



**FINANCE & ADMINISTRATIVE COMMITTEE MEETING AGENDA**

**Wednesday, January 21, 2015 - 1:30 p.m.**

**Location--1630 West Redlands Boulevard, Suite A, Redlands, California**

Note: Copies of staff reports and other documents relating to the items on this agenda are on file at the District offices and are available for public review during normal District business hours.

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**CALL TO ORDER**

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**1. PUBLIC PARTICIPATION**

*Members of the public may address the Board of Directors on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) Section 54954.2 of the Government Code.*

**2. ADDITIONS/DELETIONS TO AGENDA**

*Section 54954.2 provides that a legislative body may take action on items of business not appearing on the posted agenda under the following conditions: (1) an emergency situation exists, as defined in Section 54956.5; (2) a need to take immediate action and the need for action came to the attention of the District subsequent to the agenda being posted; and (3) the item was posted for a prior meeting occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.*

**3. APPOINTMENT OF COMMITTEE CHAIR**

**4. APPROVAL OF MEETING MINUTES FROM NOVEMBER 12, 2014**

**5. PRESENTATION/DISCUSSION ON HEALTH SAVINGS ACCOUNT AND ACCOUNT BASED HEALTH PLANS**

**6. 2<sup>ND</sup> QUARTER ANNUAL UNAUDITED FINANCIALS REVIEW**

**7. INVESTMENT OPTIONS FOR LONGER TERM RESERVES**

It is the intention of the San Bernardino Valley Water Conservation District to comply with the American With Disabilities Act (ADA) in all respects. If you need special assistance with respect to the agenda or other written materials forwarded to the members of the Board for consideration at the public meeting, or if as an attendee or a participant at this meeting you will need special assistance, the District will attempt to accommodate you in every reasonable manner. Please contact Athena Monge (909) 793-2503 at least 48 hours prior to the meeting to inform her of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

**8. NUMBER OF DIRECTOR SELECTED MEETINGS**

**9. ADJOURN**

**Committee Members:**

**Melody McDonald, Chair**

**David Raley**

**Alternate:**

**John Longville**

**SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT  
MINUTES OF THE FINANCE & ADMINISTRATION COMMITTEE MEETING**

November 12, 2014  
3:00 P.M.

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Chairperson McDonald called the Finance & Administration Committee Meeting to order at 3:00 p.m.

**FINANCE & ADMINISTRATION COMMITTEE MEMBERS PRESENT:**

Melody McDonald, Chairperson  
David E. Raley, Director

**FINANCE & ADMINISTRATION COMMITTEE MEMBERS ABSENT:**

None

**STAFF PRESENT:**

Daniel Cozad, General Manager  
Athena Monge, Administrative Services Specialist  
Angie Quiroga, Administrative Services Specialist

**GUEST PRESENT:**

None

1. PUBLIC PARTICIPATION

Chairperson McDonald announced this as the time for any persons present, who so desire, to make an oral presentation to the Committee. Hearing none, the meeting continued with published agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the agenda.

3. APPROVAL OF MEETING MINUTES FROM AUGUST 25, 2014

**It was moved by Director Raley and seconded by Chairperson McDonald to approve the minutes of the August 25, 2014 Finance & Administration Committee Meeting. The motion carried with all members present voting in the affirmative.**

**Chairperson McDonald: Yes**

**Director Raley: Yes**

4. RESERVE AND INVESTMENT POLICY REVIEW

Mr. Cozad identified revisions within the District and Enterprise Reserve Policy. He reviewed in further detail where he indicated that the reserve targets are listed on page 10. He reviewed the following changes to reserves:

- Increase the Groundwater Enterprise Reserve target to 100% of the Groundwater Recharge Enterprise yearly operating budget to cover Mill Creek Diversion and Environmental permitting

requirements to \$1.25 Million and transfer the remaining funding of \$339,449 to the Capital Improvement Reserve.

- Revision of the Capital Improvement Reserve to include capital repairs and equipment increase to \$400,000.
- Land Resources Reserve to maintain balance of \$968,387 to perform work needed on District lands and reassess after implementation of the Wash Plan
- Adjust OPEB Reserve to match the 2014 OPEB projected costs \$32,423 ratifying staffs action in June 2014.
- Delete Wash Plan Reserve because all debts to the District have been paid and reflect changes in accounting for the project.

Staff will look into moving OPEB funds to a trust. We estimate \$12,000 per year to be placed in that trust.

Mr. Cozad indicated that the Investment Policy has been updated and must be annually. The addition of section 5 (6) has been added to the Investment Policy and broadens the Board's ability to make other investments authorized by the state if it specifically takes action. If the District is authorized to be fiduciary responsible to invest Wash Plan funds it will want to be given the ability to operate in a broad range in considering investing. The Wash Plan funds can be invested for up to 30 years potentially. USFWS estimates \$16 million for Wash Plan; Staff estimates \$10 million for endowment. Mr. Cozad indicated that ultimately the entity implements the plan will decide how we will be investing funds.

Mr. Cozad introduced a new investment opportunity which may give the District a higher return without the bond fluctuation by laddering CD's. Discussion ensued. It will be brought back to the Committee once additional information is obtained for consideration.

#### 5. 1<sup>st</sup> QUARTER ANNUAL UNAUDITED FINANCIALS REVIEW

This item was taken out of order.

Mr. Cozad introduced the first quarter financials for the current fiscal year for review and discussion. He pointed to package page 17 where the new format was presented which rolls up general ledger accounts and provides subtotals as requested at the August 25<sup>th</sup> Committee meeting. Mr. Cozad gave a brief overview of the new format indicating that the full break out is available for review upon request and requested any feedback from the Committee. Director Raley indicated his support of the new format. Director Raley suggested breaking out General Ledger (GL) category *6400-Director Expenses* out by Director if it seems that the Board may exceed their budget. Chairperson McDonald asked whether or not the Director's exceeded their budget last year. Mr. Cozad indicated that the Board was within their budget last fiscal year and anticipates they will do so this year as well. Brief discussion ensued. Mr. Cozad indicated that in this quarter the District is under budget for expenses and on budget for revenue. Director Raley asked the plan for balancing the budget. He said that the District should put unearned income into its own GL to avoid any misconception. Mr. Cozad said that for future budgets we can add a prior year fund. The Committee indicated they like the new quarterly financial report format and opted to have it presented to the full Board at the November 19<sup>th</sup> Board of Directors Meeting.

