

Mariana Rancho County Water DISTRICT  
DISTRICT PROFILE SUMMARY SHEET

District Contact Person(s):  
Mike Bush, General Manager

Address:  
9600 Manzanita St.  
Apple Valley, CA 92308

E-mail Address:  
marianacwd@verizon.net

Website Address:  
\_\_\_\_\_

Date of Formation:  
January 31, 1961

★ Principal Act:  
CA Water Code 30,000 et seq

Improvement District(s):  YES  NO

If yes, please indicate name and define area of service (include map).  
\_\_\_\_\_  
\_\_\_\_\_

Governing Body:  
five member Board of Directors

Membership:  
ACWA/JPIA  
AWWA  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Public Meetings:  
third Thursday of month at 1:00 p.m.

★ Amended by Michael Tuerpe, LAFCD Analyst

## SERVICES

\* Currently Authorized Powers (Services):

SERVICE	FUNCTIONS
Water	Sale of domestic water

Latent Powers (Services) -- those services authorized by the Agency's principal act, but not activated through the LAFCO process:

SERVICE	FUNCTIONS

Area Served: \_\_\_\_\_ Square Miles/ \_\_\_\_\_ Acres

\* Population: 1097 (Outline source for figure)

\* Registered Voters: 666 As Of April 21, 2006 (Date)

Services Provided Outside Agency Boundaries:

SERVICE	PROVIDED TO WHOM	DATE OF CONTRACT	SUNSET DATE

Special charges for service outside boundaries:

\_\_\_\_\_  
 \_\_\_\_\_

Special policies for providing service outside boundaries:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\* Amended by Michael Tuerpe, LAFCO Analyst

## SPHERE OF INFLUENCE

Established:

LAFCO Number	Resolution No./ Date Adopted	Location
1338	954 / April 11, 1973	

CHANGES:

LAFCO Number	Resolution No./ Date Adopted	Type Of Change	Location-
2448	2115 / 11-3-1987	Sphere Expansion	
2530	2193 / 3-15-1989	Sphere Expansion	
2530A	2211 / 7-19-1989	Sphere Expansion	

## BUDGETARY INFORMATION

	Actual 2001-02	Actual 2002-03	Actual 2003-04	Estimated 2004-05	Budgeted 2005-06
Expenditures	650239	723569	886862		
Capital/Fixed Assets	1400619	1388162	1651318		
Property Tax	87161	95327	154264	STandy by	Fees
User Fees					

★ Amended by Michael Tuerpe, LAFCO Analyst



**MANDATORY FIVE YEAR  
SPHERE OF INFLUENCE REVIEW**  
(Government Code Section 56425)

3000

**INTRODUCTION:** The questions on this form are designed to obtain data about the entity's existing sphere of influence to allow the Commission and its staff to begin to assess the mandated sphere update process. You are encouraged to include any additional information that you believe is pertinent to the process. Use additional sheets where necessary and/or include any relevant documents.

1. NAME OF AGENCY: Mariana Ranchos County Water District

2. Provide an identification of the entities that provide service to your agency. Please indicate whether they are public or private entities and include subsidiary districts in this description. Please include a description of City or District-governed agencies (i.e., redevelopment agency, development corporations, joint powers authorities, improvement districts, etc.):

Apple Valley Fire Protection District  
ACWA/JPIA  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Provide a narrative description of anticipated alterations in the agency's current sphere of influence that should be considered in this review. This identification should include any potential development that would require a sphere of influence amendment for implementation, etc. (If additional room for response is necessary, please attach additional sheets to this form.)

NONE  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. **CITIES:** Provide an outline of negotiations with the County of San Bernardino related to any sphere change anticipated. Please include an outline of agreements on boundaries, development standards, zoning requirements, if any. This is required pursuant to Government Code Section 56425(b).

none anticipated  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. **CITIES:** Provide an outline of the dates for adoption and plans for update, if any, for:

General Plan Elements if adopted separately NAME	DATE OF ADOPTION/UPDATE PLANS
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

6. **CITIES/SPECIAL DISTRICTS:** For the services provided by the agency identify the appropriate document below and provide an outline of the date of adoption, schedule for update, copy of the document and copy of environmental document, if applicable:

Master Plan for Water Utility	June 9, 2005
Master Plan for Sewer Utility	_____
Master Plan for Fire Service	_____
Master Plan for Park Service	_____
Urban Water Management Plan (with copy of certification from Department of Water Resources)	_____
Other (Please name):	_____
_____	_____
_____	_____
_____	_____

7. **SPECIAL DISTRICTS:** Provide an outline of the following items related to the services provided by the District. This response is specifically required by Government Code Section 56425(h) et seq.

a) Provide a written statement specifying the functions and/or classes of service provided by your District.

Water supplier, General Manager Grade 2 Distribution certification.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

b) Provide a written description of the nature, location and extent of the functions and/or classes of service outlined above. Where the service area is less than the boundaries of the District provide a map depiction of the location.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- c) Provide a brief outline of master plans adopted for each of the services listed above including a summary of their findings and the date of their adoption. If master plans are required to be filed with a County, State or Federal agency please note the date of their acceptance. Provide a copy of the master plans with this document if not previously provided to the LAFCO staff office including a copy of the environmental determination associated with the document.

Attached  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. Provide a response to the four factors outlined in Government Code Section 56425 required for a sphere of influence review outlined as follows:

- a) The present and planned land uses in the area, including agricultural and open-space lands.

