



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

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

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

**2015 / 2016 Budget
For Fiscal Year Ending
June 30, 2016**

**Approved
June 17, 2015**



2015 / 2016 Budget

For the Fiscal Year Ending

June 30, 2016

PHELAN PIÑON HILLS
COMMUNITY SERVICES DISTRICT

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

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Phelan Pinon Hills Community Services District
California**

For the Fiscal Year Beginning

July 1, 2014

A handwritten signature in black ink, reading "Jeffrey R. Enos".

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, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This is the first year the District applied for an award with GFOA. This award is valid for a period of one year only. The District believes our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another 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, 2014. This is the first operating budget award the District has applied for and received from the CSMFO. This award is valid for a period of one year.

The District believes the 2015/2016 budget continues to conform to the standards set forth to be eligible for this award and will submit an application accordingly.

RESOLUTION NO. 2015-16

**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, 2016**

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, 2016 (“2016 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 2016 Budget; and

WHEREAS, on June 17, 2015, the Board conducted a public hearing regarding the proposed 2015 Budget in accordance with the requirements of Government Code Section 61110 and considered all comments received at said hearing; and

WHEREAS, the proposed 2016 Budget has been reviewed and considered by the Board of Directors and it has been determined to be in the best interest of the District to adopt said budget for the sound financial operation of the District.

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

1. The 2016 Budget, as detailed in the budget document entitled “2015/2016 Budget for the Fiscal Year Ending June 30, 2016,” is hereby adopted. A copy of the 2016 Budget is attached hereto and incorporated herein by reference.
2. The expenditure amounts designated for Fiscal Year 2015/2016, pursuant to the 2016 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 17th day of June, 2015.

AYES:	Brandon, Morrissette, Roberts, Whalen
NOES:	Pace
ABSTAIN:	None
ABSENT:	None

Al Morrissette
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 3, 2015

Board of Directors
Citizens of 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 2015/2016. This Budget has been prepared to meet the many challenges facing the District, including increasing costs of water production, water quality, water supply, and now, state mandated water conservation and enforcement. The Budget reflects the District's dedication to provide reasonable levels of service with a commitment to prudent fiscal management by developing policies and processes that are efficient and cost effective. This Budget has been developed to be fiscally responsible in support of the District's Mission Statement:

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

The most significant issues facing the District in 2015/2016 are:

- Impacts of state mandated water conservation measures, Executive Order B-29-15, are estimated to cause a reduction in revenue of over \$620,000, a reduction consumption related expenses by approximately \$226,770, and an increase water conservation enforcement related expenses by over \$120,000 per year, thus negatively impacting the Budget by \$513,230.
- Impact of changes to the state water quality regulations. The District's water has traces of Chromium 6, some of which, under the new regulations, will now exceed the maximum contaminant levels (MCL). Mitigation is expected to cost approximately \$10,000,000.

Governor Brown issued Executive Order B-29-15, imposing restrictions to achieve a statewide 25% water reduction in water through February 28, 2016. These restrictions require water suppliers to reduce usage as compared to the amount used in 2013. The Department of Water Resources made determinations for each water agency's mandated reduction based on the tier in which the agency was assigned. Based on the District's historical production and consumption, the Phelan Piñon Hills Community Services District is in a tier that requires a 32% reduction in water usage. Because the District's water rate structure is set up to include a considerable amount of its fixed costs in the consumption fees rather than the fixed meter fee, in compliance with state recommendations, this reduction has far reaching impacts to the District's Budget. To mitigate this significant impact, the District will need to reconsider the current rate structure and fees associated with providing water.

The state reduced the acceptable levels of Chromium 6 that can be found in drinking water. Many of the District's wells have chromium exceeding the maximum contaminant levels allowed under this new

ruling. Based on the data available to date, the District will need to install infrastructure to blend well water that contains undetectable levels of Chromium 6 with water from wells that are currently exceeding the maximum levels of Chromium 6. Blending the well water will ensure that all of the water delivered to our customers will continue to meet or exceed the state requirements. This project is estimated to cost the District in excess of \$10 million dollars. The cost of these projects will average approximately \$9.00 per month per customer.

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 seven years revenues have decreased and the cost of operating the District has continued to rise. Due to the reduction in property tax values within the District, property tax revenue decreased by over 40% between 2008 and 2012, primarily due to the number of vacant properties within the District, water revenue decreased by 16% between 2009 and 2012. The cost of pumping water out of the ground (the District's only water source) increased by 18% in 2013, increased by another 14% in 2014, and is expected to increase by another 5% in 2015 due to the Southern California Edison rate changes. These increases have all but negated the rate increases that were adopted in 2013 and implemented each year thereafter. 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 our customers. In 2012, the District purchased water rights which will result in a savings of reduced water rights fees. Even after repaying the \$7.5 million dollar loan, this purchase is estimated to save the District \$24 million dollars over the next thirty years. In 2014/2015 the District installed a solar project that will result in credits against the District's most costly and uncontrollable expense: electricity. After loan repayment, the estimated savings due to the solar project are \$13 million dollars over thirty years. The combined results of these two measures are savings estimated to exceed \$37 million dollars over the next thirty years.

During the first five years after formation, the District held rates at the levels assumed from San Bernardino County in March 2008. In 2012, the District contracted to have its first 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. The approved rate change is reviewed each year to determine if it can be reduced as a result of the cost saving measures the District has implemented.

The Fiscal Year 2015/2016 Budget is based on Enterprise Fund revenues of \$4,872,669, Government Fund revenues of \$477,719, totaling \$5,350,388; Enterprise Fund expenses of \$5,205,784, Government Fund expenses of \$521,097, totaling \$5,726,881; for a total net revenue of \$-376,492. The deficit is being mitigated by a transfer of funds from the Government Fund and the use of funds that were previously reserved in a rate stabilization fund.

Enterprise Revenue is estimated to decrease overall, even with an increase due to rate changes for water meter and consumption charges, the state mandated conservation measures will offset and exceed the increase that would have been realized by the rate change. The estimated reduction in consumption (due to the state mandate) is 30% over the entire Budget period, resulting in a net reduction in water consumption revenue of over \$610,000. The largest impact to Water Expenses is the cost of electricity to pump the water out of the ground and throughout the system. The District is anticipating an additional 5% increase in Edison costs. However, the reduction of water use will reduce this expense; the net result being a \$228,000 reduction in this expense. With the addition of the Solar Net Metering Project in 2014/2015, there is a new line item for Solar Credits. These credits help to offset the cost of electricity for water production and the loan for the Solar Project. As water

production is allowed (by the state) to increase, the solar project will ultimately provide a considerable offset to the District's cost of pumping water out of the ground.

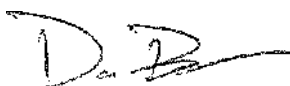
Government Revenue is estimated to decrease as a result of transferring additional funds to the Enterprise Fund. While there is an increase due to a rate change for Solid Waste, an increase in recreation revenue due to increased activity, and a slight increase in property tax revenue, additional tax revenue is being transferred to the Enterprise Fund. Government Expenses are increasing slightly due to electricity costs, replacement of some equipment, and necessary building maintenance.

	2015 Budget	2015 Est. YE	2016 Budget	% Over Prior Year Budget	% Over Est. Yr End
Enterprise (Water) Revenue	\$5,114,935	\$5,307,096	\$4,872,669	-4.7%	-8.2%
Enterprise (Water) Expenses	\$5,334,693	\$5,513,152	\$5,205,784	-2.4%	-5.6%
	-\$219,758	-\$206,055	-\$333,114		
Government Revenue	\$511,567	\$572,081	\$477,719	-6.6%	-16.5%
Government Expenses	\$444,750	\$484,158	\$521,097	17.2%	7.6%
	\$66,817	\$87,923	-\$43,378		
Total Revenue	\$5,626,502	\$5,879,177	\$5,350,388	-4.9%	-9.0%
Total Expenses	\$5,779,443	\$5,997,310	\$5,726,881	-0.9%	-4.5%
Total Net Revenue	-\$152,941	-\$118,133	-\$376,492		

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

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

Respectfully submitted,



Don Bartz
General Manager



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

MISSION AND VISION STATEMENT

MISSION STATEMENT

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

VISION STATEMENT

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



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

OFFICIALS

BOARD OF DIRECTORS

		Term Expires
Al Morrisette	President	December 2017
Dan Whalen	Vice President	2017
Alex Brandon	Director	2015
Cathy Pace	Director	2017
Mark Roberts	Director	2015

DISTRICT MANAGEMENT

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

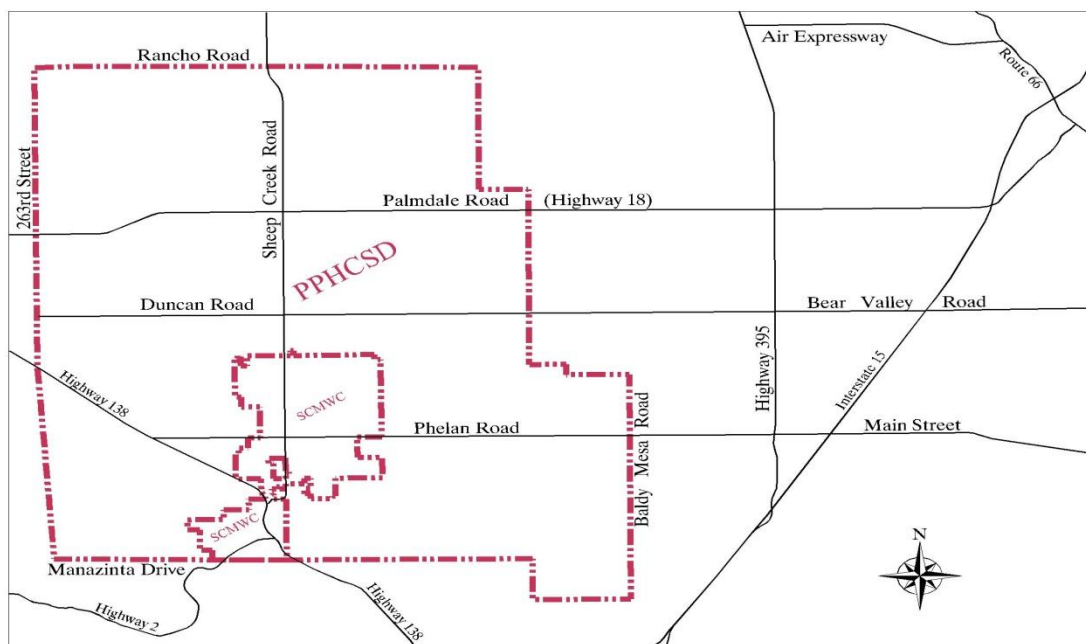
District Officials can be reached by calling (760) 868-1212

DISTRICT PROFILE

History

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

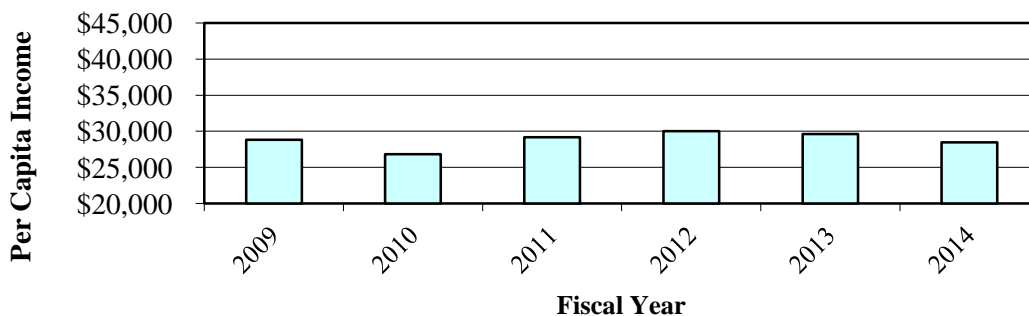
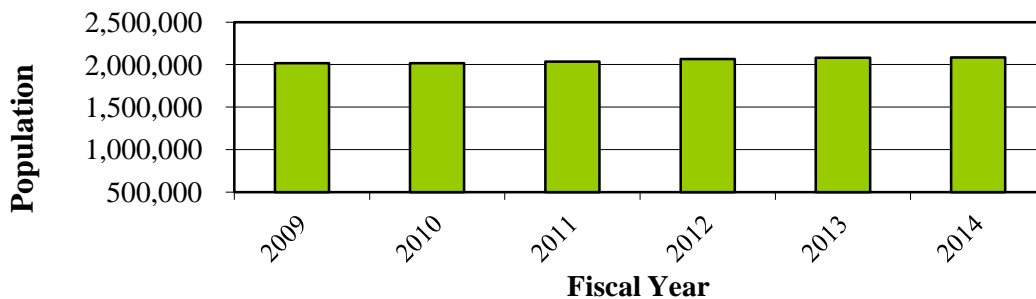
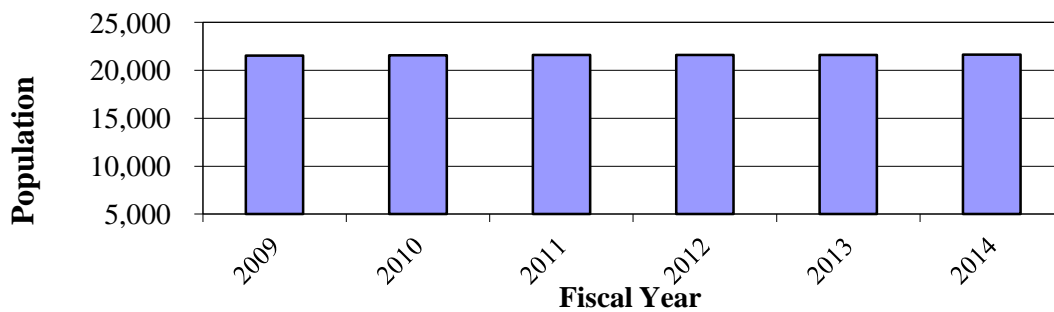
Between March 2008 and June 30, 2008, during the early stages of the transition, the District continued to be operated and maintained by County of San Bernardino Special Districts. From July 1, 2008, through October 2008, the Directors outsourced the operations and maintenance of the District and began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



Demographic and Economic Statistics

Demographics and Economic Statistics Last Six Calendar Years

Year	County of San Bernardino ⁽¹⁾				
	Phelan & Piñon Hills Population	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2009	21,549	13.0%	2,015,355	58,050,285	28,804
2010	21,576	13.0%	2,017,673	54,093,000	26,810
2011	21,601	16.0%	2,035,210	59,411,850	29,192
2012	21,614	16.0%	2,063,919	61,913,442	29,998
2013	21,625	12.0%	2,081,313	61,677,629	29,634
2014	21,641	8.1%	2,085,669	59,345,866	28,454



Sources: California Department of Finance and California Labor Market Info

Notes: (1) Only County data is updated annually. Therefore, the District chose to use its data since the District believes that the County data is representative of the conditions and experience of 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. For the currently seated Board, three Directors were elected in November of 2013 and two Directors will be elected in November of 2015. The Directors are elected to set the policies of the District and provide guidance and leadership to the management and staff of the District.

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

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

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

District Services

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

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

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

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

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

Water

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

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

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

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

Parks and Recreation

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

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

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

Street Lighting

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

Solid Waste

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

BY THE NUMBERS: SUMMARY OF DISTRICT INFORMATION

Water System:

Number of Pressure Zones	11
Miles of Water Main	353
Reservoirs	35
Wells	11
Booster Stations	24
Booster Pumps	63
Pressure Reducing Stations	32
Service Connections (Meters)	6,790

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	3,033
Number of Commercial Customers	159

Misc. Statistical Information

Population	21,685
Service Area	128 square miles
Employees	21 Full Time, 3 Part Time
Enterprise Fund Budget	\$5,205,784
Government Fund Budget	\$ 521,097
Capital Budget	\$1,985,000

2015/2016 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 into the budget process. These public meetings include workshops, committee meetings, and board meetings. Beginning in February, staff begins gathering information in preparation for the budget. In March, the Board provides staff with budget assumptions to be used based on the consumer price index, and other economic factors. Considering these guidelines, staff begins the process of preparing a draft budget. Staff works with department managers and supervisors to obtain budget information and incorporates the data with the assumptions as directed by the Board. The draft budget is reviewed by management and presented to the Finance Committee for consideration prior to being presented to the full Board for review. Once staff has made any changes identified, the Final Draft Budget is made available and a public hearing is held. The Final Draft Budget is presented to the Board during the public meeting for final review, consideration, and adoption. All of these meetings are open and public and the District encourages public attendance and participation.

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

Date/Location	Time	
January 26, 2015 Monday Piñon Hills Community Center	3:00 PM	Special Board Workshop – Review of committee proposed CIPs and discussion of District goals for 2015/2015 budget and 10 year CIP and Maintenance Plans
February 4, 2015 Wednesday Phelan Community Center	6:00 PM	Regular Board Meeting - Action item to consider approval of District Goals and 10 year CIP and Maintenance Plans
March 25, 2015 Wednesday Phelan Community Center	4:00 PM	Special Board Meeting - Board makes determination for budget assumptions
April 14, 2015 Tuesday Conference Room at District Office	2:30 PM	Finance Committee - Review of draft Budget
April 22, 2015 Wednesday Phelan Community Center	5:00 PM	Special Board Meeting and Workshop - Review draft budget
May 13, 2015 Wednesday Phelan Community Center	5:00 PM	Special Board Meeting and Workshop - Review draft budget
May 20, 2015 Wednesday Phelan Community Center	6:00 PM	Board Meeting - Review draft budget
May 27, 2015 Wednesday Phelan Senior Center	5:00 PM	Special Board Meeting Workshop - Review final draft budget
June 17, 2015 Wednesday Phelan Community Center	6:00 PM	Regular Board Meeting - Budget Hearing - Budget approval (with any modifications identified as a result of the hearing)

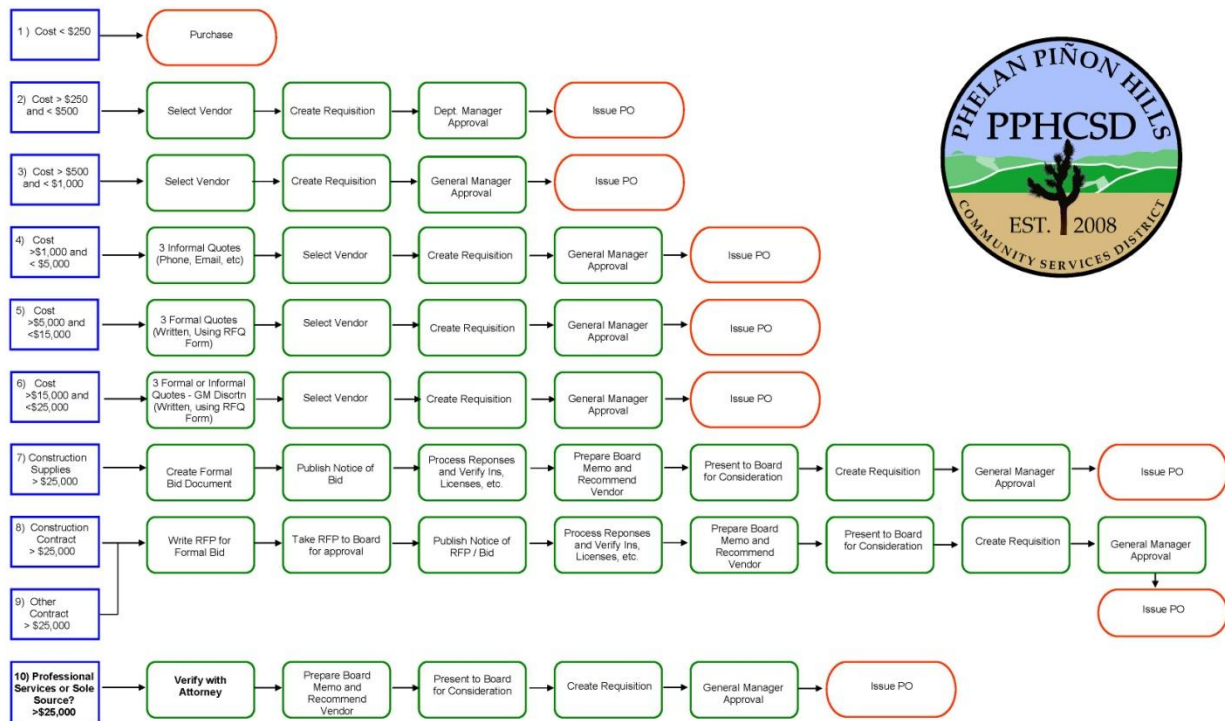
BUDGETARY CONTROL AND FINANCIAL PRACTICES

Budgetary Control

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

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

PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT PURCHASING PROCESS



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

Accounting and Financial Practices

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

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

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

Government Funds	Parks and Recreation, Street Lighting, and Solid Waste.
Enterprise Funds	Water Note: Water activities represent 98% of District functions.

