



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

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

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

**2019/ 2020 Budget
For Fiscal Year Ending
June 30, 2020**

Adopted June 5, 2019



2019 / 2020 Budget

For the Fiscal Year Ending

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ADOPTED JUNE 5, 2019

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, 2018

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, 2018. 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 fifth 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, 2018. This is the fifth 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 2019/2020 budget continues to conform to the standards set forth to be eligible for this award and will submit an application accordingly.

RESOLUTION NO. 2019-09 ADOPTING THE ANNUAL BUDGET

RESOLUTION NO. 2019-09 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, 2020

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, 2020 (“2020 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 2020 Budget; and

WHEREAS, on June 5, 2019, the Board conducted a public hearing regarding the proposed 2020 Budget in accordance with the requirements of Government Code Section 61110 and considered all comments received at said hearing; and

WHEREAS, the proposed 2020 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 2020 Budget, as detailed in the budget document entitled “2019/2020 Budget for the Fiscal Year Ending June 30, 2020,” is hereby adopted. A copy of the 2020 Budget is attached hereto and incorporated herein by reference.

2. The expenditure amounts designated for Fiscal Year 2019/2020, pursuant to the 2020 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 5th day of June, 2019.

AYES:

NOES:

ABSTAIN:

ABSENT:

Alex Brandon
President, Board of Directors

ATTEST: Kim Ward .
Board Secretary



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

INTRODUCTION



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

MESSAGE FROM THE GENERAL MANAGER

June 5, 2019

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

On behalf of the Phelan Piñon Hills Community Services District and its staff, I am pleased to present the Budget for Fiscal Year 2019/2020. This Budget has been prepared to meet the many challenges facing the District, including increasing costs of water production, water quality, water supply, and unfunded state mandates. The Budget reflects the District's dedication to provide reasonable 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 mandates for water, including ongoing communications with California legislators in an effort to mitigate the impacts to the District. District directors and management have attended meetings in Sacramento and formed coalitions with other purveyors, in an effort to represent our citizens with the Department of Water Resources to address numerous water related initiatives. Conservation initiatives were rolled back as the drought subsided and the new Chromium-6 regulations were rescinded, pending further investigation by the Department of Water Resources.

In February 2018, the District adopted its first 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 are addressed and updated periodically, as noted at the bottom of the Vision to Action Table. The table is located in the Budgetary Control and Financial Practices section of this document.

Accomplishments

We'd especially like to highlight the completion of the District's first Parks Master Plan. The plan is the community's vision for parks and recreation within the District. The specifics are included in Departmental Presentations (beginning on page 33) which also include the goals for 2018/2019 and their status:

- Water loss identification, tracking and reduction – the District developed and implemented water loss reduction plans including replacing leaky service lines. STG 1.1
- Cost Reductions – the District saved over \$688,000 in 2018/2019 as a result of purchasing water rights. STG 1.5
- Water system readiness for growth – the District identified and implemented plans to maintain and better utilize wells, resulting in increased productivity. SPG 1.4
- Parks Master Plan – the District partnered with Hesperia Recreation and Parks and completed the District's first Parks Master Plan. Partnering with another agency resulted in savings for both Districts. SPG 2.1 and 3.1

- Parks land acquisition – the District acquired additional property for future parks. SPG 2.3
- Increased community outreach – the District continues to reach out to all of 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
- Develop and implement mandatory Commercial Recycling and Solid Waste Programs – the District developed and implemented Commercial Recycling and Solid Waste rules and regulations. SPG 7.1

Upcoming/Ongoing Challenges Facing the District in 2019/2020

The most significant issues facing the District in 2019/2020 continue to be unfunded state mandates. State mandated challenges include Chromium-6, drought regulations, AB401 - Low Income Water Rate Assistance Act, to name a few.

- Impacts of changes to the state water quality regulations: The state adopted new regulations for Chromium-6 in July 2014. Those regulations were 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 in order 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; costing the District approximately \$3.7 million dollars. 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. The state will move forward with new regulations this year. The District is working closely with the state and other agencies to recommend a less aggressive MCL for Chromium-6. The District will address this issue as it develops. The best outcome would be for the state to set the MCL above the trace levels found in the District’s water, in which case the District will not need to implement a multi-million dollar mitigation project. For more information, please visit the District’s website.
- Impacts of state mandated water conservation measures: Executive Order B-29-15 and subsequent mandates, resulted in increased expenses for the District accompanied by reduced water sales resulting from conservation programs. Executive Order B-37-16 and SB 555 further specify and evolve conservation requirements and consequences of non-compliance, “making water conservation a California way of life.” In 2018/2019, due to excessive rainfall, the State declared the drought officially over. However, under existing mandates, the District continues to develop and implement water conservation programs to encourage conservation.
- Impacts of AB 401 “Low Income Water Rate Assistance Act”: This assembly bill was passed in 2015. The bill is aimed at offering rate assistance to low-income customers, however it is still unclear how this will occur. Initial estimates show that each District customer could pay \$7 per month on their water bill. The funds collected would likely be sent to the state and the state would determine how funds are utilized.
- No impacts to services in the coming year and no impacts to staffing levels are expected.

Since the District’s formation in 2008, the District has continued to look for cost saving measures and efficiencies. In spite of these efforts, over the past ten years, the cost of operating the District has continued to rise.

Message from the General Manager

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, and 5% in 2015, 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, thus requiring a water rate study in 2015. The rate study outlined recommended rate changes, which the District adopted in January 2016. The cost of operations continue to rise, including costs of producing and delivering water, and providing clean, safe parks and community centers with programs and activities for the community. The 2015 rate study calls for a 6% increase in water rates effective July 1, 2019, the Board has elected to increase water rates for meter fee and consumption fees by the 6% adopted in 2016. However, the District will continue to defer any increase to the Chromium-6 surcharge pending the outcome by the state.

The District continues to look for alternative ways to increase revenue and decrease expenses in an effort to minimize rate changes to customers. In 2012, the District purchased water rights which will result in a savings of reduced water production fees. The District is saving over \$338,000 in the coming year due to water rights purchased. Even after repaying the \$7.5 million dollar loan, this purchase is estimated to save the District \$24 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 \$13 million dollars. The combined results of these two measures are savings estimated to exceed \$37 million dollars over thirty years.

During the first five years after formation, the District held rates at the levels assumed from San Bernardino County in March 2008. In 2012, the District contracted to have its first water rate study prepared. The study was completed in 2013 and the Board adopted a multi-year rate change after a lengthy process which exceeded Proposition 218 requirements. In 2015, after state mandated orders were issued to address the drought conditions in the state, the District contracted for a second water rate study including the Proposition 218 process, exceeding the requirements for notification, meetings, and public outreach, and concluding with a multi-year rate change. The approved rate change is reviewed each year to determine if it can be reduced as a result of revenue or cost saving measures the District has implemented.

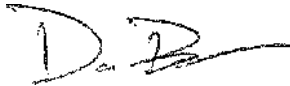
The Fiscal Year 2019/2020 Budget is based on Enterprise Fund revenues of \$8,223,761 and Government Fund revenues of \$1,397,376, totaling \$9,621,137; Enterprise Fund expenses of \$7,336,160, and Government Fund expenses of \$620,415, totaling \$7,956,576; for a total net revenue of \$1,664,562.

	2019 Budget	2019 Est YE	2020 Budget	% Over Prior Year Budget	% Over Est Yr End
Enterprise (Water) Revenue	\$7,994,158	\$8,001,050	\$8,223,761	2.9%	2.8%
Enterprise (Water)Expenses	\$7,651,015	\$7,105,491	\$7,336,160	-4.1%	3.2%
	\$343,143	\$895,559	\$887,601		
Government Revenue	\$1,057,563	\$1,203,376	\$1,397,376	32.1%	16.1%
Government Expenses	\$627,175	\$515,581	\$620,415	-1.1%	20.3%
	\$430,388	\$687,795	\$776,961		
Total Revenue	\$9,051,721	\$9,204,426	\$9,621,137	6.3%	4.5%
Total Expenses	\$8,278,190	\$7,621,072	\$7,956,576	-3.9%	4.4%
Total Net Revenue	\$773,531	\$1,583,354	\$1,664,562		

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

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

Respectfully Submitted,

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

Don Bartz
General Manager



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

MISSION 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.



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

OFFICIALS

BOARD OF DIRECTORS

		Term Expires December
Alex Brandon	President	2020
Charlie Johnson	Vice President	2022
Kathleen Hoffman	Director	2022
Deborah Philips	Director	2022
Mark Roberts	Director	2020

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

DISTRICT MANAGEMENT

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

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

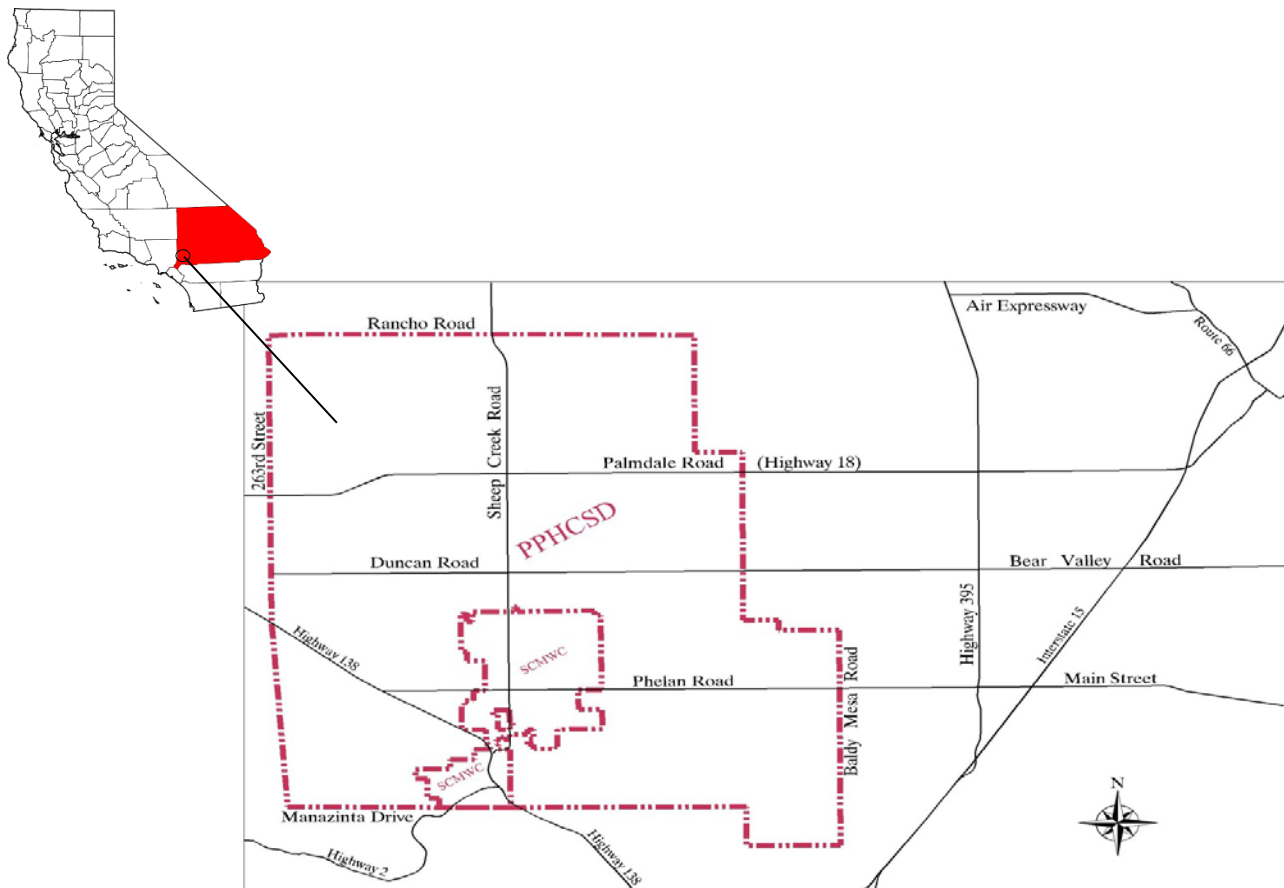
DISTRICT PROFILE

History

In February 2008, the citizens of Phelan and Piñon Hills overwhelmingly voted to separate the Water, Parks and Recreation, and Street Lighting Districts from the County and create a Community Services District. The Phelan Piñon Hills Community Services District was established through an election on February 5, 2008. With an 81% approval rating, the voters approved the formation of the District as a consolidation of three Special Districts; Zone-L70 Water, CSA-9 Phelan Parks and Street Lighting and 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.

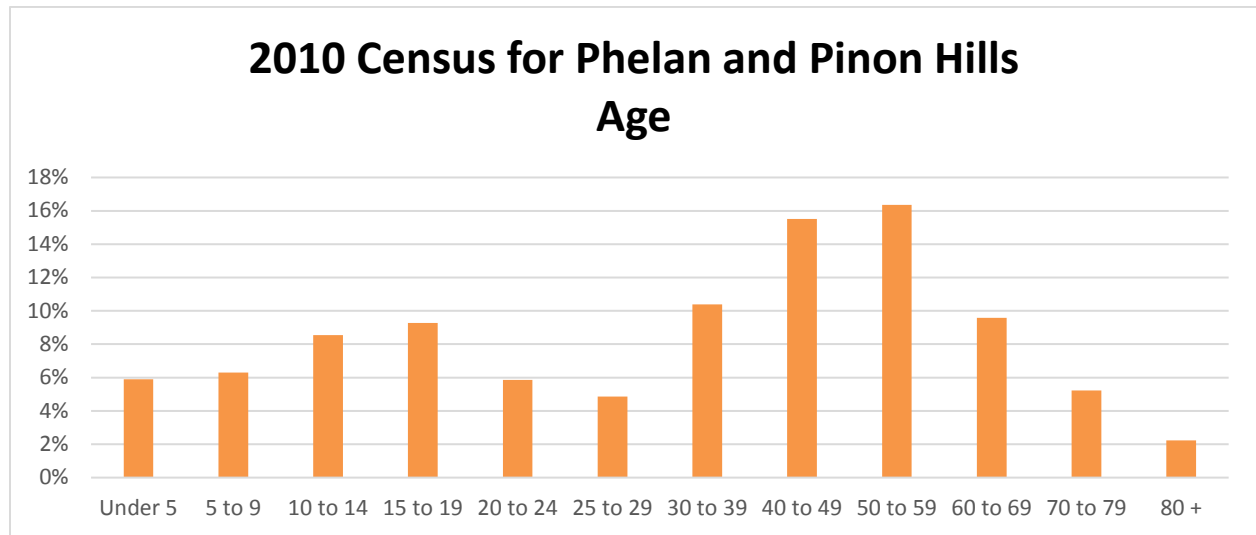
On November 16, 2011 LAFCO held a hearing on proposal 3167, and adopted resolution 3153 approving the activation of solid waste and recycling function and services for the District. On January 24, 2012 the Certificate of Completion was processed, formalizing the change in organization.



Local Economy

The District is located in Phelan and Piñon Hills, California, two unincorporated communities within San Bernardino County. Over the past several years, San Bernardino County had witnessed a decrease in economic activity and a down turn in property values. Recent activity within the region however, suggests a strengthening in home sale median prices and increased commercial activity. This past year 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 (2018) 58%

Voting by mail (2016) 57%

Education (Countywide)*

Residents over age 25 with a Bachelor's degree (2017) 21%

High school graduation rate (2016/17) 83%

Economy (Countywide)*

Employment (August 2018):

Number in the labor force 957,400

Number employed 915,500

Number unemployed 39,800

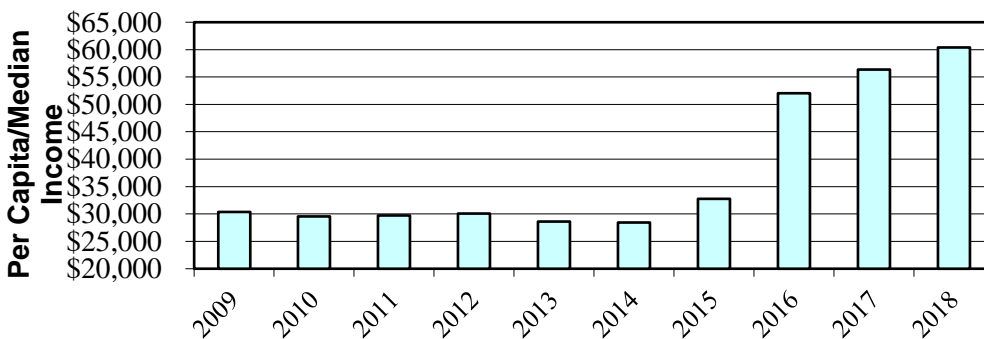
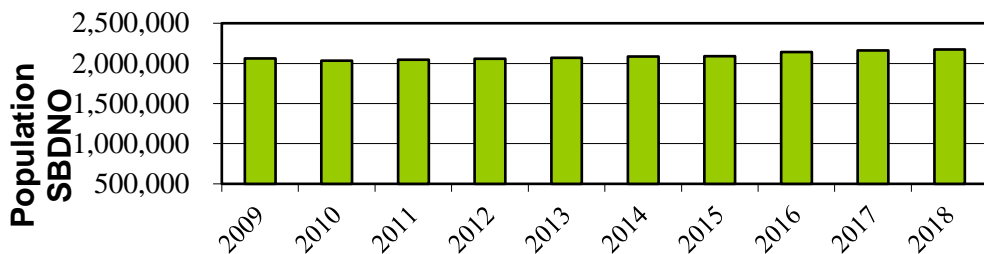
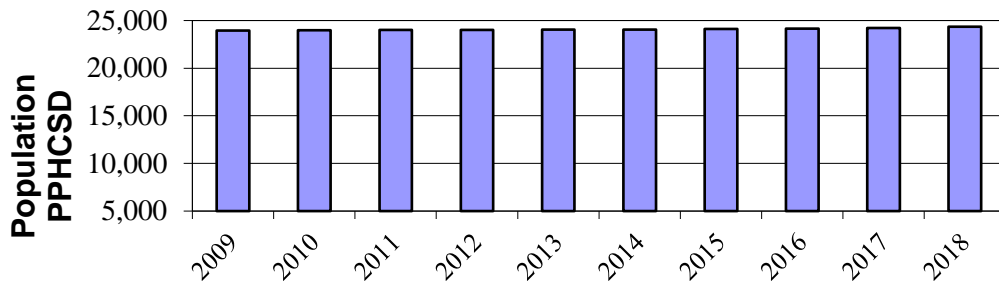
Unemployment rate 4.2%

*San Bernardino County Community Indicators Report 2018

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
2009	23,955	13.5%	2,060,950	123,526	30,363
2010	23,985	14.3%	2,033,141	144,627	29,555
2011	24,013	14.0%	2,046,619	133,950	29,703
2012	24,028	12.6%	2,059,699	145,710	30,081
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	52,041
2017	24,225	5.8%	2,160,256	266,250	56,337
2018	24,352	4.2%	2,174,938	290,000	60,420

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, participating in the election process, formerly during odd years, effective 2017 (per SB415) changed to even year election cycles. For the currently seated Board, three Directors were elected in November of 2018 and two Directors were elected in November of 2015. The Directors are elected to set the policies of the District and provide guidance and leadership to the management and staff of the District.

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

Resolution 2017-04, Section 1.1 states: The Board shall govern the District. The Board shall establish policies, direction, procedures, and oversight for the operation of the District. The Board shall provide for the implementation of those policies which is the responsibility of the District's General Manager.

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

District Services

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

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

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

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

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

Water

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

The District operates and maintains a considerable infrastructure in order to provide safe, good tasting water to over 6,900 service connections within an approximate 128 square mile service area. The water service area is almost entirely single family residential, with approximately 99 percent of water service connections serving single-family residences. The water infrastructure consists of 11 wells (approximately 1,000 feet deep) in six well fields, and 35 reservoirs with a combined capacity of approximately 12,000,000 gallons, 4 de-sanding tanks, 24 booster stations, 63 booster pumps, and 32 pressure reducing stations in 11 pressure zones, with approximately 353 miles of pipeline ranging from 4-inches to 16-inches in diameter.

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

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

Parks and Recreation

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

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

Street Lighting

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

Solid Waste and Recycling

The District administers solid waste and recycling programs 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

Water System:

Number of Pressure Zones	11
Miles of Water Main	353
Reservoirs	35
Wells	11
Booster Stations	24
Booster Pumps	63
Pressure Reducing Stations	32
Service Connections (Meters)	6,925

Parks and Recreation Facilities:

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

Street Lighting:

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

Solid Waste and Recycling:

Number of Residential Customers	3,830
Number of Commercial Customers	113

Misc. Statistical Information

Population	24,479
Service Area	128 square miles
Employees	24 Full Time, 3 Part Time
Enterprise Fund Budget	\$7,336,160
Government Fund Budget	\$620,415
Capital Budget - Funding with Operations	\$941,800

BUDGET PROCESS AND SCHEDULE

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

Beginning in January, managers and supervisors gather information in preparation for the budget. They consider the District goals, department goals, and state and federal mandates. They review various analysis for their areas of responsibility, such as water quality, customer service, conservation, production, and operations. They consider the age, wear and tear, and other impacts to assets in order to determine any repairs or replacements that need to occur. They review and consider operational needs in order to accomplish the tasks necessary to meet goals and mandates. After a complete review and analysis, considering all internal and external impacts, managers and supervisors provide their budgetary requirements for consideration. Board committees 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 of these sessions and encouraged to attend.

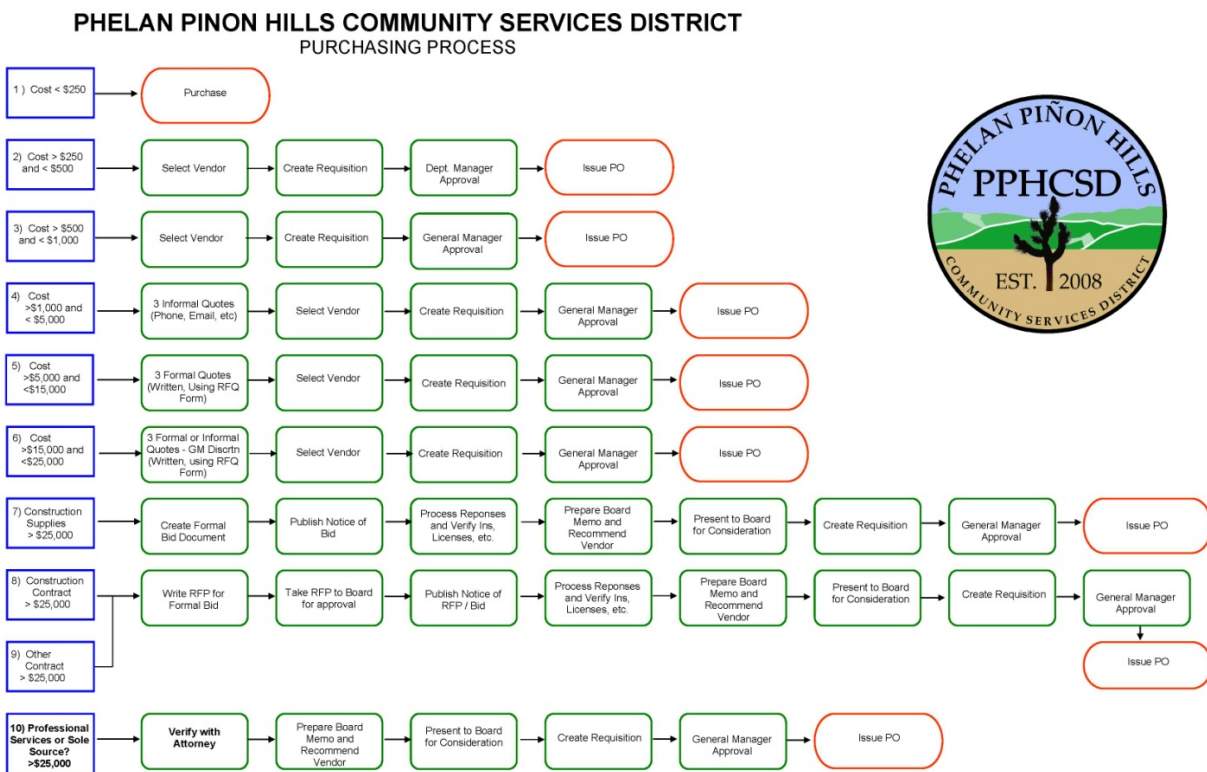
Date/Location	Time	Public Meeting
January & February, 2019	Various	Board Committees and staff develop long range plans and goals. Staff accumulates preliminary budget numbers, quotes and estimates
February 27, 2019 Wednesday Phelan Community Center	4:00 PM	Special Board Workshop – Board reviews and approve Long Range Capital Plans, Capital Budgets, Goals and Budget Assumptions
March 13, 2019 Wednesday Phelan Community Center	5:00 PM	Special Board Workshop – Board develops, reviews and considers budget assumptions Tentative and was determined not necessary at the February 27 meeting
April 11, 2019 Tuesday Conference Room at District Office	10:00 AM	Special Finance Committee – Review Draft Budget
April 24, 2019 Wednesday Phelan Community Center	5:00 PM	Special Board Workshop – Review draft budget
May 15, 2019 Wednesday Phelan Community Center	4:00 PM 6:00 PM	Special Board Workshop – Review final draft budget (NOTE: This meeting is tentative and was deemed not necessary at the April 24, 2019 meeting) Regular Board Meeting – Review final draft budget and set hearing date
June 5, 2019 Wednesday Phelan Community Center	6:00 PM	Regular Board Meeting - Budget Hearing - Budget approval (with any modifications identified as a result of the hearing)

BUDGETARY CONTROL AND FINANCIAL PRACTICES

Budgetary Control

The Board of Directors adopts the Phelan Piñon Hills Community Services District (District) annual budget, after public 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. 2019-05, section 1122.09, where it states that the General Manager can go over or be under budget on a line item basis, with explanation, as authorized in the District Purchasing Policy, provided it does not impact the overall Budget. The General Manager is authorized to implement 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 Board reviews the budget and compares it to actual revenues and expenses at the Finance Committee each month. The financial reports are presented to the Board on a quarterly basis for consideration. Budget adjustments may be authorized by the Board of Directors.

