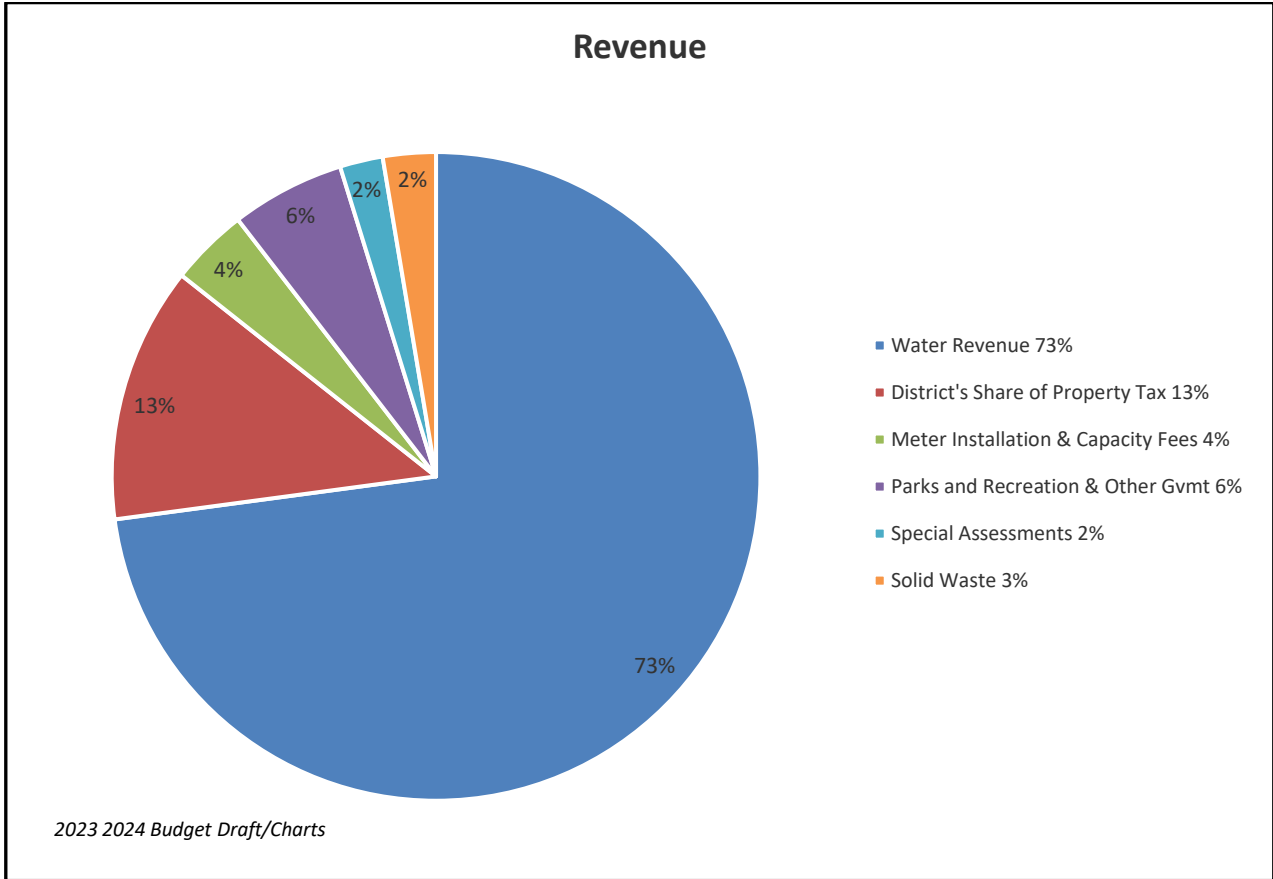
The Purchasing Policy standardizes the purchasing procedures of the District, thereby securing advantages of a centralized and uniform purchasing policy, saving the taxpayers money and increasing public confidence in the procedures for District purchasing; to promote the fair and equitable treatment 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 #2022-05:

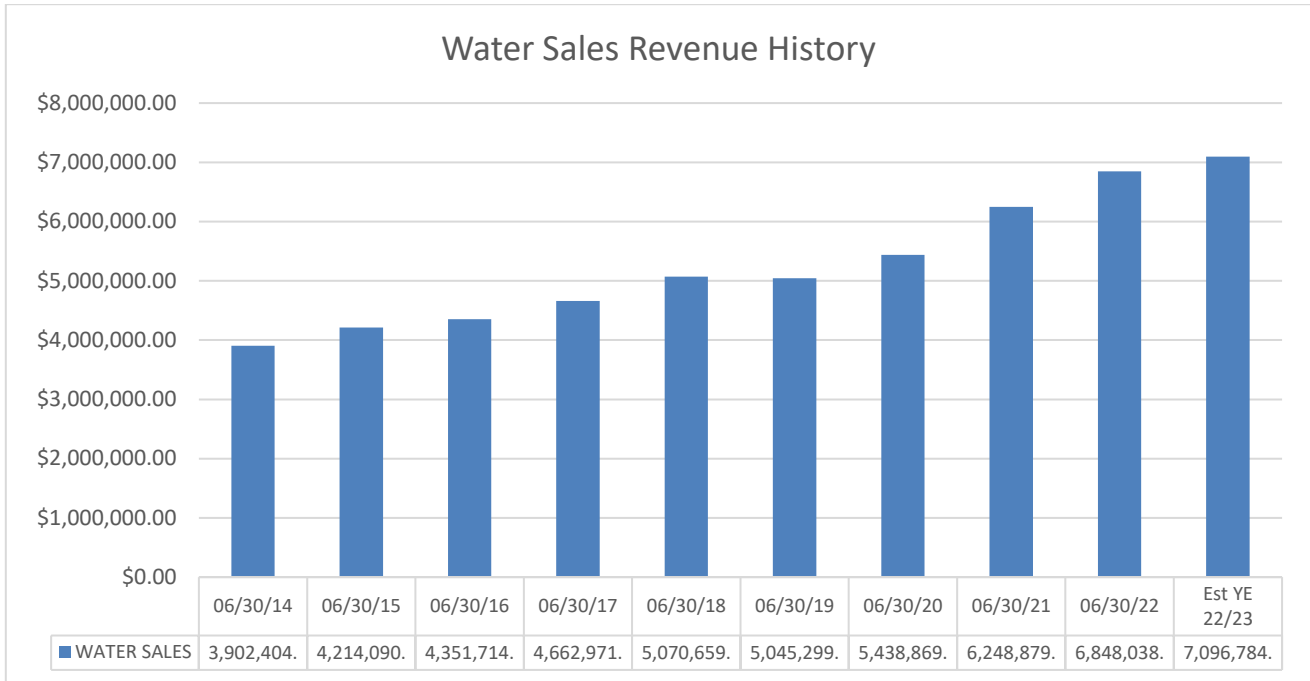
- Less than \$5,000 Managed by rules of procedures established by the General Manager
- \$5,000 - \$15,000 Requires three quotations and approval of the General Manager
- \$15,000-\$25,000 Requires price quotations and informal or formal bids and approval of the General Manager
- Exceeding \$25,000 Requires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

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 in consumption and meter fees. Based on the water rate study, a rate change of 6% is scheduled to be effective July 1, 2023. The basis for property tax revenue budgeted is as reported from the County for the coming year. The District is projecting a resumption of most events and programs for the coming year.



Water Revenue: Sales and Use Fees (73% of total revenue) – Enterprise Fund – The District’s primary business activities are from the administration, production, treatment, and distribution of water through approximately 7,251 meters to approximately 25,504 residents.



2023 2024 Budget/History Charts

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 included water rate changes of approximately 6% per year beginning July 1, 2016. In 2019, the District entered into agreement for the most recent Water Rate and Fee Study. The Board approved the multi-year water rate structure, which includes water rate changes of approximately 6% per year beginning July 1, 2020. The 2020 rate change was deferred to February 1, 2021, in response to the COVID-19 pandemic. Revenues necessary to meet operational requirements will be transferred from the Operations Reserve Fund. In the spring of 2021, in response to unforeseen agricultural usage the District conducted another rate study to define the impact of the exorbitant amount of water being consumed. The Board approved the revised rate schedule to be effective January 1, 2022.

Historical and Future (Pending Board Review) Water Rates

	Water Rates - Approved January 20, 2016			Water Rates - Approved May 6, 2020		Water Rates - Approved December 1, 2021				
	Effective 07/01/17	Effective 07/01/18	Effective 07/01/19	Effective 02/01/21	Effective 07/01/21	Effective 01/01/22	Effective 07/01/22	Effective 07/01/23	Effective 07/01/24	Effective 07/01/25
FIXED CHARGE PER METER	Monthly			Monthly		Monthly				
Meter Size										
3/4"	\$17.90	\$18.16	\$19.16	\$22.28	\$23.62	\$22.80	\$24.17	\$25.63	\$27.17	\$28.81
1"	\$27.46	\$27.89	\$29.56	\$32.06	\$33.99	\$34.50	\$36.57	\$38.77	\$41.10	\$43.57
1 1/2"	\$51.34	\$52.21	\$55.54	\$56.71	\$59.91	\$63.75	\$67.58	\$71.64	\$75.94	\$80.50
2"	\$80.00	\$81.39	\$86.72	\$85.85	\$91.01	\$98.85	\$104.79	\$111.08	\$117.75	\$124.82
3"	\$146.87	\$149.47	\$159.47	\$178.76	\$189.49	\$210.00	\$222.60	\$235.96	\$250.12	\$265.13
4"	\$242.41	\$246.74	\$263.41	\$315.68	\$334.63	\$373.80	\$396.23	\$420.01	\$445.22	\$471.94
CHROMIUM 6 SURCHARGE		\$9.71	\$9.71							
	\$9.71	\$12.12	\$12.19	\$9.71	\$9.71	\$9.71	\$9.71	\$9.71	\$9.71	\$9.71
CONSUMPTION										
Residential										
Tier 1	\$2.35	\$2.39	\$2.53	\$2.64	\$2.80	\$2.73	\$2.90	\$3.08	\$3.27	\$3.47
Tier 2	\$3.71	\$3.77	\$4.00	\$4.01	\$4.26	\$3.12	\$3.31	\$3.51	\$3.73	\$3.96
Tier 3						\$7.53	\$7.99	\$8.47	\$8.98	\$9.52
Commercial										
Tier 1	\$2.81	\$2.85	\$3.02	\$3.06	\$3.25	\$3.65	\$3.87	\$4.11	\$4.36	\$4.63
Tier 2	\$2.81	\$2.85	\$3.02	\$3.06	\$3.25	\$3.65	\$3.87	\$4.11	\$4.36	\$4.63
School										
Tier 1	\$2.98	\$2.03	\$3.21	\$3.53	\$3.75	\$3.96	\$4.20	\$4.46	\$4.73	\$5.02
Tier 2	\$2.98	\$3.03	\$3.21	\$3.53	\$3.75	\$3.96	\$4.20	\$4.46	\$4.73	\$5.02

Tier 1: 0 to 9 units

Tier 2: 9 to 29 units

Tier 3: > 29 units

The Chromium-6 Surcharge is collected to recover Chromium-6 costs. In August 2017, the Chromium-6 regulation was rescinded, pending further review by the Department of Water Resources (DWR). The District has spent approximately \$6.8 million dollars to date and has projects pending or in progress of \$4.3 million dollars. The surcharge will continue until costs have been recovered.

Chromium-6 costs to date:	\$6,848,000
Additional project costs	<u>\$4,250,000</u>
Total costs, pending state mandate	\$11,098,000
Est. Surcharge collected through 06/30/23	<u>\$5,702,000</u>
Total remaining costs to be recovered	\$5,396,000

Beginning on 07/01/18 (or when the Chromium-6 project is added to the system) the surcharge was scheduled to increase to cover the increased operational expenses of the additional operating assets. This increase was deferred, pending completion of the project.

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.

The most current water 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) – Government Fund - The District receives a small share (approximately 7.6%) of the General Tax Levy: the 1% Ad Valorem tax.

Property Tax Revenue

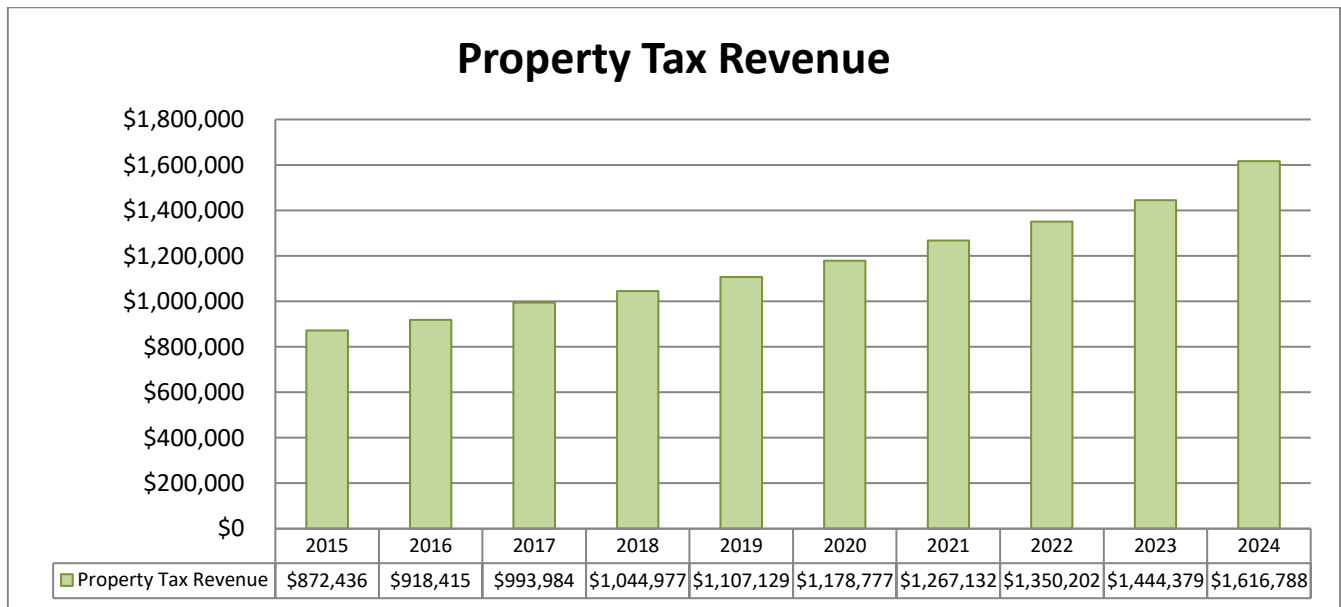


County's Share of General Tax Levy
\$19,530,595

PPHCSD's Share of General Tax Levy
\$1,616,788 = 7.6 cents of each dollar

2023 2024 Budget Year - Finance and Budget Data/Property Tax Revenue

Historical property tax revenue significantly decreased between 2009 and 2014. This was due to the economic downturn that began in 2009 and leveled out in 2013. Property values dropped significantly, which impacted property tax revenue, stabilizing in 2014. 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 2008, 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) (2% of total revenue) – Enterprise Fund - 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 monthly meter fee, 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 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, 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 (3% of total revenue) – Government Fund - The District receives a small percentage of the Solid Waste Fees collected by the authorized collection entity.

Meter Installation and Capacity Fees (4% of total revenue) – Enterprise Fund - The charges associated with installing a new meter to a property that does not currently have water service. As building was slow between 2009 and 2014, this revenue stream had been low. Over the past several years, there has been an increase in new homes being built. This trend is expected to decrease slightly in the coming year.

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

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

Parks and Recreation and Other Government Revenue (6% of total revenue) – Government Fund - 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). Additionally, this includes lease revenue from other government properties.



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

DEPARTMENTAL **PRESENTATIONS**

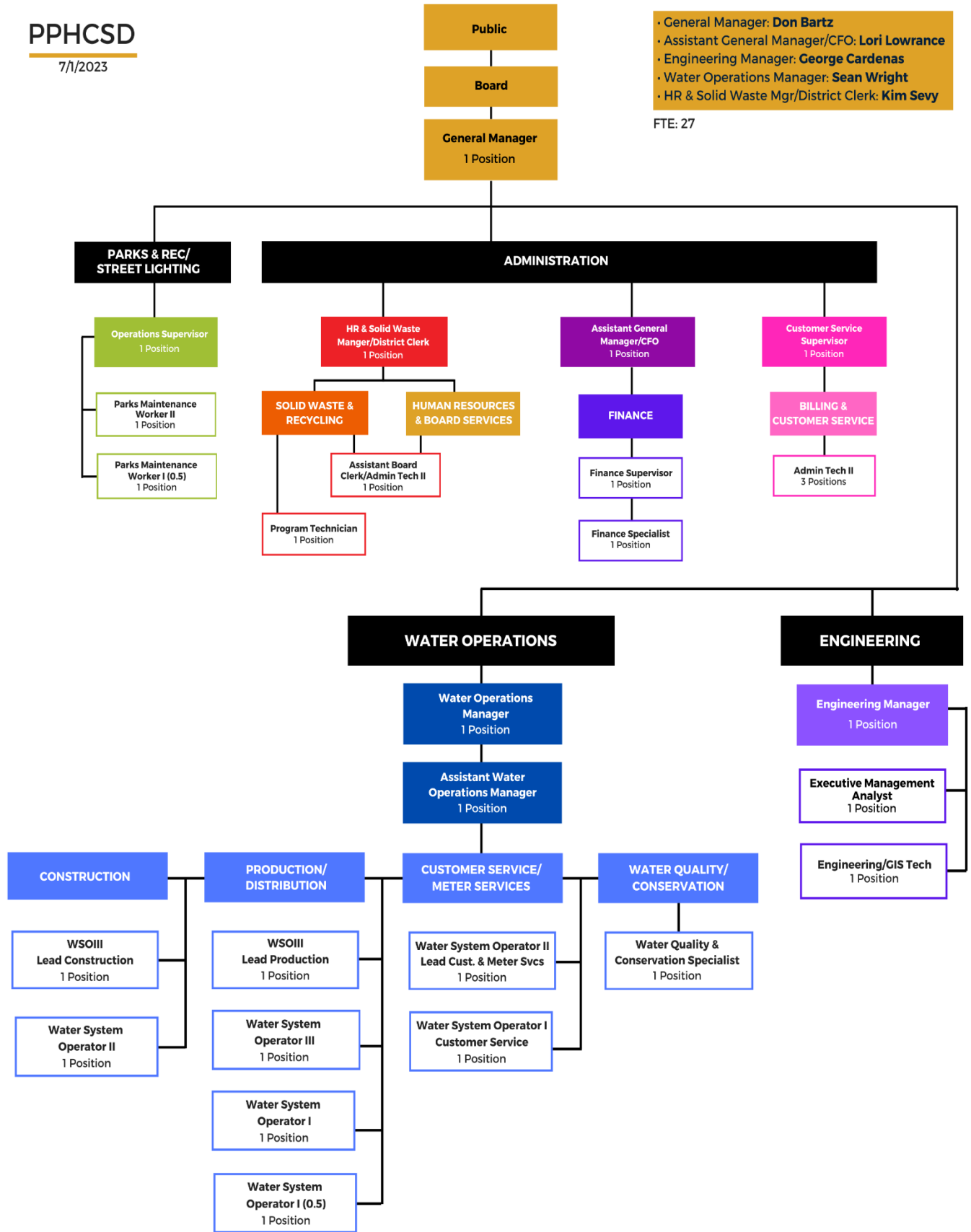
ORGANIZATIONAL CHART

PPHCSD

7/1/2023

- General Manager: **Don Bartz**
- Assistant General Manager/CFO: **Lori Lowrance**
- Engineering Manager: **George Cardenas**
- Water Operations Manager: **Sean Wright**
- HR & Solid Waste Mgr/District Clerk: **Kim Sevy**

FTE: 27



STAFFING LEVELS AND SUMMARY OF PERSONNEL

Fiscal Year Ending	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Manager	1	1	1	1	1	1	1	1	1	1
ADMINISTRATION	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assistant General Manager / CFO	1	1	1	1	1	1	1	1	1	1
HR Manager/Exec. Secretary	1	1	1	1	1	1	1	1	1	1
Admin. & Customer Service Staff	3	5	5	5	4.5	4.5	4	4.5	4.5	4.5
Finance Staff	2	2	2	2	2	2	2	2	2	2
TOTAL	7	9	9	9	8.5	8.5	8	8.5	8.5	8.5
ENGINEERING	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Engineering Manager	1	1	1	1	1	1	1	1	1	1
Eng. GIS Tech (Outside Contractor)	(1)	1	1	1	1	1	1	1	1	1
Executive Management Analyst									1	1
TOTAL	1	2	2	2	2	2	2	2	3	3
WATER OPERATIONS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water Operations Manager	1	1	1	1	1	1	1	1	1	1
Assistant Water Operations Manager									1	1
Water Quality & Consvrtn Specialist	1	1	1	1	1	1	1	1	1	1
Water Operations Supervisor	2	1	1	1	1	2	2	2	0	0
Conservation Program Admin.		1	1	1	1	1	1	1	0	0
Lead Water Operators									3	3
Water Operators	6	8	8	8	8	7	7	6.5	5.5	4.5
TOTAL	10	12	12	12	12	12	12	11.5	11.5	10.5
PARKS AND RECREATION	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Park Supervisor	1	1	1	1	1	1	1	1	1	1
Park Workers (2 PT 2009-2020)	2	2	2	2	2	2	2	1.5	1.5	1.5
TOTAL	3	3	3	3	3	3	3	2.5	2.5	2.5
STREET LIGHTING	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Solid Waste Staff	0	0	0	0	0.5	0.5	0.5	0.5	0.5	1.5
Solid Waste Staff (Outside Contractor)	(1)	(1)	(1)	(1)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0	0	0	0	0.5	0.5	0.5	0.5	0.5	1.5
TOTAL STAFF	22	27	27	27	27	27	27	26	27	27

NOTE: In 2007/2008 CSA70L, County Water employed 31 full-time equivalents (FTE) to operate the water district.

