



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

BOARD OF DIRECTORS MEETING AGENDA

Wednesday, October 14, 2020 – 1:30 p.m.

In accordance with [Governor Newsom's Executive Order N-25-20 and N-29-20](#), this meeting is being conducted via teleconference/Zoom. Anyone wishing to join the meeting can join via

Zoom: Call in (669) 900-6833, Meeting ID: 856 2119 1726

To join the Zoom Meeting online: <https://zoom.us/j/85621191726>

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 District's 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, September 9, 2020.....5
- B. Approval of Expenditure Report, September 2020 11

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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. 2020 AUDIT REPORT - 10 minutes (M#1737).....22
Presenter: Daniel Cozad
Recommendation: The Ad Hoc Audit Committee recommends the Board review and accept the 2020 Audit Report as presented and direct the General Manager to file the Audit with the County Clerk.
- B. OPERATIONS COMMITTEE VERBAL UPDATE - 5 minutes
Presenter: Richard Corneille, Operations Committee Chair
Recommendation: The chair of the Operations Committee will provide a verbal update of the meeting held on September 16.

Action Items

- C. UNAUDITED FINANCIAL REPORTS, September 2020 - 5 minutes (M#1738).....95
Presenter: Daniel Cozad
Recommendation: Review and approve the unaudited financials for September 2020.
- D. CONFLICT OF INTEREST CODE - 5 minutes (M#1739)101
Presenter: Daniel Cozad
Recommendation: Review and approve the Conflict of Interest Code for 2020 with no amendments recommended from staff.
- E. CALPERS UNFUNDED ACTUARIAL LIABILITY AND RESERVE LEVEL TARGETS AND ALLOCATIONS - 15 minutes (M#1740)112
Presenter: Daniel Cozad
Recommendation: Review and consider approval of the 2020 UAL Payment and adjustments to Reserve Targets and Balances.
- F. FIELD EQUIPMENT CAPITAL PURCHASE OF FORD F-150 PURCHASE- 10 minutes (M#1741)143
Presenter: Daniel Cozad
Recommendation: Authorize the capital purchase of Ford F-150 for the field staff to replace at a cost not to exceed \$38,000 from Ken Grody Ford - Redlands.

5. INFORMATION ITEMS:

- A. Wash Plan Implementation and State Permitting Update – 5 minutes
- B. Plunge Creek Update – 5 minutes (M#1742)146
- C. Active Recharge Transfer Project Update – 5 Minutes.....148
- D. General Manager’s Report and Monthly Recharge Report – 5 minutes152
- E. 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:**

***Please note: All future District meetings may be held remotely via zoom. See Agendas for detailed information.**

- | | |
|----------------------|--|
| A. October 15, 2020 | Advisory Commission on Water Policy, 6:30 p.m. at Valley Municipal |
| B. October 20, 2020 | San Bernardino Valley Municipal Water District Board Meeting, 2:00 p.m. at Valley Municipal |
| C. November 3, 2020 | San Bernardino Valley Municipal Water District Board Meeting, 2:00 p.m. at Valley Municipal |
| D. November 5, 2020 | San Bernardino Valley Municipal Water District Resources Committee Workshop, 2:00 p.m. at Valley Municipal |
| E. November 10, 2020 | San Bernardino Valley Municipal Water District Engineering Committee Workshop, 2:00 p.m. at Valley Municipal |
| F. November 11, 2020 | Office Closed in Observation of Veteran's Day, Conservation District |
| G. November 12, 2020 | San Bernardino Valley Municipal Water District Policy Committee Workshop, 2:00 p.m. at Valley Municipal |
| H. November 17, 2020 | San Bernardino Valley Municipal Water District Board Meeting, 2:00 p.m. at Valley Municipal |
| I. November 18, 2020 | Finance & Administration Committee, 9:00 a.m. at Conservation District |
| J. November 18, 2020 | Board of Directors Meeting, 1:30 p.m. at Conservation District |

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 may convene in Closed Session for Conference to discuss Real Property Negotiations pursuant to Government Code §54956.8; Owner: Southern California Edison East End Hydroelectric Generation Plant property located on various parcels and easements in Mill Creek and Santa Ana River Canyons, Negotiator: Daniel Cozad and David Cosgrove Owner: Southern California Edison Negotiators Allison, Bahen, Property Manager and Steven Powell, Vice President.
3. The Board may convene in Closed Session for Conference to discuss Real Property Negotiations pursuant to Government Code §54956.8; Owner: Robertsons Ready Mix for property located on parcel

No. 0167011170000. Negotiators: Daniel Cozad and David Cosgrove Owner: Robertsons's Anthony Edwards.

4. The Board may convene in Closed Session for Conference to discuss Real Property Negotiations pursuant to Government Code §54956.8; Owner: San Bernardino Valley Water Conservation Distirct for Conservations Easements on property located within the Community Mitigtion area of the Wash Plan Preseve. Negotiators: Daniel Cozad and David Cosgrove Buyer: Blossom Trail Residential Development.

5. The Board may convene in Closed Session for Conference to discuss Real Property Negotiations pursuant to Government Code §54956.8; Owner: San Bernardion County Flood Control District for parcels or easements as part of the Active Recharge Transfer Projects. Negotiators: Daniel Cozad and David Cosgrove Owner: SBCFCD David Doublet.

9. **ADJOURN MEETING.** The next regularly scheduled Board of Directors Meeting will be on November 18, 2020 at 1:30 p.m., via Zoom.

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF September 9, 2020
1:30 p.m.

President Corneille called the meeting of the Board of Directors to order at 1:30 p.m. by teleconference and Zoom meeting; all those in attendance stood for the pledge of allegiance led by President Corneille.

ROLL CALL:

BOARD MEMBERS PRESENT:

Richard Corneille, President
Melody McDonald, Vice President
David E. Raley, Director
Robert Stewart, Director
John Longville, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker

STAFF PRESENT:

Daniel Cozad, General Manager
Betsy Miller, Land Resources Manager/Assistant General Manager
Erwin Fogerson, Senior Engineer/Project Manager
Athena Monge, Administrative Specialist
Katelyn Scholte, Assistant Engineer

GUESTS PRESENT:

T. Milford Harrison, San Bernardino Valley Municipal Water District
June Hayes, San Bernardino Valley Municipal Water District
Gil Navarro, San Bernardino Valley Municipal Water District
David E. Smith, East Valley Water District
Clayton Larkin, Tetra Tech

1. PUBLIC PARTICIPATION

President Corneille announced that any person present, who so desired, may make an oral presentation to the Board of Directors. There being none, the meeting continued with the posted agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were none.

3. CONSENT CALENDAR

Mr. Cozad noted that the costs for the Bureau of Land Management (BLM) paid were reimbursement for their staff work for completing the Land Exchange. He also indicated the Brownstein Hyatt Farber Schreck expenditure would be incurred until the appraisal process and memorandum of agreement with BLM is complete; this is estimated to take several months. President Corneille thanked staff for adding the Groundwater Council members to Item C: Groundwater Top Five Producers for January 1, 2020, to June 30, 2020. Mr. Cozad stated that the Inland Empire Resource Conservation District (IERCD) budget is approximately \$10,000 for both outreach and habitat management.

It was moved by Vice President McDonald and seconded by Director Longville to approve the Consent Calendar: Item A: Board Minutes, August 12, 2020, Item B: Expenditure Report, August 2020, and Item C: Groundwater Top Five Producers for January 1, 2020-June 30, 2020. The motion carried 5-0 with all Board members present voting in the affirmative.

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

4. COMMITTEE REPORTS/ACTION ITEMS

A. UNAUDITED FINANCIAL REPORTS, AUGUST 2020

Mr. Cozad introduced this item for discussion, noting its inclusion on package pages 21 to 26. The District has invoiced the Groundwater Council participants and anticipates that the City of Redlands will be joining it soon.

It was moved by Director Longville and seconded by Director Raley to approve the Unaudited Financial Reports for August 2020. The motion carried 5-0 with all Board members present voting in the affirmative.

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

B. GROUNDWATER LATE PAYER AND NON-RESPONDENTS AND INVESTIGATION LIST FOR GWA #54

Mr. Cozad noted this item's inclusion on package page 27. Staff indicated that Splash Kingdom had a fire, and any production is unknown at this time, and the remainder listed are anticipated to pay soon. There was no action needed at this time.

C. RENEWAL OF LEASE WITH CEMEX MATERIALS, LLC

Mr. Cosgrove introduced this item for discussion. He stated that the current lease with CEMEX expires in 2021 and that the new draft lease complete with exhibits is included on package pages 33 to 104. The new lease is proposed at a term of thirty years. Staff is continuing many of the provisions in the existing lease that was drafted in 2011. Mr. Cosgrove said that most of the structural changes were incorporated then, and the District has been working well with CEMEX since. The royalty is currently at \$0.92 per ton, and there is a guaranteed annual rental included in the new draft lease. He noted that there would be four monitoring wells installed early in the lease that would become the property of the District. He outlined the structure of the lease agreement in detail. He pointed out there are some remaining details to be determined within the lease, on package page 65. Mr. Cosgrove noted that any approval should include a provision to allow for discretion to be given to the General Manager and General Counsel to make non-substantive revisions. Mr. Cosgrove said that the District is requesting that CEMEX pay its issuance costs for the Wash Plan in the estimated amount of \$215,000; after this amount is received by the District, the lease will be signed and recorded. President Corneille asked for clarification regarding audit procedures. Mr. Cozad indicated that the audit is done by using an aerial LiDAR survey. The District then compares sold aggregate to unsold aggregate and onsite aggregate against receipts CEMEX turns in. The phasing map was briefly reviewed and it was noted that a detailed schedule for mining does not exist.

It was moved by Director Longville and seconded by Vice President McDonald to approve the CEMEX Lease subject to non-substantive revisions approved by the General Manager and General Counsel and execution subject to the agreed-upon Wash Plan issuance costs being received by the District from CEMEX. The motion carried 5-0 with all Board members present voting in the affirmative.

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

5. INFORMATION ITEMS

A. WASH PLAN IMPLEMENTATION UPDATE

Ms. Miller indicated that staff is continuing to develop the BLM Memorandum of Understanding (MOU) related to the Land Exchange. Mr. Cosgrove said that he is currently working on refining the Statement of Work for the appraisers for the Request for Proposals (RFP). There has been progress in working with Appraisal Valuation Services Office (AVSO); they are no longer

requiring the retaining of a mineral expert. The Mineral Potential Report was done in 2006 and updated in 2019 and will suffice for the quantities of available mining. The RFP will likely be finished by the end of this month and subsequently released. Mr. Cosgrove said that BLM had questions related to permitting and right of way, and he is working on responding to them. Ms. Miller is working on meeting the Wash Plan Year One Implementation requirements, including working with IERCD to conduct some tasks. A kickoff meeting with AECOM was held to discuss remaining permitting needed for the Wash Plan,. There will be another meeting held with AECOM within the next two weeks. Staff is working closely with AECOM to provide all necessary data to help expedite the project. Vice President McDonald expressed her appreciation for staffs' efforts. This item was received and filed.

B. CONSTRUCTION PROJECTS PLUNGE CREEK UPDATE

Mr. Fogerson provided a verbal update and stated that staff had the final walkthrough today for Plunge Creek. The contractor is conducting site clean up, and the project completion notice will be filed next week. Later in September, staff will estimate the final quantities and record the project. Somewhat higher excavation is expected but within budget. Ms. Miller is handling the permitting reporting , and it is estimated that the District spent \$25,000 more than budgeted on habitat fencing; however, this is well within 10% of the contingency amount. 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 105 through 108. Staff reviewed the Draft Audit Report this morning and recommended minor revisions to the document to Rogers, Anderson, Malody, and Scott (RAMS). The Ad Hoc Audit Committee will be scheduled for later this month and the audit will be agendized for Board approval in October. Plunge Creek finished on budget, subject to final quantity verification, and a day ahead of schedule. Staff estimates that the project will be completed at about \$760,000 with \$500,000 being reimbursed by the grant obtained through SAWPA. Staff is preparing a needs assessment for the Mentone Shop facilities; this item will be discussed at the September 16 Operations Committee meeting. Mr. Cozad indicated that Hello Sushi has submitted a request to put solar panels on their suite, and staff is reviewing this option. He said that Chris Palmer from California Special Districts Association delivered the award plaque and took a brief video of the presentation. Mr. Cozad said that field personnel took online and onsite equipment training. He thanked Ms. Miller for moving the AECOM contract forward quickly. Mr. Cozad said that Mr. Fogerson will be on jury duty for the next two months. He also noted that Tommy Purvis, Field Operations Specialist, was in an automobile accident yesterday as he was pulling onto Sapphire Blvd. and will likely be out for a few days. The Monthly Recharge Report was included on package page 109. This item was received and filed.