Accounting and Financial Practices

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

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

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

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

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

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, and by another 5% in 2016 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. The rate study outlined recommended rate changes, which the District adopted in January 2016. The cost of operations continue to rise, including costs of producing and delivering water, and providing clean, safe parks and community centers with programs and activities for the community.

The District continues to look for alternative ways to increase revenue and decrease expenses in an effort to minimize rate changes to customers. In 2012 and 2015, the District purchased water rights which result in a savings of reduced water rights fees. Even after repaying the \$7.5 million dollar loan, this purchase is estimated to save the District \$24 million dollars over the next thirty years. In 2016, the District installed a solar project that results in credits against the District's most costly (currently over \$760,000 per year) expense: electricity. After loan repayment, the estimated savings due to the solar were projected to be \$13 million dollars over thirty years. The combined results of these two measures are savings estimated to exceed \$37 million dollars over the next thirty years.

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. 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 interests 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 spent approximately \$3.7 million dollars toward the compliance project prior to the reversal and will continue to collect the surcharge from customers for approximately four and one-half years, to recover the funds expended.

In 2015/2016, the District completed installation of a 1.16 megawatt solar project, which was projected to save the District in excess of \$13 million dollars over a thirty year period. The District receives credits for electricity produced from the solar project that to help offset the considerable electric costs.

Long-Term Financial Plans

The District has developed 10-year plans for facility repair, replacement, and additions. The additional facilities for the Water Fund are projected based on the District's Water Master Plan as growth occurs. 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 a work in progress that are updated and reviewed by the Board of Directors each year.

District Strategic Plan

The District developed and adopted its first District wide Strategic Plan in 2017/2018. 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 will help to focus 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 web-site and is cited throughout this document in reference to goals and plans for the coming year.

Vision to Action Table (Excerpt from PPHCSD Strategic Plan)

Strategic Element	Strategic Goals	Completion Time Frame
1.0 Water System Infrastructure	1.1 Accurately Track System Water Loss 1.2 Implement 10-Year Capital Improvement Plan for Engineering 1.3 Fully Meet System and Infrastructure Inspection and Maintenance Schedules 1.4 System Readiness for Potential Growth 1.5 Reducing Costs 1.6 Fleet Management	Annually 2017/2018 2018/2019 2017/2018 Ongoing Ongoing
2.0 Parks & Recreation	2.1 Develop a Master Plan for Parks and Community Centers 2.2 Meet Community Center and Parks Inspection and Maintenance Schedule 2.3 Complete Phelan Park Expansion 2.4 Develop Plans for the Parks Portion of the Civic Complex Development 2.5 Public and Private Partnerships for Parks and Recreation Programs 2.6 Street Lighting	2018/2019 Annually 2021/2022 2018/2019 Ongoing Ongoing
3.0 Facility & Property Assets	3.1 Establish or Update Master Plans for All Authorized Services 3.2 Develop a Comprehensive Property Management Plan 3.3 Establish a Modern Asset Management Program 3.4 Implement Key Departmental CIP Projects 3.5 Prepare for Emergencies 3.6 Maintain and Update Maintenance Measures	2018/2019 2018/2019 2019/2020 Annually Ongoing Ongoing
4.0 Fiscal Planning	4.1 Annual Budget Process 4.2 Periodic Financial Studies 4.3 Connection Fee Analysis 4.4 Annual Audit	Annual As Needed As Needed Annual

	Annual Reporting Fiscal Policies Financing General Ledger Accounts	Annual Annual As Needed 2017/2018
5.0 Strategic Partners & Public Affairs	2.7 Increase Communication to the Public 2.8 Community Business and Organization Outreach 2.9 Involvement in Professional Organizations 2.10 Outreach to Legislators and Local Agencies	Ongoing Ongoing Ongoing Ongoing
6.0 Personnel Management	Succession and Retention Planning Increased Communication to Staff Team Building Update to Personnel Policies Continue Education and Training Program Customer Service	2018/2019 2017/2018 Ongoing 2018/2019 Ongoing Ongoing
7.0 Solid Waste & Recycling	4.5 Implement Commercial Recycling Program and Uniform Solid Waste Collection 4.6 Make a Determination Regarding the Disposition of Solid Waste Revenue 4.7 Increase Community Awareness of Recycling Opportunities & Solid Waste Events 4.8 Continue School Programs 4.9 Continue to Apply for Grant Funding Opportunities	2018/2019 2018/2019 Ongoing Ongoing Ongoing

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 2019-05

The first budget policy was approved April 3, 2019. The Board's goal was to formally document the budget goals and practices. The budget policy addresses legal requirements, balanced budget definition and goals, periodic reporting requirements, and revenue, expense and capital expenditure assumption guidelines.

Investment Policy – Resolution 2015-24

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

Reserves Policy – Resolution 2016-04

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

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

- Operating reserves has a goal of 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 25% to 50% of accumulated depreciation. This is to assure there is adequate funding available to make major repairs (extending the useful life of the asset), and replace PPE as is necessary.

- Disaster Response reserves has a goal of 10% to 20% of total assets (excluding Land and Water Rights). This is to help ensure that, in the event of a disaster, the District will have the funds necessary to repair and/or replace assets that are damaged.

Revenue Policy – Resolution 2016-07

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

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

Purchasing Policy – Resolution 2014-08

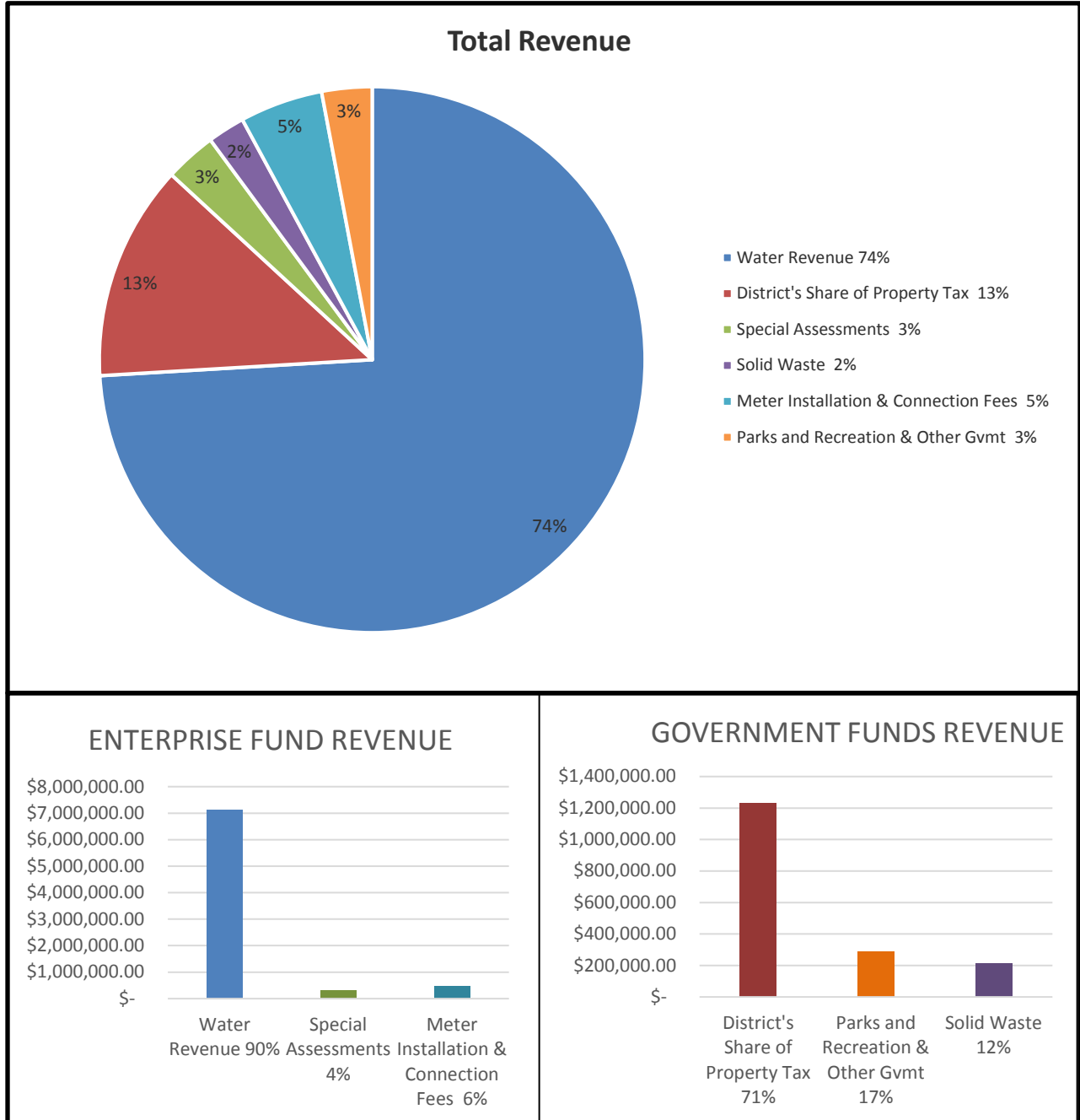
The purpose of the policy is to standardize the purchasing procedures of the District, thereby securing advantages of a uniform purchasing policy, saving the taxpayers money and increasing public confidence in the procedures for District purchasing; to promote the fair and equitable treatment of all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

A summary of the Purchasing Policy, as adopted by Resolution #2014-08:

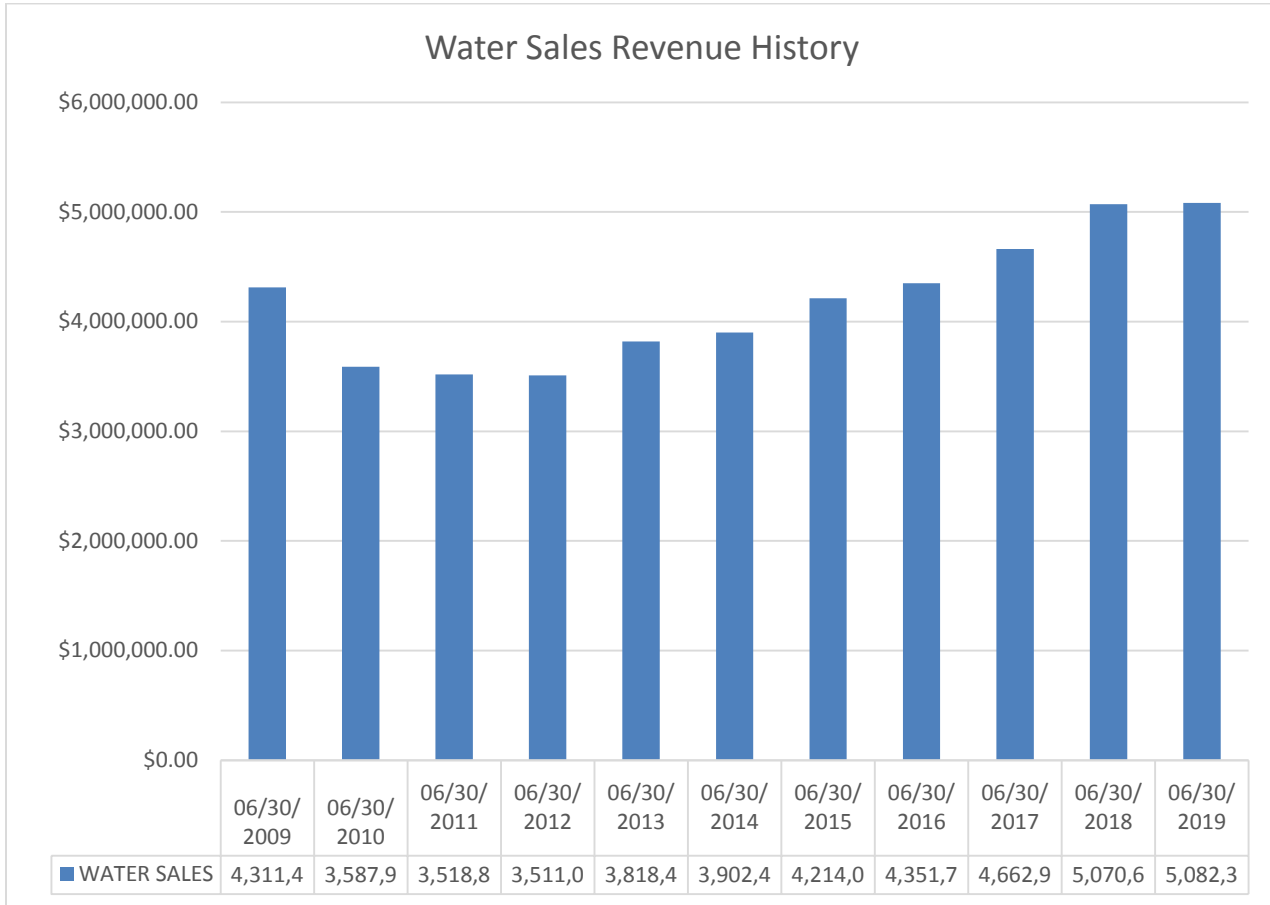
- Less than \$5,000 Managed by rules of procedures established by the General Manager
- \$5,000 - \$15,000 Requires three quotations and approval of the General Manager
- \$15,000-\$25,000 Requires price quotations and informal or formal bids and approval of the General Manager
- Exceeding \$25,000 Requires 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 that was scheduled for consumption and meter fees, the increase to the surcharge was deferred, pending the outcome of the Chromium-6 regulations. The basis for property tax revenue budgeted is as reported from the County for the coming year.



Water Revenue: Sales and Use Fees (74% of total revenue) – Enterprise Fund – The District’s primary business activities are from the administration, production, treatment, and distribution of water through approximately 6,913 meters to approximately 24,479 residents.



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

Historical and Future (Pending Board Review) Water Rates

	Water Rates Approved February 20, 2013				Water Rates – Approved January 20, 2016				
	Effective 03/01/2013*	Effective 01/01/2014	Effective 01/01/2015**	Effective 01/01/2016	Effective 02/01/2016	Effective 07/01/2016	Effective 07/01/2017	Effective 07/01/2018	Effective 07/01/2019
FIXED CHARGE PER METER	Bi-Monthly				Monthly				
Meter Size									
¾"	\$31.37	\$33.75	\$35.77	\$18.96	\$18.96	\$16.97	\$17.90	\$18.16	\$19.16
1"	\$41.65	\$44.81	\$47.49	\$25.17	\$29.22	\$25.91	\$27.46	\$27.89	\$29.56
1 ½"	\$67.35	\$72.45	\$76.80	\$40.70	\$54.87	\$48.24	\$51.34	\$52.21	\$55.54
2"	\$98.19	\$105.63	\$111.97	\$59.34	\$85.65	\$75.04	\$80.00	\$81.39	\$86.72
3"	\$170.14	\$183.05	\$194.03	\$102.83	\$157.47	\$137.57	\$146.87	\$149.47	\$159.47
4"	\$272.94	\$293.64	\$311.26	\$164.96	\$260.07	\$226.91	\$242.41	\$246.74	\$263.41
CHROMIUM-6 SURCHARGE	N/A	N/A	N/A	N/A	N/A	\$9.71	\$9.71	\$12.12 \$9.71	\$12.19 \$9.71
CONSUMPTION									
Residential									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$2.50	\$2.22	\$2.35	\$2.39	\$2.53
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.95	\$3.51	\$3.71	\$3.77	\$4.00
Commercial									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$2.99	\$2.65	\$2.81	\$2.85	\$3.02
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$2.99	\$2.65	\$2.81	\$2.85	\$3.02
School									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.17	\$2.82	\$2.98	\$3.03	\$3.21
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.17	\$2.82	\$2.98	\$3.03	\$3.21
Construction									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.96	\$3.51	\$3.72	\$3.78	\$4.00
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.96	\$3.51	\$3.72	\$3.78	\$4.00
Fire									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.23	\$2.87	\$3.03	\$3.08	\$3.26
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.23	\$2.87	\$3.03	\$3.08	\$3.26

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

The Chromium-6 Surcharge is to pay for Chromium-6 related costs, including debt service on an estimated \$17 million dollar loan. In August 2017, the Chromium-6 regulation was rescinded, pending further review by the Department of Water Resources (DWR). The District spent approximately \$3.7 million dollars prior to the project being put on hold. The surcharge will continue for approximately 2 more years, or until costs have been recovered.

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

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

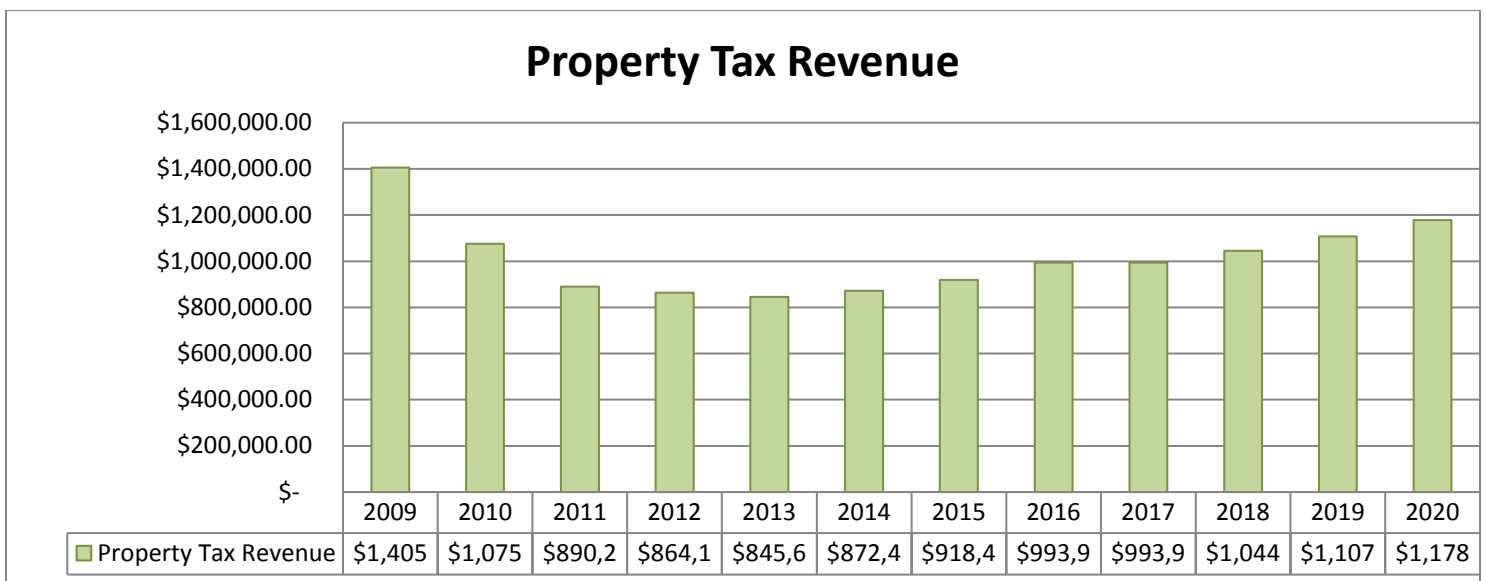
Beginning on 07/01/18 (or when the Chromium-6 project is added to the system) the surcharge is approved and scheduled to increase to cover the increased operational expenses of the additional operating assets. This increase was deferred, pending completion of the project, if the project is required after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

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

Property Tax Revenue (13% of total revenue) – Government Fund - The District receives a small share (approximately 7%) of the General Tax Levy: the 1% Ad Valorem tax.



Historical property tax revenue shows a significant decrease in property tax revenue between 2009 and 2013. This was due to the economic downturn that began in 2009 and leveled out in 2012: Property values dropped significantly, which impacted property tax revenue, stabilizing in 2013. Property values in the District have slowly begun rising, resulting in additional revenue, as indicated on the table below. Because the District was formed in 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) (3% 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 (2% of total revenue) – Government Fund - The District receives a small percent of the Solid Waste Fees collected by the authorized collection entity.

Meter Installation and Connection Fees (5% 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 has been slow over the past five years, this revenue stream has been much lower than it was during the building boom. This year, there has been an increase in new homes being built and the upward trend is expected to continue 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.

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

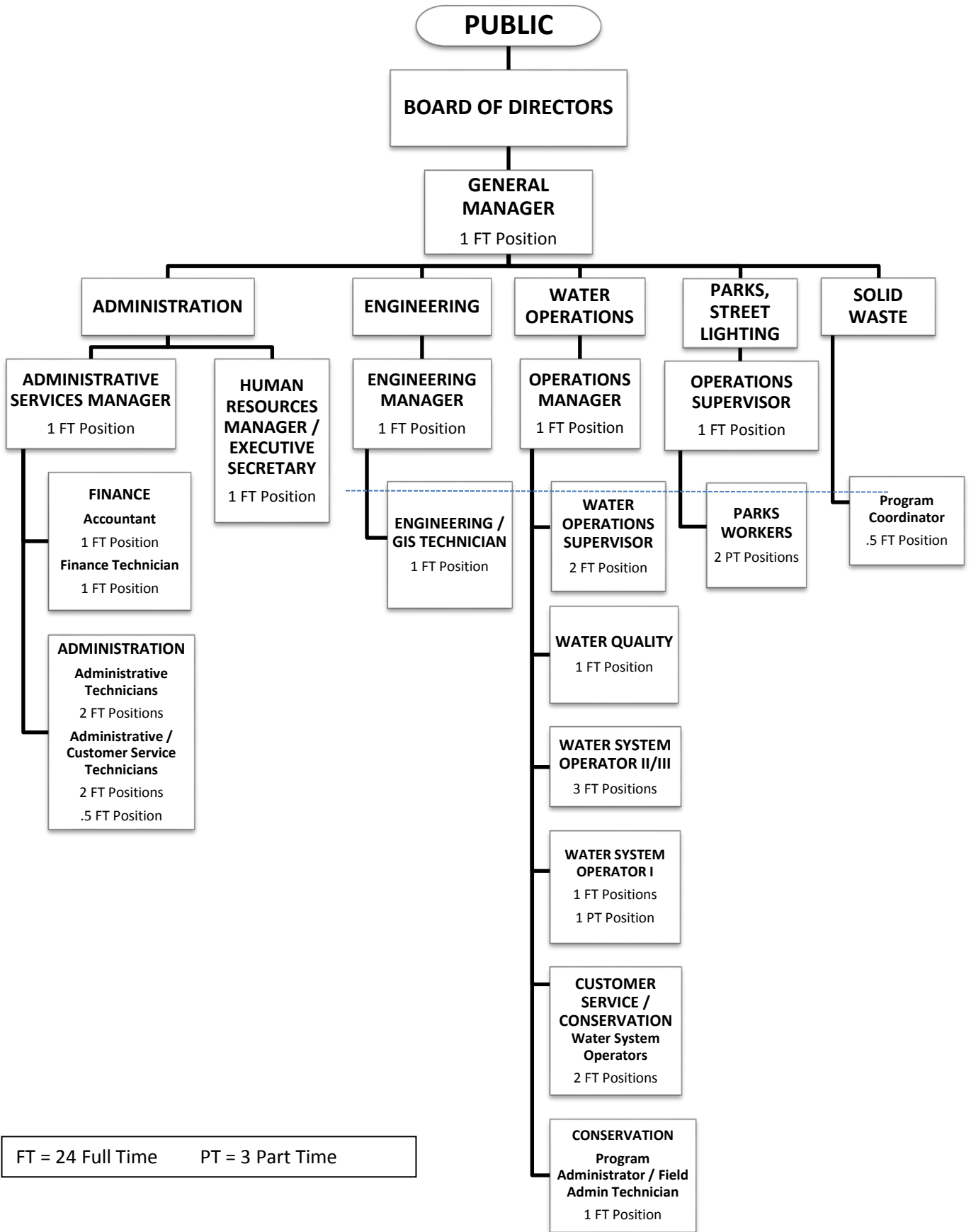
Parks and Recreation and Other Government Revenue (3% of total revenue) – Government Fund - Fees charged for various program participation (classes, etc.), facility rental (community center rental fees, etc.), and other fees and charges for programs and events sponsored by the Parks and Recreation department (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



FT = 24 Full Time PT = 3 Part Time

STAFFING LEVELS AND SUMMARY OF PERSONNEL

Fiscal Year Ending	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Manager	1	1	1	1	1	1	1	1	1	1	1	1
ADMINISTRATION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administrative Services Manager	1	1	1	1	1	1	1	1	1	1	1	1
Human Resources Manager/Executive Secretary	1	1	1	1	1	1	1	1	1	1	1	1
Admin. & Customer Service Staff	4	4	3	3	3	3	3	5	5	5	4.5	4.5
Finance Staff	1	1	2	2	2	2	2	2	2	2	2	2
TOTAL	7	7	7	7	7	7	7	9	9	9	8.5	8.5
ENGINEERING	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Engineering Manager	1	1	1	1	1	1	1	1	1	1	1	1
GIS/CAD (Outside Contractor)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1	1	1	1	1
TOTAL	1	1	1	1	1	1	1	2	2	2	2	2
WATER OPERATIONS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Operations Manager	1	1	1	1	1	1	1	1	1	1	1	1
Water Quality Specialist/Technician							1	1	1	1	1	1
Water Operations Supervisor	2	2	2	2	2	2	2	1	1	1	1	2
Conservation Program Administrator/Water Operations Administration								1	1	1	1	1
Water Operators	6	6	6	6	6	6	6	8	8	8	8	7
TOTAL	9	9	9	9	9	9	10	12	12	12	12	12
PARKS AND RECREATION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Park Supervisor	1	1	1	1	1	1	1	1	1	1	1	1
Park Workers - part time	2	2	2	2	2	2	2	2	2	2	2	2
TOTAL	3	3	3	3	3	3	3	3	3	3	3	3
STREET LIGHTING	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Street Light Staff	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0
SOLID WASTE	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Solid Waste Staff (Outside Contractor)	0	0	0	0	0	(1)	(1)	(1)	(1)	(1)	0.5	0.5
TOTAL	0	0	0	0	0	0	0	0	0	0	0.5	0.5
TOTAL STAFF	21	21	21	21	21	21	22	27	27	27	27	27

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

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

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

For the 2019/2020 year, there are no changes to staffing.