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).

2017/2018: One part-time position was converted to full-time to accommodate additional field work for monthly billing, disconnects and leak detection.

2018/2019: The Board approved converting two part-time positions to one full-time position to reduce turn-over and improve efficiencies.

2020/2021: One admin/customer service position is being changed to part-time and one parks position is being changed to full-time.

2021/2022: One admin/customer service position is reverting back to full time.

2022/2023: One water operations position is a temporary position

JOB CLASSIFICATIONS AND SALARY RANGES

2023/2024 Job Classifications

Job Classification Title	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary
ACCOUNTANT	30	\$38.96	\$50.64
ADMINISTRATIVE TECHNICIAN I	8	\$22.62	\$29.41
ADMINISTRATIVE TECHNICIAN II	12	\$24.97	\$32.46
ADMINISTRATIVE TECHNICIAN III	17	\$28.26	\$36.73
ASSISTANT BOARD CLERK/ADMINISTRATIVE SPECIALIST	24	\$33.59	\$43.66
ASSISTANT CUSTOMER SERVICE SUPERVISOR	17	\$28.26	\$36.73
ASSISTANT GENERAL MANAGER / CFO	60	\$81.70	\$106.22
ASSISTANT WATER OPERATIONS MANAGER*	35	\$44.08	\$57.28
CUSTOMER SERVICE SUPERVISOR	24	\$33.59	\$43.66
ENGINEERING MANAGER	40	\$49.87	\$64.82
ENGINEERING GIS TECHNICIAN	23	\$32.76	\$42.60
EXECUTIVE MGMNT ANALYST/CONSERVATION PRGM ADMIN	30	\$38.96	\$50.64
FINANCE SPECIALIST	25	\$34.42	\$44.76
FINANCE SUPERVISOR	35	\$44.08	\$57.28
FINANCE TECHNICIAN I	15	\$26.89	\$34.96
FINANCE TECHNICIAN II	19	\$29.68	\$38.59
GENERAL MANAGER (CONTRACT)	69	\$102.03	\$132.64
HR MANAGER/EXECUTIVE SECRETARY	38	\$47.46	\$61.69
LEAD CUSTOMER SERVICE/WATER SYSTEM OPERATOR	20	\$30.43	\$39.55
LEAD CONSTRUCTION WATER SYSTEM OPERATOR*	27	\$36.16	\$47.02
LEAD PRODUCTION WATER SYSTEM OPERATOR*	27	\$36.16	\$47.02
PARKS MAINTENANCE I	2	\$19.51	\$25.37
PARKS MAINTENANCE II	6	\$21.54	\$28.00
PARKS OPERATIONS SUPERVISOR	30	\$38.96	\$50.64
PROGRAM TECHNICIAN	12	\$24.97	\$32.46
WATER CONSERVATION SPECIALIST/WTR SYS OPERATOR II	20	\$30.43	\$39.55
WATER OPERATIONS SUPERVISOR	27	\$36.16	\$47.02
WATER OPERATIONS MANAGER	41	\$51.11	\$66.44
WATER QUALITY / CONSERVATION SPECIALIST	24	\$33.59	\$43.66
WATER SYSTEM OPERATOR I	13	\$25.59	\$33.27
WATER SYSTEM OPERATOR II	17	\$28.26	\$36.73
WATER SYSEM OPERATOR III	23	\$32.76	\$42.60

2023/2024 Salary Ranges

Salary Range	Monthly		Hourly	
	Minimum	Maximum	Minimum	Maximum
1	3,299	4,289	19.03	24.74
2	3,382	4,397	19.51	25.37
3	3,467	4,507	20.00	26.00
4	3,553	4,618	20.50	26.64
5	3,641	4,734	21.01	27.31
6	3,733	4,853	21.54	28.00
7	3,825	4,975	22.07	28.70
8	3,921	5,098	22.62	29.41
9	4,020	5,226	23.19	30.15
10	4,121	5,356	23.77	30.90
11	4,224	5,489	24.37	31.67
12	4,328	5,626	24.97	32.46
13	4,436	5,767	25.59	33.27
14	4,548	5,913	26.24	34.11
15	4,662	6,061	26.89	34.96
16	4,779	6,212	27.57	35.84
17	4,898	6,367	28.26	36.73
18	5,020	6,527	28.96	37.66
19	5,145	6,690	29.68	38.59
20	5,275	6,856	30.43	39.55
21	5,404	7,029	31.18	40.55
22	5,540	7,203	31.96	41.56
23	5,678	7,384	32.76	42.60
24	5,823	7,568	33.59	43.66
25	5,967	7,759	34.42	44.76
26	6,116	7,952	35.29	45.87
27	6,268	8,150	36.16	47.02
28	6,425	8,354	37.07	48.19
29	6,587	8,563	38.00	49.40
30	6,753	8,777	38.96	50.64
31	6,920	8,995	39.93	51.90
32	7,093	9,221	40.92	53.20
33	7,270	9,451	41.94	54.53
34	7,452	9,689	42.99	55.90
35	7,640	9,929	44.08	57.28
36	7,829	10,178	45.17	58.72

2023/2024 Salary Ranges - continued

Salary Range	Monthly		Hourly	
	Minimum	Maximum	Minimum	Maximum
37	8,025	10,432	46.30	60.18
38	8,226	10,693	47.46	61.69
39	8,431	10,962	48.64	63.24
40	8,644	11,236	49.87	64.82
41	8,858	11,515	51.11	66.44
42	9,080	11,802	52.38	68.09
43	9,307	12,098	53.70	69.79
44	9,540	12,402	55.04	71.55
45	9,779	12,711	56.42	73.33
46	10,023	13,028	57.82	75.16
47	10,273	13,356	59.27	77.05
48	10,531	13,688	60.76	78.97
49	10,793	14,030	62.26	80.94
50	11,063	14,382	63.82	82.97
51	11,339	14,742	65.42	85.05
52	11,624	15,110	67.06	87.17
53	11,914	15,487	68.73	89.35
54	12,211	15,874	70.45	91.58
55	12,518	16,273	72.22	93.88
56	12,830	16,678	74.02	96.22
57	13,150	17,095	75.87	98.62
58	13,479	17,524	77.76	101.10
59	13,816	17,962	79.71	103.63
60	14,162	18,411	81.70	106.22
61	14,517	18,870	83.75	108.87
62	14,879	19,343	85.84	111.59
63	15,251	19,826	87.98	114.38
64	15,633	20,321	90.19	117.24
65	16,022	20,830	92.44	120.17
66	16,422	21,351	94.74	123.18
67	16,835	21,883	97.13	126.25
68	17,255	22,431	99.55	129.41
69	17,686	22,991	102.03	132.64
70	18,128	23,566	104.58	135.96

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 Adjustment (COLA) rate. Employees may receive increases for COLA and/or performance-based merit within the parameters established by the Board during the budget process.

The Employee Personnel Manual addresses salary ranges, COLA 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 similar agencies; the level of responsibility, technical qualifications, and the relative degree of interaction and 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 employee salaries and salary ranges at pace with inflation. The Consumer Price Index (CPI) for all urban consumers within Riverside and San Bernardino County is used as a guideline. The 12-month CPI period ending July 31st establishes the Cost-of-Living Adjustment (COLA) rate each year. Employee salaries and salary ranges are adjusted accordingly, effective August 1st, and reflect the updated amount on the minimum and maximum salary rate for each position within the District.

Section 3.7.2 Merit Increase - Merit is based on an employees' performance evaluation. The allowable percentage for merit 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 PEPRRA. The District does not participate in Social Security.

Medical, Dental, Vision Insurance – The District contributes up to \$1,482 per month per employee for Medical, Dental, and Vision insurance premiums contracted through the District's insurance providers.

Health Reimbursement Arrangement - The District contributes the amount equal to the lowest cost of Health Insurance coverage for a single individual, for those that decline health insurance through the District and provide proof of coverage through a spouse's employer.

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 and Recycling

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

Administration
Engineering

The District allocates staff time based on the actual time employees spend in various funds and 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 is attributable to the administration and operation of Street Lighting and Solid Waste and Recycling.

The District completed its most recent Strategic Plan in March 2022. The plan is updated annually, or as needed, to provide current goals in the Vision to Action Plan. References to the plan are identified in the Message from the General Manager and in the following department goals with “SPG#” for each goal. The current year Vision to Action Plan can be found on page 23 of this document and the full document can be found at www.pphcsd.org.



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 nine employees (8.5 FTE): Two managers, four full-time plus one part time (FT position shared with solid waste) 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 2022/2023	Annual Quantity 2021/2022	Annual Quantity 2020/2021	Annual Quantity 2019/2020	Annual Quantity 2018/2019	Annual Quantity 2017/2018	Annual Quantity 2016/2017
Payments							
Cash	5,711	4,368	3,510	8,699	9,876	10,343	10,464
Check	8,331	8,716	7,506	9,078	10,805	10,013	11,552
Credit Cards	1,870	1,530	1,016	2,480	2,747	3,103	3,237
Mail	15,227	15,926	21,359	22,483	23,253	27,283	28,212
Online	36,675	36,690	32,170	24,256	21,790	18,606	16,328
TOTAL	67,814	67,230	65,561	66,996	68,471	69,348	69,793

Payments Received and Processed	Annual Quantity 2022/2023	Annual Quantity 2021/2022	Annual Quantity 2020/2021	Annual Quantity 2019/2020	Annual Quantity 2018/2019	Annual Quantity 2017/2018	Annual Quantity 2016/2017
Water	67,676	67,068	65,447	66,711	68,167	69,057	69,575
Government (Parks/Solid Waste, etc)	138	162	114	285	304	291	300
TOTAL	67,814	67,230	65,561	66,996	68,471	69,348	69,875

Customer Service Other Activities	Annual Quantity 2022/2023	Annual Quantity 2021/2022	Annual Quantity 2020/2021	Annual Quantity 2019/2020	Annual Quantity 2018/2019	Annual Quantity 2017/2018	Annual Quantity 2016/2017
Service Orders Processed	5,140	3,930	4,289	4,680	4,606	5,308	5,288
Assisted Customers at Counter	15,912	14,614	12,032	20,257	23,428	23,459	25,253

Accounting Activities	Annual Quantity 2022/2023	Annual Quantity 2021/2022	Annual Quantity 2020/2021	Annual Quantity 2019/2020	Annual Quantity 2018/2019	Annual Quantity 2017/2018	Annual Quantity 2016/2017
Checks Processed	2,497	2,358	2,448	2,476	2,076	1,911	3,030
Accounts Payable Transactions	17,719	16,236	10,612	12,135	12,054	14,245	16,182
Payroll Transactions	2,602	2,622	2,550	2,491	2,516	2,519	2,832
Journal Entries Transactions	1,986	2,095	1,600	1,378	1,464	2,448	2,490
Fixed Asset Transactions	291	284	269	240	265	247	254
Inventory Transactions	1,428	1,818	1,540	1,668	1,974	2,599	2,648
Water Bills Processed	87,157	86,195	85,015	83,984	83,225	82,139	82,091
Monthly Invoices Processed	223	368	168	220	222	186	184

From March 17, 2020, through May 15 and December 7 through January 4, 2021, the District offices were closed to the public due to the COVID-19 pandemic. Staff continued to work alternating work schedules, in some cases, and customers paid their bills online, drop box and mail when they could not come into the office.

Projects in Progress and/or Completed in 2022/2023:

- Receive ACFR Award from GFOA (Government Finance Officers Association) – SPG 4.6 - Complete
- Receive Budget Award from GFOA and CSMFO – SPG 4.1, 4.6 - Complete
- Maintain Transparency Certification from California Special District Association (CSDA) - SPG 4.4, 4.5 - Ongoing
- Provide outstanding customer service – SPG 6.6 - Ongoing
- Explore and implement treasury options – SPG 4.6 - Ongoing
- Update policies and procedures – SPG 4.5, 6.5 - Ongoing
- Cross-training program – SPG 6.1, 6.4 - Ongoing
- Development of Succession and Retention Planning Program – SPG 6.1, 6.4 - Ongoing
- Finalize update to Employee Personnel Manual – SPG 6.5 – 80% Complete
- Implement Key Strategic Goal Projects – SPG 4.0, 5.0, 6.0 – Ongoing
- Implement new meter reading software and customer service portal – SPG 1.3, 1.6 - Complete

2023/2024 Goals:

- Receive ACFR Award from GFOA (Government Finance Officers Association) – SPG 4.6
- Receive Budget Award from GFOA and CSMFO – SPG 4.1, 4.6
- Maintain Transparency Certification from California Special District Association (CSDA) - SPG 4.4, 4.5
- Continue providing outstanding customer service – SPG 6.5
- Continue to explore and implement treasury options – SPG 4.6
- Continue to update policies and procedures – SPG 4.5, 6.5
- Continue cross-training program – SPG 6.1, 6.4
- Continue development of Succession and Retention Planning Program – SPG 6.1, 6.4
- Finalize update to Employee Personnel Manual – SPG 6.5
- Implement Key Strategic Goal Projects – SPG 4.0, 5.0, 6.0
- Continue to migrate customers to new the customer service portal – SPG 1.3, 1.6



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 one manager, one analyst, and one technician (3 FTE).

Primary Services:

GIS

- Maintenance of GIS facilities, water master planning, and hydraulic model calibration.
- Administration of District's ArcGIS Enterprise & ArcGIS Online system.
- Maintain server permissions, integration, and communication between the 3rd party application.

Developmental Services

- Develop, coordinate and issue Request for Qualifications (RFQ) and Proposals (RFP) for District projects.
- Capital Improvement Project (CIP) development.
- Project and contract management.
- Engineering analysis of new construction and development projects.
- Plan check and permitting for construction.
- As-built management.
- Process water availability inquiries, prepare will serve letters and fire flow analysis.

Planning

- Water resources planning.
- Grant applications and maintenance.
- Urban Water Management Plan Development.
- Water Master Plan Development.
- Emergency Response Plan.
- Operations Plan.
- Strategic Plan development.

Analysis and Reporting

- Compiling and integrating various sources of information (i.e., State of California, US Census Bureau, County of San Bernardino, etc.).
- Prepare high quality static and dynamic analytical maps and reports.
- Annual Water Loss Audit.
- Annual Water Shortage Assessment.
- Annual Water Use Objective Report.
- Monthly Safe and Affordable Funding for Equity and Resilience (SAFER) Reporting.
- Monthly water production/consumption reports using field and customer data.
- Monthly data collection and maintenance of fire department usage, Sheep Creek Mutual Water Company production, water quality samples, private well installations, and District usage.
- Quarterly and Annual Mojave Water Master and Antelope Valley Water Master reports
- Data analysis, reports, and presentations for other departments and management as requested.

Departmental Support Services

- Coordinate general IT services – servers and workstations.
- Spearhead cloud-based file management, workflow, and collaboration journey.
- Distribution system data mobile application export and analysis using GIS.
- GIS mobile and desktop product specific customization and maintenance for Operations, Customer Service, and Engineering departmental services.
- Graphic Design Services: Flyers, brochures, signs, presentations, etc.
- Water conservation program administration.
- Operations, Parks, and Solid Waste Departmental Support: advertising, social media, programs, and website maintenance.

Interagency Collaboration

- Participate in Mojave Water Agency’s Technical Advisory Committee, Board Meetings, and other related committees.
- Participate in various joint agency organizations (County Utility Committee, Caltrans, etc.).
- Participate in Alliance for Water Awareness and Conservation (AWAC)

Fiscal Year 2022/2023	
Project Management	
Total Projects	7
In-House Design	
Water Pipeline Design	2
Field Verification and Documentation of Facilities (GPS/Mapping)	
Water Meters (new, relocated and stub outs)	106
Wells	2
Hydrants	19
Valves	29
Other Assets (Blowoffs, Property Corners, etc.)	115
Mainline Extension, Private	4
Mainline Repairs	2
GIS (Facility Mapping)	
Base map (San Bernardino County Parcels) Update	3
Roads (San Bernardino County) Update	1
Imagery Update	1
Meter Updates	130
Service Line Replacements	51

Mainline Repairs	1
GIS Applications (Web, Desktop, & Mobile)	7
Maps/Exhibits/Graphs/Presentations - Created/Distributed	
Various Projects, District Events and System Analysis	117
Conference Presentations	3
Water Facility Information Distribution	
Roadway Projects: As-Built (proposed design projects)	0
Request for Public Records	3
Plan Check	
Mainline Extension, Private	4
Development Services	
Water Availability Inquiries	225
Will Serve Letters	218
Fire Flow Reports	67

Projects in Progress and/or Completed in 2022/2023:

- Civic Center Project - Consultants / County coordination – SP 1.7 - 95%
- Phelan Park Expansion Project – Planning; Consultants / County – SP 2.1 - 30%
- Pressure Zone 7 Expansion – Pinon Hills Road Pipeline Project - SP 1.5 - 100% Complete
- Thermal Imagery leak detection program - SP 1.3 - Ongoing
- Chromium-6 Mitigation Project – Engineering study of potential revised mandates pending final State’s MCL - SP 1.1 - Pending
- Smithson Springs – Tank and Pipeline Study/Design – SPG – 1.0 - Pending
- Phase II update to Azure Active Directory & Microsoft 365 - 50%
- Water pipeline lowering by import - grading plan design – SPG 1.0 - 100% Complete
- Well No. 15 equipping and pipeline contract support – SP 1.4 - 100% Complete
- Sheep Creek Water Company consolidation management coordination and projects – SP 1.1 - Cancelled

2023/2024 Goals:

- Civic Center Project - Consultants / Construction Management – SP 1.7
- Phelan Park Expansion Project – Planning; Consultants / County – SP 2.1
- Thermal Imagery leak detection program - SP 1.3
- Chromium-6 Mitigation Project – Engineering study of potential revised mandates pending final State’s MCL - SP 1.1
- Smithson Springs – Tank and Pipeline Study/Design – SPG 1.0
- Phase II update to Azure Active Directory and migration to SharePoint
- Reservoir 6A Grant/Tank Development and Construction - SP 1.1

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 assistant manager, three lead water operators, one water quality specialist, four water operators, and one part-time (FT position shared with parks operations) water operator (10.5 FTE). Water conservation 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 Supervising Control and Data Acquisition (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	17
Miles of Water Main	353
Wells (1,000'+ deep) - Active	14
Reservoirs	35
Booster Stations	25
Booster Pumps	69
Pressure Reducing Stations	32
Service Connections (Meters)	7,251

Water Operations Activities	Annual
Water Quality Samples Taken	672
USA's Marked	2,564
Service Orders Completed	3,784
Services Disconnected/Reconnected Shut-off Cycle	693

Water Operations Activities	Annual
Main/Service Line Leaks repaired	497
Service Line Replacements	168
Hydrant Repairs	18

Projects in Progress and/or Completed in 2022/2023:

- Valve Maintenance and Exercising Program - 2,200 a year goal – SPG 1.0 - Ongoing
- Hydrant Maintenance and Flushing Program 600 a year goal – SPG 1.0 - Ongoing
- Dead-end Flushing Program all flushed yearly no exceptions – SPG 1.0 - Ongoing
- Service Line Replacement Program 150 a year goal – SPG 1.0, 1.2 - Ongoing
- Cross Connection Prevention Program SPG 1.4 - Ongoing
- Air-Vac Maintenance and Flushing Program 150 a year goal – SPG 1.0 - Ongoing
- Monthly tank inspections and annual overflows to ensure good sanitary practices – SPG 1.4, - Ongoing
- Quarterly sand testing of wells and boosters – SPG 1.0 - Ongoing
- PRV maintenance and repair program – SPG 1.0, 1.2 - Ongoing
- Provide training and education to all staff in OSHA regulations including trench shoring, confined space entry, fall protection, and traffic safety – SPG 6.1, 6.2, 6.3 - Ongoing
- Train all staff on SCADA system – SPG 6.1 - Ongoing
- Adhere to strict and accurate inventory standards – SPG 4.4, 4.5 - Ongoing
- Perform annual pump efficiency at wells and boosters – SPG 1.0, 1.2 - Complete
- Perform annual meter certifications at all wells – SPG 1.0 - Ongoing
- Systematic and thorough cleaning of selected reservoirs - SPG 1.4 – Complete
- Drop section water mains per the 10-Year Maintenance Plan- SPG 1.0 – Complete
- Interior coating of reservoirs per the 10-Year Maintenance Plan- SPG 1.0 - Complete
- Phase 3, 4, and 5 of Meter change-out program, AMI - SPG 1.5 – 50% Complete
- Develop additional water production supply plan – SPG 1.3 - Complete

2023/2024 Goals:

- Continue Valve Maintenance and Exercising Program - 2,200/year goal – SPG 1.0
- Continue Hydrant Maintenance and Flushing Program 600/year goal – SPG 1.0
- Continue Dead-end Flushing Program all flushed yearly no exceptions – SPG 1.0
- Continue Service Line Replacement Program 150/year goal – SPG 1.0, 1.2
- Continue Cross Connection Prevention Program – SPG 1.4
- Continue Air-Vac Maintenance and Flushing Program 150/year goal – SPG 1.0
- Continue Monthly tank inspections and annual overflows to ensure good sanitary practices – SPG 1.4
- Continue Quarterly sand testing of District wells and boosters – SPG 1.0
- Continue PRV maintenance and repair program – SPG 1.0, 1.2
- Continue to provide training and education to all staff in OSHA regulations including trench shoring, confined space entry, fall protection, and traffic safety – SPG 6.1, 6.2, 6.3

2023/2024 Goals Continued:

- Continue to train all staff on SCADA system – SPG 6.1
- Continue strict and accurate inventory standards – SPG 4.4, 4.5
- Perform annual pump efficiency at District wells and boosters – SPG 1.0, 1.2
- Perform annual meter certifications at all District wells – SPG 1.1, 1.0
- Systematic and thorough cleaning of selected District reservoirs - SPG 1.4
- Drop section water mains per the 10-Year Maintenance Plan- SPG 1.0
- Interior coating of reservoirs per the 10-Year Maintenance Plan- SPG 1.0
- Phase 3, 4, and 5 of Meter change-out program, AMI- SPG 1.5
- Develop additional water production supply plan – SPG 1.3



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 one supervisor, one full-time parks and recreation worker and one part-time (FT position shared with water operations) parks and recreation worker (2.5 FTE).

