

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: FEBRUARY 27, 2018

TO: BOARD OF DIRECTORS
Lake Arrowhead Community Services District

FROM:



JESSICA BROWN, Finance Manager



CATHERINE CERRI, General Manager

SUBJECT: FISCAL YEAR 2017-18 FINANCIAL STATEMENTS AND
CASH AND INVESTMENT REPORT FOR THE QUARTER
ENDED DECEMBER 31, 2017

A. RECOMMENDATION

This is an information item only.

B. REASON FOR RECOMMENDATION

This is an information item only

C. BACKGROUND INFORMATION

Quarterly reports are presented to the Board of Directors (Board) to provide the most current information on the financial activities of the Lake Arrowhead Community Services District ("LACSD" or "District") from which to base decisions on. Additionally, per the District's Investment Policy and as encouraged by California Government Code Section 53646, the Treasurer Finance Manager, or his/her designee, shall submit to each member of the Board a quarterly investment report. This report includes the year-to-date financial statements and cash and investment report through the second quarter of fiscal year 2017-18, covering the period of October 1, 2017 through December 31, 2017.

Summary of Significant Items – Financial Statements

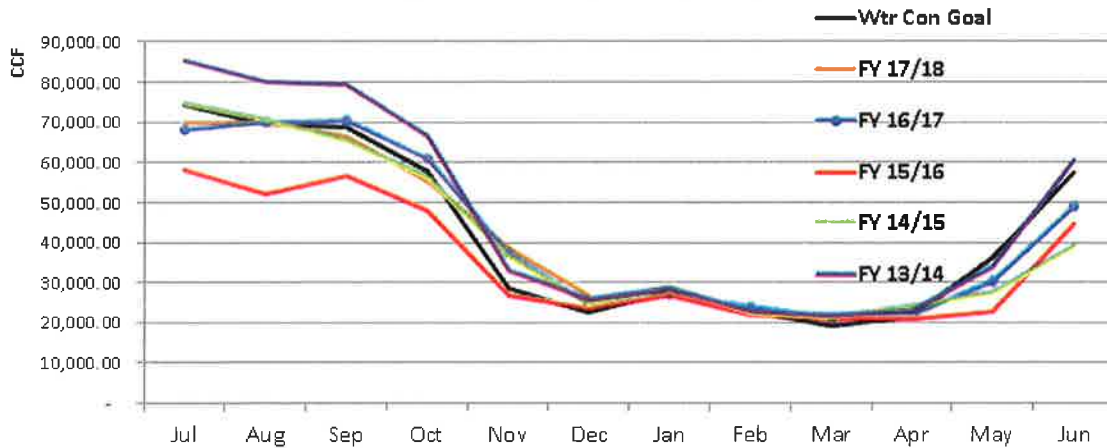
Districtwide operating revenue as of December 31, 2017, was 2% or \$147,976 higher as compared to the same period last year. Additional detail is below:

- Water operating revenue was \$58,544 or 2% higher as compared to the same period last year due to a rate increase and is offset by a decrease in

consumption. As compared to budget, water operating revenue was 17% or \$474,986 higher than budget primarily due to actual consumption exceeding budget estimates.

- Wastewater operating revenue was 3% or \$86,087 higher as compared to the same period last year due to a rate increase and 11% or \$328,625 above budget.
- Deer Lodge Park operating revenue was flat as compared to the same period last year despite a rate increase due to a decrease in consumption and was 10% or \$6,049 above budget primarily due to actual consumption exceeding budget estimates.
- Rimforest operating revenue was 2% or \$2,853 higher as compared to last year due to a slight increase in consumption and 6% or \$7,579 above budget primarily due to actual consumption exceeding budget estimates.

Arrowhead Woods Billed Units



Operating Expenses through December 2017

Expense	FYTD 17/18	PYTD 16/17	PY Var	PY var %	YTD Bgt	Bgt Var	Bgt Var %
Wages	1,854,649	1,803,789	50,860	3%	2,252,950	(398,301)	-18%
Health Ins	408,677	412,182	(3,505)	-1%	518,492	(109,815)	-21%
Retirement	358,470	324,822	33,648	10%	380,281	(21,810)	-6%
FICA	134,134	128,882	5,252	4%	172,805	(38,672)	-22%
Employer Ins	35,284	76,805	(41,521)	-54%	35,075	209	1%
Training	46,372	37,620	8,751	23%	81,346	(34,974)	-43%
Supplies	90,095	90,095	-	0%	123,680	(33,585)	-27%
Equipment	274,434	341,183	(66,750)	-20%	405,950	(131,516)	-32%
Fleet	77,439	57,152	20,287	35%	121,774	(44,335)	-36%
Chemicals	74,068	72,308	1,760	2%	95,094	(21,026)	-22%
Meters	14,342	42,571	(28,229)	-66%	27,900	(13,558)	-49%
Liability Ins	97,612	113,785	(16,173)	-14%	87,174	10,438	12%
Outside Services	358,117	352,443	5,674	2%	511,490	(153,373)	-30%
Contracts	102,816	31,763	71,052	224%	151,498	(48,682)	-32%
Legal	43,577	102,934	(59,356)	-58%	132,054	(88,477)	-67%
Electric	279,842	270,156	9,686	4%	328,556	(48,714)	-15%
Utilities	199,343	157,124	42,219	27%	201,224	(1,881)	-1%
Permits	95,211	79,708	15,503	19%	85,887	9,324	11%
Other	7,612	7,713	(101)	-1%	15,657	(8,045)	-51%
Subtotal	4,552,096	4,503,039	49,057	1%	5,728,887	(1,176,791)	-21%
Water Purchase	350,361	348,929	1,432	0%	343,290	7,071	2%
Grand Total	4,902,457	4,851,967	50,490	1%	6,072,177	(1,169,720)	-19%

Consumption as of December 31, 2017, is as follows:

- Water billed units were within the water conservation goal of 13% lower than 2013 and reflected a 1% decrease in consumption as compared to last year.
- Deer Lodge Park year-to-date billed units were slightly lower as compared to last year.
- Rimforest year-to-date billed units were slightly higher as compared to last year.