Rural Residential  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- b) The present and probable need for public facilities and services in the area.  
none

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- c) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

391 consumers. Two wells total of 800 GPM  
3.79 miles of transite pipe, 5.93 miles of C900 PVC,  
10.42 miles of steel pipe. Three storage tanks for a  
total capacity of 900,000 gallons.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

d) The existence of any social or economic communities of interest in the area.

None  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CERTIFICATION**

I hereby certify that the statements furnished above and in the attached supplements, exhibits, and documents present the date and information required for this mandatory review to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE: August 17, 2005



\_\_\_\_\_  
Signature of Official

Mike Bush

\_\_\_\_\_  
Printed Name

General Manager

\_\_\_\_\_  
Title

## MUNICIPAL SERVICE REVIEW (Government Code Section 56430)

**INTRODUCTION:** The following provides an outline of the mandatory determinations for a municipal service review as set out in Government Code Section 56430. In addition it provides an explanation of the purpose of the determination and the issues to be considered. While no agency will be required to respond to each of the issues identified below, this list is intended to be illustrative of the scope of issues that might be relevant to a local agency service review. Please review the list and identify those issues that are relevant to your agency and develop narrative responses to each determination.

### I. Infrastructure Needs and Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies of a jurisdiction in terms of capacity, condition of facility, service quality and levels of services and its relationship to existing and planned service users.

1. Capital Improvement Plans/Studies The District for fiscal year 2005-2006 plans to replace corroded pipe in parts of the District.
2. Water Service Plans/Studies
  - a) Supply and demand information  
At this time the District has an adequate supply.
3. Sewer Service Plans/Studies
  - a) Capacity and demand information  
NONE
4. Age and Condition of Facilities
  - a) Water supply and distribution system 2-Wells 2-Storage Tanks (2004)
  - b) Wastewater collection and treatment None
5. Capacity Analysis
  - a) Number of service units available 454
  - b) Number of service units currently allocated 399 Service Connections
  - c) Total number of service units within agency boundaries 454
6. Future Development
  - a) What additional infrastructure is needed? None
  - b) Description of additional facilities
  - c) How will it be funded?
  - d) Is there a schedule for improvement?
7. Reserve Capacity
  - a) What is the policy? None at this time.

### II. Growth and Population

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

1. Population Information Approximately 1097

- a) Existing and projected within agency boundary (include identification of source for growth projection) Estimate 10 new connections per year
- b) Existing and projected within sphere of influence (include source for growth projection) Previous years growth. Same as above.

2. General Plan

- a) Excerpts regarding existing and projected growth None
- b) Other

3. Identify Significant Growth Areas

Sections 14 & 15 and Southern part of Section 21.

III. **Financing Opportunities and Constraints**

Purpose: To evaluate factors that affect the financing of needed improvements.

1. Finance Plans for (provide copies of documents where necessary) include: None

- a) Service upgrades
- b) Capacity improvements
- c) Revenue source

2. Bond Rating Unknown at this time.

3. Joint Financing Projects

- a) Does agency participate? No
- b) What are policies?

4. Revenue Sources

- a) Identify Pay as you go financing.
- b) Can they be expanded?

IV. **Cost Avoidance Opportunities**

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

1. Overlapping/Duplicative Services None

2. Joint Agency Practices None

- a) Identify
- b) Reduce costs?

3. Rely on Other Agencies None

- a) Administrative functions
- b) Grant management
- c) In-house cost vs. outside cost

4. Growth Management Strategies

- a) Strategies for directing growth
- b) Infill

c) Conservation The District at this time stresses conservation to our customers via newsletter monthly

- d) Annexation policies None
- e) Policies related to providing service outside agency boundaries None

5. Level of Service

- a) Meets or exceeds customer needs? Yes
- b) Customer satisfaction Yes

6. Per-Unit Service Costs

- a) Identify <sup>New meter installations approx \$7310.00 depends on</sup> where meter sets.
- b) Comparison with others Unknown at this time.

V. **Rate Restructuring**

Purpose: To identify opportunities to positively impact rates without decreasing service levels.

- 1. Rate restructuring is considered by: Board of Directors
  - a) Use of consumer price index None
  - b) Identify ways to compare rates None

- 2. Identify current rates and plans, if any, for rate changes \$32.00 minum first 500 cubic ft. \$1.50 600-1200 cu. ft (every 100 cu ft.) \$2.00 1300-2000 cu. ft (every 100 cu. ft.) \$2.50 every 100 cu. ft over 2100

VI. **Opportunities for Shared Facilities**

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

- 1. Shared Facilities
  - a) Existing – flood, parks, groundwater storage, etc. None
  - b) Future opportunities/options None
- 2. Duplication of Facilities
  - a) Existing duplication? None
  - b) Planned/future duplication? None
  - c) Excess capacity available to outside customers? None
  - d) Productivity ratings, if any, for staff None

VII. **Government Structure Options**

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

- 1. Agency Recommendation None
  - a) Government structure options
  - b) Benefits to customers
- 2. Hurdles to Consolidation/Reorganization
- 3. Recommended Options None
  - a) Benefit to customers
  - b) Services to be provided

**VIII. Evaluation of Management Efficiencies**

Purpose: To evaluate whether organizational changes to governmental structure can be made to improve the quality of public services in comparison to cost.

1. **Training Opportunities** The District offers training courses to all employees to better the District in anyway.
2. **Staffing Levels**  
General Manager, Office Manager, Office Assistant, Field Assit.
3. **Technology**
  - a) **Billing systems** The District uses a computer billing system and bills on a monthly basis.
4. **Budget**
  - a) **Policies** The District does a yearly budget system.
  - b) **Policies for payment of stipend, benefits, travel, educational expenses of governing body** The District pays the Board of Directors a fee and travel if information benefits the District. The Board Meetings are open to the public and the Board encourages comments or suggestions.
  - c) **Preparation/public involvement** Unknown at this time.
  - d) **Analysis – revenues/reserves/expenditures** Unknown at this time.
5. **Joint Powers Agreements**
  - a) **Identify and describe** None

**IX. Local Accountability and Governance**

Purpose: To evaluate the accessibility and levels of public participation associated within the agency's decision-making and management processes.