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.
- Groundskeeping, tree service, facility clean-up: raking, weeding, picking up litter, emptying trash and recycling, cleaning, and supplying park restroom facilities daily.
- Repair and maintenance of 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*	2022/2023	Phelan Community Center/Park	Piñon Hills Community Center/Park	Office
Phelan CC/Park, Rental/Activities	242	242		
Phelan PPHCSD Activities	5	5		
Board Meetings	24	24		
Committee Meetings	30	30		0
Piñon Hills CC Rental/Park, Rentals/Activities	155		155	
Piñon Hills PPHCSD Activities	0		0	
TOTAL	456	301	155	0*

Weekly Events:

- Phelan Farmers Market
- Senior Line Dancing

Monthly Events:

- Phelan Senior Lunch Program
- Piñon Hills Senior Lunch Program
- Teaching Garden Workshops (w/Michelle Hannon and Guests)

Annual Events, to include Public and Private Partnerships – SPG 2.4:

- Composting Workshop (w/Guest Instructor, master composter)
- Archery – weekly summer activity (w/Mojave Archers)
- Painting Class's – weekly summer activity (w/Guest Instructor)
- Movie Nights – weekly summer activity(w/Kiwanis)
- Kids Gymnastics (w/High Desert Gymnastics)
- Dance Class (w/Tanya's Dance Studio)
- Baking Class's (w/Guest Instructor)
- Senior Health Fair (w/Snowline JUSD, Sheriff's Dept. and 1st District Supervisors Office)
- Get to Know Your Native Plants/Butterflies (w/Transition Habitat Conservancy)
- Phelan Phun Days (w/Phelan Chamber)
- Various programs (w/Phelan Memorial Library)
- Music in the Park (w/Phelan Chamber)
- Christmas Tree Lighting Ceremony (w/Phelan Chamber)

Projects in Progress and/or Completed in 2022/2023:

- Improve park operations – SPG 2.1, 2.2, 2.3, 2.4, 2.5 – Ongoing
- Provide additional training for staff – SPG 2.2, 6.1, 6.2, 6.3, 6.4, 6.5 – Ongoing
- Pursue additional recreation programs in partnership with businesses, clubs, and local sports associations – SPG 2.2, 2.4 - Ongoing
- Pursue additional recreational programs to meet community needs – SPG 2.1, 2.2, 2.3, 2.4, 2.5 – Ongoing
- Repair or replace approved equipment and facilities from the 10-year maintenance plan – SPG 2.2 – Ongoing
- Use the parks master plan information as a guideline for all parks and recreation planning - SPG 2.1, 2.2, 2.3, 2.4, 2.5 - Ongoing
- Work on preparations of Phelan Park Expansion Project – SPG 2.1, 2.2, 2.3, 2.4, 2.5 – Ongoing



2023/2024 Goals:

- Continue to use the parks master plan information as a guideline for all parks and recreation planning - SPG 2.1, 2.2, 2.3, 2.4, 2.5
- Continue to improve park operations – SPG 2.1, 2.2, 2.3, 2.4, 2.5
- Continue working on preparations of Phelan Park Expansion Project – SPG 2.1, 2.2, 2.3, 2.4, 2.5
- Continue pursuit of additional recreation programs in partnership with businesses, clubs, and local sports associations – SPG 2.2, 2.4
- Continue pursuit of additional recreational programs to meet community needs – SPG 2.1, 2.2, 2.3, 2.4, 2.5
- Continue to repair or replace approved equipment and facilities from the 10-year maintenance plan – SPG 2.2
- Continue to provide additional training for staff – SPG 2.2, 6.1, 6.2, 6.3, 6.4, 6.5

STREET LIGHTING

Streetlights primarily service the business district of Phelan. The District does have some streetlights 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 streetlights as received from the public.
- Identify areas where streetlights 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 2022/2023:

- Identify additional locations that may benefit from streetlights – SPG 2.5 - Ongoing
- Process requests for additional streetlights – SPG 2.5 - Ongoing

2023/2024 Goals:

- Identify additional locations that may benefit from streetlights – SPG 2.5
- Process requests for additional streetlights – SPG 2.5

SOLID WASTE AND RECYCLING

Solid Waste

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

Organization: The administration of solid waste is performed by one District manager and various administrative employees representing the equivalent of two full time employees (2 FTE). The District staff perform tasks, and charge this department as necessary, to meet the needs accordingly.

Primary services:

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

Solid Waste and Recycling:	
Number of Residential Customers	5,189
Number of Commercial Customers	110

Programs:

- Earth Day Art Contest
- Residential Tire Amnesty Program
- Community Clean-up Days
- Mattress Recycling
- Residential Recycling Drop-off

Projects in Progress and/or completed in 2022/2023:

- Adopt a procurement policy in compliance with SB 1383 – SPG 3.4 – Complete
- Implement an edible food recovery program in compliance with SB 1383 – SPG 3.5 – 50% Complete
- School Outreach (Mr. Eco, other partnerships) – SPG 3.3 – Ongoing
- Educate commercial customers on new requirements – SPG 3.6 – Ongoing
- Educate customers on upcoming requirements – SPG 3.6 – Ongoing
- Implement new collection ordinance requirements – SPG 3.2 – 50% Complete
- Develop and expand partnerships for disposal of organic waste – SPG 3.7 – Ongoing
- Amend Franchise Agreement – SPG 3.1 – Complete
- Adopt and Implement Recycled Paper Products Procurement Policy – SPG 3.4 – Complete

2023/2024 Goals:

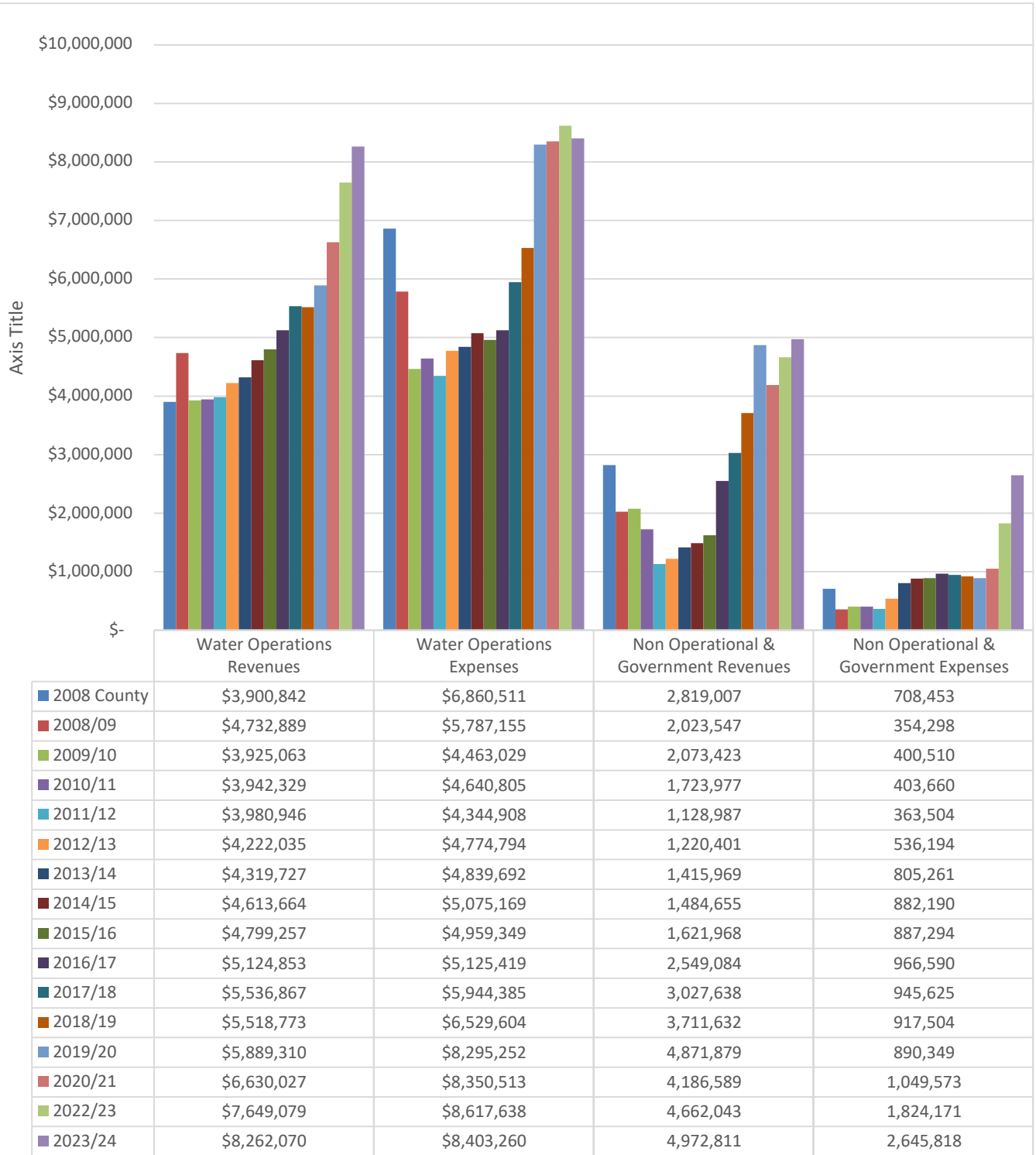
- Complete implementation of uniform collection ordinance requirements – SPG 3.2
- Amend Uniform Collection Ordinance – SPG 3.2
- School Outreach (Mr. Eco, other partnerships) – SPG 3.3
- Complete implementation of SB 1383 Edible Food Recovery Program – SPG 3.5
- Continue SB 1383 Outreach & Education – SPG 3.6
- Develop Additional Diversion Programs – SPG 3.7



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

BUDGET FINANCIAL **REPORTS**

FINANICAL HISTORY AND BUDGET COMPARISON



BUDGET OVERVIEW

The 2023/2024 Budget was prepared with the following assumptions for increases as compared to estimated year-end figures: water revenues increase by 6%, and expenditures increase by 3%, 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.

2023/2024 Budget	Enterprise Fund	Government Fund	Total
Operational Revenues	\$8,262,070	\$20,027	\$8,282,097
Operational Expenses	-\$8,403,260	-\$1,261,551	-\$9,664,812
Net Revenue from Operations	-\$141,190	-\$1,241,524	-\$1,382,714
Non-Operational Revenues	\$2,302,542	\$2,650,242	\$4,952,784
Non-Operational Expenses	-\$1,377,352	-\$6,914	-\$1,384,267
Net Revenue from Non-Ops	\$925,190	\$2,643,327	\$3,568,517
Sub-Total Revenue	\$784,000	\$1,401,803	\$2,185,803
Unfunded Depreciation	\$711,134	\$37,104	\$748,238
Principal Payments on Loans	-\$829,514	\$0	-\$829,514
Sub-Total Revenue	\$665,620	\$1,438,907	\$2,104,527
Repayment of Reserves	-\$559,618	-\$386,220	-\$945,838
Capital Budget	-\$65,000	-\$100,000	-\$165,000
Total Net Revenue	\$41,002	\$952,687	\$993,689

OPERATIONAL INCOME:

Water revenue budgeted for 2023/2024 assumes a rate change that will provide an additional 6% in revenue from meter fees, and water consumption, plus assumes an additional 38 new meter connections. Water rate increases as proposed in the Water Rate Study in 2021 were approved pending budgetary demands, up to 6% per year. (Line 3/23)

Special Assessments, standby fees applied to vacant, unmetered, land, are expected to be slightly less in the coming year due to anticipated growth. (Line 4/26)

Parks fees reflect a slight increase over 2022/2023 budget as scheduled programs and rental fees are expected to increase. (Line 5/29)

The total net operational income is projected to be \$8,282,097. This equates to an increase of \$614,812 compared to the current estimated year end operating revenue. (Line 7/34)

OPERATIONAL EXPENSES:

Water Purchases are expected to increase in the coming year due to annual increases of the cost of Antelope Valley water and increased production. The Antelope Valley adjudication was settled and the judgement was ordered, which created a new cost of replacement water in that basin. This will be an ongoing cost for water pumped out of that basin. There is an increase in fees by the Mojave Watermaster. The MWA expense remains steady as the District purchased water rights that eliminated the annual expense for replacement water of over \$1,113,000, producing a net savings of \$764,294 after the loan payment (Line 10/42).

Salaries and Benefits reflect a 13.8% increase over the 2022/2023 estimated year end. The 2023/2024 Budget includes a 5.0% increase for COLA, a 2.5% potential increase for merit, if warranted, one additional employee, and a decrease in overtime. (Line 11/54)

Board Compensation is estimated to increase this year due to the replacement of three directors. There are additional training and orientation costs associated with new directors, resulting in a 5.3% increase. (Line 12/61)

Professional Fees are estimated to be 17.7% lower due to a reduction in outside services and general increases in water quality testing. (Line 13/70)

Services and Supplies is 6.3% lower due to a decrease in repair and maintenance costs, and offset by increases in insurance costs, fuel, and programs. There are additional programs and public relations partnerships budgeted in the coming year for solid waste and recycling. (Line 14/100)

Utilities are 6.1% higher due to a projected increase of 4% by Edison in the coming year. (Line 15/106)

Depreciation and Amortization is based on the addition of assets as projects are completed and new assets are added. (Line 16/112)

Total operational expenses are estimated to increase by 2.4% over estimated year end.

NON-OPERATIONAL INCOME:

Property Tax revenue is projected to increase by 5.8% 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% (\$52,000) each year to eliminate Water Operations reliance on non-operational income within ten years (by 2025). (Line 21/131)

Penalties and Other Fees are expected to increase by 11.0% in 2023/2024 over the prior year estimated year end revenues. (Line 22/134)

Solid Waste revenue is expected to have a 0% increase in the coming year. (Line 23/138)

Meter Installation and Capacity Fees are expected to increase 3.6%. The 2023/2024 Budget includes an increase in capacity fees. The meter installations for the coming year are estimated to be residential and slightly less than the 2022/2023 estimated year end. (Line 24/143)

Other Income shows an increase of 8.9% primarily due to higher interest income and new lease agreements. (Line 25/156)

Total Non-Operational Income shows a 6.7% increase due to an increase in property tax revenue, interest income, and lease revenue. (Line 26/157)

NON-OPERATIONAL EXPENSES:

Other Expenses, which include loan related expenses, will increase this year due to a new loan for the construction of a Civic Center building. (Line 29/165)

2023/2024 BUDGET

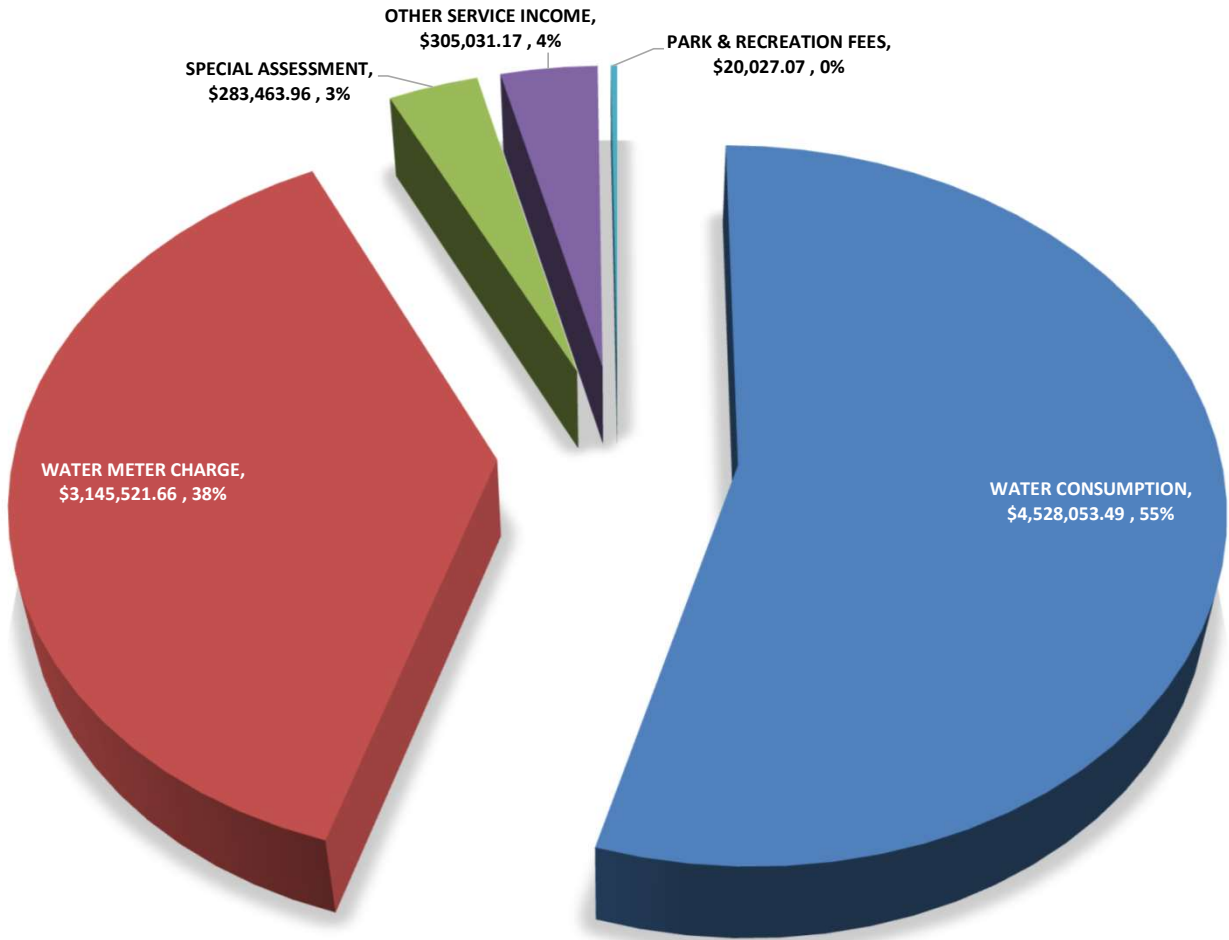
	TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
	2023/2024 BUDGET	2023/2024 BUDGET	2023/2024 BUDGET
1 Operational Income/Expense			
2 Income			
3 WATER SALES			
4 WATER CONSUMPTION			
5 40010 Water Sales - Residential - C	3,443,671.14	0.00	3,443,671.14
6 40012 Water Sales - Residential (WR) *	339,201.87	0.00	339,201.87
7 40020 Water Sales - Commercial - C	47,564.89	0.00	47,564.89
8 40030 Water Sales - Fire Protection-C	0.00	0.00	0.00
9 40060 Water Sales - Multiple Res - C	3,106.55	0.00	3,106.55
10 40070 Water Sales - School - C	336,736.38	0.00	336,736.38
11 40090 Water Sales - Construction - C	329,424.98	0.00	329,424.98
12 40110 Water Sales - Non-Potable Water	28,347.68	0.00	28,347.68
13 Total WATER CONSUMPTION	4,528,053.49	0.00	4,528,053.49
14 WATER METER CHARGE			
15 41010 Water Sales - Residential - M	3,038,122.84	0.00	3,038,122.84
16 41020 Water Sales - Commercial - M	25,860.46	0.00	25,860.46
17 41030 Water Sales - Fire Protection-M	3,083.23	0.00	3,083.23
18 41060 Water Sales - Multiple Res - M	3,185.63	0.00	3,185.63
19 41070 Water Sales - School - M	41,523.27	0.00	41,523.27
20 41090 Water Sales - Construction - C	33,746.22	0.00	33,746.22
21 41090 Water Sales - Non-Potable Water	0.00	0.00	0.00
22 Total WATER METER CHARGE	3,145,521.66	0.00	3,145,521.66
23 Total · WATER SALES	7,673,575.14	0.00	7,673,575.14
24 SPECIAL ASSESSMENT			
25 74110 Special Assessments	283,463.96	0.00	283,463.96
26 Total · SPECIAL ASSESSMENT	283,463.96	0.00	283,463.96
27 PARKS			
28 47600 Park & Recreation Fee	0.00	20,027.07	20,027.07
29 Total · PARKS	0.00	20,027.07	20,027.07
30 OTHER SERVICE INCOME			
31 48200 Other Services Incomes	182,427.59	0.00	182,427.59
32 48700 Administrative Fees	122,603.58	0.00	122,603.58
33 Total · OTHER SERVICE INCOME	305,031.17	0.00	305,031.17
34 Total Income from Operations	8,262,070.26	20,027.07	8,282,097.34
35 Gross Profit	8,262,070.26	20,027.07	8,282,097.34
36 Expense			
37 WATER PURCHASES			
38 50010 MWA WM Admin. & Bio Fee	17,893.92	0.00	17,893.92
39 50020 MWA WM Make Up Water	2,715.00	0.00	2,715.00
40 50030 MWA WM Replacement Water	5,000.00	0.00	5,000.00
41 50040 Water Purchases - Other	0.00	0.00	0.00
42 Total · WATER PURCHASES	25,608.92	0.00	25,608.92