Overall operating expenses as of December 31, 2017, were 1% higher than prior year and 21% below budget. Significant increases as compared to last year are primarily due to increases in wages, contracts, and utilities. These increases are offset by decreases in employer insurance (workers' comp insurance), equipment, and legal expenses. These decreases are offset by increases in wages and liability insurance. Workers' comp insurance increased as compared to last year but was offset by a prior year adjustment or policy credit.

The District is currently taking imported water deliveries from CLAWA for Arrowhead Woods and purchased 89.24 acre-feet in the second quarter. The District has a balance of \$2.2 million for water that was prepaid to CLAWA. In the second quarter, Deer Lodge Park has purchased 4.66 acre-feet and Rimforest has purchased 9.65 acre-feet.

Summary of Significant Items – Cash and Investment Report

All District investment activities and all components of the investment portfolio for the period comply, in all respects, with the District's Investment Policy. As of December 31, 2017, the District's cash and investments total \$36.8 million and are allocated to the following accounts:

- Checking Account - \$7.7 million or 20.9%
- Local Agency Investment Fund (LAIF) – \$26.3 million or 71.7%
- Federal Agencies - \$1.0 million or 2.7%
- Negotiable CDs - \$1.75 million or 4.7%

The majority of District funds are held in LAIF which has a current rate of 1.24%. All investments held by the District outside of LAIF have stated rates of 1% to 1.9%. Although LAIF rates have improved the District's investments held with Federal Agencies and Negotiable CDs are out performing LAIF for the terms of the investments.

D. FISCAL IMPACT

Current rates from LAIF are 1.24%. All of the transactions in the investment portfolio carry interest rates from 1% to 1.9%. If all investments are carried to maturity, the District will receive an additional \$51,018 in total investment income over LAIF for the terms of the investments assuming LAIF rates don't change.

E. ATTACHMENTS

Q2 FY 2017-18 Statement of Revenues, Expenses and Changes in Net Position
Q2 FY 2017-18 Statement of Net Position
Q2 FY 2017-18 Cash Flow Statement
Q2 FY 2017-18 Cash and Investment Report

Lake Arrowhead Community Services District

Preliminary Fiscal Year 2017-18 Statement of Revenues, Expenses and Changes in Net Position and Fund Balances

	Water						
	Dec-17 YTD	Dec -16 YTD	PY Var	%	YTD Budget	Bgt Var	%
Charges for Services	3,094,989	3,045,289	49,700	2%	2,701,425	393,564	15%
Other Op Income	115,023	106,178	8,844	8%	33,600	81,423	242%
Total Revenue	3,210,012	3,151,468	58,544	2%	2,735,025	474,986	17%
Operations	804,870	713,939	90,932	13%	823,909	(19,038)	-2%
Water Purchases	307,845	305,208	2,637	1%	304,100	3,745	1%
Field Operations	401,157	346,610	54,548	16%	426,484	(25,327)	-6%
Physical Plant	54,286	44,344	9,942	22%	83,592	(29,306)	-35%
Administration	595,912	576,453	19,459	3%	709,734	(113,822)	-16%
Engineering	38,679	78,830	(40,151)	-51%	62,684	(24,005)	-38%
Water Conservation	91,018	87,305	3,713	4%	108,662	(17,644)	-16%
Total Op Expense	2,293,767	2,152,688	141,080	7%	2,519,165	(225,397)	-9%
Net Operating Income	916,244	998,780	(82,536)	-8%	215,860	700,384	324%
SWF or Prop Taxes	1,911,496	1,919,485	(7,989)	0%	1,899,905	11,591	1%
Connection Fees	57,951	84,377	(26,426)	-31%	6,000	51,951	866%
Contributed Capital	-	-	-	100%	-	-	100%
Interest Income	88,768	51,955	36,813	71%	21,498	67,270	313%
Interest Expense	(136,587)	(151,076)	14,490	10%	(147,690)	11,104	8%
Depreciation	(791,279)	(781,990)	(9,289)	-1%	(844,704)	53,426	6%
Amortization	23,908	(270)	24,177	8966%	(3,414)	27,322	800%
Other Income (Exp)	4,664	560,255	(555,591)	100%	3,000	1,664	55%
Total Non-Op Income	1,158,922	1,682,736	(523,814)	-31%	934,595	224,327	24%
Net Income	2,075,166	2,681,516	(606,350)	-23%	1,150,455	924,711	80%
Beginning Net Position	50,098,094	47,636,505	2,461,589	5%	50,098,094	-	0%
Change in Net Position	2,075,166	2,681,516	(606,350)	-23%	1,150,455	924,711	80%
Ending Net Position	52,173,260	50,318,021	1,855,239	4%	51,248,549	924,711	2%