D. FUTURE AGENDA ITEMS AND STAFF TASKS

The next Conservation Trust meeting will be held on October 7. Valley Municipal Board members requested a tour of the Plunge Creek project.

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

President Corneille presented to the Redlands Kiwanis Club on August 24 and attended the Plunge Creek Field Tour on August 27.

Director Raley attended the Valley Municipal Policy Workshop on August 13, Valley Municipal Board Meeting on September 1, and Valley Municipal Resources Workshop on September 3. He signed expenditures for the Conservation District on September 4 and attended the Valley Municipal Engineering Workshop on September 8.

Director Stewart attended the Plunge Creek Field Tour on August 27.

Director Longville attended the Plunge Creek Field Tour on August 27.

Vice President McDonald attended Valley Municipal Policy Workshop on August 13, ACWA State Legislative Meeting, and the Association of San Bernardino County Special Districts Board Meeting on August 17. She attended the Valley Municipal Board Meetings on August 18 and September 1, and she had a tour of Plunge Creek on September 2. Vice President McDonald thanked Ms. Scholte and Mr. Fogerson for the tour. She attended the Valley Municipal Resources Workshop on September 3 and Valley Municipal Engineering Workshop on September 8.

7. UPCOMING MEETINGS

President Corneille noted that the Operations Committee Meeting on September 16. Staff will be presenting to the Highland Chamber of Commerce on September 22.

8. CLOSED SESSION

It was moved by President Corneille and seconded by Vice President McDonald to adjourn to Closed Session. The motion carried with all directors present voting in the affirmative.

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

General Counsel announced that the meeting would adjourn to Closed Session under Item 2 on the published agenda.

At 3:46 p.m., the meeting reconvened into Open Session. Mr. Cosgrove noted while in Closed Session under Government Code section 54957.1 that there was no reportable action.

9. ADJOURN MEETING

It was moved by President Corneille and seconded by Vice McDonald Corneille to adjourn. The motion carried 5-0 with all Directors present voting in the affirmative.

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

At 3:46 p.m., the meeting adjourned to the Board meeting scheduled for 1:30 p.m. on October 14, 2020, via Zoom.

Daniel B. Cozad
General Manager

San Bernardino Valley Water Conservation District
Expenditure Report
September 2020

Num	Date	Name	Account	Class	Original Amount
PC 09.09.20	09/09/2020	Paychex	1012 · Citizens Busine...		-92.34
			6042 · Payroll Processing	4-General Fund Ent.	92.34
TOTAL					92.34
PC 09.23.20	09/23/2020	Paychex	1012 · Citizens Busine...		-93.86
			6042 · Payroll Processing	4-General Fund Ent.	93.86
TOTAL					93.86
22510	09/03/2020	Aaron Pederson	1012 · Citizens Busine...		-35.00
	08/30/2020		6018 · Janitorial Services	4-General Fund Ent.	35.00
TOTAL					35.00
22511	09/03/2020	ACWA/JPIA-Health	1012 · Citizens Busine...		-18,777.39
	08/31/2020		6110 · Vision Insurance	4-General Fund Ent.	27.68
			6110 · Vision Insurance	1-Groundwater Ent.	95.82
			6110 · Vision Insurance	2-Redlands Plaza/...	8.52
			6110 · Vision Insurance	3-Land Resources	21.29
			6110 · Vision Insurance	5-Wash Plan	44.72
			6110 · Vision Insurance	6-Active Recharge ...	14.91
			6130 · Dental Insurance	4-General Fund Ent.	113.81
			6130 · Dental Insurance	1-Groundwater Ent.	393.97
			6130 · Dental Insurance	2-Redlands Plaza/...	35.02
			6130 · Dental Insurance	3-Land Resources	87.55
			6130 · Dental Insurance	5-Wash Plan	183.85
			6130 · Dental Insurance	6-Active Recharge ...	61.28
			6150 · Medical Insurance	4-General Fund Ent.	2,299.57
			6150 · Medical Insurance	1-Groundwater Ent.	7,960.03
			6150 · Medical Insurance	2-Redlands Plaza/...	707.56
			6150 · Medical Insurance	3-Land Resources	1,768.90
			6150 · Medical Insurance	5-Wash Plan	3,714.68
			6150 · Medical Insurance	6-Active Recharge ...	1,238.23
TOTAL					18,777.39
22512	09/03/2020	American Power Security	1012 · Citizens Busine...		-720.00
	08/31/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	720.00
TOTAL					720.00
22513	09/03/2020	Citizens Business Bank	1012 · Citizens Busine...		-4,846.92
	08/13/2020		5124 · Plunge Creek Pr...	3-Land Resources	2,529.70
			6001 · General Adminis...	4-General Fund Ent.	243.93
			6001 · General Adminis...	1-Groundwater Ent.	243.92
			6002 · Website Adminis...	4-General Fund Ent.	365.00
			6039 · Postage and Ov...	5-Wash Plan	20.37
			6435 · Conf/Seminar R...	4-General Fund Ent.	545.00
			6535 · Conf/Seminar R...	4-General Fund Ent.	359.55
			6535 · Conf/Seminar R...	1-Groundwater Ent.	279.65
			6535 · Conf/Seminar R...	3-Land Resources	159.80
			6039 · Postage and Ov...	4-General Fund Ent.	55.00
			6039 · Postage and Ov...	1-Groundwater Ent.	25.00
			6039 · Postage and Ov...	2-Redlands Plaza/...	10.00
			6039 · Postage and Ov...	3-Land Resources	10.00
TOTAL					4,846.92

San Bernardino Valley Water Conservation District
Expenditure Report
September 2020

10/07/20

Num	Date	Name	Account	Class	Original Amount
22514	09/03/2020	Cozad, Daniel B	1012 · Citizens Busine...		-869.90
	08/25/2020		6510 · Mileage	4-General Fund Ent.	366.76
			6510 · Mileage	1-Groundwater Ent.	366.76
			6510 · Mileage	3-Land Resources	91.70
			6510 · Mileage	6-Active Recharge ...	91.69
			6030 · Office Supplies	4-General Fund Ent.	8.63
			6030 · Office Supplies	1-Groundwater Ent.	0.54
			6030 · Office Supplies	2-Redlands Plaza/...	1.08
			6030 · Office Supplies	3-Land Resources	0.54
TOTAL					927.70
22515	09/03/2020	Day Lite Maintenance, I...	1012 · Citizens Busine...		-97.82
	08/06/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	97.82
TOTAL					97.82
22516	09/03/2020	Empire Disposal	1012 · Citizens Busine...		-171.67
	08/31/2020		5460 · Water / Trash / S...	4-General Fund Ent.	85.83
			5460 · Water / Trash / S...	1-Groundwater Ent.	68.67
			5460 · Water / Trash / S...	3-Land Resources	17.17
TOTAL					171.67
22517	09/03/2020	FedEx	1012 · Citizens Busine...		-12.46
	08/18/2020		6039 · Postage and Ov...	4-General Fund Ent.	6.84
			6039 · Postage and Ov...	1-Groundwater Ent.	3.12
			6039 · Postage and Ov...	2-Redlands Plaza/...	1.25
			6039 · Postage and Ov...	3-Land Resources	1.25
TOTAL					12.46
22518	09/03/2020	Frontier-4860	1012 · Citizens Busine...		-483.27
	08/28/2020		5440 · Telephone	4-General Fund Ent.	236.80
			5440 · Telephone	1-Groundwater Ent.	101.48
			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					483.27
22519	09/03/2020	Frontier-7275	1012 · Citizens Busine...		-154.56
	08/19/2020		5440 · Telephone	4-General Fund Ent.	55.70
			5440 · Telephone	1-Groundwater Ent.	23.87
			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					154.56
22520	09/03/2020	JAN-PRO Cleaning Sys...	1012 · Citizens Busine...		-700.00
	09/01/2020		6018 · Janitorial Services	4-General Fund Ent.	700.00
TOTAL					700.00

San Bernardino Valley Water Conservation District
Expenditure Report
September 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Class</u>	<u>Original Amount</u>
22521	09/03/2020	Lowe's Companies, Inc.	1012 · Citizens Busine...		-21.32
	08/25/2020		5215 · Property Mainten...	1-Groundwater Ent.	17.06
			5215 · Property Mainten...	3-Land Resources	4.26
TOTAL					21.32
22522	09/03/2020	MacLeod Watts, Inc.	1012 · Citizens Busine...		-1,950.00
	08/25/2020		5120 · Misc. Profession...	4-General Fund Ent.	585.00
			5120 · Misc. Profession...	1-Groundwater Ent.	409.50
			5120 · Misc. Profession...	3-Land Resources	955.50
TOTAL					1,950.00
22523	09/03/2020	Netsteller	1012 · Citizens Busine...		-3,607.15
	08/19/2020		7210 · Computer Hardw...	4-General Fund Ent.	2,367.86
			7210 · Computer Hardw...	1-Groundwater Ent.	789.29
	09/01/2020		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					3,607.15
22524	09/03/2020	NoHo Constructors	1012 · Citizens Busine...		-170,952.30
	08/24/2020		7055 · Plunge Creek Ex...	3-Land Resources	170,952.30
TOTAL					170,952.30
22525	09/03/2020	O'Reilly	1012 · Citizens Busine...		-82.90
	09/01/2020		5310 · Vehicle Mainten...	1-Groundwater Ent.	82.90
TOTAL					82.90
22526	09/03/2020	Quill Corporation	1012 · Citizens Busine...		-138.97
	08/18/2020		6030 · Office Supplies	4-General Fund Ent.	111.18
			6030 · Office Supplies	1-Groundwater Ent.	6.95
			6030 · Office Supplies	2-Redlands Plaza/...	13.89
			6030 · Office Supplies	3-Land Resources	6.95
TOTAL					138.97
22527	09/03/2020	ReadyRefresh by Nestle	1012 · Citizens Busine...		-96.03
	08/25/2020		5460 · Water / Trash / S...	4-General Fund Ent.	48.02
			5460 · Water / Trash / S...	1-Groundwater Ent.	38.41
			5460 · Water / Trash / S...	3-Land Resources	9.60
TOTAL					96.03
22528	09/03/2020	Redlands Community N...	1012 · Citizens Busine...		-34.95
	08/25/2020		6090 · Subscriptions/Pu...	4-General Fund Ent.	34.95
TOTAL					34.95

