



**San Bernardino Valley
Water Conservation District**
Helping Nature Store Our Water

BOARD OF DIRECTORS MEETING AGENDA
Wednesday, September 11, 2019 – 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 office and are available for public review during normal District business hours. New information relating to agenda topics listed, received, or generated by the District after the posting of this agenda, but before the meeting, will be made available upon request at the District office and in the Agenda Package on the Districts website. It is the intention of the San Bernardino Valley Water Conservation District to comply with the Americans 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 at (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.

CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL

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. CONSENT CALENDAR

A. Approval of Board Minutes, August 14, 2019	4
B. Approval of Expenditure Report, August 2019.....	13
C. Top Five Groundwater Producers for GWA #52	22

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BOARD OF DIRECTORS

Division 1:
Richard Corneille
Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Daniel B. Cozad

4. COMMITTEE REPORTS /ACTION ITEMS

Committee Reports

- A. 2019 ANNUAL DISTRICT AUDIT - 15 minutes (M#1667).....23
Presenter: Ad Hoc Audit Committee Chair, David E. Raley
Recommendation: The Ad Hoc Audit Committee recommends the Board review and accept the 2019 Audit Report as presented and direct the General Manager to file the Audit with the County Clerk.

- B. LEGISLATIVE AND REGULATORY PLATFORM - 10 minutes (M#1668)101
Presenter: Daniel Cozad
Recommendation: The Outreach & Communications Committee recommends the Board review, discuss and consider approval of the Legislative and Regulatory Platform 2020.

Action Items

- C. EXCHANGE PLAN AGREEMENT SUPPORT AND CONTRIBUTION FOR PLAN UPDATE - 15 minutes (M#1669)105
Presenter: Daniel Cozad
Recommendation: Staff and the Exchange Plan Committee recommends the Board authorize the general manager to contract with Water Systems Consulting (WSC) for support services to enable the amendment and update of the Cooperative Exchange Plan Agreement under standard terms acceptable to legal counsel.the agreement is not expected to exceed \$100,000.

- D. UNAUDITED FINANCIAL REPORTS, August 2019 - 5 minutes (M#1670).....112
Presenter: Daniel Cozad
Recommendation: Review and approve the unaudited financials for August 2019.

- E. GROUNDWATER LATE PAYER AND NON-RESPONDENTS AND INVESTIGATION LIST FOR GWA #52 – 5 minutes (M#1671).....118
Presenter: Danel Cozad
Recommendation: Review, discuss and direct staff to investigate late payers and non-respondents for period of January 1, 2019-June 30, 2019.

- F. LAND EXCHANGE BLM AGREEMENTS – 5 minutes (M#1664).....120
Presenter: Daniel Cozad
Recommendation: Staff recommends that the Board authorize the general manager to execute the Land Exchange and Cooperative Land Management agreements with the Bureau of Land Management (BLM) for the Wash Plan.

5. INFORMATION ITEMS:

- A. Wash Plan Verbal Update – 5 Minutes
- B. General Manager’s Report and Monthly Recharge Report – 5 Minutes122
- C. Future Agenda Items & Staff Tasks

6. **MONTHLY BOARD MEMBER MEETING REPORTS, AND/OR BOARD MEMBER COMMENTS**

A. Board Member Meeting Reports – 15 minutes

7. **UPCOMING MEETINGS:**

- A. September 16, 2019 Association of San Bernardino Special Districts, 6:00 p.m. hosted by Best Best & Krieger at Panda Inn in Ontario
Program: California Water Commission and Update on Important Water Issues (Joseph Byrne)
- B. September 17, 2019 San Bernardino Valley Municipal Water District, 2:30 p.m. at Valley Municipal
- C. October 7, 2019 Santa Ana River-Mill Creek Cooperative Water Project Management Committee, 9:00 a.m. at Conservation District
- D. October 9, 2019 Board of Directors Meeting, 1:30 p.m. at Conservation District
- E. October 10, 2019 Advisory Commission on Water Policy, 6:30 p.m. at Valley Municipal
- F. December 3, 2019-December 6, 2019 ACWA Fall Conference, Manchester Grand Hyatt, San Diego
(Board Approval Required)

8. **CLOSED SESSION**

- 1. The Board will meet in Closed Session under authority of Government Code §54956.9 (a), in order to discuss existing litigation, Endangered Habitats League et al. vs. U.S. Army Corps of Engineers, Central District Court Case no. Case No.: 2:16-cv-09178-MWF-E.
- 2. The Board will meet in Closed Session under authority of Government Code §54956.9 (a), (d)(2), and (e) (1). in order to discuss “pending litigation” , one case.
- 3. The Board will meet in closed session under authority of Government Code §54956.8 regarding the potential renewal of lease of various properties located within section 11 and 12 more specifically described in “Mineral Lease for Extraction of Sand and Gravel Materials” dated November 1, 2011. The discussion will concern the price and terms of a potential renewal of the lease. The District’s negotiators are Daniel Cozad and David Cosgrove. The party with whom the District will negotiate is Cemex Materials Pacific, LLC, and its negotiators are Sean Palmer and Christine Jones.

9. **ADJOURN MEETING.** The next regularly scheduled Board of Directors Meeting will be on October 9, 2019 at 1:30 p.m., at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF August 14, 2019
1:30 p.m.

Vice President McDonald called the meeting of the Board of Directors to order at 1:32 p.m. All present stood for the Pledge of Allegiance, led by Vice President McDonald. President Corneille and Director Longville are noted excused.

ROLL CALL:

BOARD MEMBERS PRESENT:

David E. Raley, Director
Robert Stewart, Director
Melody McDonald, Vice President

BOARD MEMBERS ABSENT:

Richard Corneille, President
John Longville, Director

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Daniel Cozad, General Manager
Jeff Beehler, Land Resources Manager
Athena Monge, Administrative Specialist

GUESTS PRESENT:

Gil Navarro, San Bernardino Valley Municipal Water District
Luz Garcia
Paul Kielhold, San Bernardino Valley Municipal Water District
Clayton Larkins, Tetra Tech

1. PUBLIC PARTICIPATION

Vice President McDonald announced that any person present, who so desired, may make an oral presentation to the Board of Directors. Gil Navarro of San Bernardino Valley Municipal Water District addressed the Board regarding the Secombe Lake and provided a handout to the Board. He said that there might be a potential project related to Secombe Lake because there is much land that is currently not utilized and suggested a joint conservation project.

2. ADDITIONS/DELETIONS TO AGENDA

There were none.

3. CONSENT CALENDAR

It was moved by Director Stewart and seconded by Director Raley to approve the Consent Calendar: Item A: Board Minutes, July 10, 2019, Item B: Expenditure Report, July 2019, and Item C: Groundwater Assessment #52 Report for 01/01/2019-06/30/2019. The motion carried 3-0 with all Directors present voting in the affirmative and Director Longville and President Corneille noted absent from the vote.

**President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes**

4. COMMITTEE REPORTS/ACTION ITEMS

A. AD HOC TRAILS COMMITTEE VERBAL UPDATE

Mr. Cozad noted that the Ad Hoc Trails Committee met on July 19 and reviewed the preliminary project charter on the Wild Land Trails. These are also known as District maintenance roads which go through the preserve. The District has been working with the cities on trails implementation, but it is not priority for them at this time. Staff has prepared a draft project charter to identify a faster way to implement trails independently; the charter also includes a draft budget included in package beginning package page 31. Staff stated that additional work is needed but asked for feedback from the Board. Mr. Cosgrove stated that he is concerned with informal use of the trails and the potential liability. He suggested that staff coordinate with him and JPIA to refine the charter. Vice President McDonald spoke in support of the charter and staff working with counsel. Director Stewart expressed his appreciation for staff's efforts in identifying ways to implement one of the Board priorities. This item was received and filed.

B. FINANCE & ADMINISTRATION COMMITTEE VERBAL UPDATE

Mr. Cozad briefly reviewed the financials. He said that the Finance & Administration Committee met on July 24 and items for approval from that meeting are Items 4C and 4D.

C. PERSONNEL MANUAL REVISIONS FOR OPEB

Mr. Cozad noted these items are included in the Board package beginning on page 38. The District hired an actuary to perform an analysis of the Other Post-Employment Benefits (OPEB) and additional questions were raised which needed to be addressed. The current policy is ambiguous on several issues related to spousal coverage and survivor benefits. Staff has prepared a redline strikeout of the proposed revisions shown on package page 41.

It was moved by Director Raley and seconded by Director Stewart to amend the Personnel Manual with the clarifying language listed on package page 41 which states that coverage for surviving spouse

continues until the spouse reaches the age of 65 (whether or not the retiree has predeceased or previously qualified for Medicare). The motion carried 3-0 with all Directors present voting in the affirmative and Director Longville and President Corneille noted absent from the vote.

President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes

Mr. Cozad said that GASB 75 has set standards on how the District will estimate future costs; those standards are different than how the District estimated its costs before. GASB 78 requires identification of the implicit subsidy to be reported even if it is not paid. The District estimates that there will be \$120,000 in additional contribution to fully fund the OPEB Trust due to implicit subsidy costs.

It was moved by Director Raley and seconded by Director Stewart to direct staff to fund the OPEB Trust using reserves to cover implicit subsidy in an amount estimated to be \$120,000 to fully fund. The motion carried 3-0 with all Directors present voting in the affirmative and Director Longville and President Corneille noted absent from the vote.

President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes

D. FOURTH QUARTER UNAUDITED FINANCIALS FOR FY 2018-2019

Mr. Cozad noted the Fourth Quarter Unaudited Financials inclusion on package page 44. These numbers are shown on cash basis. The Active Recharge Transfer Projects funds have been invested in CAMP. Mr. Cozad reviewed in brief the Quarterly Investment Report on package page 47.

It was moved by Director Raley and seconded by Director Stewart to approve the Fourth Quarter Unaudited Financials for FY 2018-2019 as presented. The motion carried 3-0 with all Directors present voting in the affirmative and Director Longville and President Corneille noted absent from the vote.

President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes

E. OPERATIONS COMMITTEE VERBAL UPDATE

Vice President McDonald reported that an Operations Committee was held on August 1 and that a tour was held immediately following the meeting. Mr. Beehler said that the District has a lot of sand and cleaning is moving forward.

F. UNAUDITED FINANCIAL REPORTS, JULY 2019

Mr. Cozad said that since the report was prepared the City of Redlands has reported \$68,868.14 for their groundwater charge. The financials are included beginning package page 49. Mr. Cozad noted that a new enterprise has been added for the Active Recharge Transfer Projects.

It was moved by Director Stewart and seconded by Director Raley to approve the Unaudited Financials for July 2019. The motion carried 3-0 with all Directors present voting in the affirmative and President Corneille and Director Longville noted absent from the vote.

**President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes**

G. ACWA 2020-2021 COMMITTEE CONSIDERATION APPROVAL

Vice President McDonald has requested to be nominated for the Federal Affairs Committee as her first choice and State Legislative Committee as her second choice. President Corneille has requested re-nomination to the Groundwater Committee as his first choice and Water Management Committee as his second choice.

It was moved by Director Raley and seconded by Director Stewart to authorize submit ACWA Committee Consideration Forms for Vice President McDonald and President McDonald as requested. The motion carried 3-0 with all Directors present voting in the affirmative with President Corneille and Director Longville noted absent from the vote.

**President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes**

H. ACWA REGION 9 BOARD BALLOT FOR 2020-2021

Mr. Cozad presented this item for discussion noting the ballots inclusion on package page 62. Vice President McDonald suggested that the Board vote for the recommended slate with the exception of Vice Chair for which she recommended Luis Cetina.

It was moved by Director Raley and seconded by Director Stewart to vote for Phil Rosentrater for Chair; Luis Cetina for Vice Chair; Brenda Dennstedt, Carol Lee Brady, G. Patrick O'Dowd, James Morales Jr., and Harvey Ryan for Board Members. The motion carried 3-0 with all Directors present voting in the affirmative and President Corneille and Director Longville noted absent from the vote.

President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes

I. RATIFICATION OF MEMORANDUM OF UNDERSTANDING WITH COUNTY OF SAN BERNARDINO DEPARTMENT OF PUBLIC HEALTH

It was moved by Director Raley and seconded by Director Stewart to ratify the Memorandum of Understanding with the County of San Bernardino Department of Health for vector control services for a five year term at an annual cost not-to-exceed \$45,000. The motion carried 3-0 with all Directors present voting in the affirmative President Corneille and Director Longville noted absent from the vote.

President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes

J. LAND EXCHANGE BLM AGREEMENTS

Mr. Cozad said that staff has not received the final agreement yet.

It was moved by Director Raley and seconded by Director Stewart to table this item until September 11 Board of Directors Meeting. The motion carried 3-0 with all Directors present voting in the affirmative President Corneille and Director Longville noted absent from the vote.

President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes

K. RESOLUTION FOR RETIREMENT OF JEFF BEEHLER

It was moved by Vice President McDonald and seconded by Director Stewart to approve Resolution No. 574 in appreciation for the service performed by Land Resources Manager, Jeff Beehler. The motion carried 3-0 with all Directors present voting in the affirmative President Corneille and Director Longville noted absent from the vote.

President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes

L. VACATION ALLOCATION FOR MANAGEMENT POSITIONS

Mr. Cozad introduced this item for discussion. He noted the inclusion of the item on package pages 76 to 77. Mr. Cozad said both applicants for Land Resources Manager and Senior Engineer/Project Manager have either four or six weeks of leave in their current positions. The applicants have requested to start with a minimum of three weeks of accrued vacation. Mr. Cozad said that this would require a minor revision to the Personnel Manual. Director Stewart requested that the revisions be tied into the matrix as identified through the Classification and Compensation Study. Mr. Cozad said that he could call out the specific positions of Land Resources Manager/Assistant General Manager and Senior Engineer/Project Manager in the revised section. Director Raley spoke in opposition to having different vacation accrual rules for different employees. Mr. Cozad said staff have varying accruals due to longevity and that in hiring senior position they would rather have access to time off than increase salary.

It was moved by Director Stewart and seconded by Vice President McDonald to revise Personnel Manual as proposed by staff with the addition of Land Resources Manager/Assistant General Manager and Senior Engineer/Project Manager in revised section. The motion carried 2-1 with Vice President McDonald and Director Stewart voting in the affirmative and Director Raley voting in opposition. President Corneille and Director Longville were noted absent from the vote.

President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: No
Director Stewart: Yes

5. INFORMATION ITEMS

A. PLUNGE CREEK PROJECT UPDATE

Mr. Beehler introduced this item for discussion and presented a PowerPoint presentation. The CDFW issued a draft final permit for Woolly Star take. Last week the San Bernardino Kangaroo Rat (SBKR) was listed as a candidate on the California endangered species. Mr. Beehler said that the SBKR must have coverage even though it is listed as a candidate. The CDFW has a fully mitigated standard where the District must fully mitigate its impacts. Mr. Beehler provided a handout with a proposed smaller-scale version of the Plunge Creek Project which would not require mitigation; this is a two-phase option. This is an informational item only; staff will bring back a more detailed plan for Board approval.

B. WASH PLAN VERBAL UPDATE

Mr. Beehler provided the report. He said that staff would go to the Sacramento office to review edits on the EIR/EIS at FWS office. After the solicitor reviews the document it should be ready for publication in Federal Registrar. This item was received and filed.

C. GENERAL MANAGER'S REPORT AND MONTHLY RECHARGE REPORT

Mr. Cozad indicated that the written General Manager's Report was included in the Board Package on pages 80 through 83. The Monthly Recharge Report was included on package page 84. The Succession and Staffing Plan preparation is underway and will be placed on the agenda for the Finance & Administration Committee at its next quarterly meeting or directly to the Board. The District removed close to one hundred tires from the property transferred from City of Redlands and has placed boulders on the property to prevent trespassing. Mr. Cozad announced the new employees; Michael Guizar, Field Operations Specialist; Erwin Fogerson, Senior Engineer/Project Manager and Betsy Miller, Land Resources Manager/Assistant General Manager. This item was received and filed.

D. FUTURE AGENDA ITEMS AND STAFF TASKS

Director Stewart asked for a brief overview of the salt and nutrient study done by Valley Municipal.

6. MONTHLY BOARD MEMBER MEETING REPORTS, AND/OR BOARD MEMBER COMMENTS

Director Raley attended the Valley Municipal Board meeting on June 4, Finance & Administration Committee on July 24 and Conservation Trust Meeting on July 11. He attended the Ad Hoc Audit Committee on July 31, Ad Hoc Trails Committee on July 19 and Valley Municipal Board Policy Workshop on August 1. Director Raley attended the Valley Municipal Board Meeting on August 6, Valley Municipal Board Resources Workshop on August 8 and San Bernardino County Water Conference on August 9.

Director Stewart attended the Basin Technical Advisory Committee (BTAC) on August 5 and June 3, Conservation Trust on July 11 and Ad Hoc Trails Committee on July 19. He attended the Ad Hoc Audit Committee on July 31.

Vice President McDonald attended the Women in Water on July 24, Highland Area Chamber of Commerce Luncheon on July 23 and Valley Municipal Board Meeting on July 16. She attended the Association of San Bernardino County Special Districts on July 15, ACWA State Legislative Committee on July 12, and Valley Municipal Board Policy Workshop on July 11. Vice President McDonald attended the Valley Municipal Board Meeting on July 2, Valley Municipal Board Engineering Workshop on July 9 and BTAC on August 5. She attended Valley Municipal Board Meeting on August 6.

It was moved by Director Raley and seconded by Vice President McDonald to approve President Corneille's travel request to the

ACWA Fall Conference in the amount of \$2,465. The motion carried 3-0 with all present voting in the affirmative. President Corneille and Director Longville were noted absent from the vote.

**President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes**

7. UPCOMING MEETINGS

There were none discussed.

8. CLOSED SESSION

It was moved by Director Raley and seconded by Director Stewart to adjourn to Closed Session. The motion carried 3-0 with all Directors present voting in the affirmative and President Corneille and Director Longville noted absent from the vote.

**President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes**

General Counsel announced that the meeting would adjourn to closed session under all of items one and two under Closed Session items.

At 4:26 p.m., the meeting reconvened into Open Session. Mr. Cosgrove noted that there was no reportable action.

9. ADJOURN MEETING

It was moved by Director Stewart and seconded by Director Raley to adjourn. The motion carried 3-0 with all Directors present voting in the affirmative and President Corneille and Director Longville noted absent from the vote.

**President Corneille: Absent
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes**

At 4:26 p.m., the meeting adjourned to the Board meeting scheduled for 1:30 p.m. September 11, 2019, at District Headquarters, 1630 W. Redlands Blvd., Redlands, California.

Daniel B. Cozad
General Manager

San Bernardino Valley Water Conservation District
Expenditure Report
August 2019

09/05/19

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Class</u>	<u>Original Amount</u>
	08/20/2019	PERS	1012 · Citizens Busine...		0.00
AJE#19	06/30/2019	PERS	2000 · Accounts Payable	4-General Fund Ent.	-12,662.46
TOTAL					-12,662.46
	08/20/2019	Year End Adjustments	1012 · Citizens Busine...		0.00
AJE#8	06/30/2019	Year End Adjustments	2000 · Accounts Payable	4-General Fund Ent.	-40,961.95
TOTAL					-40,961.95
PC 08.14.19	08/14/2019	Paychex	1012 · Citizens Busine...		-86.43
			6042 · Payroll Processing	4-General Fund Ent.	86.43
TOTAL					86.43
PC 08.28.19	08/28/2019	Paychex	1012 · Citizens Busine...		-91.30
			6042 · Payroll Processing	4-General Fund Ent.	91.30
TOTAL					91.30
ACH0194	08/01/2019	Bureau of Land Manag...	1012 · Citizens Busine...		-15,000.00
			7120 · Property-Land P...	3-Land Resources	15,000.00
TOTAL					15,000.00
ACH0195	08/15/2019	Raley, David	1012 · Citizens Busine...		-29.58
			6410 · Mileage	4-General Fund Ent.	29.58
TOTAL					29.58
ACH0196	08/22/2019	Raley, David	1012 · Citizens Busine...		-78.88
			6410 · Mileage	4-General Fund Ent.	78.88
TOTAL					78.88
ACH0197	08/22/2019	Robert Stewart	1012 · Citizens Busine...		-18.56
			6410 · Mileage	4-General Fund Ent.	18.56
TOTAL					18.56
21890	08/06/2019	Aaron Pederson	1012 · Citizens Busine...		-35.00
	07/28/2019		6018 · Janitorial Services	4-General Fund Ent.	35.00
TOTAL					35.00

San Bernardino Valley Water Conservation District Expenditure Report August 2019

Num	Date	Name	Account	Class	Original Amount
21891	08/06/2019	ACWA/JPIA-Health	1012 · Citizens Busine...		-13,268.20
	08/02/2019		6110 · Vision Insurance	4-General Fund Ent.	21.53
			6110 · Vision Insurance	1-Groundwater Ent.	74.53
			6110 · Vision Insurance	2-Redlands Plaza/...	6.62
			6110 · Vision Insurance	3-Land Resources	16.56
			6110 · Vision Insurance	5-Wash Plan	11.59
			6110 · Vision Insurance	6-Active Recharge ...	34.78
			6130 · Dental Insurance	4-General Fund Ent.	91.25
			6130 · Dental Insurance	1-Groundwater Ent.	315.86
			6130 · Dental Insurance	2-Redlands Plaza/...	28.08
			6130 · Dental Insurance	3-Land Resources	70.19
			6130 · Dental Insurance	5-Wash Plan	49.13
			6130 · Dental Insurance	6-Active Recharge ...	147.40
			6150 · Medical Insurance	4-General Fund Ent.	1,612.09
			6150 · Medical Insurance	1-Groundwater Ent.	5,580.30
			6150 · Medical Insurance	2-Redlands Plaza/...	496.03
			6150 · Medical Insurance	3-Land Resources	1,240.07
			6150 · Medical Insurance	5-Wash Plan	868.05
			6150 · Medical Insurance	6-Active Recharge ...	2,604.14
TOTAL					13,268.20
21892	08/06/2019	American Power Security	1012 · Citizens Busine...		-620.00
	08/01/2019		6026 · Redlands Plaza ...	2-Redlands Plaza/...	620.00
TOTAL					620.00
21893	08/06/2019	Castro Landscaping Se...	1012 · Citizens Busine...		-250.00
	07/30/2019		6026 · Redlands Plaza ...	2-Redlands Plaza/...	250.00
TOTAL					250.00
21894	08/06/2019	Corneille, Richard	1012 · Citizens Busine...		-18.56
	08/01/2019		6410 · Mileage	4-General Fund Ent.	18.56
TOTAL					18.56
21895	08/06/2019	Cozad, Daniel B	1012 · Citizens Busine...		-612.84
	07/12/2019		6001 · General Adminis...	4-General Fund Ent.	302.36
			6001 · General Adminis...	1-Groundwater Ent.	302.36
			6510 · Mileage	4-General Fund Ent.	3.25
			6510 · Mileage	1-Groundwater Ent.	3.25
			6510 · Mileage	3-Land Resources	0.81
			6510 · Mileage	6-Active Recharge ...	0.81
TOTAL					612.84
21896	08/06/2019	Edison - 8812	1012 · Citizens Busine...		-329.20
	08/01/2019		5420 · Electricity	4-General Fund Ent.	92.18
			5420 · Electricity	1-Groundwater Ent.	65.84
			5420 · Electricity	2-Redlands Plaza/...	171.18
TOTAL					329.20