		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2023/2024 BUDGET	2023/2024 BUDGET	2023/2024 BUDGET
43	SALARIES & BENEFIT			
44	51110 Salaries & Wages	1,946,418.34	445,959.42	2,392,377.76
45	51120 Vacations	144,982.04	35,171.40	180,153.44
46	51130 Holiday	95,217.42	21,630.51	116,847.93
47	51140 Sick Pay	103,873.55	23,596.92	127,470.47
48	51150 Misc Earn	91,392.09	11,662.04	103,054.13
49	51170 Overtime	182,719.00	16,066.91	198,785.91
50	51210 Payroll Taxes	41,226.36	9,074.79	50,301.15
51	51220 Worker's Compensation	56,156.93	16,111.65	72,268.59
52	51230 Employee Group Insurance	395,423.21	110,088.42	505,511.63
53	51240 Retirement	306,130.45	70,417.91	376,548.36
54	Total · SALARIES & BENEFIT	3,363,539.39	759,779.97	4,123,319.37
55	BOARD COMPENSATIONS			
56	52110 Board Director's Fee	27,000.00	5,400.00	32,400.00
57	52210 Board Exp - Auto Expense	1,800.00	225.00	2,025.00
58	52220 Board Exp - Meals & Lodging	5,850.00	0.00	5,850.00
59	52230 Board Exp - Education/Training	5,400.00	0.00	5,400.00
60	52240 Board Exp - Insurance & Other Exp	57,000.00	8,000.00	65,000.00
61	Total · BOARD COMPENSATIONS	97,050.00	13,625.00	110,675.00
62	PROFESSIONAL FEE			
63	53110 Auditing & Accounting Fees	25,000.00	500.00	25,500.00
64	53120 Legal Services	55,000.00	10,000.00	65,000.00
65	53130 Engineering	0.00	0.00	0.00
66	53140 Laboratory Analysis	12,000.00	0.00	12,000.00
67	53150 Outside Service	113,121.70	13,000.00	126,121.70
68	53160 Permits & Fees	32,300.00	1,200.00	33,500.00
69	53170 Software Support	193,105.39	435.00	193,540.39
70	Total · PROFESSIONAL FEE	430,527.09	25,135.00	455,662.09
71	SERVICE AND SUPPLIES			
72	54110 Advertising	8,500.00	23,700.00	32,200.00
73	54140 Auto Expense	12,233.37	0.00	12,233.37
74	54170 Auto Allowance	0.00	0.00	0.00
75	54200 Credit Card Fee & Bank Charges	73,884.00	0.00	73,884.00
76	54230 Dues & Subscriptions	15,600.00	900.00	16,500.00
77	54260 Education & Training	68,925.00	7,500.00	76,425.00
78	54290 Employment Expense	2,280.00	0.00	2,280.00
79	57110 Equipment Rental/ Lease	10,560.00	1,500.00	12,060.00
80	54320 General Maintenance	7,420.00	480.00	7,900.00
81	54350 Insurance	181,000.00	12,160.00	193,160.00
82	54380 Insurance - Vehicle	45,000.00	2,540.00	47,540.00
83	54410 Fuel Costs	129,171.38	5,916.25	135,087.62
84	54440 Meeting, Seminar & Supplies	7,125.00	100.00	7,225.00
85	54470 Travel Expense	40,200.41	2,100.00	42,300.41
86	54500 Operating Supplies	74,820.00	6,060.00	80,880.00
87	54530 Office Supplies	42,650.00	7,418.18	50,068.18
88	54620 Repair & Maintenance	787,423.26	104,100.00	891,523.26
89	54650 Small Tools	28,100.00	1,500.00	29,600.00
90	54680 Uniforms	13,700.00	2,000.00	15,700.00

		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2023/2024 BUDGET	2023/2024 BUDGET	2023/2024 BUDGET
91	54710 Vehicle Maintenance	40,000.00	2,000.00	42,000.00
92	54740 Easement Lease	0.00	0.00	0.00
93	54770 Computer & Equipment Maint	4,500.00	0.00	4,500.00
94	54800 Programs (Wtr Cons, parks,etc)	14,500.00	72,430.00	86,930.00
95	54801 Senior Lunch Program	0.00	22,600.00	22,600.00
96	54802 Farmers Market	0.00	400.00	400.00
97	54803 Fall Festival	0.00	0.00	0.00
98	54830 State & County Fees & Services	15,800.00	200.00	16,000.00
99	54860 Postage & Mailing	42,319.78	6,673.07	48,992.84
100	54890 Printing	24,000.00	3,500.00	27,500.00
101	54920 Public Relation	2,750.00	26,500.00	29,250.00
102	Total · SERVICE AND SUPPLIES	1,692,462.20	312,277.49	2,004,739.69
103	UTILITIES - Electric/Phone/Gas			
104	58010 Telephone	32,213.00	4,056.00	36,269.00
105	58110 Utilities - Operations	1,540,238.37	35,226.46	1,575,464.83
106	58115 Utilities - Solar Credit	(565,000.00)	0.00	(565,000.00)
107	58111 Utilities - Street Lights	0.00	18,691.22	18,691.22
108	Total · UTILITIES - Electric/Phone/Gas	1,007,451.37	57,973.69	1,065,425.05
109	OTHER- Depreciation/Amort, etc.			
110	59310 Bad Debt	8,285.51	0.00	8,285.51
111	59110 Property Taxes	0.00	0.00	0.00
112	59120 Depreciation & Amortization	1,777,836.00	92,760.00	1,870,596.00
113	59310 Other Operating Expenses	500.00	0.00	500.00
114	Total · OTHER- Depreciation/Amort, etc.	1,786,621.51	92,760.00	1,879,381.51
115	Total Expense	8,403,260.48	1,261,551.15	9,664,811.63
116	Net Operational Income	(141,190.21)	(1,241,524.08)	(1,382,714.29)
117	Other Income/Expense			
118	Other Income			
119	PROPERTY TAXES			
120	71110 Property Taxes - Curr Sec	0.00	1,461,329.66	1,461,329.66
121	71120 Property Taxes - Curr Unsec	0.00	52,540.77	52,540.77
122	71130 Property Taxes - Curr Supplimen	0.00	42,763.64	42,763.64
123	71140 Property Taxes - Curr Unitary	0.00	56,331.31	56,331.31
124	71150 Property Taxes - Curr Other	0.00	3,822.60	3,822.60
125	72110 Property Taxes - Prior Sec	0.00	21,235.41	21,235.41
126	72120 Property Taxes - Prior Unsec	0.00	487.36	487.36
127	72130 Property Taxes - Prior Supplimn	0.00	16,666.67	16,666.67
128	72150 Property Taxes - Prior Other	0.00	1,346.82	1,346.82
129	73160 Property Taxes - Homeowner	0.00	10,133.68	10,133.68
130	73170 Tax Penalties & Others	15,589.03	6,704.41	22,293.44
131	SUB-TOTAL PROPERTY TAX REVENUE	15,589.03	1,673,362.32	1,688,951.35
132	71500 Property Tax	104,000.00	(104,000.00)	0.00
133	Total · PROPERTY TAXES	119,589.03	1,569,362.32	1,688,951.35
134	PENALTIES & OTHER FEE			
135	86120 Penalties & Other Fees	206,107.00	0.00	206,107.00
136	Total · PENALTIES & OTHER FEE	206,107.00	0.00	206,107.00

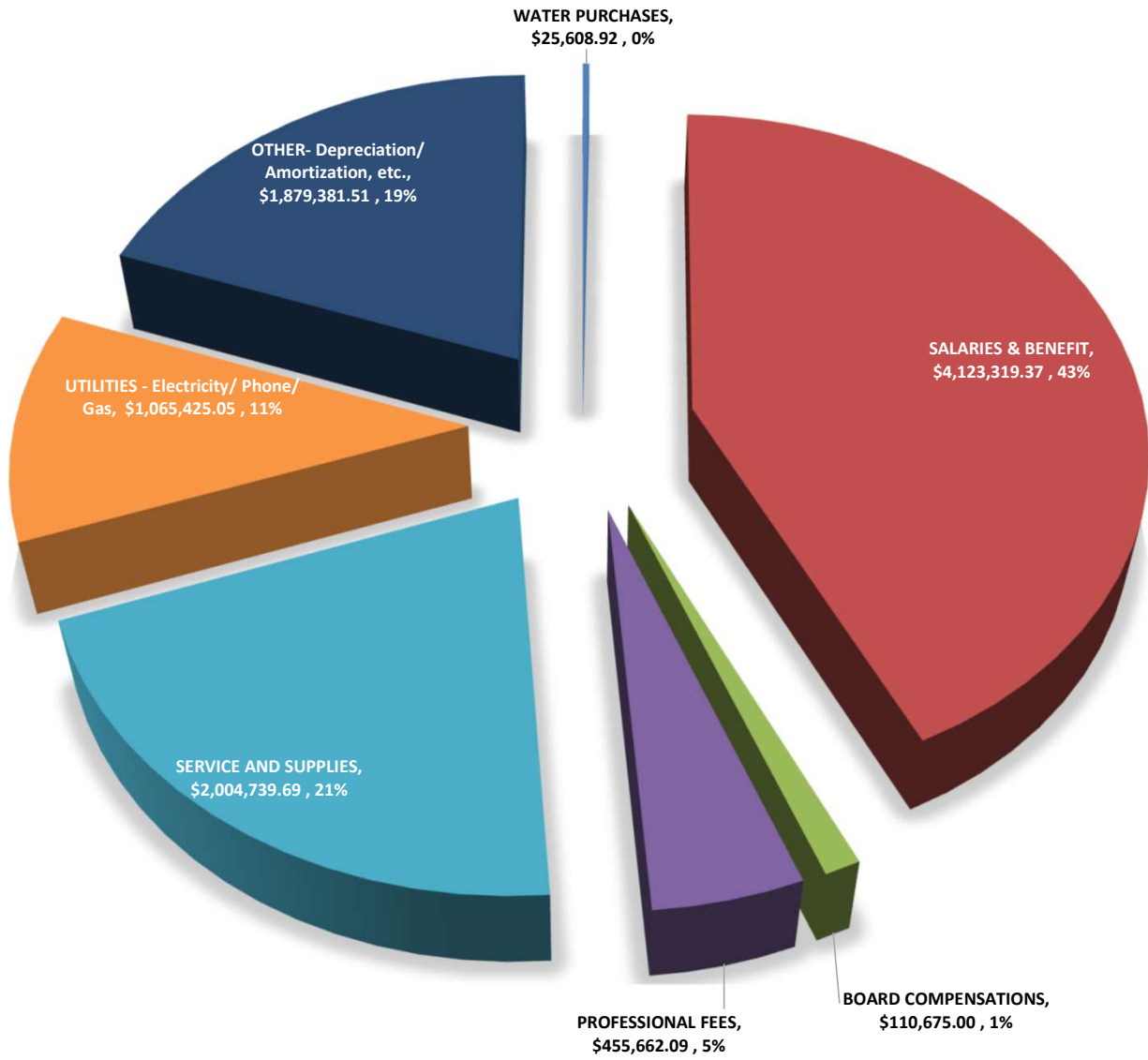
		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2023/2024 BUDGET	2023/2024 BUDGET	2023/2024 BUDGET
137	SOLID WASTE			
138	48500 Solid Waste Franchise Fee	0.00	349,039.51	349,039.51
139	48600 Solid Waste Franchise Fee-Commercial	0.00	120.00	120.00
140	Total · SOLID WASTE	0.00	349,159.51	349,159.51
141	METER INSTALLATION/FEES/CONNECTION			
142	45300 Meter Installation	83,008.71	0.00	83,008.71
143	45400 Permits & Inspections	4,952.00	0.00	4,952.00
144	45500 Capacity Fee	427,901.54	0.00	427,901.54
145	Total · METER INSTALLATION/FEES/CONNECTION	515,862.25	0.00	515,862.25
146	OTHER INCOME			
147	88110 Interest Income	614,000.00	336,000.00	950,000.00
148	88120 Other Income - Water Other	2,272.03	0.00	2,272.03
149	88125 Other Income - Senior Lunch	0.00	1,000.00	1,000.00
150	88126 Other Income - Farmers Mkt	0.00	0.00	0.00
151	88126 Other Income - Fall Festival	0.00	0.00	0.00
152	88128 Other Income - Farmers Mkt MM	0.00	0.00	0.00
153	88150 Other Income	1,689.43	0.00	1,689.43
154	88170 Other Income	0.00	0.00	0.00
155	88175 Property Rental Income	0.00	386,220.00	386,220.00
155	88176 Property Other Income	0.00	8,500.00	8,500.00
155	88300 Chromium 6 Surcharge	843,022.20	0.00	843,022.20
156	Total · OTHER INCOME	1,460,983.66	731,720.00	2,192,703.66
157	Total Other Income	2,302,541.94	2,650,241.83	4,952,783.77
158	Other Expense			
159	Other Expense			
160	91010 Interest Expense	512,710.00	0.00	512,710.00
161	92010 Loan Administrator Fee	16,620.00	0.00	16,620.00
162	92500 Chromium 6 Expenses	843,022.20	0.00	843,022.20
163	93010 Tax Deduction	0.00	3,914.35	3,914.35
164	95010 Net Incr/Decr in Fair Value	5,000.00	3,000.00	8,000.00
165	Total · Other Expense	1,377,352.20	6,914.35	1,384,266.55
166	Total Other Expense	1,377,352.20	6,914.35	1,384,266.55
167	Net Other Income	925,189.74	2,643,327.48	3,568,517.22
168	Net Income	783,999.52	1,401,803.40	2,185,802.92
169				
170	Depr & Amort 40% (Fund = 60%)	711,134.40	37,104.00	748,238.40
171	Principal Payments	(829,514.00)	0.00	(829,514.00)
172	Net Profit (Loss) after depreciation & principal pmt on loans	665,619.92	1,438,907.40	2,104,527.32
173	Transfer to Reserves (Water Rights/Resources)	559,617.87	0.00	559,617.87
174	Repayment of Reserves	0.00	386,220.00	386,220.00
175	Capital Projects/Purchases	65,000.00	100,000.00	165,000.00
176	TOAL NET INCOME AFTER ALL OBLIGATIONS	41,002.05	952,687.40	993,689.45

OPERATIONAL REVENUES



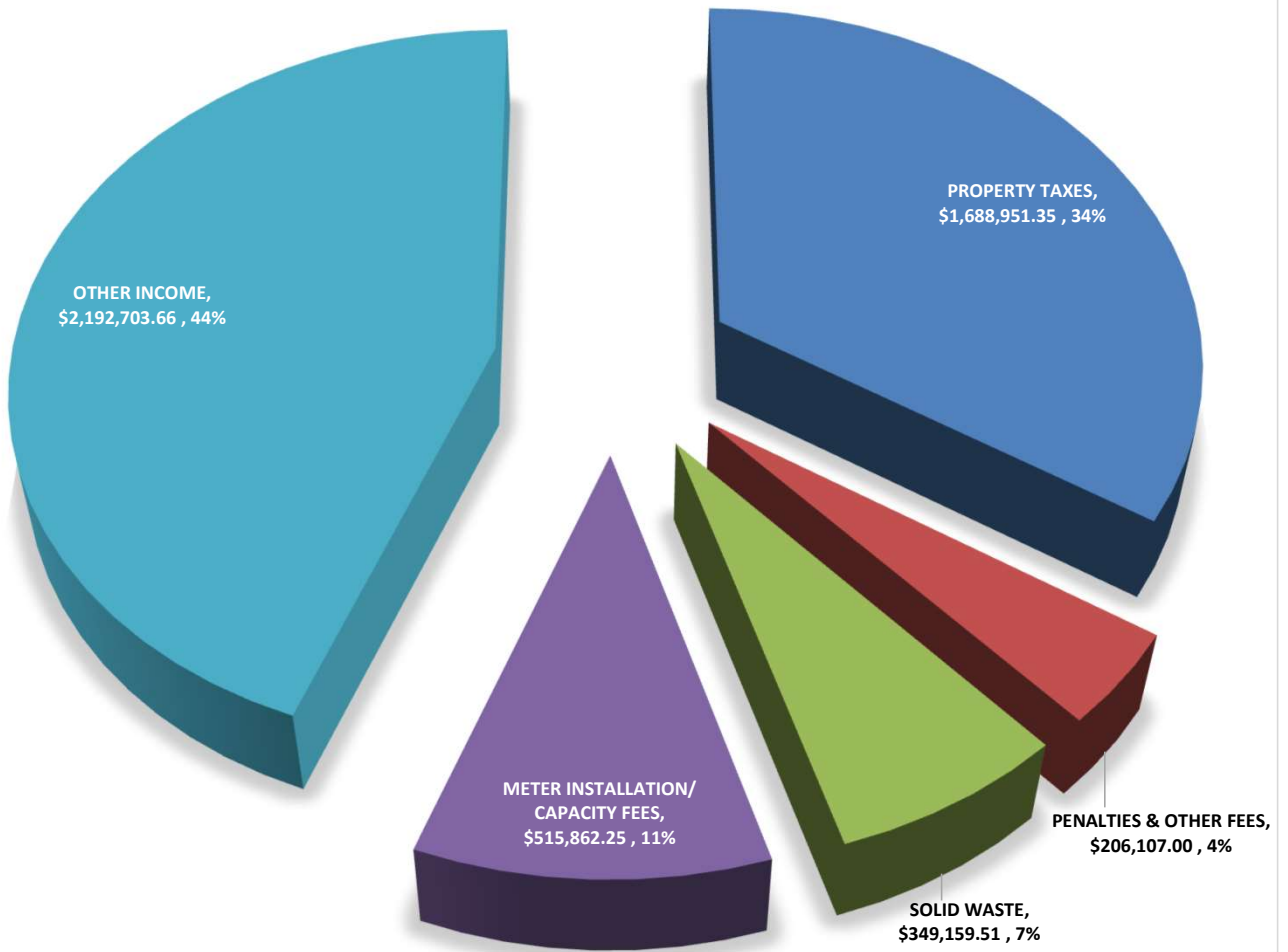
■ WATER CONSUMPTION ■ WATER METER CHARGE ■ SPECIAL ASSESSMENT ■ OTHER SERVICE INCOME ■ PARK & RECREATION FEES

OPERATIONAL EXPENSES



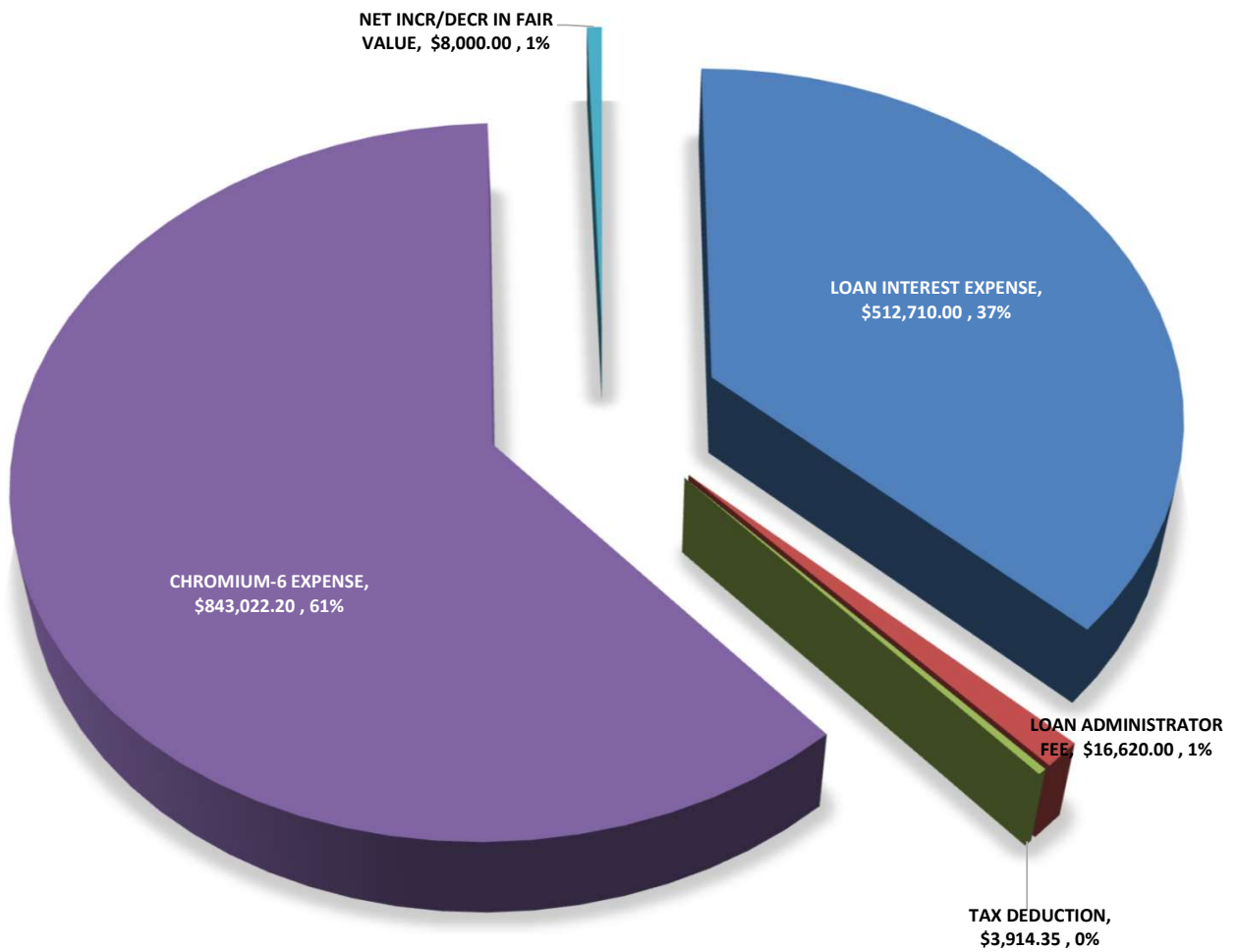
- WATER PURCHASES
- SALARIES & BENEFIT
- BOARD COMPENSATIONS
- PROFESSIONAL FEES
- SERVICE AND SUPPLIES
- UTILITIES - Electricity/ Phone/ Gas
- OTHER- Depreciation/ Amortization, etc.