San Bernardino Valley Water Conservation District
Expenditure Report
September 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Class</u>	<u>Original Amount</u>
22529	09/03/2020	Redlands Tire Pros & S...	1012 · Citizens Busine...		-241.93
	07/15/2020		5210 · Equipment Maint...	1-Groundwater Ent.	241.93
TOTAL					241.93
22530	09/03/2020	Rutan & Tucker	1012 · Citizens Busine...		-11,362.72
	08/29/2020		5180 · Legal	4-General Fund Ent.	787.50
			5180 · Legal	1-Groundwater Ent.	787.50
			5180 · Legal	2-Redlands Plaza/...	183.75
			5180 · Legal	3-Land Resources	866.25
			5175 · Legal - Wash Plan	5-Wash Plan	7,987.72
			5120 · Misc. Profession...	3-Land Resources	750.00
TOTAL					11,362.72
22531	09/03/2020	Sonsray Machinery	1012 · Citizens Busine...		-4,999.60
	08/26/2020		5124 · Plunge Creek Pr...	3-Land Resources	4,999.60
TOTAL					4,999.60
22532	09/03/2020	Watermaster Support S...	1012 · Citizens Busine...		-2,100.00
	07/12/2020		5120 · Misc. Profession...	4-General Fund Ent.	630.00
			5120 · Misc. Profession...	1-Groundwater Ent.	441.00
			5120 · Misc. Profession...	3-Land Resources	1,029.00
TOTAL					2,100.00
22533	09/03/2020	WEX Bank-Shell	1012 · Citizens Busine...		-560.00
	08/06/2020		5320 · Fuel	1-Groundwater Ent.	560.00
TOTAL					560.00
22534	09/03/2020	WEX Bank-Valero	1012 · Citizens Busine...		-1,180.02
	08/23/2020		5320 · Fuel	1-Groundwater Ent.	1,180.02
TOTAL					1,180.02
22535	09/08/2020	United Rentals	1012 · Citizens Busine...		-319.82
	08/26/2020		5120 · Misc. Profession...	1-Groundwater Ent.	319.82
TOTAL					319.82
22536	09/16/2020	Brownstein Hyatt Farbe...	1012 · Citizens Busine...		-15,375.00
	09/11/2020		5122 · Wash Plan Profe...	5-Wash Plan	15,375.00
TOTAL					15,375.00
22537	09/16/2020	Burgeson's Heating & ...	1012 · Citizens Busine...		-630.00
	09/15/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	630.00
TOTAL					630.00

San Bernardino Valley Water Conservation District
Expenditure Report
September 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Class</u>	<u>Original Amount</u>
22538	09/16/2020	Castro Landscaping Se...	1012 · Citizens Busine...		-250.00
	08/30/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	250.00
TOTAL					250.00
22539	09/16/2020	Day Lite Maintenance, I...	1012 · Citizens Busine...		-156.00
	09/01/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	156.00
TOTAL					156.00
22540	09/16/2020	Edison - 5552	1012 · Citizens Busine...		-462.67
	09/10/2020		5420 · Electricity	4-General Fund Ent.	129.55
			5420 · Electricity	1-Groundwater Ent.	92.53
			5420 · Electricity	2-Redlands Plaza/...	240.59
TOTAL					462.67
22541	09/16/2020	Edison - 7241	1012 · Citizens Busine...		-50.12
	09/11/2020		5420 · Electricity	4-General Fund Ent.	14.04
			5420 · Electricity	1-Groundwater Ent.	10.02
			5420 · Electricity	2-Redlands Plaza/...	26.06
TOTAL					50.12
22542	09/16/2020	Edison - 8812	1012 · Citizens Busine...		-374.48
	09/01/2020		5420 · Electricity	4-General Fund Ent.	104.85
			5420 · Electricity	1-Groundwater Ent.	74.90
			5420 · Electricity	2-Redlands Plaza/...	194.73
TOTAL					374.48
22543	09/16/2020	Edison - Redlands Plaza	1012 · Citizens Busine...		-244.66
	09/01/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	244.66
TOTAL					244.66
22544	09/16/2020	EnviroMine, Inc.	1012 · Citizens Busine...		-5,173.75
	07/01/2020		5120 · Misc. Profession...	4-General Fund Ent.	1,552.13
			5120 · Misc. Profession...	1-Groundwater Ent.	1,086.49
			5120 · Misc. Profession...	3-Land Resources	2,535.13
TOTAL					5,173.75
22545	09/16/2020	Heemstra Signs	1012 · Citizens Busine...		-984.21
	08/05/2020		5124 · Plunge Creek Pr...	3-Land Resources	984.21
TOTAL					984.21

San Bernardino Valley Water Conservation District
Expenditure Report
September 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Class</u>	<u>Original Amount</u>
22546	09/16/2020	Home Depot Credit Ser...	1012 · Citizens Busine...		-604.75
	08/28/2020		5124 · Plunge Creek Pr...	3-Land Resources	178.00
			5210 · Equipment Maint...	1-Groundwater Ent.	304.87
			5215 · Property Mainten...	1-Groundwater Ent.	76.21
			5215 · Property Mainten...	3-Land Resources	19.05
			6015 · Mentone House ...	2-Redlands Plaza/...	26.62
TOTAL					604.75
22547	09/16/2020	Mikael Romich	1012 · Citizens Busine...		-50,980.02
	09/11/2020		5120 · Misc. Profession...	4-General Fund Ent.	5,972.41
			5120 · Misc. Profession...	1-Groundwater Ent.	4,266.00
			5120 · Misc. Profession...	3-Land Resources	11,091.61
	09/11/2020		5124 · Plunge Creek Pr...	3-Land Resources	29,650.00
TOTAL					50,980.02
22548	09/16/2020	NoHo Constructors	1012 · Citizens Busine...		0.00
TOTAL					0.00
22549	09/16/2020	Nossaman LLP	1012 · Citizens Busine...		-470.00
	08/31/2020		5120 · Misc. Profession...	4-General Fund Ent.	141.00
			5120 · Misc. Profession...	1-Groundwater Ent.	98.70
			5120 · Misc. Profession...	3-Land Resources	230.30
TOTAL					470.00
22550	09/16/2020	O'Reilly	1012 · Citizens Busine...		-31.20
	09/26/2020		5310 · Vehicle Mainten...	1-Groundwater Ent.	31.20
TOTAL					31.20
22551	09/16/2020	Rogers, Anderson, Mal...	1012 · Citizens Busine...		-22,605.00
	08/31/2020		5170 · Audit	4-General Fund Ent.	6,781.50
			5170 · Audit	1-Groundwater Ent.	8,137.80
			5170 · Audit	2-Redlands Plaza/...	3,390.75
			5170 · Audit	3-Land Resources	4,294.95
TOTAL					22,605.00
22552	09/16/2020	San Bernardino Valley ...	1012 · Citizens Busine...		-25.00
	09/15/2020		6001 · General Adminis...	5-Wash Plan	25.00
TOTAL					25.00
22553	09/16/2020	Sonsray Machinery	1012 · Citizens Busine...		-4,944.99
	09/10/2020		5124 · Plunge Creek Pr...	3-Land Resources	4,944.99
TOTAL					4,944.99

San Bernardino Valley Water Conservation District Expenditure Report September 2020

Num	Date	Name	Account	Class	Original Amount
22554	09/16/2020	Terminix	1012 · Citizens Busine...		-81.00
	08/18/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	81.00
TOTAL					81.00
22555	09/16/2020	Thomas Purvis	1012 · Citizens Busine...		-95.40
	09/15/2020		5215 · Property Mainten...	1-Groundwater Ent.	76.32
			5215 · Property Mainten...	3-Land Resources	19.08
TOTAL					95.40
22556	09/16/2020	WEX Bank-Shell	1012 · Citizens Busine...		-1,354.44
	09/06/2020		5320 · Fuel	1-Groundwater Ent.	1,354.44
TOTAL					1,354.44
22557	09/16/2020	NoHo Constructors	1012 · Citizens Busine...		-145,799.33
	09/15/2020		7055 · Plunge Creek Ex...	3-Land Resources	145,799.33
TOTAL					145,799.33
22558	09/29/2020	AAA Alarm Systems, Inc.	1012 · Citizens Busine...		-129.00
	10/01/2020		5410 · Alarm Service	4-General Fund Ent.	64.50
			5410 · Alarm Service	1-Groundwater Ent.	64.50
TOTAL					129.00
22559	09/29/2020	Aaron Pederson	1012 · Citizens Busine...		-35.00
	09/27/2020		6018 · Janitorial Services	4-General Fund Ent.	35.00
TOTAL					35.00
22560	09/29/2020	ACWA	1012 · Citizens Busine...		-9,735.00
	09/25/2020		6093 · Memberships	4-General Fund Ent.	9,735.00
TOTAL					9,735.00
22561	09/29/2020	Bill & Wags, Inc.	1012 · Citizens Busine...		-125.00
	09/08/2020		5310 · Vehicle Mainten...	1-Groundwater Ent.	125.00
TOTAL					125.00
22562	09/29/2020	Citizens Business Bank	1012 · Citizens Busine...		-627.13
	09/11/2020		5124 · Plunge Creek Pr...	3-Land Resources	176.04
			5215 · Property Mainten...	1-Groundwater Ent.	27.22
			5215 · Property Mainten...	3-Land Resources	6.80
			6002 · Website Adminis...	4-General Fund Ent.	412.97
			6039 · Postage and Ov...	4-General Fund Ent.	2.25
			6039 · Postage and Ov...	1-Groundwater Ent.	1.03
			6039 · Postage and Ov...	2-Redlands Plaza/...	0.41
			6039 · Postage and Ov...	3-Land Resources	0.41
TOTAL					627.13

San Bernardino Valley Water Conservation District
Expenditure Report
September 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Class</u>	<u>Original Amount</u>
22563	09/29/2020	DLT Solutions, LLC db...	1012 · Citizens Busine...		-6,092.74
	09/16/2020		7220 · Computer Softw...	6-Active Recharge ...	4,097.74
			5160 · IT Support	4-General Fund Ent.	798.00
			5160 · IT Support	1-Groundwater Ent.	997.50
			5160 · IT Support	3-Land Resources	199.50
TOTAL					6,092.74
22564	09/29/2020	Frontier-7275	1012 · Citizens Busine...		-154.56
	09/19/2020		5440 · Telephone	4-General Fund Ent.	55.70
			5440 · Telephone	1-Groundwater Ent.	23.87
			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					154.56
22565	09/29/2020	Image Source	1012 · Citizens Busine...		-306.35
	09/13/2020		6033 · Office Equipmen...	4-General Fund Ent.	229.76
			6033 · Office Equipmen...	1-Groundwater Ent.	15.32
			6033 · Office Equipmen...	2-Redlands Plaza/...	45.95
			6033 · Office Equipmen...	3-Land Resources	15.32
TOTAL					306.35
22566	09/29/2020	JAN-PRO Cleaning Sys...	1012 · Citizens Busine...		-700.00
	10/01/2020		6018 · Janitorial Services	4-General Fund Ent.	700.00
TOTAL					700.00
22567	09/29/2020	Joseph E. Bonadiman ...	1012 · Citizens Busine...		-12,600.00
	09/17/2020		5124 · Plunge Creek Pr...	3-Land Resources	12,600.00
TOTAL					12,600.00
22568	09/29/2020	O'Reilly	1012 · Citizens Busine...		-21.70
	09/21/2020		5310 · Vehicle Mainten...	1-Groundwater Ent.	21.70
TOTAL					21.70
22569	09/29/2020	Press Enterprise	1012 · Citizens Busine...		-535.83
	09/28/2020		6090 · Subscriptions/Pu...	4-General Fund Ent.	535.83
TOTAL					535.83
22570	09/29/2020	Quill Corporation	1012 · Citizens Busine...		-109.44
	09/24/2020		6030 · Office Supplies	4-General Fund Ent.	87.55
			6030 · Office Supplies	1-Groundwater Ent.	5.47
			6030 · Office Supplies	2-Redlands Plaza/...	10.95
			6030 · Office Supplies	3-Land Resources	5.47
TOTAL					109.44

San Bernardino Valley Water Conservation District
Expenditure Report
September 2020