Current Financial Plans

In 2012, the District conducted the first water rate and fee study. The study was completed over a six month period with several public workshops held throughout the process to garner public involvement and input. On February 20, 2013, after exceeding notification and meeting requirements of Proposition 218 (now Articles XII C & D of the California Constitution), the Board held a public hearing on the proposed multi-year rate change. As there were only a few protests, the Board adopted Resolution #2013-01, approving the water rate changes. The Board of Directors reviews the approved rate changes each year to determine the necessity of the rate change, and to determine if the change can be reduced as a result of District efforts to lower expenses and obtain additional revenues to help mitigate the costs of operations.

In 2014/2015 the District installed a 1.16 megawatt solar project, which is projected to save the District in excess of \$13 million dollars over a thirty year period. The District will receive credits for electricity produced from the solar project to help offset its considerable electric costs, currently almost \$700,000 per year. The savings noted are after loan payment and expenses associated with the solar project are considered.

Long-Term Financial Plans

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

FINANCIAL POLICIES

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

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

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

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

Purchasing Policy - Resolution 2014-08

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

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

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

Investment Policy - Resolution 2014-33

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 2015-01

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

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

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

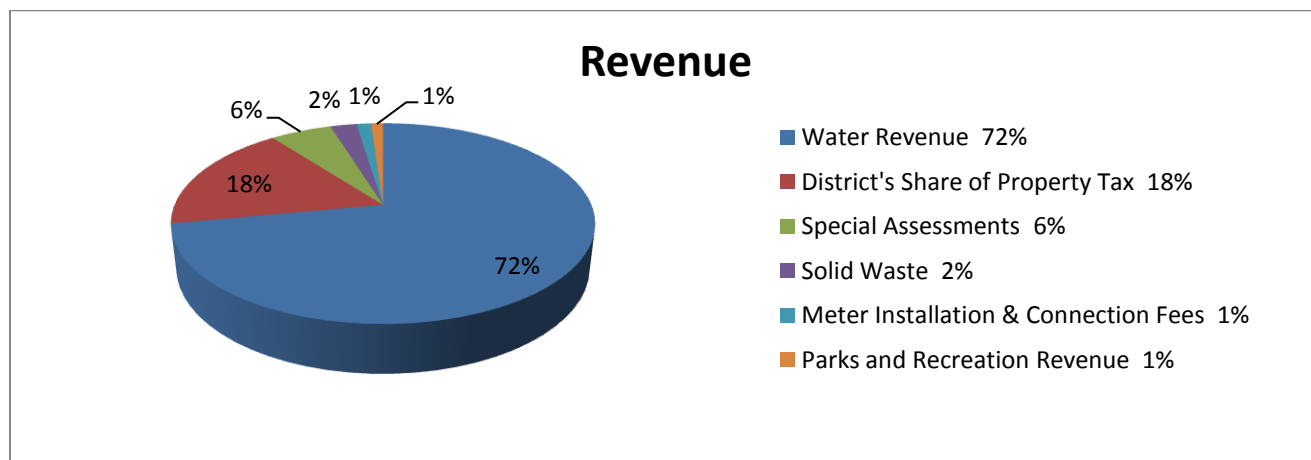
Revenue Policy - Resolution 2013-03

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

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

SOURCES OF REVENUE

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



Water Revenue: Sales and Use Fees (72% of total revenue) - The District's primary business activities are from the administration, production, treatment, and distribution of water through approximately 6,800 meters to approximately 21,600 residents.

Rates and fees are determined based on the costs of production, treatment, distribution and administration of water 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.

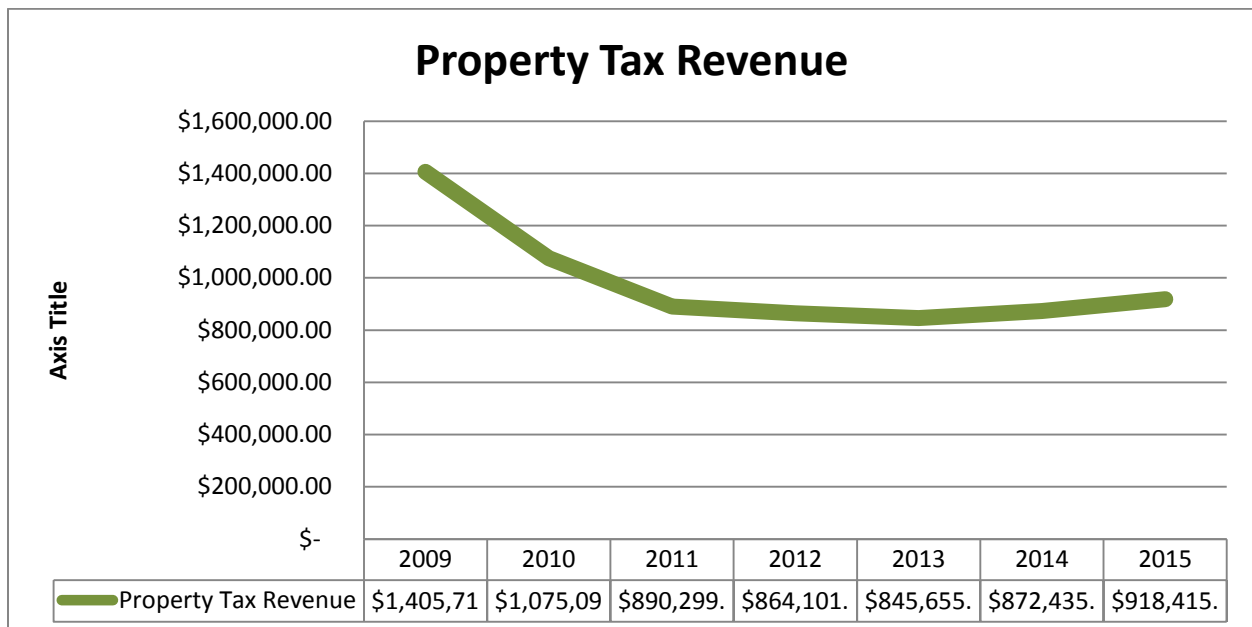
Historical and Future (Pending Board Review) Water Rates

Commodity Charge (water used)		March 2008 - Feb 2013	March 1, 2013	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017
Tiered	Tier (HCF)						
Tier 1	0 - 25		\$1.69	\$1.89	\$2.02	\$2.17	\$2.32
Tier 2	25.01 +		\$1.95	\$2.18	\$2.33	\$2.50	\$2.68
Tier 1	0 - 14	\$1.81					
Tier 2	14.01 - 80	\$2.01					
Tier 3	80.01 +	\$2.08					
Bi-Monthly Meter Charge		March 2008 - Feb 2013	March 1, 2013	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017
Meter Size:	3/4"	\$26.02	\$31.37	\$33.75	\$35.77	\$37.92	\$40.19
	1"	\$37.20	\$41.65	\$44.81	\$47.49	\$50.34	\$53.36
	1.5"	\$64.20	\$67.35	\$72.45	\$76.80	\$81.41	\$86.29
	2"	\$93.50	\$98.19	\$105.63	\$111.97	\$118.69	\$125.81
	3"	\$159.64	\$170.14	\$183.05	\$194.03	\$205.67	\$218.00
	4"	\$245.64	\$272.94	\$293.64	\$311.26	\$329.93	\$349.72

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



Historical property tax revenue shows a significant decrease in property tax revenue between 2009 and 2012. This was due to the housing bust that began in 2009 and leveled out in 2011: Property values dropped significantly, which impacted property tax revenue, with final impacts occurring into 2012. Property values in the District have slowly begun rising, resulting in slightly higher revenue, as indicated on the table below. Because the District started in 2009, and fund balances were at reasonable levels, impacts to service remained minimal throughout the economic downturn.



Special Assessments (aka: Standby Charge or Water Availability Fees) (6% of total revenue) – This fee is applied to unmetered (undeveloped) properties within 660' of a water line. This charge is applied to the property tax roll. Once a meter is installed at a property, the standby charge stops as the property owner is then charged a bi-monthly meter charge, the revenue from which is then water revenue. An engineer's report was completed in 2013, and an update is provided each year. The following is found on page 2 of the report:

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

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

Solid Waste Revenue (2% of total revenue) – The District receives a small percent of the Solid Waste Fees collected by the authorized collection entity.

Meter Installation and Connection Fees (1% of total revenue) – The charges associated with installing a new meter to a property that does not currently have water service. As building has been slow over the past five years, this revenue stream has been much lower than it was during the building boom.

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

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

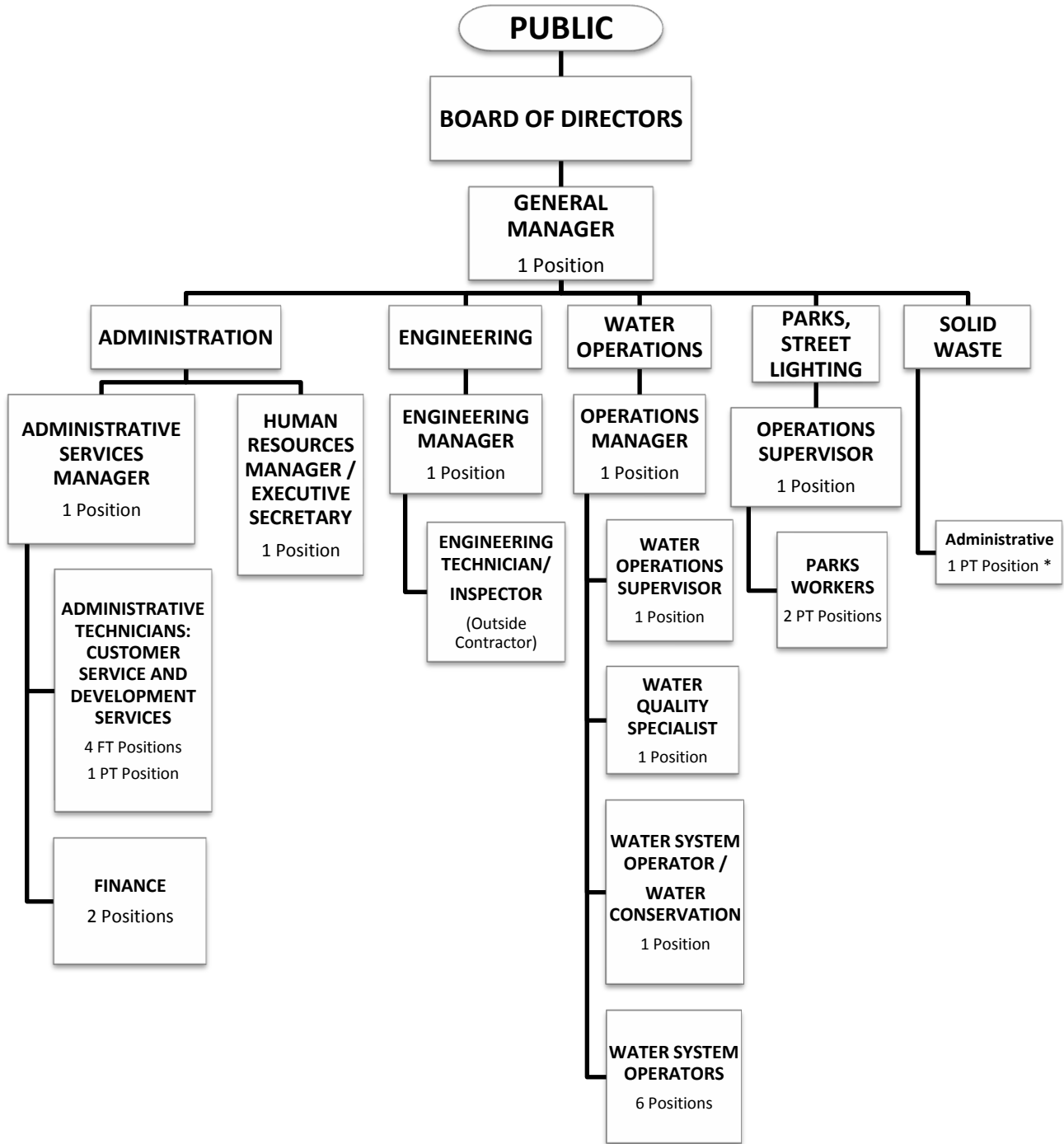
Parks and Recreation Revenue (1% of total revenue) – Fees charged for various program participation (such as Farmers Market vendors, classes, etc.), facility rental (such as community center rental fees, etc.), and other fees and charges for programs and events sponsored by the Parks and Recreation department.



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

DEPARTMENTAL **PRESENTATIONS**

ORGANIZATIONAL CHART



FT = Full Time PT = Part Time
 *Position must be approved by the Board prior to filling

STAFFING LEVELS

	2009	2010	2011	2012	2013	2014	2015	2016
General Manager	1	1	1	1	1	1	1	1
ADMINISTRATION	2009	2010	2011	2012	2013	2014	2015	2016
Administrative Services Manager	1	1	1	1	1	1	1	1
Human Resources Manager/Executive Secretary	1	1	1	1	1	1	1	1
Administrative & Customer Service Staff	4	4	3	3	3	3	3	5
Finance Staff	1	1	2	2	2	2	2	2
TOTAL	7	7	7	7	7	7	7	9
ENGINEERING	2009	2010	2011	2012	2013	2014	2015	2016
Engineering Manager	1	1	1	1	1	1	1	1
GIS/CAD (Outside Contractor)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
TOTAL	1	1	1	1	1	1	1	1
WATER OPERATIONS	2009	2010	2011	2012	2013	2014	2015	2016
Water Operations Manager	1	1	1	1	1	1	1	1
Water Quality Specialist								1
Water Operations Supervisor	2	2	2	2	2	2	2	1
Water Operators	6	6	6	6	6	6	6	7
TOTAL	9	9	9	9	9	9	9	10
PARKS AND RECREATION	2009	2010	2011	2012	2013	2014	2015	2016
Park Supervisor	1	1	1	1	1	1	1	1
Park Workers (Part Time)	2	2	2	2	2	2	2	2
TOTAL	3	3	3	3	3	3	3	3
STREET LIGHTING	2009	2010	2011	2012	2013	2014	2015	2016
Street Light Staff	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0
SOLID WASTE	2009	2010	2011	2012	2013	2014	2015	2016
Solid Waste Staff - Part Time *	0	0	0	0	0	(1)	(1)	(1)
TOTAL	0	0	0	0	0	0	0	0
TOTAL STAFF	21	21	21	21	21	21	21	24

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

DEPARTMENT OVERVIEW

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

The Enterprise Fund includes the following departments:

Water Operations

The Government Fund includes the following departments:

Parks and Recreation
Street Lighting
Solid Waste

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

Administration
Engineering

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

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

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



ADMINISTRATION AND FINANCE

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

Organization: The staff consists of two managers and five administrative, customer service, and finance employees with one new full-time and two new part time positions funded for this year.

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: Administers safety programs, processes claims, identifies safety risks, and obtains 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: Answers calls, receives and process payments, process new, closing and changes to customer accounts, processes billing, current and past due account processes, assists customers with trouble shooting account problems, administers 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
Payments	
Cash	5,155
Check	6,938
Credit Cards	2,480
Mail	16,938
Online	8,697
TOTAL	40,208

Payments Received and Processed	Annual Quantity
Water	39,993
Senior Lunch	26
Parks & Rec. (Rentals, Classes, etc)	189
TOTAL	40,208

Customer Service Other Activities	Annual
Service Orders Processed	4,342
Assisted Customers at Counter	14,573

Accounting Activities	Annual
Checks Processed	2,510
Accounts Payable Transactions	16,625
Payroll Transactions	7,515
Journal Entries Transactions	2,489
Fixed Asset Transactions	303
Inventory Transactions	2,183
Water Bills Processed	41,207
Monthly Invoices Processed	144

Projects in progress and/or completed in 2014/2015:

- Received first CAFR Award from GFOA (Government Finance Officers Association)
- Received first Budget Award from GFOA and CSMFO
- Received Transparency Certification from California Special District Association (CSDA)
- Provided outstanding customer service
- Implemented Auto Pay and Level Pay options for customers
- Implemented telephone notifications for customers
- Completed 10% of scanning of customer service files into Tyler system
- Began discussions to implement mobile computing for service orders
- Implemented new treasury options
- Completed RFP for Banking Services and changed banks
- Completed evaluation and analysis of Health Benefits packages
- Completed change of Health Insurance carriers with increased coverage at reduced rates
- Developed policies and procedures
- Completed Water Procedures Site Manuals
- Finalized office procedures

2015/2016 Goals:

- Receive CAFR Award from GFOA (Government Finance Officers Association)
- Receive Budget Award from GFOA and CSMFO
- Maintain Transparency Certification from California Special District Association (CSDA)
- Continue providing outstanding customer service
- Implement additional payment options for customers
- Implement additional notifications for customers
- Develop Water Conservation guides and programs
- Complete scanning of customer service files into Tyler system
- Implement mobile computing for service orders
- Continue to explore and implement treasury options
- Continue to develop policies and procedures
- Finalize office procedures manual



ENGINEERING

The engineering department provides professional planning and engineering services to our 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 an outside consultant.

