

**BLACK CATTLE COMPANY
NEGOTIATED
CONTRIBUTIONS TO CHCID**

1- 880 feet of 12" C-900 PVC Irrigation line (660' + 220') @ \$50.00/ft.	\$33,000.00
2- 660 feet of 12" C-900 PVC Domestic water line @ \$65.00/ft	\$42,900.00
Total	\$75,000.00
TO BE PROVIDED	
Master Plan valued at,	\$36,000.00
Total of all	\$111,000.00

The CHCID Board agreed to provide domestic water service, in exchange for the installation of approximately 660 feet of new 12" C-900 PVC domestic water main, three new 1 1/2" water services and three new 1 1/2" water meters including three 1 1/2" double check valves, and two 12" isolation valves, (one at each end of the newly installed 12" main line). The existing 6" main line was not constructed deep enough to meet MAG and CHCID requirements. As this being evident, the responsibility for replacing this 6" main line could have fallen on CHCID. In view of the working relationship CHCID has had with the Black Cattle Company in the past, we were able to negotiate an agreement to not only replace the 6" main line with like pipe size, but to replace the existing 6" schedule 40 pipe with new 12" C-900 PVC pipe, and to include all the necessary and associated components that would provide their new buildings with the 1 1/2" water service they needed. The Black Cattle Company agreed to cover the total cost of this work plus the cost of providing a much needed Master Plan. This master plan, when completed, will give CHCID the information relating to needed water supply, pump station and pump requirements, water storage requirements, size of pipe and installation locations to meet or exceed the water demand for fire protection plus district domestic water demand. A master plan is one of the most valuable tools any water or wastewater system can have. The installation of the new 12" domestic water main and the master plan will cost the Black Cattle Company approximately \$79,000.00. At this time CHCID did not have a Commercial Water Service Plan in place. Therefore, the trade-off value of the three new 1 1/2" water meters, would have been \$26,333.00 each. Our board unanimously feels the agreement made with the Black Cattle Company is a win-win situation for all parties.

The pre-Construction meeting for the construction of the new 12" water main started April 24, 2009. All of the new line and associated components are in place and testing, disinfection and flushing of this line will take place this week. This new line should be in service by or before May 20, 2009.

In view of all previous and present work the Black Cattle Company has and are continuing to provide CHCID, WITHOUT ANY COST, to the residents of our district, and the potential litigation CHCID would have been faced with, the board agreed to trade three 1 1/2" water meter services for the cost of this work. CHCID would provide only one 6" gate valve for this entire project. This made good business sense to the board.

Additional reasoning for our decision was, the fact that this project had been in negotiations with CHCID for the past two years with no progress being made. This project had come to a stand still and CHCID was being faced with litigation had we not been able to agree to move forward in a reasonable manor. The present board felt the two million dollar Black Cattle Company Project had been given undue and unfair consideration by the previous board. This and other future commercial projects by developers and owners, will enable CHCID to receive tremendous improvements to our water conveyance system, our treatment plant and other facilities without any cost to our residents.

As approved by our board, the cost of commercial water meters, for both domestic and landscape irrigation, commercial water rates and impact fees that all commercial owners and developers will be required to pay, will increase CHCID's much needed gross earnings.

Your three CHCID board members are working hard and cohesively together to try and make sure that our district improvements are in accordance with sound engineering practices and with little or no financial impact to our residents. Be assured, that if and when any project or development is being considered, in our district, that may require any financial impact to the residents of our district, all residents will be notified. This will be done by written notices, posted on our bulletin boards, posted on our web site and by phone, prior to any decision by your board. During this time, all residents of our district will be given an opportunity to voice their input or concerns about these upcoming projects. All residents will be provided with the scope of the work and the estimated cost of this work. You will also be given the estimated cost impact to each of our residents.

It is true that the board is working on a total build-out study. This involves what we think will be necessary such as a sufficient water supply, sufficient water storage, sufficient treatment system, sufficient pump station requirements, and sufficient water distribution system that will meet any and all requirements for domestic (both residential and commercial), commercial landscape, and fire protection for our present and future fire hydrants and building fire protection.

Once our study is completed, the proper steps will be followed such as selecting an engineering company to provide CHCID with an engineers cost proposal to evaluate our study and design the required up-grades sufficient for our infrastructure. All of the build-out WILL NOT take place at once. This will be an in-depth overall project that will be bid out in stages and very possibly will not be started before 2010 or 2011. At that time, each portion of the total project will be bid in increments as funds become available, and not all at once. The total build out could take 10 to 15 years to complete.

Our present board is faced with a large financial challenge that we inherited from 2008. We would appreciate any and all of our residents to come to our board meetings to learn of these challenges and offer their constructive suggestions. Our present board is made up of (1) a local citrus grower who has an electronic background, (2) a well qualified human resources person who is also well grounded in law and business, and (3) a well qualified engineering consultant with many years of water and wastewater design and development, plus is also well grounded in business management. Even though we have already been seeking out ways to qualify for free grants and low interest loans, with our financial condition being in such a depleted state, CHCID could not even qualify for a loan. For example, in February our gross earnings were only approximately \$3,000.00 more than our labor cost. Two things that proper budget management teaches are, first be honest, and then develop a budget that no more than 65 to 75% of your gross income will support your operations. The balance should be set aside for capital improvements and contingency. Our present board has recognized this and is working to rectify our financial situation

We would ask each of the residents of Chandler Heights to be slow to believe rumors, by residents and others, both by mouth and on the web sites. When you hear or see this on either of the Web Sites, please contact one of our board members, and you will be given the facts. Our phone numbers are as follows;

**Pat O'Malley, (480) 203-8711
Gene Rose, (480) 577-2436
Derek Arnson, (602) 908-9929**

Thank all of you good people of our CHANDLER HEIGHTS CITURUS IRRIGATION DISTRICT, for all of your help and support. We need and appreciate each and everyone of you.