	Water						
	31-Dec-17	31-Dec-16	PY Var	%	FY 16/17 Bgt	Bgt Var	%
Fund Balances							
-00 Operating Fund	2,949,985	2,769,991	179,994	6%	1,301,232	1,648,753	127%
-10 Capital Improvemnt	5,608,792	5,587,106	21,686	0%	4,163,981	1,444,811	35%
-20 Rate Stabilztn Fund	-	-	-	100%	-	-	100%
Total Pooled Cash	8,558,776	8,357,096	201,680	2%	5,465,213	3,093,563	57%
-50 New Facilities Fund	83,712	89,536	(5,823)	-7%	12,000	71,712	598%
160 Supplemental Wtr	11,106,618	9,610,749	1,495,869	16%	8,748,691	2,357,927	27%
161, 270 Debt Reserve	-	265,342	(265,342)	-100%	265,238	(265,238)	-100%
271 Bond Proceeds	-	-	-	100%	-	-	100%
Assessment Districts	-	-	-	100%	-	-	100%
Total Restricted Cash	11,190,330	9,965,627	1,224,703	12%	9,025,929	2,164,401	24%
Total Cash	19,749,107	18,322,724	1,426,383	8%	14,491,142	5,257,965	36%

Lake Arrowhead Community Services District

Preliminary Fiscal Year 2017-18 Statement of Revenues, Expenses and Changes in Net Position and Fund Balances

Wastewater							
	<u>Dec-17 YTD</u>	<u>Dec -16 YTD</u>	<u>PY Var</u>	<u>%</u>	<u>YTD Budget</u>	<u>Bgt Var</u>	<u>%</u>
Charges for Services	3,250,351	3,159,483	90,868	3%	2,957,730	292,621	10%
Other Op Income	64,864	69,644	(4,780)	-7%	28,860	36,004	125%
Total Revenue	3,315,215	3,229,127	86,087	3%	2,986,590	328,625	11%
Operations	1,047,736	1,104,940	(57,203)	-5%	1,413,757	(366,020)	-26%
Water Purchases	-	-	-	0%	-	-	0%
Field Operations	493,937	523,939	(30,002)	-6%	720,487	(226,550)	-31%
Physical Plant	105,113	101,450	3,663	4%	158,029	(52,916)	-33%
Administration	735,211	714,392	20,820	3%	964,006	(228,795)	-24%
Engineering	79,676	107,515	(27,838)	-26%	116,294	(36,618)	-31%
Water Conservation	-	-	-	0%	-	-	0%
Total Op Expense	2,461,674	2,552,235	(90,561)	-4%	3,372,573	(910,899)	-27%
Net Operating Income	853,541	676,892	176,649	26%	(385,983)	1,239,524	321%
SWF or Prop Taxes	1,739,783	1,663,430	76,353	5%	1,566,055	173,728	11%
Connection Fees	25,884	35,673	(9,789)	-27%	6,000	19,884	331%
Contributed Capital	-	12,583	(12,583)	-100%	-	-	100%
Interest Income	71,905	107,764	(35,859)	-33%	9,780	62,125	635%
Interest Expense	(265,139)	(317,531)	52,393	17%	(352,536)	87,398	25%
Depreciation	(897,347)	(857,930)	(39,417)	-5%	(896,821)	(526)	0%
Amortization	46,409	(809)	47,218	5837%	(10,506)	56,915	542%
Other Income (Exp)	(302,275)	(679,566)	377,291	56%	57,498	(359,773)	-626%
Total Non-Op Income	419,221	(36,387)	455,607	1252%	379,470	39,751	10%
Net Income	1,272,762	640,505	632,256	99%	(6,513)	1,279,275	19641%
Beginning Net Position	40,377,929	40,377,929	-	0%	40,377,929	-	0%
Change in Net Position	1,272,762	640,505	632,256	99%	(6,513)	1,279,275	19641%
Ending Net Position	41,650,691	41,018,434	632,256	2%	40,371,416	1,279,275	3%

Wastewater							
<u>Fund Balances</u>	<u>31-Dec-17</u>	<u>31-Dec-16</u>	<u>PY Var</u>	<u>%</u>	<u>FY 16/17 Bgt</u>	<u>Bgt Var</u>	<u>%</u>
-00 Operating Fund	5,189,210	4,185,543	1,003,667	24%	1,825,043	3,364,167	184%
-10 Capital Improvemnt	8,201,925	5,561,491	2,640,434	47%	4,205,923	3,996,002	95%
-20 Rate Stabilztn Fund	1,377,280	1,358,303	18,977	1%	1,319,400	57,880	4%
Total Pooled Cash	14,768,416	11,105,337	3,663,079	33%	7,350,366	7,418,050	101%
-50 New Facilities Fund	36,711	44,186	(7,475)	-17%	59,000	(22,289)	-38%
160 Supplemental Wtr	-	-	-	100%	-	-	100%
161, 270 Debt Reserve	231	231	-	0%	1,720,360	(1,720,129)	-100%
271 Bond Proceeds	136	12,695	(12,560)	-99%	85,500	(85,364)	-100%
Assessment Districts	1,533,233	1,519,956	13,277	1%	1,518,720	14,513	1%
Total Restricted Cash	1,570,311	1,577,068	(6,757)	0%	3,383,580	(1,813,269)	-54%
Total Cash	16,338,727	12,682,406	3,656,322	29%	10,733,946	5,604,781	52%

Lake Arrowhead Community Services District

Preliminary Fiscal Year 2017-18 Statement of Revenues, Expenses and Changes in Net Position and Fund Balances