Primary services:

- Implement District policies pursuant to Board direction.
- GIS and mapping system development and maintenance
- Project and contract management
- Capital Improvement Program (CIP) development
- Water Resources planning
- Maintenance of facilities master plan and hydraulic models for water system
- Engineering analysis of new construction and development projects
- Service availability and permitting for construction
- Develop and coordinate Request for Proposal (RFP) of CIP projects
- Participate in Mojave Water Agency Technical Advisory Committee
- Participate in various joint agency programs

2015/2016	
Project Management	
Total Projects	18
CAD to GIS Conversion and Verification	
Water Mains	353 Miles
System (Main) Valves	475
Control Valves (PRV, Air Vac, BO etc)	868
Hydrants w/ Valve	54
Fittings	184
Booster Pumps	63
Tanks	40
Wells	11
Meters	6,790
New Sample Points	24
As-Built Plans	
Documented and stored (in connex)	4
Scanned and cataloged (on server)	63
Field verification and documentation (GPS, mapping) of facilities	
Gate valves	80
Hydrants	5
Blow-offs	5
Air Vacs	252

2015/2016	
Maps/Exhibits Created/Distributed	
Dairy Facilities	35
Parks Related	55
Water related	90
Solar related	24
Administration related	20
Misc	28
Production Well Monitoring	
Complete Spreadsheet/Graph Update	2
Water Facility As-Built Distribution (for proposed project design)	
Utility projects	2
Roadway projects	1
Development Services	
Review Will Serve Letters	58
Review Easements	2
Review Developer Water Plans	8
Implementation/Coordination Meetings for Mobile Applications	
SEDARU	12

Projects in progress and/or completed in 2014/2015:

- Tank Exterior Coating Project – September 2014
- Scan and Index Historical CSA 70L Files – December 2014
- Caltrans Highway 138 Water Pipeline Relocation Project - January 2015
- Water Shortage Contingency Plan – February 2015
- Expand GIS application and field data – Meter data - April 2015
- Alternative Energy Project (solar) - June 2015
- Dairy Property Annexation – June 2015
- SCADA Upgrade and Replacement – June 2015
- Cross Connection Control Program - Annual
- GIS Website Project – Ongoing development
- GIS Mobile Application (SEDARU) – Ongoing development

2015/2016 Goals:

- Expand GIS application and field data to include links to as-builts, easements, etc.
- Expand SEDARU mobile application to integrate SCADA and Tyler Incode
- Dairy Well Infrastructure and Connection to Distribution System
- Air Vacuum/Air Release Program (mapping and GIS)
- Urban Water Management Plan Update 2016
- GIS Website Project to link district facilities to maps

WATER OPERATIONS

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

Organization: The staff consists of a manager, two supervisors, and six water operations employees.

Primary services:

- Implement District policies pursuant to Board direction.
- Water Production: Maintain and repair wells, boosters and reservoirs. Read and record well meters and production facilities. Monitor SCADA system and analyze production data to ensure adequate production.
- Water Quality: Take samples for lab analysis, prepare DHS reports, prepare consumer confidence report, treat water (Chlorination), process and follow up on water quality complaints.
- Transmission and Distribution: Repair leaks, replace damaged waterlines, valve and hydrant repair and replacement, construction inspections, new service installations, USA markings, vehicle maintenance, and complete service orders for District facilities.
- Meter Services: Read meters, meter maintenance, disconnection of service, meter moves, replacements, 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)	6,790

Water Operations Activities	Annual
Water Quality Samples Taken	1,133
USA's Marked	1,201
Service Orders Completed	4,342
Services Disconnected/Reconnected Shut-off Cycle	1,010
Main/Service Line Leaks repaired	179
Service Line Replacements	30
Hydrant Repairs	28

Projects in progress and/or completed in 2014/2015:

- Develop hydrant and valve maintenance program
- Develop air valve release locating and maintenance program
- Train operators on water line location and marking
- SCADA system replacement and upgrade
- Implement in-house backflow prevention certification and program
- Highway 138 waterline relocation
- Water quality monitoring plan
- Water Conservation program
- Reduce meter reading time from three days to two
- SEDARU implementation – ongoing
- Completed facility operating procedures manuals

2015/2016 Goals:

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



PARKS AND RECREATION

Parks and Recreation manages and maintains District owned parks and recreation facilities to provide quality, 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.
- 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 and 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	2014/2015	Phelan Community Center	Piñon Hills Community Center	Office
Phelan Rental	166	166		
Phelan PPHCSD Activities	184	184		
Board Meetings	28	27	1	
Committee Meetings	65			65
Piñon Hills Rental	132		132	
Piñon Hills PPHCSD Activities	28		28	
TOTAL	603	377	161	65

Weekly events:

- Phelan Farmers Market

Monthly events:

- Phelan Senior Lunch Program
- Piñon Hills Senior Lunch Program

Annual events:

- Community Services Awareness Day
- Desert Snakes and Animals Workshop
- Plants and Planting Workshop
- Winterization Workshop
- Composting Workshop
- Archery – weekly summer activity
- Kids Crafts – weekly summer activity
- Movie Night – weekly summer activity
- Coloring Contest

Annual events in partnership with other agencies:

- Senior Health Fair
- Water Awareness Expo
- Phelan Phun Days

Projects in progress and/or completed in 2014/2015:

- Phelan Farmers Market – weekly event
- Senior Lunch Program – two times per month
- Improved park operations
- Provided additional training for staff
- Improved audio and video system at Phelan Community Center
- Worked with school officials and local sporting associations in pursuit of additional recreation programs
- Added and/or improved upon recreational programs to meet community needs

2015/2016 Goals:

- Continue to improve park operations
- Continue to provide additional training for staff
- Continue pursuit of additional recreation programs in partnership with businesses, clubs, and local sports associations
- Continue pursuit of additional recreational programs to meet community needs



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 does respect 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 2013/2014:

- There were no requests for street lights in 2013/2014.

2014/2015 Goals:

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

SOLID WASTE AND RECYCLING

Solid Waste

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

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

Primary services:

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

Solid Waste and Recycling:	
Number of Residential Customers	3,033
Number of Commercial Customers	159

Projects in progress and/or completed in 2014/2015:

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

2015/2016 Goals

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



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

BUDGET FINANCIAL REPORTS

Phelan Piñon Hills Community Services District - 2015/2016 Budget

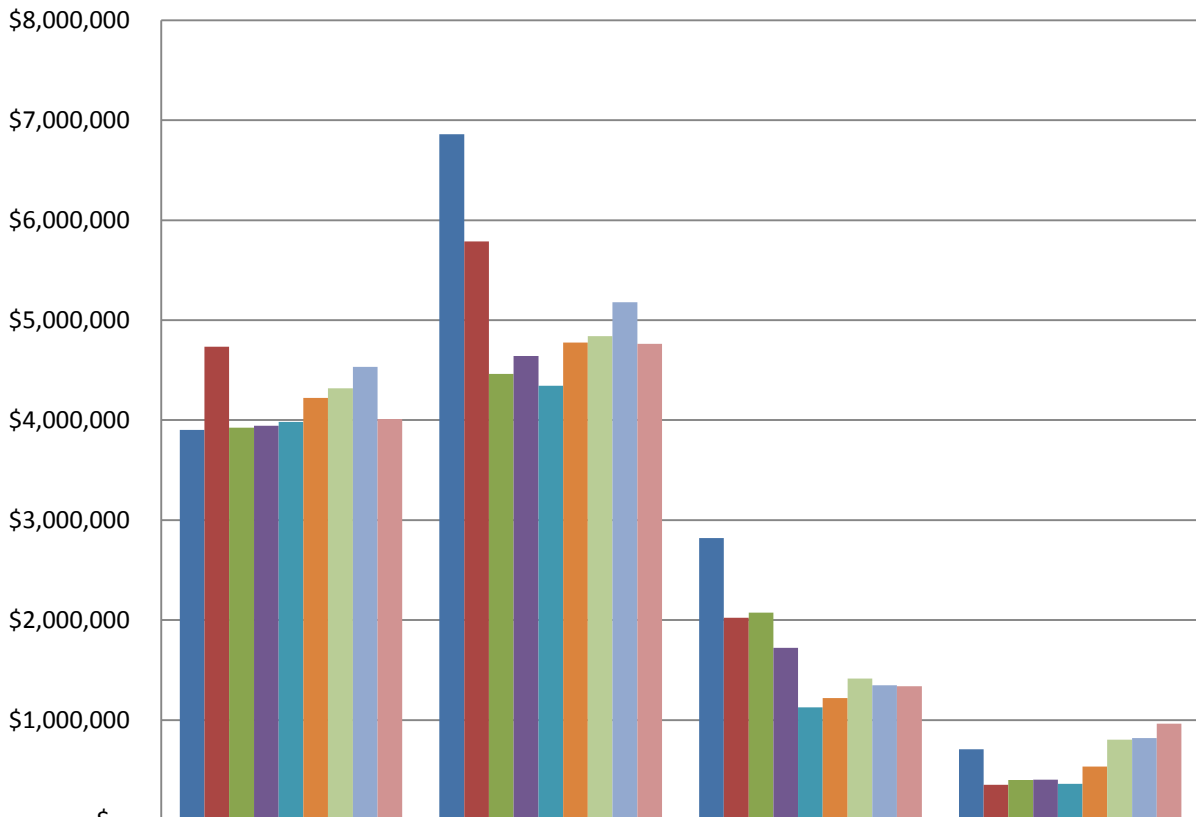
Financial History and Budget Comparison

	HISTORICAL INFORMATION									
	COUNTY 2007/08 Audited Actual	PPHCSD 2008/09 Audited Actual	PPHCSD 2009/10 Audited Actual	PPHCSD 2010/11 Audited Actual	PPHCSD 2011/12 Audited Actual	PPHCSD 2012/13 Audited Actual	PPHCSD 2013/14 Audited Actual	PPHCSD 2014/15 Estimated Year End	PPHCSD 2015/16 Budget	
	A	B	C	D	E	F	G	H		
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	\$ 4,131,144	\$ 3,621,670	
3 Special Assessments	307,104	283,142	219,623	324,650	355,749	303,841	299,818	301,102	300,000	
4 Other Services	57,906	100,820	77,848	81,123	114,114	99,754	117,505	99,246	89,246	
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	\$ 4,531,491	\$ 4,010,916	
6										
7 Operating Expenses - Enterprise Fund										
8 Water Purchases	Incl Below	\$ 315,588	228,683	147,596	7,903	32,259	36,544	75,730	5,265	
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	1,694,691	1,890,563	
10 Board Compensation	Incl Below	32,469	40,453	49,153	52,115	92,764	94,526	88,953	88,953	
11 Professional Services	176,635	401,008	273,866	309,171	246,374	309,590	254,622	265,580	311,580	
12 Services and Supplies	1,128,024	1,839,640	694,474	572,750	604,586	742,780	722,763	905,010	838,196	
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	889,113	343,607	
15 Depreciation (Ent Funds)	774,842	886,786	1,058,282	1,245,913	1,292,064	1,214,772	1,229,221	1,252,058	1,277,058	
16 Other	2,014,296	157,996	176	202	196	1,789	8,453	7,566	7,566	
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	\$ 5,178,701	4,762,788	
18										
19 Net Operational Income Water	\$ (2,959,669)	\$ (1,054,267)	\$ (537,966)	\$ (698,477)	\$ (363,962)	\$ (552,759)	\$ (519,965)	\$ (647,209)	(751,871)	
20										
21 Operating Revenue and Expense - Government Fund										
22 Ordinary Income Government Funds	Incl Below	19,109	13,046	20,622	36,405	24,772	13,065	19,157	24,306	
23 Ordinary Expense Government Funds	Incl Below	(177,193)	(240,960)	(284,963)	(250,704)	(1,270,102)	(520,990)	(480,826)	(517,765)	
24 Net Operational Income Government	\$ -	\$ (158,085)	\$ (227,914)	\$ (264,341)	\$ (214,299)	\$ (1,245,331)	\$ (507,925)	\$ (461,669)	\$ (493,459)	
25										
26 Non-Operating Revenues (Expenses) - Enterprise Fund										
27 Investment Earnings	\$ 762,732	\$ 455,757	147,916	81,883	51,488	29,375	13,916	33,747	34,084	
28 Investment Expense	(164,934)	(140,689)	(157,407)	(115,933)	(109,373)	(262,681)	(282,344)	(334,451)	(442,996)	
29 Property Taxes	930,019	-	14,631	-	-	4,930	520,785	540,087	647,478	
30 Other Income Taxes, Penalties, etc	202,410	-	105,652	103,017	122,988	120,814	122,755	108,289	108,289	
31 Other Income State, County, Grants	-	459,388	271,980	151,582	39,514	-	-	-	-	
32 Connection Fees	440,970	80,698	59,692	-	23,649	33,317	64,184	93,473	71,903	
33 Other Expense	(156,647)	(5,367)	-	-	-	-	-	-	-	
34 Total Non-Operating Rev(Exp) Enterprise	\$ 2,014,550	\$ 849,788	\$ 442,464	\$ 220,549	\$ 128,267	\$ (74,244)	\$ 439,295	\$ 441,145	\$ 418,758	
35										
36 Non-Operating Revenues (Expenses) - Government Fund										
37 Investment Earnings	\$ 9,624	\$ 9,390	11,191	10,970	20,152	16,555	11,667	17,578	17,930	
38 Property Taxes	365,205	1,323,361	1,095,156	907,485	843,931	845,706	374,864	394,649	291,972	
39 Other Income	108,047	135,232	143,101	-	500	405	5,296	15,317	15,623	
40 Other Income State, County, Grants	-	-	483,038	600,000	-	-	140,000	-	-	
40 Other Income Adj (non-cash Donations)	-	-	-	-	-	2,772,000	-	-	-	
41 Income Solid Waste	-	-	-	-	29,874	144,527	149,437	125,380	127,888	
42 Other Expense	(386,872)	(31,050)	(2,143)	(2,763)	(3,427)	(3,411)	(1,926)	(3,332)	(3,332)	
43 Net Non-Operating Revenues (Exp) Gvm	\$ 96,004	\$ 1,436,933	\$ 1,730,343	\$ 1,515,692	\$ 891,029	\$ 3,775,782	\$ 679,338	\$ 549,592	\$ 450,081	
44										
45 Net Income	(849,115)	1,074,370	1,406,927	773,423	441,035	1,903,448	90,743	(118,142)	(376,492)	
46 Donated Property & Depreciation						(1,706,341)				
47 Depreciation Not Funded (40%)	\$ 309,937	\$ 375,114	\$ 443,713	\$ 518,765	\$ 537,226	\$ 912,173	\$ 573,651	\$ 543,402	554,202	
48 Loan Principal Payments	(96,000)	(97,000)	(100,000)	(104,000)	(93,000)	(97,000)	(97,000)	(273,500)	(499,182)	
49 Net Avail for Projects/Reserves	\$ (635,178)	\$ 1,352,485	\$ 1,750,640	\$ 1,188,188	\$ 885,261	\$ 1,012,280	\$ 567,393	\$ 151,760	(321,472)	
50										
51 Beginning Cash in Bank									11,744,606	
52 RESERVES									(7,471,170)	
53 DEPRECIATION FUNDED (60%)									831,302	
54 CIP PROJECTS									(1,855,000)	
55 CAPITAL PURCHASES									(130,500)	
56 CASH BALANCE = AVAILABLE CASH FOR PROJECTS									2,797,766	

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 - 2015/2016 Budget

Financial History and Budget Comparison



	Water Operations Revenues	Water Operations Expenses	Non Operational & Government Revenues	Non Operational & Government Expenses
■ 2008 County	\$3,900,842	\$6,860,511	2,819,007	708,453
■ 2008/09	\$4,732,889	\$5,787,155	2,023,547	354,298
■ 2009/10	\$3,925,063	\$4,463,029	2,073,423	400,510
■ 2010/11	\$3,942,329	\$4,640,805	1,723,977	403,660
■ 2011/12	\$3,980,946	\$4,344,908	1,128,987	363,504
■ 2012/13	\$4,222,035	\$4,774,794	1,220,401	536,194
■ 2013/14	\$4,319,727	\$4,839,692	1,415,969	805,261
■ 14/15 Est YE	\$4,531,491	\$5,178,701	1,347,677	818,609
■ 15/16 Budget	\$4,010,916	\$4,762,788	1,339,473	964,093

BUDGET OVERVIEW

At the onset of the budget process, the Board requested the 2015/2016 Budget be prepared with the following assumptions for increases, compared to estimated year-end figures: Water revenues increase by 6%, salaries and benefits increase by 1%, and an increase in expenditures of 0%, 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.

	Enterprise Fund	Government Fund	Total
Operational Revenues	\$4,010,916	\$24,306	\$4,035,222
Operational Expenses	\$4,762,788	\$517,765	\$5,280,552
Net Revenue from Operations	-\$751,872	-\$493,459	-\$1,245,331
Non-Operational Revenues	\$861,754	\$453,413	\$1,315,167
Non-Operational Expenses	\$442,996	\$3,332	\$446,328
Net Revenue from Non-Ops	\$418,758	\$450,081	\$868,838
Total Net Revenue	-\$333,114	-\$43,378	-\$376,492

OPERATIONAL INCOME:

Water revenue budgeted for 2015/2016 assumes a rate change that will provide an additional 6% in revenue from meter fees and water consumption. However, the water consumption revenue shows a decrease of 25.8% due to the estimated impact state water conservation requirements will have on the District. The state mandate requires the District to reduce water production by 32% between June 2015 and February 2016, compared to 2013 production levels. This is estimated to impact the District's annual consumption revenue by 30%. The water conservation plus the rate increase is estimated to have a total impact of -25.8%. (Line 2/20)

Special Assessments, standby fees applied to vacant, unmetered, land, are expected to remain the same in the coming year as staff does not anticipate growth. (Line 3/23)

Parks fees reflect a slight increase over 2014/2015 due to additional programs scheduled and additional rental fees anticipated. (Line 4/26)

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

OPERATIONAL EXPENSES:

Water Purchases are expected to decrease in the coming year. The only expense incurred for this item in 2014/2015 was for water purchased from another agency when the District's largest production well was out of service for a few months. Staff is estimating a reduction in production for the coming year due to the state water conservation mandate (Line 9/39). This expense would have been at least \$450,000 higher if the District had not purchased additional water rights in 2012.