NON-OPERATIONAL REVENUES



■ PROPERTY TAXES ■ PENALTIES & OTHER FEES ■ SOLID WASTE ■ METER INSTALLATION/ CAPCITY FEES ■ OTHER INCOME

NON-OPERATIONAL EXPENSES



■ LOAN INTEREST EXPENSE ■ LOAN ADMINISTRATOR FEE ■ TAX DEDUCTION ■ CHROMIUM-6 EXPENSE ■ NET INCR/DECR IN FAIR VALUE

Phelan Pinon Hills Community Services District
BUDGET DETAIL COMPARISON 2023/2024

Assumes: Rates/Reve Expenses	% Over Est Year End 6.00% 3.00%	TOTAL ENTERPRISE FUNDS				TOTAL GOVERNMENT FUNDS				TOTAL ALL FUNDS				Bud vs Bud	Bud vs Est YE	23/24 Budget vs. Actual Est YE	Line #
		Prior Year 2021/2022 Budget	Prior Year 2022/2023 Budget	Actual Est YE 22/23	Proposed 2023/2024 BUDGET	Prior Year 2021/2022 Budget	Prior Year 2022/2023 Budget	Actual Est YE 22/23	Proposed 2023/2024 BUDGET	Prior Year 2021/2022 Budget	Prior Year 2022/2023 Budget	Actual Est YE 22/23	Proposed 2023/2024 BUDGET				
55 52 - BOARD COMPENSATIONS (Expenses)																	55
56 52110 Board Director's Fee		48,240.00	38,700.00	26,440.00	27,000.00	3,600.00	4,500.00	4,309.20	5,400.00	51,840.00	43,200.00	30,749.20	32,400.00	-25.0%	5.4%	Assumes slight increase for new Board members.	56
57 52210 Board Exp - Auto Expense		953.56	3,500.00	991.01	1,800.00	102.60	250.00	134.71	225.00	1,056.16	3,750.00	1,125.72	2,025.00	-46.0%	79.9%	Assumes increase in travel and in person meetings.	57
58 52220 Board Exp - Meals & Lodging		6,756.00	14,000.00	6,352.57	5,850.00	0.00	0.00	0.00	0.00	6,756.00	14,000.00	6,352.57	5,850.00	-58.2%	-7.9%	Assumes slight increase as in person sessions resume.	58
59 52230 Board Exp - Education/Training		8,288.00	6,000.00	4,439.26	5,400.00	0.00	0.00	0.00	0.00	8,288.00	6,000.00	4,439.26	5,400.00	-10.0%	21.6%	Assumes increase as in person training resumes.	59
60 52240 Board Exp - Insurance & Other Expense		31,403.90	55,000.00	55,081.21	57,000.00	4,319.52	3,200.00	7,308.41	8,000.00	35,723.42	58,200.00	62,389.62	65,000.00	11.7%	4.2%		60
61 TOTAL BOARD COMPENSATIONS (Expenses)		95,641.46	117,200.00	93,304.05	97,050.00	8,022.12	7,950.00	11,752.32	13,625.00	103,663.58	125,150.00	105,056.37	110,675.00	-11.6%	5.3%	Assumes slight increase for new Board members.	61
62 53 - PROFESSIONAL FEE																	62
63 53110 Auditing & Accounting Fees		23,200.00	25,000.00	24,822.36	25,000.00	500.00	0.00	500.00	500.00	23,700.00	25,000.00	25,322.36	25,500.00	2.0%	0.7%		63
64 53120 Legal Services		51,109.09	85,831.30	52,229.95	55,000.00	8,025.48	2,500.00	7,692.46	10,000.00	59,134.57	88,331.30	59,922.41	65,000.00	-26.4%	8.5%	Assumes increase in Gov't fund legal activity (Ordinances).	64
65 53130 Engineering		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%		65
66 53140 Laboratory Analysis		34,693.00	49,000.00	7,910.46	12,000.00	0.00	0.00	0.00	0.00	34,693.00	49,000.00	7,910.46	12,000.00	-75.5%	51.7%	Required Water Quality testing varies from year to year.	66
67 53150 Outside Service		87,668.44	158,631.00	213,675.73	113,121.70	2,100.00	12,100.00	24,328.26	13,000.00	89,768.44	170,731.00	238,003.99	126,121.70	-26.1%	-47.0%	22/23 includes one time services (Homefield Mitigation).	67
68 53160 Permits & Fees		55,707.00	44,715.86	28,111.96	32,300.00	2,000.00	1,200.00	1,147.41	1,200.00	57,707.00	45,915.86	29,259.37	33,500.00	-27.0%	14.5%	Assumes slight increase in Water System Fees.	68
69 53170 Software Support		173,652.05	146,346.08	193,008.98	193,105.39	359.13	383.01	410.13	435.00	174,011.18	146,729.09	193,419.11	193,540.39	31.9%	0.1%		69
70 TOTAL PROFESSIONAL FEE		426,029.58	509,524.24	519,759.44	430,527.09	12,984.61	16,183.01	34,078.26	25,135.00	439,014.19	525,707.25	553,837.70	455,662.09	-13.3%	-17.7%	Reduction due to one time services in prior year.	70
71 54 - SERVICE AND SUPPLIES																	71
72 54110 Advertising		5,500.00	11,550.00	7,305.67	8,500.00	13,250.00	20,050.00	9,587.76	23,700.00	18,750.00	31,600.00	16,893.43	32,200.00	1.9%	90.6%	Increased advertising due to Park and SW projects and activities.	72
73 54140 Auto Expense		1,842.02	14,793.08	11,650.83	12,233.37	0.00	0.00	0.00	0.00	1,842.02	14,793.08	11,650.83	12,233.37	-17.3%	5.0%	Assumes slight increase in fuel costs.	73
74 54200 Credit Card Fee & Bank Charges		64,311.06	81,915.19	70,034.57	73,884.00	0.00	0.00	0.00	0.00	64,311.06	81,915.19	70,034.57	73,884.00	-9.8%	5.5%	Credit Card Processing fees.	74
75 54230 Dues & Subscriptions		16,613.39	15,053.00	15,533.69	15,600.00	500.00	1,200.00	735.70	900.00	17,113.39	16,253.00	16,269.39	16,500.00	1.5%	1.4%		75
76 54260 Education & Training		38,200.00	51,300.00	74,119.68	68,925.00	3,200.00	2,000.00	661.77	7,500.00	41,400.00	53,300.00	74,781.45	76,425.00	43.4%	2.2%		76
77 54290 Employment Expense		3,384.43	2,780.00	2,096.80	2,280.00	0.00	0.00	0.00	0.00	3,384.43	2,780.00	2,096.80	2,280.00	-18.0%	8.7%	DOT resuming activities.	77
78 54300 Equipment Rental/ Lease		9,609.30	12,200.00	8,004.65	10,560.00	927.13	1,500.00	2,003.27	1,500.00	10,536.43	13,700.00	10,007.92	12,060.00	-12.0%	20.5%	Did not need Rental Equip for Smithson springs in 22/23.	78
79 54320 General Maintenance		3,453.52	8,634.31	6,769.19	7,420.00	313.96	5,107.77	495.90	480.00	3,767.48	13,742.08	7,265.09	7,900.00	-42.5%	8.7%		79
80 54350 Insurance		161,462.71	191,675.18	146,043.59	181,000.00	4,752.17	4,853.02	10,368.64	12,160.00	166,214.88	196,528.20	156,412.23	193,160.00	-1.7%	23.5%	17% increase in property, liability.	80
81 54380 Insurance - Vehicle		42,504.17	38,846.52	38,408.40	45,000.00	2,752.43	4,347.98	2,164.42	2,540.00	45,256.60	43,194.50	40,572.82	47,540.00	10.1%	17.2%	17% increase in vehicle insurance.	81
82 54410 Fuel Costs		67,000.00	158,550.00	123,020.36	129,171.38	3,000.00	6,510.80	5,634.52	5,916.25	70,000.00	165,060.80	128,654.88	135,087.62	-18.2%	5.0%		82
83 54440 Meeting, Seminar & Supplies		5,900.00	9,109.63	6,814.06	7,125.00	1,100.00	330.00	78.87	100.00	7,000.00	9,439.63	6,892.93	7,225.00	-23.5%	4.8%		83
84 54470 Travel Expense		31,600.00	31,600.00	41,564.90	40,200.41	2,100.00	2,100.00	0.00	2,100.00	33,700.00	33,700.00	41,564.90	42,300.41	25.5%	1.8%		84
85 54500 Operating Supplies		66,242.40	65,485.00	73,539.91	74,820.00	12,500.00	6,500.00	4,003.69	6,060.00	78,742.40	71,985.00	77,543.60	80,880.00	12.4%	4.3%	Parks activities are expected to resume.	85
86 54530 Office Supplies		31,927.75	44,472.45	57,943.71	42,650.00	1,500.00	1,500.00	6,764.54	7,418.18	33,427.75	45,972.45	64,708.25	50,068.18	8.9%	-22.6%	New Desks for office in 22/23.	86
87 54620 Repair & Maintenance		524,032.92	765,601.52	1,073,020.32	787,423.26	137,900.00	119,800.00	74,477.94	104,100.00	661,932.92	885,401.52	1,147,498.26	891,523.26	0.7%	-22.3%	Well repair, booster repair, leak clamp repl., line repl, meter repl.	87
88 54650 Small Tools		15,893.49	22,600.00	30,340.43	28,100.00	1,300.00	1,500.00	1,092.50	1,500.00	17,193.49	24,100.00	31,432.93	29,600.00	22.8%	-5.8%	Gvmt Rep&Main: HVAC, paint, appliances, ceiling tiles, etc for CC.	88
89 54680 Uniforms		17,184.70	15,042.67	10,707.66	13,700.00	2,000.00	2,000.00	996.65	2,000.00	19,184.70	17,042.67	11,704.31	15,700.00	-7.9%	34.1%	Periodic replacement of jackets.	89
90 54710 Vehicle Maintenance		35,000.00	47,000.00	42,406.34	40,000.00	4,100.00	2,000.00	1,951.04	2,000.00	39,100.00	49,000.00	44,357.38	42,000.00	-14.3%	-5.3%	Purchased 2 new vehicles in 22/23.	90
91 54740 Easement Lease		600.00	603.00	0.00	0.00	0.00	0.00	0.00	0.00	600.00	603.00	0.00	0.00	0.0%	0.0%	Now included in Permits & Fees (Acct 53160)	91
92 54770 Computer & Equipment Maint		14,693.66	4,100.00	10,233.16	4,500.00	0.00	0.00	810.85	0.00	14,693.66	4,100.00	11,044.01	4,500.00	9.8%	-59.3%		92
93 54800 Programs (Wtr Cons, parks,etc)		10,200.00	12,500.00	14,306.27	14,500.00	46,830.00	66,930.00	49,676.91	72,430.00	57,030.00	79,430.00	63,983.18	86,930.00	9.4%	35.9%	Assumes normal activities will resume + new SW programs.	93
94 54801 Senior Lunch Program		0.00	0.00	0.00	0.00	22,600.00	22,600.00	0.00	22,600.00	22,600.00	22,600.00	0.00	22,600.00	0.0%	100.0%	Activities are expected to resume.	94
95 54802 Farmers Market		0.00	0.00	0.00	0.00	1,000.00	500.00	0.00	400.00	1,000.00	500.00	0.00	400.00	-20.0%	100.0%		95
96 54830 State & County Fees & Services		14,500.00	17,200.00	14,666.00	15,800.00	400.00	200.00	342.00	200.00	14,900.00	17,400.00	15,008.00	16,000.00	-8.0%	6.6%	Lafco, parcel & Lien fees etc.	96
97 54860 Postage & Mailing		19,490.95	51,344.70	40,304.55	42,319.78	0.00	0.00	6,355.30	6,673.07	19,490.95	51,344.70	46,659.85	48,992.84	-4.6%	5.0%	Postage increase.	97
98 54890 Printing		19,388.37	20,202.09	22,194.60	24,000.00	0.00	0.00	4,689.23	3,500.00	19,388.37	20,202.09	26,883.83	27,500.00	36.1%	2.3%		98
99 54920 Public Relation		4,000.00	1,500.00	3,943.66	2,750.00	22,500.00	10,000.00	11,941.57	26,500.00	26,500.00	11,500.00	15,885.23	29,250.00	154.3%	84.1%	Solid Waste & Parks partnerships.	99
100 TOTAL SERVICE AND SUPPLIES		1,224,534.84	1,695,658.34	1,944,973.00	1,692,462.20	284,525.69	281,529.57	194,833.07	312,277.49	1,509,060.53	1,977,187.91	2,139,806.07	2,004,739.69	1.4%	-6.3%	Decrease due to Repair and Maint. Costs.	100
101 58 - UTILITIES - Electric/Phone/Gas																	101
102 58010 Telephone		28,853.31	25,100.00	29,159.40	32,213.00	3,629.54	3,960.00	3,873.63	4,056.00	32,482.85	29,060.00	33,033.03	36,269.00	24.8%	9.8%	Assumes upgrade of phones for Field Staff.	102
103 58110 Utilities - Operations		1,132,501.77	1,372,105.81	1,480,998.43	1,540,238.37	22,775.45	32,927.27	33,871.60	35,226.46	1,155,277.22	1,405,033.08	1,514,870.03	1,575,464.83	12.1%	4.0%	Increase in Electric Costs of 4%.	103
104 58115 Utilities - Solar Credit		(250,075.50)	(300,501.00)	(562,003.18)	(565,000.00)	0.00	0.00	0.00	0.00	(250,075.50)	(300,501.00)	(562,003.18)	(565,000.00)	88.0%	0.5%		104
105 58210 Utilities - Street Lights		0.00	0.00	0.00	0.00	12,208.03	17,929.75	17,972.33	18,691.22	12,208.03	17,929.75	17,972.33	18,691.22	4.2%	4.0%	Increase in Electric Costs of 4%.	105
106 TOTAL UTILITIES - Electric/Phone/Gas		911,279.58	1,096,704.81	948,154.65	1,007,451.37	38,613.02	54,817.02										

Phelan Pinon Hills Community Services District
BUDGET DETAIL COMPARISON 2023/2024

Assumes: Rates/Reve Expenses	% Over Est Year End 6.00% 3.00%	TOTAL ENTERPRISE FUNDS				TOTAL GOVERNMENT FUNDS				TOTAL ALL FUNDS				Bud vs Bud	Bud vs Est YE	23/24 Budget vs. Actual Est YE	Line #	
		Prior Year 2021/2022 Budget	Prior Year 2022/2023 Budget	Actual Est YE 22/23	Proposed 2023/2024 BUDGET	Prior Year 2021/2022 Budget	Prior Year 2022/2023 Budget	Actual Est YE 22/23	Proposed 2023/2024 BUDGET	Prior Year 2021/2022 Budget	Prior Year 2022/2023 Budget	Actual Est YE 22/23	Proposed 2023/2024 BUDGET					
114	NET OPERATIONAL INCOME	(513,190.03)	(41,527.87)	(968,558.67)	(141,190.21)	(708,642.29)	(900,006.28)	(801,614.17)	(1,241,524.08)	(1,221,832.32)	(941,534.15)	(1,770,172.85)	(1,382,714.29)	46.9%	-21.9%	387,458.55	114	
115	NON-OPERATIONAL INCOME/EXPENSE																115	
116	NON-OPERATIONAL INCOME																116	
117	70 - PROPERTY TAXES																117	
118	71110 Property Taxes - Curr Sec	0.00	0.00	0.00	0.00	1,154,311.97	1,316,075.66	1,375,595.55	1,461,329.66	1,154,311.97	1,316,075.66	1,375,595.55	1,461,329.66	11.0%	6.2%	Assumes increase in property tax revenue due to increased values & sales.	118	
119	71120 Property Taxes - Curr Unsec	0.00	0.00	0.00	0.00	77,618.39	50,028.76	51,458.20	52,540.77	77,618.39	50,028.76	51,458.20	52,540.77	5.0%	2.1%	(Per County report on Districts share of General Tax).	119	
120	71130 Property Taxes - Curr Supplimen	0.00	0.00	0.00	0.00	7,663.42	26,736.11	28,072.92	42,763.64	7,663.42	26,736.11	28,072.92	42,763.64	59.9%	52.3%		120	
121	71140 Property Taxes - Curr Unitary	0.00	0.00	0.00	0.00	47,530.26	48,489.75	48,489.75	56,331.31	47,530.26	48,489.75	48,489.75	56,331.31	16.2%	16.2%		121	
122	71150 Property Taxes - Curr Other	0.00	0.00	0.00	0.00	20,223.34	3,048.37	22,142.55	3,822.60	20,223.34	3,048.37	22,142.55	3,822.60	25.4%	-82.7%		122	
123	72110 Property Taxes - Prior Sec	0.00	0.00	0.00	0.00	22,517.11	22,519.89	20,819.03	21,235.41	22,517.11	22,519.89	20,819.03	21,235.41	-5.7%	2.0%	Assumes prior year collections will be similar to last fiscal year.	123	
124	72120 Property Taxes - Prior Unsec	0.00	0.00	0.00	0.00	1,239.98	204.73	477.80	487.36	1,239.98	204.73	477.80	487.36	138.0%	2.0%		124	
125	72130 Property Taxes - Prior Supplimn	0.00	0.00	0.00	0.00	12,461.00	11,477.71	16,339.87	16,666.67	12,461.00	11,477.71	16,339.87	16,666.67	45.2%	2.0%		125	
126	72150 Property Taxes - Prior Other	0.00	0.00	0.00	0.00	1,811.47	1,453.32	1,320.41	1,346.82	1,811.47	1,453.32	1,320.41	1,346.82	-7.3%	2.0%		126	
127	73160 Property Taxes - Homeowner	0.00	0.00	0.00	0.00	8,859.28	10,400.47	9,934.98	10,133.68	8,859.28	10,400.47	9,934.98	10,133.68	-2.6%	2.0%		127	
128	73170 Tax Penalties & Others	10,548.74	20,511.40	15,589.03	15,589.03	7,500.29	7,603.31	6,704.41	6,704.41	18,049.03	28,114.71	22,293.44	22,293.44	-20.7%	0.0%		128	
129	SUB-TOTAL PROPERTY TAX REVENUE	10,548.74	20,511.40	15,589.03	15,589.03	1,361,736.51	1,498,038.08	1,581,355.47	1,673,362.32	1,372,285.25	1,518,549.48	1,596,944.50	1,688,951.35	11.2%	5.8%		129	
130	99030 Property Tax Transfer	208,000.00	156,000.00	156,000.00	104,000.00	(208,000.00)	(156,000.00)	(156,000.00)	(104,000.00)	0.00	0.00	0.00	0.00	0.0%	0.0%	10% Decrease of transfer - per Board.	(52,000.00)	130
131	TOTAL PROPERTY TAXES	218,548.74	176,511.40	171,589.03	119,589.03	1,153,736.51	1,342,038.08	1,425,355.47	1,569,362.32	1,372,285.25	1,518,549.48	1,596,944.50	1,688,951.35	11.2%	5.8%	Assumes increase per County estimates.	92,006.86	131
132	86 - PENALTIES & OTHER FEE																132	
133	86120 Penalties & Other Fees	106,490.38	151,094.70	185,681.98	206,107.00	0.00	0.00	0.00	0.00	106,490.38	151,094.70	185,681.98	206,107.00	36.4%	11.0%			133
134	TOTAL PENALTIES & OTHER FEE	106,490.38	151,094.70	185,681.98	206,107.00	0.00	0.00	0.00	0.00	106,490.38	151,094.70	185,681.98	206,107.00	36.4%	11.0%	Assumes % change based on rate change (fees are % based).	20,425.02	134
135	48 - SOLID WASTE																135	
136	48500 Solid Waste Franchise Fee	0.00	0.00	0.00	0.00	251,812.69	349,039.51	349,039.51	349,039.51	251,812.69	349,039.51	349,039.51	349,039.51	0.0%	0.0%			136
137	48600 Solid Waste Franchise Fee-Commercial	0.00	0.00	0.00	0.00	0.00	0.00	51.30	120.00	0.00	0.00	51.30	120.00	0.0%	0.0%			137
138	TOTAL SOLID WASTE	0.00	0.00	0.00	0.00	251,812.69	349,039.51	349,090.81	349,159.51	251,812.69	349,039.51	349,090.81	349,159.51	0.0%	0.0%	Assumes 0% increase in Solid Waste fees.	68.70	138
139	82 - METER INSTALLATION/CONNECTION FEES																139	
140	82300 Meter Installation	248,605.59	145,128.58	103,760.89	83,008.71	0.00	0.00	0.00	0.00	248,605.59	145,128.58	103,760.89	83,008.71	-42.8%	-20.0%	Assumes decrease in meter sets due to cost of building and int. rates.		140
141	82400 Permits & Inspections	9,170.90	10,502.39	6,190.00	4,952.00	0.00	0.00	0.00	0.00	9,170.90	10,502.39	6,190.00	4,952.00	-52.8%	-20.0%			141
142	82500 Capacity Fee	774,883.63	552,289.42	387,794.00	427,901.54	0.00	0.00	0.00	0.00	774,883.63	552,289.42	387,794.00	427,901.54	-22.5%	10.3%	Assumes rate increase.		142
143	TOTAL METER INSTALLATION/CONNECTION FEES	1,032,660.12	707,920.39	497,744.89	515,862.25	0.00	0.00	0.00	0.00	1,032,660.12	707,920.39	497,744.89	515,862.25	-27.1%	3.6%	Assumes decrease in new meter installs, offset by increase rates.	18,117.36	143
144	88 - OTHER INCOME																144	
145	88110 Interest Income	87,678.34	46,500.00	545,652.27	614,000.00	38,881.42	30,410.00	252,461.59	336,000.00	126,559.76	76,910.00	798,113.86	950,000.00	1135.2%	43.8%	Assumes increase in Interest rates (4.2%).	151,886.14	145
146	88120 Other Income	2,303.20	1,968.14	2,272.03	2,272.03	0.00	0.00	0.00	0.00	2,303.20	1,968.14	2,272.03	2,272.03	15.4%	0.0%	Misc Water Revenue otherwise not categorized.		146
147	88125 Other Income - Senior Lunch	0.00	0.00	0.00	0.00	1,000.00	1,500.00	0.00	1,000.00	1,000.00	1,500.00	0.00	1,000.00	-33.3%	0.0%	Activities are expected to resume.		147
148	88126 Other Income - Farmers Mkt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%			148
149	88127 Other Income - Fall Festival	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%			149
150	88128 Other Income - Farmers Mkt MM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%			150
151	88150 Other Income	1,516.63	1,467.69	10,689.43	1,689.43	0.00	0.00	20,000.00	0.00	1,516.63	1,467.69	30,689.43	1,689.43	15.1%	-94.5%	One time revenue in prior yr: Damaged Hydrants. & a Main line.		151
152	88170 Other Income	0.00	0.00	0.00	0.00	5,000.00	0.00	55,555.58	0.00	5,000.00	0.00	55,555.58	0.00	0.0%	-100.0%	One time revenue in prior yr: Property tax refunds from prior yrs.	(55,555.58)	152
153	88175 Property Rental Income	0.00	0.00	0.00	0.00	168,623.98	158,084.00	278,847.65	386,220.00	168,623.98	158,084.00	278,847.65	386,220.00	144.3%	38.5%		107,372.35	153
154	88176 Property Other Income	0.00	0.00	0.00	0.00	6,989.88	6,404.12	8,470.18	8,500.00	6,989.88	6,404.12	8,470.18	8,500.00	32.7%	0.4%	Circle Green Royalties.	29.82	154
155	88300 Chromium 6 Surcharge	825,194.64	833,584.08	840,425.91	843,022.20	0.00	0.00	0.00	0.00	825,194.64	833,584.08	840,425.91	843,022.20	1.1%	0.3%			155
156	Total - OTHER INCOME	916,692.81	883,519.91	1,399,039.64	1,460,983.66	220,495.28	196,398.12	615,335.00	731,720.00	1,137,188.09	1,079,918.03	2,014,374.64	2,192,703.66	103.0%	8.9%	Assumes slight increase due to higher interest rates.	178,329.02	156
157	TOTAL NON-OPERATIONAL INCOME	2,274,392.05	1,919,046.40	2,254,055.54	2,302,541.94	1,626,044.48	1,887,475.71	2,389,781.28	2,650,241.83	3,900,436.53	3,806,522.11	4,643,836.82	4,952,783.77	30.1%	6.7%		308,946.95	157
158	NON-OPERATIONAL EXPENSE																158	
159	796 - Other Expense																159	
160	91010 Interest Expense	225,362.64	255,065.00	371,587.48	512,710.00	0.00	0.00	0.00	0.00	225,362.64	255,065.00	371,587.48	512,710.00	101.0%	38.0%	Civic Ctr, 2012 (Water rights), 2021 (Solar & Facility) & Caltrans.	141,122.52	160
161	92010 Loan Administrator Fee	17,905.24	17,270.00	57,270.15	16,620.00	0.00	0.00	0.00	0.00	17,905.24	17,270.00	57,270.15	16,620.00	-3.8%	-71.0%	Due to the Civic Center Lease (one time fee in 22/23).		161
162	93010 Tax Deduction/Collection Charge	0.00	0.00	0.00	0.00	3,277.60	3,510.88	3,837.60	3,914.35	3,277.60	3,510.88	3,837.60	3,914.35	11.5%	2.0%	Property Tax Collection Charge and Processing Fee.		162
163	94010 Chromium 6 Expenses	825,194.64	833,584.08	840,425.91	843,022.20	0.00	0.00	0.00	0.00	825,194.64	833,584.08	840,425.91	843,022.20	1.1%	0.3%			163
164	95010 Net Incr/Decr in Fair Value	82,293.43	25,000.00	(160,444.53)	5,000.00	0.00	0.00	(108,326.14)	3,000.00	82,293.43	25,000.00	(268,770.67)	8,000.00	-68.0%	-103.0%	Moved funds out of LAIF.		164
165	Total - Other Expense	1,150,755.95	1,130,919.08	1,108,839.01	1,377,352.20	3,277.60	3,510.88	(104,488.54)	6,914.35	1,154,033.55	1,134,429.96	1,004,350.47	1,384,266.55	22.0%	37.8%		268,513.19	165
166	TOTAL NON-OPERATIONAL EXPENSE	1,150,755.95	1,130,919.08	1,108,839.01	1,377,352.20	3,277.60	3,510.88	(104,488.54)	6,914.35	1,154,033.55	1,134,429.96	1,004,350.47	1,384,266.55	22.0%	37.8%			166
167	NET NON-OPERATIONAL INCOME	1,123,636.10	788,127.32	1,145,216.53	925,189.74	1,622,766.88	1,883,964.83	2,494,269.82	2,643,327.48	2,746								