The CHCID Board



3. Reconnect hydropneumatic tank from it's new location, on west side of pump building, to existing 6" steel line, on east side of pump building, using 6" ductile iron pipe (± 20 feet).
4. Run power source (120 or 240 volt) to existing air compressor on the top of the newly relocated hydropneumatic tank to connect.
5. Plant/ Distribution System Connection: Reconnect pump station to new 12" P.V.C. (C900) water distribution system by installing 12"x 8" reducer (increaser), 12" steel pipe (± 20 feet), 12" valve and 12" tee.
6. Stacey Road East. Install 12" valve and 20 linear feet of 12" P.V.C. (C900) to the east of the aforementioned 12" tee and connect to the existing 6" main (going east on Stacy Dr.) with a 12"x 6" reducer and slide coupling, etc.
7. Church's contractor shall contact the districts mechanical and electrical sub-contractor's and obtain construction bids for all plant work. Should said contractor's bids be the low bid, the contractor shall us districts sub-contractors. The church reserves the right to use sub-contractors other than those of the districts should the district's sub-contractors not be the low bid.
8. Install necessary temporary piping at plant to keep district water service in service during construction. Coordinate all work with CHCID engineer and consultants.
9. Coordinate construction scheduling with CHCID to minimize impacts of construction on district water service.
10. Pressure test all newly installed lines. Disinfect and flush all newly installed lines in accordance with MAG specification 611 and AWWA 651-5; Perform functional check-out of new system with CHCID engineer.

The intent of this proposal is to provide the necessary improvements to the districts system that will allow the district to provide all water services required by the church. Should the more detailed analysis and study of the production system conclude that improvements proposed herein are not necessary, for water service to the church, the church reserves the right to eliminate those proposed improvements.

Blackland & Cattle

From: Bruce Hallsted [bruce.hallsted@epsgroupinc.com]
Sent: Friday, March 27, 2009 3:14 PM
To: blackland@qwest.net
Subject: Chandler Heights Irrigation

Kelly and Kerry,

Thanks for meeting with me last week regarding the water system analysis for the Chandler Heights Citrus Irrigation District. Here is a list of items that I will need or need a better understanding of to be able to prepare a system analysis on the domestic water system.

1. Map of current system layout including existing pipe sizes and locations, storage facilities and well/pump locations. This could come in the format of multiple as-built plans for the existing facilities but I will need to know what format this information will be in.
2. Water Sources – Need to know if all water comes from ground water or if there are other sources of water. What are those sources? How much flow
3. Storage Facility – Need to know current volume and how it operates – pumping or gravity (is it a tower or a tank with a pump?). What size pump and what pumping capacity (volume) do they currently have?
4. Wells/Pumps –
 - a. Flow capacity – how much water can the well/pump produce for each well.
 - b. Do wells discharge to the water tank or directly into the distribution piping?
 - c. What pressure can they sustain?
5. Current Water Demand – Need info from District on what their current average daily demand is, how many meters and what size they currently have and what is their peak demand.
6. System Pressures
 - a. Need hydrant flow test approximately every 1/2 mile. The fire department may have these tests on record. If not we will need hydrant flow tests. These typically run about \$500 per test. I would estimate that we need 17 tests throughout the system to build a sound water model.

If the information listed above can be provided by the District or the Fire Department, and is reliable, it will eliminate the need to do a lot of testing to collect the data to build the water model. In my mind the District should have info on items 1 thru 5 and the FD should have some info on item 6. I can collect information from Maricopa County, in a GIS format, that will give zoning and land use info for both existing and proposed, ground contours, aerial photos and parcel information that I would utilize for a domestic water model and preparation of exhibits in a water report. The info from the County would have to be purchased (roughly \$1200) but will be far less expensive than going out and collecting this information in the field and inputting it all by hand. If the District or FD are not able to provide this information we can have a testing company take readings in the field. We would need to determine what info we can get and then get a price to have a testing company go out and collect the data.

For the water model, I would build a model of the existing system and describe the existing pressures, system capacity to serve the existing needs and what amount of development might occur and still use the existing system without modification. Then I would build a model to serve the projected system for ultimate buildout of the service area based on the projected land use. The final product will be a written report that will include discussion of line sizing, storage volume and required flow capacity to meet domestic and fire flow needs at buildout. I would include exhibits to show the existing system, proposed system, existing land uses and ultimate land uses. The water model and report for this size system and including the items listed will run \$26,000. The work that I would propose for this includes review and sizing of the distribution system but does not include design of treatment facilities or modification to the water quality.

I need to know more about the irrigation system to speak to what it would take to model it. From our discussion last week it sounded like the system is part pressure and part gravity with stand pipes and alfalfa valves. A gravity system is far more dependent on elevations and system losses and would require a more detailed topo of existing ground and yard valve elevations. If the system is pressure to a discharge point and then gravity from the

discharge point, the model for the pressure portion would be very similar to the domestic water model. The gravity portion would still need a more detailed topo to be able to model flows. The model for the irrigation system could be far more extensive than the domestic water model.

I am interested in doing the domestic water model. I am interested in doing the irrigation model as well but I believe the cost to model the entire irrigation system could become quite expensive mostly due to the gravity component.

I did not get your contact info other than this email address. Please give me a call with any questions you have or to discuss what route you would like to take to move forward.

Thanks,

Bruce Hallsted, P.E.

eps group Inc : 2045 S. Vineyard, Suite 101 • Mesa, AZ 85210

T: 480-503-2250 | C: 480-236-2339 | F: 480-503-2258 | bruce.hallsted@epsgroupinc.com

**EXHIBIT 7
ADDENDUM NUMBER ONE
CHCID REQUIREMENTS
FOR
COMMERCIAL WATER METER
SERVICE AND PIPING**

Scope of work: Commercial Water Meter Service and piping is that part of the domestic water system that delivers water from the main line to the customer's service connection. It includes the following; Service Saddle, Corp. Stop Valve, "K" Copper Tubing, Curb Stop Angle Valve, Water Meter, Meter Double Check Valve, Concrete Meter Box and Metal Cover. All material shall meet AWWA, MAG and CHCID

Specifications and all material shall be new and undamaged. All material shall be of proper size to meet these requirements and water service being applied for. The "K" copper service line shall have no kinks or bends that shall impede the flow of water or place undue stress upon any of the fittings. There shall be no joint connections between the Corp. Stop Valve and the Curb Stop Angle Valve. Where street or driveway crossings are necessary, all copper tubing from the main line to the angle curb stop, shall be installed through a Schedule 80 PVC sleeve placed at a minimum depth of three (3) feet below finished paved or unpaved street or driveway.