6. ADJOURN

**It was moved by Director Raley and seconded by Chairperson McDonald to adjourn. The motion carried with all members present voting in the affirmative.**

**Director Raley: Yes**

**Chairperson McDonald: Yes**

There being no further business, the meeting adjourned at 3:55 p.m.

## GET THE MOST OUT OF EVERY DOLLAR

The HealthEquity® Health Savings Account (HSA)

An HSA is the tax-free way to save for qualified health care expenses. You own the account. Balances roll over year after year, growing tax-free. You never lose your contributions to your HSA—unlike other health accounts such as a flexible spending account (FSA).

### Get the Most...

**Affordability**—Lowering the cost of health care premiums by choosing an HSA-qualified health plan.

**Ownership**—Keep the HSA with you even if you change jobs, health plans, or retire, no “use it or lose it” penalty.

**Flexibility**—Paying for qualified health care expenses for you and your family; including qualified medical expenses, prescriptions, dental and vision care.

**Tax Savings**—Reduce income taxes with pre-tax contributions via payroll deductions or contribute directly and take a tax deduction up to 100% of your contribution<sup>1</sup>.

**Long-term Savings**—Grow your account. Interest and investment earnings are tax-free. Withdraw funds tax-free for future health care expenses.

...with HealthEquity.

### Tax-Deductible Contribution Limits



#### Individual HSA

**\$3,300** (2014)  
**\$3,250** (2013)



#### Family HSA

**\$6,550** (2014)  
**\$6,450** (2013)

A \$1,000 catch-up contribution is allowed for account holders age 55+.

### Your Account Benefits include:

- ▶ **FREE** account set-up, with unlimited transactions
- ▶ **FREE** HealthEquity® Visa® Health Account Card†
- ▶ **FREE** 24/7/365 Support
- ▶ **FREE** investment options with no transaction fees
- ▶ **FREE** PayChoice™ online bill pay tool
- ▶ **FREE** Mobile App

### The HSA Experts

- ▶ **Available 24/7/365**
- ▶ **US-Based Support Team**
- ▶ **HSA Trained & Certified**

To learn more about a HealthEquity HSA, visit [www.healthequity.com/HSA](http://www.healthequity.com/HSA)

## Unparalleled Triple-Tax Advantages

No other tax advantaged account offers the same tax benefits. With an HSA, you are never taxed<sup>1</sup> if funds are used for qualified health care expenses.



**1 Tax-free deposits**  
Deposits reduce your taxable income<sup>1</sup>.



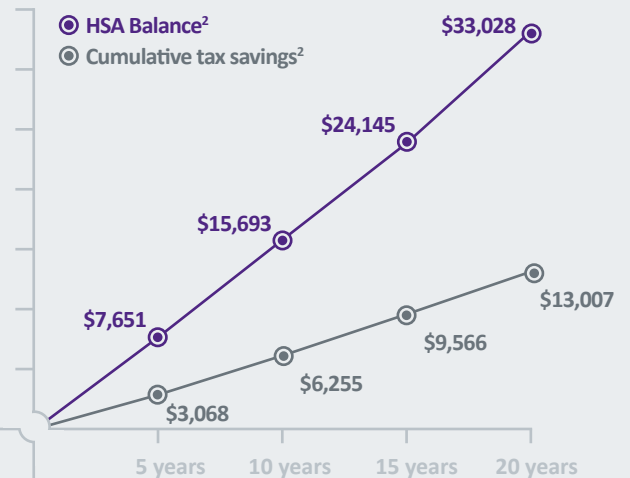
**2 Tax-free earnings**  
Earnings and interest grow tax-free<sup>1</sup>.



**3 Tax-free withdrawals**  
Qualified health care expenses are not taxed.

### Tax-Free Savings

By contributing \$2,000 annually, you will save \$600 in taxes each year<sup>1</sup>. If you use \$500 from your HSA for qualified health care expenses per year, your HSA balance will exceed \$33,000 after 20 years. You will also save over \$13,000 in taxes<sup>2</sup>.



To calculate your tax-free savings, visit [www.healthequity.com/calculate](http://www.healthequity.com/calculate).

## Frequently Asked Questions

### Q. WHO IS ELIGIBLE TO OPEN AND CONTRIBUTE TO AN HSA?

- A.** The requirements to be eligible to contribute to an HSA are:
- Be enrolled in HSA-qualified health plan.
  - Have no other health coverage (see IRS Publication 969).
  - Not be enrolled in Medicare.
  - Not be claimed as a dependent on someone else's tax return.

### Q. WHAT IS A QUALIFIED HEALTH CARE EXPENSE?

- A.** Qualified expenses are outlined in IRS Publication 502. For a complete list, visit [www.healthequity.com/QME](http://www.healthequity.com/QME).

### Q. HOW DO I ACCESS MY HEALTHEQUITY HSA ONLINE?

- A.** You can log in to your account anytime at [www.myhealthequity.com](http://www.myhealthequity.com).

### Q. WILL I LOSE MY HSA BALANCE AT THE END OF THE YEAR?

- A.** No, once money is in your HSA, it is yours and will not be forfeited at the end of the year. Your balance will roll over year after year. The HSA is yours—even if you leave your employer, retire, or change health plans.

### Q. CAN I USE MY HSA TO PAY FOR MY SPOUSE'S OR CHILDREN'S HEALTH CARE EXPENSES?

- A.** Yes. Your HSA can be used to pay for qualified health care expenses of your spouse and any family member who qualifies as a tax dependent. Remember, if your spouse and/or dependents are not covered by your health plan, their expenses will not apply to your deductible.

### Q. WHO CAN MAKE A DEPOSIT TO MY HSA?

- A.** Anyone can contribute to your HSA, however, only you and your employer (if applicable) receive tax deductions on contributions. When you contribute through payroll deductions, your contributions are pre-tax.

### Q. CAN I SPEND MY HSA DOLLARS ANY TIME?

- A.** Yes. You can withdraw your HSA funds at any time, tax-free, and without penalty when you are paying for qualified health care expenses. If you withdraw funds for non-qualified expenses, you will pay income tax plus a 20% penalty.