Salaries and Benefits reflect a 10% increase over the 2014/2015 estimated year end. The 2015/2016 Budget includes a 1% increase for merit, if warranted. Additionally, the District added a new position late in the 2014/2015 budget year, and added the budget funds for additional staffing that will be necessary to mitigate the additional workload resulting from the water conservation requirements mandated by the state. Overtime is expected to decrease due to additional personnel and changes in processes. (Line 10/51)

Board Compensation is estimated to remain stable as there are no policy changes and the number of meetings the Board members may be paid each month is fixed. Other Board expenses are not expected to increase. (Line 11/58)

Professional Fees are estimated to be 20% higher due to necessary updates to District reports and additional water quality testing required for the 2014/2015 budget year. (Line 12/67)

Services and Supplies is 5% lower due to several factors: Repair and Maintenance is estimated to be less than prior year based on repair records of the facilities; Meeting, Seminar & Supplies had some one-time costs in 2014/2015 that will not be repeated in the coming year; and Public Relation expenses are being reduced in the coming year. There are additional programs budgeted in the coming year for water conservation, solid waste and recycling. (Line13/96)

Utilities are lower due to a reduction in water consumption as a result of the state mandate for water conservation that is offset by a projected increase of 5% by Edison in the coming year. (Line 14/102)

Depreciation and Amortization is based on the addition of assets as projects are completed and new assets are added. The property taxes are primarily an expense resulting from the property that was donated in 2012. The District is in the process of annexing that land into the District, which will reduce property tax expense in the future. (Line 15/107)

NON-OPERATIONAL INCOME:

Property Tax revenue is projected to increase slightly (2%) 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 slightly. (Line 20/127)

Penalties and Other Fees are not expected to increase in 2015/2016. (Line 21/130)

Solid Waste is expected to increase by 2% in the coming year due to a cost of living adjustment implemented by CR&R, as authorized in the franchise agreement. (Line 22/133)

Meter Installation and Connection Fees are expected to remain low due to slow growth. (Line 23/138)

Other Income shows a slight increase due to a change in investments. Staff does not anticipate any changes to other income in the coming year. (Line 24/143)

NON-OPERATIONAL EXPENSES:

Other Expenses will increase by \$108,545 this year because the District added a new loan for the solar project in 2014/2015, which only had one interest payment in 2014/2015. Two payments will be due in the 2015/2016 fiscal year and in subsequent years. (Line 27/151)

**Phelan Piñon Hills Community Services District
2015/2016 Budget**

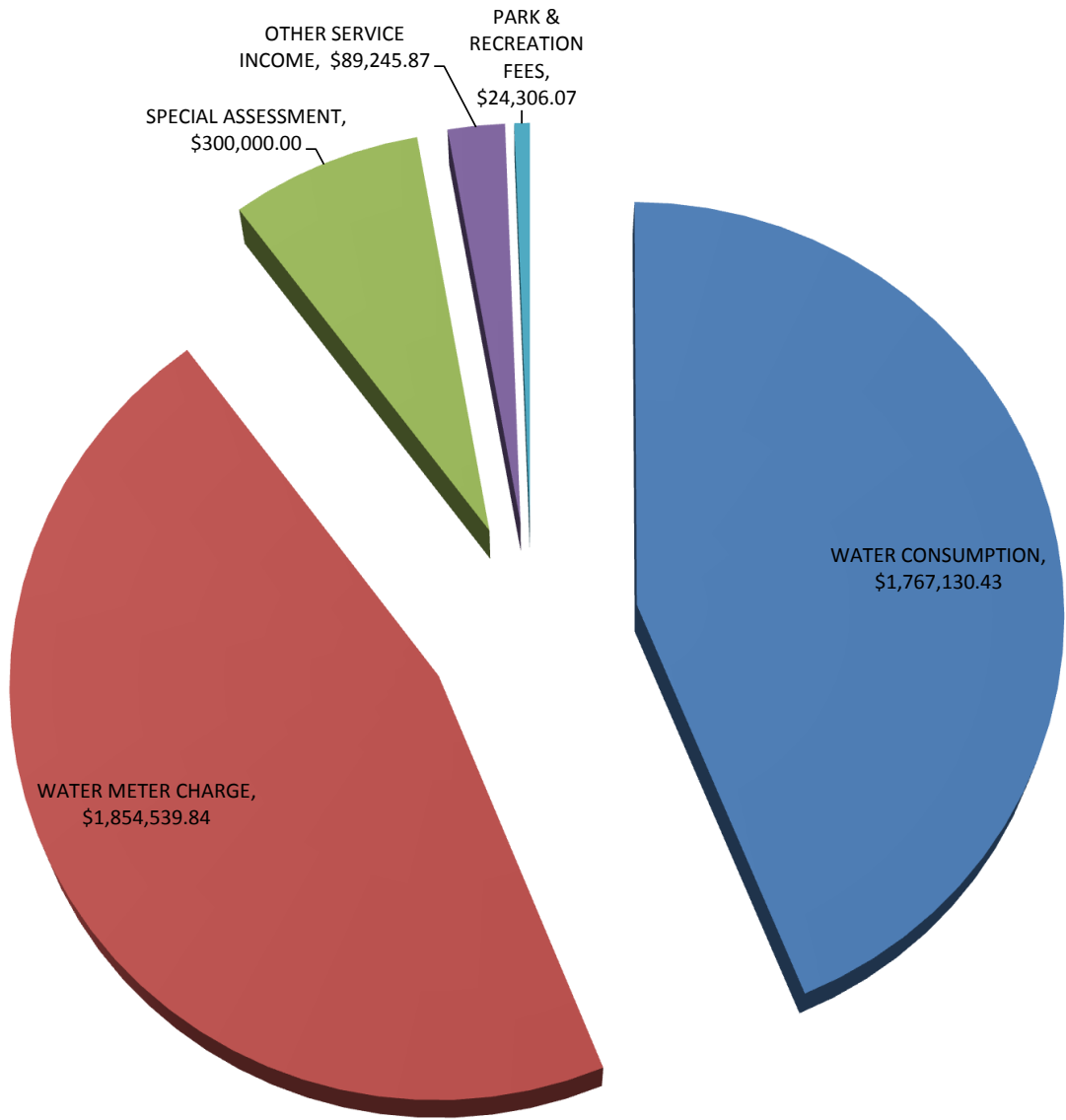
		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2015/2016 BUDGET	2015/2016 BUDGET	2015/2016 BUDGET
Operational Income/Expense				
1	Income			
2	WATER SALES			
3	WATER CONSUMPTION			
4	40010 Water Sales - Residential - C	1,643,219.35	0.00	1,643,219.35
5	40020 Water Sales - Commercial - C	5,217.69	0.00	5,217.69
6	40030 Water Sales - Fire Protection-C	811.27	0.00	811.27
7	40060 Water Sales - Multiple Res - C	2,540.44	0.00	2,540.44
8	40070 Water Sales - School - C	97,457.51	0.00	97,457.51
9	40090 Water Sales - Construction - C	17,884.17	0.00	17,884.17
10	40110 Water Sales - Adjustment - Wtr	0.00	0.00	0.00
11	Total WATER CONSUMPTION	1,767,130.43	0.00	1,767,130.43
12	WATER METER CHARGE			
13	41010 Water Sales - Residential - M	1,822,301.91	0.00	1,822,301.91
14	41020 Water Sales - Commercial - M	8,221.03	0.00	8,221.03
15	41030 Water Sales - Fire Protection-M	681.89	0.00	681.89
16	41060 Water Sales - Multiple Res - M	1,838.90	0.00	1,838.90
17	41070 Water Sales - School - M	16,611.59	0.00	16,611.59
18	41090 Water Sales - Construction - M	4,884.53	0.00	4,884.53
19	Total WATER METER CHARGE	1,854,539.84	0.00	1,854,539.84
20	Total - WATER SALES	3,621,670.28	0.00	3,621,670.28
21	SPECIAL ASSESSMENT			
22	74110 Special Assessments	300,000.00	0.00	300,000.00
23	Total - SPECIAL ASSESSMENT	300,000.00	0.00	300,000.00
24	PARKS			
25	47600 Park & Recreation Fee	0.00	24,306.07	24,306.07
26	Total - PARKS	0.00	24,306.07	24,306.07
27	OTHER SERVICE INCOME			
28	48200 Other Services Incomes	78,275.87	0.00	78,275.87
29	48700 Administrative Fees	10,970.00	0.00	10,970.00
30	Total - OTHER SERVICE INCOME	89,245.87	0.00	89,245.87
31	Total Income from Operations	4,010,916.14	24,306.07	4,035,222.21
32	Gross Profit	4,010,916.14	24,306.07	4,035,222.21
33	Expense			
34	WATER PURCHASES			
35	50010 MWA WM Admin. & Bio Fee	5,264.66	0.00	5,264.66
36	50020 MWA WM Make Up Water	0.00	0.00	0.00
37	50030 MWA WM Replacement Water	0.00	0.00	0.00
38	50040 Water Purchases - Other	0.00	0.00	0.00
39	Total - WATER PURCHASES	5,264.66	0.00	5,264.66

		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2015/2016 BUDGET	2015/2016 BUDGET	2015/2016 BUDGET
40	SALARIES & BENEFIT			
41	51110 Salaries & Wages	1,078,295.79	120,574.58	1,198,870.38
42	51120 Vacations	69,156.52	5,652.03	74,808.55
43	51130 Holiday	52,398.54	5,656.48	58,055.02
44	51140 Sick Pay	57,162.04	6,170.71	63,332.75
45	51150 Misc Earn	48,130.44	1,290.00	49,420.44
46	51170 Overtime	52,175.72	6,566.49	58,742.21
47	51210 Payroll Taxes	35,002.08	4,251.15	39,253.23
48	51220 Worker's Compensation	37,646.62	7,837.48	45,484.10
49	51230 Employee Group Insurance	258,853.84	11,656.07	270,509.91
50	51240 Retirement	201,741.04	19,727.17	221,468.20
51	Total - SALARIES & BENEFIT	1,890,562.61	189,382.16	2,079,944.77
52	BOARD COMPENSATIONS			
53	52110 Board Director's Fee	33,440.00	4,840.00	38,280.00
54	52210 Board Exp - Auto Expense	2,465.96	0.00	2,465.96
55	52220 Board Exp - Meals & Lodging	19,209.68	0.00	19,209.68
56	52230 Board Exp - Education/Training	5,621.60	0.00	5,621.60
57	52240 Board Exp - Insurance & Other Exp	28,215.84	4,239.49	32,455.33
58	Total - BOARD COMPENSATIONS	88,953.08	9,079.49	98,032.57
59	PROFESSIONAL FEE			
60	53110 Auditing & Accounting Fees	25,904.00	750.00	26,654.00
61	53120 Legal Services	31,938.11	1,099.00	33,037.11
62	53130 Engineering	21,896.36	685.33	22,581.69
63	53140 Laboratory Analysis	28,578.67	0.00	28,578.67
64	53150 Outside Service	135,937.40	19,675.32	155,612.72
65	53160 Permits & Fees	8,935.72	1,298.33	10,234.05
66	53170 Software Support	58,389.72	0.00	58,389.72
67	Total - PROFESSIONAL FEE	311,579.97	23,507.99	335,087.96
68	SERVICE AND SUPPLIES			
69	54110 Advertising	1,560.00	4,925.32	6,485.32
70	54140 Auto Expense	3,644.91	0.00	3,644.91
71	54170 Auto Allowance	7,800.00	0.00	7,800.00
72	54200 Credit Card Fee & Bank Charges	37,955.15	0.00	37,955.15
73	54230 Dues & Subscriptions	25,042.25	906.67	25,948.92
74	54260 Education & Training	35,631.76	1,248.00	36,879.76
75	54290 Employment Expense	2,216.75	336.00	2,552.75
95	57110 Equipment Rental/ Lease	7,642.97	1,211.60	8,854.57
76	54320 General Maintenance	4,288.00	300.00	4,588.00
77	54350 Insurance	74,469.24	1,173.72	75,642.96
78	54380 Insurance - Vehicle	14,628.36	857.04	15,485.40
79	54410 Fuel Costs	56,965.35	1,678.79	58,644.13
80	54440 Meeting, Seminar & Supplies	9,751.19	32.51	9,783.70
81	54470 Travel Expense	18,535.52	536.97	19,072.49
82	54500 Operating Supplies	49,741.38	12,094.33	61,835.71
83	54530 Office Supplies	31,671.61	2,161.23	33,832.84
84	54620 Repair & Maintenance	292,597.73	14,204.65	306,802.38
85	54650 Small Tools	14,305.61	381.81	14,687.43
86	54680 Uniforms	8,483.04	1,029.32	9,512.36

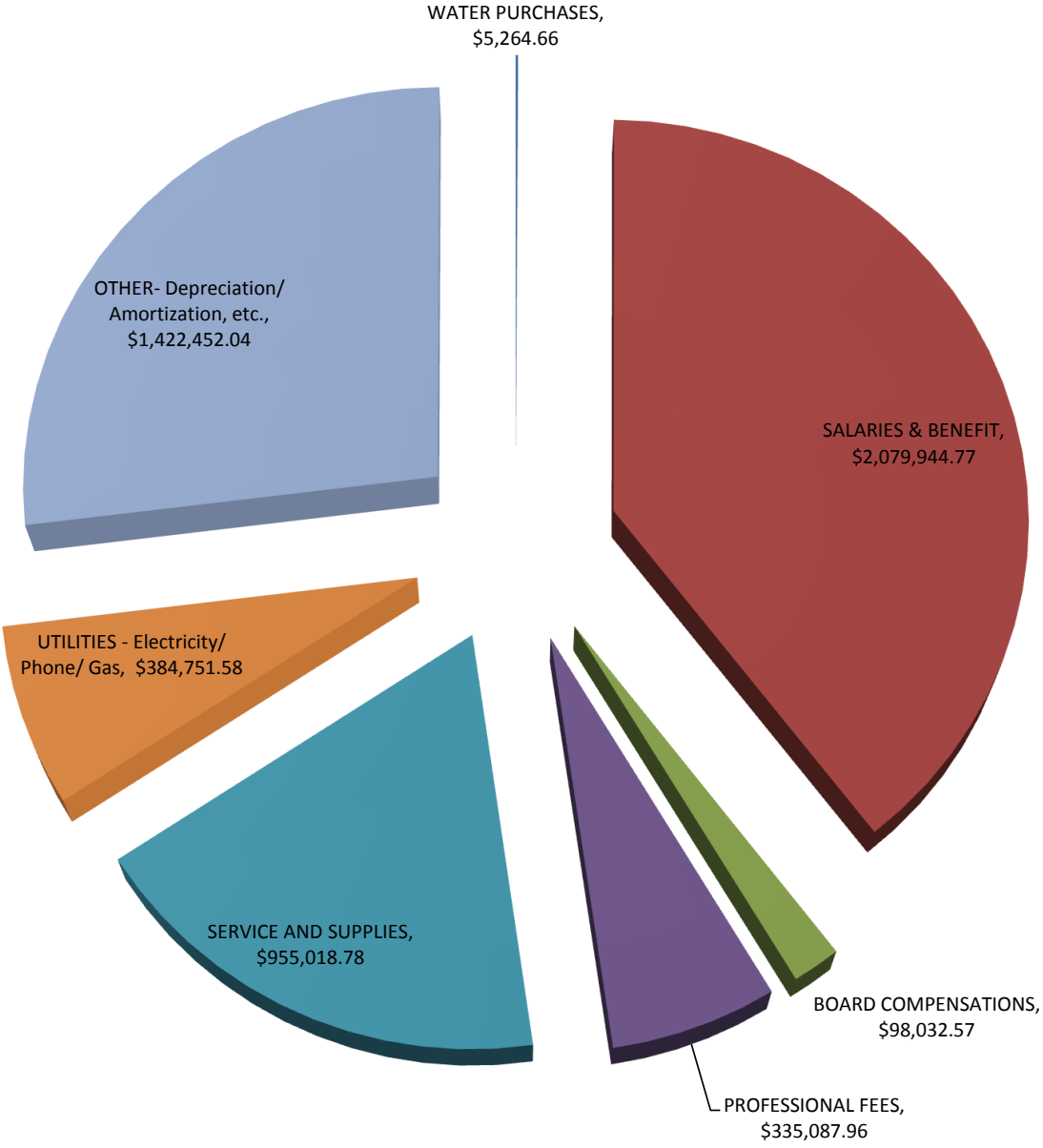
		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2015/2016 BUDGET	2015/2016 BUDGET	2015/2016 BUDGET
87	54710 Vehicle Maintenance	36,998.48	2,299.76	39,298.24
88	54740 Easement Lease	1,217.83	0.00	1,217.83
89	54800 Programs (Wtr Cons, parks,etc)	25,613.32	31,867.16	57,480.48
90	54801 Senior Lunch Program	0.00	18,543.91	18,543.91
91	54802 Farmers Market	0.00	15,017.51	15,017.51
91	54830 State & County Fees & Services	14,658.40	0.00	14,658.40
92	54860 Postage & Mailing	22,140.31	0.00	22,140.31
93	54890 Printing	30,975.09	1,776.08	32,751.17
94	54920 Public Relation	9,662.16	4,240.00	13,902.16
96	Total - SERVICE AND SUPPLIES	838,196.41	116,822.37	955,018.78
97	UTILITIES - Electric/Phone/Gas			
98	58010 Telephone	17,587.40	665.67	18,253.07
99	58110 Utilities - Operations	640,571.15	25,619.23	666,190.38
100	58115 Utilities - Solar Credit	(314,552.00)	0.00	(314,552.00)
101	58111 Utilities - Street Lights	0.00	14,860.13	14,860.13
102	Total - UTILITIES - Electric/Phone/Gas	343,606.55	41,145.03	384,751.58
103	OTHER- Depreciation/Amort, etc.			
104	59310 Bad Debt	7,347.87	0.00	7,347.87
105	59110 Property Taxes	167.96	29,382.36	29,550.32
106	59120 Depreciation & Amortization	1,277,058.44	108,445.41	1,385,503.85
107	59310 Other Operating Expenses	50.00	0.00	50.00
108	Total - OTHER- Depreciation/Amort, etc.	1,284,624.27	137,827.77	1,422,452.04
109	Total Expense	4,762,787.55	517,764.82	5,280,552.37
110	Net Operational Income	(751,871.41)	(493,458.75)	(1,245,330.16)
111	Other Income/Expense			
112	Other Income			
113	PROPERTY TAXES			
114	71110 Property Taxes - Curr Sec	0.00	806,071.11	806,071.11
115	71120 Property Taxes - Curr Unsec	0.00	42,113.85	42,113.85
116	71130 Property Taxes - Curr Supplimen	0.00	4,132.11	4,132.11
117	71140 Property Taxes - Curr Unitary	0.00	35,397.07	35,397.07
118	71150 Property Taxes - Curr Other	0.00	11,491.13	11,491.13
119	71151 Property Taxes	647,478.11	(647,478.11)	0.00
120	72110 Property Taxes - Prior Sec	0.00	16,491.29	16,491.29
121	72120 Property Taxes - Prior Unsec	0.00	377.59	377.59
122	72130 Property Taxes - Prior Supplimn	0.00	4,861.94	4,861.94
123	72150 Property Taxes - Prior Other	0.00	537.40	537.40
124	73160 Property Taxes - Homeowner	0.00	8,767.08	8,767.08
125	73170 Tax Penalties & Others	0.00	9,209.67	9,209.67
126	Total - PROPERTY TAXES	647,478.11	291,972.11	939,450.22
127	PENALTIES & OTHER FEE			
128	86120 Penalties & Other Fees	97,742.85	0.00	97,742.85
129	Total - PENALTIES & OTHER FEE	97,742.85	0.00	97,742.85
130	SOLID WASTE			
131	76100 Solid Waste Franchise Fee	0.00	127,888.02	127,888.02