Deer Lodge Park							
	Dec-17 YTD	Dec -16 YTD	PY Var	%	YTD Budget	Bgt Var	%
Charges for Services	62,591	57,472	5,120	9%	58,860	3,731	6%
Other Op Income	3,518	8,145	(4,628)	-57%	1,200	2,318	193%
Total Revenue	66,109	65,617	492	1%	60,060	6,049	10%
Operations	37,580	29,243	8,337	29%	46,472	(8,892)	-19%
Water Purchases	18,771	17,571	1,200	7%	11,500	7,271	63%
Field Operations	6,172	5,550	622	11%	10,894	(4,722)	-43%
Physical Plant	1,054	819	234	29%	1,619	(565)	-35%
Administration	15,354	15,475	(121)	-1%	18,840	(3,486)	-19%
Engineering	1,142	1,562	(421)	-27%	2,851	(1,709)	-60%
Water Conservation	-	-	-	0%	-	-	0%
Total Op Expense	80,073	70,221	9,852	14%	92,176	(12,103)	-13%
Net Operating Income	(13,964)	(4,603)	(9,360)	-203%	(32,116)	18,152	57%
SWF or Prop Taxes	-	-	-	0%	-	-	0%
Connection Fees	-	-	-	0%	-	-	0%
Contributed Capital	-	-	-	0%	-	-	0%
Interest Income	2,787	1,872	916	49%	180	2,607	1449%
Interest Expense	-	-	-	0%	-	-	100%
Depreciation	(19,312)	(19,114)	(198)	-1%	(25,338)	6,026	24%
Amortization	-	-	-	0%	-	-	0%
Other Income (Exp)	-	2,533	(2,533)	-100%	-	-	100%
Total Non-Op Income	(16,524)	(14,710)	(1,815)	-12%	(25,158)	8,634	34%
Net Income	(30,488)	(19,313)	(11,175)	-58%	(57,274)	26,786	47%

Beginning Net Position	1,650,593	1,650,593	-	0%	1,650,593	-	0%
Change in Net Position	(30,488)	(19,313)	(11,175)	-58%	(57,274)	26,786	47%
Ending Net Position	1,620,105	1,631,280	(11,175)	-1%	1,593,319	26,786	2%
	-4151.49						

Deer Lodge Park							
Fund Balances	31-Dec-17	31-Dec-16	PY Var	%	FY 16/17 Bgt	Bgt Var	%
-00 Operating Fund	70,591	99,803	(29,211)	-29%	67,758	2,833	4%
-10 Capital Improvemnt	127,697	124,967	2,730	2%	-	127,697	100%
-20 Rate Stabilztn Fund	25,674	25,448	226	1%	25,400	274	1%
Total Pooled Cash	223,963	250,217	(26,255)	-10%	93,158	130,805	140%
-50 New Facilities Fund	9,690	3,651	6,039	165%	7,275	2,415	33%
160 Supplemental Wtr	-	-	-	100%	-	-	100%
161, 270 Debt Reserve	-	-	-	100%	-	-	100%
271 Bond Proceeds	-	-	-	100%	-	-	100%
Assessment Districts	378,217	374,633	3,584	1%	274,918	103,299	38%
Total Restricted Cash	387,908	378,284	9,624	3%	282,193	105,715	37%
Total Cash	611,870	628,502	(16,631)	-3%	375,351	236,519	63%

Lake Arrowhead Community Services District

Preliminary Fiscal Year 2017-18 Statement of Revenues, Expenses and Changes in Net Position and Fund Balances

	Rimforest						
	Dec-17 YTD	Dec -16 YTD	PY Var	%	YTD Budget	Bgt Var	%
Charges for Services	120,928	118,950	1,978	2%	118,366	2,562	2%
Other Op Income	5,017	4,142	876	21%	-	5,017	100%
Total Revenue	125,945	123,092	2,853	2%	118,366	7,579	6%
Operations	13,854	10,591	3,262	31%	28,839	(14,986)	-52%
Water Purchases	23,745	26,150	(2,405)	-9%	27,690	(3,945)	-14%
Field Operations	10,728	14,369	(3,640)	-25%	8,855	1,873	21%
Physical Plant	1,055	820	235	29%	1,067	(12)	-1%
Administration	15,784	16,569	(786)	-5%	18,952	(3,168)	-17%
Engineering	1,777	1,660	117	7%	2,860	(1,083)	-38%
Water Conservation	-	-	-	0%	-	-	0%
Total Op Expense	66,943	70,159	(3,216)	-5%	88,263	(21,320)	-24%
Net Operating Income	59,002	52,933	6,069	11%	30,103	28,899	96%
SWF or Prop Taxes	-	-	-	0%	-	-	0%
Connection Fees	-	-	-	0%	-	-	0%
Contributed Capital	-	-	-	0%	-	-	0%
Interest Income	312	174	138	79%	240	72	30%
Interest Expense	(7,711)	(9,110)	1,400	0%	(7,631)	(80)	-1%
Depreciation	(7,950)	(7,950)	-	0%	(7,974)	24	0%
Amortization	-	-	-	0%	-	-	0%
Other Income (Exp)	-	33	(33)	0%	-	-	100%
Total Non-Op Income	(15,348)	(16,853)	1,505	9%	(15,365)	17	0%
Net Income	43,654	36,080	7,574	21%	14,738	28,916	196%
Beginning Net Position	108,410	108,410	-	0%	108,410	-	0%
Change in Net Position	43,654	36,080	7,574	21%	14,738	28,916	196%
Ending Net Position	152,064	144,490	7,574	5%	123,148	28,916	23%

Fund Balances	Rimforest						
	31-Dec-17	31-Dec-16	PY Var	%	FY 16/17 Bgt	Bgt Var	%
-00 Operating Fund	83,245	63,142	20,103	32%	65,009	18,236	28%
-10 Capital Improvemnt	-	-	-	100%	-	-	100%
-20 Rate Stabilztn Fund	-	-	-	100%	-	-	100%
Total Pooled Cash	83,245	63,142	20,103	32%	65,009	18,236	28%
-50 New Facilities Fund	-	-	-	100%	-	-	100%
160 Supplemental Wtr	-	-	-	100%	-	-	100%
161, 270 Debt Reserve	-	-	-	100%	-	-	100%
271 Bond Proceeds	-	-	-	100%	-	-	100%
Assessment Districts	-	-	-	100%	-	-	100%
Total Restricted Cash	-	-	-	100%	-	-	100%
Total Cash	83,245	63,142	20,103	32%	65,009	18,236	28%