Num	Date	Name	Account	Class	Original Amount
22571	09/29/2020	ReadyRefresh by Nestle	1012 · Citizens Busine...		-106.70
	09/24/2020		5460 · Water / Trash / S...	4-General Fund Ent.	53.35
			5460 · Water / Trash / S...	1-Groundwater Ent.	42.68
			5460 · Water / Trash / S...	3-Land Resources	10.67
TOTAL					106.70
22572	09/29/2020	Redlands Chamber of ...	1012 · Citizens Busine...		-16.00
	09/25/2020		6435 · Conf/Seminar R...	4-General Fund Ent.	16.00
TOTAL					16.00
22573	09/29/2020	Sonsray Machinery	1012 · Citizens Busine...		-118.99
	09/22/2020		5210 · Equipment Maint...	1-Groundwater Ent.	118.99
TOTAL					118.99
22574	09/29/2020	The Readmond Company	1012 · Citizens Busine...		-3,450.00
	09/23/2020		5120 · Misc. Profession...	4-General Fund Ent.	1,035.00
			5120 · Misc. Profession...	1-Groundwater Ent.	724.50
			5120 · Misc. Profession...	3-Land Resources	1,690.50
TOTAL					3,450.00
22575	09/29/2020	U.S. Bank Equipment F...	1012 · Citizens Busine...		-336.18
	09/10/2020		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
22576	09/29/2020	Water Systems Consult...	1012 · Citizens Busine...		-2,338.75
	08/31/2020		5120 · Misc. Profession...	1-Groundwater Ent.	2,338.75
TOTAL					2,338.75
22577	09/29/2020	WEX Bank-Valero	1012 · Citizens Busine...		-904.49
	09/23/2020		5320 · Fuel	1-Groundwater Ent.	904.49
TOTAL					904.49
100257N	09/09/2020	PERS	1012 · Citizens Busine...		-11,955.16
			6170 · PERS Retirement	4-General Fund Ent.	1,554.17
			6170 · PERS Retirement	1-Groundwater Ent.	5,379.82
			6170 · PERS Retirement	2-Redlands Plaza/...	478.21
			6170 · PERS Retirement	3-Land Resources	1,195.52
			6170 · PERS Retirement	5-Wash Plan	2,510.58
			6170 · PERS Retirement	6-Active Recharge ...	836.86
TOTAL					11,955.16

San Bernardino Valley Water Conservation District Expenditure Report September 2020

Num	Date	Name	Account	Class	Original Amount
100258N	09/28/2020	PERS	1012 · Citizens Busine...		-10,883.77
			6170 · PERS Retirement	4-General Fund Ent.	1,414.89
			6170 · PERS Retirement	1-Groundwater Ent.	4,897.70
			6170 · PERS Retirement	2-Redlands Plaza/...	435.35
			6170 · PERS Retirement	3-Land Resources	1,088.38
			6170 · PERS Retirement	5-Wash Plan	2,285.59
			6170 · PERS Retirement	6-Active Recharge ...	761.86
TOTAL					10,883.77

San Bernardino Valley Water Conservation District
Director Fees Expenditure Payroll Report
September 2020

Pay Date	Name	For Period	Director Fees	Taxes Withheld	Check Amt
9/9/2020	Raley, D.	Jul-20	\$ 2,079.00	\$ 492.51	\$ 1,586.49
9/23/2020	Corneille, R	Aug-20	\$ 1,155.00	\$ 136.56	\$ 1,018.44
9/23/2020	Raley, D.	Aug-20	\$ 1,386.00	\$ 334.68	\$ 1,051.32



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No.1737

To: Board of Directors
From: Daniel Cozad, General Manager
Date: October 14, 2020
Subject: 2020 Annual District Audit

RECOMMENDATION

The Ad Hoc Audit Committee recommends the Board review and approve the 2020 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 August 3, 2020, 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 24, 2020. 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 2020-2021 budget.

POTENTIAL MOTIONS

1. Move to approve the 2020 Audit Report as presented.
2. Move to table the item to a future meeting of the Board or another committee.

Attachments

2020 Audit Report, Transmittal Letter and Financial Statements

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Redlands, CA 92373
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Fax: 909.793.0188
www.sbvwd.org Email: info@sbvwd.org

**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



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

ANNUAL FINANCIAL REPORT

JUNE 30, 2020



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

ANNUAL FINANCIAL REPORT

For the year ended June 30, 2020

San Bernardino Valley Water Conservation District
Annual Financial Report
For the year ended June 30, 2020

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INTRODUCTORY SECTION



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

October 7, 2020

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, 2020, 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 578 and the policies, procedures, strategies, goals, values, and priorities established by the Board of Directors. In addition to the general manager, the District employs eight full-time employees, three in the field, and five in the office. The District also has 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. Also, 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 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. 2019 was an above-average precipitation year both locally and throughout California. As of September 30, 2019, the District had recharged more than 70,000 acre feet of water into the groundwater basin. Imported water funded by the Groundwater Council and flows from the Santa Ana River and Mill Creek made this record possible. Approximately \$70,000 significant efforts were needed to clean and repair basins after significant water recharge.



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 worked with the United States Fish and Wildlife Service (Service) completed the Wash Plan Habitat Conservation Plan. This approval in July 2020, results in an approved HCP, Incidental Take Permit and initiates the implementation of the Wash Plan Preserve Area. The 30-year permit significantly improves the habitat for several endangered species, including the San Bernardino kangaroo rat and the Santa Ana River woolly star plant. The approved HCP allows expanded water conservation facilities, mining, transportation, and trails. 2019 and 2020 efforts to complete final documents for the Federal Register list and response to comments were significant. The Wash Plan MOU and Implementing Agreement. After the approval of the HCP, the communities served by the District through the Wash Plan Task Force asked the Board to assist them in obtaining State ESA, Waters, and Federal Waters permits to implement their projects as quickly as possible.



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 recent activity is one of the most significant in the history of the District and fulfills the Board's highest strategic plan goal. SBVMWD funded half of the acreage to date, and initial engineering and program management efforts are underway to develop additional recharge facilities on District and Flood Control lands. The two agencies and the Groundwater Council form a Policy Committee that meets quarterly to oversee policy issues related to the Agreement.

Conservation Trust

The District established the San Bernardino Valley Conservation Trust as a public benefit non-profit corporation. This Land Trust now invests and manages the Wash Plan Endowment funds and will hold District and other conservation easements and provide oversight on the implementation of the Wash Plan. The Trust also supports the District's Community Mitigation Program assisting public project and community development in the Wash Plan area.

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, agreement development, and engineering committee support to complete this Board priority. The Groundwater Council's first year of operation was 2018 and has continued each year after that. The Groundwater Council contributes to operations and maintenance costs and purchases of imported water for recharge in the Bunker Hill Basin. The Groundwater Council reduces Groundwater Charge revenue, which is replaced by Groundwater Council revenue. This combination ensures that the groundwater enterprise costs are covered more equitably for all groundwater users.

Plunge Creek Water and Habitat Conservation

The Proposition 84 Integrated Regional Water Management Planning-funded effort in Plunge Creek completed permitting and procurement with construction beginning in August. 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 over 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 construction and reimbursement will be in 2020.

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 construction is expected in 2021, dependent on permitting.

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 and later budgets, the Board approved paying any UAAL as identified by CalPERS each year. These amounts are projected and budgeted as a benefit expense. The Board continues to review CalPERS costs as their actuarial assumptions and returns change to fund this benefit liability fully. 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 and 2019, additional funding has been added to the OPEB Trust based on GASB 75 compliant actuarial analysis for full UAAL payment. In 2019, actuarial consultants again assessed the OPEB costs, including both explicit cost and the implicit subsidy contained in unitary Medical Insurance premiums from the Association of California Water Agency's Joint Powers Insurance Authority. The actuarial consultants calculate OPEB costs each year using age, the most likely investment returns, and other assumptions to



identify the most likely cost of benefits. The Trust now contains over \$500,000 to pay for these benefits' future costs.

Continued 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, policies, practices, and procedures used by the District. The documentation of these appropriate policies and publication on the District website make financial and policy information readily 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. SDLF will again review the accreditation in 2020. The SDLF committee of volunteers, (consisting of district controllers, finance directors, and certified general managers), check 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.



2019 Economic Condition

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 a considerable downturn through 2014. The downturn in building and the broader 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 income. Housing starts, and the population in the area has increased as the economy improved in 2016-2019. These factors and the general increase in economic activity in the region increased the limited tax income to the District.

Staff and District Impacts of COVID 19 Pandemic

While not part of the year under audit, Spring 2020 brought significant changes to the operations of all public agencies in California. The District in February developed an Extreme Flu Plan as COVID 19 was impacting areas across the globe and implemented its three-phase approach as the virus became active in the area. The staff has continued all essential activities and primarily works from home where possible. Construction and field operations are conducted with protective equipment and precautions to avoid or minimize exposure and maximize employee safety. Impacts on revenue have mostly been limited to the Redlands Plaza Enterprise tenants being unable to pay lease payments. Higher expenses have been limited but will impact operating enterprises and their reserves.

2020-2021 Economic Outlook

Overall economic activity has dropped globally and in the Inland Empire during the COVID 19 Pandemic and is generally expected to be impacted with a slow recovery through the remainder of fiscal 2020-2021. General business impacts and housing starts have been delayed, and the higher costs due to the pandemic response, forest fires and other priorities are significant to the overall economy. While residential property prices have continued to rise slowly, commercial real estate, especially in the retail sector, has declined. City budgets have been significantly impacted by the COVID 19 emergency and may affect the overall economy.

Due to the implementation of the Wash Plan, long-term infrastructure projects and investment benefiting the region will occur over the next few years. These investments and overall economic improvement will likely mitigate assessed valuation and lower remittances to the County of San Bernardino and the cities income. The Wash Plan also facilitated the development of Community Mitigation Program in partnership with the San Bernardino Valley Conservation Trust, helping the local public and private projects mitigate impacts and comply with resource agency and CEQA requirements. This partnership may increase income from Conservation Easement Sales. Additionally, the Groundwater Council revenue has expanded as additional membership during 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 provides 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 document its controls and practices better 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 purchases 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 clear internal accountability and furthers public transparency into District finances. The Board reviews and revises the reserve and other policies, target reserve levels, and investment of the reserves every 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. The Groundwater Council has now replaced much of the income historically paid through the Groundwater Charge.

Additionally, because a larger number of entities produce this, it is more stable than when collected through the Groundwater Charge. The Groundwater Charge continues 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 expects to renew its CEMEX mining lease in 2020. Staff is also working with the leaseholder, Robertson's Ready Mix, to begin mining on District land after Wash Plan and other permits 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 repay the loan when called. CD interest rates are significantly decreasing, and capital projects are occurring, so funds are being deladdered 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.

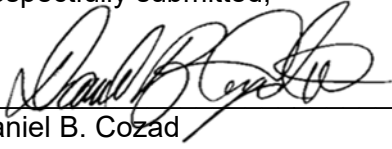
Other References

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

The combined efforts of District staff accomplished the preparation of this report. We appreciate the dedicated efforts and professionalism shown by both Rogers, Anderson, Malody & Scott, LLP, and team. 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, 2020

<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

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Laura Arvizu, CPA
Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA

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, 2020, 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.

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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



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, 2020 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 2019 financial statements, and we expressed an unmodified opinion in our report dated September 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 October 7, 2020, 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.

October 7, 2020
San Bernardino, California

San Bernardino Valley Water Conservation District

Management's Discussion and Analysis

For the year ended June 30, 2020

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, 2020. 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 15.8% or \$1,227,742 in fiscal year 2020 as the result of overall operations.

The District's operating revenues for fiscal year 2020 were \$1,764,518, which was \$372,580 less than its operating expenses of \$2,137,098. Depreciation expense was \$37,237 and net nonoperating income was \$1,637,559 resulting in a net change in net position of \$1,227,742.

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, 2020

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)

	2020	2019	2018	Change 2020		Change 2019	
				Amount	%	Amount	%
Assets:							
Current	\$ 27,273	\$ 26,174	\$ 10,591	\$ 1,099	4.2%	\$ 15,583	147.1%
Non-current	1	1	1	-	0.0%	-	0.0%
Capital, net	5,568	5,389	1,809	179	3.3%	3,580	197.9%
Total assets	32,842	31,564	12,401	1,278	4.0%	19,163	154.5%
Deferred outflow of resources							
Pension	479	397	510	82	20.7%	(113)	-22.2%
Total assets and deferred outflow	33,321	31,961	12,911	1,360	4.3%	19,050	147.5%
Liabilities:							
Current	244	163	174	81	49.7%	(11)	-6.3%
Other non-current	23,872	23,892	5,556	(20)	-0.1%	18,336	330.0%
Total liabilities	24,116	24,055	5,730	61	0.3%	18,325	319.8%
Deferred inflow of resources							
Pension	230	159	294	71	44.7%	(135)	-45.9%
Total liabilities and deferred outflow	24,346	24,214	6,024	132	0.5%	18,190	302.0%
Net position (restated):							
Net investment in capital assets	5,562	5,381	1,809	181	3.4%	3,572	197.5%
Unrestricted	3,413	2,366	5,078	1,047	44.3%	(2,712)	-53.4%
Total net position	\$ 8,975	\$ 7,747	\$ 6,887	\$ 1,228	15.9%	\$ 860	12.5%

Amounts may not foot due to rounding

**San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2020**

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 \$8,975,083 and \$7,747,341 as of June 30, 2020 and 2019, respectively.