San Bernardino Valley Water Conservation District
Expenditure Report
August 2019

Num	Date	Name	Account	Class	Original Amount
21897	08/06/2019	Edison - Redlands Plaza	1012 - Citizens Busine...		-241.44
	08/01/2019		6026 - Redlands Plaza ...	2-Redlands Plaza/...	241.44
TOTAL					241.44
21898	08/06/2019	Empire Disposal	1012 - Citizens Busine...		-121.73
	07/31/2019		5460 - Water / Trash / S...	4-General Fund Ent.	60.87
			5460 - Water / Trash / S...	1-Groundwater Ent.	48.69
			5460 - Water / Trash / S...	3-Land Resources	12.17
TOTAL					121.73
21899	08/06/2019	Frontier-4860	1012 - Citizens Busine...		-479.02
	07/28/2019		5440 - Telephone	4-General Fund Ent.	233.82
			5440 - Telephone	1-Groundwater Ent.	100.21
			5470 - Internet Services	4-General Fund Ent.	72.50
			5470 - Internet Services	1-Groundwater Ent.	43.50
			5470 - Internet Services	2-Redlands Plaza/...	7.25
			5470 - Internet Services	3-Land Resources	21.74
TOTAL					479.02
21900	08/06/2019	Frontier-7275	1012 - Citizens Busine...		-155.19
	07/19/2019		5440 - Telephone	4-General Fund Ent.	56.14
			5440 - Telephone	1-Groundwater Ent.	24.06
			5470 - Internet Services	4-General Fund Ent.	37.50
			5470 - Internet Services	1-Groundwater Ent.	22.50
			5470 - Internet Services	2-Redlands Plaza/...	3.75
			5470 - Internet Services	3-Land Resources	11.24
TOTAL					155.19
21901	08/06/2019	Home Depot Credit Ser...	1012 - Citizens Busine...		-378.59
	07/28/2019		5210 - Equipment Maint...	1-Groundwater Ent.	98.22
			5215 - Property Mainten...	1-Groundwater Ent.	217.70
			5215 - Property Mainten...	3-Land Resources	54.43
			6015 - Mentone House ...	2-Redlands Plaza/...	8.24
TOTAL					378.59
21902	08/06/2019	ICF Jones & Stokes, Inc	1012 - Citizens Busine...		-1,920.00
	05/13/2019		5124 - Plunge Creek Pr...	3-Land Resources	1,920.00
TOTAL					1,920.00
21903	08/06/2019	Image Source	1012 - Citizens Busine...		-415.57
	06/13/2019		6033 - Office Equipmen...	4-General Fund Ent.	139.38
			6033 - Office Equipmen...	1-Groundwater Ent.	9.29
			6033 - Office Equipmen...	2-Redlands Plaza/...	27.88
			6033 - Office Equipmen...	3-Land Resources	9.29
	07/13/2019		6033 - Office Equipmen...	4-General Fund Ent.	172.29
			6033 - Office Equipmen...	1-Groundwater Ent.	11.49
			6033 - Office Equipmen...	2-Redlands Plaza/...	34.46
			6033 - Office Equipmen...	3-Land Resources	11.49
TOTAL					415.57

San Bernardino Valley Water Conservation District
Expenditure Report
August 2019

Num	Date	Name	Account	Class	Original Amount
21904	08/06/2019	JAN-PRO Cleaning Sys...	1012 · Citizens Busine...		-1,385.00
	07/31/2019		6018 · Janitorial Services	4-General Fund Ent.	685.00
	08/01/2019		6018 · Janitorial Services	4-General Fund Ent.	700.00
TOTAL					1,385.00
21905	08/06/2019	Katelyn Scholte	1012 · Citizens Busine...		-64.38
	07/31/2019		6510 · Mileage	4-General Fund Ent.	25.75
			6510 · Mileage	1-Groundwater Ent.	25.75
			6510 · Mileage	3-Land Resources	6.44
			6510 · Mileage	6-Active Recharge ...	6.44
TOTAL					64.38
21906	08/06/2019	Lowe's Companies, Inc.	1012 · Citizens Busine...		-25.15
	07/25/2019		5210 · Equipment Maint...	1-Groundwater Ent.	20.46
			5215 · Property Mainten...	1-Groundwater Ent.	3.75
			5215 · Property Mainten...	3-Land Resources	0.94
TOTAL					25.15
21907	08/06/2019	Mikael Romich	1012 · Citizens Busine...		-4,012.00
	08/05/2019		1700 · Work in Progress	1-Groundwater Ent.	2,006.00
			5122 · Wash Plan Profe...	5-Wash Plan	2,006.00
TOTAL					4,012.00
21908	08/06/2019	Netsteller	1012 · Citizens Busine...		-450.00
	08/01/2019		5160 · IT Support	4-General Fund Ent.	180.00
			5160 · IT Support	1-Groundwater Ent.	225.00
			5160 · IT Support	3-Land Resources	45.00
TOTAL					450.00
21909	08/06/2019	Nossaman LLP	1012 · Citizens Busine...		-202.50
	07/30/2019		5120 · Misc. Profession...	4-General Fund Ent.	60.75
			5120 · Misc. Profession...	1-Groundwater Ent.	42.53
			5120 · Misc. Profession...	3-Land Resources	99.22
TOTAL					202.50
21910	08/06/2019	Quill Corporation	1012 · Citizens Busine...		-136.82
	07/17/2019		6030 · Office Supplies	4-General Fund Ent.	109.46
			6030 · Office Supplies	1-Groundwater Ent.	6.84
			6030 · Office Supplies	2-Redlands Plaza/...	13.68
			6030 · Office Supplies	3-Land Resources	6.84
TOTAL					136.82

San Bernardino Valley Water Conservation District
Expenditure Report
August 2019

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Class</u>	<u>Original Amount</u>
21911	08/06/2019	ReadyRefresh by Nestle	1012 - Citizens Busine...		-95.18
	07/24/2019		5460 · Water / Trash / S...	4-General Fund Ent.	47.59
			5460 · Water / Trash / S...	1-Groundwater Ent.	38.07
			5460 · Water / Trash / S...	3-Land Resources	9.52
TOTAL					95.18
21912	08/06/2019	Rutan & Tucker	1012 - Citizens Busine...		-9,002.50
	07/22/2019		5180 · Legal	4-General Fund Ent.	4,351.75
			5180 · Legal	1-Groundwater Ent.	809.25
			5180 · Legal	2-Redlands Plaza/...	188.83
			5180 · Legal	3-Land Resources	2,060.17
			5175 · Legal - Wash Plan	5-Wash Plan	1,592.50
TOTAL					9,002.50
21913	08/06/2019	Upland Rock	1012 - Citizens Busine...		-27,650.00
	08/05/2019		7110 · Property Capital ...	1-Groundwater Ent.	27,650.00
TOTAL					27,650.00
21914	08/06/2019	Valero Marketing & Sup...	1012 - Citizens Busine...		-446.51
	07/30/2019		5320 · Fuel	1-Groundwater Ent.	446.51
TOTAL					446.51
21915	08/20/2019	Brownstein Hyatt Farbe...	1012 - Citizens Busine...		-15,375.00
	08/08/2019		5122 · Wash Plan Profe...	5-Wash Plan	15,375.00
TOTAL					15,375.00
21916	08/20/2019	Burgeson's Heating & ...	1012 - Citizens Busine...		-630.00
	08/12/2019		6026 · Redlands Plaza ...	2-Redlands Plaza/...	630.00
TOTAL					630.00
21917	08/20/2019	City of Redlands -Muni...	1012 - Citizens Busine...		-2,173.79
	08/08/2019		6026 · Redlands Plaza ...	2-Redlands Plaza/...	2,173.79
TOTAL					2,173.79
21918	08/20/2019	Edison - 7241	1012 - Citizens Busine...		-41.12
	08/10/2019		5420 · Electricity	4-General Fund Ent.	11.52
			5420 · Electricity	1-Groundwater Ent.	8.22
			5420 · Electricity	2-Redlands Plaza/...	21.38
TOTAL					41.12

San Bernardino Valley Water Conservation District
Expenditure Report
August 2019

09/05/19

Num	Date	Name	Account	Class	Original Amount
21919	08/20/2019	Edison -5552	1012 · Citizens Busine...		-574.85
	08/09/2019		5420 · Electricity	4-General Fund Ent.	157.82
			5420 · Electricity	1-Groundwater Ent.	112.72
			5420 · Electricity	2-Redlands Plaza/...	293.08
			6020 · Vacancy Marketi...	2-Redlands Plaza/...	11.23
TOTAL					574.85
21920	08/20/2019	ICF Jones & Stokes, Inc	1012 · Citizens Busine...		-37,071.61
	08/13/2019		5122 · Wash Plan Profe...	5-Wash Plan	3,316.61
	08/15/2019		5120 · Misc. Profession...	3-Land Resources	32,815.00
	08/15/2019		5124 · Plunge Creek Pr...	3-Land Resources	940.00
TOTAL					37,071.61
21921	08/20/2019	Jeff Beehler	1012 · Citizens Busine...		-577.41
	08/19/2019		6510 · Mileage	4-General Fund Ent.	7.66
			6510 · Mileage	1-Groundwater Ent.	7.66
			6510 · Mileage	3-Land Resources	1.91
			6510 · Mileage	4-General Fund Ent.	1.91
			6525 · Meals	4-General Fund Ent.	4.73
			6525 · Meals	1-Groundwater Ent.	3.68
			6525 · Meals	3-Land Resources	2.10
			6520 · Travel, Other (re...	4-General Fund Ent.	51.66
			6520 · Travel, Other (re...	1-Groundwater Ent.	28.70
			6520 · Travel, Other (re...	3-Land Resources	34.44
			6515 · Air Fare	4-General Fund Ent.	194.83
			6515 · Air Fare	1-Groundwater Ent.	108.24
			6515 · Air Fare	3-Land Resources	129.89
TOTAL					577.41
21922	08/20/2019	MacLeod Watts, Inc.	1012 · Citizens Busine...		-4,830.00
	08/19/2019		5120 · Misc. Profession...	4-General Fund Ent.	1,449.00
			5120 · Misc. Profession...	1-Groundwater Ent.	1,014.30
			5120 · Misc. Profession...	3-Land Resources	2,366.70
TOTAL					4,830.00
21923	08/20/2019	On Point Land Surveyi...	1012 · Citizens Busine...		-5,500.00
	07/31/2019		5130 · Aerial Photograp...	3-Land Resources	5,500.00
TOTAL					5,500.00
21924	08/20/2019	Redlands Ford	1012 · Citizens Busine...		-44.97
	08/07/2019		5310 · Vehicle Mainten...	1-Groundwater Ent.	44.97
TOTAL					44.97
21925	08/20/2019	Redlands Tire Pros & S...	1012 · Citizens Busine...		-635.99
	08/02/2019		5310 · Vehicle Mainten...	1-Groundwater Ent.	635.99
TOTAL					635.99

San Bernardino Valley Water Conservation District
Expenditure Report
August 2019

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Class</u>	<u>Original Amount</u>
21926	08/20/2019	Secretary of State	1012 · Citizens Busine...		-100.00
	08/15/2019		6001 · General Adminis...	4-General Fund Ent.	50.00
			6001 · General Adminis...	1-Groundwater Ent.	50.00
TOTAL					100.00
21927	08/20/2019	Terminix	1012 · Citizens Busine...		-72.00
	07/24/2019		6026 · Redlands Plaza ...	2-Redlands Plaza/...	72.00
TOTAL					72.00
21928	08/20/2019	The Gas Company	1012 · Citizens Busine...		-5.16
	08/14/2019		5450 · Natural Gas	4-General Fund Ent.	3.10
			5450 · Natural Gas	1-Groundwater Ent.	2.06
TOTAL					5.16
21929	08/20/2019	U.S. Bank Equipment F...	1012 · Citizens Busine...		-336.18
	08/09/2019		6033 · Office Equipmen...	4-General Fund Ent.	252.13
			6033 · Office Equipmen...	1-Groundwater Ent.	16.81
			6033 · Office Equipmen...	2-Redlands Plaza/...	50.43
			6033 · Office Equipmen...	3-Land Resources	16.81
TOTAL					336.18
21930	08/20/2019	WEX Bank-Shell GAS	1012 · Citizens Busine...		-273.94
	08/06/2019		5320 · Fuel	1-Groundwater Ent.	273.94
TOTAL					273.94
21931	08/20/2019	Wilbur's	1012 · Citizens Busine...		-629.04
	08/01/2019		5210 · Equipment Maint...	1-Groundwater Ent.	47.19
			5215 · Property Mainten...	1-Groundwater Ent.	465.48
			5215 · Property Mainten...	3-Land Resources	116.37
TOTAL					629.04
100228N	08/06/2019	PERS	1012 · Citizens Busine...		-7,125.02
			6170 · PERS Retirement	4-General Fund Ent.	926.26
			6170 · PERS Retirement	1-Groundwater Ent.	3,206.26
			6170 · PERS Retirement	2-Redlands Plaza/...	285.00
			6170 · PERS Retirement	3-Land Resources	712.50
			6170 · PERS Retirement	5-Wash Plan	1,496.25
			6170 · PERS Retirement	6-Active Recharge ...	498.75
TOTAL					7,125.02

San Bernardino Valley Water Conservation District Expenditure Report August 2019

Num	Date	Name	Account	Class	Original Amount
100229N	08/13/2019	PERS	1012 · Citizens Busine...		-7,125.02
			6170 · PERS Retirement	4-General Fund Ent.	926.26
			6170 · PERS Retirement	1-Groundwater Ent.	3,206.26
			6170 · PERS Retirement	2-Redlands Plaza/...	285.00
			6170 · PERS Retirement	3-Land Resources	712.50
			6170 · PERS Retirement	5-Wash Plan	1,496.25
			6170 · PERS Retirement	6-Active Recharge ...	498.75
TOTAL					7,125.02
100230N	08/16/2019	PERS	1012 · Citizens Busine...		-1,196.65
			6170 · PERS Retirement	4-General Fund Ent.	155.56
			6170 · PERS Retirement	1-Groundwater Ent.	538.49
			6170 · PERS Retirement	2-Redlands Plaza/...	47.87
			6170 · PERS Retirement	3-Land Resources	119.67
			6170 · PERS Retirement	5-Wash Plan	251.30
			6170 · PERS Retirement	6-Active Recharge ...	83.76
TOTAL					1,196.65

San Bernardino Valley Water Conservation District
Director Fees Expenditure Payroll Report
August 2019

Pay Date	Name	For Period	Director Fees	Taxes Withheld	Check Amt
8/14/2019	Corneille, R	Jul-19	\$ 1,125.00	\$ 132.21	\$ 992.79
8/28/2019	McDonald, M	Aug-19	\$ 2,250.00	\$ 265.16	\$ 1,984.84
8/28/2019	Raley, D	Apr-Jul 19	\$ 5,625.00	\$ 1,682.98	\$ 3,942.02
8/28/2019	Stewart, B	May-Jul 19	\$ 2,475.00	\$ 514.75	\$ 1,960.25

Top 5 Groundwater Producers

Producer	Assessment #52			Assessment #51			Assessment #50			Assessment #49			Assessment #48			Assessment #47		
	Jan-Jun 2019			Jul-Dec 2018			Jan-Jun 2018			Jul-Dec 2017			Jan-Jun 2017			Jul-Dec 2016		
	Paid	Ag	Non-Ag	Paid	Ag	Non-Ag	Paid	Ag	Non-Ag	Paid	Ag	Non-Ag	Paid	Ag	Non-Ag	Paid	Ag	Non-Ag
1. City of Redlands	\$ 69,062	87	5,399	\$ 112,069	469	8,680	\$ 57,205	236	4,670	\$ 87,029	225	7,447	\$63,712	424	5,365	\$72,078	711	6,005
2. City of Riverside	\$ 59,583	-	4,744	\$ 148,033	-	11,786	\$ 67,886	-	5,620	\$ 158,806	13	13,143	\$93,299	353	7,931	\$109,238	-	9,401
3. Meeks and Daley	\$ 53,420	-	4,253	\$ 15,404	-	1,248	\$ 72,363	-	5,990	\$ 42,809	-	3,544	\$42,673	0.2	3,672	\$22,152	0.5	1,906
4. Gage Canal	\$ 12,603	1,936	-	\$ 24,282	3,730	-												
5. Cemex	\$ 5,510	-	439															

Groundwater Council Members

Member	FY 19/20		FY 18/19	
	Paid	UnPaid	Paid	UnPaid
1. City of San Bernardino	\$ 308,163		\$ 277,164	
2. East Valley Water District	\$ 110,925		\$ 97,656	
3. City of Loma Linda	\$ 36,885		\$ 35,929	
4. City of Rialto		\$31,367	\$ 38,250	
5. City of Colton	\$ 28,046		\$ 23,240	
6. Fontana Union Water Co.	\$ 20,401		N/A	
7. Loma Linda University	\$ 7,184		\$ 7,780	
8. Yucaipa Valley Water District	\$ 790		\$ 1,237	
9. Bear Valley Mutual Water Co.	\$ 86		\$ 121	



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1667

To: Board of Directors
From: Daniel Cozad, General Manager
Date: September 11, 2019
Subject: 2019 Annual District Audit

RECOMMENDATION

The Ad Hoc Audit Committee recommends the Board review and approve the 2019 Audit Report as presented and direct the General Manager to file the Audit with the County Clerk.

BACKGROUND

RAMS was selected by the Board of Directors in 2016 as the District's auditor. The auditor contract is a one to a five-year agreement subject to evaluation of performance. The Ad Hoc Committee met on July 31, 2019, to discuss the audit and anticipated schedule. Staff worked together to produce the materials for the audit. The auditor reviewed and prepared a preliminary draft report and presented it to the Ad Hoc Audit Committee on September 3, 2018. The final report including any changes is included in the package for consideration at the meeting.

DISCUSSION

The Audit Opinion and Reports will be presented and staff will respond to any questions the Board may have. No material misstatements were identified in the audit.

FISCAL IMPACT

The audit was conducted within the approved 2019-2020 approved budget.

POTENTIAL MOTIONS

1. Move to approve the 2019 Audit Report as presented.
2. Move to table the item to a future meeting of the Board or another committee.

Attachments

2019 Audit Report, Transmittal Letter and Financial Statements

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**BOARD OF
DIRECTORS**

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

**GENERAL
MANAGER**

Daniel B. Cozad



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

September 3, 2019

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San Bernardino, CA 92408
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To the Board of Directors
San Bernardino Valley Water Conservation District
Redlands, California

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)
Kirk A. Franks, CPA (Partner Emeritus)

DIRECTORS

Jenny Liu, CPA, MST

MANAGERS / STAFF

Charles De Simon, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
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American Institute of
Certified Public Accountants

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California Society of
Certified Public Accountants

We have audited the financial statements of San Bernardino Valley Water Conservation District (the District) as of and for the year ended June 30, 2019, and have issued our report thereon dated September 3, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 31, 2019, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the district's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. The District did not adopt any new accounting standards. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of capital asset depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate of the net pension liability and related deferred inflows and outflows of resources is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate of the net other post-employment benefit liability and any related deferred inflow and outflows are based on actuarial reports provided by the District using the alternative calculation method as allowed by the Governmental Accounting Standards Board. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of accumulated depreciation in the notes to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of the net pension liability and related pension information in the notes to the financial statements is based on actuarial assumptions which will differ from actual amounts in future periods.

The disclosure of the net other post-employment benefit liability and related information in the notes to the financial statements is based on actuarial assumptions, using the alternative calculation method, which will differ from actual amounts in future periods.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule material misstatements (attached with the management representation letter) that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 3, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malochy & Scott, LLP.

September 3, 2019
San Bernardino, California



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

Rogers, Anderson, Malody & Scott, LLP
735 E Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the financial statements of the San Bernardino Valley Water Conservation District (the District) as of June 30, 2019 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 3, 2019:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 31, 2019, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.

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BOARD OF DIRECTORS

Division 1:
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Division 2:
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Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Daniel B. Cozad

- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All components of net position are properly classified.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the District's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

- Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Use of a Specialist

- We agree with the findings of specialists in evaluating the calculation of the net pension liability and related deferred items and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Pension and Postretirement Benefits

- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the letter of transmittal and supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with any applicable criteria.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the

date of issuance by the entity of the supplementary information and the auditor's report thereon.

- e. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- f. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the required supplementary information, as listed in the table of contents, accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP and any applicable Governmental Accounting Standards Board Statements.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with any applicable criteria.
- c. The methods of measurement or presentation have not changed from those used in the prior period.



Name

General Manager

Title



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

ANNUAL FINANCIAL REPORT

JUNE 30, 2019



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

ANNUAL FINANCIAL REPORT

For the year ended June 30, 2019

San Bernardino Valley Water Conservation District
Annual Financial Report
For the year ended June 30, 2019

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INTRODUCTORY SECTION



September 3, 2019

Board of Directors
San Bernardino Valley Water Conservation District

Introduction

It is our pleasure to submit the Annual Financial Report for the San Bernardino Valley Water Conservation District (District) for the fiscal year ended June 30, 2019, following guidelines set forth by the Governmental Accounting Standards Board. The District is ultimately responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is intended to enhance understanding of the District's financial position and activities for the Board and public.

This report has two sections: (1) Introductory, and (2) Financial. The Introductory section offers general information about the District's organization and current District activities and provides a summary of significant financial results. The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A) of the District's basic financial statements, and the District's audited basic financial statements with accompanying notes.

Generally Accepted Accounting Principles (GAAP) require that District management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditor's Report.

District Structure and Leadership

The San Bernardino Valley Water Conservation District is an independent special district, which operates under the authority of Division 21 of the California Water Code. The origin of the District began in 1909 when the Water Conservation Association was voluntarily formed to conserve water in the region. The District was formed in 1932 as the successor agency to the Water Conservation Association by a vote of the people. A five-member publicly elected Board of Directors representing the District's service area provides governance. The District in the past had 7 Divisions, but reduced the number to five and transitioned to a five-member Board in December 2013. This reduction assists the Board in continuing to limit expenses and improve the focus and efficiency of the District. The General Manager manages all day-to-day operations of the District following powers established in Resolution 573 and the policies, procedures, strategies, goals, values, and priorities established by the Board of Directors. In addition to the general manager, the District employs five full-time employees, two in the field and three in the office. The District also has several part-time employees and interns that assist the District with specific tasks and efforts. The District's Board of Directors generally meets once each month.

Meetings are publicly noticed. The public and the press often attend Board meetings and District workshops.

In 2013, the Board first approved a Community Strategic Plan which was developed with input from water, mining and other partners from the communities the District serves. This strategic plan focused on the District's services, efforts, and direction in support of the needs of the District's communities, ratepayers and partners. In addition, the District Priorities are updated each January. The District has also developed Board policy principles to translate the norms, values, and Board desires to staff and the public. The strategic plan was reviewed, and the board updated the Community Strategic Plan including realigning several goals and objectives in 2017, culminating in the public review and approval by the Board in December 2017.

District Services

The San Bernardino Valley Water Conservation District recharges the groundwater basin protecting and augmenting the safe yield of the San Bernardino Bunker Hill Basin. The District's recharge services benefit the cities, water districts, and agricultural and non-agricultural groundwater producers within the District's boundaries and beyond.



To accomplish the recharge, the District maintains 71 water percolation basins in the Mill Creek and Santa Ana River spreading grounds. The District also plans for, maintains or leases over 3,600 acres in the Santa Ana River Wash at and below the confluence of the Santa Ana River and Mill Creek. So far, 2019 has been an above-average precipitation year both locally and throughout California. As of August 7, 2019, 43,463 acre-feet of local water were recharged into the groundwater basin from the Santa Ana River and Mill Creek. This is about ten times the amount of local water recharged in 2018. Northern California rainfall was even greater, breaking records for some periods. Significant water is available to import to Southern California. Imported water purchased in this water year by local producers through the Groundwater Council and San Bernardino Valley Municipal Water District resulted in 19,970 acre-feet of additional recharge, more than double the 2018 recharge. So far for the water year, 63,433 have been recharged by the District to benefit the Bunker Hill Basin. This total is about 400% greater than in 2018, which was a dry year.