Meter Boxes shall be manufactured of concrete and be of sufficient size to accommodate the Curb Stop Valve, Water Meter, Double Check Valve and Discharge Connection. The meter box and water meter shall be readily accessible. Meter boxes shall be located in the CHCID easements and where possible, in front of the building property. The meter box shall be installed high enough and with sufficient elevation and berm, so as to remain dry during irrigation of the served and adjacent properties. Meter boxes shall not be installed in paved driveways, or high traffic areas.

Submittals: Prior to starting construction, contractor shall submit to CHCID Engineer, 5 copies of all material product specifications or data sheets, the contractor proposes to use on the project. CHCID engineer shall review and return 3 copies with comments or approved as submitted. Submittals requiring more than 2 reviews for approval, the contractor shall be charged an additional review fee as determined by CHCID.

Service Saddle; Shall be manufactured by Muller, Mdl. Number, H-13491-330 or an approved equal, and of sufficient size for the main line size and meter service line size.

Corporation Stop Valve; Shall be brass manufactured by Muller, Mdl. Number, B-25028 or an approved equal, and of sufficient size for required water service.

Copper Tubing; Shall be type “K” soft copper.

Curb Stop Angle Valve; Shall be as manufactured by Muller, Mdl. Number B-24258 or an approved equal.

Water Meter; Shall be as manufactured by PM Performance Water Meter Corp. Mdl. Number PMN-112 or an approved equal.

Meter Double Check Valve; Shall be as manufactured by AY McDonald, Magnetic Mdl. Number for ¾” is 11-3NP. For 1 ½” Meters, the Mdl. Number is, 12-7DE66 (This is a flanged to female threaded angle double check valve).

Meter Box and Cover; Shall be a concrete box with a metal cover of sufficient size to enclose the required angle valve, meter, double check valve and space for the building connection. Example, a 5/8”s X ¾” meter would require a number one (1) or a number two (2) box. A 1 ½” meter will require a number three (3) or a number four (4) box.

**PRELIMINARY PLAN REVIEW FOR
SVK ENGINEERING
FOR
SELF STORAGE PROJECT
AT RECKER & RIGGS ROAD
BY
CHCID ENGINEERING CONSULTANT
GENE ROSE
May 4, 2009**

Review of plans for compliance with MAG, AWWA & CHCID requirements. Our findings are as follows:

- 1- All existing domestic water lines are 6".**
- 2- Minimum width of easement is 20'.**
- 3- Minimum separation between potable water lines, sewer lines and irrigation lines must be maintained in accordance with A.D.E.Q. and M.C.D.E.Q. requirements (6').**
- 4-Where potable water lines cross irrigation & sewer lines, construction shall be in accordance with MAG detail 404-1 & 404-2.**
- 5- Fire hydrants are to be dry barrel type and manufactured by Muller.**
- 6- No potable or irrigation main lines are to be constructed under any paved streets.**
- 7- All water services crossing under paved streets shall be installed through a minimum 3" ID schedule 80 PVC sleeves.**
- 8- CHCID shall review and approve construction drawings prior to construction.**
- 9- A pre-construction conference shall be held between the engineer, contractor and CHCID prior to beginning construction.**
- 10-CHCID shall inspect and approve all potable and irrigation line construction.**

Drawing W-2

- 1- Developer shall be required to construct new 10" PVC, C-900 water main as required to provide sufficient water to meet owners demand and CHCID requirements.**
- 2- Developer shall install 10" Muller Mid-Line Valves as required by CHCID.**
- 3- Any Main Line Crossings, shall be encased in accordance with MAG detail 402.**
- 4- The new 8" water main, note # 4, shall have a "TEE" fitting installed in place of a 90 degree ELL with a cap and thrust block at the north end.**
- 5- Note # 2 shall be changed to read, C-900 in place of C-909.**
- 6- The new 10" C-900 PVC main line to be installed along the Cherry Hills CHCID Easement, shall require a 10" X 10" X 10" Tee Fitting to be installed at Recker and Cherry Hills intersection.**
- 7- It will be necessary to install one 20' section of C-900 PVC pipe from the south end of the Tee Fitting and tie back in the existing "fire hydrant" into this new 10" section of line.**
- 8- Note # 8 shall read, install 8" X 2" tee and shall include a 10" Muller Gate Valve.**
- 9- Referring to the note # 16, the 2" water service will require a 2" water meter, not a 3" meter as shown.**
- 10- Please refer to the attached CHCID Exhibit # 7, for the cost of the 2" and the 1 ½" water meters.**
- 11-The cost of these water meters shall be in addition to any required impact fees or construction cost that will be required for CHCID to up-grade their water conveyance distribution infrastructure to provide sufficient water to meet yours and the districts demands.**
- 12-Your plans do not show the existing CHCID 6" water main on the Cherry Hills easement.**

Drawing W-3

- 1- Note # 1 shall read, C-900 Class 150 in place of C-909.**
- 2- Note # 6 shall read, " Install an 8" X 8" X 8" Tee with a 8" Muller Gate Valve on the west side of the tee.**
- 3- Note # 6 shall also require a 8" Muller Gate Valve to be installed of the south side of the tee.**
- 4- 10" Muller Mid-Line Valves shall be required in main lines every 600 to 680 feet.**
- 5- Note # 7 shall read, Install 6" Muller Dry Barrel fire hydrants every 600 feet in main and secondary water lines.**

Drawing W-4

- 1- Note # 2 shall read, C-900 in place of C-909.**
- 2- Note # 7 shall read, Install 6" Muller, Dry Barrel, Fire Hydrant Complete with 6" Muller Gate Valve, per M.A.G. STD. DET. 360.**
- 3- Note # 14 shall read, The 1 ½" water service for the office shall be fed from the new 8" C-900 water main line, and not the new 2" water line.**

Drawing G-1

- 1- All new 8" and 2" domestic water lines shall maintain required separation from storm drains, sewer lines and not domestic water lines per M.A.G. DET. 404-1.**