Capital assets represent 62.0% as of June 30, 2020 and 69.5% as of June 30, 2019 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 2020 and 2019, the District showed a positive balance in its unrestricted net position of \$3,413,342 and \$2,366,669, 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)**

	2020	2019	2018	Change 2020		Change 2019	
				Amount	%	Amount	%
Revenues:							
Operating	\$ 1,765	\$ 1,444	\$ 1,348	\$ 321	22.2%	\$ 96	7.1%
Nonoperating	1,784	1,277	1,130	507	39.7%	147	13.0%
Total revenues	3,549	2,721	2,478	828	30.4%	243	9.8%
Expenses							
Operating	2,137	1,696	1,680	441	26.0%	16	1.0%
Depreciation	37	37	33	-	0.0%	4	12.1%
Nonoperating	147	129	127	18	14.0%	2	1.6%
Total expenses	2,321	1,862	1,840	459	24.7%	22	1.2%
Change in net position	\$ 1,228	\$ 859	\$ 638	\$ 369	43.0%	\$ 221	34.6%

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 \$1,227,742 and \$859,497 in fiscal years ended June 30, 2020 and 2019, respectively.

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

- The District's net position increased 15.8% or \$1,227,742 to \$8,975,083 in fiscal year 2020 as the result of operations. In 2019, the District's net position increased 12.5% or \$859,497 as a result of operations.

**San Bernardino Valley Water Conservation District
Management’s Discussion and Analysis
For the year ended June 30, 2020**

- The District’s operating revenues increased by 22.2% or \$320,044 in 2020 primarily due to increased revenue from groundwater charge assessments. In 2019, the District’s operating revenues increased by 7.1% or \$96,348 due to increased groundwater charge assessments.
- The District’s nonoperating revenues increased by 39.7% or \$507,374 in 2020 primarily due to a \$220,330 increase in investment earnings and a \$235,582 increase in royalties income from existing contracts. The District’s nonoperating revenues increased by 13.0% 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 operating expenses increased 26.0% or \$441,085 in 2020 primarily due to an increase of \$31,987 in professional services, an increase in field operations of \$153,327, an increase of \$201,659 in salaries and wages and benefits (\$89,810 increase in pension expense) and an increase in repairs of \$49,500. The increases were offset by a decrease of \$5,762 in Director’s fees and expenses. 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 nonoperating expenses increased 14.4% or \$18,459. The increase is primarily due to an increase in administrative costs of \$8,619 and several other smaller increases in various expenses. In 2019, the District’s nonoperating expenses increased 1.0% or \$1,288.

Capital Asset Administration

At the end of fiscal years 2020 and 2019, the District’s net investment in capital assets amounted to \$5,561,741 and \$5,380,672, 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, 2020 total nondepreciable assets include land of \$4,120,341 and \$345,779 of construction in progress. Major capital asset additions in 2020 included a dump truck purchase for \$72,459 and the reroofing of Redlands Plaza for \$79,950.

Changes in capital assets in 2020 were as follows:

	Balance 2019	Additions	Deletions	Balance 2020
Capital assets:				
Nondepreciable	\$ 4,397,868	\$ 68,252	\$ -	\$ 4,466,120
Depreciable	2,364,526	187,396	-	2,551,922
Accumulated depreciation	(1,381,722)	(74,579)	-	(1,456,301)
	<u>\$ 5,380,672</u>	<u>\$ 181,069</u>	<u>\$ -</u>	<u>\$ 5,561,741</u>
Totals	<u>\$ 5,380,672</u>	<u>\$ 181,069</u>	<u>\$ -</u>	<u>\$ 5,561,741</u>

**San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2020**

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>

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	\$ 2,503,621	200%
Groundwater ER Maintenance Reserve	250,000	350,000	140%
GWA Rate Stabilization	200,000	177,777	89%
Redlands Plaza Reserve	81,418	85,192	105%
Land Resources Reserve	816,743	(2,909,633)	-356%
General Liability Fund Reserve	1,250,000	559,067	45%
Self Insurance Reserve	50,000	40,000	80%
Compensated Absences Reserve	120,227	107,000	89%
Capital Improvement/Equipment Reserve	750,000	760,000	101%
Prepaid Royalties Reserve	5,000,000	5,000,000	100%
Active Recharge Transfer Projects	<u>36,875,000</u>	<u>18,485,460</u>	50%
Total	<u>\$ 46,643,388</u>	<u>\$ 25,158,484</u>	54%

**San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2020**

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, 2020 (with comparative data for 2019)

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,307,952	\$ 19,564,145
Investments	23,850,532	5,272,907
Accrued interest receivable	14,027	19,051
Accounts receivable, net:	336,048	148,067
Assessments receivable - groundwater charges	280,119	221,223
Notes receivable	1,086	1,058
Due from other governments	1,381,882	850,388
Prepaid expenses	101,129	97,292
	<u>27,272,775</u>	<u>26,174,131</u>
Total current assets		
Noncurrent assets:		
Notes receivable	7,827	9,619
Capital assets, not being depreciated:		
Land and land improvements	4,120,341	4,081,100
Construction in progress	345,779	316,768
Capital assets, being depreciated, net:		
Buildings and improvements	712,735	641,906
Equipment	152,533	103,942
Spreading basins	230,353	236,956
	<u>5,569,568</u>	<u>5,390,291</u>
Total noncurrent assets		
	<u>32,842,343</u>	<u>31,564,422</u>
Total assets		
Deferred outflows of resources		
Deferred outflows of resources - pension	280,516	175,207
Deferred outflows of resources - OPEB	200,079	222,021
	<u>480,595</u>	<u>397,228</u>
Total deferred outflows of resources		
Total assets and deferred outflows of resources	<u>33,322,938</u>	<u>31,961,650</u>

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

San Bernardino Valley Water Conservation District
Statements of Net Position
June 30, 2020 (with comparative data for 2019)

(continued)

	<u>2020</u>	<u>2019</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 167,323	\$ 90,018
Accrued wages and related payables	18,310	36,486
Customer deposits for rentals	11,947	9,326
Compensated absences payable	<u>46,778</u>	<u>27,583</u>
Total current liabilities	<u>244,358</u>	<u>163,413</u>
Noncurrent liabilities:		
Unearned revenue	23,436,714	23,439,025
Net other post-employment benefits liability (asset)	(9,242)	117,906
Net pension liability	324,184	238,734
Compensated absences payable	<u>120,227</u>	<u>96,226</u>
Total noncurrent liabilities	<u>23,871,883</u>	<u>23,891,891</u>
Total liabilities	<u>24,116,241</u>	<u>24,055,304</u>
Deferred inflows of resources		
Deferred inflows of resources - pension	98,468	-
Deferred inflows of resources - OPEB	<u>133,146</u>	<u>159,005</u>
Total deferred inflows of resources	<u>231,614</u>	<u>159,005</u>
Net position		
Net investment in capital assets	5,561,741	5,380,672
Unrestricted	<u>3,413,342</u>	<u>2,366,669</u>
Total net position	<u>\$ 8,975,083</u>	<u>\$ 7,747,341</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, 2020 (with comparative data for 2019)

	<u>2020</u>	<u>2019</u>
Operating revenues		
Groundwater assessments	\$ 1,288,681	\$ 1,019,269
Operating agreements	407,062	395,205
Services to other agencies	<u>68,775</u>	<u>30,000</u>
Total operating revenues	<u>1,764,518</u>	<u>1,444,474</u>
Operating expenses		
District operations	1,927,584	1,489,024
Regional programs	3,952	5,000
General and administrative	<u>205,562</u>	<u>201,989</u>
Total operating expenses	<u>2,137,098</u>	<u>1,696,013</u>
Operating loss before depreciation expense	(372,580)	(251,539)
Depreciation expense	<u>37,237</u>	<u>37,608</u>
Operating income (loss)	<u>(409,817)</u>	<u>(289,147)</u>
Nonoperating revenues and (expenses)		
Property taxes	179,755	168,710
Investment earnings	447,940	227,610
Royalties	870,781	645,199
Rental property income	205,209	204,505
Rental property expense	(146,982)	(128,523)
Other nonoperating revenues and expenses	<u>80,856</u>	<u>31,143</u>
Total nonoperating revenues/(expenses)	<u>1,637,559</u>	<u>1,148,644</u>
Change in net position	1,227,742	859,497
Net position, beginning of year	<u>7,747,341</u>	<u>6,887,844</u>
Net position, end of year	<u>\$ 8,975,083</u>	<u>\$ 7,747,341</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, 2020 (with comparative data for 2019)

	2020	2019
Cash flows from operating activities		
Cash received from groundwater assessments and other agencies	\$ 1,703,311	\$ 1,602,060
Cash payments for services and supplies	(735,351)	(676,689)
Cash payments to employees for salaries and wages	(1,325,785)	(1,223,483)
Proceeds from royalty income	682,800	599,856
Proceeds from rental revenue, net of expenses	98,190	107,310
Other operating	80,856	31,143
Net cash provided by operating activities	<u>504,021</u>	<u>440,197</u>
Cash flows from noncapital financing activities		
Property taxes	179,755	168,710
Advances to Wash Plan	(531,494)	(273,384)
Net cash used for noncapital financing activities	<u>(351,739)</u>	<u>(104,674)</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(285,578)	(3,644,413)
Advance for conservation easement acquisitions	-	18,437,500
Net cash provided by (used) for capital and related financing activities	<u>(285,578)</u>	<u>14,793,087</u>
Cash flows from investing activities		
Payments received on notes receivable	1,764	1,563
Advances on notes receivable	-	(9,785)
Purchase of investments	(19,035,191)	(842,276)
Proceeds from investments	457,566	735,000
Investment income	452,964	213,997
Net cash provided by (used) for investing activities	<u>(18,122,897)</u>	<u>98,499</u>
Net increase (decrease) in cash and cash equivalents	(18,256,193)	15,227,109
Cash and cash equivalents, beginning of year	<u>19,564,145</u>	<u>4,337,036</u>
Cash and cash equivalents, end of year	<u>\$ 1,307,952</u>	<u>\$ 19,564,145</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, 2020 (with comparative data for 2019)

(continued)

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income (loss)		
to net cash provided by		
operating activities		
Operating income (loss)	\$ (409,817)	\$ (289,147)
Adjustments to reconcile operating income (loss)		
to net cash provided by operating activities:		
Depreciation	37,237	37,608
Abandoned construction in progress	29,930	-
Royalty income	682,800	599,856
Rental revenue, net of expenses	98,190	107,310
Miscellaneous income	80,856	31,143
(Increase) decrease in assets and deferred		
outflows of resources:		
Assessments receivable - groundwater charges	(58,896)	156,061
Prepaid expenses	(3,837)	(72,418)
Deferred outflows of resources - pension	(105,309)	121,398
Deferred outflows of resources - OPEB	21,942	(8,524)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	77,305	(4,949)
Accrued wages and related payables	(18,176)	(649)
Deferred revenues	(2,311)	1,525
Compensated absences payable	43,196	23,541
Net other post-employment benefits liability	(127,148)	(100,601)
Net pension liability	85,450	(27,427)
Deferred inflows of resources - pension	98,468	-
Deferred inflows of resources - OPEB	(25,859)	(134,530)
Net cash provided by operating activities	<u>\$ 504,021</u>	<u>\$ 440,197</u>
Noncash, investing, capital and financing activities		
Change in fair value of investments	<u>\$ 22,177</u>	<u>\$ 41,930</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, 2020 (with comparative data for 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Due from other entities	<u>\$ 1,381,882</u>	<u>\$ 850,388</u>
Total assets	<u><u>\$ 1,381,882</u></u>	<u><u>\$ 850,388</u></u>
Liabilities		
Advances from District for Wash Plan	<u>\$ 1,381,882</u>	<u>\$ 850,388</u>
Total liabilities	<u><u>\$ 1,381,882</u></u>	<u><u>\$ 850,388</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, 2020 (with comparative data for 2019)

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, 2020 (with comparative data for 2019)

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, 2020 (with comparative data for 2019)

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, 2020 (with comparative data for 2019)

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 of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. 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.