Significant Initiatives

The District has several ongoing initiatives that are organizationally and financially significant:

Santa Ana River Wash Plan

The Wash Plan is a long-term environmental and infrastructure planning effort led by the District and a local Task Force for many years. The District has been working with the United States Fish and Wildlife Service (Service) and the California Department of Fish and Wildlife to make very significant progress toward completion of the Wash Plan Habitat Conservation Plan. This plan will contribute to significant environmental improvements to habitat for several endangered species, including the San Bernardino kangaroo rat and the Santa Ana River woolly star plant in the Santa Ana River Wash. The plan permits expanded water conservation facilities, mining, transportation, and trails. The communities served by the District are very involved in the effort through the Wash Plan Task Force. Wash Plan efforts were significantly increased to finish the plan for publication in the Federal Register. Critical documents and implementing agreements were completed and a memorandum of understanding (MOU) was recently approved by the Board. This MOU provides for the payment of contributions and establishes the responsibilities of the participants. The District in 2018 acquired land in Mill Creek as a buffer and at the west end of the Wash related to Wash Plan implementation.

Partnership for Active Recharge Transfer Projects

In 2018, the District approved a partnership agreement to provide conservation easements to San Bernardino Valley Municipal Water District on behalf of the River Habitat Conservation Plan. This agreement allows the River HCP to use up to 295 acres for habitat mitigation. The agreement obligates revenue from the conservation easements to the development of new recharge facilities and related uses. This new activity is one of the most significant in the history of the District and fulfills the Board's highest strategic plan goal.

Conservation Trust

Due to restrictions on the ability to invest endowment funds at a competitive rate, the District established and staffs the San Bernardino Valley Conservation Trust, a public benefit non-profit corporation. This Land Trust now invests and manages the Wash Plan Endowment and will hold District and other conservation easements, and provide oversight on the implementation of the Wash Plan.

Bunker Hill Basin Groundwater Council

The District in 2015 collaborated with the San Bernardino Valley Municipal Water District to establish this collaborative council. The Board supported facilitation, legal agreement development, and engineering committee support to advance this Board priority. The Groundwater Council, implemented in 2018, has greatly expanded the entities that contribute to operations and maintenance costs and purchase water for recharge in the Bunker Hill Basin. The Groundwater Council will reduce Groundwater Charge Revenue and institute the new Groundwater Council revenue that will offset the groundwater enterprise costs providing more equitable groundwater recharge cost share.

Plunge Creek Water and Habitat Conservation

The Proposition 84 Integrated Regional Water Management Planning-funded effort in Plunge Creek is completing permitting, and we are planning for procurement and construction. The District receives reimbursement funding of up to \$500,000 in grant funds as the project progresses. This significant project is a cooperative project with the U.S. Fish and Wildlife Service that will ultimately develop about 100 acres of new, high-quality San Bernardino kangaroo rat and woolly star habitat, and create an additional 1,600 AF of groundwater recharge per year on District-owned lands. The project is intended to begin construction in the fall of 2019, depending on final permitting.

Mill Creek Diversion Debris Management Design

Longstanding concerns with the management of high storm flows and debris in Mill Creek prompted the Mill Creek Diversion project. The project will reconstruct parts of the facility to bypass large debris and minimize repairs to the facility in severe storms to maintain recharge capacity. Additionally, the facility will reduce future operations and maintenance costs and improve diversion flexibility. This capital project has a complete design and CEQA compliance, but requires a USACOE section 408 permit which often takes several years. The District engaged in an expedited 408 process and the project is now expected to be in construction in 2020.

Pension and Post-Employment Benefits

Early in the 2015-2016 fiscal year, the Board approved the payoff of the Unfunded Accrued Actuarial Liability (UAAL) to CalPERS. In the 2017 budget, the Board approved paying any UAAL as identified by CalPERS each year. These small amounts are projected and budgeted as a benefit expense. Additionally, the Board in 2016 converted the OPEB reserve to initiate a CalPERS Employer Trust. The Trust irrevocably holds funds to pay for the limited cost of health care until Medicare. In 2018, a GASB 75 compliant actuarial analysis was performed, and a higher UAAL was identified. The audit in 2018 recommended the District retain an Actuarial Consultant to perform the assessment. While the explicit costs being calculated were accurate, the existing online assessment did not identify the implicit subsidy contained in unitary Medical Insurance premiums from the Association of California Water Agency's Joint Powers Insurance Authority. Accounting for the Implicit Subsidy that could occur if rates become based on age would result in a new unfunded projected liability. Using the most likely returns and assumptions identifies an increase in funding of about \$120,000 per year. Funding this shortfall in the trust is the most prudent action and will significantly reduce future costs for these benefits.

Policy Development

While many areas of policy and practice development have been completed since 2010, staff continues to work with the Board to better document the principles, policy, practices, and procedures used by the District. The documentation of these proper policies and publication on the District website make financial and policy information easily available to the public. The District maintains its Transparency Certificate of Excellence from the Special District Leadership Foundation (SDLF), affiliated with the California Special District Association.



In 2014, SDLF first recognized SBVWCD with the District of Distinction accreditation. SDLF reaccredited the District in 2017. To award the accreditation, the SDLF committee of volunteers, (consisting of district controllers, finance directors and certified general managers), review the independent audits and the District's operations to ensure that prudent fiscal practices are followed and that the District's Board of Directors and executive staff have appropriate educational training in public governance and compliance with ethics and harassment prevention training. The Board of Directors and staff have maintained training and compliance to continue the accreditation. Both the Board and staff are proud of these recognitions as they demonstrate the District's commitment to do the public's business transparently and to act as a professional special district measured by the highest standards of best practices and benchmarks.



Economic Condition and Outlook

The District sits at a strategic point in the watershed in the east end of the San Bernardino Valley. The Valley experienced significant economic growth with the rest of the Inland Empire into the mid-2000s and significant downturn through 2014. The downturn in building and the larger economy greatly impacted the District's revenues. In 2015, the District successfully moved to a market-based royalty for mining revenues, which with minimum guarantees will reduce volatility in revenue. Housing starts and population has increased in the area as the economy improved in 2016-2019. These factors and the general increase in economic activity in the area increased the limited tax income to the District. Economic activity improvement is likely to stagnate in the later part of 2019 and into 2020. New housing is being developed; home prices have continued to rise, but are now steady or declining. Still, additional development is planned for the area. The implementation of the Wash Plan will also facilitate long-term infrastructure projects benefiting the region. These changes will likely mitigate more moderate assessed valuation and remittances to the County of San Bernardino. The Wash Plan also facilitated the development of Community Mitigation Program and a Partnership Agreement which resulted in income due to a Conservation Easement Sale. Additionally, Groundwater Council revenue expanded with additional agencies becoming members in the second year of implementation.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Board approved a consolidated Procurement and Purchasing Policy in 2018 and continues to improve the clarity of District Financial Reports. The District's internal control structure is designed to provide reasonable assurance that these objectives are met with the limited staff at the District. The concept of reasonable assurance recognizes that, (1) The cost of a control should not exceed the benefits likely to be derived, and (2) The valuation of costs and benefits requires estimates and judgments by management. The District also continues to better document its controls and practices and adding efforts to allow the highest level of control possible with its minimal staffing. The District implements all auditor recommendations.

Budgetary Control

The District's Board of Directors annually adopts an operating and capital budget before the beginning of the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis. The District also purchased equipment and issues licenses to reduce operating costs in partnership with the private sector.

Since 2011, the District has used an enterprise model for financial management and reserve accounting. The Enterprise model provides better internal accountability and allows greater public transparency for the finances of the District. The Board reviews and revises these policies and target reserve levels each year.

Investment Policy

In 2019, the Board of Directors revised the existing Statement of Investment Policy with support of PFM Financial Management. This change added some additional investment opportunities that were needed for the management of the Active Recharge Transfer Project capital. The revised agreement conforms to state law, District ordinances, and prudent money management. The Investment Policy assures safety, liquidity, and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund, the CalTrust Joint Powers Authority, California Asset Management Program (CAMP), various certificates of deposit and California Credit Union (CCU) Mutual Fund. The Board receives quarterly reports on all investment balances and returns.

District Revenues

State law and District policy ensure that all revenues from groundwater charges generated from District groundwater production support District operations. Groundwater charge rates are set in accordance with section 75500 of the California Water Code. Groundwater charges are levied on all groundwater-producing agricultural and non-agricultural facilities within the District boundaries. This has been the primary component of the District's revenue. After the implementation of the Groundwater Council, much of the revenue historically paid through the Groundwater Charge will come from contributions from the Groundwater Council. The Groundwater Charge will continue to be assessed on all producers who are not members of the Groundwater Council. The District has agreements with other entities for payment or reimbursement for the cost of recharge of water on their behalf. Revenue from royalties on aggregate mining, property leases, easements and interest on reserves complete the non-rate revenues of the District. The District has been working with CEMEX to renew its lease. Staff is also working with the leaseholder, Robertson's Ready Mix, to begin mining on District land before the completion of the Wash Plan to retire the prepaid royalty.

District Investments

The District's Board authorized changes to reserves and investments during the year. Staff implemented the Investment Policy Statement making investments and moving funds mostly as Certificated of Deposit (CD) terms expired. Funds (on loan to the Wash Plan to complete permitting were to be repaid by permittees) were absorbed by the Conservation Trust, which holds funds to partially repay the loan when called. CD interest rates are increasing, especially with the laddered CDs in the District's portfolio. The District will continue to monitor rates and opportunities to generate funding from investments.

Audit and Financial Reporting

State laws require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Rogers, Anderson, Malody & Scott, LLP has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report is in the financial section of this report.

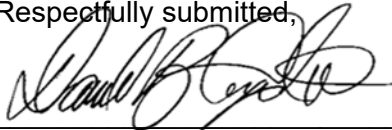
Other References

More information is contained in the Management's Discussion and Analysis section and the Notes to the Basic Financial Statements documentation is found in the financial section of the report.

Acknowledgments

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism shown by both Rogers, Anderson, Malody & Scott, LLP, and staff. We would also like to thank the members of the Ad Hoc Audit Committee and the Board of Directors for their continued support in the planning and implementation of the San Bernardino Valley Water Conservation District's fiscal policies.

Respectfully submitted,



Daniel B. Cozad
General Manager



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

San Bernardino Valley Water Conservation District Board of Directors as of June 30, 2019

<u>Name</u>	<u>Division</u>	<u>Title</u>	<u>Current Team Ending</u>
Richard Corneille	1	President	December 9, 2020
Melody Henriques-McDonald	5	Vice-President	December 12, 2022
Robert Stewart	3	Director	December 11, 2020
John Longville	4	Director	December 11, 2022
David E. Raley	2	Director	December 12, 2022

San Bernardino Valley Water Conservation District
Daniel B. Cozad, General Manager
1630 West Redlands Blvd., Suite A
Redlands, California 92373
(909) 793-2503 - www.sbvxcd.org

FINANCIAL SECTION



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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San Bernardino, CA 92408
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Independent Auditor's Report

PARTNERS

Brenda L. Odle, CPA, MST
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Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)
Kirk A. Franks, CPA (Partner Emeritus)

DIRECTORS

Jenny Liu, CPA, MST

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
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*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants

Board of Directors
San Bernardino Valley Water Conservation District
Redlands, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary fund of the San Bernardino Valley Water Conservation District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the minimum audit requirements of the California State Controller's Office under Code Section 26909. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of the District, as of June 30, 2019 and, where applicable, the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior year Comparative Information

We have previously audited the District's 2018 financial statements, and we expressed an unmodified opinion in our report dated September 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of the net pension liability and related ratios; contributions; and changes in net OPEB liability and related ratios; contributions; as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, schedules of operating revenues and expenses, and schedules of Wash Plan additions and reductions are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of operating revenues and expenses and schedules of Wash Plan additions and reductions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating revenues and expenses and schedules of Wash Plan additions and reductions are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

September 3, 2019
San Bernardino, California

San Bernardino Valley Water Conservation District

Management's Discussion and Analysis

For the year ended June 30, 2019

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the San Bernardino Valley Water Conservation District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

The District's net position increased 12.5% or \$859,497 in fiscal year 2019 as the result of overall operations.

The District's operating revenues for fiscal year 2019 were \$1,444,474, which was \$251,539 less than its operating expenses of \$1,696,013. Depreciation expense was \$37,608 and net nonoperating income was \$1,148,644 resulting in a net change in net position of \$859,497.

Required Financial Statements

This annual report consists of a series of financial statements. The statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The statement of net position includes all of the District's investments in resources (assets and deferred outflows) and the obligations to creditors (liabilities and deferred inflows). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness.

The statement of cash flows provides information about the District's cash receipts and cash payments during the reporting period. The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, noncapital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

In addition, the financial statements include a statement of fiduciary net position - agency fund, which reports the assets and liabilities of the Wash Plan. The annual report also includes required supplementary information and other supplementary information.

San Bernardino Valley Water Conservation District

Management's Discussion and Analysis

For the year ended June 30, 2019

Financial Analysis of the District

The analysis in this section is focused on the primary activities of the District and does not include agency fund balances and activities, such as the Wash Plan.

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position report information about the District in a way that helps answer this question.

These two statements report the District's *net position* and changes in it. One can think of the District's net position - the difference between assets and deferred outflows less liabilities and deferred inflows - as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other nonfinancial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation and regulation. Changes in state waterboard rules for wetlands and dredge and fill materials could impact District costs.

These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on the pages as listed in the table of contents.

Condensed Statements of Net Position (in thousands)

	2019	2018	2017	Change 2019		Change 2018	
				Amount	%	Amount	%
Assets:							
Current	\$ 26,174	\$ 10,591	\$ 9,946	\$ 15,583	147.1%	\$ 645	6.5%
Non-current	1	1	2	-	0.0%	(1)	-50.0%
Capital, net	5,389	1,809	1,710	3,580	197.9%	99	5.8%
Total assets	31,564	12,401	11,658	19,163	154.5%	743	6.4%
Deferred outflow s of resources							
Pension	397	510	689	(113)	-22.2%	(179)	-26.0%
Total assets and deferred outflow s	31,961	12,911	12,347	19,050	147.5%	564	4.6%
Liabilities:							
Current	163	174	121	(11)	-6.3%	53	43.8%
Other non-current	23,892	5,556	5,483	18,336	330.0%	(73)	1.3%
Total liabilities	24,055	5,730	5,604	18,325	319.8%	(20)	2.2%
Deferred inflow s of resources							
Pension	159	294	493	(135)	-45.9%	(199)	-40.4%
Total liabilities and deferred outflow s	24,214	6,024	6,097	18,190	302.0%	(219)	-1.2%
Net position (restated):							
Net investment in capital assets	5,381	1,809	1,710	3,572	197.5%	99	5.8%
Unrestricted	2,366	5,078	4,540	(2,712)	-53.4%	538	11.9%
Total net position	\$ 7,747	\$ 6,887	\$ 6,250	\$ 860	12.5%	\$ 637	10.2%

Amounts may not foot due to rounding

**San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2019**

The total net position of the District may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of the District exceeded liabilities plus deferred inflows by \$7,747,341 and \$6,887,844 as of June 30, 2019 and 2018, respectively.

Capital assets represent 69.4% as of June 30, 2019 and 26.3% as of June 30, 2018 of the total net position. Capital assets provide services to groundwater producers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2019 and 2018, the District showed a positive balance in its unrestricted net position of \$2,366,669 and \$5,078,775, respectively. The District's investment of cash reserve funds represents the largest portion of the District's net position which may be utilized in future years for capital project or operations costs in accordance with the District's reserve policy.

**Condensed Statements of Revenues, Expenses and Changes in Net Position
(in thousands)**

	2019	2018	2017	Change 2019		Change 2018	
				Amount	%	Amount	%
Revenues:							
Operating	\$ 1,444	\$ 1,348	\$ 1,098	\$ 96	7.1%	\$ 250	22.8%
Nonoperating	1,277	1,130	1,114	147	13.0%	16	1.4%
Total revenues	2,721	2,478	2,212	243	9.8%	266	12.0%
Expenses							
Operating	1,696	1,680	1,473	16	1.0%	207	14.1%
Depreciation	37	33	30	4	12.1%	3	10.0%
Nonoperating	129	127	112	2	1.6%	15	13.4%
Total expenses	1,862	1,840	1,615	22	1.2%	225	13.9%
Change in net position	\$ 859	\$ 638	\$ 597	\$ 221	34.6%	\$ 41	6.9%

Amounts may not foot due to rounding

The statement of revenues, expenses, and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased by \$859,497 and \$638,169 in fiscal years ended June 30, 2019 and 2018, respectively.

A closer examination of the sources of changes in net assets reveals that:

- The District's net position increased 12.5% or \$859,497 to \$7,747,341 in fiscal year 2019 as the result of operations. In 2018, The District's net position increased 10.2% or \$638,169 as a result of operations.

**San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2019**

- The District's operating revenues increased by 7.1% or \$96,348 in 2019 primarily due to increased revenue from groundwater charge assessments. In 2018, the District's operating revenues increased by 22.8% or \$250,585 due to increased groundwater charge assessments.
- The District's nonoperating revenues increased by 16.84% or \$147,386 in 2019 primarily due to a \$19,385 increase in property taxes due to increased collections and assessments, a \$138,840 increase in investment income due to higher returns, a \$21,028 decrease in royalty income from existing contracts. The District's nonoperating revenues increased by 1.72% or \$15,334 in 2018 primarily due to a \$45,190 increase in property taxes due to increased collections and assessments, a \$29,967 increase in investment income due to higher returns, a \$25,610 increase in royalty income from existing contracts and a decrease of \$75,658 in Plunge Creek revenue.
- The District's operating expenses increased 1.0% or \$16,541 in 2019 primarily due to a decrease of \$46,808 in professional services, an increase in field operations of \$13,586 and an increase of \$94,127 in salaries and wages. The increases were offset by a decrease of \$29,596 in administrative expenses and a decrease of \$12,049 in Director's fees and expenses. The District's operating expenses increased 14.0% or \$206,601 in 2018 primarily due to an increase of \$71,572 in professional services, a \$41,626 increase in Plunge Creek professional services, an increase in legal fees of \$45,106 and an increase of \$71,526 in salaries and wages. The increases were offset by a decrease of \$77,006 in regional programs.
- The District's nonoperating expenses increased 1.0% or \$1,288. In 2018, the District's nonoperating expenses decreased 13.6% or \$15,222 primarily due to increase in rental property expenses, including CAM expenses and Redlands Plaza maintenance.

Capital Asset Administration

At the end of fiscal years 2019 and 2018, the District's net investment in capital assets amounted to \$5,380,672 and \$1,809,069, respectively. This investment in capital assets includes land, diversion facilities, recharge basins, buildings, equipment, and vehicles. Major capital asset additions during the year included improvements to the Districts buildings and purchase of office equipment. At June 30, 2019 total nondepreciable assets include land of \$4,081,100 and \$316,768 of construction in progress. Major capital asset additions in 2019 included a land purchase for \$3,545,605.

Changes in capital assets in 2019 were as follows:

	Balance 2018	Additions	Deletions	Balance 2019
Capital assets:				
Nondepreciable	\$ 808,234	\$3,589,634	\$ -	\$ 4,397,868
Depreciable	2,309,747	54,779	-	2,364,526
Accumulated depreciation	(1,308,912)	(72,810)	-	(1,381,722)
Totals	<u>\$ 1,809,069</u>	<u>\$3,571,603</u>	<u>\$ -</u>	<u>\$ 5,380,672</u>

**San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2019**

Changes in capital assets in 2018 were as follows:

	Balance 2017	Additions	Deletions	Balance 2018
Capital assets:				
Nondepreciable	\$ 784,704	\$ 23,530	\$ -	\$ 808,234
Depreciable	2,195,671	141,390	(27,314)	2,309,747
Accumulated depreciation	(1,270,396)	(65,830)	27,314	(1,308,912)
Totals	<u>\$ 1,709,979</u>	<u>\$ 99,090</u>	<u>\$ -</u>	<u>\$ 1,809,069</u>

District Cash Reserves

The District builds, maintains and uses reserves to prepare for expected and unexpected costs. In accordance with the District's reserve policy, funds are accumulated and allocated based on enterprise performance and policy targets set by the Board based on benchmarks, best practices and risk. Reserves, from time to time, may greatly exceed the minimums or targets set by the Board for many reasons. Likewise, some reserves fall below the target level, because they are intended to be funded over many years and have not yet been fully funded. The Board annually reviews the reserve policy and revises targets or reallocates funds to reserves. Additionally, it should be noted that the Prepaid Royalties Liability is unearned revenue related to a deposit of funds in anticipation of aggregate mining under the Wash Plan. The Active Recharge Transfer Projects are also unearned revenue related to the anticipated mitigation requirements for the Upper Santa Ana River Habitat Conservation Plan. Beginning in 2015, the Board began adjusting several reserve levels in anticipation of Capital Projects. In aggregate, reserve levels are at 53% of target levels and decreased 43% from 2017/2018 levels. Reserves that are currently above their target levels include groundwater recharge enterprise reserve, groundwater ER maintenance reserve, and Redlands plaza reserve, which contain deferred capital project costs anticipated for future fiscal years.

<u>Reserve</u>	<u>Target</u>	<u>Balance</u>	<u>% Funded</u>
Groundwater Recharge Enterprise Reserve	\$ 1,250,000	\$ 2,184,658	175%
Groundwater ER Maintenance Reserve	250,000	300,000	120%
GWA Rate Stabilization	200,000	200,000	100%
Redlands Plaza Reserve	81,418	141,934	174%
Land Resources Reserve	816,743	(2,877,462)	-352%
General Liability Fund Reserve	1,250,000	548,422	44%
Self Insurance Reserve	50,000	35,000	70%
Compensated Absences Reserve	100,268	107,000	107%
Capital Improvement/Equipment Reserve	750,000	760,000	101%
Prepaid Royalties Reserve	5,000,000	5,000,000	100%
Active Recharge Transfer Projects	36,875,000	18,437,500	50%
Total	<u>\$ 46,623,429</u>	<u>\$ 24,837,052</u>	53%

**San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2019**

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the District's current financial position, assets or operating results based on past, present and future events.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please review the District website at www.sbvwd.org or contact the District's General Manager at 1630 West Redlands Blvd., Suite A, Redlands, CA 92373.