JOB CLASSIFICATIONS AND SALARY RANGES

Job Classifications

Classification Title	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary
ACCOUNTANT	28	\$31.21	\$40.58
ADMINISTRATIVE SERVICES MANAGER	52	\$56.45	\$73.39
ADMINISTRATIVE TECHNICIAN I	8	\$19.05	\$24.76
ADMINISTRATIVE TECHNICIAN II	12	\$21.03	\$27.33
ADMINISTRATIVE TECHNICIAN III	17	\$23.79	\$30.92
ASSISTANT CUSTOMER SERVICE SUPERVISOR	17	\$23.79	\$30.92
CUSTOMER SERVICE SUPERVISOR	24	\$28.28	\$36.76
ENGINEERING MANAGER	40	\$41.98	\$54.57
ENGINEERING TECHNICIAN	23	\$27.59	\$35.86
FINANCE SPECIALIST III	25	\$28.98	\$37.68
FINANCE TECHNICIAN I	15	\$22.64	\$29.43
FINANCE TECHNICIAN II	19	\$24.99	\$32.49
GENERAL MANAGER	66	\$79.77	\$103.70
HR MANAGER/EXECUTIVE SECRETARY	38	\$39.95	\$51.94
LEAD CUSTOMER SERVICE/WATER SYSTEM OPERATOR	21	\$25.62	\$33.30
PARKS MAINTENANCE I	2	\$16.42	\$21.35
PARKS MAINTENANCE II	6	\$18.13	\$23.57
PARKS OPERATIONS SUPERVISOR	28	\$31.21	\$40.58
WATER CONSERVATION SPECIALIST/WATER SYSTEM OPERATOR II	20	\$25.62	\$33.30
WATER OPERATIONS MANAGER	41	\$43.03	\$55.93
WATER OPERATIONS SUPERVISOR	27	\$30.45	\$39.59
WATER QUALITY TECHNICIAN	23	\$27.59	\$35.86
WATER SYSTEM OPERATOR I	13	\$21.55	\$28.02
WATER SYSTEM OPERATOR II	17	\$23.79	\$30.92
WATER SYSEM OPERATOR III	23	\$27.59	\$35.86

2019/2020 Salary Ranges

Salary Range	Monthly		Hourly	
	Minimum	Maximum	Minimum	Maximum
1	2,778	3,611	16.02	20.83
2	2,847	3,701	16.42	21.35
3	2,918	3,794	16.84	21.89
4	2,991	3,888	17.26	22.43
5	3,066	3,986	17.69	22.99
6	3,143	4,085	18.13	23.57
7	3,221	4,187	18.58	24.16
8	3,302	4,292	19.05	24.76
9	3,384	4,399	19.52	25.38
10	3,469	4,509	20.01	26.02
11	3,555	4,622	20.51	26.67
12	3,644	4,738	21.03	27.33
13	3,735	4,856	21.55	28.02
14	3,829	4,978	22.09	28.72
15	3,925	5,102	22.64	29.43
16	4,023	5,230	23.21	30.17
17	4,123	5,360	23.79	30.92
18	4,226	5,494	24.38	31.70
19	4,332	5,632	24.99	32.49
20	4,440	5,772	25.62	33.30
21	4,551	5,917	26.26	34.13
22	4,665	6,065	26.91	34.99
23	4,782	6,216	27.59	35.86
24	4,901	6,372	28.28	36.76
25	5,024	6,531	28.98	37.68
26	5,149	6,694	29.71	38.62
27	5,278	6,862	30.45	39.59
28	5,410	7,033	31.21	40.58
29	5,545	7,209	31.99	41.59
30	5,684	7,389	32.79	42.63
31	5,826	7,574	33.61	43.70
32	5,972	7,763	34.45	44.79
33	6,121	7,957	35.31	45.91
34	6,274	8,156	36.20	47.06
35	6,431	8,360	37.10	48.23
36	6,592	8,569	38.03	49.44

2019/2020 Salary Ranges continued

Salary Range	Monthly		Hourly	
	Minimum	Maximum	Minimum	Maximum
37	6,756	8,783	38.98	50.67
38	6,925	9,003	39.95	51.94
39	7,099	9,228	40.95	53.24
40	7,276	9,459	41.98	54.57
41	7,458	9,695	43.03	55.93
42	7,644	9,938	44.10	57.33
43	7,835	10,186	45.20	58.77
44	8,031	10,441	46.33	60.23
45	8,232	10,702	47.49	61.74
46	8,438	10,969	48.68	63.28
47	8,649	11,244	49.90	64.87
48	8,865	11,525	51.14	66.49
49	9,087	11,813	52.42	68.15
50	9,314	12,108	53.73	69.85
51	9,547	12,411	55.08	71.60
52	9,785	12,721	56.45	73.39
53	10,030	13,039	57.87	75.23
54	10,281	13,365	59.31	77.11
55	10,538	13,699	60.79	79.03
56	10,801	14,042	62.31	81.01
57	11,071	14,393	63.87	83.03
58	11,348	14,752	65.47	85.11
59	11,632	15,121	67.11	87.24
60	11,923	15,499	68.78	89.42
61	12,221	15,887	70.50	91.65
62	12,526	16,284	72.27	93.95
63	12,839	16,691	74.07	96.29
64	13,160	17,108	75.92	98.70
65	13,489	17,536	77.82	101.17
66	13,826	17,974	79.77	103.70
67	14,172	18,424	81.76	106.29
68	14,526	18,884	83.81	108.95

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 December to December time frame for the prior year establishes the Cost of Living Adjustment (COLA) rate each year. Employee salaries and salary ranges are adjusted accordingly, effective July 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 PEPR. The District does not participate in Social Security.

Medical, Dental, Vision Insurance – The District contributes up to \$1,203 per month per employee for Medical, Dental, and Vision insurance premiums contracted through the Districts insurance providers.

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

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

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

DEPARTMENT OVERVIEW

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

The Enterprise Fund includes the following departments:

Water Operations

The Government Fund includes the following departments:

Parks and Recreation
Street Lighting
Solid Waste 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 materials are utilized:

Administration
Engineering

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

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

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

The District completed its first Strategic Plan in February 2018. 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 22 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: Two managers, four full-time and one part-time administrative and two finance employees.

Primary Services:

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

Customer Service A/R Activities	Annual Quantity 2018/2019	Annual Quantity 2017/2018	Annual Quantity 2016/2017	Annual Quantity 2015/2016	Annual Quantity 2014/2015
Payments					
Cash	9,876	10,343	10,464	10,171	5,155
Check	10,805	10,013	11,552	10,187	6,938
Credit Cards	2,747	3,103	3,237	2,958	2,480
Mail	23,253	27,283	28,212	31,769	16,938
Online	21,790	18,606	16,328	14,474	8,697
TOTAL	68,471	69,348	69,793	69,559	40,208

Payments Received and Processed	Annual Quantity 2018/2019	Annual Quantity 2017/2018	Annual Quantity 2016/2017	Annual Quantity 2015/2016	Annual Quantity 2014/2015
Water	68,167	69,057	69,575	69,312	39,993
Government (Parks/Solid Waste, etc)	304	291	300	269	210
TOTAL	68,471	69,348	69,875	69,559	40,208

Customer Service Other Activities	Annual Quantity 2018/2019	Annual Quantity 2017/2018	Annual Quantity 2016/2017	Annual Quantity 2015/2016	Annual Quantity 2014/2015
Service Orders Processed	4,606	5,308	5,288	5,324	4,342
Assisted Customers at Counter	23,428	23,459	25,253	23,316	14,573

Accounting Activities	Annual Quantity 2018/2019	Annual Quantity 2017/2018	Annual Quantity 2016/2017	Annual Quantity 2015/2016	Annual Quantity 2014/2015
Checks Processed	2,076	1,911	3,030	2,405	2,510
Accounts Payable Transactions	12,054	14,245	16,182	18,912	16,625
Payroll Transactions	2,516	2,519	2,832	3,175	2,815
Journal Entries Transactions	1,464	2,448	2,490	2,337	2,489
Fixed Asset Transactions	265	247	254	282	303
Inventory Transactions	1,974	2,599	2,648	1,788	2,183
Water Bills Processed	83,225	82,139	82,091	82,043	41,207
Monthly Invoices Processed	222	186	184	173	144

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

Projects in Progress and/or Completed in 2018/2019:

- Receive CAFR Award from GFOA (Government Finance Officers Association) – SPG 4.4, 4.5 - Complete
- Receive Budget Award from GFOA and CSMFO – SPG 4.1, 4.5 - Complete
- Transparency Certification from California Special District Association (CSDA) – Complete/ongoing
- Provide outstanding customer service – SPG 6.6 – Complete/ongoing
- Scan of customer service files into Tyler system – 98% Complete
- Explore and implement treasury options - Ongoing
- Update policies and procedures – SPG 4.6 - Ongoing
- Cross-training program – SPG 6.5 – Complete/Ongoing
- Develop Data Security Response Program - Complete
- Update Employee Personnel Manual – SPG 6.4 – 95% Complete

2019/2020 Goals:

- Receive CAFR Award from GFOA (Government Finance Officers Association) – SPG 4.4, 4.5
- Receive Budget Award from GFOA and CSMFO – SPG 4.1, 4.5
- Maintain Transparency Certification from California Special District Association (CSDA)
- Continue providing outstanding customer service – SPG 6.6
- Complete scanning of customer service files into Tyler system
- Continue to explore and implement treasury options – SPG 4.7
- Continue to update policies and procedures – SPG 4.6
- Continue cross-training program – SPG 6.5
- Develop Succession and Retention Planning Program – SPG 6.1
- Finalize update to Employee Personnel Manual – SPG 6.4
- Implement Modern Asset Management Program – SPG 3.3
- Implement Key CIP Projects – SPG 3.4
- Emergency Preparedness – SPG 3.5
- Maintain and Update Maintenance Measures – SPG 3.6
- Complete Water Rate and Fee Study – SPG 4.2
- Complete Connection Fee Study – SPG 4.2



ENGINEERING

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

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

Primary Services:

- Implement District policies pursuant to Board direction
- GIS and mapping system development and maintenance
 - Monthly data report extraction, from Sedaru and Tyler, for GIS facility updates.
 - Monthly web map updates.
- Project and contract management
- Capital Improvement Program (CIP) development
- Water resources planning
- Maintenance of facilities master plan and hydraulic models for water system
- Engineering analysis of new construction and development projects
- Plan check and permitting for construction
- As-built management
- Develop and coordinate Request for Proposal (RFP) for District projects
- Participate in Mojave Water Agency's Technical Advisory Committee
- Participate in various joint agency programs (County Utility Committee, Caltrans, etc.)
- Process water inquiries / water availability inquiries / fire flow letters
- Coordinate general IT services – servers and workstations
- Annual Water Loss Audit
- District Staff Support: Maps, presentations, data management, analysis and reports, graphs, signage, etc.

2018/2019	
Project Management	
Total Projects	5
Field verification and documentation (GPS, mapping) of facilities	
Meters (new and relocated)	42
Wells	2
Hydrants	1
Valves	7
Mainline Extension	2
GIS (Facility Mapping)	
Base map (San Bernardino County Parcels) Download	2
Roads (San Bernardino County) Download	2
Imagery (San Bernardino County) Download	1
Meter Updates	439
Service Line Replacements	112
Valve Exercise Tracking	832
Mainline Repairs	6
Maps/Exhibits/Graphs – Created/Distributed	

Various Projects, District Events and System Analysis	13
Water Facility Information Distribution	
Roadway Projects: As-Built (proposed design projects)	0
Request for Public Records	7
Plan Check	
Mainline Extension, Private	3
Mainline Extension, District – Sunny Slope	1
Development Services	
Water Availability Inquiries	329
Will Serve Letters	134
Fire Flow Letters	33
Project Files	
Cataloged and Stored	0

Projects in Progress and/or Completed in 2018/2019:

- Expand GIS application and field data to include links to as-built, easements, etc. – SPG 1.3, 3.6 - In progress
- GIS water meter data (Geometric Network lateral locations) – SPG 1.6, 3.6 - Completed
- FY 2018/2019 Standby Charge Engineer’s Report update coordination - Annual
- Air Vacuum/Air Release maintenance and repair program - mapping and GIS / GPS – SPG 1.3, 3.6 – In progress
- Phelan Community Center Parking Lot Rehabilitation Project – design management and County plan review coordination – SPG 2.2 - Completed
- Hydraulic Model Update – SPG 3.1, 3.4 - Completed
- Pressure Zone 7 Expansion (Tank 6A capacity mitigation) pipeline projects - SPG 1.3, 3.4 -, 65% Completed (Design and Easement Acquisition)
- Snowline Joint Unified School District – Sunnyslope Water Pipeline Project - SPG 3.4 - Completed
- Exterior Tanks Blast and Recoat - SPG 1.3, 3.4 (Completed)
- Caltrans Highway 18 Improvement – Fire Hydrant Relocation Project - SPG 3.4 - Completed
- Sedaru mobile application task expansion - SPG 1.3, 3.4 - Completed

2019/2020 Goals:

- Expand GIS application and field data to include links to as-built, easements, etc. – SPG 1.3, 3.6
- Phelan Community Center Parking Lot Rehabilitation Project – ground breaking August 2019 - SPG 2.2
- Pressure Zone 7 Expansion (Tank 6A capacity mitigation) pipeline projects - SPG 1.3, 3.4
- Expand GIS platform – transfer to a server-based system (SQL Server configuration and data migration)
- Thermal Imagery leak detection program - SPG 1.1
- Chromium-6 Mitigation Project – Engineering Study of potential revised mandates
- 2020 Water Master Plan – Review, Manage – SPG 3.1, 3.4
- 2020 Urban Water Management Plan – Review, Manage -
- 2020 Water Rate and Connection Fee Study – Review, Manage – SPG 4.2, 4.3
- Site 3C Booster “A” and “B” design & engineering coordination - SPG 1.3, 3.4
- Smithson Springs – Tank and Pipeline Study/Design – SPG 1.4

WATER OPERATIONS

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

Organization: The staff consists of one manager, one supervisor, one water quality specialist, one water conservation program/operations administrator, seven water operators, and one part-time water operator. 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	11
Miles of Water Main	353
Wells (1,000'+ deep)	11
Reservoirs	35
Booster Stations	24
Booster Pumps	63
Pressure Reducing Stations	32
Service Connections (Meters)	6,913

Water Operations Activities	Annual
Water Quality Samples Taken	653
USA's Marked	7,863
Service Orders Completed	5,408
Services Disconnected/Reconnected Shut-off Cycle	2,418
Water Operations Activities	Annual
Main/Service Line Leaks repaired	422
Service Line Replacements	129
Hydrant Repairs	16

Projects in Progress and/or Completed in 2018/2019:

- Valve maintenance and exercising program - 2,200 a year goal – SPG 1.3, 3.6 – 1,276 Completed
- Hydrant maintenance and flushing program 600 a year goal – SPG 1.3, 3.6 - Ongoing
- Dead End flushing Program all flushed yearly no exceptions – SPG 1.3, 3.6 – 239 Completed
- Service Line Replacement Program 100 a year goal – SPG 1.1, 1.3, 1.5, 3.6 – 129 Completed
- Cross Connection prevention program – 100% Complete - Ongoing
- Air-Vac Maintenance and flushing program 250 a year goal – SPG 1.3, 3.6 - Ongoing
- Monthly tank inspections and Bi-annual overflows to ensure good sanitary practices – SPG 1.3, 3.6 - Ongoing
- Quarterly sand testing of wells and boosters – SPG 1.3, 3.6 - Ongoing
- PRV maintenance and repair program – SPG 1.3, 3.6 - Ongoing
- Provide training and education to all staff in OSHA regulations including trench shoring, confined space entry, fall protection, and traffic safety – SPG 6.5 – 100% Complete - Ongoing
- Continue strict and accurate inventory standards established over the last year – 100% Complete - Ongoing
- Perform annual pump efficiency at wells and boosters' – SPG 1.3, 3.6 - Ongoing
- Perform annual meter certifications at all wells – SPG 1.3, 3.6 - Ongoing
- Systematic and thorough cleaning of selected reservoirs – SPG 1.3, 3.6 – 100% Complete - Ongoing
- UCMR4 – 100% Complete
- Train all staff on SCADA system – SPG 6.5 – 100% Complete - Ongoing
- Cross training of all field staff to improve operators abilities in various departments – SPG 6.5 – 100% Complete
- Develop and implement a vehicle and equipment maintenance schedule and tracking procedure to ensure longevity – SPG 1.3, 3.6 – 100% Complete - Ongoing
- Annual exercise of the emergency response and public notification plans- every April – 100% Complete - Ongoing
- Pursue innovative ways to maximize efficiency of staff while simultaneously reducing costs and overtime expenditures - SPG 1.5 – Ongoing
- Provide outstanding customer service – SPG 6.6 - Ongoing

2019/2020 Goals:

- Continue valve maintenance and exercising program - 2,200 a year goal – SPG 1.3, 3.6
- Continue hydrant maintenance and flushing program 600 a year goal – SPG 1.3, 3.6
- Continue Dead End flushing Program all flushed yearly no exceptions – SPG 1.3, 3.6
- Continue Service Line Replacement Program 100 a year goal – SPG 1.1, 1.3, 1.5, 3.6
- Continue Cross Connection prevention program
- Continue Air-Vac Maintenance and flushing program 150 a year goal – SPG 1.3, 3.6
- Continue Monthly tank inspections and Annual overflows to ensure good sanitary practices – SPG 1.3, 3.6
- Continue Quarterly sand testing of district wells and boosters – SPG 1.3, 3.6
- Continue PRV maintenance and repair program – SPG 1.3, 3.6
- Continue to provide training and education to all staff in OSHA regulations including trench shoring, confined space entry, fall protection, and traffic safety – SPG 6.5
- Continue strict and accurate inventory standards established over the last year
- Perform annual pump efficiency at district wells and boosters' – SPG 1.3, 3.6
- Perform annual meter certifications at all district wells – SPG 1.3, 3.6
- Systematic and thorough cleaning of selected district reservoirs - SPG 1.3, 3.6
- Continue to train all staff on SCADA system – SPG 6.5
- Continue annual exercise of the districts emergency response and public notification plans- every April
- Continue to pursue innovative ways to maximize efficiency of district staff while simultaneously reducing costs and overtime expenditures - SPG 1.5
- Streamline communication devices for the District and phase out pagers & radios to new devices-SPG 1.5
- Remain in compliance with CARB by purchasing new Tier 4 final dump truck- SPG 1.3,3.6
- Develop and implement a water loss control program to effectively reduce system water loss- SPG 1.3
- Coordinate and implement new pressure pneumatic system at reservoir 6A with dual redundancy - SPG 1.3, 3.6



PARKS AND RECREATION

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

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

Primary Services:

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

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

Parks and Recreation Activities	2018/2019	Phelan Community Center	Piñon Hills Community Center	Office
Phelan Rental	142	142		
Phelan PPHCSD Activities	354	354		
Board Meetings	27	27		
Committee Meetings	59			59
Piñon Hills Rental	94		94	
Piñon Hills PPHCSD Activities	77		77	
TOTAL	753	474	171	59

Weekly Events:

- Phelan Farmers Market
- Senior Line Dancing

Monthly Events:

- Phelan Senior Lunch Program
- Piñon Hills Senior Lunch Program

Annual Events:

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

Annual Events in Partnership with Other Agencies:

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

Projects in Progress and/or Completed in 2018/2019:

- Continue to improve park operations – SPG 2.2, 3.6 - Ongoing
- Continue to provide additional training for staff – SPG 6.5 - Ongoing
- Continue pursuit of additional recreation programs in partnership with businesses, clubs, and local sports associations – SPG 2.5 - Ongoing
- Continue pursuit of additional recreational programs to meet community needs – SPG 2.5 - Ongoing
- Continue to repair or replace approved equipment and facilities from the 10-year maintenance plan – SPG 3.4, 3.6 – Complete - Ongoing
- Complete design, removal and installation of Phelan parking lot – SPG 3.4, 3.6 – Construction scheduled for August 2019
- Complete study and development of a parks master plan – SPG 3.4, 3.6 - Complete

2019/2020 Goals:

- Continue to improve park operations – SPG 2.2, 3.6
- Continue to provide additional training for staff – SPG 6.5
- Continue pursuit of additional recreation programs in partnership with businesses, clubs, and local sports associations – SPG 2.5
- Continue pursuit of additional recreational programs to meet community needs - ongoing
- Continue to repair or replace approved equipment and facilities from the 10-year maintenance plan – SPG 3.4, 3.6
- Complete design, removal and installation of Phelan parking lot – SPG 3.4, 3.6
- Implement master plan as a guide for Parks and Recreation Planning – SPG 3.4, 3.6



STREET LIGHTING

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

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

Primary Services:

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

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

Projects in Progress and/or Completed in 2018/2019:

- There were no requests for street lights in 2018/2019.

2019/2020 Goals:

- Identify additional locations that may benefit from street lights – SPG 2.6
- Process requests for additional street lights

SOLID WASTE AND RECYCLING

Solid Waste

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

Organization: The administration of solid waste and recycling is performed by on half-time employee, the administrative staff and the Board of Directors as necessary.

Primary services:

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

Solid Waste and Recycling:	
Number of Residential Customers	3,830
Number of Commercial Customers	113

Projects in progress and/or completed in 2018/2019:

- Two Community Clean Up Days– SPG 7.3 – Complete – Ongoing
- Tire Recycling Program– SPG 7.3 – Complete – Ongoing
- School Recycling Contest – SPG 7.1 – Complete – Ongoing
- School Outreach (Mr. Eco, Education, Partnerships) – SPG 7.4 – Complete – Ongoing
- Implement Uniform Commercial Collection – SPG 7.1 – Ongoing
- Composting workshop – SPG 7.3 – Complete - Ongoing
- Recycling workshop/outreach program – SPG 7.3 – Complete - Ongoing
- Art contest – SPG 7.3 – Complete - Ongoing
- Expand voluntary residential collection participation – SPG 7.3 - Ongoing
- Develop new programs – SPG 7.3 - Ongoing
- Develop/expand new partnerships – SPG 7.3 - Ongoing

2019/2020 Goals

- Two Community Clean Up Days – SPG 7.3
- Tire Recycling Program – SPG 7.3
- School Recycling Contest – SPG 7.1
- School Outreach (Mr. Eco, Education, Partnerships) – SPG 7.4
- Complete Implementation Uniform Commercial Collection – SPG 7.1
- Composting workshop – SPG 7.3
- Recycling workshop/outreach program – SPG 7.3
- Earth Day contest – SPG 7.3
- Expand voluntary residential collection participation – SPG 7.3
- Develop new programs – SPG 7.3
- Develop/expand new partnerships – SPG 7.3