1. **Governing Body Board of Directors**
  - a) **Selection process** Election or By Appointment.
  - b) **Representation (Districts, area-wide)**
  - c) **Frequency of meetings** 3rd Thursday of every month.
  - d) **Brown Act compliance** Yes
  - e) **Number of elections over last decade** 5
2. **Customer Feedback**
  - a) **Surveys** Yes
  - b) **Complaint tracking** Yes
3. **Access**
  - a) **Hours** 9:00-1:00 Monday - Friday
  - b) **Newsletters** Newsletters are mailed every month with bills.
  - c) **Website** None
  - d) **Media coverage** None
  - e) **Cable/public access TV** None
4. **Regular Progress Reports** Reports and/or Projects are discussed at
  - a) **Budget – major projects** Board Meetings.
  - b) **Operations**
  - c) **Voter participation**

BUDGET 2007-2008 APPROVED

**Budget for 2007 2008**

GENERAL ADMINISTRATION

814	ADMINISTRATIVE SALARIES & 1/2 GENERAL MANAGER	88,000
815	PAYROLL TAXES	20,000
817	DIRECTORS' FEES	3,800
818	WORKER'S COMPENSATION	4,000
819	INSURANCE-GENERAL LIABILITY	8,500
820	INSURANCE-MEDICAL	36,000
821	OFFICE SUPPLIES	7,500
822	MILEAGE REIMBURSEMENT	2,500
851	LEGAL FEES	2,500
852	AUDITOR	10,000
853	CONSULTANT & PR FEES	500
854	POSTAGE	5,000
855	OFFICE UTILITITES (GAS & ELECTRIC)	2,500
856	TELEPHONE	4,500
857	MEMBERSHIP FEES	3,500
858	OFFICE REPAIR & MAINTENANCE	2,500
859	OFFICE ALARM MONITORING	300
860	ADVERTISING	2,500
861	PERMITS & FEES	750
863	TRUCK & BACKHOE EXPENSES	7,500
864	STATIONARY & PRINTING	500
867	CONFERENCES & SEMINARS	1,500
	TTL GENERAL ADMIN.	<u>\$214,350</u>
	TOTAL UNRESTRICTED EXPENSE	<b>\$393,500</b>

	<u>RESTRICTED INCOME</u>	
622	CONNECTION FEES	55,000
	TTL RESTRICTED INCOME	<u>\$55,000</u>
	<u>RESTRICTED EXPENSE</u>	
603	ACQUISITION OF SERVICE	55,000
	TOTAL RESTRICTED EXPENSE	<u>\$55,000</u>

BUDGET 2007-2008 APPROVED

<u>ACCT.#</u>	<u>ACCT.NAME</u>	<u>AMOUNT</u>
<b><u>INCOME</u></b>		
<b><u>UNRESTRICTED INCOME</u></b>		
600	WATER SALES	280,000
601	METER INSTALLATION FEES	25,000
605	STAND-BY CHARGES	48,500
606	SERVICE CHARGE/LATE FEES	4,000
607	TURN-OFF SERVICE FEES	2,500
613	MISCELLANEOUS INCOME	3,000
615	INTEREST INCOME-DISTRICT	2,000
618	SUPPLEMENTAL WATER	28,500
	<b>TTL UNRESTRICTED INCOME</b>	<b>\$393,500</b>

<b><u>EXPENSES</u></b>		
<b><u>CAPITAL EXPENDITURE</u></b>		
243	COMPUTER EQUIPMENT/SOFTWARE	2,160
247	SYSTEM IMPROVEMENTS	44,475
431	SERIES FF96	38,880
	<b>TTL CAPITAL EXPENDITURE</b>	<b>\$85,515</b>

<b><u>UNRESTRICTED EXPENSE</u></b>		
<b><u>FIELD OPERATIONS</u></b>		
800	FIELD LABOR & 1/2 GEN. MANAGER	78,500
801	METER INSTALLATION SUPPLIES	12,000
802	WATER QUALITY MONITORING (LAB)	4,500
803	OUTSIDE CONTRACT LABOR	11,500
804	ON CALL	1,500
805	DIG ALERT FEES	500
806	ELECTRIC-PUMPING STATION POWER	35,000
807	LAFCO FEES	1,500
808	PAGER AND CELL PHONE	3500
809	SUPPLEMENTAL WATER	10,000
810	FIELD REPAIRS AND MAINTENANCE	7,650
811	PUMP & WELL MAINTENANCE	5,000
812	WATERMASTER FEES	2,500
813	CONTINGENCY EXPENSES	3,500
828	SECURITY & RISK CONTROL	2,000
	<b>TTL FIELD OPERATIONS</b>	<b>\$179,150</b>

**MARIANA RANCHOS COUNTY WATER DISTRICT**

**FINANCIAL STATEMENTS**

**AS OF**

**JUNE 30, 2006**

**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2005)**

## TABLE OF CONTENTS

	<u>Page</u>
Management's Discussion and Analysis .....	1
Independent Auditors' Report .....	9
Financial Statements:	
Exhibit A: Statement of Net Assets – Proprietary Funds .....	10
Exhibit B: Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds .....	12
Exhibit C: Statement of Cash Flows – Proprietary Funds .....	13
Notes to Financial Statements .....	14
Supplementary Information:	
General and Administrative Expenses – Proprietary Funds .....	21

MARIANA RANCHOS COUNTY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

Our discussion and analysis of Mariana Ranchos County Water District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS:

- The District's net assets increased 8.8% to 1,121 thousand (from 1,050 thousand) as a result of this year's operations and non-operating activities.
- As a result, the District, as a whole, is better off by 8.8% over the prior fiscal year.
- The District's net asset increase is illustrated as follows:

	<u>\$ (Thousands)</u>	<u>%</u>
Operating activity	\$ <61.6>	\$ <17.0>
Non-operating activity	<u>97.9</u>	<u>27.0</u>
Changes in net assets	<u>\$ 36.3</u>	<u>\$ 10.0</u>

During the year, the District's total sources of revenues exceeded expenses by 36.3 thousand.