Lake Arrowhead Community Services District

Preliminary Fiscal Year 2017-18 Statement of Revenues, Expenses and Changes in Net Position and Fund Balances

	LACSD Total						
	Dec-17 YTD	Dec -16 YTD	PY Var	%	YTD Budget	Bgt Var	%
Charges for Services	6,528,859	6,381,195	147,664	2%	5,836,381	692,478	12%
Other Op Income	188,421	188,109	312	0%	63,660	124,761	196%
Total Revenue	6,717,281	6,569,304	147,976	2%	5,900,041	817,239	14%
Operations	1,904,040	1,858,712	45,328	2%	2,312,977	(408,936)	-18%
Water Purchases	350,361	348,929	1,432	0%	343,290	7,071	2%
Field Operations	911,995	890,467	21,528	2%	1,166,720	(254,725)	-22%
Physical Plant	161,507	147,433	14,074	10%	244,307	(82,800)	-34%
Administration	1,362,261	1,322,889	39,372	3%	1,711,532	(349,271)	-20%
Engineering	121,275	189,567	(68,292)	-36%	184,689	(63,414)	-34%
Water Conservation	91,018	87,305	3,713	4%	108,662	(17,644)	-16%
Total Op Expense	4,902,457	4,845,303	57,154	1%	6,072,177	(1,169,720)	-19%
Net Operating Income	1,814,823	1,724,001	90,822	5%	(172,136)	1,986,959	1154%
SWF or Prop Taxes	3,651,279	3,582,915	68,364	2%	3,465,960	185,319	5%
Connection Fees	83,835	120,050	(36,215)	-30%	12,000	71,835	599%
Contributed Capital	-	12,583	(12,583)	-100%	-	-	100%
Interest Income	163,773	161,765	2,008	1%	31,698	132,075	417%
Interest Expense	(409,436)	(477,718)	68,283	14%	(507,857)	98,421	19%
Depreciation	(1,715,887)	(1,666,983)	(48,903)	-3%	(1,774,837)	58,950	3%
Amortization	70,316	(1,079)	71,395	6619%	(13,920)	84,236	605%
Other Income (Exp)	(297,611)	(116,746)	(180,866)	-155%	60,498	(358,109)	-592%
Total Non-Op Income	1,546,270	1,614,787	(68,517)	-4%	1,273,542	272,728	21%
Net Income	3,361,094	3,338,788	22,305	1%	1,101,406	2,259,687	205%
Beginning Net Position	92,235,026	89,773,437	2,461,589	3%	92,235,026	-	0%
Change in Net Position	3,361,094	3,338,788	22,305	1%	1,101,406	2,259,687	205%
Ending Net Position	95,596,120	93,112,225	2,483,894	3%	93,336,432	2,259,687	2%

Fund Balances	LACSD Total						
	31-Dec-17	31-Dec-16	PY Var	%	FY 16/17 Bgt	Bgt Var	%
-00 Operating Fund	8,293,031	7,118,478	1,174,553	17%	3,259,042	5,033,989	154%
-10 Capital Improvemnt	13,938,414	11,273,563	2,664,851	24%	8,369,904	5,568,510	67%
-20 Rate Stabilztn Fund	1,402,955	1,383,751	19,204	1%	1,344,800	58,155	4%
Total Pooled Cash	23,634,400	19,775,793	3,858,607	20%	12,973,746	10,660,654	82%
-50 New Facilities Fund	130,114	137,372	(7,259)	-5%	78,275	51,839	66%
160 Supplemental Wtr	11,106,618	9,610,749	1,495,869	16%	8,748,691	2,357,927	27%
161, 270 Debt Reserve	231	265,573	(265,342)	-100%	1,985,598	(1,985,367)	-100%
271 Bond Proceeds	136	12,695	(12,560)	-99%	85,500	(85,364)	-100%
Assessment Districts	1,911,451	1,894,589	16,861	1%	1,793,638	117,813	7%
Total Restricted Cash	13,148,549	11,920,980	1,227,569	10%	12,691,702	456,847	4%
Total Cash	36,782,949	31,696,773	5,086,177	16%	25,665,448	11,117,501	43%