Phelan Pinon Hills Community Services District
BUDGET DETAIL COMPARISON 2023/2024

Assumes: Rates/Reve Expenses	% Over Est Year End 6.00% 3.00%	TOTAL ENTERPRISE FUNDS				TOTAL GOVERNMENT FUNDS				TOTAL ALL FUNDS				Bud vs Bud	Bud vs Est YE	23/24 Budget vs. Actual Est YE	Line #
		Prior Year 2021/2022 Budget	Prior Year 2022/2023 Budget	Actual Est YE 22/23	Proposed 2023/2024 BUDGET	Prior Year 2021/2022 Budget	Prior Year 2022/2023 Budget	Actual Est YE 22/23	Proposed 2023/2024 BUDGET	Prior Year 2021/2022 Budget	Prior Year 2022/2023 Budget	Actual Est YE 22/23	Proposed 2023/2024 BUDGET				
168	NET INCOME	610,446.07	746,599.45	176,657.86	783,999.52	914,124.59	983,958.55	1,692,655.64	1,401,803.40	1,524,570.66	1,730,558.00	1,869,313.50	2,185,802.92	26.3%	16.9%	316,489.42	168
169	Fund Depr @ 60% = add back 40%	756,124.71	708,431.68	754,967.60	711,134.40	34,288.81	37,104.00	36,986.18	37,104.00	790,413.52	745,535.68	791,953.78	748,238.40	0.4%	-5.5%	Add back in 40% not Funded.	169
170	Principal Payments Due on Loan	654,615.30	654,615.30	625,392.26	829,514.00	0.00	0.00	0.00	0.00	654,615.30	654,615.30	625,392.26	829,514.00	26.7%	32.6%	Principal portion of loans increase as interest decreases each year.	170
171	TOTAL NET INCOME (AFTER DEPR AND PRIN)	711,955.48	800,415.83	306,233.19	665,619.92	948,413.40	1,021,062.55	1,729,641.82	1,438,907.40	1,660,368.88	1,821,478.38	2,035,875.02	2,104,527.32	15.5%	3.4%		171
172	Transfer to Reserves (Water Rights/Resources)				559,617.87								559,617.87			Line 6 & 142 (partial)	172
173	Repayment of Property Plant & Equip Reserves				0.00				193,110.00	Lease Revenue			193,110.00			Per Rate Study, Board wishes to repay reserves over 5 years	173
174	Repayment of Disaster Response Reserves				0.00				193,110.00	Lease Revenue			193,110.00			Total due Reserves for 2012 Water Rights	174
175	TOTAL NET INCOME (After Transfer to / Repayment of Reserves)				106,002.05				1,052,687.40				1,158,689.45			Total due Reserves for 2015 Water Rights	175
176	Capital Budget				65,000.00				100,000.00				165,000.00			Total due AVW water	176
177	TOTAL NET INCOME (After CIP)				41,002.05				952,687.40				993,689.45			Note: 2015 Water Rights are part of C6 and will be repaid with C6 funding	177
178																Note: Dairy Lease Income is used on line 173/174 to pay down reserves	178
179	2023/2024 I	2023 Civic Center Lease	2021 Solar&Fac	2012 (Water)	Caltrans (HWY 1)	TOTAL LOANS										loans. Board will decide at 2nd meeting in June.	179
180	Principal	188,440.63	393,376.91	221,504.65	26,191.81	\$ 829,514.00											180
181	Interest	278,669.38	128,845.21	110,760.13	269.71	\$ 518,544.43											181
182	Fees	-	0.00	16,620.51	0.00	\$ 16,620.51											182
183		467,110.01	522,222.12	348,885.29	26,461.52	\$ 1,364,678.94											183
184	Solar Portion		338,964.38													AVW to be repaid over 5 years = annual repayment	184
185	Estimated Solar Credits:		-565,000.00													2012 Water Rights paid over 10 years = annual repayment	185
186																Total annual amount to repay reserves	186
187	Total Operating Revenue	6,860,395.16	8,287,548.92	7,649,078.99	8,262,070.26	15,000.00	16,639.67	18,206.43	20,027.07	6,875,395.16	8,304,188.59	7,667,285.42	8,282,097.34			1/2 to Replacement Reserves 1/2 to Disaster Reserves	187
188	Total Non-Operating Revenue	2,274,392.05	1,919,046.40	2,254,055.54	2,302,541.94	1,626,044.48	1,887,475.71	2,389,781.28	2,650,241.83	3,900,436.53	3,806,522.11	4,643,836.82	4,952,783.77			* Not able to repay reserves in 22/23 or 23/24	188
189	Total Revenue	9,134,787.21	10,206,595.32	9,903,134.53	10,564,612.20	1,641,044.48	1,904,115.38	2,407,987.71	2,670,268.90	10,775,831.69	12,110,710.70	12,311,122.24	13,234,881.11				189
190																	190
191	Total Operating Expense	7,373,585.19	8,329,076.79	8,617,637.66	8,403,260.48	723,642.29	916,645.95	819,820.60	1,261,551.15	8,097,227.48	9,245,722.74	9,437,458.27	9,664,811.63				191
192	Total Non-Operating Expense	1,150,755.95	1,130,919.08	1,108,839.01	1,377,352.20	3,277.60	3,510.88	(104,488.54)	6,914.35	1,154,033.55	1,134,429.96	1,004,350.47	1,384,266.55				192
193	Total Expense	8,524,341.14	9,459,995.87	9,726,476.67	9,780,612.68	726,919.89	920,156.83	715,332.06	1,268,465.50	9,251,261.03	10,380,152.70	10,441,808.74	11,049,078.18				193

FUND BALANCES AND CASH FLOW PROJECTIONS

	Enterprise Fund	Government Funds	Total
CASH FLOW PROJECTION			
Est. Cash in Bank Beginning Balance 07/01/23	\$ 17,734,826.36	\$ 8,854,157.09	\$ 26,588,983.45
Board Approved Reserves	(11,080,556.00)	(686,392.00)	(11,766,948.00)
Restricted Funds	(559,617.87)		(559,617.87)
Total Fund Balance (Cash Available)	\$ 6,094,652.49	\$ 8,167,765.09	\$ 14,262,417.58
OPERATIONAL ACTIVITIES			
Net Profit (Loss)	\$ 783,999.52	\$ 1,401,803.40	\$ 2,185,802.92
Depreciation @ 40% (not funding 40%)	711,134.40	37,104.00	748,238.40
Depreciation @ 60% (funding 60%)	1,066,701.60	55,656.00	1,122,357.60
Cash available from operations	\$ 2,561,835.52	\$ 1,494,563.40	\$ 4,056,398.92
INVESTMENT ACTIVITIES			
Projects	\$ (8,950,000.00)	\$ (4,665,000.00)	\$ (13,615,000.00)
Capital Purchases	(65,000.00)	(100,000.00)	(165,000.00)
Total Investment Activity	\$ (9,015,000.00)	\$ (4,765,000.00)	\$ (13,780,000.00)
FINANCE ACTIVITIES			
Loans (Principal)	\$ (829,514.00)	\$ -	\$ (829,514.00)
Grants	2,000,000.00	-	2,000,000.00
Total Finance Activity	\$ 1,170,486.00	\$ -	\$ 1,170,486.00
NET CASH FROM ACTIVITIES			
	\$ (5,282,678.48)	\$ (3,270,436.60)	\$ (8,553,115.08)
Transfer of funds or Reserves	0.00	(386,220.00)	(386,220.00)
Net Cash Available for Future Projects	\$ 811,974.01	\$ 4,511,108.49	\$ 5,323,082.50
Estimated Ending Fund Balance at 06/30/24			

RESERVES

Phelan Piñon Hills Community Service District 2022/2023 Schedule Adopted February 22, 2023

BOARD DESIGNATED RESERVES	ENTERPRISE	GOVERNMENT	Total
1. UNRESTRICTED RESERVES	Fund 01	Fund 20/22/24/25	
1A. Contingency and Operations (Goal = 6 mo. No less than 3 mo.)			
2022/23 Budget Total	\$9,303,996	\$1,076,157	\$10,380,153
Less:			
Depreciation	1,771,079	92,760	1,863,839
Debt Service (Interest)	<u>255,065</u>		<u>255,065</u>
	7,277,852	983,397	8,261,249
Reserve @ Three Months =	<u>x 3/12</u>	<u>x 3/12</u>	<u>x 3/12</u>
Contingency and Operating Reserve	1,819,463	245,849	2,065,312
Debt Service Reserve - Loans (1 yr P&I)	<u>625,392</u>		<u>625,392</u>
TOTAL RESERVE FOR OPERATIONS	\$2,444,855	\$245,849	\$2,690,704
1B. Property, Plant, and Equipment Replacement Reserve (Goal = 2 to 4 Years of Depreciation)			
Annual Depreciation YE 06/30/22	1,796,263	90,588	1,886,851
Reserve = (Goal = 4x Annual Depreciation. No less than 2x)	5,388,790	3 226,470	5,615,260
Reserves used for WRAP project funding 2012	-612,319	*	-612,319
Reserves used for Water Rights funding AVW	<u>-476,400</u>	*	<u>-476,400</u>
TOTAL RESERVE FOR REPLACEMENT	\$4,300,072	2 \$226,470	\$4,526,542
1C. Disaster Response Reserve (Goal = 10% of Depreciable Asset Value)			
Total Assets (Excluding Land & Wtr Rts) 06/30/22	50,350,432	2,140,729	52,491,161
Reserve @ 10% =	5,035,043	214,073	5,249,116
Reserves used for WRAP project funding 2012	-612,319	*	-612,319
Reserves used for Water Rights funding AVW	<u>-476,400</u>	*	<u>-476,400</u>
TOTAL RESERVE FOR DISASTER	\$3,946,325	8% \$214,073	\$4,160,398
1D. Rate Stabilization Reserves (Goal 5% to 10% of Water Revenue)			
2022/2023 Budget for Water Meter and Consumption	<u>\$7,786,089</u>		<u>\$7,786,089</u>
Reserve = (Goal = 10%. No less than 5%)	<u>\$389,304</u>	5%	<u>\$389,304</u>
TOTAL RESERVES	\$11,080,556	\$686,392	\$11,766,948

2. ADDITIONAL RESERVES IDENTIFIED BY THE BOARD

Capital, Projects*, & Replacement Budget Current Year	<u>1,700,000</u>	<u>0</u>	<u>1,700,000</u>
TOTAL FUNDS NEEDED FOR CAPITAL PROJECTS	\$1,700,000	\$0	\$1,700,000

* WRAP = Water Rights Acquisition Project. The Board elected to borrow reserve funds to provide the cash necessary to fund this project. Dairy lease revenue is used to reimburse for 2012 WRAP funding and Chromium-6 revenue is used to reimburse for 2015 Water Rights funding.

DEBT SERVICE

The District currently has one loan with California Infrastructure and Economic Development Bank (CIEDB or I-Bank), one loan with Municipal Finance Corporation and one loan with Caltrans. All of these loans are for the Enterprise Fund, specifically water facilities.

2012 CIEDB Loan titled "Water Rights" consists of the acquisition of 2,335 acre feet of water rights in the Oeste subarea of the Mojave Groundwater Basin. Original loan = \$7,500,000 @ 2.04%.

2023 Municipal Finance Corporation Lease (Civic Center Lease) is for the construction of a new Civic Center building. Original loan = \$6,040,000 @ 4.65%

2021 Municipal Finance Corporation Loan is a refinancing of the 2002 CIEDB Loan, which had an interest rate of 3.5%, for water facilities constructed under the County prior to 2008, and the 2014 MUNI Loan, which had an interest rate of 3.75%, for the construction of 1.16 megawatt solar field. Refinancing Loan = \$5,567,100 @ 2.7%.

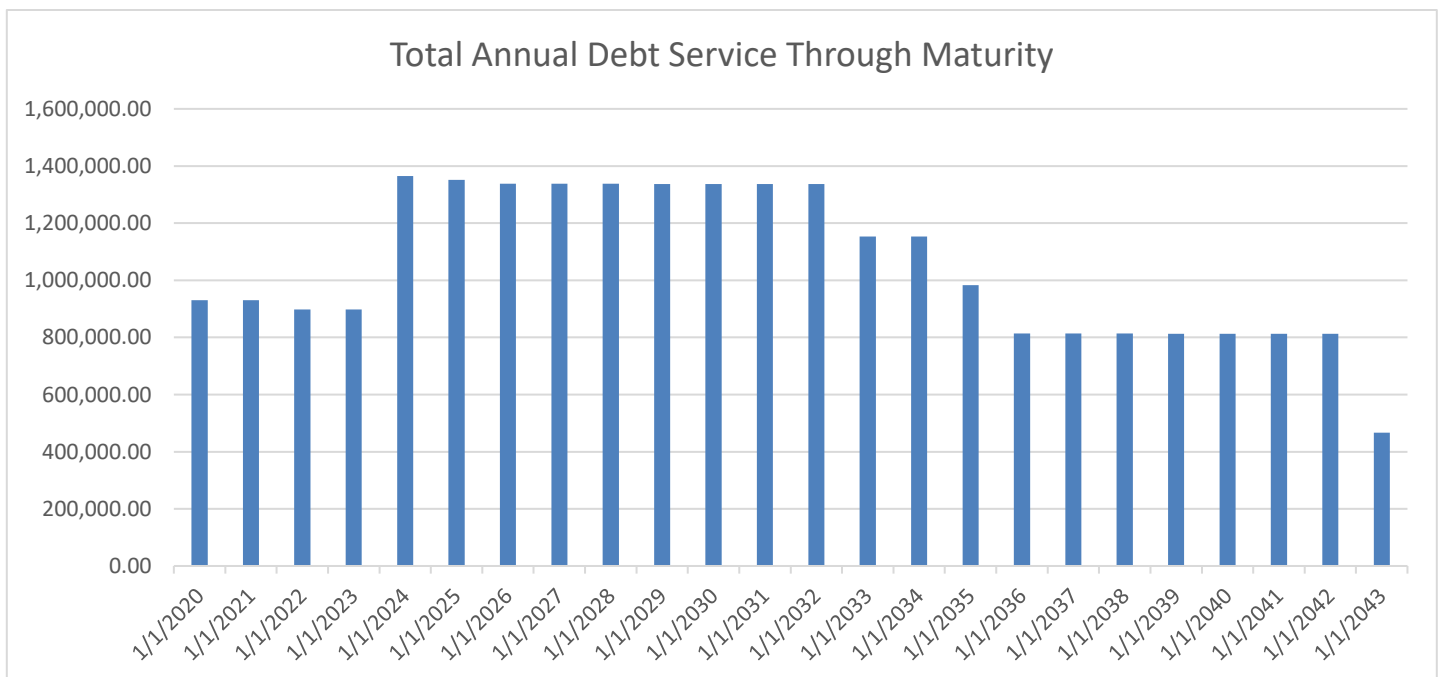
2015 Caltrans Highway 138 Loan for the lowering of waterlines along Highway 138 in preparation of the Highway 138 expansion. Original loan = \$252,633 @ .912%.