- Total revenues from all sources amounted to \$495 thousand.
- The cost of all District activities amounted to \$459 thousand.
- Of the total net assets, 89 thousand is restricted.

USING THIS ANNUAL REPORT:

This annual report consists of a series of financial statements. The Statement of Net Assets, the Statement of Revenue, Expenses and Changes in Net Assets and the Statement of Cash Flows provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations a segregate the most significant funds.

MARIANA RANCHOS COUNTY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2006

Reporting the District as a whole:

The Statement of Net Assets and the Statement of Revenue, Expenses and Changes in Net Assets:

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenue, Expenses and Changes in net Assets report information about the District as a whole and about its activities in a way that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues, capital contributions and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health or financial position. Over time, increased or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

The Statement of Net Assets, the Statement of Revenue, Expenses and Changes in Net Assets and the Statement of Cash Flows, present information about the following:

- Enterprise activities – All of the District's basic services are considered to be enterprise activities. In this regard, the District operates much like a normal business in the private-sector world.

Reporting the District's Most Significant Funds:

Fund Financial Statements:

The District solely operates as a Special – Purpose Government that means it is only engaged in business – type activities. As such, government-wide and fiduciary funds are not applicable and only proprietary (enterprise) funds are used.

MARIANA RANCHOS COUNTY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2006

- Proprietary Funds – When the District charges for services it provides, these services are reported in proprietary funds. Proprietary funds are reporting in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenue, Expenses and Changes in Net Assets.

THE DISTRICT AS A WHOLE:

Our analysis focused on the assets, liabilities and net assets (Table 1) and changes in net assets (Table 2) of the District's enterprise activities.

Table 1

Net Assets

(In Thousands)

Current and other assets	\$ 353.5
Capital assets	<u>1,081.3</u>
Total assets	<u>\$ 1,434.8</u>
Long-term debt outstanding	\$ 260.0
Other liabilities	<u>17.5</u>
Total liabilities	<u>\$ 277.5</u>
Net assets:	
Invested in capital assets, net of debt	\$ 812.8
Restricted	89.3
Unrestricted	<u>255.2</u>
Total net assets	<u>\$ 1,157.3</u>

MARIANA RANCHOS COUNTY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2006

The District net assets from enterprise activities increased 3.1% from 1,121.0 thousand to 1,157.3 thousand. This increase of 36.3 thousand comes from the change in net assets as recorded in the Statement of Revenue, Expenses and Changes in Net Assets and flows through the Statement of Net Assets.

- Capital assets were reduced by the annual depreciation as follows:

<u>Asset Type</u>	<u>(In Thousands)</u>
Land / Building	\$ 0
Utility Plant / Infrastructure	121.0
Equipment	<u>0</u>
Total additions	121.0
Less depreciation change	<u>(49.2)</u>
Capital asset increase	<u>\$ 71.8</u>

- Long – term debt decreased \$45 thousand due to principal payments or retirement on bonded debt (\$155,000) and Certificates of Participation (\$15,000).
- Other liabilities increased \$1.4 thousand.
- Invested in capital assets net of debt increased \$226.3 thousand from capital asset additions net of depreciation and reduction of principal on bonded debt paid during the year ended June 30, 2006.
- Restricted assets decreased 177.9 thousand to 75.0 thousand during the year.
- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements, amounted to 255.1 thousand.

MARIANA RANCHOS COUNTY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2006

Table 2

Changes in Net Assets

(In Thousands)

Revenue:

Operating revenue	\$	362.6
Taxes and assessments		5.1
Standby / connection fees		120.6

Other revenue:

Investment income		6.7
Other		<u>0.1</u>
Total revenue		495.1

Expenses:

Operating		272.4
General and administrative		151.8
Interest		<u>34.6</u>
Total expenses		<u>458.8</u>

Increase (decrease) in net assets                      \$ 36.3

FINANCIAL ANALYSIS OF THE DISTRICT'S UNRESTRICTED CASH / INVESTMENTS:

At year-end the District reported combined unrestricted cash balances of 210.7 thousand, which is a decrease of 14.1 thousand or 6.7% from last year. Note 2 of the financial statements provide additional detail on cash and investment balances.

MARIANA RANCHOS COUNTY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2006

CAPITAL ASSET AND DEBT ADMINISTRATION:

Capital Assets

At year-end of June 30, 2006, the District had \$1,081.3 thousand invested in a broad range of capital assets for infrastructure and facilities. (See Table 3 below). This amount represents a net increase (including additions and deductions) of \$71.8 thousand.

Table 3

Capital Assets at Year-End

(Net of Depreciation, in Thousands)

Land / building	\$ 102.9
Utility plant / infrastructure	1,681.5
Equipment	62.8
Accumulated depreciation	<u>(765.9)</u>
Total	<u>\$ 1,081.3</u>

Debt

At year-end, the District had \$262.0 thousand in bonds, certificates of participation and compensated absences outstanding versus \$431.6 thousand last year – a decrease of 64.7% - as shown in Table 4.

