

RESOLUTION NO. 2021-20
A RESOLUTION OF BOARD OF DIRECTORS OF
THE PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT
ESTABLISHING DISTRICT POLICY NO. 4140, "REVENUE POLICIES AND
PROCEDURES"

WHEREAS, the Phelan Piñon Hills Community Services District ("District") is a public agency organized and operating as a Community Services District pursuant to California Government Code Section 61000 et seq.;

WHEREAS, the District is governed by a five-member Board of Directors ("Board") expressly authorized by Government Code Section 61040(a) to establish policies for the operation of the District;

WHEREAS, the District receives revenue from various sources; and

WHEREAS, the Board has determined that it is important to implement appropriate guidelines for the use of revenues received by the District.

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

1. The Board hereby establishes and adopts District revenue policies which are attached hereto as Policy No. 4140, "Revenue Policies and Procedures," and incorporated herein by this reference.

2. The provisions of this Resolution shall supersede those set forth in Resolution No. 2020-12 adopted by the Board on or about September 16, 2020, and shall take effect immediately upon adoption.

Adopted this 3rd day of November, 2021.

AYES: Hoffman, Johnson, Kujawa, Philips, Roberts

NOES:

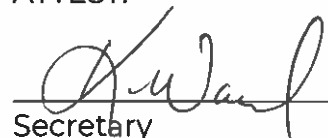
ABSTAIN:

ABSENT:



President, Board of Directors

ATTEST:



Secretary

POLICY NO. 4140

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SECTION 4142 **PURPOSE**

The purposes of this policy are to establish the District's basic policies and procedures concerning revenues received by the District. The policy shall be guidelines to design, maintain, and administer a revenue system that will assure a reliable, equitable, diversified, and sufficient revenue stream to support desired District services. The provisions of this policy shall apply unless otherwise provided by applicable law.

SECTION 4143 **POLICIES**

4143.01 **Balance and Diversification in Revenue Sources** – The District shall strive to maintain a balanced and diversified revenue system to protect the District from fluctuations in any one source due to changes in local economic conditions which adversely impact that source.

4143.02 **User Fees** – For services that benefit specific users, the District shall establish and collect fees to recover the costs of those services from those users. The Board of Directors shall determine the appropriate cost recovery level and establish the fees. Where feasible and desirable, the District shall seek to recover full direct and indirect costs. User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary.

4143.03 **Property Tax Revenues** – The District shall endeavor to reduce the Water Enterprise Fund's reliance on property tax revenues by revenue diversification, implementation of user fees, and economic development.

4143.04 **Utility/Enterprise Funds User Fees** – It is the intention of the District that all utilities and enterprise funds be self-supporting. As a result, utility rates and enterprise funds user fees shall be set at levels sufficient to cover operating expenditures, meet debt obligations, provide additional funding for capital improvements, and provide adequate levels of working capital. The District shall seek to eliminate the use of Ad Valorem Taxes to subsidize operations of the utility/enterprise funds.

4143.05 **Depreciation Funding** – The District shall make every effort to upgrade and/or replace District assets as they become obsolete and/or inefficient. In order to do so, it is necessary to fund depreciation as part of the operational costs of the various funds. However, the Board has determined that it is not currently practical

to fund depreciation at one hundred percent (100%). Aside from the Board of Directors position that it is not necessary because the useful life of certain assets exceed the depreciable years set forth by the Government Accounting Standards Board (GASB), the Board of Directors believe it would be an unnecessary burden on the rate payers. As such, the Board has determined the policy for recovery of depreciation is set at a rate of sixty percent (60%).

4143.06 **Revenue Estimates for Budgeting** – In order to maintain a stable level of services, the District shall use a conservative, objective, and, analytical approach when preparing revenue estimates. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends in revenues.

4143.07 **Revenue Collection and Administration** – The District shall maintain high collection rates for all revenues by keeping the revenue system as simple as possible in order to facilitate payment. In addition, since revenue should meet the cost of producing it, the District shall strive to control and reduce administrative costs. The District shall pursue to the full extent allowed by state law all delinquent ratepayers and others overdue in payments to the District.

4143.08 **Write-Off of Uncollectible Accounts** – The District shall monitor payments due to the District (accounts receivable) and periodically write-off accounts where collection efforts have been exhausted and/or collection efforts are not feasible or cost-effective.

4143.09 **Revenues from Land Leases and Miscellaneous Agreements**

4143.09.1 Revenues derived from activities associated with the Enterprise Fund land will be recorded in the Enterprise Fund and will be designated for use for Enterprise Fund activities as deemed appropriate by the Board of Directors.

4143.09.2 Revenues derived from activities associated with the Government Fund land will be recorded in the Government Fund and will be designated for use for Governmental Fund activities as deemed appropriate by the Board of Directors.

4143.10 **Surplus Solid Waste Revenues** – At the end of each fiscal year, any surplus solid waste revenue shall be transferred to the Park and Recreation Fund for utilization in the Civic Complex and Phelan Park Expansion project, as determined by the Board each year during the budget process.

4143.11 **Use of One-time Revenues** – The District shall discourage the use of one-time revenues for ongoing expenditures.

SECTION 4144 RESPONSIBILITIES AND PROCEDURES

The General Manager, either personally or by direction to management and staff, shall be responsible for adhering to this policy, as set forth by the Board of Directors.

SECTION 4145 SUMMARY

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 as approved by the Board of Directors.