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending June 30
2012 I-Bank Loan (Water Rights) Year 10 of 30 2.04% Interest Rate							
08/01/23	\$5,318,666	\$221,505	\$56,510	\$278,014	\$16,621	\$294,635	
02/01/24			\$54,250	\$54,250		\$54,250	\$348,885
2023 Muni Lease (Civic Center Lease) Year 1 of 20 4.65% Interest Rate							
07/13/23	\$6,040,000	\$94,220	\$140,430	\$234,650		\$234,650	
01/13/24		\$94,220	\$138,239	\$232,460		\$232,460	\$467,110
2021 Muni Loan (Solar/Facilities) Year 2 of 14 2.7% Interest Rate							
08/01/23	\$4,767,010	\$123,098	\$65,284	\$188,382		\$188,382	
02/01/24		\$270,279	\$63,561	\$333,840		\$333,840	\$522,222
2015 CalTrans Loan (Hwy 138 project) Year 7 of 10 0.912% Interest Rate							
07/01/23	\$39,377	\$6,526	\$90	\$6,615		\$6,615	
10/01/23	\$32,852	\$6,540	\$75	\$6,615		\$6,615	
01/01/24	\$26,311	\$6,555	\$60	\$6,615		\$6,615	
04/01/24	\$19,756	\$6,570	\$45	\$6,615		\$6,615	\$26,462
Total		\$829,514	\$518,544	\$1,348,058	\$16,621	\$1,364,679	\$1,364,679

Note: May 18, 2021 the District refinanced the 2002 I-Bank and the 2014 Muni Loans. These two loans were replaced with the 2021 Muni Loan, saving the District approximately \$338,971 over the remaining 13 years.

REVENUE COVERAGE:

	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Actual 2017/2018	Actual 2018/2019	Actual 2019/2020	Actual 2020/2021	Actual 2021/2022	Est YE 2022/2023	Budget 2023/2024
Gross Revenues										
Water Fund Revenues	\$4,907,466	\$5,647,864	\$5,528,945	\$6,259,044	\$6,522,410	\$7,986,510	\$8,151,034	\$8,539,056	\$8,891,120	\$9,602,001
Property Tax & other Revenue	548,350	659,452	467,845	427,907	379,279	328,234	277,825	171,589	171,589	119,589
Total Revenue	5,455,816	6,307,316	5,996,790	6,686,951	6,901,689	8,314,745	8,428,859	8,710,645	9,062,709	9,721,590
Operating Expenses										
Water Fund Expenses	-\$5,104,705	-\$5,083,277	-\$5,561,306	-\$6,349,040	-\$6,891,795	-\$8,666,425	-\$8,869,201	-\$8,869,201	-\$8,617,638	-\$8,403,260
Less Depreciation	1257,916	1273,292	1476,403	1924,171	2,010,956	1,980,658	1,885,592	1,885,592	1,887,419	1,777,836
Total Water Fund Expenses	-\$3,846,789	-\$3,809,985	-\$4,084,903	-\$4,424,869	-\$4,880,839	-\$6,685,767	-\$6,983,609	-\$6,983,609	-\$6,730,219	-\$6,625,424
Net Revenues Water Fund	\$1,609,027	\$2,497,331	\$1,911,886	\$2,262,082	\$2,020,850	\$1,628,978	\$1,445,250	\$1,727,036	\$2,332,490	\$3,096,166
Senior and Parity Debt Service										
2002 Water Facilities	\$198,779	\$198,470	\$198,151	\$197,820	\$197,477	\$197,123	\$196,756	\$196,756	\$0	\$0
2014 Solar Project	150,150	357,591	357,591	357,591	357,591	357,591	357,591	357,591	0	0
2012 Water Rights	351,719	350,061	349,925	349,787	349,645	349,500	349,351	349,199	349,044	348,885
2023 Civic Center Lease										467,110
2021 Refinancing Loan									522,222	522,222
2014 Hwy 138	13,231	26,462	26,462	26,462	26,462	26,462	26,462	26,462	26,462	26,462
Combined Total Annual Debt	\$713,879	\$932,584	\$932,129	\$931,660	\$931,175	\$930,676	\$930,160	\$930,009	\$897,728	\$1,364,679
Debt Service Coverage	225%	268%	205%	243%	217%	175%	155%	186%	260%	227%



APPROPRIATIONS LIMIT

The 2023/2024 appropriations limit was set by Resolution #2023-16 and approved by the Board of Directors on June 14, 2023.

PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT APPROPRIATIONS LIMIT CALCULATION		
FISCAL YEAR 2023/2024		
1	PRICE FACTOR U.S. CAPITA PERSONAL INCOME CPI	4.44%
2	POPULATION PERCENT CHANGE	0.12%
3	PER CAPITA CONVERTED TO A RATIO:	1.04440
4	POPULATION CONVERTED TO A RATIO:	1.00120
5	CALCULATION FACTOR FOR RATIO OF CHANGE:	1.04565
6	PRIOR YEAR (22/23) APPROPRIATION LIMIT	\$4,616,021
7	CURRENT YEAR APPROPRIATION LIMIT	\$4,826,757

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. All Tax Revenue is received to the Government Funds and part is distributed to the Enterprise Fund, as determined each year in the budget process. The total amount of Tax Revenue received is well below the current appropriation limit.

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.

Each year, in compliance with Government Code Section 61113, the Board adopts a resolution 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 in the Board Package for the meeting at which the resolution is considered and adopted.



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

CAPITAL IMPROVEMENT **PROGRAM**

CAPITAL IMPROVEMENT PROJECTS

Capital projects and expenditures at the Phelan Piñon Hills Community Services District are purchased in accordance with the District's Purchasing Policy. The cost must exceed \$5,000 and have an expected life of more than one year to be capitalized. (The District carefully reviews all equipment before determining if a replacement is necessary and does not solely consider age, but also the cost to keep in service and the anticipated remaining usefulness). To determine the priority of construction projects, the District evaluates the needs of all the departments and prioritizes the requests with the available funding. The recently updated 2020 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 to meet revised MCL mandates

The proposed \$17M Chromium-6 Mitigation project contract with Infrastructure Engineering Corporation (IEC), initiated in January of 2017 was suspended in late 2017. On May 31, 2017, the Superior Court of Sacramento County issued a judgment invalidating the hexavalent chromium maximum contaminant levels (MCL) for drinking water. In March of 2022, the State Water Board released its proposed MCL of 10 parts per billion (ppb). Public workshop and opportunity for public comments. Systems with 1,000 to 10,000 service connections would be required to comply with the MCL within three years of rule adoption. Water Board is evaluating comments received regarding treatment technologies and cost estimating methodology. The projects proposed include well modifications with further testing and validations.

\$250,000 budgeted for studies / testing / operations

Impact on future construction budgets TBD

Meter Replacement – Phases 3-5

The District's water meters are aging out and it is necessary to replace them to provide the utmost accuracy as well as prevent water loss and minimize unaccountable water events. Additionally, new technology is available that provides greater customer service options to help customers become aware of leaks in a timelier manner as well as providing better accessibility for water consumption tracking by the customer. The full meter change out is scheduled to take place in five phases over a 5-year period. The budget will allow the final three phases to be completed in fiscal year 2023/2024.

\$700,000 budgeted for phases 3, 4, & 5

\$0 impact on future operating budgets

Civic Center and Phelan Park Expansion

Phase 1 of the proposed development on (3595 Sheep Creek Road (APN 3066-261-10) consists of Sheep Creek Road improvements, grading site development, on-site infrastructure, and the Civic Center Building. Currently the District is soliciting Request for Qualifications for Phase 1. Request for Proposals to the selected RFQ participants will be issued in late May with a recommendation to award the contract for Phase 1 in July of 2023. The project is estimated to be completed in January of 2025.

\$8,000,000 budgeted for Phase 1 Civic Center Project site development / engineering / construction

Impact on future operating budgets TBD

Phelan Community Park Expansion

The District has contracted with KTUA in late 2022 to complete the 65% construct document (CD) design for the Phelan Community Park Expansion Project. The 65% CD design is required for submittal to San Bernardino County Planning Commission Conditional Use Permit (CUP) approval. Lilburn Corporation has completed the CEQA Initial Study (IS), Mitigated Negative Declaration (MND) for the project. The IS is required for both grant funding opportunities and the Joshua Tree Incidental Take Permit (ITP) with the California Department of Fish and Wildlife (CDFW).

The 14-acre Phelan Park Project consists of (2) phases.

Phase 1 to include the following:

Small and Large Dog Park, Pump Track and Stake Park, Multi-purpose Field, (2) Playgrounds, Restroom/Concession building, Shared Multi-purpose / Soccer Field, Community Garden and Pickleball Court.

Phase 2 to include the following:

Retention Area, Equestrian Arena, and Shared Multi-purpose / Softball Field.

The district is seeking grant funding opportunities with the Land and Water Conservation Fund for \$1,900,00 with a district match of \$987,000 for an approximate total of \$2,900,000 for Phase 1 of the Phelan Park Community Project. The district was recently awarded \$500,000 with a district match of \$500,000 for an approximate total of \$1,000,000 for a Community Garden and Pickleball Court on the existing Phelan Park site.

\$4,665,000 budgeted for Phase 1 Phelan Park Project site design and construction

Impact on future operating budgets TBD

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.

\$35,000 budgeted for projects

\$TBD impact on future operating budgets

Vehicle Replacement – Two Trucks

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. Purchases are made if the need arises and only after Board approval.

\$130,000 budgeted for vehicle replacement

\$0 impact on future operating budgets

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

2023/2024 Budget

	DESCRIPTION/LOCATION	ESTIMATE	FUNDING SOURCE
<u>CIP PROJECTS</u>			
1	Chromium 6 Mitigation	250,000.00	B
2	Future Civic Center	8,000,000.00	E
3	Meter Replacement	700,000.00	D
	Total Water Fund Projects	\$ 8,950,000.00	
4	Phelan Park Expansion	4,665,000.00	I
5	Solid Waste	35,000.00	H
	Total Government Fund Projects	\$ 4,700,000.00	
	TOTAL CIP PROJECTS	\$ 13,650,000.00	
 <u>CAPITAL PURCHASES</u>			
6	Vehicle	130,000.00	A/H
	TOTAL CAPITAL PURCHASES	\$ 130,000.00	
	TOTAL CIP PROJECTS AND CAPITAL PURCHASES	\$ 13,780,000.00	

FUNDING SOURCES

Ent A Reserve and Depreciation Funded	60% of Depreciation	A	\$ 65,000.00
Ent B Chromium 6 Surcharge		B	250,000.00
Ent C Connection Fees		C	-
Ent D Reserves and Grants		D	700,000.00
Ent E Loan and/or Grants		E	8,000,000.00
Gvt F Reserve and Depreciation Funded	60% of Depreciation	F	
Gvt G *Property Plant and Equipment Replacement Reserve		G	
Gvt H Existing Funds Available or Operational Revenue		H	100,000.00
Gvt I Existing Funds, Loan and/or Grants		I	4,665,000.00
			\$ 13,780,000.00

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

All above items are from the District 10-year CIP plan
 Note: Items 1-3 are developed in the Engineering Committee
 Item 4 were developed in the Parks and Recreation Committee
 Item 5-6 were developed in the Engineering/Parks/Solid Waste Committee's
 Item 8 is from IT Annual Recommendations



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

BUDGET FORECAST

BUDGET FIVE YEAR FORECAST

PPHCSD Forecast Model						
Assumptions	2024/25	2025/26	2026/27	2027/28	2028/29	
Rate Increase	6.0%	6.0%	6.0%	6.0%	6.0%	
COLA/Merit	5.0%	5.0%	5.0%	5.0%	5.0%	
Expenses	2.5%	2.5%	2.5%	2.5%	2.5%	
PROPOSED						
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
1 Operating Revenue - Enterprise Fund						
2 Water Sales	\$ 7,673,575	\$ 8,133,990	\$ 8,622,029	\$ 9,139,351	\$ 9,687,712	\$ 10,268,975
3 Special Assessments	283,464	280,629	277,823	275,045	272,294	269,571
4 Other Services	305,031	323,333	342,733	363,297	385,095	408,201
5 Total Operating Revenues	<u>\$ 8,262,070</u>	<u>\$ 8,737,952</u>	<u>\$ 9,242,585</u>	<u>\$ 9,777,693</u>	<u>\$ 10,345,101</u>	<u>\$ 10,946,746</u>
7 Operating Expenses - Enterprise Fund						
8 Water Purchases	25,609	26,249	26,905	27,578	28,267	28,974
9 Board Compensation	97,050	99,476	101,963	104,512	107,125	109,803
10 Professional Services	430,527	441,290	452,323	463,631	475,221	487,102
11 Salaries and Benefits - Enterprise	3,363,539	3,531,716	3,708,302	3,893,717	4,088,403	4,292,823
12 Services and Supplies - Enterprise	1,692,462	1,734,774	1,778,143	1,822,597	1,868,162	1,914,866
13 Rents and Leases	-	-	-	-	-	-
14 Utilities	1,007,451	1,032,638	1,058,454	1,084,915	1,112,038	1,139,839
15 Depreciation	1,777,836	1,871,503	2,016,836	2,147,636	2,277,803	2,341,303
16 Other	8,786	9,005	9,230	9,461	9,698	9,940
17 Total Operating Expenses	<u>\$ 8,403,260</u>	<u>\$ 8,746,651</u>	<u>\$ 9,152,156</u>	<u>\$ 9,554,047</u>	<u>\$ 9,966,717</u>	<u>\$ 10,324,650</u>
18						
19 Net Operational Income Water	\$ (141,190)	\$ (8,699)	\$ 90,429	\$ 223,646	\$ 378,384	\$ 622,097
20						
21 Operating Revenue and Expense - Government Fund						
22 Ordinary Income Government Funds	20,027	20,027	20,027	20,027	20,027	20,027
23 Ordinary Expense Government Funds	(1,261,551)	(1,293,090)	(1,325,417)	(1,358,553)	(1,392,516)	(1,427,329)
24 Net Operational Income Government	\$ (1,241,524)	\$ (1,273,063)	\$ (1,305,390)	\$ (1,338,526)	\$ (1,372,489)	\$ (1,407,302)
25						
26 Non-Operating Revenues (Expenses) - Enterprise Fund						
27 Investment Earnings	614,000	644,700	676,935	710,782	746,321	783,637
28 Investment Expense	(534,330)	(360,565)	(342,390)	(324,171)	(305,078)	(285,375)
29 Property Taxes	119,589	67,589	15,589	(36,411)	(88,411)	(140,411)
30 Other Income, Penalties, etc	1,053,091	1,105,745	411,032	431,584	453,163	475,821
31 Other Income, Grants, etc	-	384,174	399,882	416,177	433,082	433,082
32 Capacity Fees	515,862	546,814	579,623	614,400	651,264	690,340
33 Other Expense	(843,022)	(851,452)	(196,656)	(201,572)	(206,612)	(211,777)
34 Net Non-Operating Revenues (Expenses)	\$ 925,190	\$ 1,537,005	\$ 1,544,015	\$ 1,610,789	\$ 1,683,730	\$ 1,745,317
35						
36 Non-Operating Revenues (Expenses) - Government Fund						
37 Investment Earnings	336,000	352,800	370,440	388,962	408,410	428,831
38 Property Taxes	1,569,362	1,647,830	1,730,222	1,816,733	1,907,570	2,002,948
39 Other Income	395,720	407,592	419,819	432,414	445,386	458,748
40 Income Solid Waste	349,160	359,634	370,423	381,536	392,982	404,772
41 Other Expense	(6,914)	(7,260)	(7,623)	(8,004)	(8,404)	(8,825)
42 Net Non-Operating Revenues (Exp) Gvmt	\$ 2,643,327	\$ 2,760,596	\$ 2,883,282	\$ 3,011,641	\$ 3,145,944	\$ 3,286,474
43						
44 Net Income	\$ 2,185,803	\$ 3,015,839	\$ 3,212,336	\$ 3,507,550	\$ 3,835,569	\$ 4,246,586
45						
46 Depreciation Unfunded (40%)	\$ 748,238	\$ 748,601	\$ 806,734	\$ 859,054	\$ 911,121	\$ 936,521
47 Loan Principal Payments	(1,672,536)	(569,596)	(1,391,969)	(1,409,910)	(1,428,438)	(1,434,326)
48 Net Cash Avail for Projects/Reserves	\$ 1,261,505	\$ 3,194,845	\$ 2,627,101	\$ 2,956,694	\$ 3,318,252	\$ 3,748,781
Beginning Cash in Bank (1)	\$ 26,588,983	\$ 15,192,846	\$ 16,545,592	\$ 15,867,795	\$ 16,034,071	\$ 16,704,005
RESERVES	(559,618)	(3,602,618)	(4,484,618)	(5,676,618)	(6,781,418)	(7,882,418)
FUNDED DEPRECIATION (60%)	1,122,358	1,122,902	1,210,102	1,288,582	1,366,682	1,404,782
CIP PROJECTS	(13,615,000)	(2,810,000)	(4,360,000)	(3,924,000)	(3,905,000)	(1,905,000)
CAPITAL PURCHASES	(165,000)	(155,000)	(155,000)	(155,000)	(110,000)	(110,000)
CASH BALANCE = AVAILABLE CASH	\$ 14,633,228	\$ 12,942,975	\$ 11,383,177	\$ 10,357,453	\$ 9,922,587	\$ 11,960,150

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

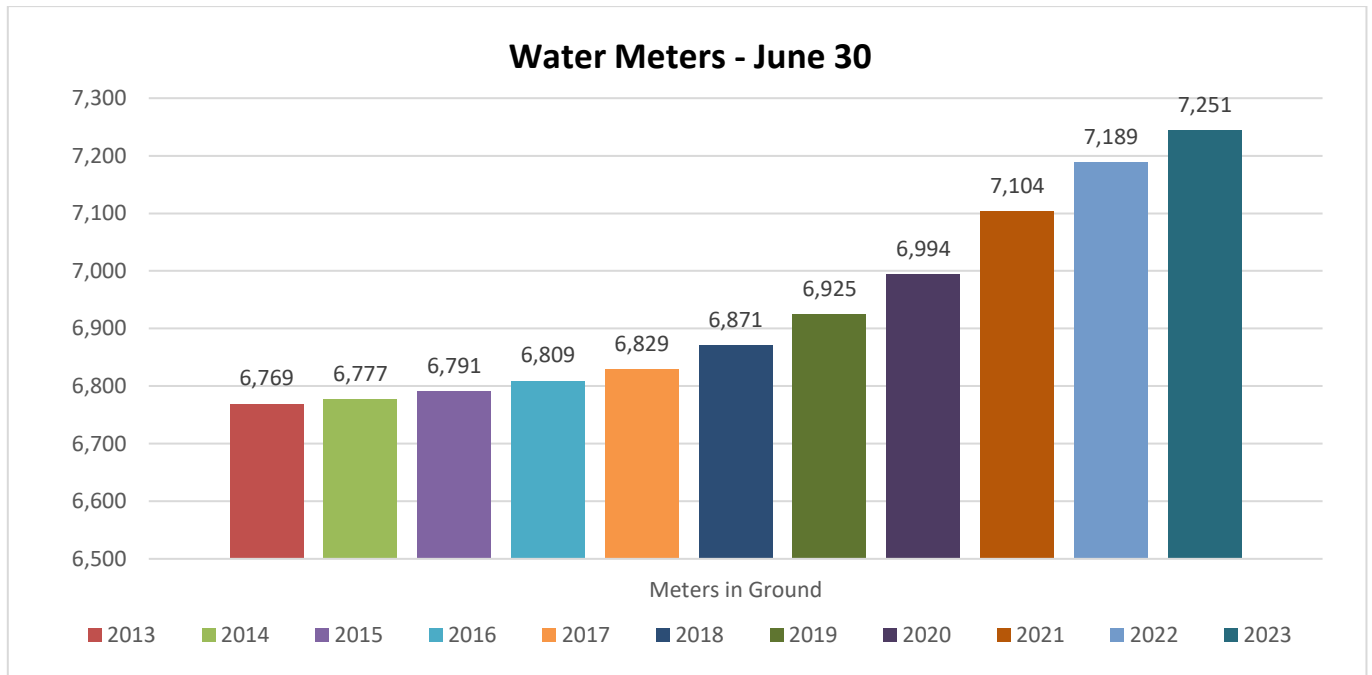
WATER SYSTEM STATISTICS AND HISTORICAL INFORMATION

NUMBER OF WATER CUSTOMERS as of June 30 each year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current Fiscal Year 2023
Residential	6,719	6,735	6,753	6,756	6,817	6,847	6,925	7,013	7,088	7,150
Commercial	51	51	49	49	50	71	74	77	80	80
Industrial	4	4	4	4	4	7	11	14	21	21
Other										
TOTAL	6,774	6,790	6,806	6,809	6,871	6,925	7,010	7,104	7,189	7,251