Lake Arrowhead Community Services District

Preliminary Combining Statement of Net Position as of December 31, 2017

Assets	Water	Wastewater	DLP	Rimforest	Total
Current Assets:					
Pooled Cash and Investments	8,558,776	14,768,416	223,963	83,245	23,634,400
Restricted Cash and Investments	11,190,330	1,570,311	387,908	-	13,148,549
Accounts Receivable	413,239	506,314	8,849	25,763	954,166
Restricted Accounts Receivable	954,813	-	-	-	954,813
Tax Roll Receivable	-	772,412	-	-	772,412
Interest Receivable	31,367	51,994	-	-	83,361
Unbilled Accounts Receivable	-	-	-	-	-
Other Receivables & Deposits	46,978	93,138	-	-	140,116
Parts Inventory	257,120	45,029	-	-	302,150
Prepaid Expenses	96,619	147,005	-	-	243,623
Prepaid Water	2,181,434	-	-	-	2,181,434
Interfund Receivable	3,287,842	597,028	-	-	3,884,870
Total Current Assets	27,018,518	18,551,647	620,719	109,009	46,299,893
Capital Assets:					
Fixed Assets	55,476,652	75,758,152	1,894,668	476,984	133,606,457
Accumulated Depreciation	(21,919,214)	(34,321,998)	(766,671)	(39,793)	(57,047,675)
Intangible Asset	1,000,000	-	-	-	1,000,000
Accum Amortization of Intangible	(75,758)	-	-	-	(75,758)
Construction in Progress	3,295,853	3,218,417	15,152	-	6,529,422
Net Capital Assets	37,777,534	44,654,572	1,143,149	437,191	84,012,445
Total Assets	64,796,052	63,206,219	1,763,868	546,199	130,312,339
Deferred Outflows	1,727,568	2,654,367	22,258	22,258	4,426,450
Liabilities					
Current Liabilities:					
Accounts Payable	1,084,233	193,225	8,992	6,421	1,292,870
Accrued Payroll and Benefits	(1,601)	-	-	-	(1,601)
Compensated Absences	206,625	304,280	-	-	510,906
Deferred Revenue	-	703,071	-	-	703,071
Deposits & Retentions	120,423	156,503	-	1,186	278,111
Interest Payable	67,605	131,233	3,370	-	202,208
SRF Loan & Notes Payable	-	-	-	21,918	21,918
Bonds Payable	-	-	-	-	-
Interfund Payable	1,964,014	1,803,437	67,419	50,000	3,884,870
Total Current Liabilities	3,441,299	3,291,749	79,781	79,524	6,892,353
Non-Current Liabilities:					
Compensated Absences	97,571	142,697	-	-	240,268
Net Pension Liability	3,179,087	3,901,607	72,252	72,252	7,225,198
SRF Loan & Notes Payable	-	-	-	190,598	190,598
Bonds Payable	6,420,900	12,464,100	-	-	18,885,000
Less Bond Discount	1,028,025	1,995,579	-	-	3,023,604
Net Non-Current Liabilities	10,725,584	18,503,983	72,252	262,850	29,564,669
Total Liabilities	14,166,883	21,795,732	152,033	342,375	36,457,023
Deferred Inflows - Pension	183,414	225,099	4,169	4,169	416,850
Net Position					
Restricted	14,326,577	1,570,311	387,908	-	16,284,795
Unrestricted	6,490,113	10,078,972	98,867	(2,760)	16,665,192
Capital Assets	31,356,634	32,190,472	1,143,149	224,674	64,914,929
Total Net Position	52,173,323	43,839,755	1,629,924	221,914	97,864,916
Liabilities, Deferrals & Net Position	66,523,620	65,860,586	1,786,126	568,457	134,738,789
	(62)	-	-	-	
Beginning net position	50,098,094	42,566,994	1,660,412	178,260	94,503,760
Change in Net Position (NI)	2,075,229	1,272,762	(30,488)	43,654	3,361,156
Ending net position	52,173,323	43,839,756	1,629,924	221,914	97,864,916

Lake Arrowhead Community Services District Cash Flow Statement

Preliminary Fiscal Year 2017-18

	<u>Water</u>	<u>Wastewater</u>	<u>DLP</u>	<u>RF</u>	<u>2016-17</u>
Change in Net Position (Net Income)	2,075,229	1,272,762	(30,488)	43,654	3,361,156
Depreciation & Amortization	748,042	800,193	19,312	7,950	1,575,496
Asset Disposal	-	-	-	-	-
Net Cash from Income Statement	<u>2,823,271</u>	<u>2,072,954</u>	<u>(11,176)</u>	<u>51,604</u>	<u>4,936,652</u>
Customer Accounts Receivable	(321,221)	(277,972)	16,147	12,229	(570,818)
Other Receivables	4,446	15,236	4	4	19,690
Prepaid Expenses	(75,983)	(141,112)	-	-	(217,095)
Prepaid Water	259,732	-	-	-	259,732
Accounts Payable	912,909	(6,336)	5,061	(114)	911,520
Net Pension Liability	-	-	-	-	-
Accrued Liabilities	(76,605)	601,342	(2,206)	(3,831)	518,700
Deposits & Retentions	84,859	17,560	-	-	102,419
Parts Inventory	-	-	-	-	-
Total Sources (Uses) of Cash	<u>788,136</u>	<u>208,718</u>	<u>19,006</u>	<u>8,289</u>	<u>1,024,149</u>
Net Cash Flow from Operating Activities	3,611,407	2,281,672	7,830	59,892	5,960,801
CASH FLOW FROM FINANCING ACTIVITIES:					
Additions to Fixed Assets	7,333	1,680,119	(5,795)	-	1,681,656
Construction in Progress	(2,469,427)	(1,166,429)	(11,196)	-	(3,647,052)
Bond Principal	(207,508)	(402,809)	-	-	(610,316)
Contributions to Financing Activities	-	-	-	-	-
SRF Loan & Notes Payable	-	-	-	(21,181)	(21,181)
Interfund Payable/Receivable	-	-	-	-	-
Interest Payable	(1,377)	(2,673)	-	-	(4,050)
Net Cash Flow from Financing Activities	<u>(2,670,979)</u>	<u>108,208</u>	<u>(16,991)</u>	<u>(21,181)</u>	<u>(2,600,943)</u>
CASH FLOW FROM INVESTING ACTIVITIES:					
Interest Receivable	(5,435)	(10,093)	-	-	(15,528)
Net Cash Flow from Investing Activities	<u>(5,435)</u>	<u>(10,093)</u>	<u>-</u>	<u>-</u>	<u>(15,528)</u>
Net Increase (Decrease) in Cash	934,993	2,379,787	(9,161)	38,711	3,344,330
Cash at Beginning of Period	<u>18,814,114</u>	<u>13,958,940</u>	<u>621,032</u>	<u>44,534</u>	<u>33,438,619</u>
Cash and Equivalents at End of Period	<u>19,749,107</u>	<u>16,338,727</u>	<u>611,870</u>	<u>83,245</u>	<u>36,782,949</u>



Lake Arrowhead Community Services District
Cash and Investment Report
as of December 31, 2017