BASIC FINANCIAL STATEMENTS

San Bernardino Valley Water Conservation District
Statements of Net Position
June 30, 2019 (with comparative data for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,564,145	\$ 4,337,036
Investments	5,272,907	5,165,631
Accrued interest receivable	19,051	5,438
Accounts receivable, net:	148,067	102,724
Assessments receivable - groundwater charges	221,223	377,284
Notes receivable	1,058	1,058
Due from other governments	850,388	577,004
Prepaid expenses	97,292	24,874
	<u>26,174,131</u>	<u>10,591,049</u>
Noncurrent assets:		
Notes receivable	9,619	1,397
Capital assets, not being depreciated:		
Land and land improvements	4,081,100	535,495
Construction in progress	316,768	272,739
Capital assets, being depreciated, net:		
Buildings and improvements	641,906	647,048
Equipment	103,942	110,228
Spreading basins	236,956	243,559
	<u>5,390,291</u>	<u>1,810,466</u>
Total assets	<u>31,564,422</u>	<u>12,401,515</u>
Deferred outflows of resources		
Deferred outflows of resources - actuarial	318,976	440,373
Deferred outflows of resources - contributions	78,252	69,728
	<u>397,228</u>	<u>510,101</u>
Total assets and deferred outflows of resources	<u>31,961,650</u>	<u>12,911,616</u>

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

San Bernardino Valley Water Conservation District
Statements of Net Position
June 30, 2019 (with comparative data for 2018)

(continued)

	<u>2019</u>	<u>2018</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 90,018	\$ 94,967
Accrued wages and related payables	36,486	37,135
Customer deposits for rentals	9,326	13,199
Compensated absences payable	<u>27,583</u>	<u>29,121</u>
Total current liabilities	<u>163,413</u>	<u>174,422</u>
Noncurrent liabilities:		
Unearned revenue	23,439,025	5,000,000
Net other post-employment benefits liability	117,906	218,507
Net pension liability	238,734	266,161
Compensated absences payable	<u>96,226</u>	<u>71,147</u>
Total noncurrent liabilities	<u>23,891,891</u>	<u>5,555,815</u>
Total liabilities	<u>24,055,304</u>	<u>5,730,237</u>
Deferred inflows of resources		
Deferred inflows of resources - actuarial	<u>159,005</u>	<u>293,535</u>
Total deferred inflows of resources	<u>159,005</u>	<u>293,535</u>
Net position		
Net investment in capital assets	5,380,672	1,809,069
Unrestricted	<u>2,366,669</u>	<u>5,078,775</u>
Total net position	<u>\$ 7,747,341</u>	<u>\$ 6,887,844</u>

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

San Bernardino Valley Water Conservation District
Statements of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2019 (with comparative data for 2018)

	<u>2019</u>	<u>2018</u>
Operating revenues		
Groundwater assessments	\$ 1,019,269	\$ 937,755
Operating agreements	395,205	380,371
Services to other agencies	<u>30,000</u>	<u>30,000</u>
Total operating revenues	<u>1,444,474</u>	<u>1,348,126</u>
Operating expenses		
District operations	1,489,024	1,434,517
Regional programs	5,000	2,153
General and administrative	<u>201,989</u>	<u>242,802</u>
Total operating expenses	<u>1,696,013</u>	<u>1,679,472</u>
Operating loss before depreciation expense	(251,539)	(331,346)
Depreciation expense	<u>37,608</u>	<u>33,030</u>
Operating income (loss)	<u>(289,147)</u>	<u>(364,376)</u>
Nonoperating revenues and (expenses)		
Property taxes	168,710	149,325
Investment earnings	227,610	88,770
Royalties	645,199	666,227
Rental property income	204,505	209,643
Rental property expense	(128,523)	(127,235)
Other nonoperating revenues and expenses	<u>31,143</u>	<u>15,815</u>
Total nonoperating revenues/(expenses)	<u>1,148,644</u>	<u>1,002,545</u>
Change in net position	859,497	638,169
Net position, beginning of year	<u>6,887,844</u>	<u>6,249,675</u>
Net position, end of year	<u>\$ 7,747,341</u>	<u>\$ 6,887,844</u>

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

San Bernardino Valley Water Conservation District
Statements of Cash Flows
For the year ended June 30, 2019 (with comparative data for 2018)

	2019	2018
Cash flows from operating activities		
Cash received from groundwater assessments and other agencies	\$ 1,602,060	\$ 1,317,969
Cash payments for services and supplies	(676,689)	(636,684)
Cash payments to employees for salaries and wages	(1,223,483)	(939,705)
Proceeds from royalty income	599,856	698,276
Proceeds from rental revenue, net of expenses	107,310	114,756
Other operating	31,143	10,392
Net cash provided by operating activities	<u>440,197</u>	<u>565,004</u>
Cash flows from noncapital financing activities		
Property taxes	168,710	149,325
Advances to Wash Plan	<u>(273,384)</u>	<u>(157,844)</u>
Net cash used for noncapital financing activities	<u>(104,674)</u>	<u>(8,519)</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(3,644,413)	(164,920)
Advance for conservation easement acquisitions	18,437,500	-
Proceeds from disposal of capital assets	<u>-</u>	<u>5,423</u>
Net cash provided by (used) for capital and related financing activities	<u>14,793,087</u>	<u>(159,497)</u>
Cash flows from investing activities		
Payments received on notes receivable	1,563	1,007
Advances on notes receivable	(9,785)	-
Purchase of investments	(842,276)	(1,178,820)
Proceeds from investments	735,000	890,000
Investment income	<u>213,997</u>	<u>88,040</u>
Net cash provided by (used) for investing activities	<u>98,499</u>	<u>(199,773)</u>
Net increase in cash and cash equivalents	15,227,109	197,215
Cash and cash equivalents, beginning of year	<u>4,337,036</u>	<u>4,139,821</u>
Cash and cash equivalents, end of year	<u>\$ 19,564,145</u>	<u>\$ 4,337,036</u>

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

San Bernardino Valley Water Conservation District
Statements of Cash Flows
For the year ended June 30, 2019 (with comparative data for 2018)

(continued)

	<u>2019</u>	<u>2018</u>
Reconciliation of operating income (loss)		
to net cash provided by		
operating activities		
Operating income (loss)	\$ (289,147)	\$ (364,376)
Adjustments to reconcile operating income (loss)		
to net cash provided by operating activities:		
Depreciation	37,608	33,030
Royalty income	599,856	698,276
Rental revenue, net of expenses	107,310	114,756
Miscellaneous income	31,143	10,392
(Increase) decrease in assets and deferred		
outflows of resources:		
Assessments receivable - groundwater charges	156,061	(30,157)
Prepaid expenses	(72,418)	(3,074)
Deferred outflows of resources - actuarial	121,398	179,390
Deferred outflows of resources - contributions	(8,524)	(310)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(4,949)	46,377
Accrued wages and related payables	(649)	796
Deferred revenues	1,525	-
Compensated absences payable	23,541	7,976
Net other post-employment benefits liability	(100,601)	11,552
Net pension liability	(27,427)	59,631
Deferred inflows of resources - actuarial	<u>(134,530)</u>	<u>(199,255)</u>
 Net cash provided by operating activities	 <u>\$ 440,197</u>	 <u>\$ 565,004</u>
 Noncash, investing, capital and financing activities		
Change in fair value of investments	<u>\$ 41,930</u>	<u>\$ (9,931)</u>

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

San Bernardino Valley Water Conservation District
Statements of Fiduciary Net Position - Agency Fund
June 30, 2019 (with comparative data for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Due from other entities	<u>\$ 850,388</u>	<u>\$ 577,004</u>
Total assets	<u>850,388</u>	<u>577,004</u>
Liabilities		
Advances from District for Wash Plan	<u>850,388</u>	<u>577,004</u>
Total liabilities	<u><u>\$ 850,388</u></u>	<u><u>\$ 577,004</u></u>

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

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The San Bernardino Valley Water Conservation District (District) was formed in 1932 under the statutory authority of the California Water Code. Its function is to conduct water spreading operations by capturing water flows of the Santa Ana River and Mill Creek. Spreading enables the water to percolate into the groundwater basin for the benefit of all producers.

The District is comprised of approximately 50,000 acres of land. Within its boundaries are several municipal water purveyors, public utilities and other (mutual and private) companies who supply water needs. The source of such water is the groundwater basin underlying the District, of which an average of 150,000 acre feet per year are extracted through more than 200 producing wells by more than 50 different producers.

The District is governed by a five-member Board of Directors elected by the citizens residing within the District's service boundaries.

The District also has 2 members on the San Bernardino Valley Conservation Trust (the Trust) board of directors. The Trust is a nonprofit 501(c)(3) charitable trust. The Trust does not meet the definition of a component unit, so none of the Trust's financial information is presented in these financial statements.

B. Basis of Accounting

The accounting records of the District are maintained on the accrual basis of accounting. Under this method, revenues are recognized in the period earned, and expenses are recognized in the period incurred. The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through groundwater assessments, capital grants and similar funding.

Operating revenues and expenses result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses are reported as nonoperating revenues and expenses.

The District also maintains a fiduciary fund for reporting the Wash Plan assets and liabilities. A Task Force was established under the leadership of the District to coordinate land uses within the wash area. The members include the District, the County of San Bernardino, the Cities of Highland and Redlands, the San Bernardino Valley Municipal Water District, East Valley Water District and two aggregate miners. The Wash Plan is accounted for as an agency fund.

Both the enterprise fund and the fiduciary fund report using an economic resources measurement focus.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Accounting Pronouncements

The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting.

D. Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- (1) ***Net Investment in Capital Assets*** - Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) ***Restricted*** - Restricted consists of assets that have restrictions placed on their use by external constraints imposed either by creditors (debt covenants), grantors, contributors or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- (3) ***Unrestricted*** - Unrestricted consists of any remaining balance of the District's net position that do not meet the definition of restricted or net investment in capital assets.

The District's policy is to first apply disbursements to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

E. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, and disclose material contingent liabilities existing at the date of the financial statements. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest-bearing accounts. The District considers all cash and cash deposits, investment in the State Treasurer's Local Agency Investment Fund and other investments with initial maturities of less than 90 days at the date of purchase to be cash and cash equivalents in the presentation of the District's financial statements.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Investments

Investments are stated at fair value based on quoted market prices. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value and any gains or losses realized upon the liquidation or sale of investments. Investments held in external investment pools are valued at net asset value.

H. Property Taxes and Assessments

Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year. These taxes become delinquent if not paid by August 31.

The District assesses its property taxes through the County tax rolls. Property taxes are recognized as revenue in the period for which they are levied.

I. Compensated Absences

District employees earn vacation and sick leave in varying amounts based on length of service. The District records the cost of vested vacation and sick leave as it is earned. Vacation pay is payable to employees at the time vacation is taken or upon termination of employment. Employees may receive payment for unused sick leave upon termination according to a predetermined vesting schedule.

J. Concentrations

The District has two primary sources of revenue. One is the groundwater charge levied to entities that extract water from the groundwater basin underlying the District. The amount of rainfall in the area as well as additional allocations of state project water to the neighboring water districts can have a significant effect on the amount of water extracted. The second major source of revenue is from mining activities in District property. The level of building activity in the region may have significant impact on royalties from mining activities.

K. Receivables

The allowance for doubtful accounts is \$-0- because management believes all receivables are collectible.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$1,000 and an estimated useful life of five years. Donated assets are measured at acquisition value at the date of acquisition. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	40-50 years
Vehicles and equipment	5-10 years
Office equipment	5-10 years
Field equipment	5-10 years
Spreading basins	50+ years
Improvements	
Structural	40 years
Furnishings	10 years

M. Budgetary Policies

The District adopts an annual nonappropriated budget for planning, control and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

N. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date June 30, 2019
 Measurement Date June 30, 2019
 Measurement Period July 1, 2018 to June 30, 2019

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2019 and 2018 are classified in the statements of net position as follows:

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$19,564,145	\$4,337,036
Investments	<u>5,272,907</u>	<u>5,165,631</u>
Total cash and investments	<u><u>\$24,837,052</u></u>	<u><u>\$9,502,667</u></u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

2. CASH AND INVESTMENTS (continued)

Cash and investments as of June 30, 2019 and 2018 consisted of the following:

	2019	2018
Deposits with financial institutions	\$19,451,029	\$ 835,998
Money market mutual funds	-	3,045,717
Deposits held with California Local Agency		
Investment Fund	113,117	455,321
Certificates of deposit	2,140,512	2,117,518
Deposits held with CalTrust		
Short-term fund	3,132,394	3,048,113
	<u>3,132,394</u>	<u>3,048,113</u>
 Total cash and investments	 <u>\$24,837,052</u>	 <u>\$9,502,667</u>

As of June 30, 2019 and 2018, the District's authorized deposits had the following average maturities:

	2019	2018
Deposits held with California Local Agency		
Investment Fund	173 days	193 days
Certificates of deposit	639 days	637 days
Deposits held with CalTrust		
Short-term fund	347 days	347 days

A. Investments Authorized by the California Government Code and the District's Investment Policy

Under provisions of the District's investment policy and in accordance with Section 53601 of the California Government Code (Code), the District may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies;
- Certificates of deposit (or time deposits) placed with commercial banks and/or savings and loan companies;
- State of California - Local Agency Investment Fund;
- Investment Trust of California - CalTrust;
- Checking accounts or passbook savings account demand deposits; and
- Money market mutual funds.

The District's investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The District's investment policy does not contain any specific provisions intended to limit the District's allowable deposits or investments or address the specific types of risk to which the government is exposed, including its exposure to a concentration of credit risk.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

2. CASH AND INVESTMENTS (continued)

B. Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the Code under the oversight of the Treasurer of the State of California. The net asset value of the District's investment in this pool is reported in the accompanying financial statements at amounts based on the District's pro rata share of the net asset value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2019, the District's cost basis in LAIF was \$112,923 and its net asset value was \$113,117. At June 30, 2018, the District's cost basis in LAIF was \$456,176 and its net asset value was \$455,321.

C. Investment Trust of California (CalTrust)

CalTrust is organized as a Joint Powers Authority established by public agencies in California for the purpose of pooling and investing local agency funds. A Board of Trustees supervises and administers the investment program of the Trust. CalTrust has four pools: money market account, short-term, medium-term and long-term. The District has deposits in the Short-Term Fund as of June 30, 2019 and 2018. The District's investments in these pools are reported in the accompanying financial statements at net asset value based on the District's pro rata share of the respective pools as reported by CalTrust. The average cost of the District's investment in the Short-Term Fund as of June 30, 2019 was \$3,124,860, and its net asset value (withdrawal value) was \$3,132,394. The average cost of the District's investment in the Short-Term Fund as of June 30, 2018 was \$3,049,877, and its net asset value (withdrawal value) was \$3,048,113.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Of the bank balances, up to \$250,000 held at each institution were federally insured, and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

2. CASH AND INVESTMENTS (continued)

D. Custodial Credit Risk (continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District’s investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Code, the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

	<u>Minimum legal rating</u>	<u>Rating as of year end</u>
California Local Agency Investment Fund	None	Not rated
Investment Trust of California (CalTrust Short-term fund)	None	AAf
Certificates of Deposit	A/A-1	Not rated

G. Concentrations of Credit Risk

The District’s investment policy contains no limitations on the amounts that can be invested in any one issuer beyond that stipulated by the Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of the District’s total investments at June 30, 2019.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2019 (with comparative data for 2018)

3. FAIR VALUE MEASUREMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based on unobservable sources.

The District does not have any investments subject to the fair value hierarchy. The District's investments in external investment pools are valued at net asset value.

4. COMPENSATED ABSENCES

The changes to compensated absences balances for the years ended June 30 were as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within one year
Compensated absences	\$ 100,268	\$ 47,082	\$(23,541)	\$ 123,809	\$ 27,583

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within one year
Compensated absences	\$ 92,292	\$ 46,039	\$(38,063)	\$ 100,268	\$ 29,121

5. UNEARNED REVENUE

In 1993, the District entered into a lease agreement for the extraction of rock, sand and gravel from Section 7 property within the Wash Plan area. The District received a \$5,000,000 prepayment against future rentals and royalties on 12,000,000 tons of material to be earned when mining was initiated. The lease commencement date was December 31, 2002, but due to delays in the Wash Plan, the agreement was subsequently amended in 2003. This amendment linked the commencement of operations to the approval of the Wash Plan. The initial term of the lease is for ten years with four successive five-year renewal periods. The lease agreement requires a minimum annual rent of \$1,000,000 after the initial prepayment is exhausted. In the event the lessee is unable to obtain necessary permits for operations within the Wash Plan area, the prepaid \$5,000,000 would then become refundable without interest, upon a one-year notice.

During the current year, the District entered into an agreement with another government in which the District received \$18,437,500. The monies are obligated for capital construction projects for the anticipated habitat mitigation requirements for the Upper Santa Ana River Habitat Conservation Plan (River HCP). An additional amount of \$18,437,500 will be paid when certain conditions have been met. Please see the agreement for additional details.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

6. CAPITAL ASSETS

Changes in capital assets for 2019 were as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets not being depreciated:				
Land and land improvements	\$ 535,495	\$ 3,545,605	\$ -	\$ 4,081,100
Construction in progress	272,739	44,029	-	316,768
	<u>808,234</u>	<u>3,589,634</u>	<u>-</u>	<u>4,397,868</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings	1,180,550	31,750	-	1,212,300
Improvements	213,823	-	-	213,823
Vehicles and equipment	151,837	-	-	151,837
Office equipment	146,947	-	-	146,947
Field equipment	265,865	23,029	-	288,894
Equipment	20,533	-	-	20,533
Spreading basins	330,192	-	-	330,192
	<u>2,309,747</u>	<u>54,779</u>	<u>-</u>	<u>2,364,526</u>
Total capital assets being depreciated				
Less accumulated depreciation:				
Buildings and improvements	(747,325)	(36,892)	-	(784,217)
Equipment	(474,954)	(29,315)	-	(504,269)
Spreading basins	(86,633)	(6,603)	-	(93,236)
	<u>(1,308,912)</u>	<u>(72,810)</u>	<u>-</u>	<u>(1,381,722)</u>
Total accumulated depreciation				
Net capital assets being depreciated	1,000,835	(18,031)	-	982,804
	<u>1,000,835</u>	<u>(18,031)</u>	<u>-</u>	<u>982,804</u>
Net capital assets	<u>\$ 1,809,069</u>	<u>\$ 3,571,603</u>	<u>\$ -</u>	<u>\$ 5,380,672</u>

Depreciation expense was allocated as follows for the June 30, 2019 fiscal year:

Depreciation expense:	
District operations	\$ 37,608
Redlands Plaza (included in property expense)	<u>35,202</u>
Total depreciation expense	<u>\$ 72,810</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

6. CAPITAL ASSETS (continued)

Changes in capital assets for 2018 were as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets not being depreciated:				
Land and land improvements	\$ 535,495	\$ -	\$ -	\$ 535,495
Construction in progress	249,209	23,530	-	272,739
	<u>784,704</u>	<u>23,530</u>	<u>-</u>	<u>808,234</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings	1,180,550	-	-	1,180,550
Improvements	114,023	99,800	-	213,823
Vehicles and equipment	133,229	36,009	(17,401)	151,837
Office equipment	141,366	5,581	-	146,947
Field equipment	275,778	-	(9,913)	265,865
Equipment	20,533	-	-	20,533
Spreading basins	330,192	-	-	330,192
	<u>2,195,671</u>	<u>141,390</u>	<u>(27,314)</u>	<u>2,309,747</u>
Total capital assets being depreciated				
Less accumulated depreciation:				
Buildings and improvements	(713,649)	(33,676)	-	(747,325)
Equipment	(476,708)	(25,560)	27,314	(474,954)
Spreading basins	(80,039)	(6,594)	-	(86,633)
	<u>(1,270,396)</u>	<u>(65,830)</u>	<u>27,314</u>	<u>(1,308,912)</u>
Total accumulated depreciation				
Net capital assets being depreciated	925,275	75,560	-	1,000,835
	<u>925,275</u>	<u>75,560</u>	<u>-</u>	<u>1,000,835</u>
Net capital assets	\$ 1,709,979	\$ 99,090	\$ -	\$ 1,809,069
	<u>\$ 1,709,979</u>	<u>\$ 99,090</u>	<u>\$ -</u>	<u>\$ 1,809,069</u>

Depreciation expense was allocated as follows for the June 30, 2018 fiscal year:

Depreciation expense:	
District operations	\$ 33,030
Redlands Plaza (included in property expense)	<u>32,800</u>
Total depreciation expense	<u>\$ 65,830</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

7. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors one rate plan (one miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

7. DEFINED BENEFIT PENSION PLAN (continued)

The Plan's provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.000%	50% of the total normal cost
Current required employer contribution rates	10.609%	6.842%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2019 were \$78,252. The actual employer payments of \$69,728 made to CalPERS by the District during the measurement period ended June 30, 2018 differed from the District's proportionate share of the employer's contributions of \$130,460 by \$(60,732), which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

7. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.65%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP2016. For more details on this table, please refer to the 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Change of Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

7. DEFINED BENEFIT PENSION PLAN (continued)

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The following table reflects long-term expected real rate of return by asset class:

<u>Asset Class¹</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10²</u>	<u>Real Return Years 11+³</u>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)
Total	<u>100%</u>		

¹ In the System's CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity and global debt securities.

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

7. DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Proportionate Share of Net Pension Liability

As of June 30, 2019 and 2018, the District reported net pension liabilities for its proportionate share of the net pension liability of \$238,734 and \$266,161, respectively.

	2019	2018
Total pension liability	\$ 3,663,691	\$ 3,558,877
Fiduciary net position	3,424,957	3,292,716
Net pension liability	\$ 238,734	\$ 266,161

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

7. DEFINED BENEFIT PENSION PLAN (continued)

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	<u>Plan total pension liability</u>	<u>Plan fiduciary net position</u>	<u>Plan net pension liability</u>
Balance at: 6/30/2017 (Valuation Date)	\$ 3,558,877	\$ 3,292,716	\$ 266,161
Balance at: 6/30/2018 (Measurement Date)	3,663,691	3,424,957	238,734
Net change during 2017-2018	104,814	132,241	(27,427)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the Miscellaneous Plan as of June 30, 2019 and 2018 was as follows:

	<u>2019</u>	<u>2018</u>
Proportionate share - June 30, 2016		0.00595%
Proportionate share - June 30, 2017	0.00675%	0.00675%
Proportionate share - June 30, 2018	0.00633%	
Change	-0.00042%	0.00080%

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

7. DEFINED BENEFIT PENSION PLAN (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

June 30, 2019	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
District's proportionate share of the net pension liability	\$ 734,326	\$ 238,734	\$ (170,369)
June 30, 2018	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
District's proportionate share of the net pension liability	\$ 755,673	\$ 266,161	\$ 139,262

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

7. DEFINED BENEFIT PENSION PLAN (continued)

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plan for the 2017-18 measurement period is 3.8 years, which was obtained by dividing the total service years of 516,147 (the sum of remaining service lifetimes of the active employees) by 135,474 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019 and 2018, the District recognized pension expense of \$92,184 and \$39,766, respectively. At June 30, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	2019	
	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to the measurement date	\$ 78,252	\$ -
Difference in actual vs projected contributions	60,074	-
Changes in assumptions	20,546	-
Difference between expected and actual experience	6,043	-
Net difference between projected and actual earnings on pension plan investments	1,180	-
Changes in proportion	9,112	-
Totals	<u>\$ 175,207</u>	<u>\$ -</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

7. DEFINED BENEFIT PENSION PLAN (continued)

The District reported \$78,252 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

Years ending June 30,	Amount	
2020	\$	46,809
2021		37,029
2022		15,265
2023		(2,148)
2024		-
Remaining		-
	2018	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Pension contributions subsequent to the measurement date	\$ 69,728	\$ -
Difference in actual vs projected contributions	269,607	-
Changes in assumptions	137,180	-
Difference between expected and actual experience	-	(15,951)
Net difference between projected and actual earnings on pension plan investments	33,586	-
Changes in proportion	-	(277,584)
Totals	<u>\$ 510,101</u>	<u>\$ (293,535)</u>

The District reported \$69,728 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Payable to the Pension Plan

At June 30, 2019, the District reported a payable of \$2,241 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

8. OTHER POST-EMPLOYMENT BENEFITS PAYABLE

General Information about the Plan

Plan Description

The District offers medical benefits to retired employees who satisfy the eligibility requirements. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors. The plan does not issue separate financial statements. The plan is an agent multiple-employer post-employment plan.