### Q. HOW DO I CONTACT HEALTHEQUITY?

- A.** Call a HealthEquity HSA expert 24/7/365 at the Member Services number listed on your debit card or account statement.

[www.healthequity.com](http://www.healthequity.com)

866.346.5800

HealthEquity does not provide medical or tax advice. Content should not in any case replace professional medical or tax advice. If you have questions regarding medical condition, please consult a qualified health care professional. Please consult your tax adviser for tax questions.

<sup>†</sup>This card is issued by The Bancorp Bank pursuant to a license from Visa U.S.A. Inc. The Bancorp Bank; Member FDIC.

<sup>3</sup>Some states do not recognize HSA contributions as tax-deductible.

<sup>2</sup>Example based on a 1% interest rate compounded over time, a 5% state tax rate, and a 25% federal tax rate. Results will vary based on contributions, distributions and applicable tax rates.

# HSA Frequently Asked Questions



## **What is a Health Savings Account (HSA)?**

A Health Savings Account is a special tax-advantaged savings account available to people who are enrolled in an Account Based Health Plan (ABHP). You must be actively enrolled in an ABHP in order to contribute to your HSA. Once you are no longer enrolled in a ABHP, you can maintain your HSA and continue to use the money on medical expenses, but you can no longer make contributions to the account.

## **What does tax-advantaged mean in reference to HSAs?**

Tax-advantaged means any contributions made to the HSA are tax free at the federal level. However they are taxed under California income tax rules. Any withdraws from a HSA are tax free at the federal and California level as long as they are withdraws for eligible medical expenses. Withdraws for non-medical expenses are taxed at an individual's normal tax rate. There is an additional 20 percent tax penalty for withdraws made prior to age 65.

## **How can I spend my HSA money without being taxed?**

- Your insurance deductible, copayment, and coinsurance until you reach your health plan's out-of-pocket maximum.
- Qualified health care expenses and some medical expenses excluded from your health plan. This includes dental, vision, and some over-the-counter products. Please refer to IRS Publication 502 for a detailed list.
- Post-tax premiums owed after employment ends such as COBRA or Medicare premiums.

## **How will an HSA plan save me money?**

A HSA plan may save you money through lower premiums, tax savings, and money deposited in your account which can be used to pay your deductible and other out-of-pocket medical expenses in the current year or in the future.

## **How does a HSA differ from a Flexible Spending Arrangement (FSA)?**

You will not lose your HSA funds at the end of the year. You are allowed to roll your HSA balance over each year and take the money with you if your employment ends. You determine if a withdrawal is an eligible expense, so no third party substantiation of claims.

## **What is required of me to be eligible to contribute to a Health Savings Account?**

The IRS has strict guidelines to determine who is eligible to contribute to a HSA. The following requirements must be met in order to receive or make contributions:

- You must be enrolled in an ABHP or High Deductible Health Plan.
- You cannot have other medical coverage. A spouse and/or dependents may have other coverage.
- You cannot have Medicare. A spouse and/or dependents may have Medicare.
- You cannot be claimed as a tax dependent.

## **Can I have a Flexible Spending Arrangement (FSA) or Health Reimbursement Arrangement (HRA) along with HSA?**

No, you may not have access to a traditional Medical FSA or HRA along with a HSA, which includes having access to a spouse's FSA. This type of plan is considered other medical coverage. The only exception to this would be if the plan is specifically a Limited Purpose FSA or HRA that can only be used for eligible dental and vision expenses. Post-Deductible FSA or HRA that only provides medical reimbursements, once the annual deductible has been met, are allowed. The IRS limit of \$2,500 for FSA still applies to the Limited Purpose FSA and Post-Deductible FSA.

(continued)

# HSA Frequently Asked Questions



## **What is the IRS 2015 HSA Contribution Limits?**

- An employee with employee only medical coverage can contribute up to \$3,350.
- An employee with employee plus dependent medical coverage can contribute up to \$6,650.
- HSA holders that are age 55 and older may make an additional \$1,000 contribution.

## **What are the catch-up contributions?**

Catch-up contributions are only available to persons over the age of 55 and without Medicare. If you are covered by your HSA for the entire year, you may deposit the entire catch-up amount starting with the year you turn 55. For 2015, the catch-up contribution limit is \$1,000.

## **Who can contribute to my HSA?**

Anyone can contribute to your HSA, however, only your employer and you will receive a tax benefit from the contributions.

## **How can contributions be made to my HSA?**

- Your employer and you can make tax-advantaged contributions through payroll.
- Contributions can be mailed into your HSA or directly transferred to your HSA from a bank. These contributions would be considered post-tax, so you wouldn't get the tax-advantaged savings until you filed your tax return the following year.
- You can make a one time rollover from an IRA to your HSA. These contributions would count towards your annual maximum limit for that year. Please see IRS Publication 969 for more details on the requirements for this type of rollover.

## **When do expenses have to be incurred?**

Only expenses incurred after you established your HSA are considered eligible expenses. Expense incurred before you establish your HSA are not qualified medical expenses. An account is deemed established once the account holder has opened the account and funds have been deposited into the account for the first time.

## **Whom can the money in my account be spent on?**

Yourself, spouse, and anyone that can be claimed as a tax dependent on your tax return. The dependent does not have to actually be claimed on your tax return but only needs to be eligible.

## **How do I access HSA funds?**

- You can request a HSA Debit Card from the HSA provider to swipe at provider facilities which withdraws the money directly from the HSA.
- You can request a HSA Check Book from the HSA provider which will allow you to pay bills and providers directly from your HSA.
- You can call the HSA provider and request a reimbursement check or direct deposit to reimburse out-of-pocket health expenses.

## **Will the HSA provider ask me for proof of my medical expenses when I take a distribution?**

No, you will be required to hold on to receipts and Explanation of Benefits (EOBs) as supporting documentation for the distributions. The only time you will be asked to provide that documentation is by the IRS during an audit.

(continued)

# HSA Frequently Asked Questions



## **Can I invest the money in my HSA?**

Yes, once you have a minimum balance in the HSA, you will be allowed to transfer funds into a brokerage account with a variety of investment options. However, before you can access that money to pay for medical expenses, you will be required to sell your investments and transfer the money back to your money market account. HealthEquity's minimum balance is \$2,000.