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, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

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, 2020
 Measurement Period July 1, 2019 to June 30, 2020

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 and 2019 are classified in the statements of net position as follows:

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 1,307,952	\$ 19,564,145
Investments	<u>23,850,532</u>	<u>5,272,907</u>
 Total cash and investments	 <u><u>\$ 25,158,484</u></u>	 <u><u>\$ 24,837,052</u></u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

2. CASH AND INVESTMENTS (continued)

Cash and investments as of June 30, 2020 and 2019 consisted of the following:

	2020	2019
Deposits with financial institutions	\$ 1,179,136	\$ 19,451,029
Deposits held with California Local Agency Investment Fund	128,816	113,117
Certificates of deposit	1,919,592	2,140,512
Deposits held with fiscal agents:		
California Asset Management Program	18,717,876	-
CalTrust Short-term fund	3,213,064	3,132,394
 Total cash and investments	 \$ 25,158,484	 \$ 24,837,052

As of June 30, 2020 and 2019, the District's authorized deposits had the following average maturities:

	2020	2019
Deposits held with California Local Agency Investment Fund	191 days	173 days
Certificates of deposit	312 days	639 days
Deposits held with fiscal agents:		
California Asset Management Program	53 days	54 days
CalTrust Short-term fund	321 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, 2020 (with comparative data for 2019)

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, 2020, the District's investment in LAIF was \$128,816. At June 30, 2019, the District's investment in LAIF was \$113,117.

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, 2020 and 2019. The District is a voluntary participant in CalTrust. 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, 2020 was \$3,183,352, and its net asset value (withdrawal value) was \$3,213,064. 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.

D. California Asset Management Pool (CAMP)

The District is a voluntary participant in the California Asset Management Program (CAMP), which was established as a nontaxable investment portfolio under provisions of the California Joint Exercise of Powers Act to provide California Public Agencies with comprehensive investment management services. There are no minimum deposit requirements or limits on deposits and withdrawals. Dividends from net investment income are declared on a daily basis and paid on the last day of the month. Dividends paid are automatically reinvested in each account by the purchase of additional shares. The contract creating the program specifies the types of investments that can be made by the investment portfolio with available cash: U.S. Government securities, securities of federally sponsored agencies, repurchase agreements, banker's acceptances, negotiable certificates of deposit and commercial paper. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by CAMP which was \$18,717,876 as of June 30, 2020. The District did not have any investments in CAMP in 2019.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

2. CASH AND INVESTMENTS (continued)

E. 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.

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).

F. 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.

G. 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.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

2. CASH AND INVESTMENTS (continued)

G. Credit Risk (continued)

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
California Asset Management Program	None	AAAm
Certificates of Deposit	A/A-1	Not rated

H. 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, 2020.

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.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

4. COMPENSATED ABSENCES

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within one year
Compensated absences	\$ 123,809	\$ 77,670	\$ (34,474)	\$ 167,005	\$ 46,778

	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

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.

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, 2020 (with comparative data for 2019)

6. CAPITAL ASSETS

Changes in capital assets for 2020 were as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets not being depreciated:				
Land and land improvements	\$ 4,081,100	\$ 39,241	\$ -	\$ 4,120,341
Construction in progress	316,768	58,941	(29,930)	345,779
	<u>4,397,868</u>	<u>98,182</u>	<u>-</u>	<u>4,466,120</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Structures and improvements	1,212,300	27,650	-	1,239,950
Improvements	213,823	84,727	-	298,550
Vehicles and equipment	151,837	72,459	-	224,296
Office equipment	146,947	-	-	146,947
Field equipment	288,894	2,560	-	291,454
Equipment	20,533	-	-	20,533
Spreading basins	330,192	-	-	330,192
	<u>2,364,526</u>	<u>187,396</u>	<u>-</u>	<u>2,551,922</u>
Total capital assets being depreciated				
Less accumulated depreciation:				
Buildings and improvements	(784,217)	(41,548)	-	(825,765)
Equipment	(504,269)	(26,428)	-	(530,697)
Spreading basins	(93,236)	(6,603)	-	(99,839)
	<u>(1,381,722)</u>	<u>(74,579)</u>	<u>-</u>	<u>(1,456,301)</u>
Total accumulated depreciation				
Net capital assets being depreciated	<u>982,804</u>	<u>112,817</u>	<u>-</u>	<u>1,095,621</u>
Net capital assets	<u>\$ 5,380,672</u>	<u>\$ 210,999</u>	<u>\$ -</u>	<u>\$ 5,561,741</u>

Depreciation expense was allocated as follows for the June 30, 2020 fiscal year:

Depreciation expense:	
District operations	\$ 37,237
Redlands Plaza (included in property expense)	<u>37,342</u>
Total depreciation expense	<u>\$ 74,579</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

6. CAPITAL ASSETS (continued)

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:				
Structures and improvements	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	<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, 2020 (with comparative data for 2019)

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, 2020 (with comparative data for 2019)

7. DEFINED BENEFIT PENSION PLAN (continued)

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

	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
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	11.432%	6.985%

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, 2020 were \$119,349. The actual employer payments of \$78,252 made to CalPERS by the District during the measurement period ended June 30, 2019 differed from the District's proportionate share of the employer's contributions of \$149,392 by \$(71,140), 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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2020 (with comparative data for 2019)

7. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Mortality Rate Table (1)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 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

There were no changes in assumptions.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

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>Assumed asset allocation</u>	<u>Real return years 1 - 10²</u>	<u>Real return years 11+³</u>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	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, 2020 (with comparative data for 2019)

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, 2020 and 2019, the District reported net pension liabilities for its proportionate share of the net pension liability of \$324,184 and \$238,734, respectively.

	2020	2019
Total pension liability	\$ 3,929,545	\$ 3,663,691
Fiduciary net position	3,605,361	3,424,957
Net pension liability	\$ 324,184	\$ 238,734

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

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: 6/30/2018 (Valuation Date)	\$ 3,663,691	\$ 3,424,957	\$ 238,734
Balance at: 6/30/2019 (Measurement Date)	3,929,545	3,605,361	324,184
Net change during 2018-2019	265,854	180,404	85,450

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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Proportionate share - June 30, 2017		0.00675%
Proportionate share - June 30, 2018	0.00633%	0.00633%
Proportionate share - June 30, 2019	0.00810%	
Change	0.00177%	-0.00042%

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

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, 2020	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
District's proportionate share of the net pension liability	\$ 852,720	\$ 324,184	\$ (112,085)
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)

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, 2020 (with comparative data for 2019)

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 PERF C for the measurement period ending June 30, 2018 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (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, 2020 and 2019, the District recognized pension expense of \$197,958 and \$92,184, respectively. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	2020	
	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to the measurement date	\$ 119,349	\$ -
Difference in actual vs projected contributions	-	92,801
Changes in assumptions	9,979	-
Difference between expected and actual experience	20,771	-
Net difference between projected and actual earnings on pension plan investments	-	5,667
Changes in proportion	130,417	-
Totals	\$ 280,516	\$ 98,468

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

7. DEFINED BENEFIT PENSION PLAN (continued)

The District reported \$119,349 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
2021	\$ 44,368
2022	16,849
2023	336
2024	1,146
2025	-
Remaining	-

At June 30, 2019, 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>

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.

Payable to the Pension Plan

At June 30, 2020, the District reported a payable of \$11,928 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

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>2020</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, 2020, the District's cash contributions were \$143,532 in payments to the trust. Other contributions included \$14,691 in unreimbursed benefits paid and \$10,133 in implicit contributions.

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, 2020 (with comparative data for 2019)

8. OTHER POST-EMPLOYMENT BENEFITS PAYABLE (continued)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation 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 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	3.25%
Investment rate of return	6.50%
Mortality	Those published in the 2017 study of the CalPERS system using data from 1997 to 2015, adjusted back 15 years of Scale MP 2016 to central year 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, 2020 (with comparative data for 2019)

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%	4.80%
Fixed income	25%	1.10%
Treasury inflation protected securities	5%	0.25%
Real estate investment trusts	8%	3.20%
Commodities	3%	1.50%
	<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, 2020:

	<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, 2019 (Valuation Date June 30, 2019)	\$ 461,195	\$ 343,289	\$ 117,906
Changes recognized for the measurement period:			
Service cost	25,626	-	25,626
Interest cost	30,837	-	30,837
Contributions - employer	-	168,356	(168,356)
Net investment income	-	26,973	(26,973)
Assumption changes	-	-	-
Plan experience	-	-	-
Investment experience	-	(11,534)	11,534
Benefit payments	(24,824)	(24,824)	-
Administrative expenses	-	(184)	184
Net Changes	<u>31,639</u>	<u>158,787</u>	<u>(127,148)</u>
Balance at June 30, 2020 (Measurement Date June 30, 2020)	<u>\$ 492,834</u>	<u>\$ 502,076</u>	<u>\$ (9,242)</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

8. OTHER POST-EMPLOYMENT BENEFITS PAYABLE (continued)

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c)= (a) - (b)
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
Changes of assumptions	-	-	-
Plan experience differences	-	-	-
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	140,751	241,352	(100,601)
Balance at June 30, 2019 (Measurement Date June 30, 2019)	\$ 461,195	\$ 343,289	\$ 117,906

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, 2020 and 2019:

<u>2020</u>	<u>Discount rate -1%</u>	<u>Assumed discount rate</u>	<u>Discount rate +1%</u>
Net OPEB liability/(asset)	\$ 17,417	\$ (9,242)	\$ (33,707)
<u>2019</u>	<u>Discount rate -1%</u>	<u>Assumed discount rate</u>	<u>Discount rate +1%</u>
Net OPEB liability	\$ 144,228	\$ 117,906	\$ 3,732

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

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, 2020 and 2019:

2020	Healthcare cost trend -1%	Healthcare cost trend assumed	Healthcare cost trend +1%
Net OPEB liability/(asset)	\$ 237,492	\$ (9,242)	\$ 199,038
2019	Healthcare cost trend -1%	Healthcare cost trend assumed	Healthcare cost trend +1%
Net OPEB liability	\$ 237,492	\$ 117,906	\$ 199,038

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, 2020 and 2019, the District recognized OPEB expense of \$37,291 and \$54,890 respectively. As of fiscal year ended June 30, 2020, 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	\$ 198,301	\$ -
Differences between expected and actual experience	-	133,146
Net difference between projected and actual earnings on investments	1,778	-
Total	<u>\$ 200,079</u>	<u>\$ 133,146</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

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
2021	\$ 7,617
2022	7,617
2023	7,617
2024	10,099
2025	7,793
Remaining	26,190

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, 2025. The cost of the associated assets is \$1,277,658 with a net book value of \$621,908.

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>
2021	\$ 153,129	\$ 229,166	\$ 382,295
2022	137,308	-	137,308
2023	120,851	-	120,851
2024	55,818	-	55,818
2025	21,695	-	21,695
Totals	<u>\$ 488,801</u>	<u>\$ 229,166</u>	<u>\$ 717,967</u>

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2020 (with comparative data for 2019)

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, 2020:

- *General, Auto and Public Official Liability:* pooled self-insured up to \$5 million per claim with excess purchased insurance up to \$60 million. The none of the policies has a deductible;
- *Property:* pooled self-insured up to \$100,000 per claim with excess purchased insurance up to \$500 million. The property policy has a deductible of \$1,000 for real and personal property and mobile equipment. Licensed vehicles and trailers have a \$500 deductible. 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
- *Cyber Liability:* \$3 million per claim, \$5 million aggregate.

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

The GASB has issued several pronouncements prior to June 30, 2020 that have effective dates that may impact future financial presentations.