Employees Covered by Benefit Terms

As of the June 30, 2019 valuation, the following current and former employees were covered by the benefit terms under the plan:

	<u>2019</u>
Active plan members	7
Retirees and beneficiaries receiving benefits	-
Separated plan members entitled to but not yet receiving benefits	<u>-</u>
	<u><u>7</u></u>

Benefits and Contributions

The contribution requirements of plan members and the District are established and may be amended by the District. Contributions are calculated using the alternative measurement method. The District contributes 100% of the retiree and dependent up to the current maximum cost of \$1,702 per month. For the fiscal year ended June 30, 2019, the District's cash contributions were \$218,507 in payments to the trust. In fiscal year 2016, the District created a California Employer's Retiree Benefit Trust (CERBT) with California Public Employees Retirement System (CalPERS) for the purpose of prefunding obligations for past services.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

8. OTHER POST-EMPLOYMENT BENEFITS PAYABLE (continued)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation using the alternative measurement method dated June 30, 2019. The data entered as economic assumptions and member data to calculate the actuarial present value of future benefits for each individual. This projection uses the assumed retirement age for members of the plan and the employer's portion of health insurance premiums for current retirees and spouses as a statistical base to forecast the cost of future benefits. The projections differentiate between members who are Medicare eligible and those who are not. Premiums are inflated using future insurance premium increase assumptions. The life expectancy and thus the number of years benefits are projected to be received, is estimated based on the Expectation of Life by Age and Sex in the U.S. table prepared by the National Center for Health Statistics and updated in 2015.

The assumed retirement age for active members and their spouses is adjusted to reflect any eligibility requirement, such as a vesting period, by entering an eligible retirement age in the member data for each active member.

The valuation was based on the following actuarial methods and assumptions:

Discount rate	6.50%
Inflation	2.75%
Salary increases	2.50%
Investment rate of return	5.00%
Mortality	Life expectancy come from the Life Expectancy Table from the National center for Health Statistics updated in 2015
Pre-retirement turnover healthcare trend rate	7.0% 2020 6.5% 2021 6.0% 2022 5.5% 2023 5.0% thereafter

Discount Rate

The expected long-term investment return assumptions were developed for each of the three asset allocation strategies using a building block approach based as well as taking into account the expected inflation rate, short and long term real return expectations, and the expected cash flows of a hypothetical large plan.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

8. OTHER POST-EMPLOYMENT BENEFITS PAYABLE (continued)

The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected rate of return</u>
Global equity	59%	5.98%
Fixed income	25%	2.62%
Treasury inflation protected securities	5%	1.46%
Real estate investment trusts	8%	5.00%
Commodities	3%	2.87%
	<u>100%</u>	

Changes in the Net OPEB Liability

The changes in the net OPEB liability for the Plan are as follows as of June 30, 2019:

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c)= (a) - (b)</u>
Balance at June 30, 2018 (Valuation Date June 30, 2018)	\$ 320,444	\$ 101,937	\$ 218,507
Changes recognized for the measurement period:			
Service cost	41,893	-	41,893
Interest cost	18,117	-	18,117
Contributions - employer	-	218,507	(218,507)
Net investment income	-	10,556	(10,556)
Assumption changes	245,741	-	245,741
Plan experience	(165,000)	-	(165,000)
Investment experience	-	12,415	(12,415)
Benefit payments	-	-	-
Administrative expenses	-	(126)	126
Net Changes	<u>140,751</u>	<u>241,352</u>	<u>(100,601)</u>
Balance at June 30, 2019 (Measurement Date June 30, 2019)	<u>\$ 461,195</u>	<u>\$ 343,289</u>	<u>\$ 117,906</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

8. OTHER POST-EMPLOYMENT BENEFITS PAYABLE (continued)

The changes in the net OPEB liability for the Plan are as follows as of June 30, 2018:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c)= (a) - (b)
Balance at June 30, 2017 (Valuation Date June 30, 2017)	\$ 266,260	\$ 59,305	\$ 206,955
Changes recognized for the measurement period:			
Service cost	40,871	-	40,871
Interest cost	13,313	-	13,313
Contributions - employer	-	37,767	(37,767)
Net investment income	-	4,900	(4,900)
Benefit payments	-	-	-
Administrative expenses	-	(35)	35
Net Changes	<u>54,184</u>	<u>42,632</u>	<u>11,552</u>
Balance at June 30, 2018 (Measurement Date June 30, 2018)	<u>\$ 320,444</u>	<u>\$ 101,937</u>	<u>\$ 218,507</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019 and 2018:

<u>2019</u>	<u>Discount rate -1%</u>	<u>Assumed discount rate</u>	<u>Discount rate +1%</u>
Net OPEB liability	<u>\$ 144,228</u>	<u>\$ 117,906</u>	<u>\$ 93,732</u>
<u>2018</u>	<u>Discount rate -1%</u>	<u>Assumed discount rate</u>	<u>Discount rate +1%</u>
Net OPEB liability	<u>\$ 237,492</u>	<u>\$ 218,507</u>	<u>\$ 199,038</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

8. OTHER POST-EMPLOYMENT BENEFITS PAYABLE (continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019 and 2018:

2019	Healthcare cost trend -1%	Healthcare cost trend assumed	Healthcare cost trend +1%
Net OPEB liability	\$ 237,492	\$ 117,906	\$ 199,038
2018	Healthcare cost trend -1%	Healthcare cost trend assumed	Healthcare cost trend +1%
Net OPEB liability	\$ 192,669	\$ 218,507	\$ 247,848

Net OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available CERBT financial report that may be obtained from the CalPERS' website at www.calpers.ca.gov.

Net OPEB Expense Related to Net OPEB Liability

For the fiscal year ended June 30, 2019 and 2018, the District recognized OPEB expense of \$54,890 and \$49,319 respectively. As of fiscal year ended June 30, 2019, the District reported the following deferred outflows/inflows of resources related to its Net OPEB Liability (there were none in the prior fiscal year):

	Deferred outflows of resources	Deferred inflows of resources
Changes in assumptions	\$ 222,021	\$ -
Differences between expected and actual experience	-	149,073
Net difference between projected and actual earnings on investments	-	9,932
Total	<u>\$ 222,021</u>	<u>\$ 159,005</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

8. OTHER POST-EMPLOYMENT BENEFITS PAYABLE (continued)

The District reported \$-0- as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the upcoming fiscal year. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as OPEB expense as follows:

Years ending June 30,	Amount
2020	\$ 5,310
2021	5,310
2022	5,310
2023	5,310
2024	7,793
Remaining	33,983

9. LEASE AGREEMENTS

The District is the lessor in various lease agreements, providing for the excavation and removal of rock, gravel, sand, and other materials from District property. Monthly lease payments are generally based on tonnage of materials removed, subject to annual minimum amounts.

The District is the lessor of commercial building space under operating leases expiring in various years through the year ending June 30, 2024. The cost of the associated assets is \$984,020 with a net book value of \$501,593.

Future minimum rents and royalties to be received on non-cancelable leases as of June 30 are as follows:

<u>Year</u>	<u>Rents</u>	<u>Royalties</u>	<u>Total</u>
2020	\$ 109,909	\$ 201,333	\$ 311,242
2021	113,675	-	113,675
2022	96,179	-	96,179
2023	77,966	-	77,966
2024	11,086	-	11,086
Totals	<u>\$ 408,815</u>	<u>\$ 201,333</u>	<u>\$ 610,148</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured for a variety of potential exposures and is a member of the ACWA Joint Powers Insurance Authority. The following is a summary of the insurance coverage carried by the District as of June 30, 2019:

- General Liability: pooled self-insured up to \$5 million per claim with excess purchased insurance up to \$60 million. The general liability policy has no deductible;
- Auto Liability: pooled self-insured up to \$5 million per claim with excess purchased insurance up to \$60 million. The auto liability policy has a deductible of \$500 for licensed vehicles and \$1,000 for mobile equipment;
- Public Official Liability: pooled self-insured up to \$5 million per claim with excess purchased insurance up to \$60 million. The public official liability policy has no deductible.
- Property: pooled self-insured up to \$100,000 per claim with excess purchased insurance up to \$150 million. The property policy has a deductible of \$1,000. Boiler and machinery deductibles vary in accordance with the type of property;
- Crime, Computer Fraud, Forgery, and Dishonesty Coverage: pooled self-insured up to \$100,000 per claim with a \$1,000 deductible;
- Workers' Compensation: pooled self-insured up to \$2 million per accident or employee by disease with excess from \$2 million to statutory requirements; and
- Employer's Liability: pooled self-insured up to \$2 million with excess of \$2 million SIR.

11. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The GASB has issued several pronouncements prior to June 30, 2019 that have effective dates that may impact future financial presentations.

A. Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The provisions of this Statement are effective for periods beginning after December 15, 2018. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

B. Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions of this Statement are effective for periods beginning after December 15, 2019. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2019 (with comparative data for 2018)

**11. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED,
NOT YET EFFECTIVE (continued)**

C. Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

D. Governmental Accounting Standards Board Statement No. 90

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interest*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for fiscal years beginning after December 15, 2018. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

E. Governmental Accounting Standards Board Statement No. 91

In August 2018, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for fiscal years beginning after December 15, 2020. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

12. COMMITMENTS AND CONTINGENCIES

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

**San Bernardino Valley Water Conservation District
Schedule of Proportionate Share of the Net Pension Liability and
Related Ratios as of the Measurement Date
Last 10 Fiscal Years ***

	Measurement date				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Employer's Proportion of the Collective Net Pension Liability ¹	0.00633%	0.00675%	0.00595%	0.02708%	0.00892%
Employer's Proportionate Share of the Collective Net Pension Liability	\$ 238,734	\$ 266,161	\$ 206,530	\$ 743,026	\$ 555,348
Employer's Covered Payroll ²	\$ 709,190	\$ 689,423	\$ 577,644	\$ 553,862	\$ 502,836
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	33.66%	38.61%	35.75%	134.15%	110.44%
Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	77.69%	75.39%	75.87%	79.89%	83.03%

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

² Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

* Historical information is required only for measurement periods for which GASB No. 68 is applicable. GASB No. 68 was implemented in the fiscal year ended June 30, 2015 with a measurement date of June 30, 2014.

San Bernardino Valley Water Conservation District
Schedule of Contributions – Pension Plan
Last 10 Fiscal Years *
June 30, 2019

	Fiscal Year					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially Determined Contribution	\$ 78,252	\$ 69,728	\$ 69,418	\$ 88,829	\$ 52,231	\$ 76,810
Contributions in Relation to the Actuarially Determined Contribution	(78,252)	(69,728)	(69,418)	(88,829)	(52,231)	(76,810)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ¹	\$ 758,985	\$ 709,190	\$ 689,423	\$ 577,644	\$ 553,862	\$ 502,836
Contributions as a Percentage of Covered Payroll	10.31%	9.83%	10.07%	15.38%	9.43%	15.28%

¹ Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

* Historical information is required only for measurement periods for which GASB No. 68 is applicable. GASB No. 68 was implemented in the fiscal year ended June 30, 2015 with a measurement date of June 30, 2014.

San Bernardino Valley Water Conservation District
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2019

Measurement Period	June 30, 2019	June 30, 2018
Total OPEB Liability		
Service Cost	\$ 41,893	\$ 40,871
Interest on the Total OPEB Liability	18,117	13,313
Actual and expected experience difference	(165,000)	-
Changes in assumptions	245,741	-
Net change in Total OPEB Liability	140,751	54,184
Total OPEB Liability - beginning	320,444	266,260
Total OPEB Liability - ending (a)	\$ 461,195	\$ 320,444
 Plan Fiduciary Net Position		
Contribution - employer	\$ 218,507	\$ 37,767
Net investment income	22,971	4,900
Benefit payments	-	-
Administrative expense	(126)	(35)
Net change in Plan Fiduciary Net Position	241,352	42,632
Plan Fiduciary Net Position - beginning	101,937	59,305
Plan Fiduciary Net Position - ending (b)	\$ 343,289	\$ 101,937
 Net OPEB Liability - ending (a) - (b)	\$ 117,906	\$ 218,507
 Plan fiduciary net position as a percentage of the total OPEB liability	74.43%	31.81%
 Covered employee payroll	\$ 758,985	\$ 707,053
 Net OPEB liability as a percentage of covered employee payroll	15.53%	30.90%

* Historical information is required only for measurement periods for which GASB No. 75 is applicable. GASB No. 75 was implemented in the fiscal year ended June 30, 2018 with a measurement date of June 30, 2018.

San Bernardino Valley Water Conservation District
Schedule of Contributions – OPEB
For the Year Ended June 30, 2019

Fiscal Year	June 30, 2019	June 30, 2018
Actuarially Determined Contribution	\$ 54,851	\$ 37,767
Contributions in Relation to the Actuarially Determined Contribution	(218,507)	(37,767)
Contribution Deficiency (Excess)	\$ (163,656)	\$ -
 Covered Payroll	 \$ 758,985	 \$ 707,053
 Contributions as a Percentage of Covered Payroll	 28.79%	 5.34%

Notes to Schedule:

Change in Benefit Terms: None

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level % of payroll
Amortization period	29 years
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	2.50%
Investment rate of return	5.00%

Mortality

Pre-retirement turnover healthcare trend rate	7.0% 2020
	6.5% 2021
	6.0% 2022
	5.5% 2023
	5.0% 2024
	5.0% thereafter

Historical information is required only for measurement periods for which GASB No. 75 is applicable. GASB No. 75 was implemented in the fiscal year ended June 30, 2018 with a measurement date of June 30, 2018.

SUPPLEMENTARY INFORMATION

San Bernardino Valley Water Conservation District
Schedules of Operating Revenues and Expenses
For the year ended June 30, 2019 (with comparative data for 2018)

	<u>2019</u>	<u>2018</u>
Operating revenues		
Groundwater assessments		
Groundwater charge assessments - agricultural	\$ 68,120	\$ 39,501
Groundwater charge assessments - nonagricultural	951,149	898,254
Operating agreements		
Enhanced recharge agreement	395,205	380,371
Services to other agencies	30,000	30,000
	<u>1,444,474</u>	<u>1,348,126</u>
Operating expenses		
District operations		
Professional services	320,741	367,549
Field operations	52,912	39,326
Utilities	18,681	20,053
Salaries/staff	759,591	665,464
Benefits	337,099	334,021
Repairs and maintenance	-	8,104
Total District operations	<u>1,489,024</u>	<u>1,434,517</u>
Regional programs		
Regional programs LAFCO contribution	5,000	2,153
Total regional programs	<u>5,000</u>	<u>2,153</u>
General and administrative		
Directors' fees and expenses	94,886	106,935
Staff travel and education	13,888	11,148
Insurance	23,845	25,753
Other administrative	69,370	98,966
Total general and administrative	<u>201,989</u>	<u>242,802</u>
Total operating expenses	<u>1,696,013</u>	<u>1,679,472</u>
Operating income (loss) before depreciation expense	(251,539)	(331,346)
Depreciation expense	<u>37,608</u>	<u>33,030</u>
Operating income (loss)	<u>\$ (289,147)</u>	<u>\$ (364,376)</u>

San Bernardino Valley Water Conservation District
Schedules of Wash Plan Additions and Reductions
For the year ended June 30, 2019 (with comparative data for 2018)

	<u>2019</u>	<u>2018</u>
Beginning cash and (due from other entities)	<u>\$ (577,004)</u>	<u>\$ (419,160)</u>
Additions	<u>-</u>	<u>-</u>
Reductions		
Professional services	165,759	33,166
Legal expenses	4,875	19,308
Allocated District expenses:		
Salaries and benefits	102,750	105,370
Total reductions	<u>273,384</u>	<u>157,844</u>
Ending cash (due from other entities)	<u><u>\$ (850,388)</u></u>	<u><u>\$ (577,004)</u></u>

REPORT ON INTERNAL CONTROL AND COMPLIANCE



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**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA

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Independent Auditor's Report

Board of Directors
San Bernardino Valley Water Conservation District
Redlands, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Bernardino Valley Water Conservation District (District), which comprise the statement of net position as of June 30, 2019, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 3, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

September 3, 2019
San Bernardino, California



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1668

To: Board of Directors
From: Outreach & Communications Committee/Daniel Cozad, General Manager
Date: September 11, 2019
Subject: Legislative and Regulatory Platform

RECOMMENDATION

The Outreach & Communications Committee recommends the Board review, discuss and consider approval of the Legislative and Regulatory Platform 2020.

BACKGROUND

Staff developed a legislative platform for the Upper Santa Ana Water Resources Association which was accepted for the Association in 2015. The Board approved the District Legislative Platform in March 2017. This platform was discussed and related to the consideration of a detailed policy on advocacy.

Legislative & Regulatory Platform

While the District is not active in lobbying which is highly focused on legislation or regulation the Legislative Platform reflects water and habitat-related issues in the San Bernardino Valley area. It is intended to guide legislative or regulatory advocacy efforts which often arise with timeframes that do not allow the Board of Directors to provide specific staff direction. A copy of all communications so made shall be provided to the Board of Directors at its next regularly scheduled meeting for ratification.

The Outreach Committee was asked to review the draft Legislative Advocacy Policy proposed by California Special Districts Association. This detailed policy was thought to be too restrictive duplicative of existing policy approved by the District in the general manager powers resolution and the Legislative and Regulatory Platform. While most of the Legislative Platform was relevant, the Committee requested the document be updated to include the most current issues. The District does not employ lobbyists for District needs but does cooperate with and contribute to associations and agencies that do have lobbying efforts.

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BOARD OF DIRECTORS

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Division 3:
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Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Daniel B. Cozad

FISCAL IMPACT

There is no fiscal impact to Legislative Platform adoption. Various bills or regulations may have a varying impact on the Water Conservation Districts. Positions taken would attempt to mitigate unfavorable impacts and enhance favorable outcomes. Fiscal impacts cannot be determined before the analysis of any legislative or regulatory proposal.

POTENTIAL MOTIONS

1. Move to approve the Legislative and Regulatory Platform for 2020 as presented.
2. Move to table the item to a future meeting of the Board or another committee.

Attachments

Legislative and Regulatory Platform for 2020

San Bernardino Valley Water Conservation District – 2020 Legislative Platform

The Upper Santa Ana Water Resources Association (USAWRA) is made up of the 14 Public Water Agencies serving the in Upper Santa Ana Watershed. This group formed in 1986 and has convened meetings on issues of critical importance to the communities in the area.

These Agencies service water and wastewater in the nearly 50 square mile area which includes the Cities of

- San Bernardino
- Redlands
- Highland
- Colton
- Loma Linda
- and water resources for Riverside

This region is currently home to nearly 900,000 residents. Many of the communities in the area are growing, and many contain disadvantaged communities served by their water agency. The water agencies in the region coordinate and plan water resources management in a comprehensive manner, including the following:

- Upper Santa Ana, Integrated Regional Water Management Plan
 - Basin Technical Advisory Committee
 - Engineering and Water Conservation Committees
 - SBBA Groundwater Council, ensuring the sustainability of the basin
- Wash Plan and Santa Ana River Habitat Conservation Plans
- Enhanced Recharge and Active Recharge programs with partner Agencies
- Outreach and education programs for water and land conservation

Legislative & Regulatory Platform

The District’s Legislative Platform reflects water and habitat-related issues in the San Bernardino Valley area. It is intended to guide legislative or regulatory advocacy efforts which often arise with timeframes that do not allow the Board of Directors to provide specific staff direction. Staff will still bring issues not covered or potentially controversial issues to the Board where possible. Resolution 573, on the powers of the general manager, states:

“19. Comments on Pending Legislation or Policy Matters. The General Manager may, from time to time, comment upon proposed statutes, regulations, or other legislative or quasi-legislative acts, or other items of policy facing or affecting the District or its operations, when such acts directly impact the District and its functions. Comments shall conform to the District Strategic Plan and Annual Goals. If there is any question about the position of the District and to the extent the need for comment on such acts rises without sufficient time for the General Manager to consult the Board President or Vice-President or Board of Directors, the General Manager may comment upon such acts to the legislative or quasi-legislative body considering them, or the persons, institutions, corporations, or agency or agencies implicated in the policy matter, on District letterhead, consistent with what the General Manager perceives to be in the District’s best interest. No such comment shall reflect that the General Manager’s position, as stated in the comment, is the position of the Board of Directors unless the Board of Directors has so authorized the General Manager. In the event the General Manager undertakes to comment on such acts in the manner provided herein, a copy of any and all communications so made shall be provided to the Board of Directors at its next regularly scheduled meeting for ratification.”

To further clarify and provide direction, the following was developed and borrows from several legislative platforms partners of the District.

Consider Supporting

1. Federal and State funding programs for developing and improving water supplies, including new surface and groundwater storage, recycled water, water quality improvements, and conservation programs.
2. Federal and State funding programs, bills and bonds are supporting habitat conservation, trail, and park improvements; including but not limited to Section 6 appropriations, bond funding for wildlife conservation board, allocation of funding for these bonds to District priorities.
3. State legislation and administrative action related to the sensible implementation of the Sustainable Groundwater Management Act that continues to focus on local control and responsibility.
4. State legislation and regulation that would encourage and fund water use efficiency programs for commercial and industrial facilities as well as residential users.
5. State legislation and regulation that would encourage and fund water use efficiency programs for commercial and industrial facilities as well as residential users.
6. Federal and State efforts to encourage resource agencies implementing the Endangered Species Act (ESA) and California ESA in a more integrated and holistic manner to address species recovery and restoration. For example, partnerships with agencies for habitat planning and support of land exchanges to facilitate habitat conservation plans, restoration projects and to reduce barriers to these innovative and cooperative programs achieving multiple objectives.
7. Federal and State efforts to improve wrap-around services and transitional housing opportunities for homeless populations that may reduce pressure on public lands and habitat
8. Federal and State efforts that reduce impediments and delays and increase grant funding options in the development of recycled water, direct and indirect potable reuse and other new water resources.
9. State legislation, regulation, and administrative actions to improve the efficient and fair implementation of water bond programs, so the region gets its fair share.

Consider Opposing

1. Federal or State legislation or regulation that decreases the likelihood of water recharge or increases the regulatory burdens to do so without significant consideration of water and habitat impacts.
2. State legislation or regulation that inappropriately encourages LAFCO to advocate consolidation on high functioning cities, districts or interferes with the efficient JPAs
3. State Legislation that impacts the fair allocation of tax proceeds and creates unfundable mandates for local agencies.
4. State legislation that seeks to limit or alter the authority and fiduciary role of water Agency Boards and Councils to manage the water resources and wastewater systems, such as state-mandated programs, or increased fees, property-related charges or taxes.
5. State legislation that would inappropriately assert the authority of the Legislature to alter or condition existing authority to construct, operate, and maintain State Water Project facilities to convey water across the Sacramento-San Joaquin Delta.
6. State legislation that would establish a statewide water fee or tax on water use.
7. State legislation that would hinder the exercise of existing agency authority in the area of public contracts, procurement, land management and disposition, public records, and human resources.
8. Federal and State legislation and regulations that hinder the ability of agencies to protect and secure critical infrastructure from cyber or physical threats and damages.
9. Regulatory expansion of water conservation and water use efficiency program that mandate remove or reduce the authority and initiative of the agencies to design and implement effective programs.



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1669

To: Board of Directors

From: General Manager, Daniel Cozad

Date: September 11, 2019

Subject: Exchange Plan Agreement Support and Contribution for Plan Update

RECOMMENDATION

Staff and the Exchange Plan Committee recommends the Board authorize the general manager to contract with Water Systems Consulting (WSC) for support services to enable the amendment and update of the Cooperative Exchange Plan Agreement under standard terms acceptable to legal counsel. The agreement is not expected to exceed \$100,000.

BACKGROUND

The District is a signatory and project manager for the Santa Ana/Mill Creek Cooperative Exchange Plan Agreement. The group has held over 100 meetings in the last 20 years but very few in the last 15 years. Several issues came to the attention of the Committee members, which reinitiated meetings in early 2019. Based on the early meeting the Committee has asked the Project Manager to contract for facilitation and updates to the plan and agreement.