		TOTAL ENTERPRISE FUNDS	TOTAL GOVERNMENT FUNDS	TOTAL ALL FUNDS
		2015/2016 BUDGET	2015/2016 BUDGET	2015/2016 BUDGET
132	Total - SOLID WASTE	0.00	127,888.02	127,888.02
133	METER INSTALLATION/FEES/CONNECTION			
134	45300 Meter Installation	8,593.74	0.00	8,593.74
135	45400 Permits & Inspections	3,080.77	0.00	3,080.77
136	45500 Connection Fee	60,228.09	0.00	60,228.09
137	Total - METER INSTALLATION/FEES/CONNECTION	71,902.60	0.00	71,902.60
138	OTHER INCOME			
139	88110 Interest Income	34,084.16	17,929.64	52,013.80
140	88120 Other Income - Water Other	10,546.04	0.00	10,546.04
141	88150 Other Income - County	0.00	15,622.99	15,622.99
142	Total - OTHER INCOME	44,630.20	33,552.63	78,182.83
143	Total Other Income	861,753.76	453,412.76	1,315,166.52
144	Other Expense			
145	Other Expense			
146	91010 Interest Expense	414,198.03	0.00	414,198.03
147	92010 Loan Administrator Fee	28,685.41	0.00	28,685.41
148	93010 Tax Deduction	0.00	3,332.17	3,332.17
149	95010 Net Incr/Decr in Fair Value	112.51	0.00	112.51
150	Total - Other Expense	442,995.95	3,332.17	446,328.12
151	Total Other Expense	442,995.95	3,332.17	446,328.12
152	Net Other Income	418,757.82	450,080.59	868,838.40
153	Net Income	(333,113.59)	(43,378.16)	(376,491.75)
	Depr & Amort 40% (Fund = 60%)	510,823.38	43,378.17	554,201.54
	Principal Payments	(499,182.16)	0.00	(499,182.16)
	Net Profit (Loss) after depreciation & principal pmt on loans	(321,472.38)	0.00	(321,472.37)

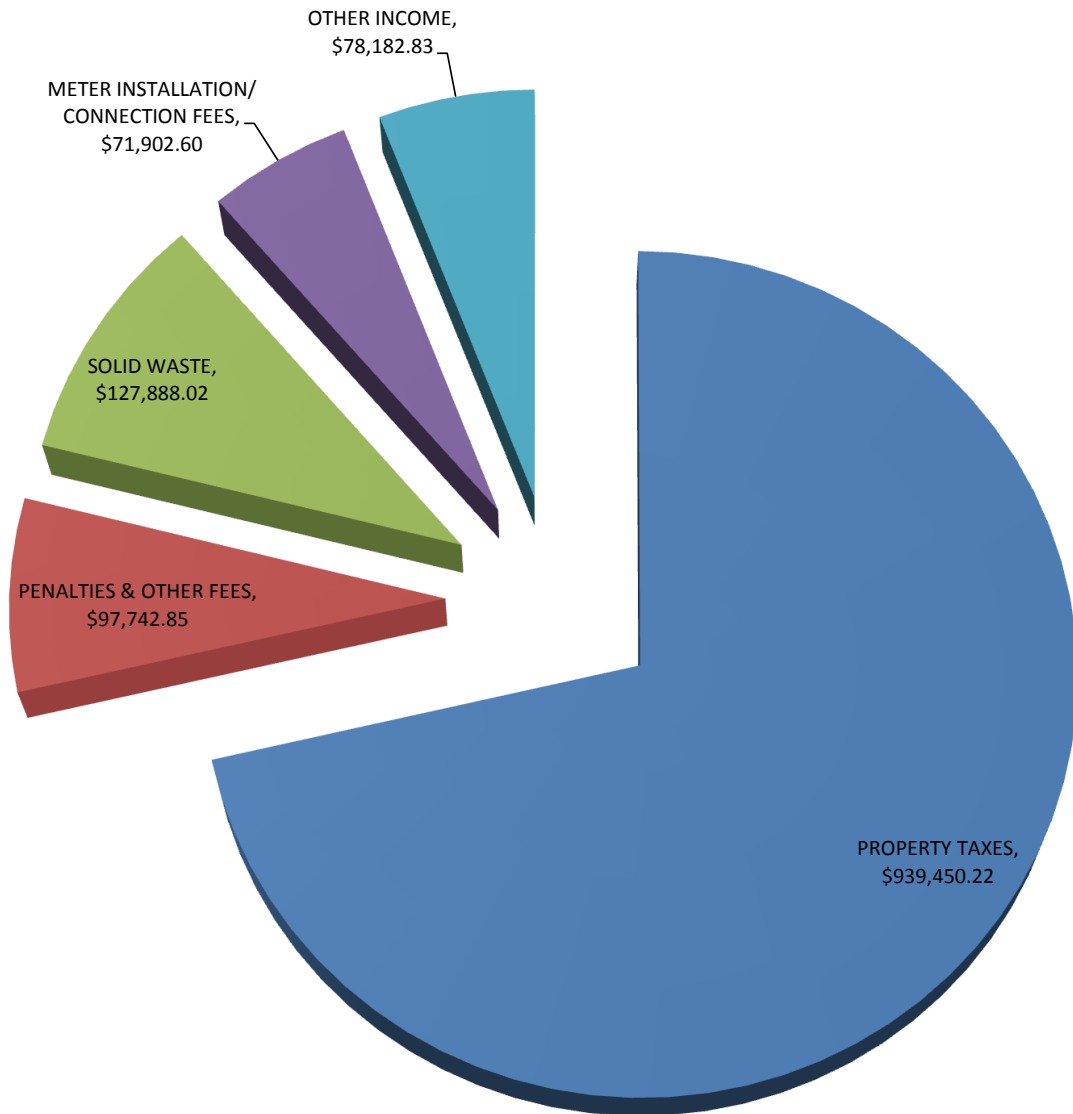
OPERATIONAL REVENUES



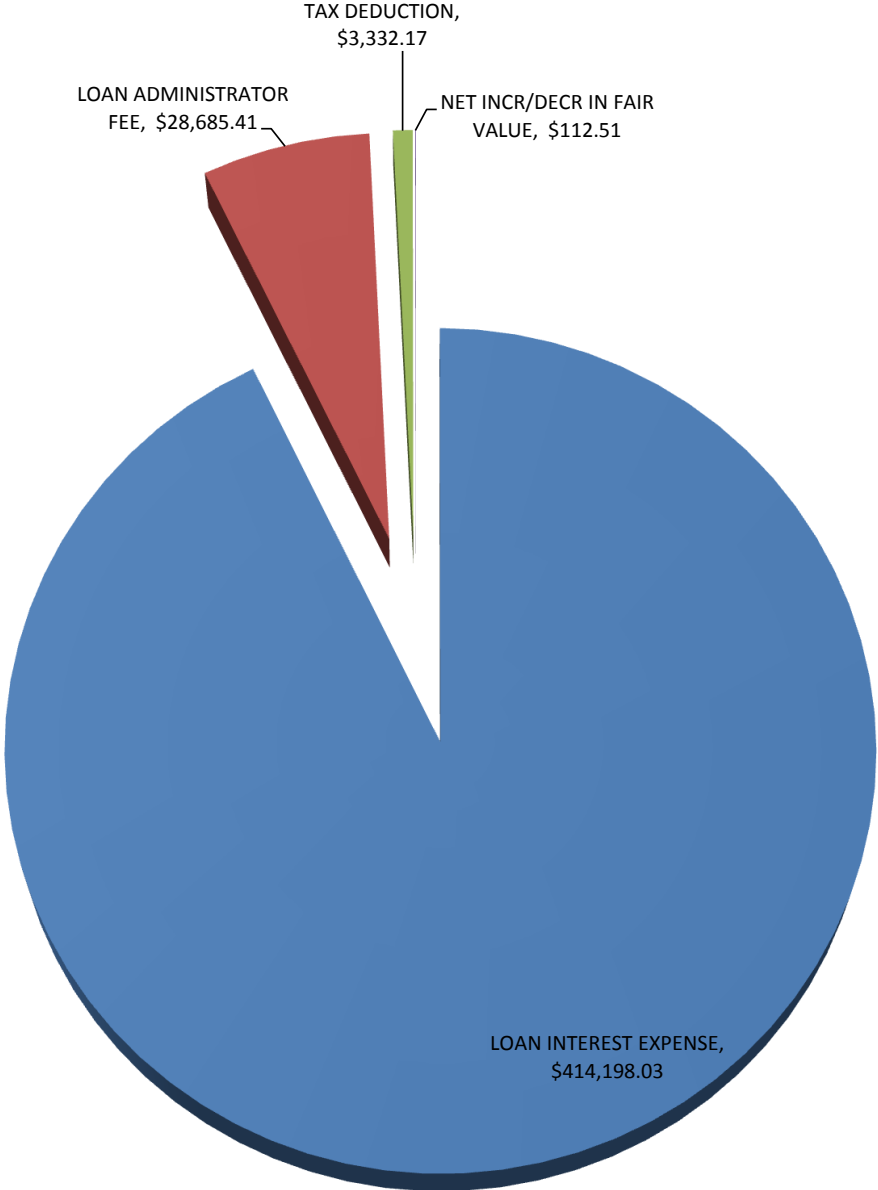
OPERATIONAL EXPENSES



NON-OPERATIONAL REVENUES



NON-OPERATIONAL EXPENSES



**Phelan Pinon Hills Community Services District
2015/2016 Budget Summary**

Assumes: % Over Est Year End		A	B	C	D	E	F	G	H	I	J	K
Rates/Revenue	6.0%	TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS				
Expense	0.0%	Prior Year		Approved	Prior Year		Approved	Prior Year		Approved	Proposed	Proposed
Salary	1.0%	2014/2015	EST YE 14/15	2015/2016	2014/2015	EST YE 14/15	2015/2016	2014/2015	EST YE 14/15	2015/2016	Budget vs.	Budget vs.
		Budget		BUDGET	Budget		BUDGET	Budget		BUDGET	Prior Year	Est YE
											Budget	Est YE
	OPERATIONAL INCOME/EXPENSE											
1	INCOME											
2	Water Sales	3,995,402.64	4,131,144.00	3,621,670.28	0.00	0.00	0.00	3,834,088.35	4,131,143.30	3,621,670.28	-6%	-12%
3	Special Assessment	300,000.00	301,101.50	300,000.00	0.00	0.00	0.00	300,000.00	301,101.50	300,000.00	0%	0%
4	Parks	0.00	0.00	0.00	36,189.93	19,156.67	24,306.07	36,189.93	19,156.67	24,306.07	-33%	27%
5	Other Service Income	95,228.97	99,245.87	89,245.87	0.00	0.00	0.00	95,228.97	99,245.87	89,245.87	-6%	-10%
6	Total Income from Operations	4,390,631.61	4,531,500.36	4,010,916.14	36,189.93	19,156.67	24,306.07	4,265,507.25	4,550,647.33	4,035,222.21	-5%	-11%
7	Gross Profit	4,390,631.61	4,531,500.36	4,010,916.14	36,189.93	19,156.67	24,306.07	4,265,507.25	4,550,647.33	4,035,222.21	-5%	-11%
8	EXPENSE											
9	Water Purchases	6,964.37	75,729.75	5,264.66	0.00	0.00	0.00	6,964.37	75,729.75	5,264.66	-24%	-93%
10	Salaries & Benefits	1,677,497.37	1,694,691.09	1,890,562.61	182,850.28	186,722.45	189,382.16	1,860,347.63	1,881,413.54	2,079,944.77	12%	11%
11	Board Compensation	104,185.44	88,953.08	88,953.08	0.00	9,079.49	9,079.49	104,185.44	98,032.57	98,032.57	-6%	0%
12	Professional Fees	286,492.58	265,579.97	311,579.97	5,979.28	13,482.99	23,507.99	292,471.86	279,062.96	335,087.96	15%	20%
13	Service and Supplies	746,066.83	905,009.67	838,196.41	86,805.24	98,722.37	116,822.37	839,372.08	1,003,732.04	955,018.78	14%	-5%
14	Utilities - Electric/Phone/Gas	847,878.11	889,112.77	343,606.55	41,975.73	36,991.08	41,145.03	889,853.84	926,103.85	384,751.58	-57%	-58%
15	Other- Depreciation/Amort, etc.	1,277,059.54	1,259,624.27	1,284,624.27	123,865.48	135,827.77	137,827.77	1,400,925.02	1,395,452.04	1,422,452.04	2%	2%
16	Total Expense	4,946,144.25	5,178,700.60	4,762,787.55	441,476.01	480,826.16	517,764.82	5,394,120.24	5,659,526.76	5,280,552.37	-2%	-7%
17	Net Operational Income	(555,512.64)	(647,196.23)	(751,871.41)	(405,286.07)	(461,669.49)	(493,458.75)	(1,128,612.98)	(1,108,879.43)	(1,245,330.16)	10%	12%
18	NON-OPERATIONAL INCOME/EXPENSE											
19	NON-OPERATIONAL INCOME											
20	Property Tax	527,169.58	540,087.06	647,478.11	331,983.67	394,649.17	291,972.11	859,153.25	934,736.23	939,450.22	9%	1%
21	Penalties & Other Fees	90,869.44	97,742.85	97,742.85	0.00	0.00	0.00	95,567.29	97,742.85	97,742.85	2%	0%
22	Solid Waste	0.00	0.00	0.00	124,880.18	125,380.41	127,888.02	124,880.18	125,380.41	127,888.02	100%	2%
23	Meter Installation/Connection	63,990.32	93,473.38	71,902.60	0.00	0.00	0.00	63,990.32	93,473.38	71,902.60	12%	-23%
24	Other Income	42,273.87	44,292.73	44,630.20	18,513.41	32,894.73	33,552.63	60,787.28	77,187.47	78,182.83	29%	1%
25	Total Non-Operational Income	724,303.21	775,596.03	861,753.76	475,377.26	552,924.31	453,412.76	1,204,378.32	1,328,520.34	1,315,166.52	9%	-1%

**Phelan Pinon Hills Community Services District
2015/2016 Budget Summary**

Assumes: % Over Est Year End		A	B	C	D	E	F	G	H	I	J	K
Rates/Revenue	6.0%	TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS				
Expense	0.0%	Prior Year		Approved	Prior Year		Approved	Prior Year		Approved	Proposed	Proposed
Salary	1.0%	2014/2015	EST YE 14/15	2015/2016	2014/2015	EST YE 14/15	2015/2016	2014/2015	EST YE 14/15	2015/2016	Budget vs.	Budget vs.
		Budget		BUDGET	Budget		BUDGET	Budget		BUDGET	Prior Year	Est YE
											Budget	Est YE
26	NON-OPERATIONAL EXPENSE								(1,443,479.66)	1,315,166.52		-191%
27	Other Expense	388,548.98	334,451.17	442,995.95	3,273.82	3,332.17	3,332.17	391,822.80	337,783.34	446,328.12	14%	32%
28	Total Other Expense	388,548.98	334,451.17	442,995.95	3,273.82	3,332.17	3,332.17	391,822.80	337,783.34	446,328.12	14%	32%
29	Net Non-Operational Income	335,754.23	441,144.86	418,757.82	472,103.44	549,592.14	450,080.59	812,555.52	990,737.00	868,838.40	7%	-12%
30	Net Income	(219,758.41)	(206,051.37)	(333,113.59)	66,817.36	87,922.65	(43,378.16)	(316,057.46)	(118,142.43)	(376,491.75)	19%	219%
	Depr & Amort @ 60%	503,369.31	500,823.38	510,823.38	38,026.18	42,578.17	43,378.17	541,395.49	543,401.54	554,201.54		
	Principal Payments Due on Loan	283,610.90	96,097.13	499,182.16	0.00	0.00	0.00	283,610.90	273,500.00	499,182.16		
	Net Profit (Loss) Funds for CIP	0.00	198,674.87	(321,472.38)	104,843.54	130,500.81	0.00	(58,272.88)	151,759.11	(321,472.37)		

**Phelan Piñon Hills Community Services District
2015/2016 Budget - Detail Comparison - By Fund**

Assumes: Rates/Reven Expense Salary	% Over Est Year End 6.0% 0.0% 1.0%	A	B	C	D	E	F	G	H	I	J	K
		TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
		Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Column I compared to column G	Column I compared to column H
	Operational Income/Expense											
1	Income			6.0%			6.0%					
2	40 - WATER SALES		0.70	-30.0%								
3	40A - WATER CONSUMPTION											
4	40010 Water Sales - Residential - C	2,094,522.53	2,214,581.34	1,643,219.35	0.00	0.00	0.00	2,094,522.53	2,214,581.34	1,643,219.35	-21.5%	-25.8%
5	40020 Water Sales - Commercial - C	6,171.98	7,031.93	5,217.69	0.00	0.00	0.00	6,171.98	7,031.93	5,217.69	-15.5%	-25.8%
6	40030 Water Sales - Fire Protection-C	985.67	1,093.35	811.27	0.00	0.00	0.00	985.67	1,093.35	811.27	-17.7%	-25.8%
7	40060 Water Sales - Multiple Res - C	3,137.73	3,423.78	2,540.44	0.00	0.00	0.00	3,137.73	3,423.78	2,540.44	-19.0%	-25.8%
8	40070 Water Sales - School - C	105,255.80	131,344.35	97,457.51	0.00	0.00	0.00	105,255.80	131,344.35	97,457.51	-7.4%	-25.8%
9	40090 Water Sales - Construction - C	9,724.06	24,102.66	17,884.17	0.00	0.00	0.00	9,724.06	24,102.66	17,884.17	83.9%	-25.8%
10	40110 Water Sales - Adjustment - Wtr	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
11	TOTAL WATER CONSUMPTION	2,219,797.77	2,381,577.41	1,767,130.43	0.00	0.00	0.00	2,219,797.77	2,381,577.41	1,767,130.43	-20.4%	-25.8%
12	40B - WATER METER CHARGE											
13	41010 Water Sales - Residential - M	1,740,174.45	1,719,152.75	1,822,301.91	0.00	0.00	0.00	1,740,174.45	1,719,152.75	1,822,301.91	4.7%	6.0%
14	41020 Water Sales - Commercial - M	7,787.46	7,755.69	8,221.03	0.00	0.00	0.00	7,787.46	7,755.69	8,221.03	5.6%	6.0%
15	41030 Water Sales - Fire Protection-M	929.70	643.29	681.89	0.00	0.00	0.00	929.70	643.29	681.89	-26.7%	6.0%
16	41060 Water Sales - Multiple Res - M	1,760.40	1,734.81	1,838.90	0.00	0.00	0.00	1,760.40	1,734.81	1,838.90	4.5%	6.0%
17	41070 Water Sales - School - M	15,902.94	15,671.31	16,611.59	0.00	0.00	0.00	15,902.94	15,671.31	16,611.59	4.5%	6.0%
18	41090 Water Sales - Construction - M	9,049.92	4,608.05	4,884.53	0.00	0.00	0.00	9,049.92	4,608.05	4,884.53	-46.0%	6.0%
19	TOTAL WATER METER CHARGE	1,775,604.87	1,749,565.89	1,854,539.84	0.00	0.00	0.00	1,775,604.87	1,749,565.89	1,854,539.84	4.4%	6.0%
20	Total - WATER SALES	3,995,402.64	4,131,144.00	3,621,670.28	0.00	0.00	0.00	3,834,088.35	4,131,143.30	3,621,670.28	-5.5%	-12.3%
21	71 - SPECIAL ASSESSMENT											
22	74110 Special Assessments	300,000.00	301,101.50	300,000.00	0.00	0.00	0.00	300,000.00	301,101.50	300,000.00	0.0%	-0.4%
23	TOTAL SPECIAL ASSESSMENT	300,000.00	301,101.50	300,000.00	0.00	0.00	0.00	300,000.00	301,101.50	300,000.00	0.0%	-0.4%
24	46 - PARKS											
25	47600 Park & Recreation Fee	0.00	0.00	0.00	36,189.93	19,156.67	24,306.07	36,189.93	19,156.67	24,306.07	-32.8%	26.9%
26	TOTAL PARKS	0.00	0.00	0.00	36,189.93	19,156.67	24,306.07	36,189.93	19,156.67	24,306.07	-32.8%	26.9%