FOR YOUR GENERAL INFORMATION

- 1- All water supply lines from main to meter shall be soft "K" copper.**
- 2- All water services from meter double check valve to building structures shall be as required by Maricopa County Plumbing code.**
- 3- All water lines shall be pressure tested per MAG 610.14, in the presence of the**
- 4- CHCID engineer or his designated inspector.**
- 5- All water lines shall be disinfected per MAG 610 and 611.**
- 6- All fire hydrants shall be Muller dry barrel type per MAG 756.**
- 7- All material used for the construction of potable and irrigation lines shall be of approved manufacture and comply with CHCID requirements.**
- 8- The developer shall provide all required material and install all irrigation lines, ports and valves per CHCID requirements.**
- 9- All potable water mains to be a minimum 8" C-900, PVC, Class 150 inside of project and as required outside of project.**
- 10- Blow off's and vent stand pipes shall not be in or under pavement areas.**
- 11- Installation of water pipe, 12" and smaller, shall conform to MAG 610.12 for couplings, joints, gaskets and flanges, including bolts, washers and nuts.**
- 12- All copper pipe and fittings shall conform to MAG 754.**
- 13- Private drives and private streets Are Not to be maintained by the "Chandler Heights Citrus Irrigation District".**
- 14- CC&R's shall include statement, " Only one septic tank shall be installed on each one acre residential lot of sub-division.**
- 15- One water service from water main shall serve only one resident.**

We find the SVK plans to be informative for preliminary design, but construction plans will need to be corrected and clarifications made to comply with CHCID requirements and clarity of understanding. These construction plans shall require CHCID approval prior to being issued for construction.

**Gene Rose
CHCID Engineering Consultant
(480) 577-2436**

May 12, 2009

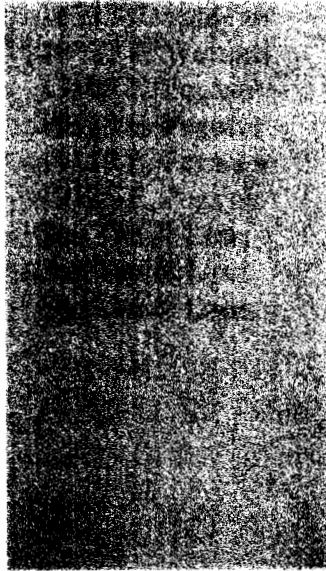
Businesses within CHCID that will be asked to install backflow protection in this summer.

Pat O'Malley

Business Name

Red's Tire
Robin Oare
Pegasus Apartment 1
Pegasus Apartment 2
Pegasus Apartment 3
Pegasus Apartment 4
San Tan 3 (Unit 1)
San Tan 3 (Unit 2)
San Tan 3 (Unit 3)

Address



Business Type

Tire shop
Exterminator
3 story apartment
3 story apartment
3 story apartment
3 story apartment
Commercial & food
Commercial & food
Commercial & food

Chandler Heights Citrus Irrigation District
Profit & Loss
July 1, 2008 through May 9, 2009

	<u>TOTAL</u>
Ordinary Income/Expense	
Income	
Acreage Property Tax Assessment	96,131.26
Connection Fees	16,075.00
Domestic Water	496,505.84
Fees	
Cancellation Fee	125.00
Late Sign-Up Fee	60.00
NSF Check Fee	250.00
Penalties & Lock Offs	8,825.50
Fees - Other	<u>3,328.88</u>
Total Fees	12,589.38
Income from Private Installs	1,496.00
Income From Riser/Irr Repair	222.60
Irrigation Water Sales	164,832.41
Other Domestic Revenue	<u>4,629.88</u>
Total Income	792,482.37
Expense	
General and Administrative Exp	
Accounting	8,688.75
Bank, NSF, Financing Fees	1,073.35
Board Meeting Expense	
Directors Fees	6,131.25
Election Expense	323.46
Board Meeting Expense - Other	<u>990.76</u>
Total Board Meeting Expense	7,445.47
Computer Expense	
Hardware Expense	97.23
ISP(Internet Service Provider)	3,366.65
Monitoring Expense	109.28
Software Expense	<u>39.95</u>
Total Computer Expense	3,613.11
Consultant	8,168.00
Contract Labor - Office	29,116.62
Dues & Subscriptions	2,591.52
Insurance Expense	
Liability Insurance	18,124.75
Medical Insurance Expense	1,256.76
Workman's Compensation Insuranc	<u>7,004.20</u>
Total Insurance Expense	26,385.71
Interest Expense	17,957.01
Legal	9,353.84
Licenses & Fees	10,186.00
Meals & Entertainment	517.91
Mileage Reimbursement Expense	380.17

Chandler Heights Citrus Irrigation District
Profit & Loss
July 1, 2008 through May 9, 2009

	<u>TOTAL</u>
Office Expense	
Equipment Lease	1,288.32
Office Supplies	5,152.23
Pest Control	360.00
Postage	4,740.57
Promotional Expense	2,988.71
Office Expense - Other	<u>239.82</u>
Total Office Expense	14,769.65
Overage/ Shortage in Cash	26.88
Payroll Taxes	22,097.13
Repairs and Maintenance	819.00
Settlement Payment	2,500.00
Telephone	
Cell Phone	5,161.76
Office Phone	<u>2,571.95</u>
Total Telephone	7,733.71
Training & Seminars	1,184.80
Utilities	
Electric	1,218.24
Waste Disposal	<u>857.03</u>
Total Utilities	2,075.27
Wages - Office Staff	<u>51,464.23</u>
Total General and Administrative Exp	228,148.13
Miscellaneous	0.00
Operating Expense	
CAP Water Purchases	14,671.00
Consultant - Engineering	2,880.00
Contract Labor	362.50
Domestic Emergency Water	4,270.54
Drug Testing	112.00
Equipment Rental	1,124.35
Maintenance - Major	12,534.38
Operating Supplies	40,675.68
Power Costs	117,625.03
Repairs and Maintenance	
Irr Backhoe Maintenance & Repai	237.07
Irr Electrical Maint & Repair	31.45
Repairs & Main General	3,367.74
Repairs and Maintenance - Other	<u>18,980.09</u>
Total Repairs and Maintenance	22,616.35
Tool Purchases	721.36
Truck Main. and Gasoline	15,407.34
Wages Domestic	95,676.48
Wages Irrigation	112,118.27
Waste Disposal	1,381.76