Summary of Portfolio Assets

Category	Book Value	Adj Book Value	Market Value	Percent of Portfolio	Current Quarter Yield
Checking Account	7,675,870	7,675,870	7,675,870	20.9%	0.00%
LAIF	26,347,893	26,347,893	26,347,893	71.7%	1.07%
Federal Agencies	1,000,000	1,000,000	987,770	2.7%	1.40%
Negotiable CDs	1,750,000	1,750,000	1,737,470	4.7%	1.32%
Total Cash & Investments	36,773,763	36,773,763	36,749,003	100.0%	0.87%

Summary of Portfolio Liquidity

Category	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio	Par Value	Percent of Portfolio
On Demand	34,023,763	92.5%	34,023,763	92.6%	34,023,763	92.5%
Within FY 17/18	250,000	0.7%	249,603	0.7%	250,000	0.7%
Within FY 18/19	250,000	0.7%	249,050	0.7%	250,000	0.7%
Within FY 19/20	1,750,000	4.8%	1,731,108	4.7%	1,750,000	4.8%
Within FY 20/21	500,000	1.4%	495,480	1.3%	500,000	1.4%
Within FY 21/22	-	0.0%	-	0.0%	-	0.0%
Total	36,773,763	100.0%	36,749,003	100.0%	36,773,763	100.0%



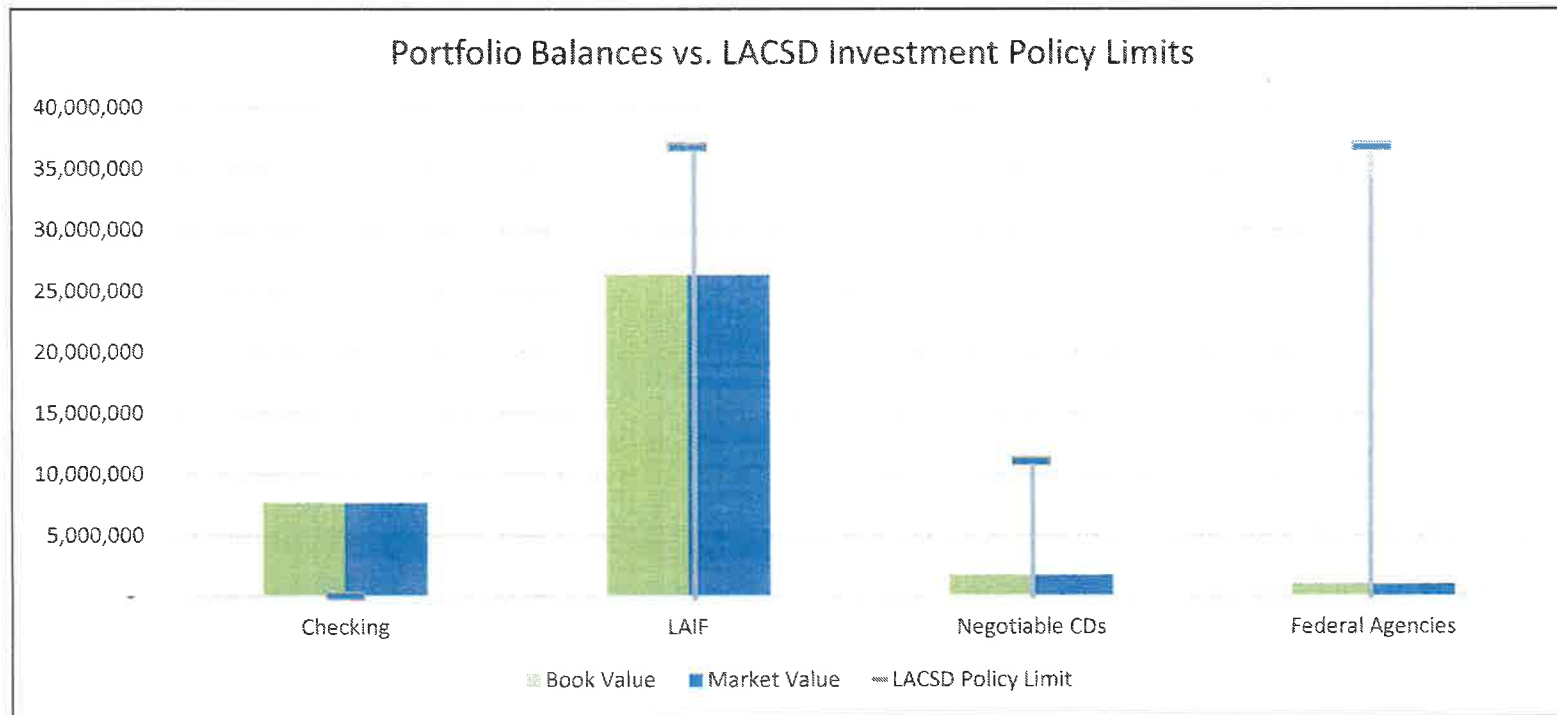
Lake Arrowhead Community Services District
Portfolio Details
As of December 31, 2017