Table 4

Outstanding Debt, at Year-End

(Net of Depreciation, in Thousands)

Certificates of participation payable	\$ 260.0
Compensated absences	<u>2.0</u>
Total	<u>\$ 262.0</u>

MARIANA RANCHOS COUNTY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2006

ECONOMIC FACTORS AND NEXT YEAR'S COMMENTS:

The economy of the District is influenced by local growth and weather conditions. Although weather conditions generally remain consistent over the long-term, fluctuations can and do occur on an annual basis, which will affect demand levels.

From a growth standpoint, the community has experienced moderate trends over the past decade which is reflected in the District's increase in net assets from \$1,029.9 thousand at June 30, 2004 to \$1,121.0 thousand at June 30, 2005 and then an increase to \$1,159.3 thousand at June 30, 2006. Thus the 9-year increase to June 30, 2003 amounted to 32% and for the 1-year ended June 30, 2004 a 25% increase was realized. The increase from June 30, 2004 to June 30, 2006 was 11.2 %. Additional connections during the fiscal year 2004 accounted for the growth in that year.

This steady growth and management's continual evaluation of financial date has poised the District to be in a position to provide for its continued well-being and future soundness. The addition of a new water tank and the accelerated payments of debt reflect this positioning.

Additionally, effects are placed on maintaining sufficient fund availability to provide for capital replacements that may be needed in the future. This has resulted in a relatively efficient capital asset base with accumulated depreciation amounting to about \$765.9 thousand on \$1,847.2 thousand of infrastructure cost.

Commitments to improved information reporting capabilities and a commitment to retaining a well-qualified and organized staff and strong Board of Director participation will help provide for the District's financial stability into the future.

Management anticipated continued moderate growth and will continue in its endeavors to help provide for the stability and financial strength to carry it through the decade to come.

MARIANA RANCHOS COUNTY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2006

CONTRACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Finance Department, at Mariana Ranchos County Water District, 9600 Manzanita St., Apple Valley, CA 92308.



Mike Bush

General Manager

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mariana Ranchos County Water District  
Apple Valley, California

We have audited the accompanying financial statements of the business-type activities of Mariana Ranchos County Water District as of and for the years June 30, 2006, and 2005, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Mariana Ranchos County Water District at June 30, 2006, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 1 through 6 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basis financial statements. The supplementary information presented in Schedule 1, as listed on the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 15, 2006

*Miers + Miers*

MARIANA RANCHOS COUNTY WATER DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2006  
(With Comparative Totals for June 30, 2005)

EXHIBIT A

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Current assets		
Cash and certificates of deposit (Note 2)	\$ 155,948	\$ 171,374
Accounts receivable	22,461	9,130
Inventories	7,802	8,416
Prepaid expenses	<u>3,198</u>	<u>2,721</u>
Total current assets	189,409	191,641
Property, plant and equipment, net (Note 3)	1,081,275	1,008,493
Other assets		
Restricted assets – debt funds and other (Note 2)	89,345	287,632
Bond and COP issuance costs, net (Notes 1 and 6)	20,028	28,695
Certificates of deposit (long-term) Note 2)	<u>54,741</u>	<u>53,389</u>
Total other assets	<u>164,114</u>	<u>369,716</u>
	<u>\$ 1,434,798</u>	<u>\$ 1,569,850</u>

MARIANA RANCHOS COUNTY WATER DISTRICT  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2006  
 (With Comparative Totals for June 30, 2005)

EXHIBIT A  
 (Continued)

LIABILITIES AND FUND EQUITY

	2006	2005
Current liabilities		
Accrued vacation	\$ 1,980	\$ 1,567
Accrued payables	710	4,569
Customer deposits	5,325	3,225
Bonds payable, current (Note 4)	---	25,000
Certificates of participation (Note 5)	15,000	15,000
Accrued expenses	9,471	9,514
Total current liabilities	32,486	58,875
Long-term liabilities		
Bonds payable, long-term (Note 4)	---	130,000
Certificates of participation (Note 5)	245,000	260,000
Total long-term liabilities	245,000	390,000
Total liabilities	277,486	448,875
Net assets		
Invested in capital assets, net of related debt Restricted (Note 7)	812,825	586,553
Capital projects	14,316	34,667
Debt service	75,029	252,965
Unrestricted (Note 7)	255,142	246,790
Total net assets (Exhibit B, Note 7)	1,157,312	1,120,975
	\$ 1,434,798	\$ 1,569,850

MARIANA RANCHOS COUNTY WATER DISTRICT  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for June 30, 2005)

EXHIBIT B

	2006	2005
Operating revenue		
Water sales	\$ 249,650	\$ 220,661
Meter sales/installations	56,886	17,417
Supplemental water revenue	32,400	29,300
Other revenue	23,672	9,244
Total operating revenue	362,608	276,622
Operating expenses		
Salaries and payroll taxes	82,425	59,020
Medical insurance	23,250	4,287
Contracted labor	9,250	11,910
Water quality/water master fees	4,872	8,595
Supplemental water costs	2,240	21,800
Dig alert	140	140
Operating supplies/expenses	11,736	9,112
Pumping station power	27,719	26,102
Depreciation	49,178	49,031
Repairs and maintenance	46,709	2,856
Telemeter and beepers	1,620	1,560
Vehicle costs	12,101	3,830
Other	1,121	189
Total operating expenses	272,361	198,432
Operating income, before general and administrative expenses	90,247	78,190
General and administrative expenses (Schedule 1)	151,807	137,098
Operating income (loss) (Exhibit C)	(61,560)	(58,908)
Non-operating revenue (expenses)		
Standby fees	41,479	44,937
Connection fees	79,097	59,818
Interest revenue	6,651	6,014
Taxes and assessments	5,112	71,416
Other	135	1,860
Interest expense	(34,577)	(34,052)
Total non-operating revenue (expenses)	97,897	149,993
Changes in net assets	36,337	91,085
Net assets, beginning of year	1,120,975	1,029,890
Net assets, end of year (Exhibit A, Note 7)	\$ 1,157,312	\$ 1,120,975

The accompanying notes are an integral part  
of these financial statements.