## **Is it true, you can use money from your HSA for non-preferred providers?**

Yes, money from your HSA can be used to pay for all qualified medical expense. However, if you use in-network providers, you will usually save money. See IRS Publication 502 for a list of eligible expenses.

## **Do I have to continue to pay health insurance premiums if I meet my deductible on my ABHP?**

Yes, the health plan is a separate component from the HSA. You must continue to pay your premiums in order to remain eligible for health benefits and to continue contributing to your HSA.

## **Can the unused funds in my HSA be rolled over each year?**

Yes, your funds will accumulate without a maximum cap. However, the annual limit you can contribute to the HSA may not exceed the maximum contribution amount set by the IRS, plus "catch-up" contributions for those individuals over age.

## **Can I take the money out of my HSA anytime I want?**

Yes. You can take money out anytime, tax-free and without penalty, as long as it is used for qualified medical expense. If you withdraw funds for other purposes, you will be subject to income tax. If you are under 65 years old, an additional 20 percent tax penalty will apply to the amount withdrawn.

## **What happens to my HSA if I leave my employer with the ABHP?**

All the money in your HSA is your money. This includes any contributions deposited by your employer on your behalf. These funds may continue to be used on qualified medical expenses listed in IRS Publication 502. Remember, you can only contribute to your HSA when you are enrolled in an ABHP.

If you enroll in a new health plan that has a High Deductible (\$1,250 for Employee only or \$2,500 for Employee and Family) then you may continue to contribute to your HSA account because you own the account.

## **Helpful Tips:**

- Learn more about your plan by reading your plan documents carefully and/or ask HR or insurance carriers any questions you might have.
- Review past Explanations of Benefits (EOB) for ongoing medical issues that you will continue to receive care for once you are enrolled on the ABHP.
- Visit the carrier's website for in-network provider search.
- Inform your doctor's office that you are on an ABHP and ask for an estimate for the service(s) you may need.
- Check the IRS list of "qualifying healthcare expenses" to see what types of healthcare costs you can pay for with your HSA. (IRS Publication 502)
- Keep a record and copy of all your healthcare receipts and claims. This will help you keep track of your expense and know when you met your deductible.
- Get recommended preventive screenings and regular checkups and talk to your doctor about what you can do to stay healthy.

(continued)

# Account Based Health Plan with an HSA



## What is an Account Based Health Plan (ABHP)?

Account Based Health Plan (ABHP) is a health plan product that combines a Health Savings Account (HSA) with High Deductible medical plan. It provides insurance coverage and a tax-advantage way to help save for future medical expenses.

## What are the general features of an ABHP?

- For 2015, an ABHP has an annual deductible of \$1,500 for Self only coverage and \$3,000 for Self and Family coverage.\*
- The annual out-of-pocket limits for 2015 are \$1,500 for Self Coverage and \$3,000 for Self and Family coverage under Kaiser. Anthem's annual out-of-pocket limit for 2015 are \$2,500 for Self Coverage and \$4,000 for Self and Family coverage.\*
- Deductibles are included in the out-of-pocket maximum.
- In-network preventive care services are provided at no cost.

HSA \$\$

Coinsurance or Co-pays until Out-of-Pocket Maximum Is reached

HSA \$\$

Deductible

## What are the covered Preventive Care Benefits?

Preventive care includes, but is not limited to the following:

- Periodic health evaluations, including test and diagnostics procedures ordered in connection with routine examinations, such as annual physicals
- Routine prenatal and well-child care
- Child and adult immunizations
- Tobacco cessation programs
- Screening services (cancer, heart, mental health, pediatric, vision, etc.)

Free!

Preventive Care

## What will I have to pay?

After you meet your deductible, you still have to pay co-pays and/or co-insurance for covered medical services and prescriptions drugs up until you meet the out-of-pocket maximum cost.\*

## How does the payment process work when I am in an ABHP plan?

After your healthcare provider submits the claims to the insurance carrier for your visit, you will receive an Explanation of Benefits (EOB) in the mail. If there is an amount due, it will appear on your EOB and you will receive a bill from your healthcare provider for that amount.

## How will I know when I meet my Deductible?

The Explanation of Benefits (EOB) that you receive after a service will show whether you have met your deductible or not.

\*Remember that your plan may have different deductibles for single and family coverage. Also, your plan may have separate deductibles for different types of services, like in-network and out-of-network care. Before you visit the doctor, read through your plan documents or talk to HR so that you know exactly what is covered and what you will need to pay before and after you meet your deductible.