DISCUSSION

After discussion of a draft scope developed for the Committee, they requested the District contract with WSC for services to support the committee meetings and updates to the plan. This procurement is considered a sole source as it was unanimously recommended by the Committee with no other recommendations. Additionally, the selected firm recently successfully won similar work for other agencies including SBVMWD. The selection of WSC is based on these factors. The Committee also requested the Conservation District provide legal counsel services to update the agreement after the plan changes are developed. The Committee has directed and reviewed the draft budget.

The Budget would obligate the District to provide some staff time and a contribution of approximately \$5,500 as a share of the consultant costs. This share is low because SBVMWD is seeking approval to pay half of the cost, and the other 9 participants pay the other 50%. The District would also have undetermined legal costs for agreement language.

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**GENERAL
MANAGER**

Daniel B. Cozad

The update of this agreement and plan will continue to benefit the agencies regionally and the District by increasing flexibility of facility use in recharging and direct delivery of water.

ALTERNATIVES

Potential Board Actions include:

- Provide authorization to execute the agreement and make the contributions identified
- Cede the role of Project Manager for the Exchange Plan to another entity
- Table the issue to a later meeting delaying the effort of the Co0mmittee.

FISCAL IMPACT

Staff time for Exchange is included in the Water Enterprise of the approved budget. SBVMWD provides \$30,000 toward the administration of the Exchange Plan, and while this level of effort was not expected, it is likely recoverable from the Groundwater Council future budgets. This effort is supportive of field operations and is appropriate as a groundwater enterprise cost. The estimated cost by participate is shown below but may vary due to many factors; staff would only authorize work up to the revenue available.

Exchange Plan Agreement Update Budget

DRAFT 1 8/27/19

Signatory Participant Entity	Estimated Cost \$ 100,000	
	Percentage	Amount
Bear Valley Mutual Water Company	5.6%	\$ 5,556
City of Redlands	5.6%	\$ 5,556
Crafton Water Company	5.6%	\$ 5,556
Lugonia Water Company	5.6%	\$ 5,556
East Valley Water District (East San Bernardino County Water District)	5.6%	\$ 5,556
North Fork Water Company	5.6%	\$ 5,556
Redlands Water Company	5.6%	\$ 5,556
San Bernardino Valley Municipal Water District	50%	\$ 50,000
San Bernardino Valley Water Conservation District	5.6%	\$ 5,556
Yucaipa Valley Water District (Yucaipa Valley County Water District)	5.6%	\$ 5,556
	100%	\$ 100,000

POTENTIAL MOTIONS

1. Move staff’s recommendation to provide authority to execute the agreement and support the Exchange Plan Committee
2. Direct staff on the other actions
3. Table the issue to a future meeting

ATTACHMENTS OR MATERIALS

Scope and Proposal

APPROVALS

Reviewed by District Counsel



8/30/2019

Daniel B. Cozad
San Bernardino Valley Water Conservation District
1630 West Redlands Blvd., Suite A
Redlands, CA 92373

SUBJECT: PROPOSAL TO PROVIDE COORDINATION / FACILITATION TO UPDATE THE SANTA ANA RIVER – MILL CREEK COOPERATIVE WATER PROJECT AGREEMENT (“EXCHANGE PLAN”)

Dear Mr. Cozad,

Water Systems Consulting, Inc. (WSC) appreciates the opportunity to submit this proposal to provide coordination and facilitation to update the Santa Ana River – Mill Creek Cooperative Water Project Agreement (“Exchange Plan”). The services are envisioned to help the Exchange Plan Task Force (“Task Force”) conceptualize, develop, review and refine a modified or amended exchange plan document. The anticipated scope of services is included as Attachment 1.

WSC proposes to provide the coordination and facilitation services on a time and materials basis, with an anticipated not-to-exceed budget of \$79,800. A detailed breakdown of our budget estimate is included as Attachment 2. The expected duration of the project is between six and nine months from notice to proceed.

Due to the uncertainty associated with creative and collaborative multi-stakeholder projects such as this, we cannot provide a firm fixed fee for the proposed services, nor can we commit to a pre-determined schedule as the schedule will be primarily driven by the needs and availability of the Task Force. However, we will partner with the Task Force to closely manage scope, schedule and budget to achieve the Task Force’s objectives as cost-effectively and expeditiously as possible.

WSC’s team will include Mr. Jeffery Szytel (Principal) and Ms. Laine Carlson (Project Manager), supported as needed by additional WSC staff. If you have any questions or would like to discuss any aspect this proposal, please contact Jeff (jszytel@wsc-inc.com) or Laine (lcarlson@wsc-inc.com) directly.

Sincerely,

Water Systems Consulting, Inc.

A handwritten signature in black ink, appearing to read "Jeffery Szytel".

Jeffery M. Szytel, PE, MBA
Principal

A handwritten signature in black ink, appearing to read "Laine Carlson".

Laine Carlson, PE
Project Manager

TASK 0.0 PROJECT MANAGEMENT

0.1 Project Administration

- Finalize and initiate contract
- Prepare monthly invoices and progress reports (9 assumed)
- Conduct as-needed coordination via phone and email

0.2 Kickoff Meeting

- Prepare for and conduct in-person kickoff meeting to review the agreements and plans that make up the Exchange Plan, discuss goals and objectives for the update, review the update facilitation scope and approach and define coordination needs.

TASK 1.0 BACKGROUND AND PREPARATION

1.1 Data Review

- Review existing Exchange Plan agreement and Bucket for Bucket guide
- Review documentation of Seven Oaks Dam Water Quality Exchange and recharge exchanges

1.2 Listening Sessions with Task Force Members

- Schedule and conduct up to three (3) one-hour listening sessions with individual Task Force members to understand unique perspectives, goals, & needs to in advance of larger Task Force working sessions. Meetings will be held in-person if possible, or via conference call if needed. The budget is based on all three in-person meetings being held on the same day.
- Prepare summary of feedback received at the listening sessions.

TASK 2.0 TASK FORCE COORDINATION AND FACILITATION

2.1 Task Force Working Sessions

- Plan, organize and facilitate two (2) 4-hour Working Sessions with the Task Force to brainstorm potential new facilities, processes or entities to be added or updated.
- Compile explanatory maps, charts and graphics to support the discussion at the Working Sessions.
- Prepare meeting summaries documenting key discussion points, decisions, data needs and action items.
- Following Working Session 1, coordinate with Task Force members to collect and review additional technical data needed to support new concepts identified in Working Session 1. Develop supplemental maps, charts and graphics to support the discussion at Working Session 2.

2.2 Monthly Meetings

- Plan, organize and conduct up to four (4) two-hour in-person meetings with the Task Force to review progress, discuss key issues and review and discuss draft deliverables.
- Prepare and distribute meeting summaries.

TASK 3.0 EXCHANGE PLAN ADDENDUM

3.1 Define Proposed Changes

- Identify any required updates to procedural issues or names and dates in the Exchange Plan.
- Describe new exchanges, including Seven Oaks Dam Water Quality Exchange and recharge exchanges.
- Identify whether any desired changes cannot be included in an addendum.
- Submit summary of proposed changes to the Task Force for review and approval.

3.2 Preliminary Draft Addendum

- Draft Preliminary Addendum text and needed maps, tables or figures for legal and Task Force review. The budget is based on preparing an Addendum consisting of 5-pages of text and tables and up to two figures.
- The scope assumes WSC will prepare materials for discussion and revision, but that revisions to or legal agreement addenda will be prepared by Water Conservation District legal counsel.
- The scope does not include revision of the Bucket for Bucket guide. The need for any updates to this guide will be discussed with the Task Force following review of the Preliminary Draft Addendum.

3.3 Approval Draft Addendum

- Incorporate comments received on the Preliminary Draft Addendum and prepare an Approval Draft Addendum

3.4 Final Addendum

- Incorporate comments received on the Approval Draft Addendum and prepare a Final Addendum

TASK 4.0 BOARD PRESENTATION SUPPORT

4.1 Prepare PowerPoint Presentation

- Prepare a draft PowerPoint presentation summarizing the existing Exchange Plan and proposed changes to be used for Board/Counsel updates.
- Present draft the Task Force at a Monthly Meeting (Task 2.2) to receive feedback
- Incorporate comments from the Task Force and prepare a final Powerpoint Presentation

4.2 Board/Counsel Memorandum

- Prepare draft Board/Counsel Memorandum summarizing the existing Exchange Plan and proposed changes and submit to the Task Force for review and comment.
- Incorporate comments from the Task Force and prepare a final Board/Counsel Memorandum.

4.3 Board Presentations

- Attend up to two (2) Board/Counsel meetings to present the PowerPoint Presentation and support Task Force members in answering questions about the proposed amendment.

Exchange Plan Update Facilitation
ATTACHMENT 2 – ANTICIPATED BUDGET

Task No.	Task Description	WSC							
		Principal	Project Manager	Document & Graphics Support	Engineering Support	WSC Labor Hours	WSC Labor Fee	Expenses	WSC Fee
0	Project Management								
0.1	Project Administration	2	20			22	\$ 5,480	\$ -	\$ 5,480
0.2	Kickoff Meeting	10	10			20	\$ 5,350	\$ 550	\$ 5,900
	SUBTOTAL	12	30	0	0	42	\$ 10,830	\$ 550	\$ 11,380
1	Background and Preparation								
1.1	Data Review	6	12			18	\$ 4,680	\$ -	\$ 4,680
1.2	Listening Sessions with Task Force Members	9	12			21	\$ 5,550	\$ 550	\$ 6,100
	SUBTOTAL	15	24	0	0	39	\$ 10,230	\$ 550	\$ 10,780
2	Task Force Coordination and Facilitation								
2.1	Task Force Working Sessions	20	32	8	16	76	\$ 17,160	\$ 1,100	\$ 18,260
2.2	Monthly Meetings	28	30			58	\$ 15,470	\$ 2,200	\$ 17,670
	SUBTOTAL	48	62	8	16	134	\$ 32,630	\$ 3,300	\$ 35,930
3	Exchange Plan Addendum								
3.1	Define Proposed Changes	4	12		8	24	\$ 5,180	\$ -	\$ 5,180
3.2	Preliminary Draft Addendum	4	12		8	24	\$ 5,180	\$ -	\$ 5,180
3.3	Approval Draft Addendum	2	4		2	8	\$ 1,830	\$ -	\$ 1,830
3.4	Final Addendum	2	4		2	8	\$ 1,830	\$ -	\$ 1,830
	SUBTOTAL	12	32	0	20	64	\$ 14,020	\$ -	\$ 14,020
4	Board Presentation Support								
4.1	Prepare PowerPoint Presentation	2	8	8		18	\$ 3,900	\$ -	\$ 3,900
4.2	Board/Counsel Memorandum	1	4			5	\$ 1,270	\$ -	\$ 1,270
4.3	Board Presentations		10			10	\$ 2,450	\$ 70	\$ 2,520
	SUBTOTAL	3	22	8	0	33	\$ 7,620	\$ 70	\$ 7,690
	COLUMN TOTALS	90	170	16	36	312	\$ 75,330	\$ 4,470	\$ 79,800



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1670

To: Board of Directors
From: General Manager, Daniel Cozad
Date: September 11, 2019
Subject: Unaudited Financial Reports, August 2019

RECOMMENDATION

Review and approve the unaudited financials for August 2019.

BACKGROUND

Financials are presented as of August 31, 2019.

DISCUSSION

Nine Groundwater Council members have been invoiced for their Cost Share based upon the Equitable Allocation Model for a total of \$543,847 higher than originally budgeted at \$470,000.00. Total payments of \$512,480.00 have been received. GL 6060 Outreach has not yet been billed for June 2019. The estimated June bill of \$1,405.08 is reversed in FY 2019/2020 until the actual invoice is received. The financials are attached for Board review and approval.

FISCAL IMPACT

There is no fiscal impact from reporting the financial status of the District.

POTENTIAL MOTIONS

1. Move approval of the Unaudited Financials for August 2019 as presented.
2. Move to request this item be tabled and referred to Finance & Administration Committee for reconsideration of specific issues discussed.

ATTACHMENTS OR MATERIALS

Graph Financials for August 2019
Profit & Loss to Date vs. Annual Budget

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MANAGER**

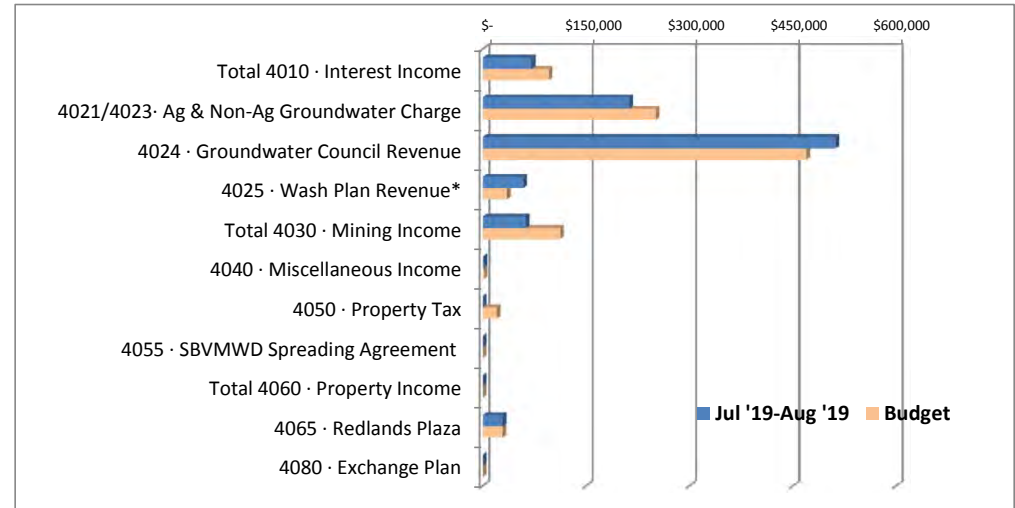
Daniel B. Cozad

SBVWCD - All Enterprises Budget and Actual

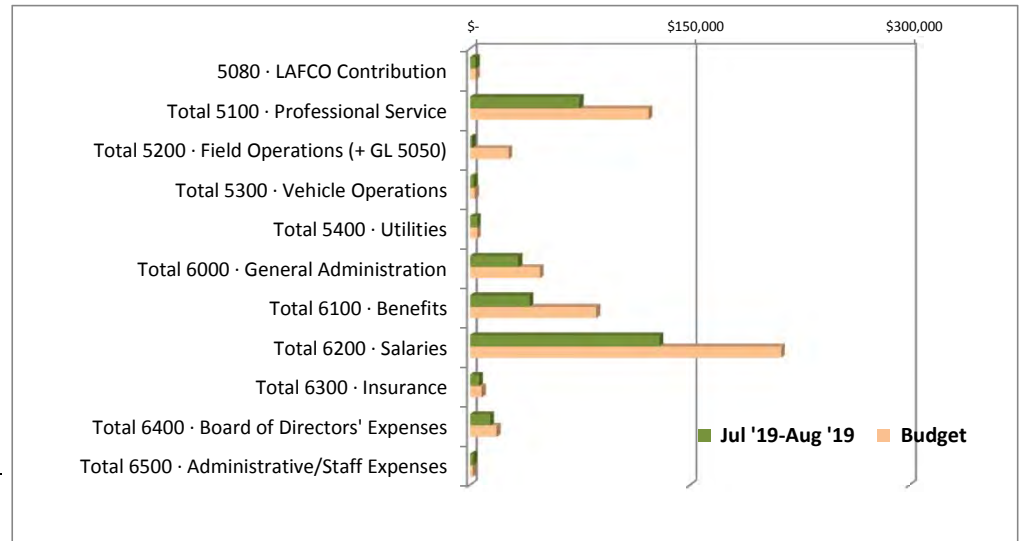
Aug 2019

REVENUE	Jul '19-Aug '19	Budget
Total 4010 · Interest Income	\$ 71,025	\$ 96,008
4021/4023· Ag & Non-Ag Groundwater Charge	\$ 212,937	\$ 251,429
4024 · Groundwater Council Revenue	\$ 512,480	\$ 470,000
4025 · Wash Plan Revenue*	\$ 58,851	\$ 35,000
Total 4030 · Mining Income	\$ 62,876	\$ 112,333
4040 · Miscellaneous Income	\$ 1,749	\$ 1,667
4050 · Property Tax	\$ -	\$ 20,358
4055 · SBVMWD Spreading Agreement	\$ -	\$ -
Total 4060 · Property Income	\$ -	\$ -
4065 · Redlands Plaza	\$ 28,744	\$ 28,685
4080 · Exchange Plan	\$ -	\$ -
Total Revenue	\$ 948,663	\$ 1,015,479

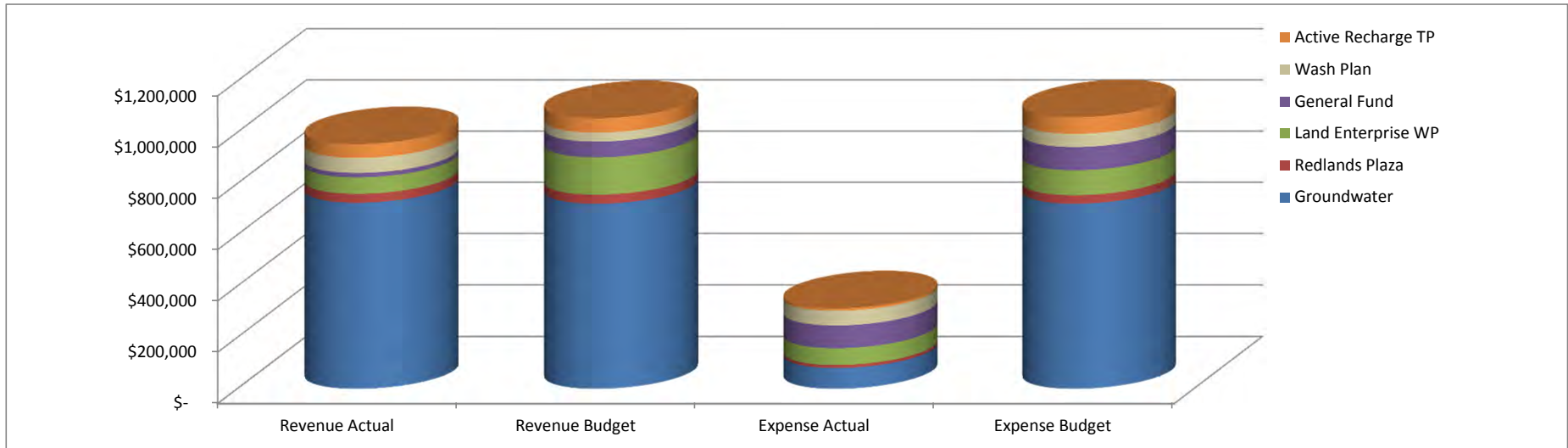
*District loans to the WP



EXPENSES Operating and Capital	Jul '19-Aug '19	Budget
5080 · LAFCO Contribution	\$ 3,952	\$ 4,000
Total 5100 · Professional Service	\$ 74,826	\$ 121,828
Total 5200 · Field Operations (+ GL 5050)	\$ 1,466	\$ 26,395
Total 5300 · Vehicle Operations	\$ 2,738	\$ 3,417
Total 5400 · Utilities	\$ 4,840	\$ 4,832
Total 6000 · General Administration	\$ 33,133	\$ 47,675
Total 6100 · Benefits	\$ 40,730	\$ 86,254
Total 6200 · Salaries	\$ 129,310	\$ 212,446
Total 6300 · Insurance	\$ 6,249	\$ 8,188
Total 6400 · Board of Directors' Expenses	\$ 13,955	\$ 18,307
Total 6500 · Administrative/Staff Expenses	\$ 2,359	\$ 2,229
Total Expense	\$ 313,556	\$ 535,571



Enterprises to Date (August 2019)



Enterprise	Actual	Budget	% of Budget
Groundwater Revenue	\$ 725,417	\$ 721,429	101%
Groundwater Expense	\$ 81,043	\$ 200,750	40%
Revenue -Expense	\$ 644,374	\$ 520,680	
Redlands Plaza Revenue	\$ 34,710	\$ 35,383	98%
Redlands Plaza Expense	\$ 11,658	\$ 33,155	35%
Revenue -Expense	\$ 23,052	\$ 2,228	
Land Enterprise Revenue	\$ 64,401	\$ 146,050	44%
Land Enterprise Expense	\$ 65,657	\$ 97,917	67%
Revenue -Expense	\$ (1,256)	\$ 48,134	
General Fund Revenue *	\$ 17,264	\$ 61,365	28%
General Fund Expense	\$ 88,422	\$ 90,482	98%
Revenue -Expense	\$ (71,158)	\$ (29,116)	
Wash Plan Revenue	\$ 58,851	\$ 35,000	168%
Wash Plan Expense	\$ 57,121	\$ 51,657	111%
Revenue-Expense	1,730	(16,657)	
Active Recharge TP Revenue	\$ 53,985	\$ 56,250	96%
Active Recharge TP Expense	\$ 9,654	\$ 64,486	15%
Revenue-Expense	\$ 44,331	\$ (8,236)	

Cash Status	As of 7/1/2019	As of 8/31/2019
LAIF	\$ 112,923.24	\$ 126,050.91
Cal Trust	\$ 3,132,394.79	\$ 3,145,243.71
Citizens Bank	\$ 19,604,190.64	\$ 1,512,442.84
UBS Financial Services	\$ 1,892,700.47	\$ 1,902,224.81
Cal Credit Union	\$ 253,734.81	\$ 254,324.93
US Bank-CAMP	0	\$ 18,491,484.84
Total Cash	\$ 24,995,943.95	\$ 25,431,772.04
Less Prepaid Royalty	\$ (5,000,000.00)	\$ (5,000,000.00)
Less ARTP obligation	\$ (18,491,484.8)	\$ (18,491,484.84)
Cash Position	\$ 1,504,459.11	\$ 1,940,287.20

Increase (decrease) of \$ 435,828
Percent Increase 29.0%

* General Fund Revenue shown here does not include overhead

Total All Revenue - Expense \$ 641,073 \$ 517,032

San Bernardino Valley Water Conservation District
Profit & Loss To Date vs. Annual Budget