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

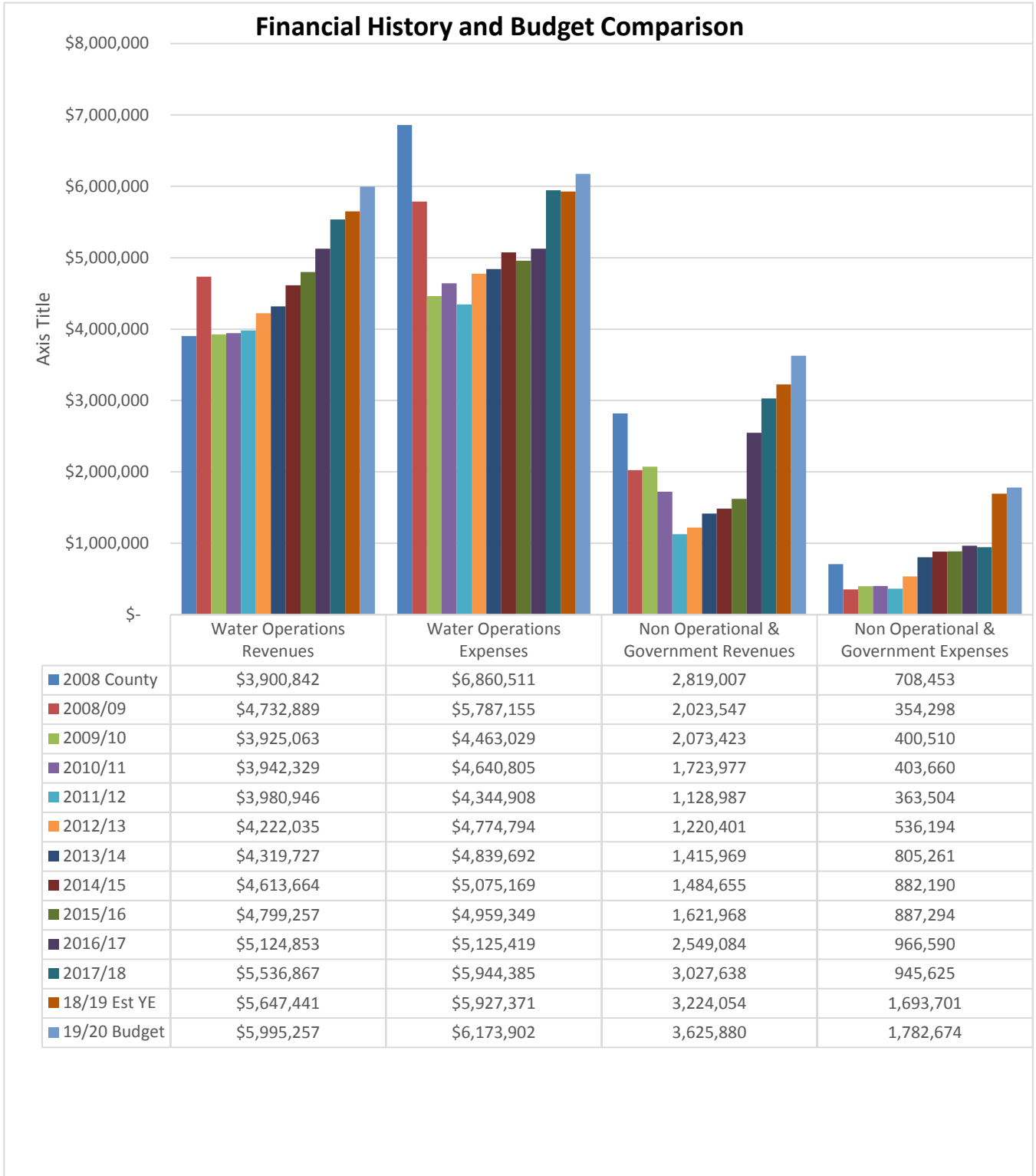
BUDGET FINANCIAL
REPORTS

Financial History and Budget Comparison

HISTORICAL INFORMATION													
	COUNTY 2007/08 Audited Actual	PPHCSD 2008/09 Audited Actual	PPHCSD 2009/10 Audited Actual	PPHCSD 2010/11 Audited Actual	PPHCSD 2011/12 Audited Actual	PPHCSD 2012/13 Audited Actual	PPHCSD 2013/14 Audited Actual	PPHCSD 2014/15 Audited Actual	PPHCSD 2015/16 Audited Actual	PPHCSD 2016/17 Audited Actual	PPHCSD 2017/18 Audited Actual	PPHCSD 2018/19 Estimated Year End	PPHCSD 2019/20 PROPOSED Budget
	A	B	C	D	E	F	G	H	H	H	I	J	
1 Operating Revenue - Enterprise Fund													
2 Water Sales	\$ 3,535,832	\$ 4,348,927	\$ 3,627,592	\$ 3,536,555	\$ 3,511,083	\$ 3,818,440	\$ 3,902,404	\$ 4,214,090	\$ 4,338,006	\$ 4,662,972	\$ 5,070,659	\$ 5,167,039	\$ 5,513,995
3 Special Assessments	307,104	283,142	219,623	324,650	355,749	303,841	299,818	295,257	309,682	299,385	296,438	294,439	293,439
4 Other Services	57,906	100,820	77,848	81,123	114,114	99,754	117,505	104,317	151,570	162,496	169,769	185,963	187,823
5 Total Operating Revenues	\$ 3,900,842	\$ 4,732,889	\$ 3,925,063	\$ 3,942,329	\$ 3,980,946	\$ 4,222,035	\$ 4,319,727	\$ 4,613,664	\$ 4,799,257	\$ 5,124,853	\$ 5,536,867	\$ 5,647,441	\$ 5,995,257
7 Operating Expenses - Enterprise Fund													
8 Water Purchases	Incl Below	\$ 315,588	228,683	147,596	7,903	32,259	36,544	76,782	7,357	9,591	15,419	10,298	12,728
9 Salaries and Benefits	2,025,913	1,027,983	1,313,039	1,473,407	1,415,838	1,628,096	1,613,197	1,577,871	1,720,838	1,761,698	2,023,633	2,215,775	2,376,970
10 Board Compensation	Incl Below	32,469	40,453	49,153	52,115	92,764	94,526	96,363	93,767	83,182	81,723	95,502	100,582
11 Professional Services	176,635	401,008	273,866	309,171	246,374	309,590	254,622	260,084	364,927	331,858	403,027	304,918	291,008
12 Services and Supplies	1,128,024	1,839,640	694,474	572,750	604,586	742,780	722,763	846,674	770,652	861,307	1,052,525	1,104,428	1,251,917
13 Rents and Leases	602	45,944	57,254	62,166	-	-	-	-	-	-	-	-	-
14 Utilities	740,199	1,079,743	796,802	780,447	725,832	752,745	880,366	959,004	723,104	592,515	442,382	354,069	296,448
15 Depreciation (Ent Funds)	774,842	886,786	1,058,282	1,245,913	1,292,064	1,214,772	1,229,221	1,257,916	1,274,450	1,476,403	1,924,171	1,827,999	1,829,827
16 Other	2,014,296	157,996	176	202	196	1,789	8,453	474	4,254	8,865	1,505	14,382	14,422
17 Total Operating Expenses	\$ 6,860,511	\$ 5,787,155	\$ 4,463,029	\$ 4,640,805	\$ 4,344,908	\$ 4,774,794	\$ 4,839,692	\$ 5,075,169	\$ 4,959,349	\$ 5,125,419	\$ 5,944,385	\$ 5,927,371	6,173,902
18													
19 Net Operational Income Water	\$ (2,959,669)	\$ (1,054,267)	\$ (537,966)	\$ (698,477)	\$ (363,962)	\$ (552,759)	\$ (519,965)	\$ (461,505)	\$ (160,092)	\$ (566)	\$ (407,518)	\$ (279,930)	(178,645)
21 Non-Operating Revenues (Expenses) - Enterprise Fund													
22 Property Taxes	930,019	-	14,631	-	-	4,930	520,785	548,350	669,385	448,000	427,907	381,954	331,456
23 Investment Earnings	\$ 762,732	\$ 455,757	147,916	81,883	51,488	29,375	13,916	15,827	18,687	42,201	85,216	159,995	167,995
24 Investment Expense	(164,934)	(140,689)	(157,407)	(115,933)	(109,373)	(262,681)	(282,344)	(406,151)	(430,178)	(421,596)	(404,655)	(374,668)	(353,493)
25 Other Income, Penalties, etc	202,410	-	105,652	103,017	122,988	120,814	122,755	164,193	197,048	930,276	1,104,990	912,881	1,256,059
26 Other Income, State, County, Grants	-	459,388	271,980	151,582	39,514	-	-	-	436,492	125,902	-	331,431	-
27 Connection Fees	440,970	80,698	59,692	-	23,649	33,317	64,184	114,813	146,037	208,601	337,088	567,347	472,994
28 Other Expense	(156,647)	(5,367)	-	-	-	-	-	-	-	(14,589)	(10,722)	(803,452)	(808,765)
29 Total Non-Operating Rev(Exp) Enterprise	\$ 2,014,550	\$ 849,788	\$ 442,464	\$ 220,549	\$ 128,267	\$ (74,244)	\$ 439,295	\$ 437,032	\$ 1,037,471	\$ 1,318,796	\$ 1,539,824	\$ 1,175,489	\$ 1,066,246
31 Operating Revenue and Expense - Government Fund													
32 Ordinary Income Government Funds	Incl Below	19,109	13,046	20,622	36,405	24,772	13,065	19,758	35,196	24,220	25,098	25,643	25,899
33 Ordinary Expense Government Funds	Incl Below	(177,193)	(240,960)	(284,963)	(250,704)	(1,270,102)	(520,990)	(472,632)	(454,663)	(527,845)	(527,521)	(513,074)	(617,815)
34 Net Operational Income Government	\$ -	\$ (158,085)	\$ (227,914)	\$ (264,341)	\$ (214,299)	\$ (1,245,331)	\$ (507,925)	\$ (452,875)	\$ (419,467)	\$ (503,625)	\$ (502,424)	\$ (487,431)	\$ (591,917)
36 Non-Operating Revenues (Expenses) - Government Fund													
37 Property Taxes	365,205	1,323,361	1,095,156	907,485	843,931	845,706	374,864	403,631	355,786	614,551	723,918	780,610	898,175
38 Investment Earnings	\$ 9,624	\$ 9,390	11,191	10,970	20,152	16,555	11,667	13,607	58,233	33,106	56,933	85,256	89,519
39 Other Income	108,047	135,232	143,101	-	500	405	5,296	63,481	26,792	67,848	62,821	104,322	170,938
40 Other Income State, County, Grants	-	-	483,038	600,000	-	-	140,000	-	-	-	-	-	-
41 Other Income Adj (non-cash Donations)	-	-	-	-	-	2,772,000	-	-	-	-	-	-	-
42 Income Solid Waste	-	-	-	-	29,874	144,527	149,437	140,996	157,210	180,281	203,667	206,046	212,845
43 Other Expense	(386,872)	(31,050)	(2,143)	(2,763)	(3,427)	(3,411)	(1,926)	(3,407)	(2,454)	(2,561)	(2,726)	(2,507)	(2,800)
44 Net Non-Operating Rev(Exp) Gvmt	\$ 96,004	\$ 1,436,933	\$ 1,730,343	\$ 1,515,692	\$ 891,029	\$ 3,775,782	\$ 679,338	\$ 618,308	\$ 553,161	\$ 893,226	\$ 1,044,612	\$ 1,173,727	\$ 1,368,878
45													
46 Net Income	(849,115)	1,074,370	1,406,927	773,423	441,035	1,903,448	90,743	140,960	1,011,074	1,707,831	1,674,495	1,581,854	1,664,562
47 Donated Property & Depreciation						(1,706,341)							
48 Depreciation Not Funded (40%)	\$ 309,937	\$ 375,114	\$ 443,713	\$ 518,765	\$ 537,226	\$ 912,173	\$ 573,651	\$ 585,129	\$ 553,331	\$ 634,112	\$ 813,219	\$ 774,490	776,087
49 Loan Principal Payments + C6 Exp.	(96,000)	(100,031)	(103,532)	(92,847)	(96,097)	(276,085)	(368,657)	(478,349)	(478,349)	(1,163,236)	(276,085)	(1,317,517)	(1,370,429)
50 Net Avail for Projects/Reserves	\$ (635,178)	\$ 1,349,454	\$ 1,747,108	\$ 1,199,341	\$ 882,164	\$ 833,195	\$ 295,737	\$ 247,740	\$ 1,086,056	\$ 1,178,706	\$ 2,211,628	\$ 1,038,828	1,070,220
51													
52 Beginning Cash in Bank													16,144,419
53 RESERVES													(8,987,234)
54 DEPRECIATION FUNDED (60%)													1,164,131
55 CIP PROJECTS													(731,800)
56 CAPITAL PURCHASES													(210,000)
57 TRANSFER TO RESERVES													(476,566)
58 CASH BALANCE = AVAILABLE CASH FOR PROJECTS													7,973,169

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

Phelan Piñon Hills Community Services District



BUDGET OVERVIEW

At the onset of the budget process, the Board requested the 2019/2020 Budget be prepared with the following assumptions for increases as compared to estimated year-end figures: water revenues increase by 6%, and expenditures increase by 2.5%, except where certain increases/decreases are known and noted below. The lines (such as "line 2/20") identified below are in the Budget Summary and Budget Detail, respectively.

2019/2020 Budget	Enterprise Fund	Government Fund	Total
Operational Revenues	\$5,995,257	\$25,899	\$6,021,156
Operational Expenses	-\$6,173,902	-\$617,815	-\$6,791,717
Net Revenue from Operations	-\$178,645	-\$591,917	-\$770,561
Non-Operational Revenues	\$2,228,504	\$1,371,478	\$3,599,981
Non-Operational Expenses	-\$1,162,258	-\$2,600	-\$1,164,858
Net Revenue from Non-Ops	\$1,066,246	\$1,368,878	\$2,435,123
Sub-Total Revenue	\$887,601	\$776,961	\$1,664,562
Unfunded Depreciation	\$731,931	\$44,156	\$776,087
Principal Payments on Loans	-\$561,664	\$0	-\$561,664
Sub-Total Revenue	\$1,057,867	\$821,117	\$1,878,985
Repayment of Reserves	-\$320,000	-\$156,566	-\$476,566
Capital Budget	-\$711,200	-\$230,600	-\$941,800
Total Net Revenue	\$26,667	\$433,952	\$460,619

OPERATIONAL INCOME:

Water revenue budgeted for 2019/2020 assumes a rate change that will provide an additional 6% in revenue from meter fees, and water consumption, plus assumes an additional 55 new meter connections. (Line 3/22)

Special Assessments, standby fees applied to vacant, unmetered, land, are expected to be slightly less in the coming year due to anticipated growth. (Line 4/25)

Parks fees reflect no change over 2018/2019 as scheduled programs and rental fees are expected to remain the same. (Line 5/28)

The total net operational income is projected to be \$6,021,156. This equates to an increase of \$348,072 compared to the current estimated year end operating revenue. (Line 7/33)

OPERATIONAL EXPENSES:

Water Purchases are expected to increase by 24% in the coming year. This is due to an increase in fees by the WaterMaster (Line 10/41). This expense remains steady as the District purchased water rights that eliminated the annual expense for replacement water of approximately \$762,000, producing a net savings of \$412,501 after the loan payment.

Salaries and Benefits reflect an 8.5% increase over the 2018/2019 estimated year end. The 2019/2020 Budget includes a 3.2% increase for COLA, a 1.4% increase for merit, if warranted, salary range adjustments, and an increase in insurance expense. (Line 11/53)

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% increase. (Line 12/60)

Professional Fees are estimated to be 3.4% lower due to a reduction in outside services. (Line 13/69)

Services and Supplies is 16.4% higher due to an increase in services and programs, such as line locations and meter and line replacement programs. There are additional programs budgeted in the coming year for solid waste and recycling. (Line 14/101)

Utilities are 14.5% lower due to solar credits in addition to a projected increase of 5% by Edison in the coming year. (Line 15/107)

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

Total operational expenses are to increase by 5.5% over estimated year end.

NON-OPERATIONAL INCOME:

Property Tax revenue is projected to increase by 6% this year. After years of reductions due to foreclosures and a decline in property values, the economic forecast for the area shows that values are increasing. Property tax diverted to Water Operations is being reduced by 10% each year to eliminate Water Operations reliance on non-operational income within ten years. (Line 21/132)

Penalties and Other Fees are expected to increase in 2019/2020 relative to the rate increase for water. (Line 22/135)

Solid Waste revenue is expected to have a 3.3% increase in the coming year. (Line 23/138)

Meter Installation and Connection Fees are expected to decrease 16.6%. In the prior year there was a one-time installation of some larger meters, which drove the revenue up. The meter installations for the coming year are estimated to be residential. (Line 24/143)

Other Income shows an increase 5.6% primarily due to a new lease agreement. (Line 25/154)

NON-OPERATIONAL EXPENSES:

Other Expenses and loan related expenses will decrease slightly this year due to aging loans.
(Line 29/163)

**Phelan Piñon Hills Community Services District
2019/2020 Budget**

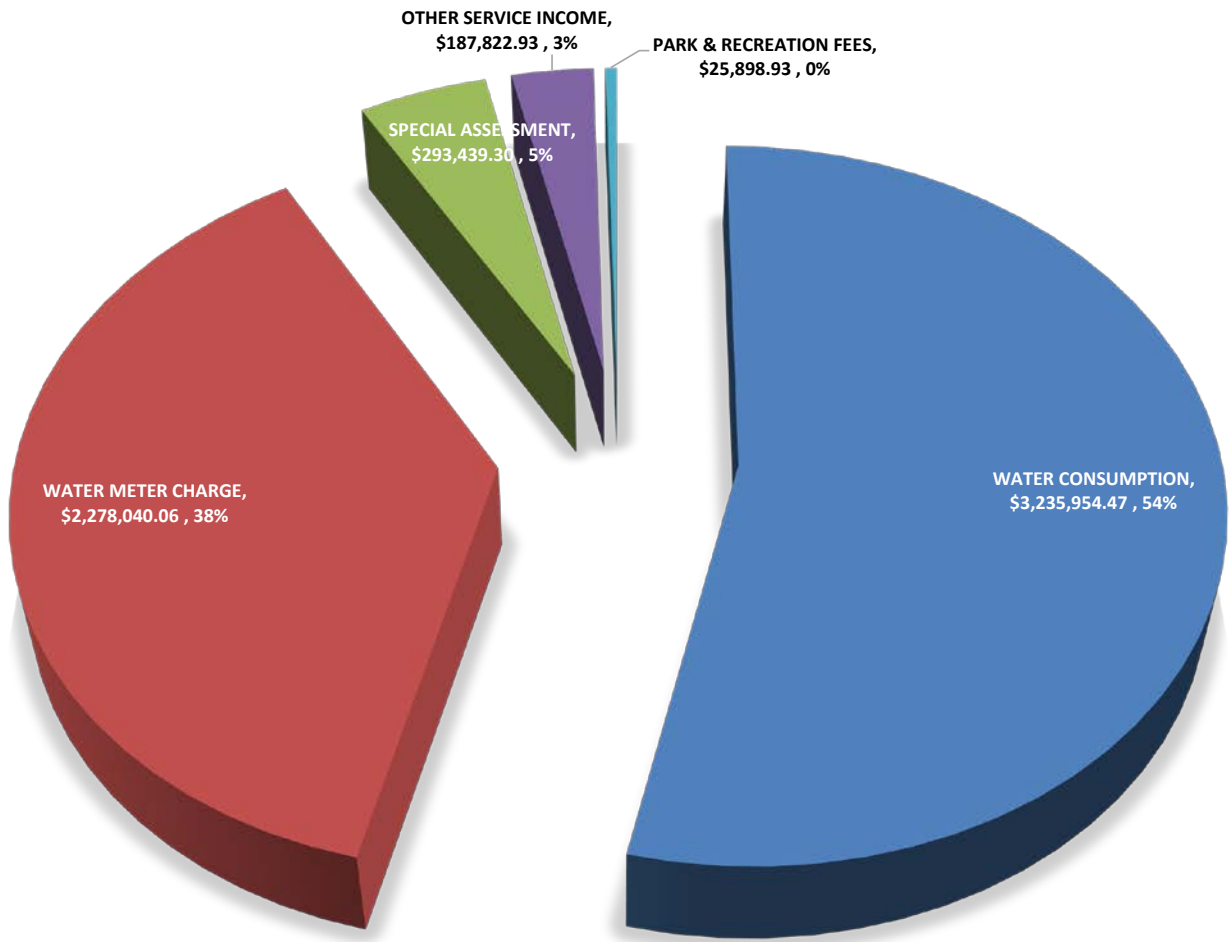
		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2019/2020 BUDGET	2019/2020 BUDGET	2019/2020 BUDGET
1	Operational Income/Expense			
2	Income			
3	WATER SALES			
4	WATER CONSUMPTION			
5	40010 Water Sales - Residential - C	2,847,377.66	0.00	2,847,377.66
6	40020 Water Sales - Commercial - C	45,696.65	0.00	45,696.65
7	40030 Water Sales - Fire Protection-C	0.00	0.00	0.00
8	40060 Water Sales - Multiple Res - C	2,662.87	0.00	2,662.87
9	40070 Water Sales - School - C	318,854.99	0.00	318,854.99
10	40090 Water Sales - Construction - C	15,514.33	0.00	15,514.33
11	40110 Water Sales - Non-Potable Water	5,847.98	0.00	5,847.98
12	Total WATER CONSUMPTION	3,235,954.47	0.00	3,235,954.47
13	WATER METER CHARGE			
14	41010 Water Sales - Residential - M	2,215,181.84	0.00	2,215,181.84
15	41020 Water Sales - Commercial - M	15,705.34	0.00	15,705.34
16	41030 Water Sales - Fire Protection-M	2,404.08	0.00	2,404.08
17	41060 Water Sales - Multiple Res - M	2,454.32	0.00	2,454.32
18	41070 Water Sales - School - M	30,666.62	0.00	30,666.62
19	41090 Water Sales - Construction - C	11,627.85	0.00	11,627.85
20	41090 Water Sales - Non-Potable Water	0.00	0.00	0.00
21	Total WATER METER CHARGE	2,278,040.06	0.00	2,278,040.06
22	Total · WATER SALES	5,513,994.53	0.00	5,513,994.53
23	SPECIAL ASSESSMENT			
24	74110 Special Assessments	293,439.30	0.00	293,439.30
25	Total · SPECIAL ASSESSMENT	293,439.30	0.00	293,439.30
26	PARKS			
27	47600 Park & Recreation Fee	0.00	25,898.93	25,898.93
28	Total · PARKS	0.00	25,898.93	25,898.93
29	OTHER SERVICE INCOME			
30	48200 Other Services Incomes	128,423.57	0.00	128,423.57
31	48700 Administrative Fees	59,399.36	0.00	59,399.36
32	Total · OTHER SERVICE INCOME	187,822.93	0.00	187,822.93
33	Total Income from Operations	5,995,256.76	25,898.93	6,021,155.68
34	Gross Profit	5,995,256.76	25,898.93	6,021,155.68
35	Expense			
36	WATER PURCHASES			
37	50010 MWA WM Admin. & Bio Fee	11,727.88	0.00	11,727.88
38	50020 MWA WM Make Up Water	1,000.00	0.00	1,000.00
39	50030 MWA WM Replacement Water	0.00	0.00	0.00
40	50040 Water Purchases - Other	0.00	0.00	0.00
41	Total · WATER PURCHASES	12,727.88	0.00	12,727.88

		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2019/2020 BUDGET	2019/2020 BUDGET	2019/2020 BUDGET
42	SALARIES & BENEFIT			
43	51110 Salaries & Wages	1,385,765.65	163,682.60	1,549,448.25
44	51120 Vacations	90,162.81	10,353.29	100,516.10
45	51130 Holiday	63,960.10	7,418.15	71,378.26
46	51140 Sick Pay	69,856.48	8,101.62	77,958.10
47	51150 Misc Earn	68,274.77	1,840.00	70,114.77
48	51170 Overtime	135,803.81	3,791.69	139,595.50
49	51210 Payroll Taxes	42,576.26	5,210.04	47,786.30
50	51220 Worker's Compensation	36,396.55	10,312.76	46,709.31
51	51230 Employee Group Insurance	281,988.40	20,049.33	302,037.74
52	51240 Retirement	202,185.10	20,854.73	223,039.83
53	Total - SALARIES & BENEFIT	2,376,969.95	251,614.21	2,628,584.16
54	BOARD COMPENSATIONS			
55	52110 Board Director's Fee	39,600.00	1,736.90	41,336.90
56	52210 Board Exp - Auto Expense	2,272.83	227.97	2,500.80
57	52220 Board Exp - Meals & Lodging	16,500.00	0.00	16,500.00
58	52230 Board Exp - Education/Training	10,000.00	0.00	10,000.00
59	52240 Board Exp - Insurance & Other Exp	32,208.71	6,934.75	39,143.46
60	Total - BOARD COMPENSATIONS	100,581.53	8,899.62	109,481.16
61	PROFESSIONAL FEE			
62	53110 Auditing & Accounting Fees	18,000.00	1,000.00	19,000.00
63	53120 Legal Services	64,368.20	18,204.78	82,572.98
64	53130 Engineering	0.00	0.00	0.00
65	53140 Laboratory Analysis	13,000.00	0.00	13,000.00
66	53150 Outside Service	58,258.63	2,727.24	60,985.87
67	53160 Permits & Fees	37,448.57	1,800.00	39,248.57
68	53170 Software Support	99,933.07	500.00	100,433.07
69	Total - PROFESSIONAL FEE	291,008.46	24,232.02	315,240.48
70	SERVICE AND SUPPLIES			
71	54110 Advertising	6,788.22	4,500.00	11,288.22
72	54140 Auto Expense	3,443.64	0.00	3,443.64
73	54170 Auto Allowance	7,800.00	0.00	7,800.00
74	54200 Credit Card Fee & Bank Charges	51,817.01	0.00	51,817.01
75	54230 Dues & Subscriptions	19,891.07	645.75	20,536.82
76	54260 Education & Training	44,653.33	3,100.00	47,753.33
77	54290 Employment Expense	1,665.11	3,614.66	5,279.78
78	57110 Equipment Rental/ Lease	11,310.89	1,578.71	12,889.59
79	54320 General Maintenance	4,743.19	740.05	5,483.24
80	54350 Insurance	95,708.19	2,051.40	97,759.59
81	54380 Insurance - Vehicle	19,037.28	1,587.60	20,624.88
82	54410 Fuel Costs	57,637.94	1,752.50	59,390.45
83	54440 Meeting, Seminar & Supplies	3,545.74	923.10	4,468.85
84	54470 Travel Expense	28,941.42	898.09	29,839.51
85	54500 Operating Supplies	108,999.91	19,000.00	127,999.91
86	54530 Office Supplies	28,121.52	500.00	28,621.52
87	54620 Repair & Maintenance	584,957.73	32,250.00	617,207.73
88	54650 Small Tools	17,322.05	1,200.00	18,522.05
89	54680 Uniforms	10,891.61	1,718.01	12,609.63