**FY 2014/2015 QUARTER 2 BUDGET WORKSHEET**

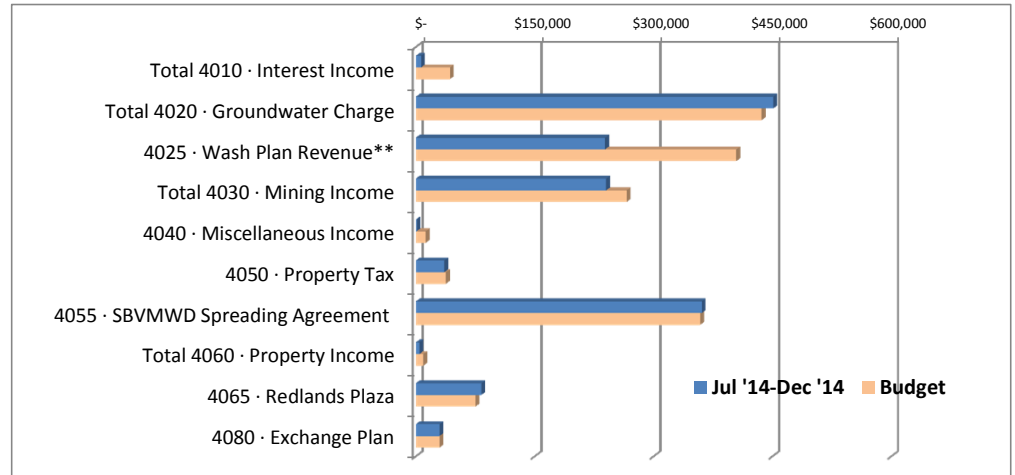
| GL ACCT:                           | GL DESCRIPTION:                        | Approved<br>2014-2015<br>Budget | Expended/<br>Received to<br>Date as of<br>12/31/2014 | Expected<br>Remaining<br>Costs/Revenue | Projected<br>Annual Costs<br>(7/1/14-<br>6/30/14) | Projected<br>Over/Unde<br>r Budget | Notes                    | GENERAL FUND       |          |                             | GROUNDWATER<br>RECHARGE ENTERPRISE |              | REDLANDS PLAZA &<br>LEASED PROPERTY-<br>MENTONE HOUSE |             | LAND RESOURCE     |             | WASH PLAN          |            |            |
|------------------------------------|--|---------------------------------|--|--|---|------------------------------------|--------------------------|--------------------|----------|-----------------------------|------------------------------------|--------------|---|-------------|-------------------|-------------|--------------------|------------|------------|
|                                    |  |                                 |  |  |   |                                    |                          | 2014 BUDGET:       | % BUDGET | BASIS:                      | 2014 BUDGET:                       | % BUDGET     | 2014 BUDGET:  | % BUDGET    | 2014 BUDGET:      | % BUDGET    | 2014 BUDGET:       | % BUDGET   |            |
| <b>Budget 2014-2015</b>            |  |                                 |  |  |   |                                    |                          |                    |          |                             |                                    |              |   |             |                   |             |                    |            |            |
| <b>INCOME:</b>                     |  |                                 |  |  |   |                                    |                          |                    |          |                             |                                    |              |   |             |                   |             |                    |            |            |
| 4012-13                            | INTEREST INCOME                        | 86,200.00                       | 6,678.32   | 54,521.68                              | 61,200.00   | -25,000.00                         | reduced by bond loss     | 86,200.00          | 100.00%  |                             | 0.00                               |              | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
| 4021-23                            | GROUNDWATER                            | 873,295.00                      | 451,268.80   | 422,026.20                             | 873,295.00  | 0.00                               |                          | 0.00               |          |                             | 873,295.00                         |              | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
| 4031-34                            | MINING                                 | 492,333.33                      | 183,833.35   | 308,499.98                             | 492,333.33  | 0.00                               |                          | 0.00               |          |                             | 0.00                               |              | 0.00  |             | 492,333.33        |             | 0.00               |            | 0.00       |
| 4036,40,80                         | MISCELLANEOUS                          | 95,000.00                       | 88,059.58  | 46,940.42                              | 135,000.00  | 40,000.00                          |                          | 18,750.00          | 19.74%   |                             | 30,000.00                          | 31.58%       | 0.00  | 0.00%       | 46,250.00         | 48.68%      | 0.00               |            | 0.00       |
| 4050                               | PROPERTY TAX                           | 76,000.00                       | 36,151.08  | 39,848.92                              | 76,000.00   | 0.00                               |                          | 76,000.00          | 100.00%  | Assessor \$70K + \$6K RDA   | 0.00                               |              | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
| 4055                               | SBVMWD LEASE AGREEMENT                 | 359,017.33                      | 360,931.90   | 0.00                                   | 360,931.90  | 1,914.57                           | Actual Payment with CPI  | 179,508.67         | 50.00%   | General and Reserve         | 161,557.80                         | 45.00%       | 0.00  |             | 17,950.87         | 5.00%       | 0.00               |            | 0.00       |
| 4062-66                            | RENTALS                                | 204,902.33                      | 107,375.06   | 91,527.27                              | 198,902.33  | -6,000.00                          | loss of tenant/repairs   | 0.00               |          |                             | 0.00                               |              | 204,902.33  | 100.00%     | 0.00              |             | 0.00               |            | 0.00       |
| 4025                               | WASH PLAN REVENUE                      | 404,700.00                      | 221,401.45   | 183,298.55                             | 404,700.00  | 0.00                               |                          | 0.00               |          | Per Wash Plan Agreement     | 0.00                               |              | 0.00  |             | 0.00              |             | 0.00               |            | 404,700.00 |
| 4086                               | PLUNGE CREEK IRWMP                     | 200,000.00                      | 0.00   | 200,000.00                             | 200,000.00  | 0.00                               | Uncertain due to changes | 9,000.00           | 4.50%    | Per Plunge Creek Budget     | 0.00                               |              | 0.00  |             | 191,000.00        | 95.50%      | 0.00               |            | 0.00       |
|                                    | <b>TOTAL INCOME:</b>                   | <b>2,791,447.99</b>             | <b>1,455,699.54</b>                                  | <b>1,346,663.02</b>                    | <b>2,802,362.56</b>                               | <b>10,914.57</b>                   |                          | <b>369,458.67</b>  |          |                             | <b>1,064,852.80</b>                |              | <b>204,902.33</b>                                     |             | <b>747,534.20</b> |             | <b>404,700.00</b>  |            |            |
| <b>EXPENSES:</b>                   |  |                                 |  |  |   |                                    |                          |                    |          |                             |                                    |              |   |             |                   |             |                    |            |            |
| 5000                               | MISCELLANEOUS                          | 5,345.83                        | 238.96   | 5,345.83                               | 5,584.79  | 238.96                             |                          | 5,345.83           |          |                             | 0.00                               |              | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
| 5100                               | PROFESSIONAL SERVICES                  | 549,237.77                      | 121,262.20   | 408,126.91                             | 529,389.11  | -19,848.66                         | Projected lower          | 123,341.11         | 22.46%   |                             | 110,369.33                         | 20.10%       | 15,522.78   | 2.83%       | 299,999.55        | 54.62%      | 0.00               |            | 0.00%      |
| 5122                               | WASH PLAN PROFESSIONAL SERVICES        | 544,533.00                      | 145,846.32   | 398,686.68                             | 544,533.00  | 0.00                               |                          | 0.00               | 0.00%    |                             | 0.00                               | 0.00%        | 0.00  | 0.00%       | 33,033.00         | 6.07%       | 511,500.00         |            | 93.93%     |
| 52-53                              | FIELD OPERATIONS:                      | 80,458.00                       | 10,516.38  | 69,941.62                              | 80,458.00   | 0.00                               |                          | 0.00               |          |                             | 71,958.00                          |              | 0.00  |             | 8,500.00          |             | 0.00               |            | 0.00       |
| 5400                               | UTILITIES:                             | 34,960.00                       | 10,420.11  | 25,199.89                              | 35,620.00   | 660.00                             |                          | 15,680.00          |          |                             | 10,864.00                          |              | 6,875.00  |             | 1,541.00          |             | 0.00               |            | 0.00       |
| 6000                               | GENERAL ADMINISTRATION:                | 221,032.45                      | 83,289.79  | 127,278.66                             | 210,568.45  | -10,464.00                         |                          | 94,075.22          |          |                             | 38,373.29                          |              | 57,883.10   |             | 30,700.84         |             | 0.00               |            | 0.00       |
| 6100                               | BENEFITS:                              | 307,040.46                      | 137,152.42   | 169,888.04                             | 307,040.46  | 0.00                               |                          | 49,310.70          |          |                             | 187,429.78                         |              | 18,790.88   |             | 54,898.83         |             | 48,156.23          |            | 0.00       |
| 6200                               | SALARIES:                              | 640,775.82                      | 270,055.42   | 367,600.11                             | 637,655.53  | -3,120.29                          |                          | 116,107.92         | 16.06%   | Overhead Offset 20%         | 387,670.77                         | 50.87%       | 32,783.94   | 5.10%       | 118,322.45        | 14.90%      | 90,824.31          |            | 13.07%     |
| 6300                               | INSURANCE:                             | 32,633.30                       | 34,312.65  | 0.00                                   | 34,312.65   | 1,679.35                           | actual above budget      | 1,631.67           |          | Labor Total                 | 24,474.98                          |              | 4,895.00  |             | 1,631.67          |             | 0.00               |            | 0.00       |
| 6400                               | DIRECTOR'S EXPENSES:                   | 107,275.37                      | 41,902.88  | 60,372.49                              | 102,275.37  | -5,000.00                          |                          | 107,275.37         |          | Board Total                 | 0.00                               |              | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