Chandler Heights Citrus Irrigation District
Profit & Loss
July 1, 2008 through May 9, 2009

	<u>TOTAL</u>
Water Testing Expenses	6,747.87
Total Operating Expense	<u>448,924.91</u>
Total Expense	<u>677,073.04</u>
Net Ordinary Income	115,409.33
Other Income/Expense	
Other Income	
Nonoperating Revenue	
Interest and Dividends	660.76
Misc. Fees & Fines	30.00
Rental Income	1,375.00
Total Nonoperating Revenue	<u>2,065.76</u>
Total Other Income	2,065.76
Other Expense	
ASK ACCOUNTANT	-0.10
Penalties	3,404.07
Total Other Expense	<u>3,403.97</u>
Net Other Income	<u>-1,338.21</u>
Net Income	<u><u>114,071.12</u></u>

April Monthly Administrative Report- May 12, 2009

Financials

Transferred from \$25K Merrill to cover annual DOWR assessments and the remaining Duncan Pump bill for the refurbishment of Well 6.

Merrill Lynch balance is now approx \$32,000 at month end.
Chase balance less all outstanding vendor bills was \$35,000.

Vendor Bills for the month of February totaled \$56,772.
Deposits for the month of February totaled \$61,176.

Maricopa County property taxes were due April 30 and therefore, we are hoping to see about a \$20K deposit from the county in the next few weeks.

Good news --- Only 1 returned check in the month of April.

Domestic Info

Two delinquent accounts - signed payment deferral to extend due date
Eleven finalized accounts and final readings
Fourteen new accounts established
95 disconnect notices generated for non-payment
26 Door tags on Friday 4/17/09 - of the 26 past due accounts, only 4 were locked off on Monday April 20th for non-pay (60 days delinquent)

Irrigation Info

Nineteen irrigation warnings letters for the entire month
No irrigation cancellation fees
No fines were issued in the month of April
3 irrigation complaints - 2 resulted in work orders.

Housekeeping

We've looked at 2 other billing systems (via web demo) to replace InHance, Banyon Software and Black Mountain Software. Both look promising. Banyon seems to have a way to handle our pre-paid irrigation and still keep the billing segregated from domestic. We are waiting to hear back from Black Mountain regarding this. Of the 3 systems we've looked at so far, Black Mountain is the front runner where the office is concerned due to its abilities to handle accounting data and generate reports. We will continue our conversations with all 3 of the software representatives (including CUSI) until we nail down a system that produces all or most of what we are looking for. We will then come before the Board with a detailed proposal.

Office hours will be changing on Monday, May 18, 2009 to Mon, Tue, Thu and Fri (9-1) and Wed (9-6). We have not received any negative feedback from any resident in response to the newsletter or automated voice message so far.

Bi-weekly payroll will begin on Sunday May 31, 2009.

The National Bank of Arizona Checking Account is open and active. We will be ordering checks for that account in early May. The credit card application has been submitted and approved. The credit limit has been established at \$5000 but will increase once they've received a copy of our annual audit and preliminary budget report.

PRELIMINARY FIGURES IN PREPARATION FOR 2009-2010 BUDGET RESOLUTION

- **Balance Sheet April 2009**
- **Balance Sheet Fiscal YTD**
- **Profit and Loss Fiscal YTD**
- **2008-2009 Budget Resolution**

5:11 PM
05/12/09
Accrual Basis

Chandler Heights Citrus Irrigation District
Balance Sheet
As of April 30, 2009

Apr 30, 09

ASSETS

Current Assets

Checking/Savings

Capital Reserves Account	31,814.16
Chase	37,082.15
National Bank of Arizona	200.00
P - Cash Register Fund	125.00
Petty Cash	400.00

Total Checking/Savings 69,621.31

Accounts Receivable

Accounts Receivable

Domestic Accounts Receivable	69,414.22
Irrigation Accounts Receivable	5,326.34

Total Accounts Receivable 74,740.56

Total Accounts Receivable 74,740.56

Other Current Assets

Employee Advances	50.00
Refundable Deposit	1,213.09
Tax Assessments Receivable	13,688.26
Undeposited Funds	639.40
WIFA Loan Reserve	18,970.46

Total Other Current Assets 34,561.21

Total Current Assets 178,923.08

Fixed Assets

Fixed Asset

Accumulated Depreciation	-2,159,972.04
Buildings	34,580.40
CAP Cost Overrun	294,168.67
Central AZ Project System	79,440.00
Domestic Pipeline Systems	24,000.00
Easement Costs	50,470.56
Fixtures and Equipment	97,038.88
Irrigation Pipeline System	221,417.04
Irrigation System	1,498,190.49
Phase I Distribution System	591,382.79
Phase II Distribution System	233,400.04
Vehicles	60,837.53
Wells & Well Equipment	821,380.77

Total Fixed Asset 1,846,335.13

Land 10,735.00

Total Fixed Assets 1,857,070.13

TOTAL ASSETS 2,035,993.21

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable	43,112.61
------------------	-----------

Total Accounts Payable 43,112.61

Credit Cards

Chase Credit - New	1,973.01
Home Depot	529.80

Total Credit Cards 2,502.81

Other Current Liabilities

Customer Security Deposits	9,835.00
Deferred Income Collection IRR	29,753.72
Dept of Water - Annual Tax	7,473.43