		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2019/2020 BUDGET	2019/2020 BUDGET	2019/2020 BUDGET
90	54710 Vehicle Maintenance	49,750.80	4,000.00	53,750.80
91	54740 Easement Lease	1,038.37	0.00	1,038.37
92	54770 Computer & Equipment Maint	7,350.00	0.00	7,350.00
93	54800 Programs (Wtr Cons, parks,etc)	12,555.57	44,630.00	57,185.57
94	54801 Senior Lunch Program	0.00	22,500.00	22,500.00
95	54802 Farmers Market	0.00	20,000.00	20,000.00
96	54803 Fall Festival	0.00	800.00	800.00
97	54830 State & County Fees & Services	14,700.00	300.00	15,000.00
98	54860 Postage & Mailing	47,414.63	0.00	47,414.63
99	54890 Printing	11,531.99	0.00	11,531.99
100	54920 Public Relation	300.00	12,500.00	12,800.00
101	Total - SERVICE AND SUPPLIES	1,251,917.21	180,789.88	1,432,707.09
102	UTILITIES - Electric/Phone/Gas			
103	58010 Telephone	26,765.26	800.75	27,566.01
104	58110 Utilities - Operations	682,332.15	26,971.72	709,303.88
105	58115 Utilities - Solar Credit	(412,649.58)	0.00	(412,649.58)
106	58111 Utilities - Street Lights	0.00	8,568.34	8,568.34
107	Total - UTILITIES - Electric/Phone/Gas	296,447.83	36,340.82	332,788.65
108	OTHER- Depreciation/Amort, etc.			
109	59310 Bad Debt	3,588.22	0.00	3,588.22
110	59110 Property Taxes	280.48	5,547.72	5,828.20
111	59120 Depreciation & Amortization	1,829,827.23	110,391.19	1,940,218.42
112	59310 Other Operating Expenses	10,552.86	0.00	10,552.86
113	Total - OTHER- Depreciation/Amort, etc.	1,844,248.78	115,938.91	1,960,187.69
114	Total Expense	6,173,901.64	617,815.47	6,791,717.11
115	Net Operational Income	(178,644.88)	(591,916.54)	(770,561.43)
116	Other Income/Expense			
117	Other Income			
118	PROPERTY TAXES			
119	71110 Property Taxes - Curr Sec	0.00	1,028,269.22	1,028,269.22
120	71120 Property Taxes - Curr Unsec	0.00	66,157.11	66,157.11
121	71130 Property Taxes - Curr Supplimen	0.00	11,309.88	11,309.88
122	71140 Property Taxes - Curr Unitary	0.00	39,299.20	39,299.20
123	71150 Property Taxes - Curr Other	0.00	16,061.27	16,061.27
124	72110 Property Taxes - Prior Sec	0.00	19,834.29	19,834.29
125	72120 Property Taxes - Prior Unsec	0.00	520.38	520.38
126	72130 Property Taxes - Prior Supplimn	0.00	12,396.32	12,396.32
127	72150 Property Taxes - Prior Other	0.00	946.16	946.16
128	73160 Property Taxes - Homeowner	0.00	9,425.93	9,425.93
129	73170 Tax Penalties & Others	19,455.95	5,954.96	25,410.90
130	SUB-TOTAL PROPERTY TAX REVENUE	19,455.95	1,210,174.72	1,229,630.67
131	71500 Property Tax	312,000.00	(312,000.00)	0.00
132	Total - PROPERTY TAXES	331,455.95	898,174.72	1,229,630.67
133	PENALTIES & OTHER FEE			
134	86120 Penalties & Other Fees	113,668.37	0.00	113,668.37
135	Total - PENALTIES & OTHER FEE	113,668.37	0.00	113,668.37

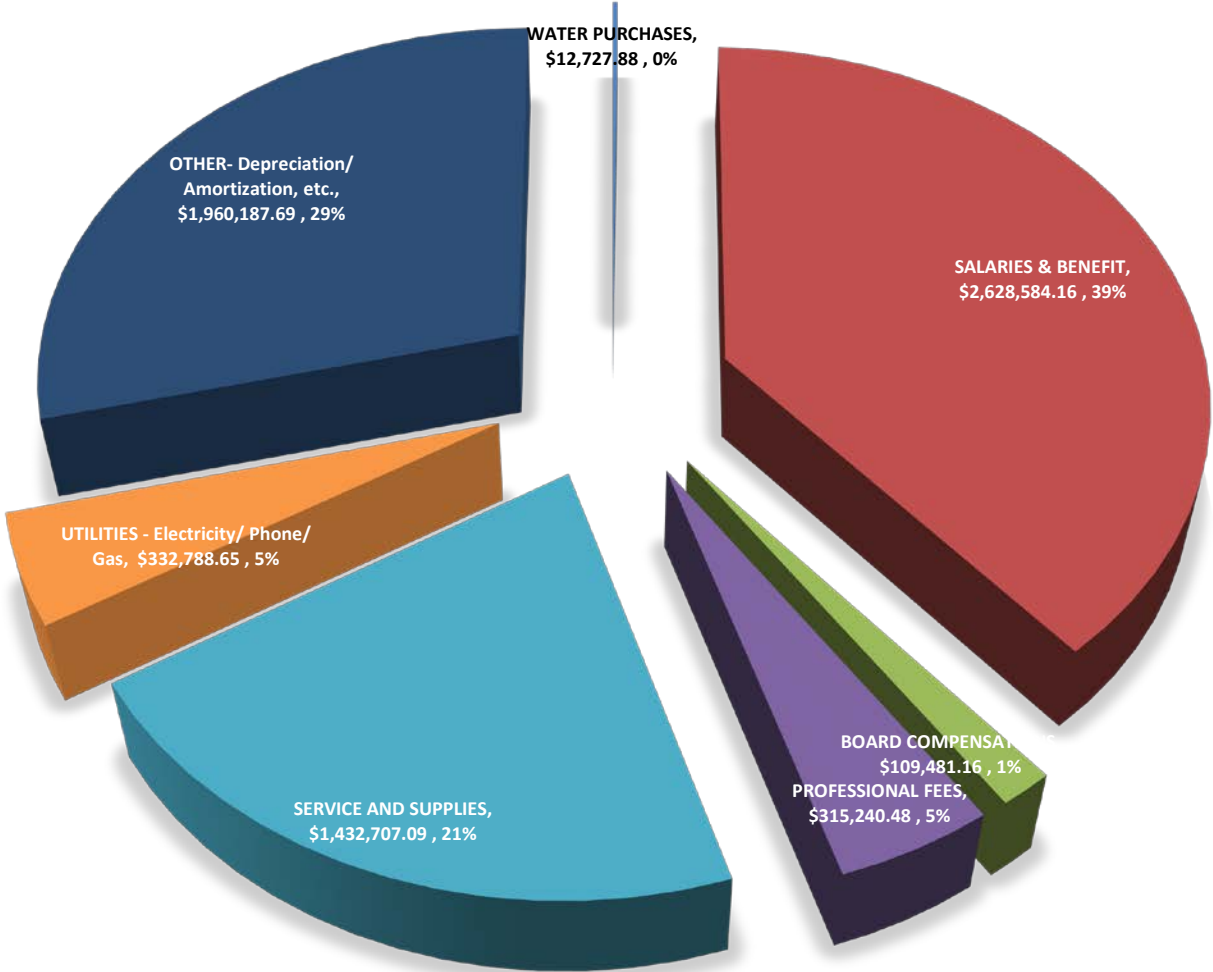
		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2019/2020 BUDGET	2019/2020 BUDGET	2019/2020 BUDGET
136	SOLID WASTE			
137	76100 Solid Waste Franchise Fee	0.00	212,845.18	212,845.18
138	Total - SOLID WASTE	0.00	212,845.18	212,845.18
139	METER INSTALLATION/FEES/CONNECTION			
140	45300 Meter Installation	110,932.11	0.00	110,932.11
141	45400 Permits & Inspections	4,795.88	0.00	4,795.88
142	45500 Connection Fee	357,265.82	0.00	357,265.82
143	Total - METER INSTALLATION/FEES/CONNECTION	472,993.81	0.00	472,993.81
144	OTHER INCOME			
145	88110 Interest Income	167,995.11	89,519.28	257,514.38
146	88120 Other Income - Water Other	2,194.80	0.00	2,194.80
147	88125 Other Income - Senior Lunch	0.00	1,884.32	1,884.32
148	88126 Other Income - Farmers Mkt	0.00	8,299.46	8,299.46
149	88126 Other Income - Fall Festival	0.00	0.00	0.00
150	88128 Other Income - Farmers Mkt MM	0.00	2,688.75	2,688.75
151	88150 Other Income	331,430.64	1,500.00	332,930.64
152	88170 Other Income	0.00	156,565.80	156,565.80
153	88300 Chromium 6 Surcharge	808,765.32	0.00	808,765.32
154	Total - OTHER INCOME	1,310,385.87	260,457.61	1,570,843.47
155	Total Other Income	2,228,503.99	1,371,477.51	3,599,981.50
156	Other Expense			
157	Other Expense			
158	91010 Interest Expense	353,449.93	0.00	353,449.93
159	92010 Loan Administrator Fee	25,043.14	0.00	25,043.14
160	92500 Chromium 6 Expenses	808,765.32	0.00	808,765.32
161	93010 Tax Deduction	0.00	2,600.00	2,600.00
162	95010 Net Incr/Decr in Fair Value	(25,000.00)	0.00	(25,000.00)
163	Total - Other Expense	1,162,258.39	2,600.00	1,164,858.39
164	Total Other Expense	1,162,258.39	2,600.00	1,164,858.39
165	Net Other Income	1,066,245.60	1,368,877.51	2,435,123.11
166	Net Income	887,600.72	776,960.96	1,664,561.68
	Depr & Amort 40% (Fund = 60%)	731,930.89	44,156.48	776,087.37
	Principal Payments	(561,664.12)	0.00	(561,664.12)
	Net Profit (Loss) after depreciation & principal pmt on loans	1,057,867.49	821,117.44	1,878,984.93
	Repayment of Reserves	320,000.00	156,565.80	476,565.80
	Capital Projects/Purchases	711,200.00	230,600.00	941,800.00
	TOAL NET INCOME AFTER ALL OBLIGATIONS	26,667.49	433,951.64	460,619.13

OPERATIONAL REVENUES



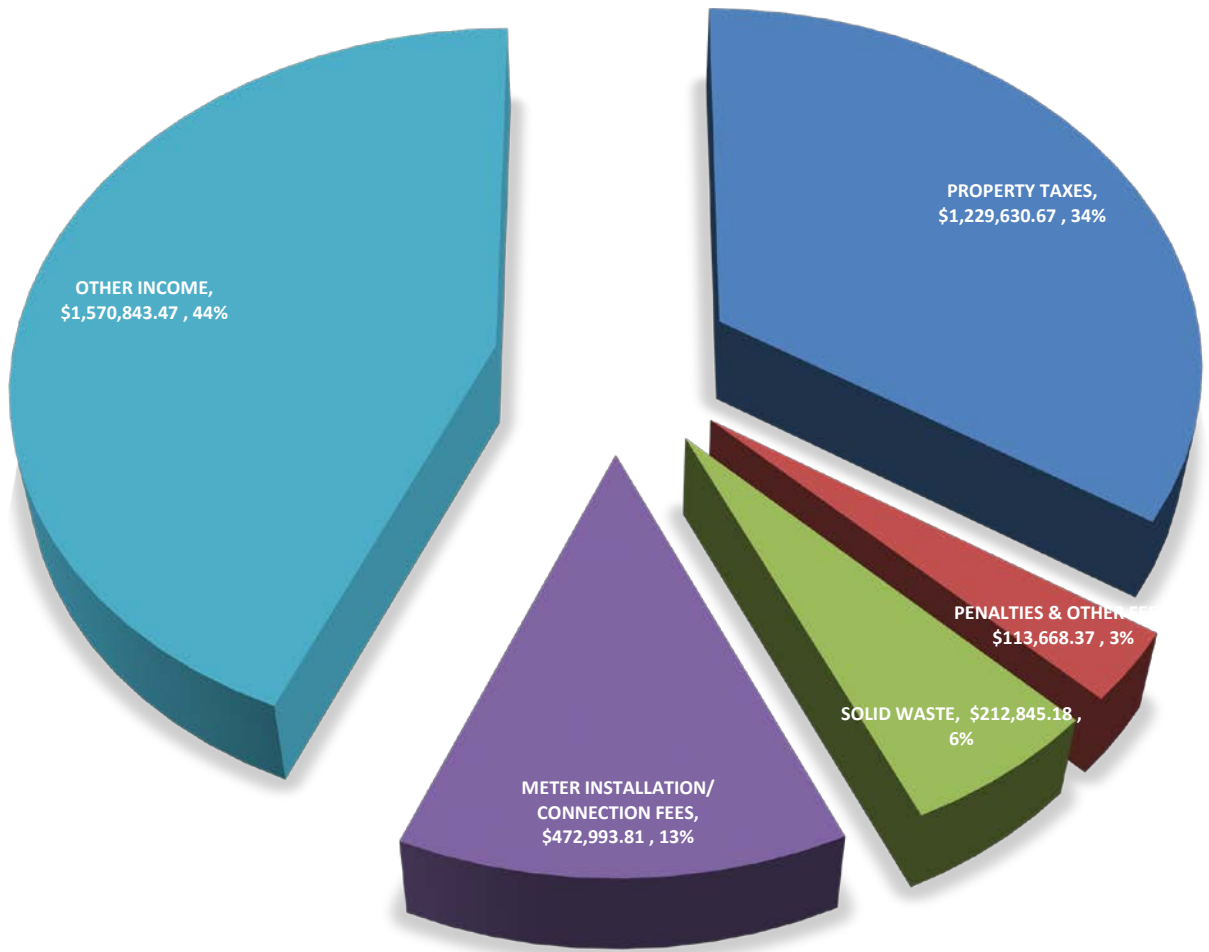
■ WATER CONSUMPTION ■ WATER METER CHARGE ■ SPECIAL ASSESSMENT ■ OTHER SERVICE INCOME ■ PARK & RECREATION FEES

OPERATIONAL EXPENSES



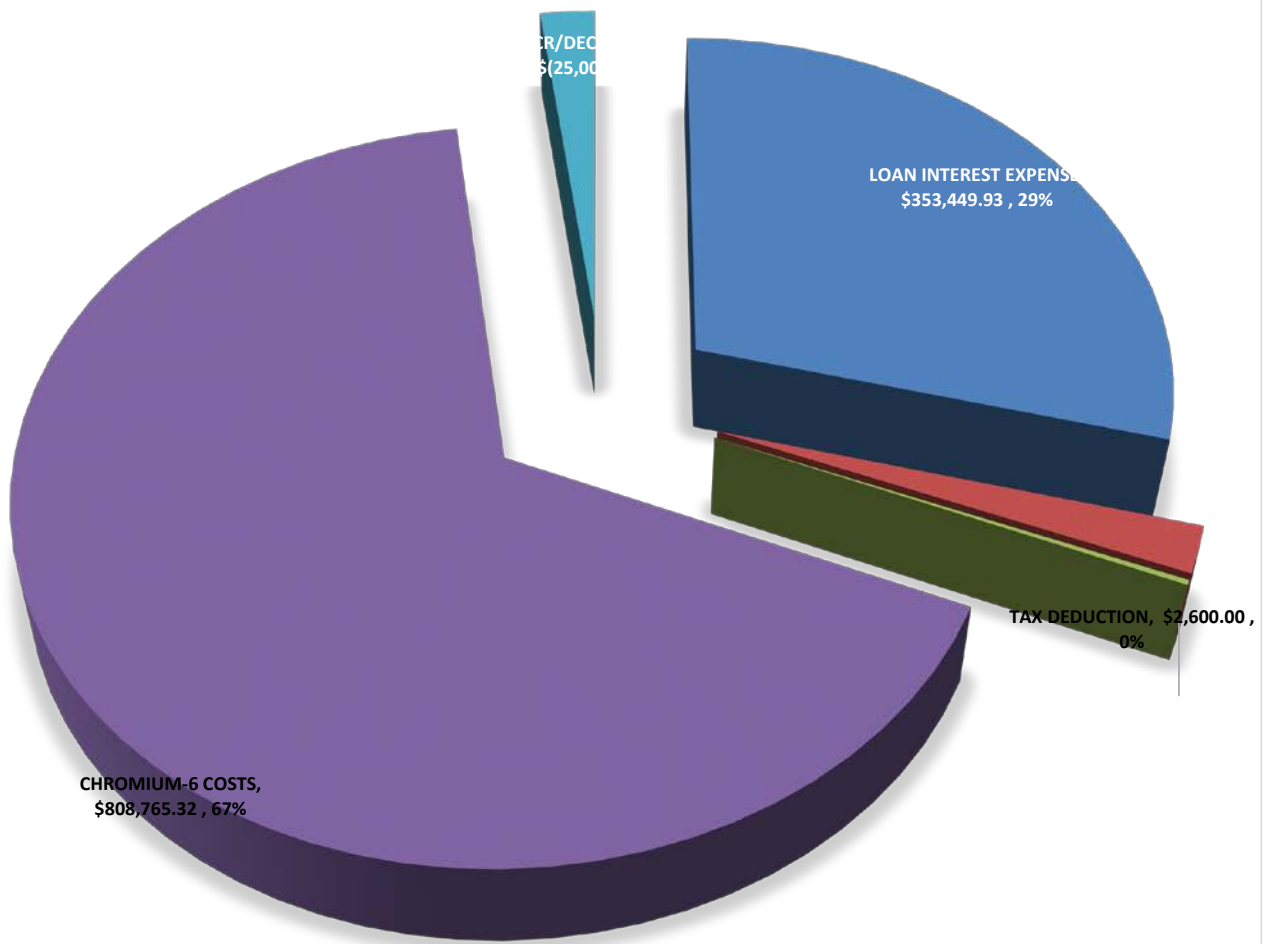
- WATER PURCHASES
 - PROFESSIONAL FEES
 - OTHER- Depreciation/ Amortization, etc.
- SALARIES & BENEFIT
 - SERVICE AND SUPPLIES
- BOARD COMPENSATIONS
 - UTILITIES - Electricity/ Phone/ Gas

NON-OPERATIONAL REVENUES



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

NON-OPERATIONAL EXPENSES



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

**Phelan Pinon Hills Community Services District
2019/2020 Budget Summary**

Assumes: % Over Est Year End		A	B	C	D	E	F	G	H	I	J	K	O	P
Rates/Revenue	6.00%	TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Proposed Budget vs. Prior Year Budget	Proposed Budget vs. Est YE	Proposed Budget vs. Est YE	
	Expense	2.50%	Prior Year 2018/2019 Budget	EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	EST YE 18/19				Proposed 2019/2020 BUDGET
1 OPERATIONAL INCOME/EXPENSE														
2 INCOME														
3 Water Sales		5,163,681.32	5,167,038.61	5,513,994.53	0.00	0.00	0.00	5,163,681.32	5,167,038.61	5,513,994.53	7%	7%	Includes rate change approved (2015 rate study) + 55 new r	346,955.92
4 Special Assessment		294,640.30	294,439.30	293,439.30	0.00	0.00	0.00	294,640.30	294,439.30	293,439.30	0%	0%	Assumes no change in standby rates.	(1,000.00)
5 Parks		0.00	0.00	0.00	26,456.25	25,642.50	25,898.93	26,456.25	25,642.50	25,898.93	-2%	1%	Assumes no change in fees.	256.42
6 Other Service Income		201,447.97	185,963.30	187,822.93	0.00	0.00	0.00	201,447.97	185,963.30	187,822.93	-7%	1%	Assumes slight increase due to growth.	1,859.63
7 Total Income from Operations		5,659,769.65	5,647,441.21	5,995,256.76	26,456.27	25,642.50	25,898.93	5,686,225.84	5,673,083.71	6,021,155.68	6%	6%		
8 Gross Profit		5,659,769.65	5,647,441.21	5,995,256.76	26,456.27	25,642.50	25,898.93	5,686,225.84	5,673,083.71	6,021,155.68	6%	6%		348,071.97
9 EXPENSE														
10 Water Purchases		10,937.97	10,297.79	12,727.88	0.00	0.00	0.00	10,937.97	10,297.79	12,727.88	16%	24%	Increase per WaterMaster report.	2,430.09
11 Salaries & Benefits		2,238,677.93	2,215,774.97	2,376,969.95	217,466.78	207,986.24	251,614.21	2,456,144.71	2,423,761.21	2,628,584.16	7%	8%	Assumes full staff, 3.2% COLA, 1.4% merit & adjustments.	204,822.95
12 Board Compensation		95,288.22	95,502.46	100,581.53	13,459.65	8,715.72	8,899.62	108,747.87	104,218.18	109,481.16	1%	5%	Assumes increased activity for Board and Incr. in insurance.	5,262.98
13 Professional Fees		357,915.76	304,918.40	291,008.46	22,708.61	21,515.89	24,232.02	380,624.37	326,434.29	315,240.48	-17%	-3%	Assumes reduction in Lab Analysis due to tests required.	(11,193.81)
14 Service and Supplies		1,571,234.20	1,104,428.06	1,251,917.21	192,500.68	125,904.38	180,789.88	1,763,734.88	1,230,332.44	1,432,707.09	-19%	16%	Increase due to: Insurance, Repair and Maint., Programs.	202,374.65
15 Utilities - Electric/Phone/Gas		243,130.42	354,068.67	296,447.83	45,858.98	35,286.14	36,340.82	288,989.40	389,354.81	332,788.65	15%	-15%	Assumes 3% incr in electrical costs & incr in solar credits.	(56,566.16)
16 Other- Depreciation/Amort, etc.		1,955,235.22	1,842,380.78	1,844,248.78	132,679.82	113,665.60	115,938.91	2,087,915.04	1,956,046.38	1,960,187.69	-6%	0%		4,141.31
17 Total Expense		6,472,419.72	5,927,371.12	6,173,901.64	624,674.52	513,073.97	617,815.47	7,097,094.24	6,440,445.09	6,791,717.11	-4%	5%		351,272.02
18 Net Operational Income		(812,650.07)	(279,929.91)	(178,644.88)	(598,218.25)	(487,431.47)	(591,916.54)	(1,410,868.40)	(767,361.38)	(770,561.43)	-45%	0%		(3,200.04)
19 NON-OPERATIONAL INCOME/EXPENSE														
20 NON-OPERATIONAL INCOME														
21 Property Tax		378,080.31	381,954.46	331,455.95	755,789.28	780,609.95	898,174.72	1,133,869.58	1,162,564.41	1,229,630.67	8%	6%	Assumes increase per County estimates.	67,066.26
22 Penalties & Other Fees		116,692.29	107,234.31	113,668.37	0.00	0.00	0.00	116,692.29	107,234.31	113,668.37	-3%	6%	Assumes % change based on rate change (fees are % based)	6,434.06
23 Solid Waste		0.00	0.00	0.00	184,963.32	206,045.67	212,845.18	184,963.32	206,045.67	212,845.18	100%	3%	Assumes 3.3% increase in Solid Waste fees.	6,799.51
24 Meter Installation/Connection		537,015.21	567,347.20	472,993.81	0.00	0.00	0.00	537,015.21	567,347.20	472,993.81	-12%	-17%	Assumes 55 additional meter connections, no large meters.	(94,353.39)
25 Other Income		1,302,600.15	1,297,072.43	1,310,385.87	90,354.25	191,078.31	260,457.61	1,392,954.40	1,488,150.74	1,570,843.47	13%	6%	Assumes increase due to lease revenue.	82,692.73
26 Total Non-Operational Income		2,334,387.96	2,353,608.40	2,228,503.99	1,031,106.85	1,177,733.94	1,371,477.51	3,365,494.80	3,531,342.33	3,599,981.50	7%	2%		68,639.16
27 NON-OPERATIONAL EXPENSE														0.00
28 Other Expense		1,178,594.88	1,178,119.72	1,162,258.39	2,500.97	2,507.16	2,600.00	1,181,095.85	1,180,626.88	1,164,858.39	-1%	-1%	Decrease due to loan costs reducing as loan matures.	(15,768.49)
29 Total Non-Operational Expense		1,178,594.88	1,178,119.72	1,162,258.39	2,500.97	2,507.16	2,600.00	1,181,095.85	1,180,626.88	1,164,858.39	-1%	-1%		(15,768.49)
30 Net Non-Operational Income		1,155,793.08	1,175,488.68	1,066,245.60	1,028,605.89	1,175,226.78	1,368,877.51	2,184,398.95	2,350,715.45	2,435,123.11	11%	4%		84,407.65
31 Net Income		343,143.01	895,558.76	887,600.72	430,387.65	687,795.31	776,960.96	773,530.55	1,583,354.07	1,664,561.68	115%	5%		81,207.61
32 Depr & Amort @ 60%		781,461.35	731,199.69	731,930.89	51,983.39	43,290.66	44,156.48	833,444.74	774,490.36	776,087.37			Add back in 40% not Funded.	1,597.01
33 Principal Payments Due on Loan		536,476.80	514,065.04	561,664.12	0.00	0.00	0.00	536,476.80	514,065.04	561,664.12			Principal portion of loans increase as interest decreases eac	47,599.08
34 Net Profit (Loss) Funds for CIP		588,053.36	1,112,693.42	1,057,867.49	482,371.04	731,085.97	821,117.44	1,070,498.49	1,843,779.39	1,878,984.93				
35 Repayment of Reserves				320,000.00			156,565.80			476,565.80				
36 Capital Projects/Purchases				711,200.00			230,600.00			941,800.00				
37 TOTAL NET INCOME AFTER ALL OBLIGATIONS				26,667.49			433,951.64			460,619.13				