| 6500                               | ADMINISTRATIVE/STAFF EXPENSES:         | 14,605.91                       | 4,822.95   | 7,282.96                               | 12,105.91   | -2,500.00                          |                          | 6,425.66           |          |                             | 5,553.07                           |              | 0.00  |             | 2,627.18          |             | 0.00               |            | 0.00       |
| 9999                               | Contribution toward Capital Maint.     | 421,038.87                      | 0.00   | 421,038.87                             | 421,038.87  | 0.00                               |                          | 6,185.99           |          | See Below in 7000 series    | 208,755.00                         |              | 23,798.38   |             | 182,299.50        |             | 0.00               |            | 0.00       |
| 8010                               | Capital Reserve GWE/Rate Stabilization | 20,000.00                       | 0.00   | 20,000.00                              | 20,000.00   | 0.00                               |                          | 0.00               | 0.00%    |                             | 20,000.00                          | 100.00%      | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
|                                    | <b>TOTAL EXPENSES:</b>                 | <b>2,978,936.78</b>             | <b>859,820.08</b>                                    | <b>2,080,762.06</b>                    | <b>2,940,582.14</b>                               | <b>-38,354.64</b>                  |                          | <b>525,379.46</b>  |          |                             | <b>1,065,448.21</b>                |              | <b>160,549.07</b>                                     |             | <b>733,554.03</b> |             | <b>650,480.54</b>  |            |            |
|                                    | Operating Revenue                      | 2,791,447.99                    |  |  | 2,802,362.56                                      |                                    |                          | 369,458.67         |          |                             | 1,064,852.80                       |              | 204,902.33  |             | 747,534.20        |             | 404,700.00         |            |            |
|                                    | <b>NET OPERATING REVENUE</b>           | <b>-187,488.79</b>              |  |  | <b>-138,219.58</b>                                |                                    |                          | <b>-155,920.80</b> |          |                             | <b>-595.41</b>                     |              | <b>44,353.26</b>                                      |             | <b>13,980.17</b>  |             | <b>-245,780.54</b> |            |            |
|                                    | OVERHEAD                               |                                 |  |  |   |                                    |                          | 156,479.53         |          |                             |                                    |              |   |             |                   |             |                    |            |            |
|                                    | NET GENERAL FUND ANNUAL                |                                 |  |  |   |                                    |                          | 558.73             |          |                             |                                    |              |   |             |                   |             |                    |            |            |
| <b>CONSTRUCTION CAPITAL COSTS:</b> |  |                                 |  |  |   |                                    |                          |                    |          |                             |                                    |              |   |             |                   |             |                    |            |            |
| 7010                               | MATERIALS                              | 7,725.00                        | 0.00   | 7,725.00                               | 7,725.00  | 0.00                               |                          | 0.00               |          |                             | 7,725.00                           | 100.00%      | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
| 7050                               | BASINS -CAPITAL ANNUAL REPAIRS         | 75,000.00                       | 3,198.00   | 58,480.00                              | 61,678.00   | -13,322.00                         |                          | 0.00               |          |                             | 75,000.00                          | 100.00%      | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
|                                    | 3 year Maintenance                     |                                 |  | 0.00                                   | 0.00  | 0.00                               |                          | 0.00               |          |                             | 0.00                               | 100.00%      | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
| 7055                               | PLUNGE CREEK PROJECT LOCAL MATCH       | 120,000.00                      | 0.00   | 100,000.00                             | 100,000.00  | -20,000.00                         | behind schedule          | 0.00               |          | This may be in 1 or more FY | 0.00                               |              | 0.00  |             | 120,000.00        | 100.00%     | 0.00               |            | 0.00       |
|                                    | LAND & BUILDINGS                       |                                 |  | 0.00                                   | 0.00  | 0.00                               |                          | 0.00               |          |                             |                                    |              |   |             |                   |             |                    |            |            |
| 7100                               | CAPITAL REPAIRS                        | 60,298.38                       | 18,302.19  | 41,996.19                              | 60,298.38   | 0.00                               |                          | 0.00               | 0.00%    |                             | 26,000.00                          | 43.12%       | 23,798.38   | 39.47%      | 10,499.50         | 17.41%      | 0.00               |            | 0.00%      |
| 7200                               | EQUIPMENT & VEHICLES                   | 49,475.99                       | 26,602.02  | 22,873.97                              | 49,475.99   | 0.00                               |                          | 6,185.99           | 12.50%   |                             | 41,490.00                          | 83.86%       | 0.00  | 0.00%       | 1,800.00          | 3.64%       | 0.00               |            | 0.00%      |
|                                    | PROFESSIONAL SERVICES:                 | 0.00                            |  | 0.00                                   | 0.00  | 0.00                               |                          | 0.00               |          |                             |                                    |              |   |             |                   |             |                    |            |            |
| 7150                               | MILL CREEK MAINTENANCE PERMITTING      | 50,000.00                       | 0.00   | 50,000.00                              | 50,000.00   | 0.00                               |                          | 0.00               |          |                             | 0.00                               |              | 0.00  |             | 50,000.00         | 100.00%     | 0.00               |            | 0.00       |
| 7438                               | ENGINEERING SERVICES-OTHER             | 80,000.00                       | 0.00   | 80,000.00                              | 80,000.00   | 0.00                               |                          | 0.00               |          |                             | 80,000.00                          | 100.00%      | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
|                                    | <b>CAPITAL EXPENSE</b>                 | <b>442,499.37</b>               | <b>48,102.21</b>                                     | <b>361,075.16</b>                      | <b>409,177.37</b>                                 | <b>-33,322.00</b>                  |                          | <b>6,185.99</b>    |          |                             | <b>230,215.00</b>                  | <b>6.91</b>  | <b>23,798.38</b>                                      | <b>1.40</b> | <b>182,299.50</b> | <b>2.59</b> | <b>0.00</b>        |            |            |
|                                    | CAPTIAL REVENUE                        | 421,038.87                      |  |  |   |                                    |                          | 6,185.99           |          |                             | 208,755.00                         |              | 23,798.38   |             | 182,299.50        |             | 0.00               |            | 0.00       |
|                                    | CAPITAL SUBTOTAL ANNUAL NET            | -21,460.50                      |  |  |   |                                    |                          | 0.00               |          |                             | -21,460.00                         |              | 0.00  |             | 0.00              |             | 0.00               |            | 0.00       |
|                                    | <b>RESERVE CONTRIBUTION OR (-USE)</b>  | <b>-208,949.29</b>              |  |  |   |                                    |                          | <b>558.73</b>      |          |                             | <b>-22,055.41</b>                  |              | <b>44,353.26</b>                                      |             | <b>13,980.17</b>  |             | <b>-245,780.54</b> |            |            |
| <b>TOTAL EXPENSES:</b>             |  | 3,000,397.28                    | 907,922.29   | 2,441,837.22                           | 2,928,720.64                                      | -71,676.64                         |                          | 531,565.45         | 0.00     |                             | 0.00                               | 1,295,663.21 | 6.91  | 184,347.45  | 1.40              | 915,853.53  | 2.59               | 650,480.54 |            |
| Projected Revenue                  |  | 2,791,447.99                    | 1,455,699.54   | 1,346,663.02                           | 2,802,362.56                                      | 10,914.57                          |                          | 369,458.67         | 0.00     |                             | 0.00                               | 1,064,852.80 | 0.00  | 204,902.33  | 0.00              | 747,534.20  | 0.00               | 404,700.00 |            |
| Revenue Minus Expenses             |  | 208,949.29                      | 547,777.25   |  | 126,358.08  | 82,591.21                          |                          | 162,106.79         |          |                             |                                    |              |   |             |                   |             |                    |            |            |
| Overhead Charged Out               |  |                                 |  |  |   |                                    |                          | 156,479.53         |          |                             |                                    |              |   |             |                   |             |                    |            |            |