MARIANA RANCHOS COUNTY WATER DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for June 30, 2005)

EXHIBIT C

	2006	2005
Cash flows from operating activities		
Receipts from customers	\$ 351,377	\$ 275,937
Payments to suppliers/other	(217,045)	(145,955)
Payments to employees	(152,630)	(129,225)
Net cash provided by (used for) operating activities	(18,298)	757
Cash flows from capital and related financing activities		
Bond principal payments	(155,000)	(30,000)
COP principal payment	(15,000)	(15,000)
Proceeds from standby/connection fees, taxes and assessments	125,823	178,030
Purchase of fixed assets	(121,960)	(117,964)
Interest paid on capital debt	(34,577)	(34,052)
Net cash used for capital and related financing activities	(200,714)	(18,986)
Cash flows from investing activities		
Certificates of deposit/restricted asset reinvestment	196,935	49,291
Interest income receipts	6,651	6,014
Net provided by investing activities	203,586	55,305
Net increase (decrease) in cash and cash equivalents	(15,426)	37,076
Cash and cash equivalents at beginning of year	171,374	134,298
Cash and cash equivalents at end of year (Exhibit A, Note 2)	\$ 155,948	\$ 171,374
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss) (Exhibit B)	\$ (61,560)	\$ (58,908)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities		
Depreciation expense	49,178	49,031
Bond discount amortization	8,667	3,355
Change in assets and liabilities		
Accounts receivable	(13,331)	(685)
Inventories	614	(1,526)
Prepaid expenses	(477)	19,079
Accrued expenses/vacation	(3,489)	(9,239)
Customer deposits	2,100	(350)
Net cash provided by (used for) operating activities	\$ (18,298)	\$ 757

The accompanying notes are an integral part  
of these financial statements.

MARIANA RANCHOS COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Mariana Ranchos County Water District (the "District") is a special-purpose government district providing water distribution for consumers within its service area. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to enterprise funds of government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also follows the Uniform System of Accounts as prescribed by the Controller of the State of California.

The accompanying financial statements present the activities of the District and its component units, entities for which the District is financial accountable.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the District's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of a governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the District is able to exercise oversight responsibilities.

Change in Accounting Principle

During the year ended June 30, 2004, the District changed its method of accounting to conform to GASB 34 and all subsequently released pronouncements relative to reporting by governmental units. The change in the method of accounting had no impact on the financial reporting of the District – only on the financial statement presentation and format.

Basis of Presentation and Basis of Accounting

Basis of Presentation

Fund Financial Statements: The District solely operates as a special-purpose government, which means it is only engaged in business-type activities. As such, government-wide and fiduciary funds are not applicable and only proprietary (enterprise) funds are used.

MARIANA RANCHOS COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds: When the District charges for services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of net assets and the Statement of Revenue, Expenses and Changes in Net Assets.

Proprietary fund operating revenues and expenses are related to providing water and wastewater services to the residents and businesses of the District. Revenues and expenses arising from capital and non-capital financial activities are presented as non-operating revenues and expenses.

The District has the following major proprietary funds:

- Water Fund – This fund accounts for the activities of the District's water supply and distribution system and related infrastructure.

Basis of Accounting

Government-wide, proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes apply. Property taxes are collected for the District by the County of San Bernardino. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

All business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Utility Plant: Utility plant purchased or constructed is carried at cost. Constructed costs include labor, materials and construction-period interest expense (net of interest income). Contributed assets are stated at estimated fair market value at the time received by the District. Depreciation is calculated on the straight-line method over the estimated useful lives of the properties, ranging from five to forty years, as follows:

Equipment	5 to 10 years
Property – collector lines	20 to 40 years
Buildings and utility plant	40 years

MARIANA RANCHOS COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificates of Participation Issuance Costs: Issuance costs are stated at cost. Amortization of the Certificates of Participation issuance costs is being calculated over the term of the original issuance of the Certificates of Participation on a straight-line basis. The period used for purposes of calculating the amortization is as follows:

Certificates of Participation	20 years
-------------------------------	----------

Restricted Assets: Various resources of the District are limited as to their use by law or by loan covenants and are classified on the balance sheet as restricted assets. Undisbursed loan proceeds are restricted for repayment of the loans. Assessments collected from property owners are restricted for the payment of Assessment District bond principal and interest. Also, fees imposed on new real estate development are restricted by law for the construction of capital improvements which benefit the development projects.

Materials Inventory: Inventory is stated at the lower of cost, using the first-in, first-out method, or market.

Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents include both restricted and nonrestricted balances.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Balances: The District normally maintains bank accounts at various financial institutions with balances in excess of the FDIC (Federal Deposit Insurance Corporation) insurable levels of \$100,000.

Credit/Market Risk: The District provides water services to local residential customers. As part of normal operating practices, credit is granted to local customers, on an unsecured basis.