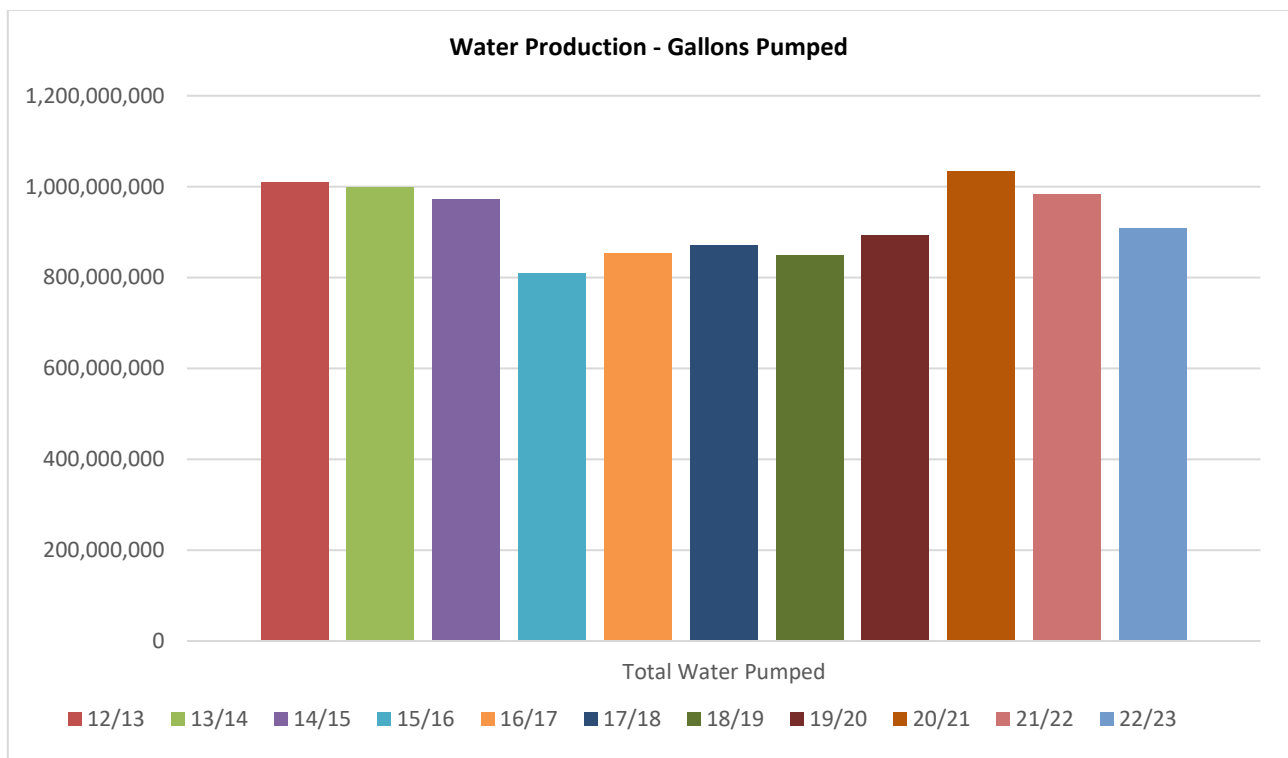
CURRENT AND HISTORICAL AVERAGE MONTHLY USER CHARGE PER RESIDENTIAL ACCOUNT (includes minimum + 15 HCF of water for 3/4" meter)										
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	Current Fiscal Year 6/30/2023
	45.95	49.12	60.81	63.85	66.94	67.86	71.23	77.07	75.80	79.84

TEN LARGEST SYSTEM USERS as of 06/30/2023					
User	Annual Usage	% of System Use	Annual Gross Revenues	% of System Revenues	Customer Class (Residential/Commercial/ Industrial/Other)
SNOWLINE JUSD	70,880	6.85%	\$322,445	4.54%	INSTITUTIONAL
CSI ELECTRICAL CONSTRUCTORS	10,005	0.97%	\$98,047	1.38%	INDUSTRIAL (HYD)
EL CHARRO WATER LLC	2,272	0.22%	\$21,148	0.30%	INDUSTRIAL (HYD)
MYONG CHA (GRACE) PAK	2,036	0.20%	\$14,897	0.21%	RESIDENTIAL
COUNTY OF SAN BERNARDINO	1,975	0.19%	\$22,918	0.32%	INDUSTRIAL (HYD)
CONAN TRUST	1,888	0.18%	\$13,671	0.19%	RESIDENTIAL
RUDOLFO FRAUSTO SANCHEZ	1,639	0.16%	\$6,859	0.10%	COMMERCIAL
BARRY TUCK	1,414	0.14%	\$10,088	0.14%	RESIDENTIAL
PACIFIC WATER TRUCKS	1,397	0.13%	\$14,604	0.21%	INDUSTRIAL (HYD)
CHRISTINE CHUNG	1,379	0.13%	\$9,620	0.14%	RESIDENTIAL
TOTAL	94,886	9.17%	\$534,295	7.53%	

HISTORICAL METERS IN GROUND AND PRODUCTION



The District experienced slow growth between 2009 and 2015 due to the economic conditions in the County. This has improved in recent years and continues to show upward economic trends.



Water production dropped in 15/16 due to the statewide drought and conservation mandates implemented by the District.

HISTORICAL AND FUTURE (PENDING BOARD REVIEW) WATER RATES

	Water Rates Approved February 20, 2013			Water Rates - Approved January 20, 2016			Water Rates - Approved May 6, 2020			Water Rates - Approved December 1, 2021						
	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective				
	03/01/2013*	01/01/2014	01/01/2015**	01/01/2016	02/01/2016	07/01/2016	07/01/2017	07/01/2018	07/01/2019	02/01/2020	07/01/2020	07/01/2021	07/01/2022	07/01/2023	07/01/2024	07/01/2025
FIXED CHARGES PER METER																
	Bi-Monthly			Monthly			Monthly			Monthly			Monthly			
Meter Size																
3/4"	\$31.37	\$33.75	\$35.77	\$18.96	\$16.97	\$17.90	\$18.16	\$19.16	\$22.28	\$23.62	\$24.17	\$25.63	\$27.17	\$28.81		
1"	\$41.65	\$44.81	\$47.49	\$25.17	\$25.91	\$27.46	\$27.89	\$29.56	\$32.06	\$33.99	\$36.57	\$38.77	\$41.10	\$43.57		
1 1/2"	\$67.35	\$72.45	\$76.80	\$40.70	\$48.24	\$51.34	\$52.21	\$55.54	\$56.51	\$59.91	\$67.58	\$71.64	\$75.94	\$80.50		
2"	\$98.19	\$105.63	\$111.97	\$59.34	\$75.04	\$80.00	\$81.39	\$86.72	\$85.85	\$91.01	\$104.79	\$111.08	\$117.75	\$124.82		
3"	\$170.14	\$183.05	\$194.03	\$102.83	\$137.57	\$146.87	\$149.47	\$159.47	\$178.76	\$189.49	\$222.60	\$235.96	\$250.12	\$265.13		
4"	\$272.94	\$293.64	\$311.26	\$164.96	\$226.91	\$242.41	\$246.74	\$263.41	\$315.68	\$334.63	\$373.80	\$420.01	\$445.22	\$471.94		
Chromium 6 Surcharge	N/A	N/A	N/A	N/A	N/A	\$9.71	\$9.71	\$9.71	\$9.71	\$9.71	\$9.71	\$9.71	\$9.71	\$9.71	\$9.71	\$9.71
CONSUMPTION																
Residential																
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$2.50	\$2.35	\$2.39	\$2.53	\$2.64	\$2.80	\$2.73	\$3.08	\$3.27	\$3.47		
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.95	\$3.71	\$3.77	\$4.00	\$4.01	\$4.26	\$3.12	\$3.51	\$3.73	\$3.96		
Tier 3											\$7.53	\$8.47	\$8.98	\$9.52		
Commercial																
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$2.99	\$2.81	\$2.85	\$3.02	\$3.06	\$3.25	\$3.65	\$4.11	\$4.36	\$4.63		
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50												
School Institutional																
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.17	\$2.98	\$3.03	\$3.21	\$3.53	\$3.75	\$3.96	\$4.46	\$4.73	\$5.02		
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50												

2022 2023 Budget Draft

Current Rates: Tier 1 = 0 to 9 units, Tier 2 = 9 to 29 units, Tier 3 = 29 plus units

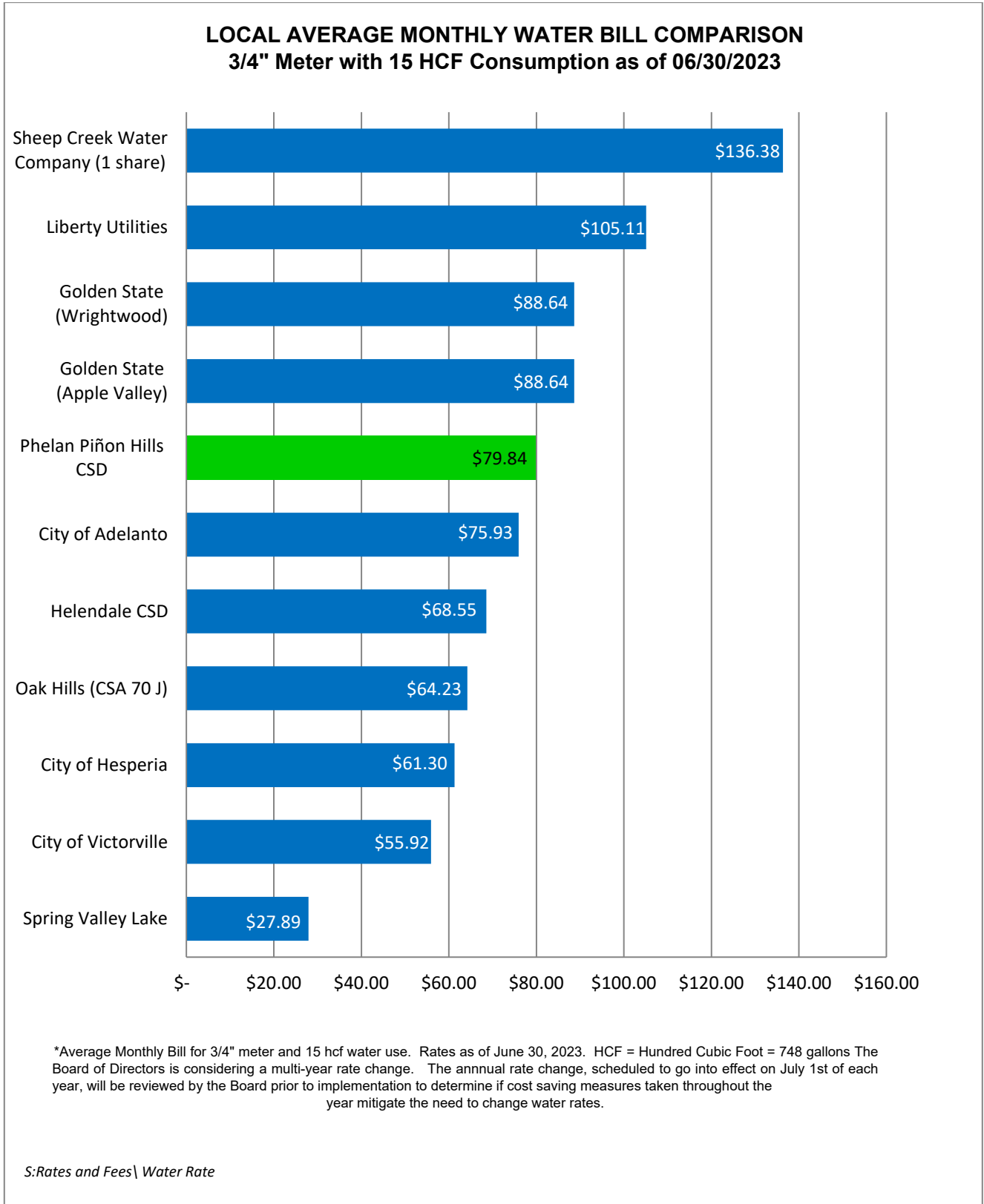
The most current water rate study is available online. For additional information on the rate structure and the components driving the rate changes, please refer to this study at www.pphcsd.org.

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 was scheduled to increase to cover the increased operational expenses of the additional operating assets. This increase was deferred, pending completion of the project.

The Chromium-6 Surcharge is collected to recover Chromium-6 related costs which began in 2015, including debt service on a loan that will be acquired when construction begins. In August 2017, the Chromium-6 regulation was rescinded, pending further review by the Department of Water Resources (DWR). The District resumed Chromium-6 mitigation projects in 2020. The District has expended approximately \$4.8 million dollars to date and has projects pending of \$2.3 million dollars. The surcharge will continue for approximately 7 additional years, or until costs have been recovered.

WATER BILL COMPARISON TO LOCAL WATER PROVIDERS



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

WATER RIGHTS

The District’s water comes from deep aquifers within the Mojave Basin Area. Mojave Water Agency (MWA), specifically the Watermaster, is responsible for the adjudicated basin from which the District pumps water. Through the adjudication water purveyors within the basin were assigned water rights, based on the amount of water they pumped historically. The water rights were ramped down to the “Free Production Allowance” (FPA), currently 55%. Water purveyors, such as the District, have the right to produce (pump) the FPA water each year. Any amount of water pumped in excess of the FPA is considered overproduction and must be replaced to maintain a balanced water basin. Replacement water is paid for through MWA*.

The District owns water rights in two of the sub-areas within the MWA’s jurisdiction. Most of the rights are in the OESTE subarea. When the District was formed, it owned 1,416-acre feet of water rights in the OESTE subarea. The District has since purchased an additional 3,164-acre feet of water rights. As water production increases due to growth, and the FPA is reduced due to ramp down, the District ultimately will have water replacement obligations. In the meantime, the water rights we have purchased mitigate replacement water costs, thus providing a significant savings to the rate payers.

Historical Water Rights , Production and Water Replacement OESTE Subarea												
Water Year End Sept 30:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PPHCSD Water Rights OESTE	1,416	1,416	3,751	3,751	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680
Free Production %	80%	80%	80%	80%	80%	80%	80%	80%	80%	75%	65%	60%
PPHCSD Free Production Allowance	1,133	1,133	3,001	3,001	3,744	3,744	3,744	3,744	3,744	3,510	3,042	2,808
Production	1,662	1,720	2,133	2,076	1,957	1,539	1,834	2,451	2,472	2,525	2,920	2,756
Overproduction	529.2	587.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cost per AF MWA	\$395	\$405	\$425	\$448	\$484	\$515	\$556	\$578	\$591	\$604	\$563	\$584
MWA	\$209,034	\$237,816	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>If the District had not purchased additional water rights:</i>												
Overproduction			1,000	943	824	406	701	1,318	1,339	1,463	2,000	1,906
Amount due to MWA (savings due to purchase of additional water rights)			\$425,000	\$422,464	\$398,816	\$209,090	\$389,756	\$761,804	\$791,349	\$883,652	\$1,125,775	\$1,113,338
12/2012 Purchased water rights from Meadowbrook			2,235									
07/2015 Purchased water rights from Aqua Capital			929									
Total additional water rights purchased			3,164									
Data obtained from Mojave Water Agency: https://www.mojavewater.org/basin-management/watermaster/reports/ Main Volume, Attachment B												
2023 2024 Budget Draft/MWA												

*Note: Sometimes other purveyors have unused FPA that they either carry-over for future use or can lease to other purveyors who may need the water that year.

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 even numbered years.

The Board of Directors' regularly scheduled meetings are on the second and fourth Wednesdays of each month at 5pm 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 and Solid Waste and Recycling, and quarterly meetings for 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
Rebecca Kujawa	President	2024
Mark Roberts	Vice President	2024
Greg Snyder	Director	2026
Chuck Hays	Director	2026
Deborah Philips	Director	2024

DISTRICT MANAGEMENT

Donald Bartz	General Manager
Lori Lowrance	Assistant General Manager/CFO
Kim Sevy	HR & Solid Waste Manager/District Clerk
George Cardenas	Engineering Manager
Sean Wright	Water Operations Manager

MISSION STATEMENT

The mission of the Phelan Piñon Hills Community Services District is to provide authorized services and maximize resources for the benefit of the community.

Please visit the District's website at PPHCSD.ORG for additional information and upcoming events.



**Phelan Piñon Hills
Community Services District**

2023/2024 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	17
Miles of Water Main	353
Reservoirs	35
Wells	14
Booster Stations	25
Booster Pumps	69
Pressure Reducing Stations	32
Service Connections (Meters)	7,251

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:

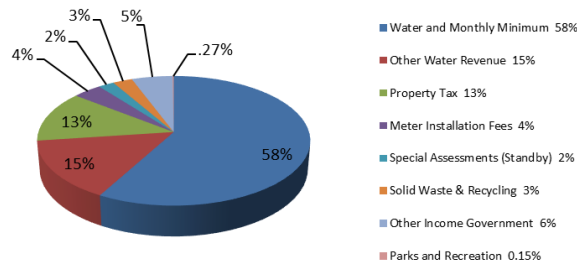
Number of Residential Customers	5,189
Number of Commercial Customers	110

Misc. Statistical Information

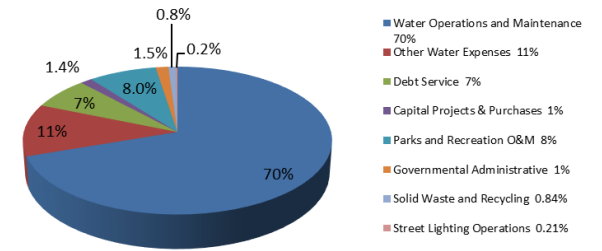
Population	25,504
Service Area	128 square miles
Employees	27 Full Time
Enterprise Fund Budget	\$ 9,780,613
Government Fund Budget	\$ 1,268,466
Capital Budget	\$ 165,000

FY 2023/2024 Budget in Brief

Resources



Expenditures



"Where the Money Comes From"

Revenue	2023/2024
Water and Monthly Minimum 58%	\$7,673,575
Other Water Revenue 15%	\$1,972,122
Property Tax 13%	\$1,688,951
Meter Installation Fees 4%	\$515,862
Special Assessments (Standby) 2%	\$283,464
Solid Waste & Recycling 3%	\$349,160
Other Income Government 6%	\$731,720
Parks and Recreation .15%	\$20,027
TOTAL REVENUE	\$13,284,881

"Where the Money Goes"

Expenditures	2023/2024
Water Operations and Maintenance 74%	\$8,403,260
Other Water Expenses 10%	\$1,377,352
Debt Service 6%	\$826,514
Capital Projects & Purchases 3%	\$165,000
Parks and Recreation O&M 6%	\$964,034
Governmental Administrative 1%	\$177,585
Solid Waste and Recycling .65%	\$101,477
Street Lighting Operations .16%	\$25,369
TOTAL EXPENDITURES	\$12,043,592

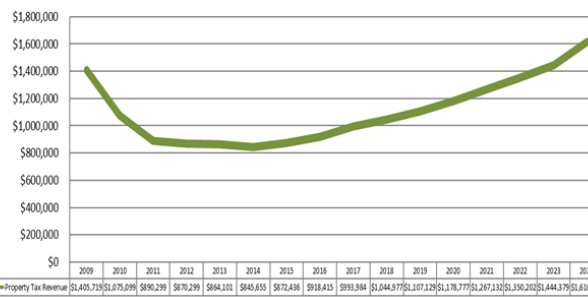
Property Tax Revenue



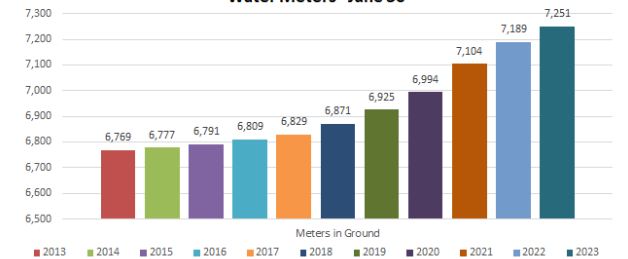
County's Share of General Tax Levy \$19,530,595
 PPHCSD's Share of General Tax Levy \$1,616,788 = 7.6 cents of each dollar

2023 2024 Budget Year - Finance and Budget Data/Property Tax Revenue

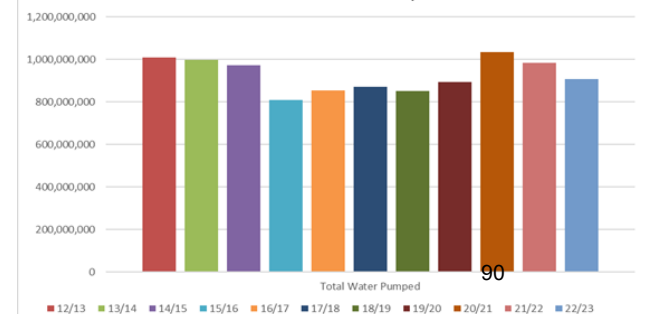
Property Tax Revenue



Water Meters - June 30



Water Production - Gallons Pumped





PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

GLOSSARY OF ACRONYMS

AND TERMS

GLOSSARY OF ACRONYMS

AF	Acre-Foot (of water)
CAFR	Comprehensive Annual Financial Report
CaIPERS	California Employees Public Retirement System
CIP	Capital Improvement Program
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CSMFO	California Society of Municipal Finance Officers
FTE	Full Time Equivalent
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).

Balanced Budget - The District considers a budget as balanced if there are sufficient net revenues to cover the cost of operations and debt service. The District will always adopt a budget that is balanced. The District considers a budget as fully funded if the budget is balanced and there is sufficient cash from operations to contribute the amounts necessary to fund the Operating Funds, the Capital Improvement Funds and the Rate Stabilization Funds as outlined in the District's Cash Reserve Policy. The District will strive toward a fully funded budget. If there is a revenue gap, the budget will indicate how and when this gap will be eliminated.

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.

California Society of Municipal Finance Officers (CSMFO) – CSMFO is the preeminent resource for promoting excellence in government finance. Their mission is to serve all government finance professionals through innovation, collaboration, continuing education and professional development.

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.

Full-Time Equivalent (FTE) – The sum of employees, including part-time staff, which total one full-time position. For example, two part-time employees who work 20 hours each, would equal one full-time equivalent.

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.

Proprietary Funds – There are two types of proprietary funds: enterprise funds and internal service funds. References in this document to proprietary fund(s) are enterprise fund(s). The District has one enterprise fund at this time: Water.

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.