Type	Issuer	CUSIP	Purchase Date	Maturity Date	Par Value	Market Value	Book Value	Stated Rate
Checking Account	Union Bank				\$ 7,675,870	\$ 7,675,870	7,675,869.90	
LAIF	LAIF				\$ 26,347,893	\$ 26,347,893	\$ 26,347,893	1.18%
Negotiable CD	Capital One	140420YR5	05/04/2016	05/04/2020	\$ 250,000	\$ 247,065	\$ 250,000	1.35%
Negotiable CD	Ally Bank	02006LA78	05/05/2016	05/07/2018	\$ 250,000	\$ 249,603	\$ 250,000	1.00%
Negotiable CD	Synchrony Bank	87165EJL2	05/06/2016	05/06/2021	\$ 250,000	\$ 245,850	\$ 250,000	1.60%
Negotiable CD	Discover Bank	254673BW5	09/07/2017	09/09/2019	\$ 250,000	\$ 249,050	\$ 250,000	1.70%
Negotiable CD	American Express Federal Sa	02587CFZ8	09/06/2017	09/08/2020	\$ 250,000	\$ 247,840	\$ 250,000	1.95%
Negotiable CD	American Express	02587DY51	09/06/2017	03/06/2020	\$ 250,000	\$ 248,433	\$ 250,000	1.90%
Negotiable CD	Capital One National Associa	14042RHR5	09/01/2017	08/30/2021	\$ 250,000	\$ 249,630	\$ 250,000	2.20%
Federal Agency	Freddie Mac	3134G9GZ4	05/25/2016	11/25/2019	\$ 1,000,000	\$ 987,770	\$ 1,000,000	1.30%
					\$ 36,773,763	\$ 36,749,003	\$ 36,773,763	

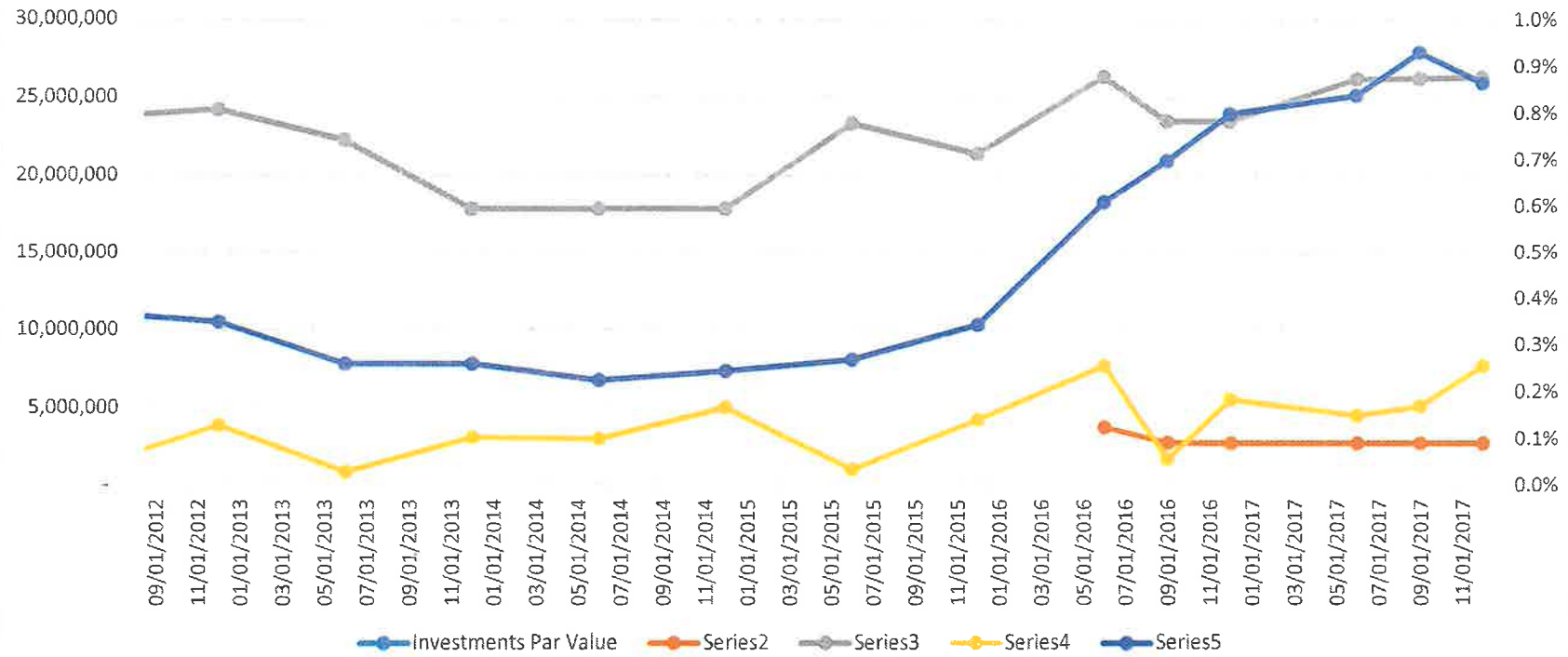


Lake Arrowhead Community Services District Investment Policy Compliance Report

Investment Type	Book Value	Market Value	LACSD Policy Limit	Description of Limit
Checking	7,675,870	7,675,870	None	None
LAIF	26,347,893	26,347,893	36,773,763	Up to 100% of portfolio
Negotiable CDs	1,750,000	1,737,470	11,032,129	Up to 30% of portfolio
Federal Agencies	1,000,000	987,770	36,773,763	Up to 100% of portfolio
Total Portfolio	36,773,763	36,749,003		



5 Year Balance and Yield History



Market Rates

2.50%
2.00%
1.50%
1.00%
0.50%
0.00%

09/01/2012 11/01/2012 01/01/2013 03/01/2013 05/01/2013 07/01/2013 09/01/2013 11/01/2013 01/01/2014 03/01/2014 05/01/2014 07/01/2014 09/01/2014 11/01/2014 01/01/2015 03/01/2015 05/01/2015 07/01/2015 09/01/2015 11/01/2015 01/01/2016 03/01/2016 05/01/2016 07/01/2016 09/01/2016 11/01/2016 01/01/2017 03/01/2017 05/01/2017 07/01/2017 09/01/2017 11/01/2017

LAIF 1 Yr US Treasury 2 Yr US Treasury 3 Yr US Treasury 5 Yr US Treasury LACSD