**Phelan Pinon Hills Community Services District
2019/2020 Budget Detail**

Assumes: Rates/Revenue Expense	% Over Est Year End 6.00% 2.50%	TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE	M	N 18/19 Budget vs. Actual Est YE (Column I / Column H)	
		Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Column I compared to column G	Column I compared to column H			
		A	B	C	D	E	F	G	H	I	J	K			L
1	Operational Income/Expense														
2	Income													2	
3	40 - WATER SALES													3	
4	40A - WATER CONSUMPTION													4	
5	40010 Water Sales - Residential - C	2,680,441.53	2,660,564.96	2,847,377.66	0.00	0.00	0.00	2,680,441.53	2,660,564.96	2,847,377.66	6.2%	7.0%	Includes rate change of 6% to Water and Meter	5	
6	40020 Water Sales - Commercial - C	17,188.76	43,110.05	45,696.65	0.00	0.00	0.00	17,188.76	43,110.05	45,696.65	165.9%	6.0%	+ estimated revenue for 55 additional meters (partial year)	6	
7	40030 Water Sales - Fire Protection-C	2,267.96	0.00	0.00	0.00	0.00	0.00	2,267.96	0.00	0.00	-100.0%	#DIV/0!	The Chromium 6 surcharge is listed below (Non-Op Revenue) .	7	
8	40060 Water Sales - Multiple Res - C	2,619.87	2,512.14	2,662.87	0.00	0.00	0.00	2,619.87	2,512.14	2,662.87	1.6%	6.0%	as it is specifically for the Chromium 6 project not operations.	8	
9	40070 Water Sales - School - C	277,374.46	300,806.59	318,854.99	0.00	0.00	0.00	277,374.46	300,806.59	318,854.99	15.0%	6.0%		9	
10	40090 Water Sales - Construction - C	58,672.29	14,636.16	15,514.33	0.00	0.00	0.00	58,672.29	14,636.16	15,514.33	-73.6%	6.0%		10	
11	40095 Water Sales - Construction Non-Potable	7,016.03	5,516.96	5,847.98	0.00	0.00	0.00	7,016.03	5,516.96	5,847.98	N/A	0.0%		11	
12	TOTAL WATER CONSUMPTION	3,045,580.90	3,027,146.86	3,235,954.47	0.00	0.00	0.00	3,045,580.90	3,027,146.86	3,235,954.47	6.3%	6.9%	Includes rate change approved with 2015 rate study.	208,807.61	12
13	40B - WATER METER CHARGE													13	
14	41010 Water Sales - Residential - M	2,068,032.57	2,080,591.55	2,215,181.84	0.00	0.00	0.00	2,068,032.57	2,080,591.55	2,215,181.84	7.1%	6.5%	Includes rate change of 6% to Water and Meter		14
15	41020 Water Sales - Commercial - M	14,481.90	14,816.36	15,705.34	0.00	0.00	0.00	14,481.90	14,816.36	15,705.34	8.4%	6.0%	+ estimated revenue for 55 additional meters (partial year)		15
16	41030 Water Sales - Fire Protection-M	0.00	2,268.00	2,404.08	0.00	0.00	0.00	0.00	2,268.00	2,404.08	#DIV/0!	0.0%		16	
17	41060 Water Sales - Multiple Res - M	2,314.53	2,315.40	2,454.32	0.00	0.00	0.00	2,314.53	2,315.40	2,454.32	6.0%	6.0%		17	
18	41070 Water Sales - School - M	26,145.50	28,930.77	30,666.62	0.00	0.00	0.00	26,145.50	28,930.77	30,666.62	17.3%	6.0%		18	
19	41090 Water Sales - Construction - M	7,125.92	10,969.67	11,627.85	0.00	0.00	0.00	7,125.92	10,969.67	11,627.85	63.2%	6.0%	Assumes similar amount of construction.		19
20	41095 Water Sales - Construction Non Potable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A	0.0%		20	
21	TOTAL WATER METER CHARGE	2,118,100.42	2,139,891.75	2,278,040.06	0.00	0.00	0.00	2,118,100.42	2,139,891.75	2,278,040.06	7.6%	6.5%	Includes rate change approved (2015 rate study) + 55 new meters	138,148.31	21
22	Total - WATER SALES	5,163,681.32	5,167,038.61	5,513,994.53	0.00	0.00	0.00	5,163,681.32	5,167,038.61	5,513,994.53	6.8%	6.7%		346,955.92	22
23	71 - SPECIAL ASSESSMENT													23	
24	74110 Special Assessments	294,640.30	294,439.30	293,439.30	0.00	0.00	0.00	294,640.30	294,439.30	293,439.30	-0.4%	-0.3%	Assumes slight change due to Incr. in new meter sets.		24
25	TOTAL SPECIAL ASSESSMENT	294,640.30	294,439.30	293,439.30	0.00	0.00	0.00	294,640.30	294,439.30	293,439.30	-0.4%	-0.3%	Assumes no change in standby rates.		25
26	46 - PARKS													26	
27	47600 Park & Recreation Fee	0.00	0.00	0.00	26,456.25	25,642.50	25,898.93	26,456.25	25,642.50	25,898.93	-2.1%	1.0%	Does not include Farmers Market or special programs (see below).		27
28	TOTAL PARKS	0.00	0.00	0.00	26,456.25	25,642.50	25,898.93	26,456.25	25,642.50	25,898.93	-2.1%	1.0%	Assumes no change in fees.	256.42	28
29	48 - OTHER SERVICE INCOME													29	
30	48200 Other Services Incomes	146,862.10	127,152.05	128,423.57	0.00	0.00	0.00	146,862.10	127,152.05	128,423.57	-12.6%	1.0%			30
31	48700 Administrative Fees	54,585.87	58,811.25	59,399.36	0.00	0.00	0.00	54,585.87	58,811.25	59,399.36	8.8%	1.0%			31
32	TOTAL OTHER SERVICE INCOME	201,447.97	185,963.30	187,822.93	0.00	0.00	0.00	201,447.97	185,963.30	187,822.93	-6.8%	1.0%	Assumes slight increase due to growth.	1,859.63	32
33	TOTAL INCOME FROM OPERATIONS	5,659,769.65	5,647,441.21	5,995,256.76	26,456.27	25,642.50	25,898.93	5,686,225.84	5,673,083.71	6,021,155.68	5.9%	6.1%			33
34	GROSS PROFIT	5,659,769.65	5,647,441.21	5,995,256.76	26,456.27	25,642.50	25,898.93	5,686,225.84	5,673,083.71	6,021,155.68	5.9%	6.1%		348,071.97	34
35														35	
36	50 - WATER PURCHASES													36	
37	50010 MWA WM Admin. & Bio Fee	9,837.97	10,297.79	11,727.88	0.00	0.00	0.00	9,837.97	10,297.79	11,727.88	19.2%	13.9%	Increase per WaterMaster report.		37
38	50020 MWA WM Make Up Water	1,100.00	0.00	1,000.00	0.00	0.00	0.00	1,100.00	0.00	1,000.00	0.0%	#DIV/0!	20 AF @ \$50/AF Make Up Obligation in Alto .		38
39	50030 MWA WM Replacement Water	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%	SAVINGS due to Water Rights purchased = \$762,000 this year.		39
40	50040 Water Purchases - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%	Assumes no water from other agencies.		40
41	TOTAL WATER PURCHASES	10,937.97	10,297.79	12,727.88	0.00	0.00	0.00	10,937.97	10,297.79	12,727.88	16.4%	23.6%		2,430.09	41
42	51 - SALARIES & BENEFITS													42	
43	51110 Salaries & Wages	1,322,264.44	1,292,752.09	1,385,765.65	138,737.72	130,592.92	163,682.60	1,461,002.16	1,423,345.01	1,549,448.25	6.1%	8.9%	Includes COLA and Merit Incr.		43
44	51120 Vacations	84,505.53	84,032.25	90,162.81	8,038.61	8,038.61	10,353.29	92,544.14	92,070.86	100,516.10	8.6%	9.2%	The budget is based on exact calculations of approved positions.		44
45	51130 Holiday	61,714.52	60,014.52	63,960.10	5,568.92	5,568.92	7,418.15	67,283.44	65,583.44	71,378.26	6.1%	8.8%	Vacation time increased for several staff due to longevity.		45
46	51140 Sick Pay	67,324.92	65,424.92	69,856.48	6,075.19	6,075.19	8,101.62	73,400.11	71,500.11	77,958.10	6.2%	9.0%			46

**Phelan Pinon Hills Community Services District
2019/2020 Budget Detail**

Assumes: Rates/Revenue Expense	% Over Est Year End 6.00% 2.50%	A			B			C			D			E			F			G			H			I			J		K		L	M		N	18/19 Budget vs. Actual Est YE (Column I / Column H)
		TOTAL ENTERPRISE FUNDS									TOTAL GOVERNMENT FUNDS									TOTAL ALL FUNDS									Bud vs Bud		Bud vs Est YE						
		Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Column I compared to column G	Column I compared to column H													
99	54890	Printing	22,786.78	9,635.31	11,531.99	0.00	0.00	0.00	22,786.78	9,635.31	11,531.99	-49.4%	19.7%	Increase due to Prop 218 notifications for Water and Solid Waste.		99																					
100	54920	Public Relation	2,238.08	300.00	300.00	14,000.00	9,975.15	12,500.00	16,238.08	10,275.15	12,800.00	-21.2%	24.6%	Solid Waste & Parks partnerships.		2,524.85	100																				
101	TOTAL SERVICE AND SUPPLIES		1,571,234.20	1,104,428.06	1,251,917.21	192,500.68	125,904.38	180,789.88	1,763,734.88	1,230,332.44	1,432,707.09	-18.8%	16.4%	Increase due to: Insurance, Repair and Maint., Programs.		202,374.65	101																				
102	58 - UTILITIES - Electric/Phone/Gas																102																				
103	58010	Telephone	25,135.79	26,112.45	26,765.26	326.90	781.22	800.75	25,462.69	26,893.67	27,566.01	8.3%	2.5%	E		103																					
104	58110	Utilities - Operations	589,785.03	662,458.40	682,332.15	35,301.82	26,186.14	26,971.72	625,086.85	688,644.54	709,303.88	13.5%	3.0%	Increase in Electric Costs of 3%.		20,659.34	104																				
105	58115	Utilities - Solar Credit	(371,790.40)	(334,502.18)	(412,649.58)	0.00	0.00	0.00	(371,790.40)	(334,502.18)	(412,649.58)	11.0%	23.4%	Fifth year credits, Proforma dated Sept 2014, @ 80%		(78,147.40)	105																				
106	58210	Utilities - Street Lights	0.00	0.00	0.00	10,230.26	8,318.78	8,568.34	10,230.26	8,318.78	8,568.34	-16.2%	3.0%	EST YE includes corrections from Prior Year.			106																				
107	TOTAL UTILITIES - Electric/Phone/Gas		243,130.42	354,068.67	296,447.83	45,858.98	35,286.14	36,340.82	288,989.40	389,354.81	332,788.65	15.2%	-14.5%	Assumes 3% incr in electrical costs & incr in solar credits.		(56,566.16)	107																				
108	59 - OTHER- Depreciation/Amort, etc.																108																				
109	59100	Bad Debt	1,306.76	3,552.69	3,588.22	0.00	0.00	0.00	1,306.76	3,552.69	3,588.22	174.6%	1.0%	Assumes similar activity.			109																				
110	59110	Property Taxes	275.09	274.98	280.48	2,721.35	5,438.94	5,547.72	2,996.44	5,713.92	5,828.20	94.5%	2.0%	Assumes 2% increase.			110																				
111	59120	Depreciation & Amortization	1,953,653.37	1,827,999.23	1,829,827.23	129,958.47	108,226.66	110,391.19	2,083,611.84	1,936,225.89	1,940,218.42	-6.9%	0.2%	Assumes slight increase in assets.		3,992.53	111																				
112	59310	Other Operating Expenses	0.00	10,553.88	10,552.86	0.00	0.00	0.00	0.00	10,553.88	10,552.86	#DIV/0!	0.0%				112																				
113	TOTAL OTHER- Depreciation/Amort, etc.		1,955,235.22	1,842,380.78	1,844,248.78	132,679.82	113,665.60	115,938.91	2,087,915.04	1,956,046.38	1,960,187.69	-6.1%	0.2%	Assumes slight increase in prop. tax bill and depreciation		4,141.31	113																				
114	TOTAL EXPENSE		6,472,419.72	5,927,371.12	6,173,901.64	624,674.52	513,073.97	617,815.47	7,097,094.24	6,440,445.09	6,791,717.11	-4.3%	5.5%			351,272.02	114																				
115	NET OPERATIONAL INCOME		(812,650.07)	(279,929.91)	(178,644.88)	(598,218.25)	(487,431.47)	(591,916.54)	(1,410,868.40)	(767,361.38)	(770,561.43)	-45.4%	0.4%			(3,200.04)	115																				
116	NON-OPERATIONAL INCOME/EXPENSE																116																				
117	NON-OPERATIONAL INCOME																117																				
118	70 - PROPERTY TAXES																118																				
119	71110	Property Taxes - Curr Sec	0.00	0.00	0.00	951,044.41	970,065.30	1,028,269.22	951,044.41	970,065.30	1,028,269.22	8.1%	6.0%	Assumes increase (6%) in property tax.			119																				
120	71120	Property Taxes - Curr Unsec	0.00	0.00	0.00	61,188.60	62,412.37	66,157.11	61,188.60	62,412.37	66,157.11	8.1%	6.0%	(Per County report on Districts share of General Tax).			120																				
121	71130	Property Taxes - Curr Supplimen	0.00	0.00	0.00	10,460.49	10,669.70	11,309.88	10,460.49	10,669.70	11,309.88	8.1%	6.0%				121																				
122	71140	Property Taxes - Curr Unitary	0.00	0.00	0.00	36,347.76	37,074.72	39,299.20	36,347.76	37,074.72	39,299.20	8.1%	6.0%				122																				
123	71150	Property Taxes - Curr Other	0.00	0.00	0.00	14,855.04	15,152.14	16,061.27	14,855.04	15,152.14	16,061.27	8.1%	6.0%				123																				
124	72110	Property Taxes - Prior Sec	0.00	0.00	0.00	20,061.02	19,445.38	19,834.29	20,061.02	19,445.38	19,834.29	-1.1%	2.0%	Assumes prior year collections will be similar to last fiscal year.			124																				
125	72120	Property Taxes - Prior Unsec	0.00	0.00	0.00	335.77	510.17	520.38	335.77	510.17	520.38	55.0%	2.0%				125																				
126	72130	Property Taxes - Prior Supplimn	0.00	0.00	0.00	8,036.56	12,153.26	12,396.32	8,036.56	12,153.26	12,396.32	54.2%	2.0%				126																				
127	72150	Property Taxes - Prior Other	0.00	0.00	0.00	1,742.84	927.61	946.16	1,742.84	927.61	946.16	-45.7%	2.0%				127																				
128	73160	Property Taxes - Homeowner	0.00	0.00	0.00	7,903.64	9,241.11	9,425.93	7,903.64	9,241.11	9,425.93	19.3%	2.0%				128																				
129	73170	Tax Penalties & Others	15,200.31	19,074.46	19,455.95	6,693.14	5,838.19	5,954.96	21,893.45	24,912.65	25,410.90	16.1%	2.0%	From past due taxes being paid.			129																				
130	SUB-TOTAL PROPERTY TAX REVENUE		15,200.31	19,074.46	19,455.95	1,118,669.27	1,143,489.95	1,210,174.72	1,133,869.58	1,162,564.41	1,229,630.67	8.4%	5.8%																								
131	99030	Property Tax	362,880.00	362,880.00	312,000.00	(362,880.00)	(362,880.00)	(312,000.00)	0.00	0.00	0.00	0.0%	0.0%	10% Decrease of transfer - per Board.		(50,880.00)	131																				
132	TOTAL PROPERTY TAXES		378,080.31	381,954.46	331,455.95	755,789.28	780,609.95	898,174.72	1,133,869.58	1,162,564.41	1,229,630.67	8.4%	5.8%	Assumes increase per County estimates.		67,066.26	132																				
133	75 - PENALTIES & OTHER FEE																133																				
134	86120	Penalties & Other Fees	116,692.29	107,234.31	113,668.37	0.00	0.00	0.00	116,692.29	107,234.31	113,668.37	-2.6%	6.0%				134																				
135	TOTAL PENALTIES & OTHER FEE		116,692.29	107,234.31	113,668.37	0.00	0.00	0.00	116,692.29	107,234.31	113,668.37	-2.6%	6.0%	Assumes % change based on rate change (fees are % based).		6,434.06	135																				
136	48 - SOLID WASTE																136																				
137	48500	Solid Waste Franchise Fee	0.00	0.00	0.00	184,963.32	206,045.67	212,845.18	184,963.32	206,045.67	212,845.18	15.1%	3.3%				137																				
138	TOTAL SOLID WASTE		0.00	0.00	0.00	184,963.32	206,045.67	212,845.18	184,963.32	206,045.67	212,845.18	15.1%	3.3%	Assumes 3.3% increase in Solid Waste fees.		6,799.51	138																				
139	45 - METER INSTALLATION/CONNECTION FEES																139																				
140	45300	Meter Installation	96,833.00	124,256.57	110,932.11	0.00	0.00	0.00	96,833.00	124,256.57	110,932.11	14.6%	-10.7%	Assumes 55 additional meter connections.			140																				
141	45400	Permits & Inspections	3,649.05	4,567.50	4,795.88	0.00	0.00	0.00	3,649.05	4,567.50	4,795.88	31.4%	5.0%	Prior year included installation of larger school meters.			141																				
142	45500	Connection Fee	436,533.16	438,523.13	357,265.82	0.00	0.00	0.00	436,533.16	438,523.13	357,265.82	-18.2%	-18.5%				142																				
143	TOTAL METER INSTALLATION/CONNECTION FEES		537,015.21	567,347.20	472,993.81	0.00	0.00	0.00	537,015.21	567,347.20	472,993.81	-11.9%	-16.6%	Assumes 55 additional meter connections, no large meters.		(94,353.39)	143																				
144	80 - OTHER INCOME																144																				

**Phelan Pinon Hills Community Services District
2019/2020 Budget Detail**

Assumes: Rates/Revenue Expense	% Over Est Year End 6.00% 2.50%	A			B			C			D			E			F			G			H			I			J		K		L	M		N	18/19 Budget vs. Actual Est YE (Column I / Column H)
		TOTAL ENTERPRISE FUNDS									TOTAL GOVERNMENT FUNDS									TOTAL ALL FUNDS									Bud vs Bud Column I compared to column G	Bud vs Est YE Column I compared to column H							
		Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET	Prior Year 2018/2019 Budget	Actual EST YE 18/19	Proposed 2019/2020 BUDGET			Prior Year 2018/2019 Budget	Actual EST YE 18/19		Proposed 2019/2020 BUDGET			
145	88110	Interest Income	43,158.95	159,995.34	167,995.11	29,768.13	85,256.45	89,519.28	72,927.08	245,251.79	257,514.38	253.1%	5.0%	Assumes slight increase in Interest rates.	12,262.59	145																					
146	88120	Other Income	23,437.77	2,194.80	2,194.80	0.00	0.00	0.00	23,437.77	2,194.80	2,194.80	-90.6%	0.0%	Misc Water Revenue otherwise not categorized.		146																					
147	88125	Other Income - Senior Lunch	0.00	0.00	0.00	1,929.36	1,884.32	1,884.32	1,929.36	1,884.32	1,884.32	-2.3%	0.0%			147																					
148	88126	Other Income - Farmers Mkt	0.00	0.00	0.00	11,044.38	8,299.46	8,299.46	11,044.38	8,299.46	8,299.46	-24.9%	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	0.0%	0.0%			149																					
150	88128	Other Income - Farmers Mkt MM	0.00	0.00	0.00	3,703.48	2,688.75	2,688.75	3,703.48	2,688.75	2,688.75	-27.4%	0.0%			150																					
151	88150	Other Income	437,935.66	331,430.64	331,430.64	0.00	1,500.00	1,500.00	437,935.66	332,930.64	332,930.64	0.0%	0.0%	One time revenue: Line locating charges, etc.		151																					
152	88170	Other Income	0.00	0.00	0.00	43,908.90	91,449.33	156,565.80	43,908.90	91,449.33	156,565.80	N/A	71.2%	Lease Income: Additional lease signed.	65,116.47	152																					
153	88300	Chromium 6 Surcharge	798,067.77	803,451.65	808,765.32	0.00	0.00	0.00	798,067.77	803,451.65	808,765.32	0.0%	0.0%			153																					
154	Total - OTHER INCOME		1,302,600.15	1,297,072.43	1,310,385.87	90,354.25	191,078.31	260,457.61	1,392,954.40	1,488,150.74	1,570,843.47	12.8%	5.6%	Assumes increase due to lease revenue.	82,692.73	154																					
155	TOTAL NON-OPERATIONAL INCOME		2,334,387.96	2,353,608.40	2,228,503.99	1,031,106.85	1,177,733.94	1,371,477.51	3,365,494.80	3,531,342.33	3,599,981.50	7.0%	1.9%	Increase due to property tax revenue increase and lease revenue.	68,639.16	155																					
156	NON-OPERATIONAL EXPENSE															156																					
157	796 - Other Expense															157																					
158	91010	Interest Expense	368,707.32	368,707.32	353,449.93	0.00	0.00	0.00	368,707.32	368,707.32	353,449.93	-4.1%	-4.1%	2002, 2012 (Water rights), 2014 (Solar) & Caltrans Loan.	(15,257.39)	158																					
159	92010	Loan Administrator Fee	25,990.92	25,990.92	25,043.14	0.00	0.00	0.00	25,990.92	25,990.92	25,043.14	-3.6%	-3.6%			159																					
160	93010	Tax Deduction/Collection Charge	0.00	0.00	0.00	2,500.97	2,507.16	2,600.00	2,500.97	2,507.16	2,600.00	4.0%	3.7%	Property Tax Collection Charge and Processing Fee.		160																					
161	94010	Chromium 6 Expenses	798,067.77	803,451.65	808,765.32	0.00	0.00	0.00	798,067.77	803,451.65	808,765.32	1.3%	0.7%			161																					
162	95010	Net Incr/Decr in Fair Value	(14,171.13)	(20,030.17)	(25,000.00)	0.00	0.00	0.00	(14,171.13)	(20,030.17)	(25,000.00)	76.4%	24.8%			162																					
163	Total - Other Expense		1,178,594.88	1,178,119.72	1,162,258.39	2,500.97	2,507.16	2,600.00	1,181,095.85	1,180,626.88	1,164,858.39	-1.4%	-1.3%	Decrease due to loan costs reducing as loan matures.	(15,861.33)	163																					
164	TOTAL NON-OPERATIONALEXPENSE		1,178,594.88	1,178,119.72	1,162,258.39	2,500.97	2,507.16	2,600.00	1,181,095.85	1,180,626.88	1,164,858.39	-1.4%	-1.3%			164																					
165	NET NON-OPERATIONAL INCOME		1,155,793.08	1,175,488.68	1,066,245.60	1,028,605.89	1,175,226.78	1,368,877.51	2,184,398.95	2,350,715.45	2,435,123.11	11.5%	3.6%		84,407.65	165																					
166	NET INCOME		343,143.01	895,558.76	887,600.72	430,387.65	687,795.31	776,960.96	773,530.55	1,583,354.07	1,664,561.68	115.2%	5.1%		81,207.61	166																					
167	Fund Depr @ 60% = add back 40%		781,461.35	731,199.69	731,930.89	51,983.39	43,290.66	44,156.48	833,444.74	774,490.36	776,087.37	-6.9%	0.2%	Add back in 40% not Funded.		167																					
168	Principal Payments Due on Loan		536,476.80	514,065.04	561,664.12	0.00	0.00	0.00	536,476.80	514,065.04	561,664.12	4.7%	9.3%	Principal portion of loans increase as interest decreases each year.	47,599.08	168																					
169	TOTAL NET INCOME (AFTER DEPR AND PRIN)		588,053.36	1,112,693.42	1,057,867.49	482,371.04	731,085.97	821,117.44	1,070,498.49	1,843,779.39	1,878,984.93	75.5%	1.9%			169																					
170	Repayment of Property Plant & Equip Reserves				160,000.00	See Col. M & N Line 171		78,282.90	Lease Revenue		238,282.90			Per Rate Study, Board wishes to repay reserves over 5 years	6.7	170																					
171	Repayment of Disaster Response Reserves				160,000.00	See Col. M & N Line 171		78,282.90	Lease Revenue		238,282.90			Total due Reserves for 2012 Water Rights	3,200,000.00	171																					
172	TOTAL NET INCOME (After Repayment of Reserves)				737,867.49			664,551.64			1,402,419.13			Total due Reserves for 2015 Water Rights	2,556,098.00	172																					
173	Capital Budget				711,200.00			230,600.00			941,800.00			Note: 2015 Water Rights are part of C6 and will be repaid with C6 funding		173																					
174	TOTAL NET INCOME (After CIP)				26,667.49			433,951.64			460,619.13			Note: Dairy Lease Income is used on line 170/171 for reserves or to pay down loans. Board will decide at 2nd meeting in June each year.		174																					
175																175																					
176	2019/2020 Debt Service		2002	2012 (Water)	2014 (Solar)	Caltrans (HWY 138)	TOTAL LOANS							Note: The E in column L stands for "Expense" and represents notation of the accounts that we do not know how much they may increase and therefore use the Board assumption of 2.5%		176																					
177	Principal		122,262.38	202,325.27	202,928.57	34,147.90	\$ 561,664.12									177																					
178	Interest		68,950.62	128,041.32	154,662.71	1,795.28	\$ 353,449.93									178																					
179	Fees		5,910.05	19,133.09	0.00	0.00	\$ 25,043.14									179																					
180			197,123.05	349,499.68	357,591.28	35,943.18	\$ 940,157.19									180																					
181																181																					
182	Estimated Solar Credits:				-412,649.58											182																					
183																183																					
184	Total Operating Revenue		5,659,769.65	5,647,441.21	5,995,256.76	26,456.27	25,642.50	25,898.93	5,686,225.84	5,673,083.71	6,021,155.68					184																					
185	Total Non-Operating Revenue		2,334,387.96	2,353,608.40	2,228,503.99	1,031,106.85	1,177,733.94	1,371,477.51	3,365,494.80	3,531,342.33	3,599,981.50					185																					
186	Total Revenue		7,994,157.61	8,001,049.61	8,223,760.75	1,057,563.12	1,203,376.44	1,397,376.43	9,051,720.64	9,204,426.04	9,621,137.18					186																					
187																187																					
188	Total Operating Expense		6,472,419.72	5,927,371.12	6,173,901.64	624,674.52	513,073.97	617,815.47	7,097,094.24	6,440,445.09	6,791,717.11					188																					
189	Total Non-Operating Expense		1,178,594.88	1,178,119.72	1,162,258.39	2,500.97	2,507.16	2,600.00	1,181,095.85	1,180,626.88	1,164,858.39					189																					
190	Total Expense		7,651,014.60	7,105,490.84	7,336,160.03	627,175.49	515,581.13	620,415.47	8,278,190.09	7,621,071.97	7,956,575.50					190																					