Phelan Piñon Hills Community Services District
2015/2016 Budget - Detail Comparison - By Fund

Assumes: % Over Est Year End Rates/Reven 6.0% Expense 0.0% Salary 1.0%		A	B	C	D	E	F	G	H	I	J	K
		TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
		Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Column I compared to column G	Column I compared to column H
27	48 - OTHER SERVICE INCOME											
28	48200 Other Services Incomes	92,250.57	78,275.87	78,275.87	0.00	0.00	0.00	92,250.57	78,275.87	78,275.87	-15.1%	0.0%
29	48700 Administrative Fees	2,978.40	20,970.00	10,970.00	0.00	0.00	0.00	2,978.40	20,970.00	10,970.00	268.3%	-47.7%
30	TOTAL OTHER SERVICE INCOME	95,228.97	99,245.87	89,245.87	0.00	0.00	0.00	95,228.97	99,245.87	89,245.87	-6.3%	-10.1%
31	TOTAL INCOME FROM OPERATIONS	4,390,631.61	4,531,500.36	4,010,916.14	36,189.93	19,156.67	24,306.07	4,265,507.25	4,550,647.33	4,035,222.21	-5.4%	-11.3%
32	GROSS PROFIT	4,390,631.61	4,531,500.36	4,010,916.14	36,189.93	19,156.67	24,306.07	4,265,507.25	4,550,647.33	4,035,222.21	-5.4%	-11.3%
33				0.00			0.00					
34	50 - WATER PURCHASES											
35	50021 MWA WM Admin. & Bio Fee	6,964.37	11,052.80	5,264.66	0.00	0.00	0.00	6,964.37	11,052.80	5,264.66	-24.4%	-52.4%
36	50020 MWA WM Make Up Water	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
37	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%
38	50040 Water Purchases - Other	0.00	64,676.95	0.00	0.00	0.00	0.00	0.00	64,676.95	0.00	0.0%	0.0%
39	TOTAL WATER PURCHASES	6,964.37	75,729.75	5,264.66	0.00	0.00	0.00	6,964.37	75,729.75	5,264.66	-24.4%	-93.0%
40	51 - SALARIES & BENEFIT	0.00	0.00	0.00								
41	51110 Salaries & Wages	939,573.40	952,024.46	1,078,295.79	118,714.24	118,625.65	120,574.58	1,058,287.64	1,070,650.11	1,198,870.38	13.3%	12.0%
42	51120 Vacations	63,958.16	64,551.83	69,156.52	6,329.06	5,669.49	5,652.03	70,287.23	70,221.32	74,808.55	6.4%	6.5%
43	51130 Holiday	45,939.89	47,795.07	52,398.54	5,622.75	5,571.36	5,656.48	51,562.64	53,366.43	58,055.02	12.6%	8.8%
44	51140 Sick Pay	50,116.24	52,050.64	57,162.04	6,133.91	5,857.55	6,170.71	56,250.15	57,908.19	63,332.75	12.6%	9.4%
45	51150 Misc Earn	32,497.91	46,263.93	48,130.44	840.00	1,306.67	1,290.00	33,337.91	47,570.60	49,420.44	48.2%	3.9%
46	51170 Overtime	51,441.30	63,913.27	52,175.72	1,248.00	7,060.05	6,566.49	52,689.30	70,973.32	58,742.21	11.5%	-17.2%
47	51210 Payroll Taxes	32,220.38	31,822.48	35,002.08	3,932.80	4,151.03	4,251.15	36,153.18	35,973.51	39,253.23	8.6%	9.1%
48	51220 Worker's Compensation	38,901.02	35,286.15	37,646.62	9,313.06	7,712.41	7,837.48	48,214.09	42,998.57	45,484.10	-5.7%	5.8%
49	51230 Employee Group Insurance	222,459.75	214,746.11	258,853.84	10,314.82	11,573.05	11,656.07	232,774.57	226,319.16	270,509.91	16.2%	19.5%
50	51240 Retirement	200,389.30	186,237.14	201,741.04	20,401.63	19,195.19	19,727.17	220,790.93	205,432.32	221,468.20	0.3%	7.8%
51	TOTAL SALARIES & BENEFIT	1,677,497.37	1,694,691.09	1,890,562.61	182,850.28	186,722.45	189,382.16	1,860,347.63	1,881,413.54	2,079,944.77	11.8%	10.6%

**Phelan Piñon Hills Community Services District
2015/2016 Budget - Detail Comparison - By Fund**

Assumes: Rates/Reven Expense Salary	% Over Est Year End 6.0% 0.0% 1.0%	A	B	C	D	E	F	G	H	I	J	K
		TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
		Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Column I compared to column G	Column I compared to column H
52	52 - BOARD COMPENSATIONS (Expenses)											
53	52110 Board Director's Fee	45,040.00	33,440.00	33,440.00	0.00	4,840.00	4,840.00	45,040.00	38,280.00	38,280.00	-15.0%	0.0%
54	52210 Board Exp - Auto Expense	3,184.59	2,465.96	2,465.96	0.00	0.00	0.00	3,184.59	2,465.96	2,465.96	-22.6%	0.0%
55	52220 Board Exp - Meals & Lodging	13,032.91	19,209.68	19,209.68	0.00	0.00	0.00	13,032.91	19,209.68	19,209.68	47.4%	0.0%
56	52230 Board Exp - Education/Training	3,326.67	5,621.60	5,621.60	0.00	0.00	0.00	3,326.67	5,621.60	5,621.60	69.0%	0.0%
57	52240 Board Exp - Insurance & Other Expe	39,601.28	28,215.84	28,215.84	0.00	4,239.49	4,239.49	39,601.28	32,455.33	32,455.33	-18.0%	0.0%
58	TOTAL BOARD COMPENSATIONS (Expenses)	104,185.44	88,953.08	88,953.08	0.00	9,079.49	9,079.49	104,185.44	98,032.57	98,032.57	-5.9%	0.0%
59	53 - PROFESSIONAL FEE											
60	53110 Auditing & Accounting Fees	17,699.04	25,904.00	25,904.00	0.00	750.00	750.00	17,699.04	26,654.00	26,654.00	50.6%	0.0%
61	53120 Legal Services	50,958.18	37,938.11	31,938.11	204.00	1,099.00	1,099.00	51,162.18	39,037.11	33,037.11	-35.4%	-15.4%
62	53130 Engineering	30,285.50	21,896.36	21,896.36	0.00	685.33	685.33	30,285.50	22,581.69	22,581.69	-25.4%	0.0%
63	53140 Laboratory Analysis	28,873.00	26,578.67	28,578.67	0.00	0.00	0.00	28,873.00	26,578.67	28,578.67	-1.0%	7.5%
64	53150 Outside Service	85,394.20	85,937.40	135,937.40	4,461.48	10,175.32	19,675.32	89,855.68	96,112.72	155,612.72	73.2%	61.9%
65	53160 Permits & Fees	12,648.33	8,935.72	8,935.72	1,313.80	773.33	1,298.33	13,962.13	9,709.05	10,234.05	-26.7%	5.4%
66	53170 Software Support	60,634.34	58,389.72	58,389.72	0.00	0.00	0.00	60,634.34	58,389.72	58,389.72	-3.7%	0.0%
67	TOTAL PROFESSIONAL FEE	286,492.58	265,579.97	311,579.97	5,979.28	13,482.99	23,507.99	292,471.86	279,062.96	335,087.96	14.6%	20.1%
68	54 - SERVICE AND SUPPLIES											
69	54110 Advertising	1,833.31	1,560.00	1,560.00	5,185.82	4,925.32	4,925.32	7,019.12	6,485.32	6,485.32	-7.6%	0.0%
70	54140 Auto Expense	3,189.65	3,644.91	3,644.91	0.00	0.00	0.00	3,189.65	3,644.91	3,644.91	14.3%	0.0%
71	54170 Auto Allowance	7,800.00	7,800.00	7,800.00	0.00	0.00	0.00	7,800.00	7,800.00	7,800.00	0.0%	0.0%
72	54200 Credit Card Fee & Bank Charges	33,772.41	37,955.15	37,955.15	0.00	0.00	0.00	33,772.41	37,955.15	37,955.15	12.4%	0.0%
73	54230 Dues & Subscriptions	25,081.41	25,042.25	25,042.25	693.60	906.67	906.67	25,775.01	25,948.92	25,948.92	0.7%	0.0%
74	54260 Education & Training	36,574.33	35,631.76	35,631.76	1,252.56	1,248.00	1,248.00	37,826.89	36,879.76	36,879.76	-2.5%	0.0%
75	54290 Employment Expense	2,278.48	2,216.75	2,216.75	102.00	336.00	336.00	2,380.48	2,552.75	2,552.75	7.2%	0.0%
76	54300 Equipment Rental/ Lease	7,301.21	7,642.97	7,642.97	1,559.50	1,211.60	1,211.60	8,860.71	8,854.57	8,854.57	-0.1%	0.0%
77	54320 General Maintenance	4,251.36	4,288.00	4,288.00	306.00	300.00	300.00	4,557.36	4,588.00	4,588.00	0.7%	0.0%
78	54350 Insurance	73,609.65	74,469.24	74,469.24	1,085.08	1,173.72	1,173.72	74,694.72	75,642.96	75,642.96	1.3%	0.0%
79	54380 Insurance - Vehicle	14,409.30	14,628.36	14,628.36	919.71	857.04	857.04	15,329.01	15,485.40	15,485.40	1.0%	0.0%
80	54410 Fuel Costs	60,247.69	56,965.35	56,965.35	1,514.73	1,678.79	1,678.79	61,762.41	58,644.13	58,644.13	-5.0%	0.0%
81	54440 Meeting, Seminar & Supplies	5,650.61	12,440.29	9,751.19	38.42	32.51	32.51	5,689.03	12,472.80	9,783.70	72.0%	-21.6%

**Phelan Piñon Hills Community Services District
2015/2016 Budget - Detail Comparison - By Fund**

Assumes: Rates/Reven Expense Salary	% Over Est Year End 6.0% 0.0% 1.0%	A	B	C	D	E	F	G	H	I	J	K
		TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
		Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Column I compared to column G	Column I compared to column H
82	54470 Travel Expense	19,769.06	18,535.52	18,535.52	510.00	536.97	536.97	20,279.06	19,072.49	19,072.49	-5.9%	0.0%
83	54500 Operating Supplies	44,703.04	55,742.03	49,741.38	6,852.96	6,994.33	12,094.33	51,556.00	62,736.36	61,835.71	19.9%	-1.4%
84	54530 Office Supplies	19,858.15	27,671.61	31,671.61	0.00	161.23	2,161.23	19,858.15	27,832.84	33,832.84	70.4%	21.6%
85	54620 Repair & Maintenance	254,895.60	370,113.32	292,597.73	8,114.58	8,204.65	14,204.65	263,010.18	378,317.97	306,802.38	16.7%	-18.9%
86	54650 Small Tools	14,307.91	14,305.61	14,305.61	386.85	381.81	381.81	14,694.76	14,687.43	14,687.43	0.0%	0.0%
87	54680 Uniforms	10,719.40	8,483.04	8,483.04	1,201.39	1,029.32	1,029.32	11,920.79	9,512.36	9,512.36	-20.2%	0.0%
88	54710 Vehicle Maintenance	40,358.10	36,998.48	36,998.48	941.51	2,299.76	2,299.76	41,299.61	39,298.24	39,298.24	-4.8%	0.0%
89	54740 Easement Lease	612.20	1,217.83	1,217.83	0.00	0.00	0.00	612.20	1,217.83	1,217.83	98.9%	0.0%
90	54800 Programs (Wtr Cons, parks,etc)	22,013.79	17,613.32	25,613.32	28,764.54	26,867.16	31,867.16	50,778.32	44,480.48	57,480.48	13.2%	29.2%
91	54801 Senior Lunch Program	0.00	0.00	0.00	18,544.83	18,543.91	18,543.91	18,544.83	18,543.91	18,543.91	100.0%	0.0%
92	54802 Farmers Market	0.00	0.00	0.00	6,500.00	15,017.51	15,017.51	6,500.00	15,017.51	15,017.51	100.0%	0.0%
93	54830 State & County Fees & Services	3,153.51	17,079.73	14,658.40	0.00	0.00	0.00	3,153.51	17,079.73	14,658.40	364.8%	-14.2%
94	54860 Postage & Mailing	18,242.77	21,706.19	22,140.31	0.00	0.00	0.00	18,242.77	21,706.19	22,140.31	21.4%	2.0%
95	54890 Printing	15,449.93	14,366.11	30,975.09	1,760.60	1,776.08	1,776.08	17,210.53	16,142.19	32,751.17	90.3%	102.9%
96	54920 Public Relation	5,984.00	16,891.85	9,662.16	7,070.57	4,240.00	4,240.00	13,054.57	21,131.85	13,902.16	6.5%	-34.2%
97	TOTAL SERVICE AND SUPPLIES	746,066.83	905,009.67	838,196.41	86,805.24	98,722.37	116,822.37	839,372.08	1,003,732.04	955,018.78	13.8%	-4.9%
98	58 - UTILITIES - Electric/Phone/Gas											
99	58010 Telephone	17,223.54	17,587.40	17,587.40	622.36	665.67	665.67	17,845.91	18,253.07	18,253.07	2.3%	0.0%
100	58110 Utilities - Operations	830,654.57	871,525.37	640,571.15	26,993.21	23,290.21	25,619.23	857,647.78	894,815.59	666,190.38	-22.3%	-25.5%
101	58115 Utilities - Solar Credit	0.00	0.00	(314,552.00)	0.00	0.00	0.00	0.00	0.00	(314,552.00)	0.0%	0.0%
102	58111 Utilities - Street Lights	0.00	0.00	0.00	14,360.15	13,035.20	14,860.13	14,360.15	13,035.20	14,860.13	3.5%	14.0%
103	TOTAL UTILITIES - Electric/Phone/Gas	847,878.11	889,112.77	343,606.55	41,975.73	36,991.08	41,145.03	889,853.84	926,103.85	384,751.58	-56.8%	-58.5%
104	59 - OTHER- Depreciation/Amort, etc.											
105	59310 Bad Debt	7,763.17	7,347.87	7,347.87	0.00	0.00	0.00	7,763.17	7,347.87	7,347.87	-5.3%	0.0%
106	59110 Property Taxes	10,806.11	167.96	167.96	28,800.04	29,382.36	29,382.36	39,606.15	29,550.32	29,550.32	-25.4%	0.0%
107	59120 Depreciation & Amortization	1,258,423.28	1,252,058.44	1,277,058.44	95,065.44	106,445.41	108,445.41	1,353,488.72	1,358,503.85	1,385,503.85	2.4%	2.0%
108	59310 Other Operating Expenses	66.98	50.00	50.00	0.00	0.00	0.00	66.98	50.00	50.00	-25.4%	0.0%
109	TOTAL OTHER- Depreciation/Amort, etc.	1,277,059.54	1,259,624.27	1,284,624.27	123,865.48	135,827.77	137,827.77	1,400,925.02	1,395,452.04	1,422,452.04	1.5%	1.9%
110	TOTAL EXPENSE	4,946,144.25	5,178,700.60	4,762,787.55	441,476.01	480,826.16	517,764.82	5,394,120.24	5,659,526.76	5,280,552.37	-2.1%	-6.7%

Phelan Piñon Hills Community Services District
2015/2016 Budget - Detail Comparison - By Fund

Assumes:	% Over Est Year End	A	B	C	D	E	F	G	H	I	J	K
		TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
		Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Column I compared to column G	Column I compared to column H
Rates/Reven	6.0%											
Expense	0.0%											
Salary	1.0%											
111	NET OPERATIONAL INCOME	(555,512.64)	(647,196.23)	(751,871.41)	(405,286.07)	(461,669.49)	(493,458.75)	(1,128,612.98)	(1,108,879.43)	(1,245,330.16)	10.3%	12.3%
112	NON-OPERATIONAL INCOME/EXPENSE											
113	NON-OPERATIONAL INCOME						0.02					
114	70 - PROPERTY TAXES						0.00					
115	71110 Property Taxes - Curr Sec	0.00	0.00	0.00	722,339.21	790,265.79	806,071.11	722,339.21	790,265.79	806,071.11	11.6%	2.0%
116	71120 Property Taxes - Curr Unsec	0.00	0.00	0.00	34,787.67	41,288.09	42,113.85	34,787.67	41,288.09	42,113.85	21.1%	2.0%
117	71130 Property Taxes - Curr Supplimn	0.00	0.00	0.00	3,617.00	4,051.09	4,132.11	3,617.00	4,051.09	4,132.11	14.2%	2.0%
118	71140 Property Taxes - Curr Unitary	0.00	0.00	0.00	33,760.18	34,703.01	35,397.07	33,760.18	34,703.01	35,397.07	4.8%	2.0%
119	71150 Property Taxes - Curr Other	0.00	0.00	0.00	8,910.83	11,265.81	11,491.13	8,910.83	11,265.81	11,491.13	29.0%	2.0%
120	71500 Property Taxes	527,169.58	527,169.58	647,478.11	(527,169.58)	(527,169.58)	(647,478.11)	0.00	0.00	0.00	0.0%	0.0%
121	72110 Property Taxes - Prior Sec	0.00	0.00	0.00	31,738.14	16,491.29	16,491.29	31,738.14	16,491.29	16,491.29	-48.0%	0.0%
122	72120 Property Taxes - Prior Unsec	0.00	0.00	0.00	363.43	377.59	377.59	363.43	377.59	377.59	3.9%	0.0%
123	72130 Property Taxes - Prior Supplimn	0.00	0.00	0.00	3,882.68	4,861.94	4,861.94	3,882.68	4,861.94	4,861.94	25.2%	0.0%
124	72150 Property Taxes - Prior Other	0.00	0.00	0.00	590.90	537.40	537.40	590.90	537.40	537.40	-9.1%	0.0%
125	73160 Property Taxes - Homeowner	0.00	0.00	0.00	8,944.46	8,767.08	8,767.08	8,944.46	8,767.08	8,767.08	-2.0%	0.0%
126	73170 Tax Penalties & Others	0.00	12,917.48	0.00	10,218.76	9,209.67	9,209.67	10,218.76	22,127.15	9,209.67	-9.9%	-58.4%
127	TOTAL PROPERTY TAXES	527,169.58	540,087.06	647,478.11	331,983.67	394,649.17	291,972.11	859,153.25	934,736.23	939,450.22	9.3%	0.5%
128	75 - PENALTIES & OTHER FEE											
129	86120 Penalties & Other Fees	90,869.44	97,742.85	97,742.85	0.00	0.00	0.00	90,869.44	97,742.85	97,742.85	7.6%	0.0%
130	TOTAL PENALTIES & OTHER FEE	90,869.44	97,742.85	97,742.85	0.00	0.00	0.00	95,567.29	97,742.85	97,742.85	2.3%	0.0%
131	48 - SOLID WASTE											
132	48500 Solid Waste Franchise Fee	0.00	0.00	0.00	124,880.18	125,380.41	127,888.02	124,880.18	125,380.41	127,888.02	2.4%	2.0%
133	TOTAL SOLID WASTE	0.00	0.00	0.00	124,880.18	125,380.41	127,888.02	124,880.18	125,380.41	127,888.02	2.4%	2.0%