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Accrual Basis

Chandler Heights Citrus Irrigation District
Balance Sheet
As of April 30, 2009

	Apr 30, 09
Payroll Liabilities	
Child Support Garnishment	487.96
FICA & Federal W/H	5,031.58
State Withholding	213.51
Unemployment Taxes Payable	630.73
Total Payroll Liabilities	6,363.78
Sales Tax Payable	10,754.43
Total Other Current Liabilities	64,180.36
Total Current Liabilities	109,795.78
Long Term Liabilities	
Derek Arnson- Note Payable	24,877.87
Long Term Liability	
Note Payable to WIFA	64,864.11
Note Payable to WIFA (2)	251,329.95
Total Long Term Liability	316,194.06
Total Long Term Liabilities	341,071.93
Total Liabilities	450,867.71
Equity	
Invested in Capital Assets, Net	769,381.00
Retained Earnings	-39,881.31
Unrestricted	143,287.00
Unrestricted Net Assets	603,314.49
Net Income	109,024.32
Total Equity	1,585,125.50
TOTAL LIABILITIES & EQUITY	2,035,993.21

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 Accrual Basis

Chandler Heights Citrus Irrigation District
Balance Sheet
 As of May 12, 2009

	May 12, 09
ASSETS	
Current Assets	
Checking/Savings	
Capital Reserves Account	31,814.16
Chase	56,452.68
National Bank of Arizona	200.00
P - Cash Register Fund	125.00
Petty Cash	400.00
Total Checking/Savings	88,991.84
Accounts Receivable	
Accounts Receivable	
Domestic Accounts Receivable	27,727.47
Irrigation Accounts Receivable	-7,775.64
Total Accounts Receivable	19,951.83
Total Accounts Receivable	19,951.83
Other Current Assets	
Employee Advances	150.00
Refundable Deposit	1,213.09
Tax Assessments Receivable	13,688.26
Undeposited Funds	1,044.59
WIFA Loan Reserve	18,970.46
Total Other Current Assets	35,066.40
Total Current Assets	144,010.07
Fixed Assets	
Fixed Asset	
Accumulated Depreciation	-2,159,972.04
Buildings	34,580.40
CAP Cost Overrun	294,168.67
Central AZ Project System	79,440.00
Domestic Pipeline Systems	24,000.00
Easement Costs	50,470.56
Fixtures and Equipment	97,038.88
Irrigation Pipeline System	221,417.04
Irrigation System	1,498,190.49
Phase I Distribution System	591,382.79
Phase II Distribution System	233,400.04
Vehicles	60,837.53
Wells & Well Equipment	821,380.77
Total Fixed Asset	1,846,335.13
Land	10,735.00
Total Fixed Assets	1,857,070.13
TOTAL ASSETS	2,001,080.20
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	5,859.03
Total Accounts Payable	5,859.03
Credit Cards	
Chase Credit - New	1,973.01
Home Depot	529.80
Total Credit Cards	2,502.81
Other Current Liabilities	
Customer Security Deposits	10,335.00
Deferred Income Collection IRR	29,753.72
Dept of Water - Annual Tax	7,473.43

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Accrual Basis

Chandler Heights Citrus Irrigation District
Balance Sheet
As of May 12, 2009

	May 12, 09
Payroll Liabilities	
State Withholding	213.51
Unemployment Taxes Payable	630.73
Total Payroll Liabilities	844.24
Sales Tax Payable	13,052.00
Total Other Current Liabilities	61,458.39
Total Current Liabilities	69,820.23
Long Term Liabilities	
Derek Arnson- Note Payable	24,877.87
Long Term Liability	
Note Payable to WIFA	64,864.11
Note Payable to WIFA (2)	251,329.95
Total Long Term Liability	316,194.06
Total Long Term Liabilities	341,071.93
Total Liabilities	410,892.16
Equity	
Invested in Capital Assets, Net	769,381.00
Retained Earnings	-39,881.31
Unrestricted	143,287.00
Unrestricted Net Assets	603,314.49
Net Income	114,086.86
Total Equity	1,590,188.04
TOTAL LIABILITIES & EQUITY	<u>2,001,080.20</u>

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Accrual Basis

Chandler Heights Citrus Irrigation District Profit & Loss by Class July 1, 2008 through May 12, 2009

	Admin/ Office	Board of Directors
Ordinary Income/Expense		
Income		
Acreage Property Tax Assessment	0.00	0.00
Connection Fees	0.00	0.00
Domestic Water	0.00	0.00
Fees		
Cancellation Fee	0.00	0.00
Late Sign-Up Fee	0.00	0.00
NSF Check Fee	0.00	0.00
Penalties & Lock Offs	0.00	0.00
Fees - Other	0.00	0.00
Total Fees	0.00	0.00
Income from Private Installs	0.00	0.00
Income From Riser/Irr Repair	0.00	0.00
Irrigation Water Sales	0.00	0.00
Other Domestic Revenue	0.00	0.00
Total Income	0.00	0.00
Expense		
General and Administrative Exp		
Accounting	8,688.75	0.00
Bank, NSF, Financing Fees	1,073.35	0.00
Board Meeting Expense		
Directors Fees	4,556.25	1,575.00
Election Expense	323.46	0.00
Board Meeting Expense - Other	990.76	0.00
Total Board Meeting Expense	5,870.47	1,575.00
Computer Expense		
Hardware Expense	97.23	0.00
ISP(Internet Service Provider)	3,366.65	0.00
Monitoring Expense	109.28	0.00
Software Expense	39.95	0.00
Total Computer Expense	3,613.11	0.00
Consultant	8,168.00	0.00
Contract Labor - Office	29,116.62	0.00
Dues & Subscriptions	803.28	0.00
Insurance Expense		
Liability Insurance	11,129.00	0.00
Medical Insurance Expense	0.00	0.00
Workman's Compensation Insuranc	7,004.20	0.00
Total Insurance Expense	18,133.20	0.00
Interest Expense	1,158.54	0.00
Legal	9,240.79	0.00
Licenses & Fees	668.00	0.00
Meals & Entertainment	517.91	0.00
Mileage Reimbursement Expense	380.17	0.00
Office Expense		
Equipment Lease	1,288.32	0.00
Office Supplies	5,112.78	0.00
Pest Control	360.00	0.00
Postage	4,684.57	0.00
Promotional Expense	2,988.71	0.00
Office Expense - Other	239.82	0.00
Total Office Expense	14,674.20	0.00
Overage/ Shortage in Cash	26.88	0.00
Payroll Taxes	4,862.60	145.55
Repairs and Maintenance	333.44	0.00
Settlement Payment	0.00	0.00
Telephone		
Cell Phone	5,183.32	0.00
Office Phone	2,571.95	0.00