	<u>Jul - Aug 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Interest Income				
4012 · LAIF	0.00	20,000.00	-20,000.00	0.0%
4013 · Caltrust Investment Income	12,848.92	66,443.10	-53,594.18	19.34%
4014 · CalCredit Union Interest Income	590.12	3,600.00	-3,009.88	16.39%
4015 · UBS Interest Income	3,601.34	36,000.00	-32,398.66	10.0%
4016 · Interest Income ARTP	53,984.84	450,000.00	-396,015.16	12.0%
Total 4010 · Interest Income	71,025.22	576,043.10	-505,017.88	12.33%
4020 · Groundwater Charge				
4021 · Assessments - Ag	20,067.42	97,028.35	-76,960.93	20.68%
4023 · Assessments - Non-Ag	192,869.68	405,830.40	-212,960.72	47.53%
4024 · Groundwater Council Revenue	512,480.00	470,000.00	42,480.00	109.04%
Total 4020 · Groundwater Charge	725,417.10	972,858.75	-247,441.65	74.57%
4025 · Wash Plan Revenue	58,851.41	210,000.00	-151,148.59	28.02%
4030 · Mining Income				
4031 · Plant Site - CEMEX	8,000.00	48,000.00	-40,000.00	16.67%
4032 · Cemex - Royalty / Lease	48,833.33	586,000.00	-537,166.67	8.33%
4036 · Aggregate Maintenance	6,043.00	40,000.00	-33,957.00	15.11%
Total 4030 · Mining Income	62,876.33	674,000.00	-611,123.67	9.33%
4040 · Miscellaneous Income				
4041 · Reimbursed Expenses	0.00			
4040 · Miscellaneous Income - Other	1,749.00	10,000.00	-8,251.00	17.49%
Total 4040 · Miscellaneous Income	1,749.00	10,000.00	-8,251.00	17.49%
4050 · Property Tax	0.00	122,145.33	-122,145.33	0.0%
4055 · SBVMWD Spreading Agreement Reim	0.00	411,013.69	-411,013.69	0.0%
4060 · Property Income				
4062 · Mentone Property	0.00	100.00	-100.00	0.0%
Total 4060 · Property Income	0.00	100.00	-100.00	0.0%
4065 · Redlands Plaza	28,743.62	172,108.19	-143,364.57	16.7%
4066 · Redlands Plaza CAM	5,966.52	40,191.90	-34,225.38	14.85%
4080 · Exchange Plan	0.00	30,000.00	-30,000.00	0.0%
4086 · Plunge Creek IRWMP	0.00	200,000.00	-200,000.00	0.0%
4998 · Rate Stabilization From Reserve	0.00	22,223.00	-22,223.00	0.0%
4999 · Trust Reimbursement-Wash Plan	0.00	100,000.00	-100,000.00	0.0%
Total Income	954,629.20	3,540,683.96	-2,586,054.76	26.96%
Gross Profit	954,629.20	3,540,683.96	-2,586,054.76	26.96%
Expense				
5040 · Regional Programs				
5080 · LAFCO Contribution	3,951.62	4,000.00	-48.38	98.79%
Total 5040 · Regional Programs	3,951.62	4,000.00	-48.38	98.79%
5050 · Basin Cleaning	0.00	50,000.00	-50,000.00	0.0%
5100 · Professional Service				
5120 · Misc. Professional Services	32,462.90	130,000.00	-97,537.10	24.97%
5122 · Wash Plan Professional Services	34,972.61	30,000.00	4,972.61	116.58%
5123 · Habitat Management-WP	0.00	120,000.00	-120,000.00	0.0%
5124 · Plunge Creek Prof Services	940.00	150,000.00	-149,060.00	0.63%
5125 · Engineering Services	0.00	18,000.00	-18,000.00	0.0%
5130 · Aerial Photography & Surveying	6,000.00	1,000.00	5,000.00	600.0%
5155 · WP Trails Professional Services	0.00	25,000.00	-25,000.00	0.0%
5160 · IT Support	450.00	7,000.00	-6,550.00	6.43%
5170 · Audit	0.00	26,155.00	-26,155.00	0.0%
5175 · Legal - Wash Plan	0.00	20,000.00	-20,000.00	0.0%
5180 · Legal	0.00	175,000.00	-175,000.00	0.0%
Total 5100 · Professional Service	74,825.51	702,155.00	-627,329.49	10.66%
5133 · Regional River HCP Contribution	0.00	25,000.00	-25,000.00	0.0%
5200 · Field Operations				
5210 · Equipment Maintenance	165.87	6,365.40	-6,199.53	2.61%
5215 · Property Maintenance	1,300.11	42,000.00	-40,699.89	3.1%
5225 · Field Clean Up-Illegal dumping	0.00	60,000.00	-60,000.00	0.0%
Total 5200 · Field Operations	1,465.98	108,365.40	-106,899.42	1.35%
5223 · Temp. Field Labor	0.00	11,000.00	-11,000.00	0.0%

San Bernardino Valley Water Conservation District
Profit & Loss To Date vs. Annual Budget

	<u>Jul - Aug 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
5300 · Vehicle Operations				
5310 · Vehicle Maintenance	1,765.20	8,000.00	-6,234.80	22.07%
5320 · Fuel	972.46	12,500.00	-11,527.54	7.78%
Total 5300 · Vehicle Operations	2,737.66	20,500.00	-17,762.34	13.35%
5400 · Utilities				
5410 · Alarm Service	559.00	1,500.00	-941.00	37.27%
5420 · Electricity	1,344.11	10,000.34	-8,656.23	13.44%
5430 · Mobile Phone	562.51	3,550.00	-2,987.49	15.85%
5440 · Telephone	1,203.94	8,000.00	-6,796.06	15.05%
5450 · Natural Gas	9.23	986.59	-977.36	0.94%
5460 · Water / Trash / Sewer	529.25	2,300.00	-1,770.75	23.01%
5470 · Internet Services	631.49	2,652.26	-2,020.77	23.81%
Total 5400 · Utilities	4,839.53	28,989.19	-24,149.66	16.69%
6000 · General Administration				
6001 · General Administration - Other	2,591.23	4,500.00	-1,908.77	57.58%
6002 · Website Administration	1,125.00	3,300.00	-2,175.00	34.09%
6003 · Property Tax	0.00	235.10	-235.10	0.0%
6004 · Meeting Expenses	318.39	2,000.00	-1,681.61	15.92%
6006 · Permits	0.00	10,000.00	-10,000.00	0.0%
6007 · Inter District Costs	0.00	10,000.00	-10,000.00	0.0%
6009 · Licenses	0.00	1,300.00	-1,300.00	0.0%
6010 · Surety Bond	1,210.00	1,900.00	-690.00	63.68%
6012 · Office Maintenance	0.00	3,180.00	-3,180.00	0.0%
6013 · Office Lease Payment	10,000.00	60,000.00	-50,000.00	16.67%
6015 · Mentone House Maintenance	8.24	5,000.00	-4,991.76	0.17%
6016 · Redlands Plaza Maintenance	0.00	40,000.00	-40,000.00	0.0%
6018 · Janitorial Services	2,855.00	9,108.89	-6,253.89	31.34%
6019 · Janitorial Supplies	49.59	500.00	-450.41	9.92%
6020 · Vacancy Marketing-Redlands Plaz	11.23	5,500.00	-5,488.77	0.2%
6026 · Redlands Plaza CAM expenses	4,481.90	29,355.00	-24,873.10	15.27%
6027 · Computer Software	0.00	600.00	-600.00	0.0%
6030 · Office Supplies	236.95	3,750.67	-3,513.72	6.32%
6033 · Office Equipment Rental	1,715.22	9,500.00	-7,784.78	18.06%
6036 · Printing	0.00	980.00	-980.00	0.0%
6039 · Postage and Overnight Delivery	183.08	1,200.00	-1,016.92	15.26%
6042 · Payroll Processing	350.59	2,523.50	-2,172.91	13.89%
6045 · Bank Service Charges	0.00	2,575.00	-2,575.00	0.0%
6051 · Uniforms	300.59	2,200.00	-1,899.41	13.66%
6060 · Outreach	-1,405.08	60,000.00	-61,405.08	-2.34%
6087 · Educational Reimbursement	0.00	5,000.00	-5,000.00	0.0%
6090 · Subscriptions/Publications	361.89	1,210.00	-848.11	29.91%
6091 · Public Notices	0.00	3,200.00	-3,200.00	0.0%
6093 · Memberships	8,739.11	20,860.20	-12,121.09	41.89%
Total 6000 · General Administration	33,132.93	299,478.36	-266,345.43	11.06%
6100 · Benefits				
6110 · Vision Insurance	331.22	3,090.02	-2,758.80	10.72%
6120 · Workers' Comp. Insurance	0.00	18,908.65	-18,908.65	0.0%
6130 · Dental Insurance	1,403.82	13,265.60	-11,861.78	10.58%
6150 · Medical Insurance				
6150.01 · Medical Employee Contribution	-4,427.40	-30,960.10	26,532.70	14.3%
6150 · Medical Insurance - Other	24,801.36	237,140.37	-212,339.01	10.46%
Total 6150 · Medical Insurance	20,373.96	206,180.27	-185,806.31	9.88%
6160 · Payroll Taxes-Employer	7,251.75	89,947.99	-82,696.24	8.06%
6170 · PERS Retirement				
6170.01 · PERS Employee Contributions	-12,249.60	-44,370.29	32,120.69	27.61%
6170 · PERS Retirement - Other	23,618.36	230,506.22	-206,887.86	10.25%
Total 6170 · PERS Retirement	11,368.76	186,135.93	-174,767.17	6.11%
Total 6100 · Benefits	40,729.51	517,528.46	-476,798.95	7.87%
6200 · Salaries				
6230 · Regular Salaries	129,310.30	1,274,675.96	-1,145,365.66	10.15%
Total 6200 · Salaries	129,310.30	1,274,675.96	-1,145,365.66	10.15%
6300 · Insurance				
6310 · Property/ Auto Insurance	0.00	7,000.00	-7,000.00	0.0%
6320 · General Liability Insurance	6,249.25	32,300.00	-26,050.75	19.35%
Total 6300 · Insurance	6,249.25	39,300.00	-33,050.75	15.9%

San Bernardino Valley Water Conservation District
Profit & Loss To Date vs. Annual Budget

	<u>Jul - Aug 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
6400 · Board of Directors' Expenses				
6401 · Directors' Fees				
6401.5 · Payroll Taxes-Directors	3,232.41			
6401 · Directors' Fees - Other	9,048.07	90,344.10	-81,296.03	10.02%
Total 6401 · Directors' Fees	12,280.48	90,344.10	-78,063.62	13.59%
6410 · Mileage	107.81	4,000.00	-3,892.19	2.7%
6415 · Air Fare	427.60	2,500.00	-2,072.40	17.1%
6420 · Other Travel	0.00	500.00	-500.00	0.0%
6425 · Meals	164.00	3,500.00	-3,336.00	4.69%
6430 · Lodging	0.00	4,000.00	-4,000.00	0.0%
6435 · Conf/Seminar Registrations	975.00	5,000.00	-4,025.00	19.5%
6440 · Election Fees / Re-Districting	0.00	0.00	0.00	0.0%
Total 6400 · Board of Directors' Expenses	13,954.89	109,844.10	-95,889.21	12.7%
6500 · Administrative/Staff Expenses				
6510 · Mileage	205.55	1,800.00	-1,594.45	11.42%
6515 · Air Fare	432.96	2,000.00	-1,567.04	21.65%
6520 · Travel, Other (rental car, taxi)	140.30	1,000.00	-859.70	14.03%
6525 · Meals	89.91	1,591.35	-1,501.44	5.65%
6530 · Lodging	0.00	3,000.00	-3,000.00	0.0%
6535 · Conf/Seminar Registrations	1,490.00	4,000.00	-2,510.00	37.25%
Total 6500 · Administrative/Staff Expenses	2,358.72	13,391.35	-11,032.63	17.61%
9999 · Contribution to Capital Maint.	0.00	361,365.60	-361,365.60	0.0%
Total Expense	313,555.90	3,565,593.42	-3,252,037.52	8.79%
Net Ordinary Income	641,073.30	-24,909.46	665,982.76	-2,573.61%
Other Income/Expense				
Other Expense				
7000 · Construction				
7010 · Materials	0.00	18,000.00	-18,000.00	0.0%
7055 · Plunge Creek Expansion	0.00	362,957.00	-362,957.00	0.0%
Total 7000 · Construction	0.00	380,957.00	-380,957.00	0.0%
7100 · Land & Buildings				
7110 · Property Capital Repairs	27,650.00	304,000.00	-276,350.00	9.1%
7120 · Property-Land Purchase	15,000.00			
7126 · ARTP Engr/Prof Services	0.00	450,000.00	-450,000.00	0.0%
7130 · Mentone Property (House)-CapRep	0.00	25,000.00	-25,000.00	0.0%
7140 · Mentone Property (Shop)-CapRep	0.00	220,000.00	-220,000.00	0.0%
7150 · Mill Creek Diversion	0.00	446,068.00	-446,068.00	0.0%
7160 · Mendoza Property	0.00	137,000.00	-137,000.00	0.0%
Total 7100 · Land & Buildings	42,650.00	1,582,068.00	-1,539,418.00	2.7%
7200 · Equipment & Vehicles				
7210 · Computer Hardware-Capital Purch	0.00	5,000.00	-5,000.00	0.0%
7220 · Computer Software	4,175.00	10,000.00	-5,825.00	41.75%
7230 · Field Equipment / Vehicles	0.00	145,000.00	-145,000.00	0.0%
7240 · Office Equipment	0.00	1,500.00	-1,500.00	0.0%
Total 7200 · Equipment & Vehicles	4,175.00	161,500.00	-157,325.00	2.59%
7400 · Professional Services Capital				
7438 · Engineering Services-Other	0.00	125,000.00	-125,000.00	0.0%
Total 7400 · Professional Services Capital	0.00	125,000.00	-125,000.00	0.0%
Total Other Expense	46,825.00	2,249,525.00	-2,202,700.00	2.08%
Net Other Income	-46,825.00	-2,249,525.00	2,202,700.00	2.08%
Net Income	594,248.30	-2,274,434.46	2,868,682.76	-26.13%



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

Memorandum No. 1671

To: Board of Directors
From: General Manager, Daniel Cozad
Date: September 11, 2019
Subject: Groundwater Late Payer, Non-Respondents and Investigation List for GWA #52

RECOMMENDATION

Review, discuss and direct staff to continue to investigate late payers and non-respondents for the period of January 1, 2019 – June 30, 2019.

BACKGROUND

The District sent notices to all producers as it does every 6 months. GWA 52 covers the period from January 1, to June 30, 2019. After each assessment period's payment deadline, staff follows the Board approved procedure; sending late notices, calling and attempting to assist any producer who has filed incorrect statements or has failed to file or pay or both. Each groundwater assessment cycle has both late-payers or non-paying producers. Staff makes several attempts to contact producers who have not paid and find owners for wells that have new owners or managers.

DISCUSSION

District staff has made contact with Splash Kingdom, Mt. View Mortuary & Cemetery, Laranni Gunter, Piperhill Redlands LLC, and Tennessee Water Co. Staff has made many attempts to collect from Splash Kingdom with no success. Staff requests legal counsel letter be submitted to Splash Kingdom for non-response over the last four groundwater reporting periods. Mr. Pete Marcum, who reports for Laranni, Piperhill, and Tennessee Water, stated he prefers to pay once a year and accepts responsibility for incurred late fees for late reporting. Payment and reporting from Mt. View Mortuary & Cemetery and remaining producers are expected to be submitted soon. Additional emails and messages have been sent to Gladysta Well Water Co., J.J. Ramirez Citrus Management, Laura Ramirez and Doug Guyette.

FISCAL IMPACT

Staff time and potentially legal support may be required to determine production.

ATTACHMENTS OR MATERIALS

Past Due GW #52 Producers Investigation List

1630 W. Redlands Blvd, Suite A
Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwc.org Email: info@sbvwc.org

BOARD OF DIRECTORS

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Division 5:
Melody McDonald

GENERAL MANAGER

Daniel B. Cozad

PAST DUE GW #52 PRODUCERS INVESTIGATION LIST

PAST DUE GW #52 PRODUCERS INVESTIGATION LIST				Expect Pymt/Report	Late Reporters	Field Visit Needed
PRODUCERS	WELL CODE	RECORDATION	LAST PAYMENT/REPORTING			
1. Splash Kingdom	1S3W29J01S	3600415	\$653.63/GW #48 (Jan-Jun 2017)			X
2. Gladysta Well Water Co.	1S3W20H02S	3600182	\$106.72/GW #51 (Jul-Dec 2018)	X		
3. Mt View Mortuary & Cemetery	1N4W26N	3600742	\$803.84/GW #51 (Jul-Dec 2018)	X		
	1N4W26M	3600743	\$954.56/GW #51 (Jul-Dec 2018)	X		
4. J.J. Ramirez Citrus Mgmt	1S3W16A	3600527	\$139.80/GW #51 (Jul-Dec 2018)	X		
	1S3W21A	3601046	\$0/GW #51 (Jul-Dec 2018)	X		
	1S3W16F	3600484	\$0/GW #51 (Jul-Dec 2018)	X		
	1S3W30K	3601728	\$0/GW #51 (Jul-Dec 2018)	X		
5. Laura Ramirez	1S3W28M	3601649	\$0/GW #51 (Jul-Dec 2018)	X		
	01S03W29J01S	3600415	\$577.30/GW #51 (Jul-Dec 2018)	X		
6. Doug Guyette	1N4W36M01S	3600458	\$0/GW #51 (Jul-Dec 2018)		X	
		3610007	\$0/GW #51 (Jul-Dec 2018)		X	
7. Laranni Gunter Well	1S3W32G01S	3600160	\$0/GW #51 (Jul-Dec 2018)		X	
8. Piperhill Redlands LLC	1S2W30H	3601126	\$223.94/GW #51 (Jul-Dec 2018)		X	
9. Tennessee Water Company	1S3W16L	3600474	\$95.70/GW #51 (Jul-Dec 2018)		X	



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1664

To: Board of Directors

From: Daniel Cozad, District Manager

Date: August 14, 2019/September 11, 2019

Subject: Memorandum of Agreement with BLM for Implementing the Wash Plan Land Exchange

RECOMMENDATION

Staff recommends that the Board authorize the general manager to execute the Land Exchange and Cooperative Land Management agreements with the Bureau of Land Management (BLM) for the Wash Plan.

BACKGROUND AND DISCUSSION

BLM management has identified several MOU's and agreements to accomplish the land exchange and cooperative land management in the wash. The Board has seen the cooperative land management MOU, several times before. It has changed little in the many versions, however, is being revised by the BLM Solicitor and will be brought for Board consideration when ready for final approval per BLM.

- 1. Cost Recovery Agreement** – This agreement is similar to the Agreement to Initiate a Land Exchange that was approved by the Board on a couple of prior occasions and is essentially a reimbursement agreement for BLM staff work and support needed to develop documentation and process the land exchange and appraisal. While there are no new policy issues in this agreement, timely approval allows BLM staff to begin the Wash Plan Land Exchange process. This agreement was approved in July 2019.
- 2. Land Exchange MOU** – This agreement documents the roles and responsibilities of the BLM and District. This agreement was previously combined with the cooperative land management MOU but has been separated for clarity and management by BLM. The MOU would be operative until the land transfer is complete. District Counsel would prefer to modify the draft agreement, which may delay the process, but there are several issues to be resolved. This agreement is expected to be available for approval at this meeting.

1630 W. Redlands Blvd, Suite A
Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwc.org Email: info@sbvwc.org

BOARD OF DIRECTORS

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David E. Raley

Division 3:
Robert Stewart

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John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Daniel B. Cozad

3. **Cooperative Land Management MOU** – Of the agreements, this one is most critical to the District and the implementation of the Wash Plan. The Board has seen and approved earlier versions of this agreement. It provides for the District and BLM to manage land as we do now cooperatively. It documents the ability of the District to manage habitat and conduct other projects (Enhanced Recharge) on BLM lands under existing easements and this agreement. It also provides a framework for a streamlined review of future projects or efforts which are not prohibited by BLM policy. This agreement is in Solicitor review at BLM and may be available for approval at this meeting.

4. **Environmental Site Assessment Agreement** – Exchange of land with the BLM requires an assessment of the lands being provided and accepted. A draft agreement has not been provided but will likely stipulate that we are accepting the land from BLM without warranty and with any impairments, known or unknown. Likewise, we are providing the land to the federal government under the same terms and conditions. This agreement is a policy decision by the Board to incur some liability for land that is received but divesting liability for land provided. It embodies the concept of an exchange of “like for like,” where either property may have similar known or unknown issues, but either way, the risk is similar to the lands already owned and managed by the District. Requiring BLM to modify or clean up the lands being received will terminally delay the land exchange as BLM has no funding to perform cleanups. This agreement will be developed when BLM does the Site Assessments under the Cost Recovery Agreement.

Staff and Legal Counsel recommend the MOU’s presented for approval be authorized by the Board. Other agreements will be agendized for Board consideration when they are complete.

FISCAL IMPACT

Staff had estimated costs associated with the BLM processing of the land exchange to be \$125,000. These costs include an Environmental Site Assessment (similar to a Phase I assessment) and an Appraisal, as well as, administrative costs associated with the transfer. The costs for this effort will be included in issuance costs for HCP projects or where a direct property cost, paid by the land resource.

POTENTIAL MOTIONS

1. Move to approve the presented agreements between the Conservation District and The Bureau of Land Management as presented.
2. Move to direct staff on specific changes to the agreement for approval.
3. Move to table the item to a future meeting of the Board or the Finance & Administration Committee.

ATTACHMENTS OR MATERIALS

MOU’s that are ready will likely be presented as a handout.

APPROVALS

District Counsel

General Manager's Report

For August 10, 2019 to September 6, 2019
Daniel B. Cozad



**San Bernardino Valley
Water Conservation District**
Helping Nature Store Our Water

The following report covers the weeks between meetings and the efforts and activities during the reporting period.

- 1. Water Conservation – Plan Goal 1** – Flow in Mill Creek and Santa Ana River has decreased significantly due to the end of the rainy season. Mill Creek water is being used by Redlands as surface water for the Tate treatment plant. On the Santa Ana River, Seven Oaks Dam (SOD) releases down below 10 CFS as water runs through the dam. District Field staff have fully implemented Aggressive Recharge this year and have been able to catch significant water from Mill Creek, Santa Ana River, and still recharge State Water Project water. Mill Creek recharge is over 18,200 AF for the year. The Santa Ana River recharge totals about 47,700 AF for the year. Of this total 21,900 AF was from State Water Project imports. Currently more than 66,000 AF have been recharged and totals for the water year are likely to reach 67,000 AF. Mill Creek facilities are emptying, but SAR spreading remains at about 50 CFS. Groundwater near facilities is greatly increased but is receding as the mound disperses.
- 2. Facility Maintenance and Cleanout – Plan Goal 1** – Ongoing routine maintenance has begun to transition to cleaning and aggregate management. The winter storms left at least 75,000 cubic yards of sand, gravel, and silts in the basins that need to be removed to be ready to recharge in the coming winter. We are coordinating with Upland Rock, Cemex and others to use the bountiful sand and gravel generated this year. Repairs and enhancements are completed along with cleaning in the habitat window available in the fall. Upland should be complete soon and Jacinto began in early September. Field staff are utilizing a loader Upland loaned the District during the work day and Upland uses it when they are done for the day. A large void was discovered in Mill Creek Basin 14 during cleaning and repaired with all three field staff working together for the first time. See photos. There is also a deeper void on Mill Creek 21 that will be repaired by Jacinto.



- 3. Aggregate Management – Plan Goal 1** – Upland Rock continues to sell sand and rock from District basin cleaning efforts. Because a significant excess of sand is available from operations and more is accumulating staff have been working to spread sand for habitat uses. Upland assisted the District with the placement of boulders for security

limiting criminal trespass. Most recently boulders were used in the initial security and cleanup of R-100 and additional work will continue when crews complete basin cleaning.