MARIANA RANCHOS COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 2: RESTRICTED ASSETS, CASH AND CERTIFICATES OF DEPOSIT

Restricted assets, cash and Certificates of Deposit are comprised of the following at June 30, 2006:

Restricted Assets

<u>Debt funds</u>		
Downey Savings:		
Bond Fund 88-1 – Checking	\$	<u>24,609</u>
Total Bond Fund 88-1	\$	24,609
BNY Western Trust Company:		
COP – Payment Fund		7,826
COP – Reserve Fund		<u>36,674</u>
Downey Savings:		
COP – Checking		<u>5,920</u>
Total COP Fund		<u>50,420</u>
Total debt funds		75,029
Other:		
Acquisition of service (Sun County Bank – CD)		<u>14,316</u>
Total restricted assets – debt funds and other		89,345
<u>Unrestricted Cash</u>		
Cash and cash equivalents		
General checking, money market accounts and Certificates of Deposit (current) (Exhibits A and C)		155,948
Certificates of Deposit (long-term (Exhibit A))		<u>54,741</u>
Total unrestricted cash		<u>210,689</u>
Total restricted assets, cash and Certificates of Deposit	\$	<u>300,034</u>

MARIANA RANCHOS COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2006

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are comprised of the following at June 30, 2006:

Land	\$	19,979
Building		82,931
Reservoir pipeline – Valley Vista		206,800
Utility plant and service		900,711
Collector lines		361,982
Services, meters and hydrants		211,982
Office equipment and tools		31,536
Auto and truck		31,250
		1,847,171
Less accumulated depreciation		(765,896)
Property, plant and equipment, net (Exhibit A)	\$	1,081,275

NOTE 4: BONDS PAYABLE

The District financed the construction of the water lines in Assessment District 88-1 by the issuance of bonds payable which have been issued under the 1915 Improvement Act; these bonds were completely deferred in fiscal year ending June 30, 2006.

NOTE 5 CERTIFICATES OF PARTICIPATION

The District entered into a Certificates of Participation arrangement (1997 Series FF) to provide funds to construct a reservoir pipeline and to make booster station modifications. The reservoir pipeline consists of approximately 4,000 feet of 10-inch pipeline. Additionally, modifications to the booster station were necessary to transmit the water to the reservoir.

Certificates of Participation for construction and booster station modifications bear interest at 6.50% and are payable in various amounts under the terms of the issuance.

Total Certificates of Participation payable	\$	260,000
Less current portion (Exhibit A)		(15,000)
Long-term portion of bonds payable (Exhibit A)	\$	245,000

MARIANA RANCHOS COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2006

NOTE 5      CERTIFICATES OF PARTICIPATION (Continued)

A schedule of debt service requirements of all COP's payable to maturity is presented below:

Fiscal Year Ended June 30,	Interest	Principal	Total
2007	\$ 16,413	\$ 15,000	31,413
2008	15,275	20,000	35,275
2009	13,975	20,000	33,975
2010	12,675	20,000	32,675
2011	11,375	20,000	31,375
2012 – 2016	32,663	135,000	167,663
2017	<u>975</u>	<u>30,000</u>	<u>30,975</u>
Total	<u>\$ 103,351</u>	<u>\$ 260,000</u>	<u>\$ 363,351</u>

NOTE 6:      CERTIFICATES OF PARTICIPATION ISSUANCE COSTS

Certificates of Participation (COP) issuance costs related to the cost of issuing COP's under the California Special District Finance Program are composed of COP discounts, legal and other issuance costs.

Certificates of participation issuance costs	\$ 38,225
Accumulated amortization	<u>(18,197)</u>
Bond and COP issuance costs, net (Exhibit A)	<u>\$ 20,028</u>
Current amortization (Schedule 1)	<u>\$ 8,667</u>

MARIANA RANCHOS COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2006

NOTE 7: FUND EQUITY

The following is an analysis of fund equities:

	<u>Restricted Fund Acq of Svc</u>	<u>Restricted Fund 88-1</u>	<u>Restricted Fund COP</u>	<u>Unrestricted Fund Equity</u>	<u>Invested in Capital Assets Net of Related Debt</u>	<u>Total Fund Equity</u>
Balance, June 30, 2005	\$ 34,667	\$ 190,624	\$ 62,341	\$ 246,790	\$ 586,553	\$ 1,120,975
Net income	---	---	---	36,337	---	36,337
Reclassification of current period activity	<u>(20,351)</u>	<u>(166,015)</u>	<u>(11,921)</u>	<u>(27,985)</u>	<u>226,272</u>	<u>---</u>
Balance, June 30, 2006 (Exhibits A and B)	<u>\$ 14,316</u>	<u>\$ 24,609</u>	<u>\$ 50,420</u>	<u>\$ 255,142</u>	<u>\$ 812,825</u>	<u>\$ 1,157,312</u>

MARIANA RANCHOS COUNTY WATER DISTRICT  
GENERAL AND ADMINISTRATIVE EXPENSES  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for June 30, 2005)

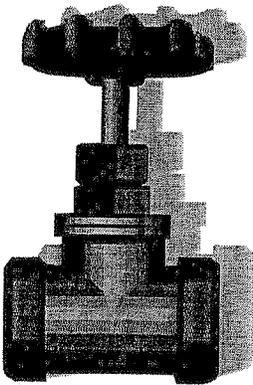
Schedule 1

	2006	2005
Accounting	\$ 10,376	\$ 10,141
Advertising	921	817
Amortization – COP issuance costs (Note 6)	8,667	3,355
Answering/alarm service	2,131	250
Bank charges/returned check fees	35	30
Consultant/contract labor	---	535
Director's fees	3,650	3,675
Dues/subscriptions/memberships	2,364	3,806
Employee mileage reimbursement	1,682	803
Insurance	10,831	9,067
Insurance, medical	5,100	5,100
Office supplies and expenses	15,938	12,453
Other expenses	6,884	3,619
Permits and fees	---	174
Postage	2,280	2,257
Repairs and maintenance, computer	4,341	5,151
Salaries and payroll taxes	70,205	70,205
Telephone/utilities – office	6,402	5,660
	<u>151,807</u>	<u>137,098</u>
Total general and administrative expenses (Exhibit B)	\$ <u>151,807</u>	\$ <u>137,098</u>



# Mariana Ranchos County Water District

## Water Master Plan



### *Board of Directors:*

James P. Connors, Sr.