**SBVWCD - All Enterprises Budget and Actual**

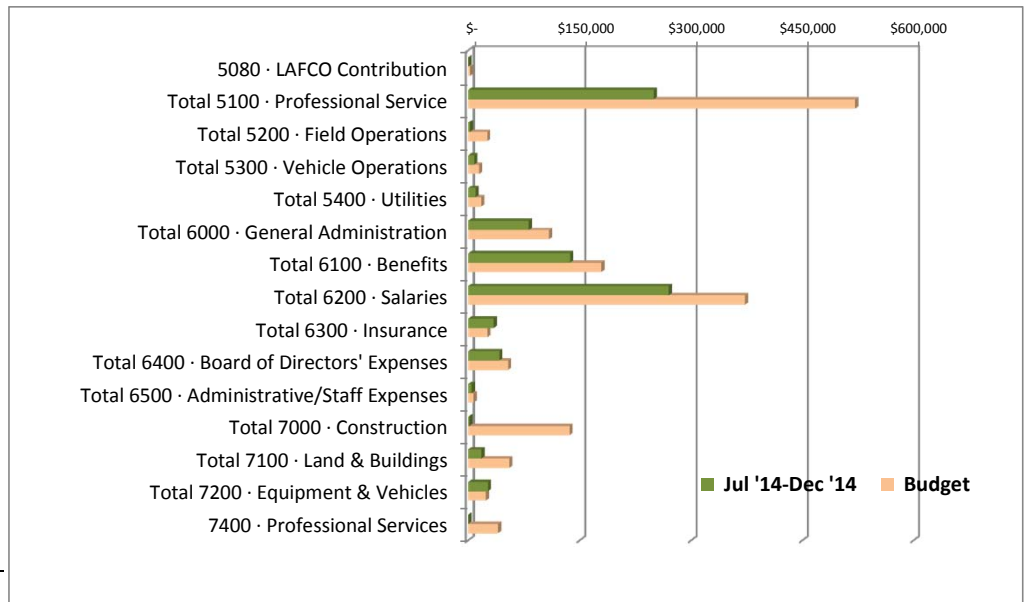
**December 2014**

| REVENUE                           | Jul '14-Dec '14     | Budget              |
|-----------------------------------|---------------------|---------------------|
| Total 4010 · Interest Income      | \$ 6,678            | \$ 43,100           |
| Total 4020 · Groundwater Charge   | \$ 451,269          | \$ 436,648          |
| 4025 · Wash Plan Revenue**        | \$ 238,963          | \$ 404,700          |
| Total 4030 · Mining Income        | \$ 240,375          | \$ 266,167          |
| 4040 · Miscellaneous Income       | \$ 1,119            | \$ 12,500           |
| 4050 · Property Tax               | \$ 36,151           | \$ 38,000           |
| 4055 · SBVMWD Spreading Agreement | \$ 360,932          | \$ 359,017          |
| Total 4060 · Property Income      | \$ 4,541            | \$ 9,600            |
| 4065 · Redlands Plaza             | \$ 82,722           | \$ 75,301           |
| 4080 · Exchange Plan              | \$ 30,000           | \$ 30,000           |
| <b>Total Revenue</b>              | <b>\$ 1,452,750</b> | <b>\$ 1,675,033</b> |