4. **Personnel/Administration/Staff** – We are happy to welcome new staff to the District. Field Operations Specialist Mike Guizar, Sr. Engineer Project Manager Erwin Folgerson, and Land Resources Manager/AGM Betsy Miller. They will each be great additions to the District and together replace and expand staff resources to carry out the District mission and Board priorities. Staff provided the updated Staffing and Succession Plan to the Finance & Administration Committee and reviewed other policies.
5. **Finance/Budget/Audit** – Annual closeout of the Fiscal year is complete and staff and the Auditor worked together to complete financial statement and Audit documents for 2019. The Audit is complete in Draft with yet another year of clean audits without findings or recommendations. Reserve balances are being updated to be presented in the audit. The Adhoc Audit Committee reviews the Audit to make recommendations to the Board at this meeting. The 2019-2020 budget is being implemented. Staff is working to make the transfers to the OPEB Trust authorized by the Board in August. Staff and investment managers are assessing investments and fixed income return changes in District and Trust investments, a chart of investment factors is attached.
6. **Mill Creek Diversion Engineering** – *Plan Goals 1/4* – SBC Flood Control and Staff continue to work with USACOE Section 408 permit staff.
7. **Plunge Creek Restoration Conservation Project** – *Plan Goals 1/4* – Regional Water Quality Control Board 401 certification permit is complete. The USACOE 404 permit is nearly complete awaiting COE's USFWS consultation which should be complete in early August. The 2081 permit from the California Department of Fish and Wildlife is in final form but has been complicated due to SBKR listing. Staff has been interacting with the CDFW, consultants, biologist, legal and others to validate the alternatives presented last month. Changes to the bid package for procurement will be required before release.
8. **Enhanced Recharge Project** – *Plan Goal 1* – The Enhanced Recharge Phase 1A is completed and operating. The new basins are scheduled for construction in 2020 with the completion of the Wash Plan and other permitting. Staff attended several meetings and provided input on the design changes and revisions. Improvements at the Cuttle Weir are permitted in the River Habitat Conservation Plan and will follow its approval.
9. **Groundwater Council** – *Plan Goal 1* – The Groundwater Council last met on April 8th and approved the 2019/20 Budget and EAM allocations; recommendations as reported at the last meeting. Bob Martin was named as the appointee to the Active Transfer Recharge Projects Policy Committee. Budget Committee Meetings are scheduled for September 18th. The next meeting of the GC will be on October 14, 2019.
10. **Wash Plan** – *Plan Goal 4* – The Wash Plan has a separate report listed on the agenda. Wash Plan land exchange MOU and Land Management MOU are in review and may be available for approval if approved by legal counsel. Betsy Miller will make the report for future meetings.

11. Santa Ana River Wash Plan Land Exchange Act Implementation – *Plan Goal 4* – S.-47 was passed and signed by the President becoming PL 119-6. Staff, District Counsel, and special legal counsel are working closely with BLM to expedite the exchange. The work needed will require the preparation of an EA for placing ACEC on the lands accepted by the BLM. We are on a day to day cycle of reviews and awaiting the next version for approval.

12. Conservation Trust – *Plan Goal 4* - The Conservation Trust Board of Directors last met on July 11. Staff has met with entities with which a deposit agreement is on file. These projects move forward slowly. The next Conservation Trust meeting is scheduled for October 10, which may be changed. SBVMWD will appoint a member to the Trust Board on September 3.

13. Property/Redlands Plaza – Staff continues to manage Redlands Plaza and various issues related to tenants and maintenance. Two units are now vacant and we have signed an agreement for a new realtor to represent the space in hopes of gaining new tenants. The Board approved the roof replacement contract and staff coordinated with all tenants, contractor and various others for utilities and issues. Tear off began on August 27th and roof replacement will continue over the next week. See photos below.



14. Mining – Mining efforts by CEMEX contractors continue on the Plant Site quarry. District Counsel drafted revisions to the existing lease to revise it for the Wash Plan implementation. Staff coordinated water operations and hopefully CEMEX is willing to take aggregate from Mill Creek under the existing royalty agreement but it must be delivered to their site on Orange Street.

15. Public Outreach and Legislative – *Plan Goal 5* – Staff continued coordination and efforts for school education with IERCD. Outreach efforts related to Aggressive Recharge and other related operations efforts were widely covered by the press. The Redlands Community News did a nice story on the on Water Operations and records for the year. The Outreach & Communications Committee meeting was held on August 23. The Consultants reviewed press occurrences and releases, (list attached). As well as discussing the Website updates and the plan for 2019-2020. The committee will update the Board in this meeting. The Committee considered the Legislative Advocacy Policy from CSDA and opted to stay with the Leg. Platform. Staff updated the Leg Platform for Board approval in this meeting. Staff prepared and presented at the inaugural session of the Local Government Commission Santa Ana Watershed symposium at the request of Redlands City Council members.

16. Community Recharge and Mitigation – *Plan Goal 1 and 4* – The 2017 Community Strategic Plan (CSP) included this effort for planning and implementation. Based on staff efforts and in accordance with the resolution, the District and SBVMWD are documenting the partnership to expand River HCP mitigation and Active Recharge Projects. Other projects are in discussion with land owners and developer and could be identified in the future.

17. Active Recharge Transfer Project Partnership – *Plan Goals 1, 2 and 4* – On January 22nd the Partnership Agreement for Active Recharge Projects and Habitat Conservation Easements was approved by the SBVMWD’s Board. The District received the first half of the payment from SBVMWD in June. Staff prepared the job announcement reviewed resumes and interviewed applicants for the Sr. Engineer/Project Manager. SBVMWD and Groundwater Council will appoint members in July and August respectively. The first meeting is likely in September or October.

18. Current Board Action Implementation – Many priority efforts have separate sections of the General Manager’s Report, or independent Board requested reports. Staff and District Counsel worked closely on EHL/CBD v. USACOE settlement as well as other closed session items. Staff received bids from Ford and Chevy equivalent dump trucks and awarded the bid to the Chevy dealer based on the lower cost and the similarity with the existing dump truck. Both units have long lead times but will be delivered in time for Christmas.

19. Future Board Activities – Expected short-term items for consideration or note










- District Audit
- Trails approach and Project Charter
- District Outreach & Communications plan
- BLM MOU Consideration
- CDFW Plunge Creek Project Constraints and changes
- Exchange Plan updates and authority
- New staff introductions and support

20. District Successes

- While bittersweet, staff and available Board Members celebrated Jeff Beehler’s retirement with a lunch in late August, we wish him the best and presented him with a photo of District Lands signed by all the staff and directors.
- Recharge for the Water Year has beat past records and may be as much as 67,000 AF, which would be the most water recharged since 1924.
- The Santa Ana Mill Creek Cooperative Exchange Plan was reactivated and worked to get a scope and consultant to assist with their update of this historic agreement. The Agreement for consulting services is on this Board Agenda.



Factors to consider over next 6-12 months

<p>Central Banks:</p>  <ul style="list-style-type: none"> • ECB has announced plans to remain accommodative • Fed cut rates by 0.25% at July meeting 	<p>Economic Growth (U.S.):</p>  <ul style="list-style-type: none"> • Q2 GDP at 2.1% • IMF 2019 growth for U.S. revised up to 2.6% from 2.3% 	<p>Economic Growth (Global):</p>  <ul style="list-style-type: none"> • IMF 2019 global growth revised down to 3.2% from 3.3% • Concerns around slower growth within EM and Eurozone
<p>Trade Tensions:</p>  <ul style="list-style-type: none"> • Increasing uncertainty with U.S. – China trade talks continues to have a negative impact on market sentiment 	<p>Consumer Confidence (U.S.):</p>  <ul style="list-style-type: none"> • Consumer spending and confidence continue to be strong • Labor markets and wage growth continue to supportive of growth 	<p>Inflation (U.S.):</p>  <ul style="list-style-type: none"> • Range-bound inflation is supportive of risk assets • Globally too, inflation remains subdued
<p>Corporate Fundamentals:</p>  <ul style="list-style-type: none"> • High cash levels, strong buyback activity and higher profit margins point to strong corporate fundamentals 	<p>Interest Rates:</p>  <ul style="list-style-type: none"> • Rise in negative-yielding debt raises concern around long term growth prospects 	<p>Geopolitics:</p>  <ul style="list-style-type: none"> • Rising tensions with Iran could flare up into a global risk • Hard Brexit is closer to reality and the uncertainty around Brexit still remains

Stance
Unfavorable to
Risk Assets



Favorable
to Risk
Assets

San Bernardino Valley Water Conservation District
Media Clips, June 2018 through June 2019

News Articles : 38 (* denotes organic news)

Redlands Community News — June 20, 2019

Groundwater at spreading basins hear record levels

https://www.redlandscommunitynews.com/news/groundwater-at-spreading-basins-near-record-levels/article_3a387580-9391-11e9-9412-3f279332a2f5.html

Redlands Daily Facts — June 13, 2019

San Bernardino Valley Water Conservation District offers transitional shelter for homeless

By Jennifer Iyer

<https://www.redlandsdailyfacts.com/2019/06/13/san-bernardino-valley-water-conservation-district-offers-transitional-shelter-for-homeless/>

KTLA — May 27, 2019

New \$14 million facility expected to increase water supply

<https://ktla.com/2019/05/27/new-14-million-san-bernardino-facility-expected-to-increase-water-supply-reliability/>

Highland Community News — May 30, 2019

First Residents Sheltered Under New Partnership to Address Homeless

https://www.highlandnews.net/news/public_works/first-residents-sheltered-under-new-partnership-to-address-homelessness/article_c164d0ba-82f4-11e9-b642-5fc5f96b43c7.html

Redlands Community News — May 24, 2019

Residents sheltered under new program to reduce homelessness

https://www.redlandscommunitynews.com/news/residents-sheltered-under-new-program-to-reduce-homelessness/article_318453e2-7da1-11e9-a2ee-63b821234029.html

Redlands Daily Facts — May 24, 2019

New facility captures water from Seven Oaks Dam for 1 million users

By Jennifer Ayer

<https://www.redlandsdailyfacts.com/2019/05/24/new-facility-captures-water-from-seven-oaks-dam-for-1-million-inland-users/>

Highland Community News — May 16, 2019

***Watermasters celebrate peaceful 50 years**

By Hector Hernandez

https://www.highlandnews.net/news/public_works/watermasters-celebrate-peaceful-years/article_31779516-7820-11e9-a6b1-670338a4a94c.html

Highland Community News — May 9, 2019

Bunker Hill Basin reported below full

By Hector Hernandez

https://www.highlandnews.net/news/bunker-hill-basin-reported-below-full-after---water/article_d1538e22-72b3-11e9-85ec-eb25f4bfe866.html

Redlands Daily Facts — April 29, 2017

Why Seven Oaks Dam is releasing 30 million gallons of water a day

By Sandra Emerson

<https://www.redlandsdailyfacts.com/2017/04/29/why-seven-oaks-dam-is-releasing-30-million-gallons-of-water-a-day/>

Redlands Daily Facts — April 27, 2019

Keep conserving, officials say, San Bernardino valley groundwater basins are 'historically low'

By Jennifer Iyer

<https://www.redlandsdailyfacts.com/2019/04/27/keep-conserving-officials-say-san-bernardino-valley-groundwater-basins-are-historically-low/>

Highland Community News — April 4, 2019

Rain, Like Tax Refund, Should be Banked for the Future

(Opinion) By Daniel Cozad

https://www.highlandnews.net/opinion/rain-like-a-tax-refund-should-be-banked-for-the/article_511aafc6-56ff-11e9-9108-8bf6bb49b574.html

San Bernardino Sun — March 15, 2019

Land swap expected to create jobs, more protections and recreation in Santa Ana River wash

By Sandra Emerson

<https://www.sbsun.com/2019/03/15/land-swap-expected-to-create-jobs-more-protections-and-recreation-in-santa-ana-river-wash/>

Highland Community News — March 12

President signs local Santa Ana Wash Plan into law

https://www.highlandnews.net/news/president-signs-local-santa-ana-wash-plan-into-law/article_d160f788-44ff-11e9-9d1a-1b237ed47e35.html

San Bernardino Sun — March 12, 2019

Trump Signs Huge Lands Package that Protects Southern California Deserts, Wilderness

By Sandra Emerson

<https://www.sbsun.com/2019/03/12/trump-signs-huge-lands-package-that-protects-southern-california-deserts-wilderness/>

San Bernardino Sun — March 12, 2019

Joshua Tree to expand as Trump signs lands package

By Sandra Emerson

<https://www.sbsun.com/2019/03/12/trump-signs-huge-lands-package-that-protects-southern-california-deserts-wilderness/>

Highland Community News — Feb. 27, 2019

Land Exchange Bill goes to the president

By James Folmer

https://www.highlandnews.net/news/land-exchange-bill-goes-to-the-president/article_719bca04-3ae5-11e9-8c38-a74a7ecb1cd8.html

Highland Community News — Feb. 28, 2019

Greenspot Road could be closed for two or three months (SBVWCD photo credit)

By Hector Hernandez

https://www.highlandnews.net/news/public_safety/greenspot-road-could-be-closed-for-two-or-three-months/article_f41ed634-3bac-11e9-a86b-8337c20e0fe3.html

Highland Community News — Feb. 26, 2019

House Approves Land Exchange Bill

https://www.highlandnews.net/news/house-approves-land-exchange-bill/article_7d8fd6fe-3a2f-11e9-974d-b78ec6a5f3dc.html

Redlands Daily Facts — Feb. 21, 2019

Redlands declares local emergency due to catastrophic storm damage to Greenspot Road

By Jennifer Iyer

<https://www.redlandsdailyfacts.com/2019/02/21/redlands-declares-local-emergency-due-to-catastrophic-storm-damage-to-greenspot-road/>

Highland Community News — Feb. 20, 2019

Massive bill with local impact near approval

By James Folmer

https://www.highlandnews.net/news/massive-bill-with-local-impact-near-approval/article_6a79b1dc-355e-11e9-b838-cb73b8602da0.html

Energy & Environment News — Feb. 15, 2019

Sweeping Bill Creates Many Winners

By Rob Hotakainen

<https://www.eenews.net/stories/1060121237>

Highland Community News — Feb. 12, 2019

Senate Approves Wash Plan Land Swap

https://www.highlandnews.net/news/senate-approves-santa-ana-river-wash-land-swap/article_5cde6ac4-30a2-11e9-8dcf-8fbfe9405548.html

Mojave Desert News — Feb. 12, 2019

Rep. Cook's Public Lands Legislation Passes Senate

http://www.desertnews.com/news/article_cd7e4d42-3072-11e9-924b-1f02a8b6c58f.html

Highland Community News — Feb. 7, 2019

Aguilar and Cook Re-introduce Santa Ana Wash Legislation

https://www.highlandnews.net/news/aguilar-and-cook-re-introduce-santa-ana-wash-legislation/article_026da204-2b29-11e9-9d33-7fc5ca14a002.html

Highland Community News — Jan. 2, 2019

District provides 4-bedroom home to help the homeless

https://www.highlandnews.net/news/district-provides-four-bedroom-home-to-help-homeless/article_4e3610d2-0ee0-11e9-a672-c3bf106e37b4.html

Highland Community News and Yucapa News Mirror — Dec. 14, 2018

***37 of the 48 candidates to fill vacated seat by supervisor James Ramos**

https://www.highlandnews.net/news/political/thirty-seven-of-the-candidates-to-fill-the-supervisor-seat/article_681fa138-fff0-11e8-af1d-67f38036637a.html

San Bernardino Sun — Dec. 6, 2018

***Rain, Snow Snarls Traffic Across Southern California**

By Beatriz Valenzuela

<https://www.sbsun.com/2018/12/05/rain-snow-snarls-traffic-across-southern-california/>

Highland Community News — Nov. 8, 2018

CalPERS Award Goes to Local Water District Supervisor

https://www.highlandnews.net/news/calpers-award-goes-to-local-water-conservation-district-supervisor/article_3d4c27f4-e382-11e8-b25c-9bad73aeef78.html

Highland Community News — Oct. 3, 2018

Happy New Water Year!

(Opinion) By Daniel Cozad

https://www.highlandnews.net/calendar/happy-water-new-year/article_d37473ac-c75e-11e8-9766-5f9e3cc5cc11.html

Highland Community News — Sept. 19, 2018

City of Trails

By James Folmer

https://www.highlandnews.net/news/city-of-trails/article_c99f7f72-bc53-11e8-b3f7-0310b3865ae1.html

Highland Community News — Sept. 18, 2018

***Greenspot Bridge informational plaques installed**

By Hector Hernandez

https://www.highlandnews.net/entertainment/greenspot-bridge-informational-plaques-installed/article_76b55f06-9cb6-11e7-aa6f-438afdb4fd97.html

Highland Community News — Sept. 12, 2018

Districts Aim to Capture 98% of Surface Water

By James Folmer

https://www.highlandnews.net/news/districts-aim-to-capture-of-surface-water/article_ae6188d6-b6d1-11e8-86c3-a3caa74fc135.html

San Bernardino Sun — Sept. 9, 2018

Groundwater Council Reflects New Spirit of Cooperation

(Opinion) By Doug Headrick and Daniel Cozad

<https://www.sbsun.com/2018/09/09/groundwater-council-reflects-new-spirit-of-cooperation-in-water-management/>

News Deeply — Sept. 7, 2018

***Water agencies fret over California's move to regulate wetlands**

<https://www.newsdeeply.com/water/articles/2018/09/07/water-agencies-farmers-fret-over-californias-move-to-regulate-wetlands>

Highland Community News — Sept. 2, 2018

***Judge allows candidate's claim that the drought is over**

By James Folmer

https://www.highlandnews.net/news/update-judge-allows-candidate-s-claim-that-the-drought-is/article_9e76a204-aec9-11e8-a5c4-af6112c9c15a.html

Highland Community News — July 18, 2018

***Harmony Could Add Sour Notes to Council Races**

By James Folmer and Hector Hernandez

https://www.highlandnews.net/news/harmony-could-add-sour-notes-to-council-races/article_196ea5d4-8ade-11e8-9b5c-079c0aa852dc.html

Highland Community News — June 27, 2018

Common Ground

By James Folmer

https://www.highlandnews.net/opinion/editorials/editor/common-ground/article_3ecec6e2-7a5b-11e8-acfc-3b41394f4ea5.html

Highland Community News — June 20, 2018

The Grand Exchange

By James Folmer

https://www.highlandnews.net/news/the-grand-exchange/article_1d6d9464-74d2-11e8-aea0-673c2c8ee93f.html

Highland Community News— June 20, 2018

New Wave of Water Management

(Opinion) By Douglas Headrick and Daniel Cozad

https://www.highlandnews.net/opinion/columnists/new-wave-of-water-management/article_645f5300-74d5-11e8-b653-5334de428d65.html

** Indicates organic news not derived from SBVWCD outreach.*

[Press Releases: 14 \(plus newsletter articles which led to significant coverage\)](#)

Regional Project to Dramatically Boost Area's Water Storage Capacity — June 6, 2019

District Teams Up with Nonprofit in Partnership to Address Homelessness — May 6, 2019

Inland Empire Districts to Form Partnership to Enhance Water Reliability — Sept. 11, 2018

Groundwater Council Reflects New Spirit of Cooperation in Water Management — July 9, 2019

First Residents Sheltered Under New Partnership to Address Homelessness — May 20, 2019

Collaboration: The New Wave of Water Management — April 4, 2019

Winter's Rains, Like a Tax Refund, Should Be Banked for the Future— March 31, 2019

President Signs Local Santa Ana Wash Plan into Law — March 12, 2019

Congress Approves Wash Plan to Benefit Wildlife, Water Conservation, Business — Feb. 27, 2019

Congress Passes Wash Plan to Benefit Wildlife, Water Conservation, Business — Jan. 5, 2019

District Teams Up with Nonprofit in Partnership to Address Homelessness — Dec. 18, 2018

CalPERS 'Spotlight on Excellence' Award Goes to Local Employee — Oct. 22, 2018

**San Bernardino Valley Water Conservation District Reports Excellent Year for Water Recharge—
Oct. 9, 2018**

Happy Water Year! — Oct. 3, 2018

San Bernardino Valley Water Conservation District

Monthly Recharge Report

From: 8/1/2019
To: 8/31/2019



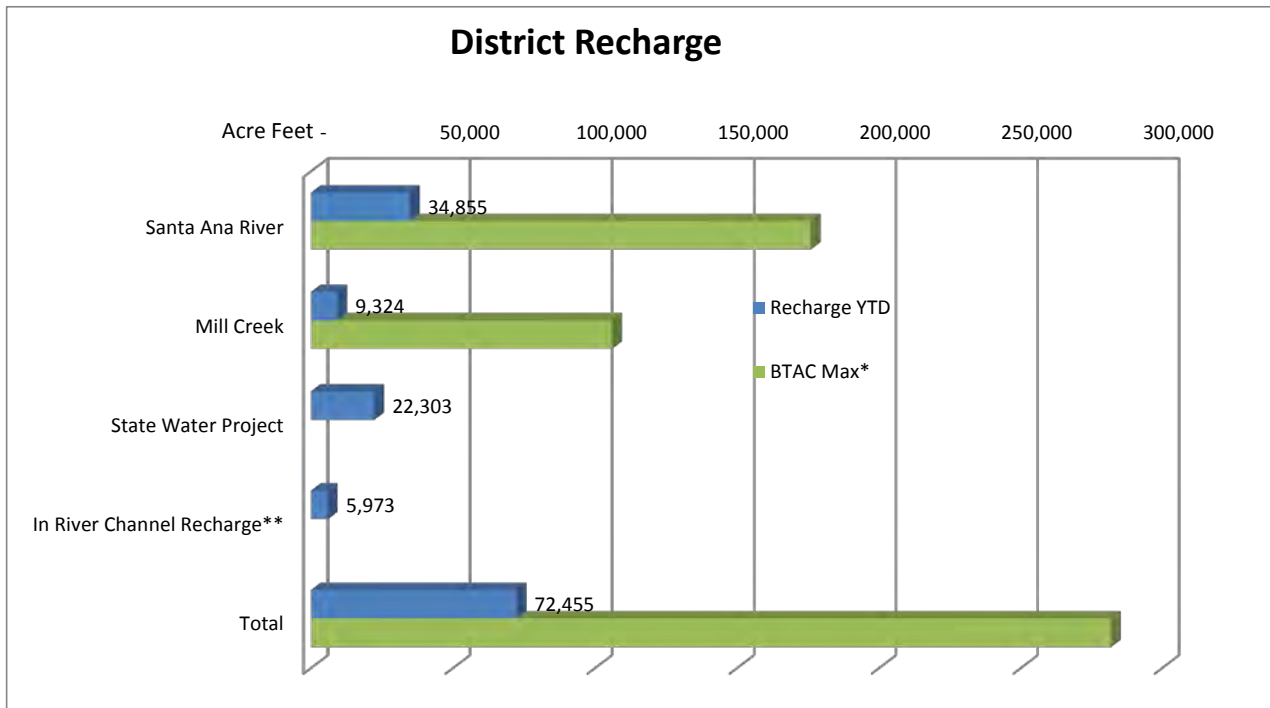
	August				
	Avg Daily Recharge	Monthly Recharge	Recharge YTD	BTAC Max*	% Max
Santa Ana River	34.3	1,063	34,855	176,000	20%
Mill Creek	0.0	-	9,324	106,000	9%
State Water Project	90.9	2,818	22,303	NA	NA
In River Channel Recharge**	4.6	141	5,973	NA	NA
Total	130	4,022	72,455	282,000	26%

Values in Acre Feet

*BTAC Revised Max in December 2018

**Monitoring began in Mid-April 2011

*** All Values Based on Water Year Oct-Sep 2018





2019 Board Calendar - San Bernardino Valley Water Conservation District

JANUARY						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Jan. 9 Board Meeting
 Jan. 23 2nd Qtr. Finance & Admin Mtg.

JULY						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Jul. 10 Board Meeting
 Jul. 24 4th Qtr. Finance & Admin Mtg.

FEBRUARY						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

Feb. 6 Special Board Mtg.
 Feb. 13 Board Meeting

AUGUST						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Aug. 14 Board Meeting

MARCH						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Mar. 13 Board Meeting
 Engineering Investigation Report Presentation
 Mar. 27 3rd Qtr. Finance & Admin Mtg.

SEPTEMBER						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Sept. 11 Board Meeting

APRIL						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Apr. 10 Board Meeting
 Public Meeting/Groundwater Charge
 Apr. 17 Budget Workshop
 Apr. 24 Board Meeting
 Public Hearing/Groundwater Charge

OCTOBER						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Oct. 9 Board Meeting

MAY						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

May 22 Board Meeting

NOVEMBER						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Nov. 13 Board Meeting
 Nov. 20 1st Qtr. Finance & Admin Mtg.

JUNE						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Jun. 12 Board Meeting

DECEMBER						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Dec. 11 Board Meeting
 (@ 9:30 a.m.)
 Holiday Luncheon