Dennis Russell

Joseph W. Monroe

Clinton F. Broyles

Eileen K. Stillwell

Dated: June 9, 2005



On July 25, 2003 the 100,000 gallon storage tank on Sagebrush was condemned. Starting on April 20, 2004, demolition and removal of the old tank was completed in two days at a cost of \$9,864.00. The pad was prepared April 27, 2004, and the new 200,000 gallon storage tank was completed on July 13, 2004 on the existing site at a cost of \$118,772.00. This replacement project was funded by Connection Fees and savings of the District.

At present, the District serves approximately 399 customers with two wells and a water storage capacity of 900,000 gallons.

## STUDY AREA

The Water Master Plan study area includes all property within the MRCWD's sphere of influence. The area lies in the southern portion of Apple Valley, California. The area includes all or portions of Sections 13, 14, 15, 20, 21, 22, 23, 24, 28 and 29 of Township 4 North, Range 3 West, and the western half of Sections 18 and 19 of Township 4 North, Range 2 West, and San Bernardino Base & Meridian. The total area included is approximately 7 ½ square miles. The area has an elevation range of 3,000 feet above sea level to 3,900 feet. The lower elevations are gently sloping and lie in the western half of the study area. The land to the southeast portion of the study area is relatively steep and rocky. The study area has remained unchanged from the 2004 Plan.

## SUMMARY

The following is a brief summary of the entire report on a Chapter-by-Chapter basis. Detailed discussions and information can be found in each of the respective Chapters.

### Chapter 2 – Land Use, Population and Water Requirements

The District had sufficient supply, storage and distribution facilities to serve the existing connections in 2005. Under the 2004 Plan various pipelines were to be installed or replaced. Some have been completed and will be discussed later in this report.

Future water requirements are based on land use and population data. Land use categories were identified and located from the San Bernardino County Planning office in Victorville. Approximately 98% (3,855 acres) of the District's service area is designated for residential uses at varying acreage sizes. The majority of the acreage within the District's service area that remains to be developed is located in Sections 14 and 15 and the southern part of Section 21. The areas within the District's sphere of influence which remain to be developed are portions of Sections 13, 18, 19, 20, 24, 28 and 29. Using a population factor of 2.75 persons per dwelling unit with 454 service connections and approximately 70 private wells, an estimated population of the District at end of 2004 was established at 1,097. With 1,062 parcels being assessed an ultimate build out population was estimated at 2,920. Using this population estimate, the demands of the existing mains were evaluated.

### Chapter 3 – Existing Water Facilities

The existing water distribution piping, supply, and storage facilities are described. The present source of supply is ground water of relatively high quality from the Upper Mojave Groundwater Basin. This is supplied by two wells with a total capacity of 800 gpm. The existing storage consists of two 200,000 gallon and one 500,000 gallon reservoirs. The existing piping consists of 3.79 miles of transite pipe, 5.93 miles of C900 PVC and 10.42 miles of steel pipe. There is presently one small hydropneumatic tank with booster pumps serving customers on Alegre Vista. Other sources of supply (makeup and replacement water) will continue to be required to serve existing and future water customers.

### Chapter 4 – Proposed System Improvements

The proposed system improvements are described, and estimates of construction cost are presented on a Zone-by-Zone basis. The realistic proposed improvements will be centered in the North-East part of Section 14 to correct a bottleneck that will help lower electric usage; South-East part of Section 21 to increase main size to improve water distribution and accommodate future growth. The total construction cost is estimated at \$369,100 at 2005 prices for upgrading and repair for the proposed projects.

This cost does not include the cost for alternative water, water required to replenish the groundwater basin under the terms of the stipulated Judgment. The connection fee was established at \$4,500 per connection derived from the value of the District's depreciated property, plant, equipment and 2005 proposed improvements ÷ by the number of existing connections. The Supplemental Water Fee was established at \$1,800 per connection. This represents a deposit of two years of makeup and replacement water at 2003 rates of Makeup Water Obligation of \$3,718.00 and Replacement Water Obligation of \$11,050.00 for a total of \$14,768.00 ÷ a conservative growth factor of 10 new connections each year.

## Chapter 5 – Financing Alternatives

This Plan provides a brief review of the various financing alternatives available to construct the proposed improvements. These alternatives included general obligation bonds, revenue bonds, standby charges, pay-as-you-go financing and grants.

### RECOMMENDATION

Adoption and implementation of the proposed Water Master Plan will assure adequate levels of water service to property owners within the MRCWD. The proposed Water Master Plan will continue to assure a level of service for the existing customers, help to keep rising electric prices and alternative water prices down and accommodate future customers as required under the State of California health regulations for a public agency such as the Mariana Ranchos. In addition, the proposed improvement to the transmission system will provide additional fire protection for the community and allow for continued growth. Therefore, it is recommended that the District Board of Directors review the information presented and adopt this Water Master Plan.