Phelan Piñon Hills Community Services District
2015/2016 Budget - Detail Comparison - By Fund

Assumes:		% Over Est Year End		A	B	C	D	E	F	G	H	I	J	K
Rates/Reven		6.0%		TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
Expense		0.0%		Prior Year		Approved	Prior Year		Approved	Prior Year		Approved	Column I	Column I
Salary		1.0%		2014/2015	EST YE 14/15	2015/2016	2014/2015	EST YE 14/15	2015/2016	2014/2015	EST YE 14/15	2015/2016	compared to	compared to
				Budget		BUDGET	Budget		BUDGET	Budget		BUDGET	column G	column H
134	45 - METER INSTALLATION/CONNECTION FEES													
135	45300 Meter Installation	16,416.32	11,171.86	8,593.74	0.00	0.00	0.00	0.00	0.00	16,416.32	11,171.86	8,593.74	-47.7%	-23.1%
136	45400 Permits & Inspections	1,693.36	4,005.00	3,080.77	0.00	0.00	0.00	0.00	0.00	1,693.36	4,005.00	3,080.77	81.9%	-23.1%
137	45500 Connection Fee	45,880.64	78,296.52	60,228.09	0.00	0.00	0.00	0.00	0.00	45,880.64	78,296.52	60,228.09	31.3%	-23.1%
138	TOTAL METER INSTALLATION/CONNECTION FEES	63,990.32	93,473.38	71,902.60	0.00	0.00	0.00	0.00	0.00	63,990.32	93,473.38	71,902.60	12.4%	-23.1%
139	80 - OTHER INCOME													
140	88110 Interest Income	33,900.53	33,746.69	34,084.16	16,513.41	17,578.08	17,929.64	17,929.64	17,929.64	50,413.95	51,324.77	52,013.80	3.2%	1.3%
141	88120 Other Income	8,373.33	10,546.04	10,546.04	0.00	0.00	0.00	0.00	0.00	8,373.33	10,546.04	10,546.04	25.9%	0.0%
142	88125 Other Income	0.00	0.00	0.00	2,000.00	15,316.65	15,622.99	15,622.99	15,622.99	2,000.00	15,316.65	15,622.99	681.1%	2.0%
143	Total - OTHER INCOME	42,273.87	44,292.73	44,630.20	18,513.41	32,894.73	33,552.63	33,552.63	33,552.63	60,787.28	77,187.47	78,182.83	28.6%	1.3%
144	TOTAL NON-OPERATIONAL INCOME	724,303.21	775,596.03	861,753.76	475,377.26	552,924.31	453,412.76	453,412.76	453,412.76	1,204,378.32	1,328,520.34	1,315,166.52	9.2%	-1.0%
145	NON-OPERATIONAL EXPENSE													
146	796 - Other Expense													
147	91010 Interest Expense	358,907.98	304,802.41	414,198.03	0.00	0.00	0.00	0.00	0.00	358,907.98	304,802.41	414,198.03	15.4%	35.9%
148	92010 Loan Administrator Fee	29,536.25	29,536.25	28,685.41	0.00	0.00	0.00	0.00	0.00	29,536.25	29,536.25	28,685.41	-2.9%	-2.9%
149	93010 Tax Deduction	0.00	0.00	0.00	3,273.82	3,332.17	3,332.17	3,332.17	3,332.17	3,273.82	3,332.17	3,332.17	1.8%	0.0%
150	95010 Net Incr/Decr in Fair Value	104.75	112.51	112.51	0.00	0.00	0.00	0.00	0.00	104.75	112.51	112.51	7.4%	0.0%
151	Total - Other Expense	388,548.98	334,451.17	442,995.95	3,273.82	3,332.17	3,332.17	3,332.17	3,332.17	391,822.80	337,783.34	446,328.12	13.9%	32.1%
152	TOTAL NON-OPERATIONAL EXPENSE	388,548.98	334,451.17	442,995.95	3,273.82	3,332.17	3,332.17	3,332.17	3,332.17	391,822.80	337,783.34	446,328.12	13.9%	32.1%
153	NET NON-OPERATIONAL INCOME	335,754.23	441,144.86	418,757.82	472,103.44	549,592.14	450,080.59	450,080.59	450,080.59	812,555.52	990,737.00	868,838.40	6.9%	-12.3%
154	NET INCOME	(219,758.41)	(206,051.37)	(333,113.59)	66,817.36	87,922.65	(43,378.16)	(43,378.16)	(43,378.16)	(316,057.46)	(118,142.43)	(376,491.75)	19.1%	218.7%
155	Fund Depr @ 60% = add back 40%	503,369.31	500,823.38	510,823.38	38,026.18	42,578.17	43,378.17	43,378.17	43,378.17	541,395.49	543,401.54	554,201.54	2.4%	2.0%
156	Principal Payments Due on Loan	283,610.90	96,097.13	499,182.16	0.00	0.00	0.00	0.00	0.00	283,610.90	273,500.00	499,182.16	76.0%	82.5%
157	TOTAL NET INCOME (AFTER DEPR AND PR	0.00	198,674.87	(321,472.38)	104,843.54	130,500.81	0.00	0.00	0.00	(58,272.88)	151,759.11	(321,472.37)	451.7%	-311.8%

**Phelan Piñon Hills Community Services District
2015/2016 Budget - Detail Comparison - By Fund**

Assumes:	% Over Est Year End	A	B	C	D	E	F	G	H	I	J	K
Rates/Reven	6.0%	TOTAL ENTERPRISE FUNDS			TOTAL GOVERNMENT FUNDS			TOTAL ALL FUNDS			Bud vs Bud	Bud vs Est YE
Expense	0.0%	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Prior Year 2014/2015 Budget	EST YE 14/15	Approved 2015/2016 BUDGET	Column I compared to column G	Column I compared to column H
Salary	1.0%											

Items identified to mitigate deficit:

Transfer funds from Solid Waste Cash	121,472.99
Release of Rate Stabilization Fund	200,000.00

	2002	2012 (Water)	2014 (Solar)	Caltrans (HWY 138)	TOTAL LOANS
Principal	106,544.60	184,806.57	174,905.00	32,925.99	499,182.16
Interest	84,668.40	143,826.18	182,686.28	3,017.17	414,198.03
Fees	7,257.29	21,428.12	0.00	0.00	28,685.41
	<u>198,470.29</u>	<u>350,060.87</u>	<u>357,591.28</u>	<u>35,943.16</u>	\$ 942,065.60
Estimated Solar Credits:			-314,552.00		

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

	Enterprise Fund	Government Fund	Total
FUND BALANCES			
Cash in Bank Beginning Balance 06/30/15	\$ 7,645,563.79	\$ 4,099,041.78	\$ 11,744,605.57
Board Approved Reserves	<u>(6,807,862.00)</u>	<u>(663,308.00)</u>	<u>(7,471,170.00)</u>
Total Fund Balance (Cash Available)	\$ 837,701.79	\$ 3,435,733.78	\$ 4,273,435.57
OPERATIONAL ACTIVITIES			
Net Profit (Loss)	\$ (333,113.59)	\$ (43,378.16)	\$ (376,491.75)
Depreciation @ 40% (not funding 40%)	510,823.38	43,378.17	554,201.54
Depreciation @ 60% (funding 60%)	<u>766,235.06</u>	<u>65,067.25</u>	<u>831,302.31</u>
Cash available from operations	\$ 943,944.85	\$ 65,067.25	\$ 1,009,012.10
INVESTMENT ACTIVITIES			
Projects	\$ (1,855,000.00)	\$ -	\$ (1,855,000.00)
Capital Purchases	<u>(130,500.00)</u>	<u>-</u>	<u>(130,500.00)</u>
Total Investment Activity	\$ (1,985,500.00)	\$ -	\$ (1,985,500.00)
FINANCE ACTIVITIES			
CIEDB Loans (Principal)	<u>\$ (499,182.16)</u>	<u>\$ -</u>	<u>\$ (499,182.16)</u>
Total Finance Activity	\$ (499,182.16)	\$ -	\$ (499,182.16)
NET CASH FROM ACTIVITIES	\$ (1,540,737.31)	\$ 65,067.25	\$ (1,475,670.06)
Transfer of funds	121,472.99	-121,472.99	0.00
Net Cash Available for Future Projects	-581,562.53	3,379,328.04	\$ 2,797,765.51

Phelan Piñon Hills Community Service District
2014/2015 Schedule
Approved February 4, 2015

BOARD DESIGNATED RESERVES

1. UNRESTRICTED RESERVES

1A. Contingency and Operations (Goal = Three to Six months)

	ENTERPRISE Fund 01	GOVERNMENT Fund 02	Total
2014/15 Budget Total	\$5,334,693	\$444,750	\$5,779,443
Less:			
Depreciation	1,258,423	95,065	1,353,489
Debt Service (Interest)	358,908		358,908
	<u>3,717,362</u>	<u>349,684</u>	<u>4,067,046</u>
Reserve @ Three Months =	x 3/12	x 3/12	x 3/12
Contingency and Operating Reserve	929,340	87,421	1,016,762
Debt Service Reserve - CIEDB Loan (1 yr P&I.)	671,112		671,112
TOTAL RESERVE FOR OPERATIONS	\$1,600,452	\$87,421	\$1,687,873

1B. Property, Plant, and Equipment Replacement Reserve (Goal = 25%- 50%)

Accumulated Depreciation 06/30/14	18,910,508	732,018	19,642,526
Reserve @ 25% =	4,727,627	183,005	4,910,632
Reserves used for WRAP project funding	-1,600,000 *		
TOTAL RESERVE FOR REPLACEMENT	\$3,127,627 17%	\$183,005	\$3,310,632

1C. Disaster Response Reserve (Goal = 10 - 20%)

Total Assets (Excluding Land& Wtr Rts) 06/30/14	36,797,830	1,757,364	38,555,194
Reserve @ 10% =	3,679,783	175,736	3,855,519
Reserves used for WRAP project funding	-1,600,000 *		
TOTAL RESERVE FOR DISASTER	\$2,079,783 6%	\$175,736	\$2,255,519

2. ADDITIONAL RESERVES IDENTIFIED BY THE BOARD

Capital, Projects*, & Replacement Budget Current Year	<u>1,020,000</u>	<u>20,000</u>	<u>1,040,000</u>
TOTAL FUNDS NEEDED FOR CAPITAL PROJECTS	\$1,020,000	20,000	\$1,040,000

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

DEBT SERVICE

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

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

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

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

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

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending June 30
2002 I-Bank Loan							
08/01/15			\$42,334	\$42,334		\$42,334	
02/01/16	\$2,312,552	\$106,545	\$42,334	\$148,879	\$7,257	\$156,136	\$198,470
2012 I-Bank Loan							
08/01/15	\$6,957,900	\$184,807	\$72,856	\$257,662	\$21,428	\$279,090	
02/01/16			\$70,971	\$70,971		\$70,971	\$350,061
2014 Muni Loan							
08/01/15	\$4,913,360	\$86,640	\$92,155	\$178,796		\$178,796	
02/01/16	\$4,825,095	\$88,265	\$90,531	\$178,796		\$178,796	\$357,591
2015 CalTrans Loan							
07/01/15	\$240,540	\$6,067	\$548	\$6,615		\$6,615	
10/01/15	\$234,473	\$6,081	\$535	\$6,615		\$6,615	
01/01/16	\$228,392	\$6,095	\$521	\$6,615		\$6,615	
04/01/16	\$222,298	\$6,109	\$507	\$6,615		\$6,615	\$26,462
Total		\$490,607	\$413,291	\$903,899	\$28,685	\$932,584	\$932,584

Revenue Coverage

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Actual 2011/2012	Actual 2012/2013	Actual 2013/2014	Est. YE 2014/2015	Budget 2015/2016
Gross Revenues								
Water Fund Revenues	\$5,579,013	\$4,348,388	\$4,127,211	\$4,178,972	\$4,405,277	\$4,837,380	\$5,307,096	\$4,872,669
Operating Expenses								
Water Fund Expenses	-\$5,864,190	-\$4,620,366	-\$4,757,100	-\$4,454,156	-\$5,032,281	-\$5,121,970	-\$5,513,152	-\$5,205,784
Less Depreciation	886,786	1,058,281	1,245,913	1,292,064	1,214,772	1,229,221	1,252,058	1,277,058
Total Water Fund Expenses	-\$4,977,404	-\$3,562,085	-\$3,511,187	-\$3,162,092	-\$3,817,509	-\$3,892,749	-\$4,261,093	-\$3,928,725
Net Revenues Water Fund	\$601,609	\$786,303	\$616,024	\$1,016,880	\$587,768	\$944,631	\$1,046,003	\$943,944
Senior and Parity Debt Service								
2002 Water Facilities	\$231,311	\$231,021	\$230,721	\$209,792	\$199,366	\$199,077	\$198,779	\$198,470
2012 Water Rights Acquisition					26,240	368,852	351,719	350,061
2014 Solar Project							150,150	357,591
2014 Hwy 138							13,231	26,462
Combined Total Annual Debt	\$231,311	\$231,021	\$230,721	\$209,792	\$225,605	\$567,930	\$713,879	\$932,584
Debt Service Coverage	260%	340%	267%	485%	261%	166%	147%	101%

APPROPRIATIONS LIMIT

The 2014-2015 appropriations limit was set by Resolution #2015-15 and approved by the Board of Directors on June 3, 2015.

PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT APPROPRIATIONS LIMIT CALCULATION		
FISCAL YEAR 2015/2016		
1	PRICE FACTOR U.S. CAPITA PERSONAL INCOME CPI	3.82%
2	POPULATION PERCENT CHANGE	0.63%
3	PER CAPITA CONVERTED TO A RATIO:	1.03820
4	POPULATION CONVERTED TO A RATIO:	1.00630
5	CALCULATION FACTOR FOR RATIO OF CHANGE:	1.04474
6	PRIOR YEAR (12/13) APPROPRIATIONS LIMIT	\$3,053,676
7	CURRENT YEAR APPROPRIATIONS LIMIT	\$3,190,299

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

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

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

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

At the June 17, 2015, Board Meeting, the Board conducted a hearing, in compliance with Government Code, to set the annual appropriations limit for the District. All of the documentation used for the determination of the proposed appropriations limit was available to the public at the District office prior to the hearing.



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

CAPITAL IMPROVEMENT

PROGRAM

CAPITAL IMPROVEMENT PROJECTS

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

Smithson Springs Tank

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

\$20,000 budgeted for tank and pipeline design.

Dairy Well Connection Study and Design

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

A study that began in 2014/2015 will be completed in 2015/2016. This study will outline preliminary alignments to connect the Dairy wells with the existing distribution system and recommend necessary sizes of the proposed boosters and tank to blend the water.

\$25,000 budgeted for study and design.

Dairy Well Connection Construction

With the completion of the Dairy Wells Connection Study and Design project, the District will move forward with approval, the RFP process, and construction of the project.

The tentative proposed layout includes approximately 9 miles of transmission pipeline, a storage/blending tank, and two booster stations will be necessary to mitigate the state's Chromium 6 requirements.

\$1,250,000 budgeted for construction.

Land Acquisition

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

\$25,000 budgeted for property purchase.

Solar Project

A 1.16 MW solar project was approved at the former Meadowbrook Dairy site through a RESBCT Edison program. The District is working with SunPower to develop and construct the project.

The contract was approved and the funding was completed in September 2014, and construction is scheduled to be complete by the end of June 2015. Interconnection with Edison is set for the end of July 2015.

This project is estimated to cost approximately \$5.2 million dollars and is funded primarily with a \$5 million dollar loan. Payments for the loan will be made with proceeds resulting from the Solar Project credits. The budget below is for projected costs that exceed the loan funding.

\$75,000 budgeted for the solar project.

Adjudication of Water Rights

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

\$300,000 budgeted for legal fees.

GIS / Mapping

Staff continues to update the water system in the Geographic Information System (GIS). This includes creating links to as-built information; researching and entering water meter data, facilities details, booster information, and water pipeline easements; annotating District facilities and the parcel base map, and populating attributes, as well as incorporating other District data into the GIS. The current 10-year CIP for fiscal year 2015/2016 budgeted \$50,000 for the continued work on the GIS.

\$50,000 budgeted for contracted services.

Urban Water Management Plan Update

Every five years, the District's Urban Water Management Plan is required, by the state, to be updated. The District's current 2010 Urban Water Management is due for an update this fiscal year.

\$10,000 budgeted for outside services.