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, 2019. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

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, 2020. 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, 2020 (with comparative data for 2019)

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

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, 2020. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

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, 2019. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

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, 2021. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of previous guidance. Certain provisions of this Statement are effective for fiscal years beginning after June 15, 2021. Other provisions are effective for reporting periods beginning after June 15, 2021. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 93

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The provisions of this Statement are effective for fiscal years beginning after June 15, 2021. 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, 2020 (with comparative data for 2019)

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

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Partnerships*. The primary objectives of this Statement is to improve financial reporting by addressing issues related to these arrangements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2022. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 95

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the Covid-19 pandemic by postponing the effective dates of certain pronouncements. The provisions of this Statement are effective immediately.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The provisions of this Statement are effective for fiscal years beginning after June 15, 2022. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plan. Certain provisions are effective immediately (no effect on the 2020 financial statements). Other provisions of this Statement are effective for fiscal years beginning after June 15, 2021. 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, 2020 (with comparative data for 2019)

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.

Covid-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. Although the District's services are considered essential, the District's office was closed to the public, certain other services transitioned to online-only, but because the District's major revenue sources are only indirectly impacted by these events, it is probable that this matter will have a limited negative impact on the District. The ultimate financial impact and duration cannot be estimated at this time.

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, 2019	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	0.00810%	0.00633%	0.00675%	0.00595%	0.02708%	0.00892%
Employer's Proportionate Share of the Collective Net Pension Liability	\$ 324,184	\$ 238,734	\$ 266,161	\$ 206,530	\$ 743,026	\$ 555,348
Employer's Covered Payroll	\$ 979,060	\$ 758,985	\$ 709,190	\$ 689,423	\$ 577,644	\$ 553,862
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	33.11%	31.45%	37.53%	29.96%	128.63%	100.27%
Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	77.73%	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.

* 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, 2020

	Fiscal Year						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially Determined Contribution	\$ 119,349	\$ 78,252	\$ 69,728	\$ 69,418	\$ 88,829	\$ 52,231	\$ 76,810
Contributions in Relation to the Actuarially Determined Contribution	(119,349)	(78,252)	(69,728)	(69,418)	(88,829)	(52,231)	(76,810)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 979,060	\$ 758,985	\$ 709,190	\$ 689,423	\$ 577,644	\$ 553,862	\$ 502,836
Contributions as a Percentage of Covered Payroll	12.19%	10.31%	9.83%	10.07%	15.38%	9.43%	15.28%

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: There were no changes in assumptions in 2019. 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 in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent 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, 2020

	Measurement period		
	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability			
Service Cost	\$ 25,626	\$ 41,893	\$ 40,871
Interest on the Total OPEB Liability	30,837	18,117	13,313
Actual and expected experience difference	-	(165,000)	-
Changes in assumptions	-	245,741	-
Benefit payments	(24,824)	-	-
Net change in Total OPEB Liability	31,639	140,751	54,184
Total OPEB Liability - beginning	461,195	320,444	266,260
Total OPEB Liability - ending (a)	<u>\$ 492,834</u>	<u>\$ 461,195</u>	<u>\$ 320,444</u>
Plan Fiduciary Net Position			
Contribution - employer	\$ 168,356	\$ 218,507	\$ 37,767
Net investment income	15,439	22,971	4,900
Benefit payments	(24,824)	-	-
Administrative expense	(184)	(126)	(35)
Net change in Plan Fiduciary Net Position	158,787	241,352	42,632
Plan Fiduciary Net Position - beginning	343,289	101,937	59,305
Plan Fiduciary Net Position - ending (b)	<u>\$ 502,076</u>	<u>\$ 343,289</u>	<u>\$ 101,937</u>
Net OPEB Liability - ending (a) - (b)	<u>\$ (9,242)</u>	<u>\$ 117,906</u>	<u>\$ 218,507</u>
Plan fiduciary net position as a percentage of the total OPEB liability	101.88%	74.43%	31.81%
Covered employee payroll	\$ 970,271	\$ 758,985	\$ 707,053
Net OPEB liability as a percentage of covered employee payroll	-0.95%	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, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially Determined Contribution	\$ 43,693	\$ 54,851	\$ 37,767
Contributions in Relation to the Actuarially Determined Contribution	<u>(168,356)</u>	<u>(218,507)</u>	<u>(37,767)</u>
Contribution Deficiency (Excess)	<u>\$ (124,663)</u>	<u>\$ (163,656)</u>	<u>\$ -</u>
Covered Payroll	\$ 970,271	\$ 758,985	\$ 707,053
Contributions as a Percentage of Covered Payroll	17.35%	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	CalPers 2017 experience study
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, 2020 (with comparative data for 2019)

	<u>2020</u>	<u>2019</u>
Operating revenues		
Groundwater assessments		
Groundwater charge assessments - agricultural	\$ 141,818	\$ 68,120
Groundwater charge assessments - nonagricultural	1,146,863	951,149
Operating agreements		
Enhanced recharge agreement	407,062	395,205
Services to other agencies	68,775	30,000
	<u>1,764,518</u>	<u>1,444,474</u>
Total operating revenues		
Operating expenses		
District operations		
Professional services	352,728	320,741
Field operations	206,239	52,912
Utilities	20,768	18,681
Salaries/staff	844,885	759,591
Benefits	453,464	337,099
Repairs and maintenance	49,500	-
Total District operations	<u>1,927,584</u>	<u>1,489,024</u>
Regional programs		
Regional programs LAFCO contribution	3,952	5,000
Total regional programs	<u>3,952</u>	<u>5,000</u>
General and administrative		
Directors' fees and expenses	89,124	94,886
Staff travel and education	11,497	13,888
Insurance	24,667	23,845
Other administrative	80,274	69,370
Total general and administrative	<u>205,562</u>	<u>201,989</u>
Total operating expenses	<u>2,137,098</u>	<u>1,696,013</u>
Operating income (loss) before depreciation expense	(372,580)	(251,539)
Depreciation expense	37,237	37,608
Operating income (loss)	<u>\$ (409,817)</u>	<u>\$ (289,147)</u>

San Bernardino Valley Water Conservation District
Schedules of Wash Plan Additions and Reductions
For the year ended June 30, 2020 (with comparative data for 2019)

	<u>2020</u>	<u>2019</u>
Beginning cash and (due from other entities)	<u>\$ (850,388)</u>	<u>\$ (577,004)</u>
Additions	<u>-</u>	<u>-</u>
Reductions		
Professional services	209,310	165,759
Legal expenses	66,086	4,875
Allocated District expenses:		
Salaries and benefits	<u>256,098</u>	<u>102,750</u>
Total reductions	<u>531,494</u>	<u>273,384</u>
Ending cash (due from other entities)	<u><u>\$ (1,381,882)</u></u>	<u><u>\$ (850,388)</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**

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

Independent Auditor's Report

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

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA
Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA

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, 2020, 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 October 7, 2020.

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.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants



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.

October 7, 2020
San Bernardino, California



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

Memorandum No. 1738

To: Board of Directors

From: General Manager, Daniel Cozad

Date: October 14, 2020

Subject: Unaudited Financial Reports, September 2020

RECOMMENDATION

Review and approve the unaudited financials for September 2020.

BACKGROUND

Each month staff presents the unaudited financials for the District. The reports presented with this Board Letter for the month ending September 30, 2020.

DISCUSSION

Based on the first three months of the fiscal year, most funds and accounts are as expected. The Enhanced Recharge Agreement will be invoiced in October. Three Groundwater Council members have not yet paid their cost-share totaling \$322,229, but payment is expected soon. Property Tax income generally starts being received in November each year. Just over \$330,000 has been expended toward the construction of the Plunge Creek Conservation Project. DWR grant funds will offset these costs when received.

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 September 2020 as presented.
2. Move to request this item be tabled and referred to the Finance & Administration Committee to reconsider specific issues discussed.

ATTACHMENTS OR MATERIALS

Graph Financials for September 2020
Profit & Loss to Date vs. Annual Budget

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

**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**

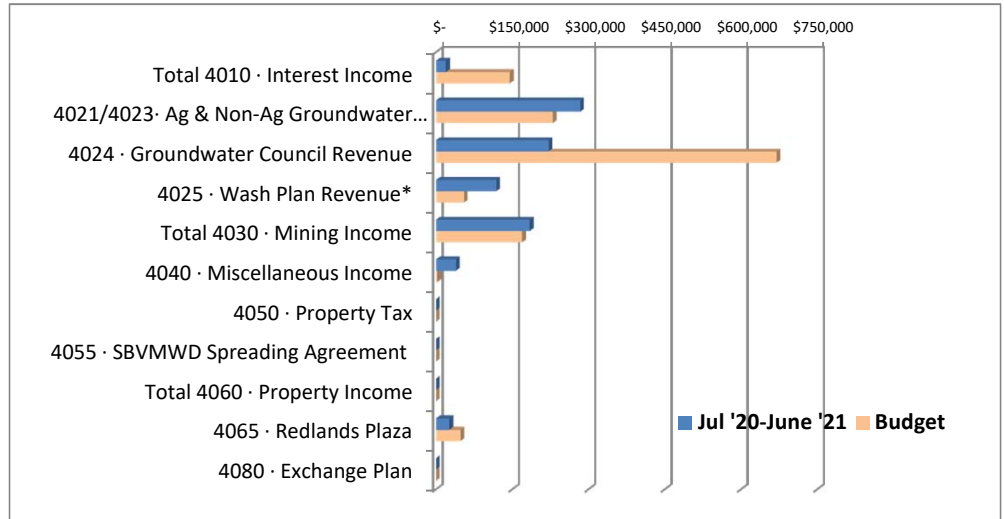
Daniel B. Cozad

SBVWCD - All Enterprises Budget and Actual

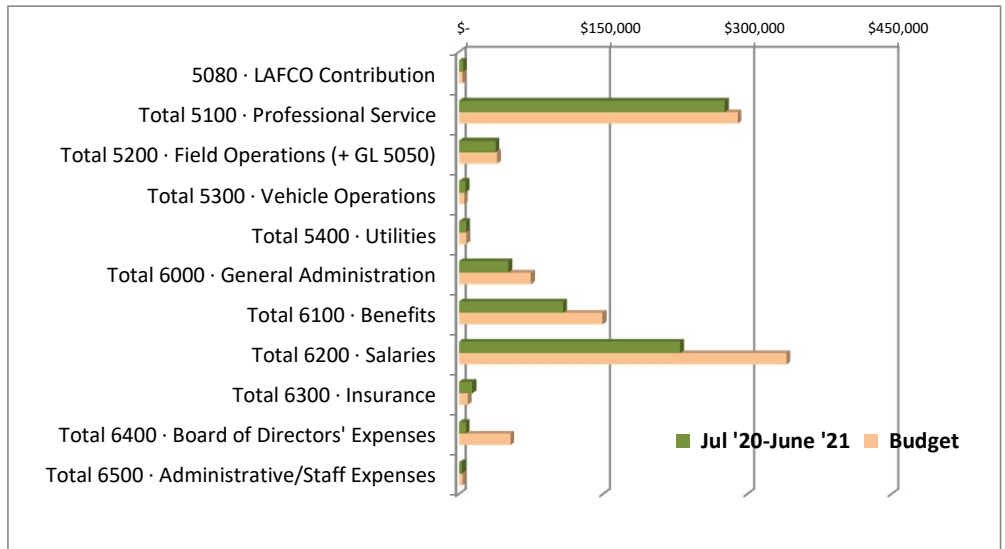
September 2020

REVENUE	Jul '20-June '21	Budget
Total 4010 · Interest Income	\$ 19,572	\$ 145,404
4021/4023· Ag & Non-Ag Groundwater Charge	\$ 283,744	\$ 229,861
4024 · Groundwater Council Revenue	\$ 221,455	\$ 670,000
4025 · Wash Plan Revenue*	\$ 118,610	\$ 55,000
Total 4030 · Mining Income	\$ 184,471	\$ 169,500
4040 · Miscellaneous Income	\$ 39,100	\$ 2,500
4050 · Property Tax	\$ -	\$ -
4055 · SBVMWD Spreading Agreement	\$ -	\$ -
Total 4060 · Property Income	\$ -	\$ -
4065 · Redlands Plaza	\$ 26,393	\$ 48,411
4080 · Exchange Plan	\$ -	\$ -
Total Revenue	\$ 893,346	\$ 1,320,676