FUND BALANCES AND CASH FLOW PROJECTIONS

	Enterprise Fund	Government Funds	Total
FUND BALANCES			
Est. Cash in Bank Beginning Balance 07/01/19	\$ 9,982,328.76	\$ 6,162,089.84	\$ 16,144,418.60
Board Approved Reserves	<u>(8,357,805.51)</u>	<u>(629,428.61)</u>	<u>(8,987,234.12)</u>
Total Fund Balance (Cash Available)	\$ 1,624,523.25	\$ 5,532,661.23	\$ 7,157,184.48
OPERATIONAL ACTIVITIES			
Net Profit (Loss)	\$ 887,600.72	\$ 776,960.96	\$ 1,664,561.68
Depreciation @ 40% (not funding 40%)	731,930.89	44,156.48	776,087.37
Depreciation @ 60% (funding 60%)	<u>1,097,896.34</u>	<u>66,234.71</u>	<u>1,164,131.05</u>
Cash available from operations	\$ 2,717,427.95	\$ 887,352.15	\$ 3,604,780.10
INVESTMENT ACTIVITIES			
Projects	\$ (501,200.00)	\$ (230,600.00)	\$ (731,800.00)
Capital Purchases	<u>(210,000.00)</u>	<u></u>	<u>\$ (210,000.00)</u>
Total Investment Activity	\$ (711,200.00)	\$ (230,600.00)	\$ (941,800.00)
FINANCE ACTIVITIES			
Loans (Principal)	<u>\$ (561,664.12)</u>	<u>\$</u>	<u>\$ (561,664.12)</u>
Total Finance Activity	\$ (561,664.12)	\$	\$ (561,664.12)
NET CASH FROM ACTIVITIES			
	\$ 1,444,563.83	\$ 656,752.15	\$ 2,101,315.98
Transfer of funds or Reserves	-320,000.00	-156,565.80	-476,565.80
Net Cash Available for Future Projects	\$2,749,087.08	\$6,032,847.58	\$ 8,781,934.66
Estimated Ending Fund Balance at 06/30/19			

RESERVES

Phelan Piñon Hills Community Service District 2018/2019 Schedule ADOPTED 02/06/2019

BOARD DESIGNATED RESERVES	ENTERPRISE	GOVERNMENT	Total
	Fund 01	Fund 20/22/24/25	
1. UNRESTRICTED RESERVES			
1A. Contingency and Operations (Goal = 6 mo. no less than 3 mo.)			
2018/19 Budget Total	\$7,651,015	\$627,175	\$8,278,190
Less:			
Depreciation	1,953,653	129,958	2,083,612
Debt Service (Interest)	<u>377,742</u>		<u>377,742</u>
	5,319,619	497,217	5,816,836
Reserve @ Three Months =	<u>x 3/12</u>	<u>x 3/12</u>	<u>x 3/12</u>
Contingency and Operating Reserve	1,329,905	124,304	1,454,209
Debt Service Reserve - Loans (1 yr P&I)	<u>931,175</u>		<u>931,175</u>
TOTAL RESERVE FOR OPERATIONS	\$2,261,080	\$124,304	\$2,385,384
1B. Property, Plant, and Equipment Replacement Reserve (Goal = 25%- 50%)			
Accumulated Depreciation 06/30/18	24,794,474	1,203,852	25,998,326
Reserve @ 25% =	6,198,618	300,963	6,499,582
Reserves used for WRAP project funding 2012	-1,495,000 *		-1,495,000
Reserves used for Water Rights funding 2015	<u>-879,115 *</u>		<u>-879,115</u>
TOTAL RESERVE FOR REPLACEMENT	\$3,824,503	15% \$300,963	\$4,125,466
1C. Disaster Response Reserve (Goal = 10 - 20%)			
Total Assets (Excluding Land& Wtr Rts) 06/30/18	46,463,376	2,041,613	48,504,989
Reserve @ 10% =	4,646,338	204,161	4,850,499
Reserves used for WRAP project funding 2012	-1,495,000 *		-1,495,000
Reserves used for Water Rights funding 2015	<u>-879,115 *</u>		<u>-879,115</u>
TOTAL RESERVE FOR DISASTER	\$2,272,222	5% \$204,161	\$2,476,384
TOTAL RESERVES	\$8,357,806	\$629,429	\$8,987,234
2. ADDITIONAL RESERVES IDENTIFIED BY THE BOARD			
Capital, Projects*, & Replacement Budget Current Year	<u>422,500</u>	<u>230,600</u>	<u>653,100</u>
TOTAL FUNDS NEEDED FOR CAPITAL PROJECTS	\$422,500	\$230,600.00	\$653,100

* 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 two loans 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.

2002 CIEDB Loan titled “County Service Area 70 -Water Tank Project” was assumed by the District when it separated from the County of San Bernardino in 2008, was revised in October 2011 to reflect the District’s assumption of this loan. The loan project consisted of drilling a water well #14; constructing a booster station; constructing four one-million gallon reservoirs, specifically reservoirs 1-A, 1-B, 1-C and 2-C; and constructing transmission piping. The project was completed prior to the District becoming part of Phelan Piñon Hills Community Services District. Original loan = \$4,989,753 @ 3.5%.

2012 CIEDB Loan titled “Water Resources Acquisition Project” consists of the acquisition of land, including 160 acres of land, water well located on the property, and 2,335 acre feet of water rights in the Oeste subarea of the Mojave Groundwater Basin. Original loan = \$7,500,000 @ 2.04%.

2014 Municipal Finance Corporation Installment Sale Agreement for the construction of 1.16 megawatt solar field to provide power to generate credits for District-wide facilities in order to minimize overall energy demand. Original loan = \$5,000,000 @ 3.75%.

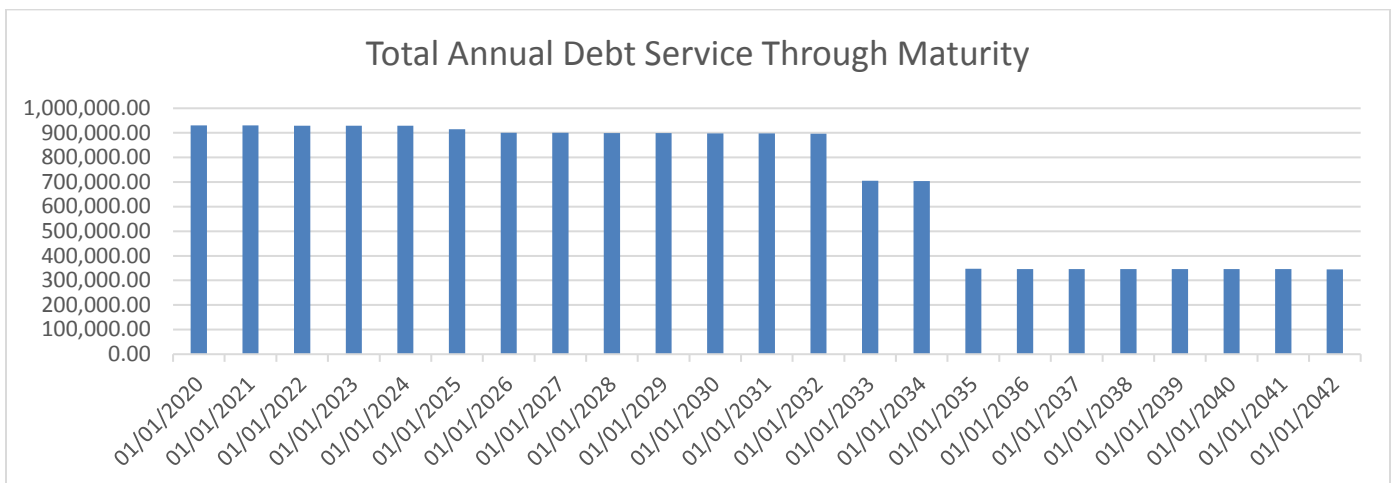
2014 Caltrans Highway 138 Loan for the lowering of waterlines along Highway 138 in preparation of the Highway 138 expansion. Loan = \$252,633 @ .912%.

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending June 30
2002 I-Bank Loan (Water Facilities) Year 18 of 30							
08/01/19			\$34,475	\$34,475		\$34,475	
02/01/20	\$1,847,755	\$122,262	\$34,475	\$156,738	\$5,910	\$162,648	\$197,123
2012 I-Bank Loan (Water Rights) Year 8 of 30							
08/01/19	\$6,175,372	\$202,325	\$65,053	\$267,378	\$19,133	\$286,511	
02/01/20			\$62,989	\$62,989		\$62,989	\$349,500
2014 Muni Loan (Solar) Year 5 of 20							
08/01/19	\$4,174,600	\$100,522	\$78,274	\$178,796		\$178,796	
02/01/20	\$4,074,078	\$102,407	\$76,389	\$178,796		\$178,796	\$357,591
2015 CalTrans Loan (Hwy 128 project) Year 5 of 10							
07/01/19	\$141,791	\$6,292	\$323	\$6,615		\$6,615	
10/01/19	\$135,499	\$6,306	\$309	\$6,615		\$6,615	
01/01/20	\$129,193	\$6,321	\$295	\$6,615		\$6,615	
04/01/20	\$122,872	\$6,335	\$280	\$6,615		\$6,615	\$26,462
Total		\$552,771	\$352,862	\$905,632	\$25,043	\$930,676	\$930,676

REVENUE COVERAGE

	Actual 2009/2010	Actual 2010/2011	Actual 2011/2012	Actual 2012/2013	Actual 2013/2014	Actual 2014/2015	Actual 2015/2016	Actual 2016/2017	Actual 2017/2018	Est YE 2018/2019	Budget 2019/2020
Gross Revenues											
Water Fund Revenues	\$4,348,388	\$4,127,211	\$4,178,972	\$4,405,277	\$4,275,300	\$4,907,466	\$5,647,864	\$5,528,945	\$6,259,044	\$6,815,644	\$7,083,539
Property Tax Revenue	0	0	0	0	562,080	548,350	659,452	467,845	427,907	381,954	331,456
Total Revenue	4,348,388	4,127,211	4,178,972	4,405,277	4,837,380	5,455,816	6,307,316	5,996,790	6,686,951	7,197,598	7,414,995
Operating Expenses											
Water Fund Expenses	-\$4,620,366	\$4,757,100	\$4,454,156	\$5,032,281	\$5,121,970	\$5,104,705	\$5,083,277	\$5,561,306	\$6,349,040	\$5,927,371	\$6,173,902
Less Depreciation	1,058,281	1,245,913	1,292,064	1,214,772	1,229,221	1,257,916	1,273,292	1,476,403	1,924,171	1,827,999	1,829,827
Total Water Fund Expenses	-\$3,562,085	\$3,511,187	\$3,162,092	\$3,817,509	\$3,892,749	\$3,846,789	\$3,809,985	\$4,084,903	\$4,424,869	\$4,099,372	\$4,344,074
Net Revenues Water Fund	\$786,303	\$616,024	\$1,016,880	\$587,768	\$944,631	\$1,609,027	\$2,497,331	\$1,911,886	\$2,262,082	\$3,098,226	\$3,070,921
Senior and Parity Debt Service											
2002 Water Facilities	\$231,021	\$230,721	\$209,792	\$199,366	\$199,077	\$198,779	\$198,470	\$198,151	\$197,820	\$197,477	\$197,123
2012 Water Rights				26,240	368,852	351,719	350,061	349,925	349,787	349,645	349,500
2014 Solar Project						150,150	357,591	357,591	357,591	357,591	357,591
2014 Hwy 138						13,231	26,462	26,462	26,462	26,462	26,462
Combined Total Annual Debt	\$231,021	\$230,721	\$209,792	\$225,605	\$567,930	\$713,879	\$932,584	\$932,129	\$931,660	\$931,175	\$930,676
Debt Service Coverage	340%	267%	485%	261%	166%	225%	268%	205%	243%	333%	330%

The above debt service is listed on the last page of the Budget Detail section of this document. Potential or scheduled new debt is identified in the Capital section of this budget document.



APPROPRIATIONS LIMIT

The 2019-2020 appropriations limit was set by Resolution #2019-10 and approved by the Board of Directors on June 20, 2019.

PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT APPROPRIATIONS LIMIT CALCULATION		
FISCAL YEAR 2019/2020		
1	PRICE FACTOR U.S. CAPITA PERSONAL INCOME CPI	3.85%
2	POPULATION PERCENT CHANGE	0.90%
3	PER CAPITA CONVERTED TO A RATIO:	1.03850
4	POPULATION CONVERTED TO A RATIO:	1.00900
5	CALCULATION FACTOR FOR RATIO OF CHANGE:	1.04785
6	PRIOR YEAR (18/19) APPROPRIATION LIMIT	\$3,702,446
7	CURRENT YEAR APPROPRIATION LIMIT	\$3,879,595

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.

At the June 19, 2019, Board Meeting, the Board conducted a hearing, in compliance with Government Code, to set the annual appropriations limit for the District. All of the documentation used for the determination of the proposed appropriations limit was available to the public at the District office prior to the hearing.



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

CAPITAL IMPROVEMENT **PROGRAM**

CAPITAL IMPROVEMENT PROJECTS

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

GIS / Mapping

Staff continues to update the water system in the Geographic Information System (GIS). This includes creating links to as-built information, researching and entering water meter data, facilities details, booster information, and water pipeline easements; annotating District facilities and the parcel base map, and populating attributes, as well as incorporating other District data into the GIS.

\$25,000 budgeted for contracted services

\$0 impact on future operating budgets

Chromium-6 Mitigation study of revised mandates

The proposed Chromium-6 Mitigation project contract with Infrastructure Engineering Corporation (IEC), initiated in January of 2017, was suspended in November of 2017. The State rescinded the Maximum Contaminate Level (MCL), 10 part per billion, back to 50 parts after a court ruling determined a Feasibility Impact Study was not provided. It is anticipated the State will propose a new MCL in June of 2019. Pending a new MCL determination, the District may revisit alternatives to treatment given the evolving cost-effective technology over the last couple of years.

\$50,000 budgeted for study

\$0 impact on future operating budgets

Replace Phelan Park/Community Center/Senior Center Parking Lot

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

In March of 2018 the Board approved entering into a PSA with TRLS Engineering for a budget not to exceed \$24,500 to prepare design plans and engineering services. The design will include removal and replacement of asphalt pavement, new trash enclosure, parking lot lighting, mitigate flooding at the Community Center entrance and address non-compliant ADA requirements. A budget amount of \$350,000 is proposed for construction. The Water Quality Management Plan and Design Plans are in the final revisions and County approval. Due to summer activities at the Community and Park, groundbreaking is tentatively scheduled for the first part of August 2019.

\$350,000 budgeted for construction

\$0 impact on future operating budgets

SITE 3C A/B Booster upsiz e –Engineering Design

System recommendations were made in the 2010 Water Master Plan to improve supply (wells) and booster pumping capacity. Boosters A and B at reservoir site 3C, located in Pressure Zone 4 on Middleton Road, south of Nielson Road, are proposed for improvements. Improvements include upsizing Booster “A” from 264 GPM to 350 GPM and upsizing Booster “B” from 233 GPM to 350 GPM. Electrical and engineering design is proposed for this fiscal year.

\$15,000 budgeted for engineering design **\$0 impact on future operating budgets**

Site 6 A Tank – Construction and Management

To utilize the full capacity of Tank 6A staff proposes to expand Pressure Zone 7 with two proposed pipeline extensions. Currently, reservoir water levels falling below the top 7-feet of Tank 6A would instigate low pressure in the system for Zone 6. The first pipeline extension is located on Mescalero Road, between Snowline Drive and Quail Road, with 760 LF of 6” water pipeline. The second is located on Pinon Hills Road, between Nielson Road and Maria Road, with 1,330 LF of 8” water pipeline. A budget of \$81,200 is set aside for material and staff time to install the water pipelines with engineering management to complete the project.

\$81,200 budgeted for the pipeline installation **\$0 impact on future operating budgets**

Smithson Springs – Tank and Pipeline Study/Design

The project proposes to capture water flow from Smithson Springs with a small tank at the site with an overflow exceeding tank capacity. This project is to monitor the amount of recharge water of the Oeste Basin. The budget is for a preliminary design of approximately 600 LF of 4” pipeline to proposed tank.

\$5,000 budgeted for the study/design **\$0 impact on future operating budgets**

Urban Water Management Plan (UWMP) Update

Section 10621(a) of the California Water Code states, “Each water supplier shall update its plan at least once every five years on or before December 31, in years ending in five and zero.” The proposed District’s 2020 UWMP Plan will be an update to the 2015 UWMP Plan. The District is a water supplier and is required to prepare a Plan in accordance with the UWMP Act established in 1983. The UWMP Act is included in the California Water Code (CWC) under Sections 10610 through 10656.

Pursuant to California Water Code Section 10617, an “Urban Water Supplier” is defined as a supplier, either publicly or privately owned, providing water for municipal purposes, either directly or indirectly, to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually. The primary objective of the UWMP Act is to direct urban water suppliers to evaluate their existing water conservation efforts and, to the extent practicable, review and implement alternative and supplemental water conservation measures.

\$35,000 budgeted for the UWMP **\$0 impact on future operating budgets**

Water Master Plan (WMP) Update

The objective of the Water Master Plan (WMP) is to provide an evaluation of the water system’s ability to adequately and reliably distribute water, through 2030, under existing and build-out conditions. The State requires the Water Master Plan to be updated every 10 years. The first, and most recent, WMP for the District was prepared and completed in early 2011. The 2011 WMP included development of the first hydraulic model. The Hydraulic Model Update (extended period simulation) was completed in June of 2019. The model will be utilized for the 2020 Water Master Plan update.

\$35,000 budgeted for the WMP **\$0 impact on future operating budgets**

Water Rate and Fee Study

The District conducted the most recent water rate and fee study in 2015 and adopted a five year rate plan effective beginning July 1, 2016. As there are several mandates that will impact the District’s cost of providing water, a new water rate and fee study will need to be completed.

\$50,000 budgeted for the WMP **\$0 impact on future operating budgets**

Phelan East Lot – Clear and Fence

In 2017/18, the District purchased the five acre parcel to the east of Phelan Park. The parcel will be used to expand Phelan Park, as deemed appropriate during the development of the Park Master Plan (see below). Until such time as it can be developed, the Board has requested the property be cleared and fenced.

\$21,000 budgeted for to clear and fence **\$0 impact on future operating budgets**

Street Lighting – Holiday Décor Replacement

The District received holiday decorations for the streetlights in 2008. Those decorations had been used by another agency for many years and were donated to the District when they purchased new decorations. The decorations have been updated each year, however they are extremely worn and in need of replacement.

\$9,600 budgeted for contracted services **\$0 impact on future operating budgets**

Solid Waste Projects

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

\$25,000 budgeted for projects **\$TBD impact on future operating budgets**

Vehicle Replacement – Truck and Dump Truck

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 one truck that are similar to the vehicles currently in service, estimated to cost approximately \$40,000. Purchases are made if the need arises and only after Board approval.

The District's dump truck, acquired in 2008, is showing signs of deterioration and will become out of compliance with the California Air Resources Board (CARB) in the coming year. This is a significant, critical, piece of equipment for water operations and is estimated to cost approximately \$160,000.

\$200,000 budgeted for vehicle replacement

\$0 impact on future operating budgets

Computers and Equipment

The District is scheduled to upgrade all Windows software and perform certain computer upgrades to accommodate the mandatory upgrade. Additionally, there are two computers and equipment that is nearing the end of its life expectancy and will need to be replaced this year. The District replaces computers and equipment as is necessary to meet operational demands.

\$10,000 budgeted for computers and equipment

\$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.

Phelan Pinon Hills Community Services District

CAPITAL EXPENDITURE BUDGET

2019/2020 Budget

CIP PROJECTS			ESTIMATE	Funding
	PROJECT	DESCRIPTION/LOCATION	2018/2019	Source
1	GIS/Mapping	Convert GIS and mapping	25,000.00	A
2	Chromium-6 Mitigation	Engineering Study of revised mandates	50,000.00	A
3	Phelan Parking Lot (1/2 see below)	Remove and replace Phelan parking lot	175,000.00	A
4	Site 3C A/B Boosters Upsize	Design/Engineering	15,000.00	A
5	Site 6A Tank - PZ Improvement	Construction	81,200.00	A
6	Smithson Springs	Tank and Pipeline Study/Design	5,000.00	A
7	Urban Water Management Plan	Update every 5 years	35,000.00	A
8	Water Master Plan Update	Update Plan every 10 years	35,000.00	A
9	Water Rate and Fee Study	Water Rates and Connection Fee Study	80,000.00	A
		Total Water Fund Projects	<u>\$ 501,200.00</u>	
10	Phelan East Lot	Clear and Fence	21,000.00	G
11	Phelan Parking Lot (1/2 see above)	Remove and replace Phelan parking lot	175,000.00	G
12	Street Lights	Street Holiday Décor Replacement	9,600.00	G
13	Solid Waste	Potential Capital Projects	25,000.00	G
		Total Government Fund Projects	<u>\$ 230,600.00</u>	
		TOTAL PROJECTS	\$ 731,800.00	

CAPITAL PURCHASES

ESTIMATE

14	Vehicle	Replace one truck & dump truck (\$160,000)	200,000.00	A/D
15	Computers & Software	Replace computers, purchase software, etc.	10,000.00	A
			<u>\$ 210,000.00</u>	

TOTAL PROJECTS AND CAPITAL PURCHASES \$ 941,800.00

FUNDING SOURCES

Ent A	Depreciation Funded	60% of Depreciation	A	\$ 621,200.00
Ent B	Property Plant and Equipment Replacement Reserve*		B	
Ent C	Connection Fees		C	
Ent D	Revenue from Vehicle Usage Fee (charged for work performed)		D	90,000.00
Gvt E	Depreciation Funded	60% of Depreciation	E	
Gvt F	*Property Plant and Equipment Replacement Reserve		F	
Gvt G	Existing Funds Available or Operational Revenue		G	230,600.00
				<u>\$ 941,800.00</u>

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

All above items are from the District 10-year CIP plan
 Note: Items 1-5 are developed in the Engineering Committee
 Item 6-9 were developed in the Parks and Recreation Committee
 Item 10 was developed in the Solid Waste and Recycling Committee
 Item 11-13 are from staff



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

BUDGET FORECAST

Phelan Piñon Hills Community Services District

2019/2020 Budget - Five Year Forecast

PPHCSD Forecast Model						
Assumptions	2020/21	2021/22	2022/23	2023/2024	2024/2025	
Rate Increase	5.0%	4.5%	3.5%	3.5%	3.5%	
COLA/Merit	5.0%	5.0%	5.0%	5.0%	5.0%	
Expenses	2.5%	2.5%	2.5%	2.5%	2.5%	
PROPOSED						
	2019/2020	2020/21	2021/22	2022/23	2023/2024	2024/2025
1 Operating Revenue - Enterprise Fund						
2 Water Sales	\$ 5,513,995	\$ 5,789,694	\$ 6,050,230	\$ 6,261,989	\$ 6,481,158	\$ 6,707,999
3 Special Assessments	293,439	290,505	287,600	284,724	281,877	279,058
4 Other Services	187,823	197,214	206,089	213,302	220,767	228,494
5 Total Operating Revenues	<u>\$ 5,995,257</u>	<u>\$ 6,277,413</u>	<u>\$ 6,543,919</u>	<u>\$ 6,760,014</u>	<u>\$ 6,983,802</u>	<u>\$ 7,215,551</u>
7 Operating Expenses - Enterprise Fund						
8 Water Purchases	12,728	13,046	13,372	13,707	14,049	14,400
9 Board Compensation	100,582	103,096	105,673	108,315	111,023	113,799
10 Professional Services	291,008	298,284	305,741	313,384	321,219	329,249
11 Salaries and Benefits - Enterprise	2,376,970	2,495,818	2,620,609	2,751,640	2,889,222	3,033,683
12 Services and Supplies - Enterprise	1,251,917	1,283,215	1,315,296	1,348,178	1,381,882	1,416,429
13 Rents and Leases	-	-	-	-	-	-
14 Utilities	296,448	303,859	311,456	319,242	327,223	335,404
15 Depreciation	1,829,827	1,863,013	1,897,699	1,942,051	1,989,404	2,023,253 ^A
16 Other	14,422	14,782	15,152	15,530	15,919	16,317
17 Total Operating Expenses	<u>\$ 6,173,902</u>	<u>\$ 6,375,114</u>	<u>\$ 6,584,997</u>	<u>\$ 6,812,048</u>	<u>\$ 7,049,941</u>	<u>\$ 7,282,535</u>
18						
19 Net Operational Income Water	\$ (178,645)	\$ (97,700)	\$ (41,078)	\$ (52,033)	\$ (66,139)	\$ (66,984)
20						
21 Operating Revenue and Expense - Government Fund						
22 Ordinary Income Government Funds	25,899	25,899	25,899	25,899	25,899	25,899
23 Ordinary Expense Government Funds	(617,815)	(633,261)	(649,092)	(665,320)	(681,953)	(699,001)
24 Net Operational Income Government	\$ (591,917)	\$ (607,362)	\$ (623,193)	\$ (639,421)	\$ (656,054)	\$ (673,103)
25						
26 Non-Operating Revenues (Expenses) - Enterprise Fund						
27 Investment Earnings	167,995	176,395	185,215	194,475	204,199	214,409
28 Investment Expense	(353,493)	(360,565)	(342,390)	(324,171)	(305,078)	(285,375)
29 Property Taxes	331,456	266,456	201,456	136,456	71,456	-
30 Other Income, Penalties, etc	1,256,059	1,318,862	634,805	666,545	699,873	734,866
31 Other Income, Grants, etc	-	384,174	399,882	416,177	433,082	433,082
32 Connection Fees	472,994	496,644	518,992	537,157	555,958	575,416
33 Other Expense	(808,765)	(816,853)	(196,656)	(201,572)	(206,612)	(211,777)
34 Net Non-Operating Revenues (Expenses)	\$ 1,066,246	\$ 1,465,113	\$ 1,401,304	\$ 1,425,068	\$ 1,452,878	\$ 1,460,622
35						
36 Non-Operating Revenues (Expenses) - Government Fund						
37 Investment Earnings	89,519	93,995	98,695	103,630	108,811	114,252
38 Property Taxes	898,175	943,083	990,238	1,039,750	1,091,737	1,146,324
39 Other Income	170,938	176,066	181,348	186,789	192,393	198,164
40 Income Solid Waste	212,845	219,231	225,807	232,582	239,559	246,746
41 Other Expense	(2,600)	(2,730)	(2,867)	(3,010)	(3,160)	(3,318)
42 Net Non-Operating Revenues (Exp) Gvmt	\$ 1,368,878	\$ 1,429,646	\$ 1,493,222	\$ 1,559,740	\$ 1,629,340	\$ 1,702,168
43						
44 Net Income	\$ 1,664,562	\$ 2,189,696	\$ 2,230,255	\$ 2,293,354	\$ 2,360,025	\$ 2,422,703
45						
46 Depreciation Unfunded (40%)	\$ 776,087	\$ 745,205	\$ 759,080	\$ 776,821	\$ 795,762	\$ 809,301
47 Loan Principal Payments	(1,370,429)	(569,596)	(1,391,969)	(1,409,910)	(1,428,438)	(1,434,326)
48 Net Cash Avail for Projects/Reserves	\$ 1,070,220	\$ 2,365,306	\$ 1,597,365	\$ 1,660,264	\$ 1,727,349	\$ 1,797,678
Beginning Cash in Bank (1)	\$ 16,144,419	\$ 17,436,969	\$ 19,714,508	\$ 21,199,917	\$ 22,484,837	\$ 23,775,254
RESERVES	(8,987,234)	(9,083,594)	(9,232,709)	(9,390,824)	(9,606,939)	(9,841,054) ^B
FUNDED DEPRECIATION (60%)	1,164,131	1,117,808	1,138,619	1,165,231	1,193,642	1,213,952
CIP PROJECTS	(731,800)	(995,575)	(1,040,575)	(1,330,575)	(1,420,575)	(1,015,487) ^C
CAPITAL PURCHASES	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)
CASH BALANCE = AVAILABLE CASH	\$ 8,449,735	\$ 10,630,914	\$ 11,967,208	\$ 13,094,013	\$ 14,168,315	\$ 15,720,344