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Accrual Basis

Chandler Heights Citrus Irrigation District
Profit & Loss by Class
July 1, 2008 through May 12, 2009

	Admin/ Office	Board of Directors
Total Telephone	7,755.27	0.00
Training & Seminars	1,037.80	0.00
Utilities		
Electric	1,218.24	0.00
Waste Disposal	857.03	0.00
Total Utilities	2,075.27	0.00
Wages - Office Staff	51,464.23	0.00
Total General and Administrative Exp	169,661.88	1,720.55
Miscellaneous	0.00	0.00
Operating Expense		
CAP Water Purchases	0.00	0.00
Consultant - Engineering	0.00	0.00
Contract Labor	0.00	0.00
Domestic Emergency Water	0.00	0.00
Drug Testing	56.00	0.00
Equipment Rental	0.00	0.00
Maintenance - Major	0.00	0.00
Operating Supplies	0.00	0.00
Power Costs	0.00	0.00
Repairs and Maintenance		
Irr Backhoe Maintenance & Repai	0.00	0.00
Irr Electrical Maint & Repair	0.00	0.00
Repairs & Main General	0.00	0.00
Repairs and Maintenance - Other	0.00	0.00
Total Repairs and Maintenance	0.00	0.00
Tool Purchases	0.00	0.00
Truck Main. and Gasoline	32.61	0.00
Wages Domestic	0.00	0.00
Wages Irrigation	0.00	0.00
Waste Disposal	0.00	0.00
Water Testing Expenses	0.00	0.00
Total Operating Expense	88.61	0.00
Total Expense	169,750.49	1,720.55
Net Ordinary Income	-169,750.49	-1,720.55
Other Income/Expense		
Other Income		
Nonoperating Revenue		
Interest and Dividends	660.76	0.00
Misc. Fees & Fines	0.00	0.00
Rental Income	0.00	0.00
Total Nonoperating Revenue	660.76	0.00
Total Other Income	660.76	0.00
Other Expense		
ASK ACCOUNTANT	-0.84	0.00
Penalties	3,404.07	0.00
Total Other Expense	3,403.23	0.00
Net Other Income	-2,742.47	0.00
Net Income	-172,492.96	-1,720.55

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 Accrual Basis

Chandler Heights Citrus Irrigation District
Profit & Loss by Class
 July 1, 2008 through May 12, 2009

	Domestic	Irrigation
Ordinary Income/Expense		
Income		
Acreage Property Tax Assessment	0.00	96,131.26
Connection Fees	16,090.00	0.00
Domestic Water	496,505.84	0.00
Fees		
Cancellation Fee	0.00	125.00
Late Sign-Up Fee	0.00	60.00
NSF Check Fee	250.00	0.00
Penalties & Lock Offs	8,825.50	0.00
Fees - Other	2,907.50	421.38
Total Fees	11,983.00	606.38
Income from Private Installs	0.00	1,496.00
Income From Riser/Irr Repair	0.00	222.60
Irrigation Water Sales	0.00	164,832.41
Other Domestic Revenue	4,629.88	0.00
Total Income	529,208.72	263,288.65
Expense		
General and Administrative Exp		
Accounting	0.00	0.00
Bank, NSF, Financing Fees	0.00	0.00
Board Meeting Expense		
Directors Fees	0.00	0.00
Election Expense	0.00	0.00
Board Meeting Expense - Other	0.00	0.00
Total Board Meeting Expense	0.00	0.00
Computer Expense		
Hardware Expense	0.00	0.00
ISP(Internet Service Provider)	0.00	0.00
Monitoring Expense	0.00	0.00
Software Expense	0.00	0.00
Total Computer Expense	0.00	0.00
Consultant	0.00	0.00
Contract Labor - Office	0.00	0.00
Dues & Subscriptions	894.12	894.12
Insurance Expense		
Liability Insurance	4,111.50	2,884.25
Medical Insurance Expense	1,313.35	-56.59
Workman's Compensation Insuranc	0.00	0.00
Total Insurance Expense	5,424.85	2,827.66
Interest Expense	16,419.23	379.24
Legal	113.05	0.00
Licenses & Fees	1,418.00	8,100.00
Meals & Entertainment	0.00	0.00
Mileage Reimbursement Expense	0.00	0.00
Office Expense		
Equipment Lease	0.00	0.00
Office Supplies	39.45	0.00
Pest Control	0.00	0.00
Postage	28.00	28.00
Promotional Expense	0.00	0.00
Office Expense - Other	0.00	0.00
Total Office Expense	67.45	28.00
Overage/ Shortage in Cash	0.00	0.00
Payroll Taxes	7,777.71	9,311.27
Repairs and Maintenance	0.00	485.56
Settlement Payment	2,500.00	0.00
Telephone		
Cell Phone	-21.56	0.00
Office Phone	0.00	0.00

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 Accrual Basis

Chandler Heights Citrus Irrigation District
Profit & Loss by Class
 July 1, 2008 through May 12, 2009

	TOTAL
Ordinary Income/Expense	
Income	
Acreage Property Tax Assessment	96,131.26
Connection Fees	16,090.00
Domestic Water	496,505.84
Fees	
Cancellation Fee	125.00
Late Sign-Up Fee	60.00
NSF Check Fee	250.00
Penalties & Lock Offs	8,825.50
Fees - Other	3,328.88
Total Fees	12,589.38
Income from Private Installs	1,496.00
Income From Riser/Irr Repair	222.60
Irrigation Water Sales	164,832.41
Other Domestic Revenue	4,629.88
Total Income	792,497.37
Expense	
General and Administrative Exp	
Accounting	8,688.75
Bank, NSF, Financing Fees	1,073.35
Board Meeting Expense	
Directors Fees	6,131.25
Election Expense	323.46
Board Meeting Expense - Other	990.76
Total Board Meeting Expense	7,445.47
Computer Expense	
Hardware Expense	97.23
ISP(Internet Service Provider)	3,366.65
Monitoring Expense	109.28
Software Expense	39.95
Total Computer Expense	3,613.11
Consultant	8,168.00
Contract Labor - Office	29,116.62
Dues & Subscriptions	2,591.52
Insurance Expense	
Liability Insurance	18,124.75
Medical Insurance Expense	1,256.76
Workman's Compensation Insuranc	7,004.20
Total Insurance Expense	26,385.71
Interest Expense	17,957.01
Legal	9,353.84
Licenses & Fees	10,186.00
Meals & Entertainment	517.91
Mileage Reimbursement Expense	380.17
Office Expense	
Equipment Lease	1,288.32
Office Supplies	5,152.23
Pest Control	360.00
Postage	4,740.57
Promotional Expense	2,988.71
Office Expense - Other	239.82
Total Office Expense	14,769.65
Overage/ Shortage in Cash	26.88
Payroll Taxes	22,097.13
Repairs and Maintenance	819.00
Settlement Payment	2,500.00
Telephone	
Cell Phone	5,161.76
Office Phone	2,571.95