Phelan Piñon Hills Community Services District

CAPITAL BUDGET 2015/2016 Budget

CIP PROJECTS			ESTIMATE	Funding
PROJECT	DESCRIPTION/LOCATION		2014/2015	Source
1	Smithson Springs Tank	Tank and pipeline design	20,000.00	C
2	Dairy Wells Connection	Connection to system - Study & Design	125,000.00	B
3	Dairy Wells Connection	Construction	1,250,000.00	G
4	Land Acquisition	Future Sites	25,000.00	C
5	Solar Project	District Portion	75,000.00	A
6	Adjudication of Water Rights	Continued LA Adjudication	300,000.00	A
7	GIS/Mapping	Convert GIS and mapping to new system	50,000.00	A
8	Urban Water Management Plan	Update required	10,000.00	A
			<hr/>	
			\$ 1,855,000.00	
9	Park and Recreation CIP		-	F
			<hr/>	
			\$ -	
TOTAL PROJECTS			\$ 1,855,000.00	

CAPITAL PURCHASES			ESTIMATE	
10	Vehicles	Replace trucks	70,000.00	A
11	Computers & Software	Upgrade server & add implement Tyler/Sedaru	54,000.00	A
12	Office Furniture & Equipment	Replace broken desks and chairs	6,500.00	A
			<hr/>	
			\$ 130,500.00	

TOTAL PROJECTS AND CAPITAL PURCHASES \$ 1,985,500.00

FUNDING SOURCES				
Ent	Depreciation Funded	60% of Depreciation	A	\$ 565,500.00
Ent	* Property Plant and Equipment Replacement Reserve		B	125,000.00
Ent	Connection Fees		C	45,000.00

Loan or other Source to be identified	G	<u>1,250,000.00</u>
		<u>\$ 1,985,500.00</u>

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



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

BUDGET FORECAST

Phelan Piñon Hills Community Services District

2015/2016 Budget - Five Year Forecast

PPHCSD Forecast Model						
Assumptions	2016/17	2017/18	2018/19	2019/2020	2020/2021	
Rate Increase	6.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Merit	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
APPROVED						
	2015/2016	2016/17	2017/18	2018/19	2019/2020	2020/2021
1 Operating Revenue - Enterprise Fund						
2 Water Sales	\$ 3,621,670	\$ 3,838,970	\$ 3,954,140	\$ 4,072,764	\$ 4,194,947	\$ 4,320,795
3 Special Assessments	300,000	300,000	300,000	300,000	300,000	300,000
4 Other Services	89,246	89,246	89,246	89,246	89,246	89,246
5 Total Operating Revenues	<u>\$ 4,010,916</u>	<u>\$ 4,228,216</u>	<u>\$ 4,343,385</u>	<u>\$ 4,462,010</u>	<u>\$ 4,584,193</u>	<u>\$ 4,710,041</u>
6						
7 Operating Expenses - Enterprise Fund						
8 Water Purchases	5,265	5,528	5,804	6,095	6,399	6,719
9 Board Compensation	88,953	93,401	98,071	102,974	108,123	113,529
10 Professional Services	311,580	327,159	343,517	360,693	378,727	397,664
11 Salaries and Benefits - Enterprise	1,890,563	1,947,279	2,005,698	2,065,869	2,127,845	2,191,680
12 Services and Supplies - Enterprise	838,196	880,106	924,112	970,317	1,018,833	1,069,775
13 Rents and Leases	-	-	-	-	-	-
14 Utilities	343,607	360,787	378,826	397,768	417,656	438,539
15 Depreciation	1,277,058	1,340,911	1,392,078	1,443,411	1,452,578	1,463,245
16 Other	7,566	7,944	8,341	8,758	9,196	9,656
17 Total Operating Expenses	<u>\$ 4,762,788</u>	<u>\$ 4,963,116</u>	<u>\$ 5,156,447</u>	<u>\$ 5,355,885</u>	<u>\$ 5,519,358</u>	<u>\$ 5,690,807</u>
18						
19 Net Operational Income Water	\$ (751,871)	\$ (734,899)	\$ (813,061)	\$ (893,875)	\$ (935,165)	\$ (980,766)
20						
21 Operating Revenue and Expense - Government Fund						
22 Ordinary Income Government Funds	24,306	24,306	24,306	24,306	24,306	24,306
23 Ordinary Expense Government Funds	(517,765)	(543,653)	(570,836)	(599,377)	(629,346)	(660,814)
24 Net Operational Income Government	\$ (493,459)	\$ (519,347)	\$ (546,530)	\$ (575,071)	\$ (605,040)	\$ (636,508)
25						
26 Non-Operating Revenues (Expenses)						
27 Investment Earnings	34,084	35,107	36,160	37,245	38,362	39,513
28 Investment Expense	(442,996)	(439,866)	(424,830)	(409,300)	(393,262)	(376,698)
29 Property Taxes	647,478	666,902	686,910	707,517	728,742	750,605
30 Other Income Taxes, Penalties, etc	108,289	111,538	114,884	118,330	121,880	125,537
31 Other Income Grants, Solar Credits, etc	-	384,174	399,882	416,177	433,082	433,082
32 Connection Fees	71,903	74,060	76,281	78,570	80,927	83,355
33 Net Non-Operating Revenues (Expenses)	\$ 418,758	\$ 831,914	\$ 889,287	\$ 948,538	\$ 1,009,731	\$ 1,055,393
34						
35 Non-Operating Revenues (Expenses) - Government Fund						
36 Investment Earnings	17,930	18,468	19,022	19,592	20,180	20,785
37 Property Taxes	291,972	300,731	309,753	319,046	328,617	338,476
38 Other Income	15,623	15,623	15,623	15,623	15,623	15,623
39 Income Solid Waste	127,888	130,446	133,055	135,716	138,430	141,199
40 Other Expense	(3,332)	(3,499)	(3,674)	(3,857)	(4,050)	(4,253)
41 Net Non-Operating Revenues (Exp) Gvmt	\$ 450,081	\$ 461,769	\$ 473,779	\$ 486,119	\$ 498,800	\$ 511,830
42						
43 Net Income	\$ (376,492)	\$ 39,437	\$ 3,475	\$ (34,289)	\$ (31,674)	\$ (50,050)
44						
45 Depreciation Unfunded (40%)	\$ 554,202	\$ 563,183	\$ 584,673	\$ 606,233	\$ 610,083	\$ 614,563
46 Loan Principal Payments	(499,182)	(466,256)	(480,838)	(495,897)	(511,451)	(527,516)
47 Net Cash Avail for Projects/Reserves	\$ (321,472)	\$ 136,363	\$ 107,310	\$ 76,046	\$ 66,957	\$ 36,996



PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

STATISTICS AND TRENDS

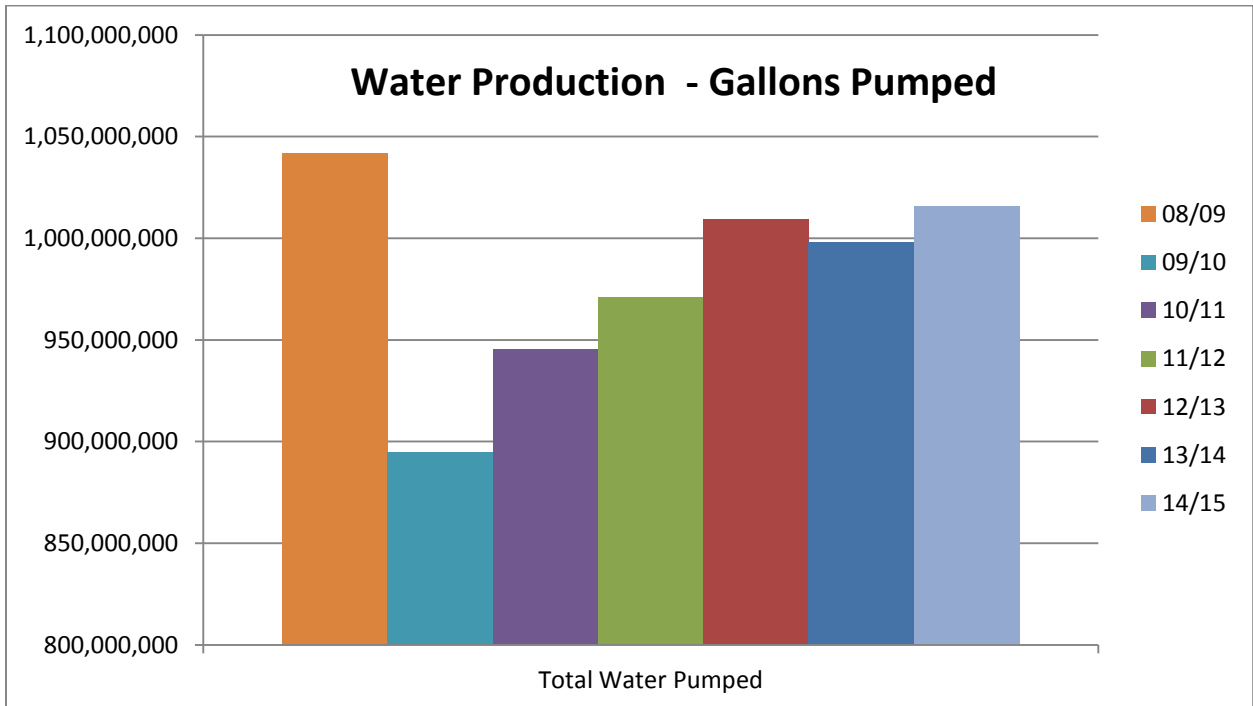
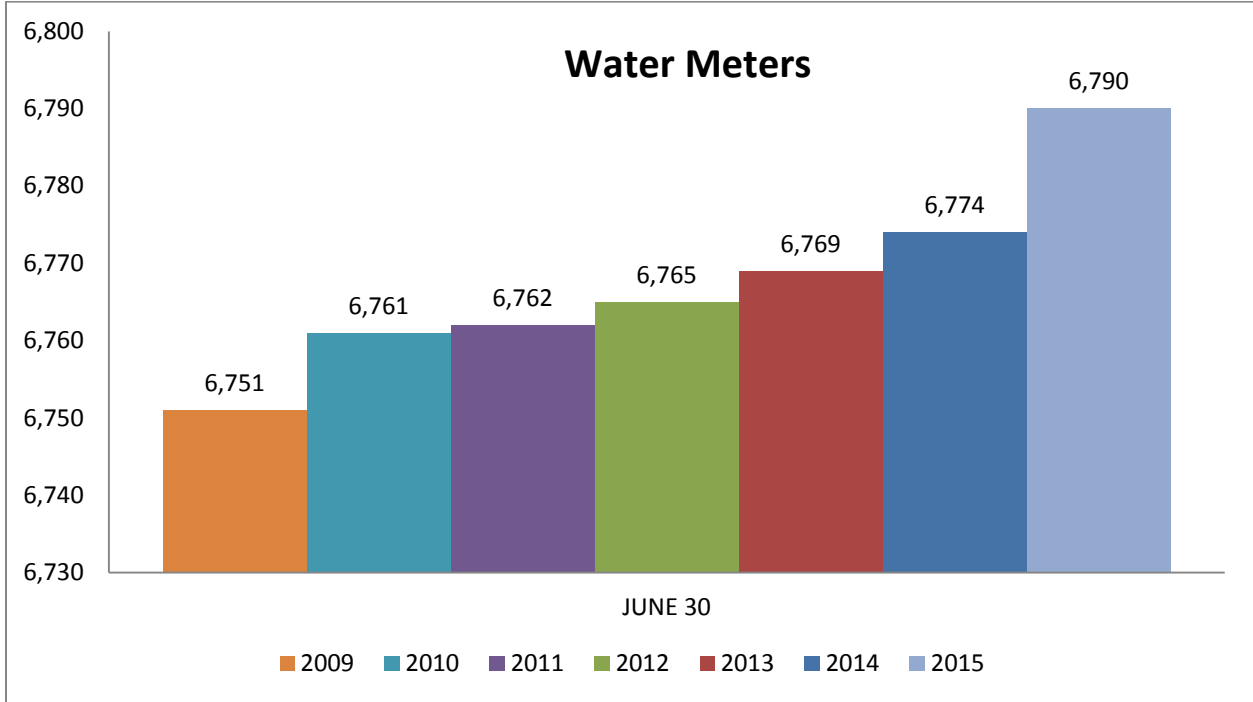
WATER SYSTEM STATISTICS AND HISTORICAL INFORMATION

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

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

TEN LARGEST SYSTEM USERS as of 06/30/2015					
User	Annual Usage	% of System Use	Annual Gross Revenues	% of System Revenues	Customer Class (Residential/Commercial/ Industrial/Other)
SNOWLINE JUSD	70,189	5.99%	\$166,778	3.95%	INSTITUTIONAL
MYONG CHA (GRACE) PAK	3,542	0.30%	\$8,215	0.19%	COMMERCIAL2
KIRK RADEWALD	2,308	0.20%	\$5,427	0.13%	COMMERCIAL2
COUNTY ROADS	2,294	0.20%	\$8,156	0.19%	Industrial/Other)
JANICE CHUNG	2,161	0.18%	\$5,088	0.12%	COMMERCIAL2
WOOL HEE JUN	2,080	0.18%	\$5,237	0.12%	COMMERCIAL2
JI YOON LEE	2,076	0.18%	\$4,905	0.12%	COMMERCIAL2
JOHN & MARTHA BROWNE	2,068	0.18%	\$4,861	0.12%	RESIDENTIAL
JINA JUNG LINDQUIST	2,055	0.18%	\$4,928	0.12%	COMMERCIAL2
THOMAS & MICHELLE GIBSON	2,027	0.17%	\$4,685	0.11%	RESIDENTIAL
TOTAL	90,797	7.75%	\$218,279	5.17%	

HISTORICAL METERS IN GROUND AND PRODUCTION



HISTORICAL AND FUTURE (PENDING BOARD REVIEW) WATER RATES

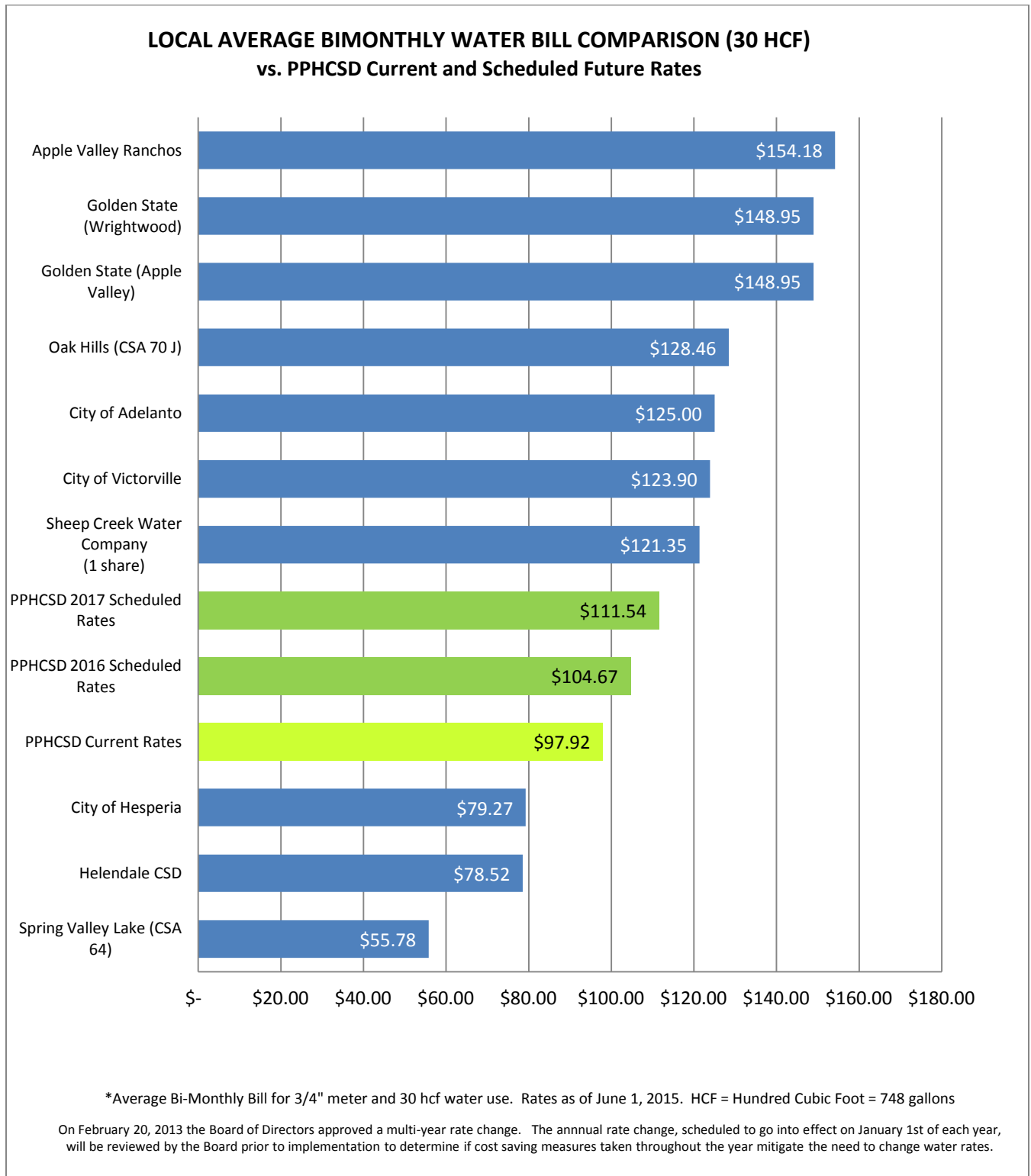
Commodity Charge (water used)		March 2008 - Feb 2013	March 1, 2013	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017
Tiered	Tier (HCF)						
Tier 1	0 - 25		\$1.69	\$1.89	\$2.02	\$2.17	\$2.32
Tier 2	25.01 +		\$1.95	\$2.18	\$2.33	\$2.50	\$2.68
Tier 1	0 - 14	\$1.81					
Tier 2	14.01 - 80	\$2.01					
Tier 3	80.01 +	\$2.08					

Bi-Monthly Meter Charge		March 2008 - Feb 2013	March 1, 2013	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017
Meter Size:	3/4"	\$26.02	\$31.37	\$33.75	\$35.77	\$37.92	\$40.19
	1"	\$37.20	\$41.65	\$44.81	\$47.49	\$50.34	\$53.36
	1.5"	\$64.20	\$67.35	\$72.45	\$76.80	\$81.41	\$86.29
	2"	\$93.50	\$98.19	\$105.63	\$111.97	\$118.69	\$125.81
	3"	\$159.64	\$170.14	\$183.05	\$194.03	\$205.67	\$218.00
	4"	\$245.64	\$272.94	\$293.64	\$311.26	\$329.93	\$349.72

In 2012 the District's first rate and fee study was developed. After extensive analysis, many committee meetings, special workshops, and regular board meetings, the Board adopted a change to the fee structure and a multi-year rate change. The District adopted the new rate structure and multi-year rate change in compliance with Proposition 218, exceeding the legal requirements:

	Required by Prop 218	Completed by District
Advertisements	1	8
Mailed Notice	1	5
Public Hearing	1	1
Public Meetings	0	13

WATER BILL COMPARISON TO LOCAL WATER PROVIDERS





PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

GLOSSARY OF ACRONYMS

AND TERMS

GLOSSARY OF ACRONYMS

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

GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

Budget Calendar - The schedule of key dates or milestones which the District follows in the preparation, adoption, and administration of the budget.

Budgetary Control - The control of management in accordance with the approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CalPERS - California Employees Public Retirement System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Groundwater - Water produced by pumping from underground.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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