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

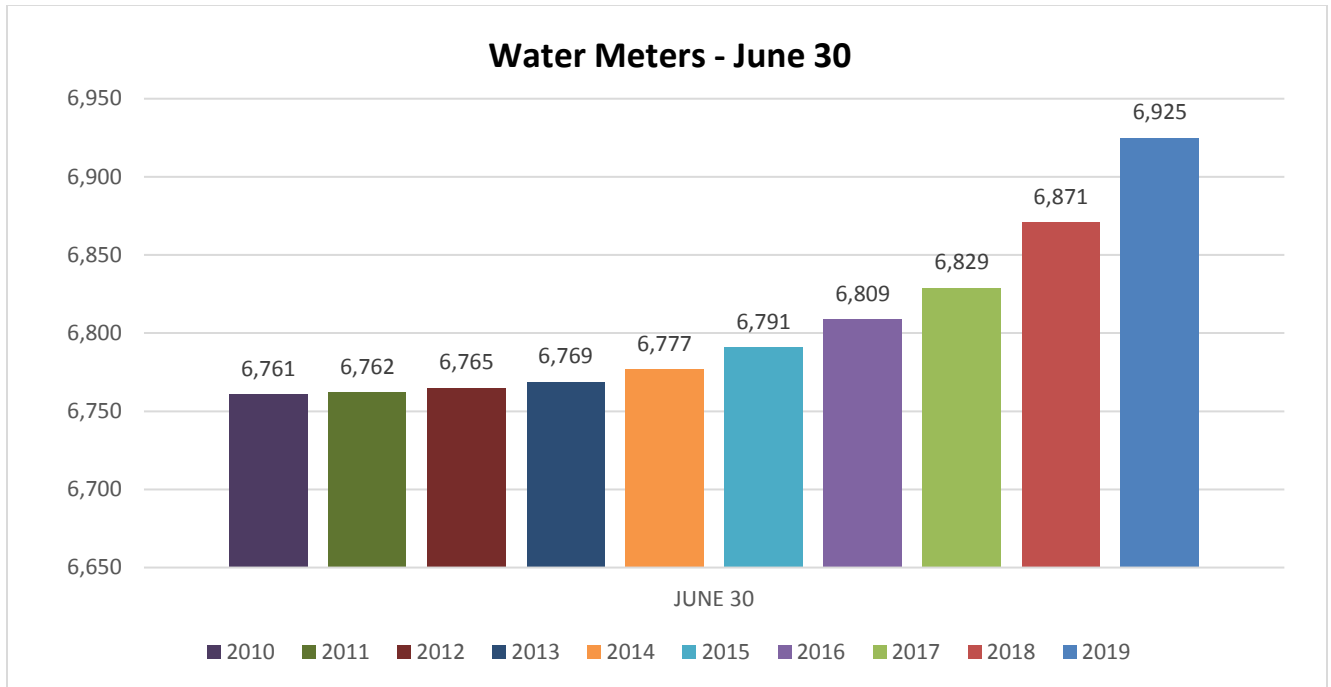
WATER SYSTEM STATISTICS AND HISTORICAL INFORMATION

NUMBER OF WATER CUSTOMERS as of June 30 each year											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Current Fiscal Year 2019
Residential	6,698	6,708	6,709	6,712	6,714	6,719	6,735	6,753	6,756	6,817	6,847
Commercial	50	50	50	50	51	51	51	49	49	50	71
Industrial					3	4	4	4	4	4	7
Other	2	2	2	2							
TOTAL	6,750	6,760	6,761	6,764	6,768	6,774	6,790	6,806	6,809	6,871	6,925

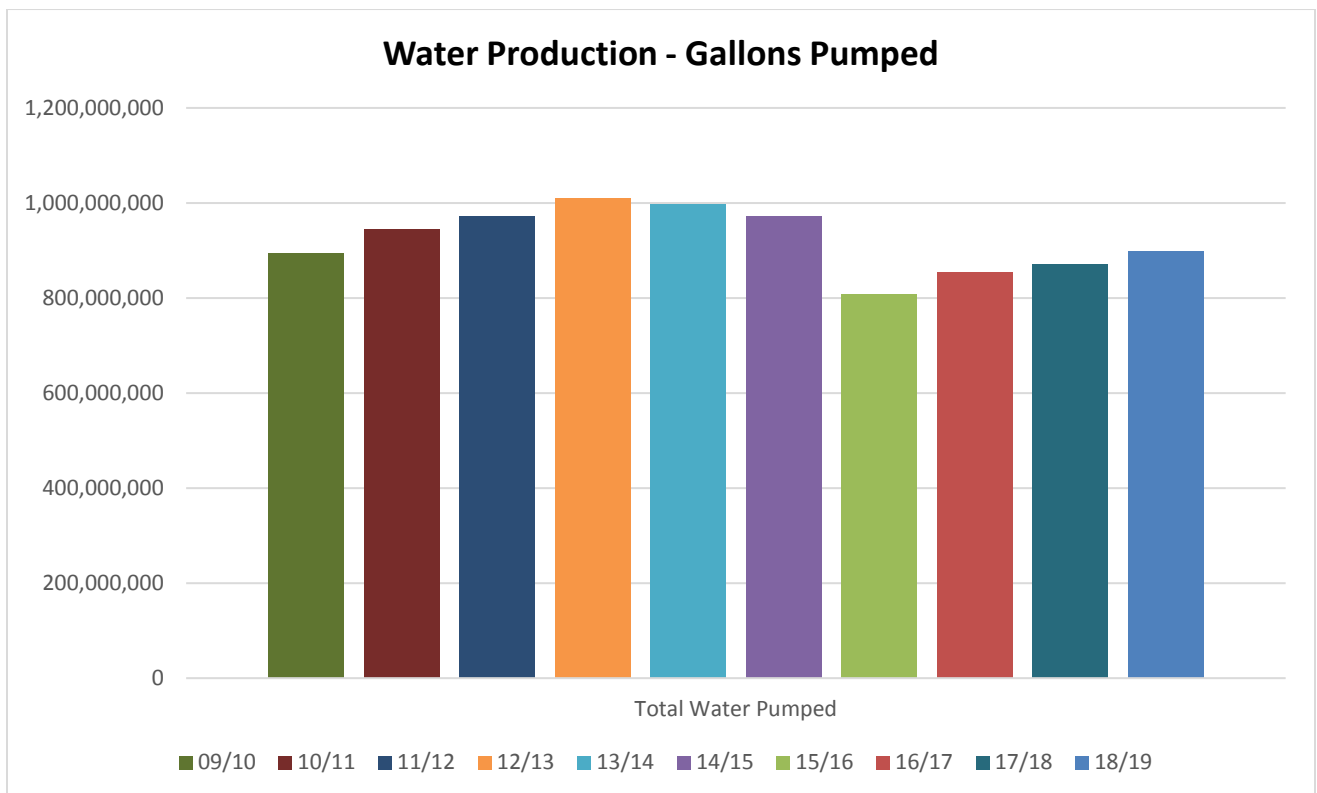
CURRENT AND HISTORICAL AVERAGE MONTHLY USER CHARGE PER RESIDENTIAL ACCOUNT (includes minimum + 15 HCF of water for 3/4" meter)											
	06/30/2009	06/30/2010	06/30/2011	06/30/2012	06/30/2013	06/30/2014	06/30/2015	06/30/2016	06/30/2017	06/30/2018	Current Fiscal Year 06/30/2019
	41.76	41.76	41.76	41.76	41.69	45.95	49.12	60.81	63.85	66.94	67.86

TEN LARGEST SYSTEM USERS as of 06/30/2019						
User	Annual Usage	% of System Use	Annual Gross Revenues	% of System Revenues	Customer Class <small>(Residential/Commercial/Industrial/Other)</small>	
SNOWLINE JUSD	91,491	9.22%	\$299,070	5.12%	INSTITUTIONAL	
SHEEP CREEK WATER DISTRICT	3,030	0.31%	\$17,417	0.30%	COMMERCIAL	
COUNTY OF SAN BERNARDINO	2,378	0.24%	\$13,793	0.24%	COMMERCIAL	
MYONG CHA (GRACE) PAK	2,254	0.23%	\$8,751	0.15%	RESIDENTIAL	
JOHN R & MARTHA J BROWNE	1,874	0.19%	\$7,318	0.13%	RESIDENTIAL	
JANICE CHUNG	1,845	0.19%	\$7,224	0.12%	RESIDENTIAL	
MARGO CORONADO	1,312	0.13%	\$5,319	0.09%	RESIDENTIAL	
KI JIN CHOI	1,297	0.13%	\$5,143	0.09%	RESIDENTIAL	
DANIEL H PARK	1,266	0.13%	\$5,024	0.09%	RESIDENTIAL	
CHRISTINE CHUNG	1,256	0.13%	\$4,881	0.08%	RESIDENTIAL	
TOTAL	108,003	10.88%	\$373,939	6.40%		

HISTORICAL METERS IN GROUND AND PRODUCTION



The District has been experiencing slow growth due to the economic conditions in the County. This has improved these past few years and continues to show upward economic trends.



Water production dropped in 09/10 due to economic impacts. It continued to rise through 12/13 and then dropped off 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				
	Effective 03/01/2013*	Effective 01/01/2014	Effective 01/01/2015**	Effective 01/01/2016	Effective 02/01/2016	Effective 07/01/2016	Effective 07/01/2017	Effective 07/01/2018	Effective 07/01/2019
FIXED CHARGE PER METER	Bi-Monthly				Monthly				
Meter Size									
¾"	\$31.37	\$33.75	\$35.77	\$18.96	\$18.96	\$16.97	\$17.90	\$18.16	\$19.16
1"	\$41.65	\$44.81	\$47.49	\$25.17	\$29.22	\$25.91	\$27.46	\$27.89	\$29.56
1 ½"	\$67.35	\$72.45	\$76.80	\$40.70	\$54.87	\$48.24	\$51.34	\$52.21	\$55.54
2"	\$98.19	\$105.63	\$111.97	\$59.34	\$85.65	\$75.04	\$80.00	\$81.39	\$86.72
3"	\$170.14	\$183.05	\$194.03	\$102.83	\$157.47	\$137.57	\$146.87	\$149.47	\$159.47
4"	\$272.94	\$293.64	\$311.26	\$164.96	\$260.07	\$226.91	\$242.41	\$246.74	\$263.41
CHROMIUM-6 SURCHARGE	N/A	N/A	N/A	N/A	N/A	\$9.71	\$9.71	\$9.71 \$12.12	\$9.71 \$12.19
CONSUMPTION									
Residential									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$2.50	\$2.22	\$2.35	\$2.39	\$2.53
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.95	\$3.51	\$3.71	\$3.77	\$4.00
Commercial									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$2.99	\$2.65	\$2.81	\$2.85	\$3.02
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$2.99	\$2.65	\$2.81	\$2.85	\$3.02
School									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.17	\$2.82	\$2.98	\$2.03	\$3.21
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.17	\$2.82	\$2.98	\$3.03	\$3.21
Construction									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.96	\$3.51	\$3.72	\$3.78	\$4.00
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.96	\$3.51	\$3.72	\$3.78	\$4.00
Fire									
Tier 1	\$1.69	\$1.89	\$2.02	\$2.17	\$3.23	\$2.87	\$3.03	\$3.08	\$3.26
Tier 2	\$1.95	\$2.18	\$2.33	\$2.50	\$3.23	\$2.87	\$3.03	\$3.08	\$3.26

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

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

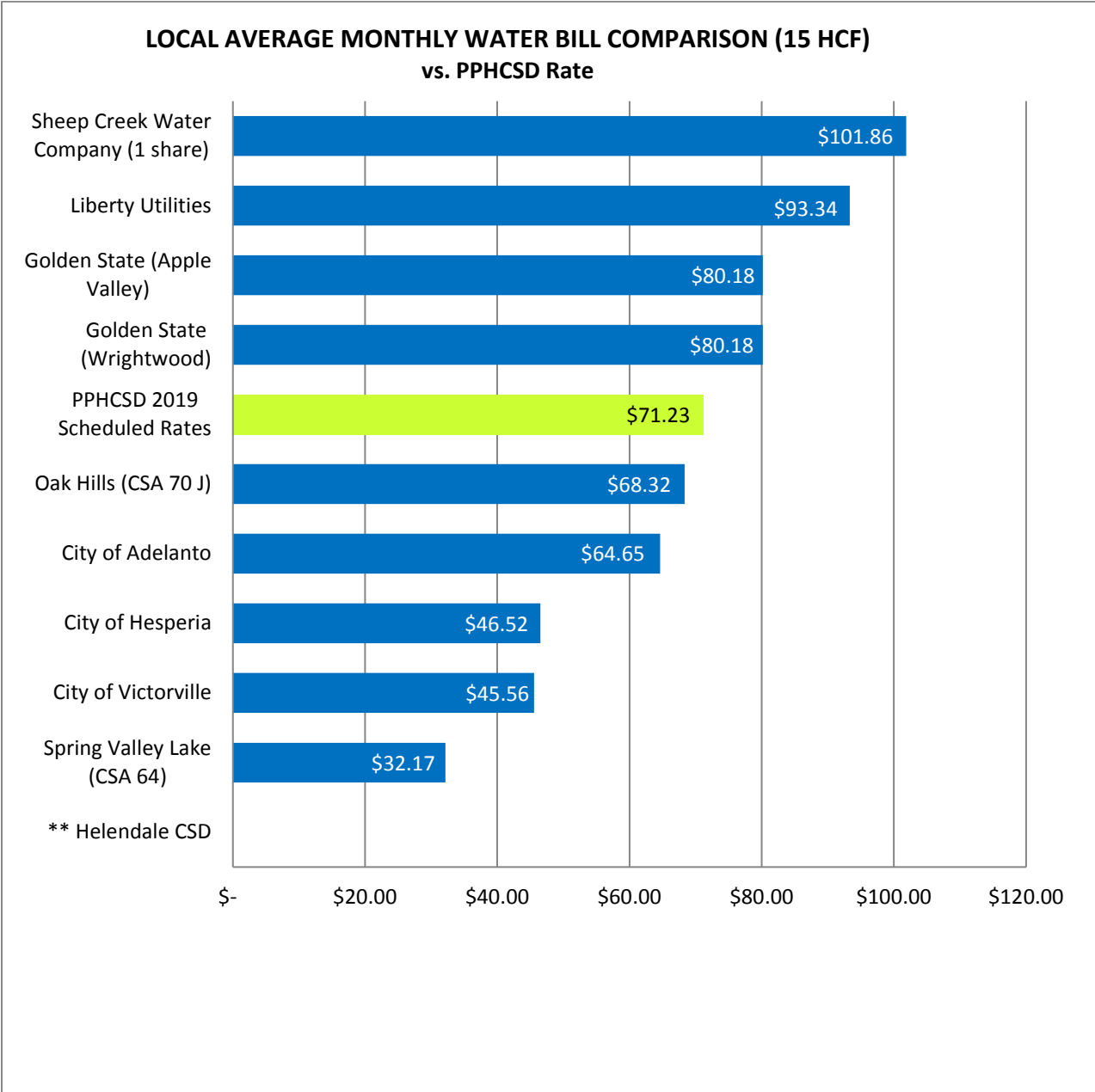
**July 1, 2015 the District converted to monthly billing. The above rates were divided by 2 for monthly billing.

The Chromium-6 Surcharge is to pay for Chromium-6 related costs, including debt service on an estimated \$17 million dollar loan. In August 2017, the Chromium-6 regulation was rescinded, pending further review by the Department of Water Resources (DWR). The District spent approximately \$3.7 million dollars prior to the project being put on hold. The surcharge will continue for approximately 2 more years, or until costs have been recovered.

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

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

WATER BILL COMPARISON TO LOCAL WATER PROVIDERS



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

**Helendale CSD does not have ¾” meters. The smallest meter they use is 1”.

DISTRICT PROFILE

History

In February 2008, the citizens of Phelan and Piñon Hills overwhelmingly voted to separate the Water, Parks and Recreation, and Street Lighting Districts from the County and create a Community Services District. The Phelan Piñon Hills Community Service District was established through an election on February 5, 2008. With an 81% approval rating. The voters approved the formation of the District as a consolidation of three Special Districts: Zone-L70 Water, CSA-9 Phelan Parks and Street Lighting and CSA56-F1 Piñon Hills Parks. In 2012 the District activated Solid Waste and Recycling services.

The consolidation enabled the communities to establish a form of self-governance while maintaining their individual rural integrity. The 128 square mile District is the largest Community Service District in San Bernardino County. In March 2008, the Phelan Piñon Hills Community Services District was formed (LAFCO Resolution 2994), with a five-member Board of Directors elected to govern the District.

Governance

The District is governed by an elected, five-member Board of Directors. Board members are elected to a four year term, participating in the election process during odd years.

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

District Services

The District provides the following within its service area:

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

BOARD OF DIRECTORS

	Term Expires	December
Alex Brandon President	2020	
Charlie Johnson Vice President	2022	
Kathleen Hoffman Director	2022	
Deborah Philips Director	2022	
Mark Roberts Director	2020	

DISTRICT MANAGEMENT

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

MISSION STATEMENT

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

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



Phelan Piñon Hills Community Services District

2019/2020 BUDGET



WATER
PARKS AND RECREATION
STREET LIGHTING
SOLID WASTE AND RECYCLING



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

Budget in Brief

By the Numbers

Phelan Piñon Hills Community Services District

Water System:

Number of Pressure Zones	11
Miles of Water Main	353
Reservoirs	35
Wells	11
Booster Stations	24
Booster Pumps	64
Pressure Reducing Stations	32
Service Connections (Meters)	6,925

Parks and Recreation Facilities:

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

Street Lighting:

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

Solid Waste and Recycling:

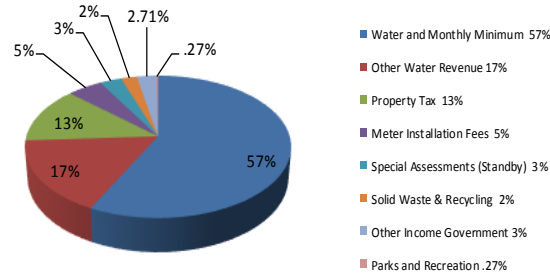
Number of Residential Customers	3,830
Number of Commercial Customers	113

Misc. Statistical Information

Population	24,479
Service Area	128 square miles
Employees	23 Full Time 3 Part Time
Enterprise Fund Budget	\$7,336,160
Government Fund Budget	\$ 620,415
Capital Budget	\$ 941,800

FY 2019/2020 Budget in Brief

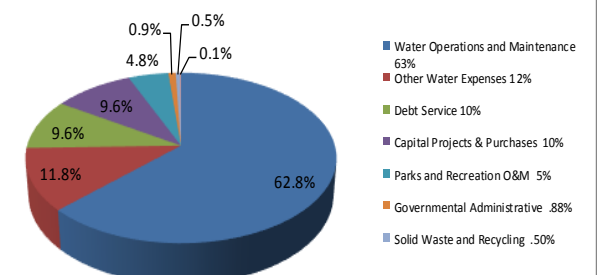
Resources



"Where the Money Comes From"

Resources	
Water Revenue 57%	\$5,513,995
Other Water Revenue 17%	\$1,611,877
Property Tax 13%	\$1,229,631
Meter Installation Fees 5%	\$472,994
Special Assessments (Standby) 3%	\$293,439
Solid Waste 2%	\$212,845
Parks and Recreation .27%	\$25,899
Other Income Government 3%	\$260,485
TOTAL RESOURCES	\$9,621,137

Expenses



"Where the Money Goes"

Expenses	
Water Operations and Maintenance 63%	\$6,173,902
Other Water Expenses 12%	\$1,162,258
Debt Service 10%	\$940,157
Capital Projects & Purchases 10%	\$941,800
Parks and Recreation O&M 5%	\$471,516
Governmental .88%	\$86,858
Solid Waste Administration .50%	\$49,633
Street Lighting Operations .13%	\$12,408
TOTAL EXPENDITURES	\$9,838,533

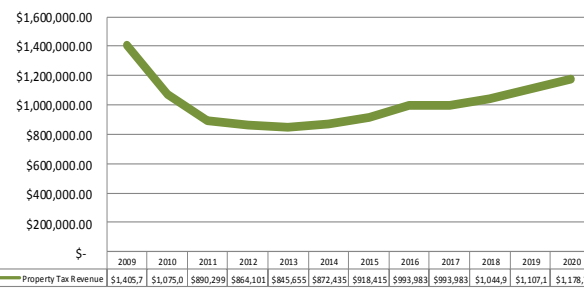
Property Tax Revenue



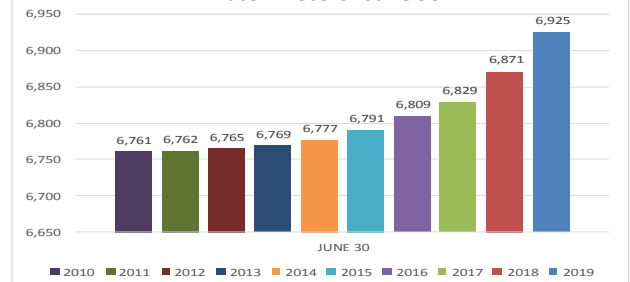
County's Share of General Tax Levy
\$15,660,894

PPHCSD's Share of General Tax Levy
\$1,178,777 = 7 cents of each dollar

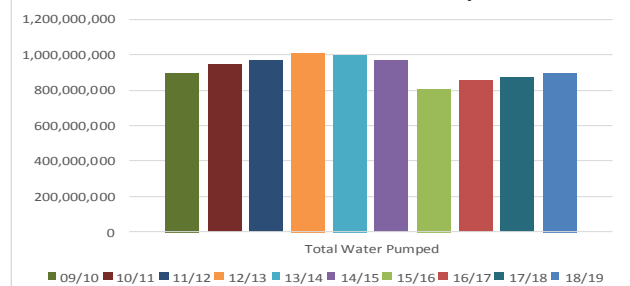
Property Tax Revenue



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

GLOSSARY OF TERMS

Accrual - The recognition of a revenue or expense in a current period even though the actual cash may not be received or paid until a following period.

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

Acre-foot (AF) of Water - The volume of water that covers one acre to a depth of one foot; 43,560 cubic feet; 1,233.5 cubic meters; 325,872 gallons.

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

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

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

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

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.

CalPERS - California Employees Public Retirement System.

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

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

Capital Equipment (Assets) - Fixed assets such as vehicles, computers, equipment, technical instruments, etc., which have a life expectancy of more than one year and a value over \$5,000.

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

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

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

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

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

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

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

Consumer Price Index (CPI) - A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living or doing business (i.e. economic inflation).

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

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

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

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

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

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

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

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

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

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

Geographic Information System (GIS) - An organized collection of computer hardware, software and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

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

Governmental Accounting Standards Board (GASB) - Their mission is to establish and improve standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports.

Governmental Finance Officers of America (GFOA) - Their purpose is to enhance and promote the professional management of governments for the public benefit. The GFOA accomplishes this mission by identifying and developing financial policies and practices, and promoting them through education, training and leadership.

Groundwater - Water produced by pumping from underground.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Water Conservation - Reducing the demand for water through activities that alter water use practices, e.g., improving efficiency in water use, and reducing losses of water from leaks.

Water Quality - The chemical, physical and biological characteristics of water with respect to its suitability for a particular purpose. The same water may be of good quality for one purpose or use, and bad for another, depending on its characteristics and the requirements for the particular use.

Well - A vertical drilled hole into an underground formation to obtain a source of water, to monitor ground water quality or to determine the position of the water table.