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Accrual Basis

Chandler Heights Citrus Irrigation District
Profit & Loss by Class
 July 1, 2008 through May 12, 2009

	TOTAL
Total Telephone	7,733.71
Training & Seminars	1,184.80
Utilities	
Electric	1,218.24
Waste Disposal	857.03
Total Utilities	2,075.27
Wages - Office Staff	51,464.23
Total General and Administrative Exp	228,148.13
Miscellaneous	0.00
Operating Expense	
CAP Water Purchases	14,671.00
Consultant - Engineering	2,880.00
Contract Labor	362.50
Domestic Emergency Water	4,270.54
Drug Testing	112.00
Equipment Rental	1,124.35
Maintenance - Major	12,534.38
Operating Supplies	40,675.68
Power Costs	117,625.03
Repairs and Maintenance	
Irr Backhoe Maintenance & Repair	237.07
Irr Electrical Maint & Repair	31.45
Repairs & Main General	3,367.74
Repairs and Maintenance - Other	18,980.09
Total Repairs and Maintenance	22,616.35
Tool Purchases	721.36
Truck Main. and Gasoline	15,407.34
Wages Domestic	95,676.48
Wages Irrigation	112,118.27
Waste Disposal	1,381.76
Water Testing Expenses	6,747.87
Total Operating Expense	448,924.91
Total Expense	677,073.04
Net Ordinary Income	115,424.33
Other Income/Expense	
Other Income	
Nonoperating Revenue	
Interest and Dividends	660.76
Misc. Fees & Fines	30.00
Rental Income	1,375.00
Total Nonoperating Revenue	2,065.76
Total Other Income	2,065.76
Other Expense	
ASK ACCOUNTANT	-0.84
Penalties	3,404.07
Total Other Expense	3,403.23
Net Other Income	-1,337.47
Net Income	<u>114,086.86</u>

2008-2009 Budget
Chandler Heights Citrus Irrigation District
Profit & Loss
July 1, 2008 through June 30, 2009

Ordinary Income/Expense

Income

4005 · Income From Riser/Irr Repair	\$6,000
4010 · Irrigation Water Sales	\$232,800
4020 · Domestic Water	\$641,250
4030 · Connection Fees	\$42,600
4040 · Penalty Revenue	\$12,540
4090 · Acreage Property Tax Assessment	\$118,750
4120 · Income from Private Installs	\$7,000
4115 · Other Misc Income	\$0
4300 · Sale Of Assets	\$0
Nonoperating Revenue	\$0
4190 · Misc. Fees & Fines	\$1,900
Nonoperating Revenue - Other	\$0
Total Nonoperating Revenue	\$0

Total Income **\$1,062,840**

Expense

7015 · Professional E-2 Engineering \$65,000

Operating Expense

Domestic Operations

6001 · Domestic Power Costs	\$23,000
6040 · Domestic Other Costs	\$2,000
6100 · Water Testing Expenses	\$5,000
6310 · Dom Repairs and Maintenance	\$45,000
6315 · DW system , Major M&O	\$90,000
6320 · Tool Purchases	\$3,000
6340 · Equipement Rental	\$2,000
6560 · Personnel Costs	\$160,000
Domestic Operations - Other	\$0
Total Domestic Operations	\$330,000

Irrigation Operations

5010 · Irrigation Power Costs	\$135,000
5280 · CAP Water Purchases	\$21,000
5310 · Irr Repair & Maintenance	\$25,000
5315 · Irrigation, Major M&O	\$40,000
5320 · Irr Electrical Maint & Repair	\$6,500
5590 · Irr Backhoe Maintenance & Repa	\$5,000
5650 · Truck Main. and Gasoline	\$26,000
7040 · Personnel Costs	\$90,000
Total Irrigation Operations	\$348,500

7000 · General and Administrative Exp

6250 · Miscellaneous	\$6,300
6280 · Insurance Expense	\$22,000
7005 · Office Personnel Costs	\$70,000
7020 · Election Expense	\$100
7025 · Power Managment	\$18,000
7050 · Office Supplies	\$13,000
7060 · Postage	\$9,000
7070 · Printing	\$300
Total 7080 · Utilities	\$10,000
7090 · Telephone	\$9,500
7100 · Accounting	\$10,000
7105 · Bank Charges	\$0
7110 · Legal	\$30,000
7120 · Workers Compensation	\$7,000
7130 · Payroll Taxes	\$24,000
7170 · Repairs and Maintenance	\$5,000
7180 · Licenses & Fees	\$3,500
7190 · Medical Insurance Expense	\$4,700
7200 · AZ Dept of Water Res.-Admin	\$10,000
7000 · General and Administrative Exp	\$5,000

Total 7000 · General and Administrative Exp \$257,400

Total Operating Expense \$1,000,900

4000 · Reconciliation Discrepancies	\$0
6150 · Depreciation Expense	\$0
7001 · Drug testing	\$400
7010 · Directors Fees	\$10,000
7300 · Miscellaneous	\$0
7310 · Refunds, Unused Irr Act	\$1,500
7700 · Service Fee	\$0
1040 · Capital Reserve Accounts	\$50,040

Total Expense \$1,062,840

Net Ordinary Income \$1,062,840

Net Income \$0