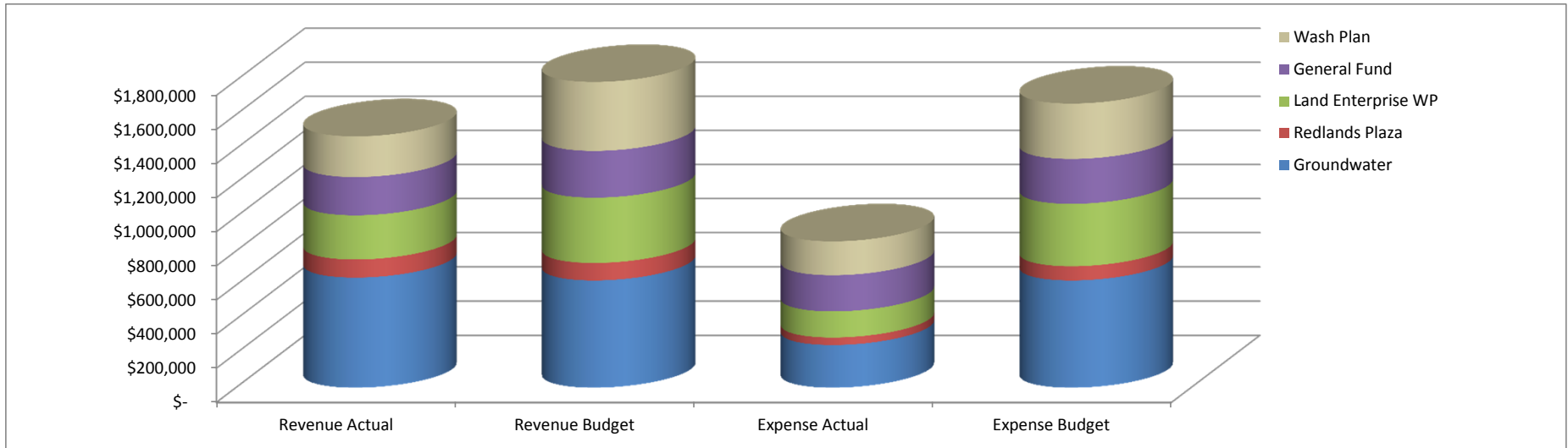
\*\*4025 reported on cash basis



| EXPENSES Operating and Capital             | Jul '14-Dec '14   | Budget              |
|--|-------------------|---------------------|
| 5080 · LAFCO Contribution                  | \$ -              | \$ 2,673            |
| Total 5100 · Professional Service          | \$ 249,597        | \$ 521,366          |
| Total 5200 · Field Operations              | \$ 2,282          | \$ 25,479           |
| Total 5300 · Vehicle Operations            | \$ 8,098          | \$ 14,750           |
| Total 5400 · Utilities                     | \$ 10,004         | \$ 17,480           |
| Total 6000 · General Administration        | \$ 81,494         | \$ 108,869          |
| Total 6100 · Benefits                      | \$ 137,152        | \$ 179,293          |
| Total 6200 · Salaries                      | \$ 270,055        | \$ 372,855          |
| Total 6300 · Insurance                     | \$ 34,313         | \$ 25,709           |
| Total 6400 · Board of Directors' Expenses  | \$ 41,863         | \$ 53,638           |
| Total 6500 · Administrative/Staff Expenses | \$ 4,823          | \$ 7,303            |
| Total 7000 · Construction                  | \$ 1,678          | \$ 136,363          |
| Total 7100 · Land & Buildings              | \$ 17,832         | \$ 55,151           |
| Total 7200 · Equipment & Vehicles          | \$ 26,602         | \$ 23,838           |
| 7400 · Professional Services               | \$ -              | \$ 40,020           |
| <b>Total Expense</b>                       | <b>\$ 885,794</b> | <b>\$ 1,584,786</b> |



## Enterprises to Date (December 2014)



| Enterprise                         | Actual            | Budget            | % of Budget |
|------------------------------------|-------------------|-------------------|-------------|
| Groundwater Revenue                | \$ 645,079        | \$ 628,205        | 103%        |
| Groundwater Expense                | \$ 249,981        | \$ 560,696        | 45%         |
| Revenue -Expense                   | \$ 395,098        | \$ 67,509         |             |
| Redlands Plaza Revenue             | \$ 105,984        | \$ 102,451        | 103%        |
| Redlands Plaza Expense             | \$ 43,850         | \$ 83,183         | 53%         |
| Revenue -Expense                   | \$ 62,134         | \$ 19,268         |             |
| Land Enterprise Revenue            | \$ 258,922        | \$ 382,743        | 68%         |
| Land Enterprise Expense            | \$ 153,360        | \$ 365,913        | 42%         |
| Revenue -Expense                   | \$ 105,562        | \$ 16,830         |             |
| General Fund Revenue               | \$ 224,313        | \$ 274,484        | 82%         |
| General Fund Expense               | \$ 211,547        | \$ 263,293        | 80%         |
| Revenue -Expense                   | \$ 12,766         | \$ 11,190         |             |
| Wash Plan Revenue                  | \$ 238,963        | \$ 404,700        | 59%         |
| Wash Plan Expense                  | \$ 198,694        | \$ 325,240        | 61%         |
| Revenue-Expense                    | 40,269            | 79,460            |             |
| <b>Total All Revenue - Expense</b> | <b>\$ 615,828</b> | <b>\$ 194,257</b> |             |

| Cash Status          | As of 7/1/2014         | As of 12/31/2014       |
|----------------------|------------------------|------------------------|
| LAIF                 | \$ 445,236.84          | \$ 445,753.85          |
| Cal Trust            | \$ 7,476,144.42        | \$ 7,732,305.73        |
| Citizens Bank        | \$ 696,980.76          | \$ 902,535.70          |
| Total Cash           | \$ 8,618,362.02        | \$ 9,080,595.28        |
| Less Prepaid Royalty | \$ (5,000,000.00)      | \$ (5,000,000.00)      |
| <b>Cash Position</b> | <b>\$ 3,618,362.02</b> | <b>\$ 4,080,595.28</b> |

Increase of \$ 462,233.26