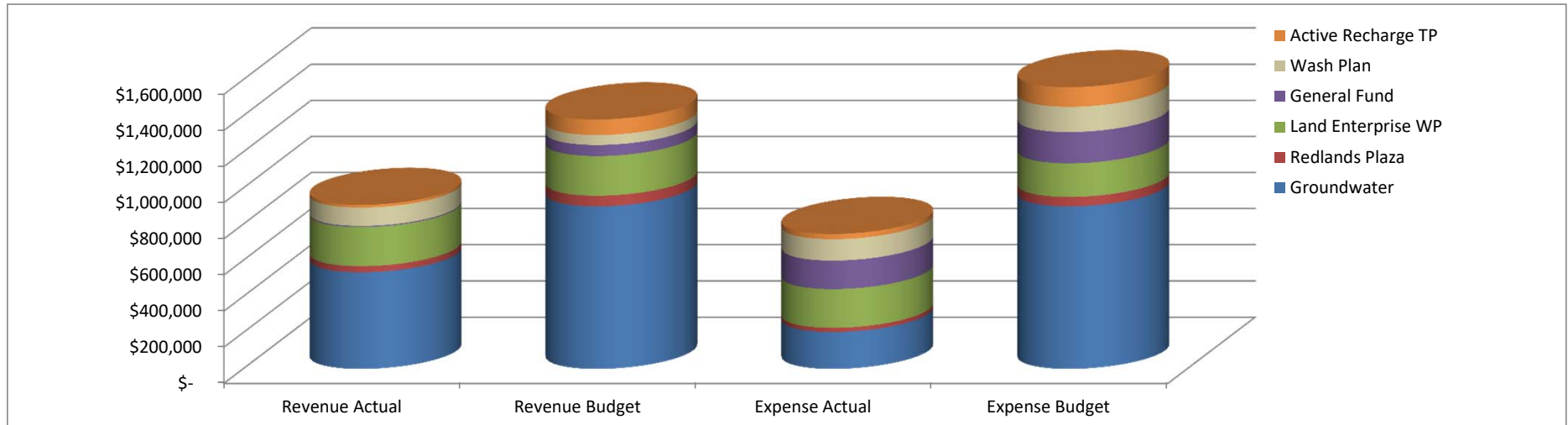
*District loans to the WP



EXPENSES Operating and Capital	Jul '20-June '21	Budget
5080 · LAFCO Contribution	\$ 4,282	\$ 4,000
Total 5100 · Professional Service	\$ 276,565	\$ 289,958
Total 5200 · Field Operations (+ GL 5050)	\$ 38,085	\$ 39,639
Total 5300 · Vehicle Operations	\$ 6,809	\$ 5,435
Total 5400 · Utilities	\$ 7,359	\$ 7,764
Total 6000 · General Administration	\$ 51,364	\$ 74,886
Total 6100 · Benefits	\$ 108,307	\$ 149,358
Total 6200 · Salaries	\$ 230,113	\$ 340,608
Total 6300 · Insurance	\$ 13,924	\$ 9,175
Total 6400 · Board of Directors' Expenses	\$ 7,098	\$ 53,590
Total 6500 · Administrative/Staff Expenses	\$ 3,003	\$ 4,081
Total Expense	\$ 746,908	\$ 978,494



Enterprises to Date (September 2020)



Enterprise	Actual	Budget	% of Budget
Groundwater Revenue	\$ 534,854	\$ 899,861	59%
Groundwater Expense	\$ 204,346	\$ 327,912	62%
Revenue -Expense	\$ 330,508	\$ 571,949	
Redlands Plaza Revenue	\$ 33,795	\$ 58,541	58%
Redlands Plaza Expense	\$ 22,933	\$ 51,807	44%
Revenue -Expense	\$ 10,862	\$ 6,734	
Land Enterprise Revenue	\$ 216,645	\$ 219,825	99%
Land Enterprise Expense	\$ 214,574	\$ 186,374	115%
Revenue -Expense	\$ 2,071	\$ 33,451	
General Fund Revenue *	\$ 5,832	\$ 61,216	10%
General Fund Expense	\$ 157,709	\$ 172,733	91%
Revenue -Expense	\$ (151,877)	\$ (111,517)	
Wash Plan Revenue	\$ 101,854	\$ 55,000	185%
Wash Plan Expense	\$ 118,417	\$ 140,038	85%
Revenue-Expense	(16,564)	(85,038)	
Active Recharge TP Revenue	\$ 14,853	\$ 86,063	17%
Active Recharge TP Expense	\$ 28,929	\$ 108,631	27%
Revenue-Expense	\$ (14,076)	\$ (22,568)	
Total All Revenue - Expense	\$ 160,925	\$ 393,011	

Cash Status	As of 7/1/2020	As of 09/30/20
LAIF	\$ 128,186.22	\$ 428,653.94
Cal Trust	\$ 3,213,064.41	\$ 3,216,224.18
Citizens Bank	\$ 904,498.58	\$ 1,066,888.11
UBS Financial Services	\$ 1,925,315.82	\$ 1,467,804.28
US Bank-CAMP	\$ 18,725,746.48	\$ 18,740,598.99
Total Cash	\$ 24,896,811.51	\$ 24,920,169.50
Less Prepaid Royalty	\$ (5,000,000.00)	\$ (5,000,000.00)
Less ARTP obligation	\$ (18,437,500.00)	\$ (18,542,657.74)
Cash Position	\$ 1,459,311.51	\$ 1,377,511.76

Increase (decrease) of -\$81,799.75
 Percent Increase -5.6%

* General Fund Revenue shown here does not include overhead

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

	<u>Jul - Sep 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Interest Income				
4012 · LAIF	35.21	2,400.00	-2,364.79	1.47%
4013 · Caltrust Investment Income	3,159.77	79,822.43	-76,662.66	3.96%
4014 · CalCredit Union Interest Income	0.00	3,672.00	-3,672.00	0.0%
4015 · UBS Interest Income	1,524.86	36,720.00	-35,195.14	4.15%
4016 · Interest Income ARTP	14,852.51	459,000.00	-444,147.49	3.24%
Total 4010 · Interest Income	<u>19,572.35</u>	<u>581,614.43</u>	<u>-562,042.08</u>	<u>3.37%</u>
4020 · Groundwater Charge				
4021 · Assessments - Ag	41,680.26	128,045.00	-86,364.74	32.55%
4023 · Assessments - Non-Ag	242,064.20	331,676.79	-89,612.59	72.98%
4024 · Groundwater Council Revenue	221,455.00	670,000.00	-448,545.00	33.05%
Total 4020 · Groundwater Charge	<u>505,199.46</u>	<u>1,129,721.79</u>	<u>-624,522.33</u>	<u>44.72%</u>
4025 · Wash Plan Revenue	118,609.84	220,000.00	-101,390.16	53.91%
4030 · Mining Income				
4031 · Plant Site - CEMEX	8,000.00	48,000.00	-40,000.00	16.67%
4032 · Cemex - Royalty / Lease	183,693.23	586,000.00	-402,306.77	31.35%
4036 · Aggregate Maintenance	-7,222.02	60,000.00	-67,222.02	-12.04%
Total 4030 · Mining Income	<u>184,471.21</u>	<u>694,000.00</u>	<u>-509,528.79</u>	<u>26.58%</u>
4040 · Miscellaneous Income				
4041 · Reimbursed Expenses	7,558.65	0.00	7,558.65	100.0%
4040 · Miscellaneous Income - Other	31,541.66	10,000.00	21,541.66	315.42%
Total 4040 · Miscellaneous Income	<u>39,100.31</u>	<u>10,000.00</u>	<u>29,100.31</u>	<u>391.0%</u>
4050 · Property Tax	0.00	124,588.24	-124,588.24	0.0%
4055 · SBVMWD Spreading Agreement Reim	0.00	423,344.11	-423,344.11	0.0%
4060 · Property Income				
4062 · Mentone Property	0.00	100.00	-100.00	0.0%
Total 4060 · Property Income	<u>0.00</u>	<u>100.00</u>	<u>-100.00</u>	<u>0.0%</u>
4065 · Redlands Plaza	26,392.66	193,643.56	-167,250.90	13.63%
4066 · Redlands Plaza CAM	7,264.41	40,520.36	-33,255.95	17.93%
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	0.00	0.00	0.0%
4999 · Trust Reimbursement-Wash Plan	0.00	142,500.00	-142,500.00	0.0%
Total Income	<u>900,610.24</u>	<u>3,790,032.49</u>	<u>-2,889,422.25</u>	<u>23.76%</u>
Gross Profit	900,610.24	3,790,032.49	-2,889,422.25	23.76%
Expense				
5040 · Regional Programs				
5080 · LAFCO Contribution	4,281.93	4,000.00	281.93	107.05%
Total 5040 · Regional Programs	<u>4,281.93</u>	<u>4,000.00</u>	<u>281.93</u>	<u>107.05%</u>
5050 · Basin Cleaning	35,742.50	50,000.00	-14,257.50	71.49%
5100 · Professional Service				
5120 · Misc. Professional Services	88,567.88	130,000.00	-41,432.12	68.13%
5122 · Wash Plan Professional Services	46,125.00	245,000.00	-198,875.00	18.83%
5123 · Habitat Management-WP	0.00	142,500.00	-142,500.00	0.0%
5124 · Plunge Creek Prof Services	90,838.51	150,000.00	-59,161.49	60.56%
5125 · Engineering Services	0.00	18,000.00	-18,000.00	0.0%
5130 · Aerial Photography & Surveying	0.00	1,000.00	-1,000.00	0.0%
5155 · WP Trails Professional Services	0.00	25,000.00	-25,000.00	0.0%
5160 · IT Support	2,895.00	7,210.00	-4,315.00	40.15%
5170 · Audit	22,605.00	26,155.00	-3,550.00	86.43%
5175 · Legal - Wash Plan	17,587.72	20,000.00	-2,412.28	87.94%
5180 · Legal	7,945.61	175,000.00	-167,054.39	4.54%
Total 5100 · Professional Service	<u>276,564.72</u>	<u>939,865.00</u>	<u>-663,300.28</u>	<u>29.43%</u>
5133 · Regional River HCP Contribution	0.00	25,000.00	-25,000.00	0.0%
5200 · Field Operations				
5210 · Equipment Maintenance	1,529.41	6,556.36	-5,026.95	23.33%
5215 · Property Maintenance	649.31	42,000.00	-41,350.69	1.55%
5225 · Field Clean Up-Illegal dumping	0.00	60,000.00	-60,000.00	0.0%
5230 · Field Tools	163.61			
Total 5200 · Field Operations	<u>2,342.33</u>	<u>108,556.36</u>	<u>-106,214.03</u>	<u>2.16%</u>
5223 · Temp. Field Labor	0.00	11,000.00	-11,000.00	0.0%
5300 · Vehicle Operations				
5310 · Vehicle Maintenance	1,538.70	8,000.00	-6,461.30	19.23%
5320 · Fuel	5,269.96	13,750.00	-8,480.04	38.33%
Total 5300 · Vehicle Operations	<u>6,808.66</u>	<u>21,750.00</u>	<u>-14,941.34</u>	<u>31.3%</u>

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

	<u>Jul - Sep 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
5400 · Utilities				
5410 · Alarm Service	589.75	1,500.00	-910.25	39.32%
5420 · Electricity	1,964.14	10,000.34	-8,036.20	19.64%
5430 · Mobile Phone	1,215.01	5,265.00	-4,049.99	23.08%
5440 · Telephone	1,642.63	8,000.00	-6,357.37	20.53%
5450 · Natural Gas	0.00	1,134.58	-1,134.58	0.0%
5460 · Water / Trash / Sewer	1,142.92	2,438.00	-1,295.08	46.88%
5470 · Internet Services	804.93	2,731.82	-1,926.89	29.47%
Total 5400 · Utilities	<u>7,359.38</u>	<u>31,069.74</u>	<u>-23,710.36</u>	<u>23.69%</u>
6000 · General Administration				
6001 · General Administration - Other	512.85	4,500.00	-3,987.15	11.4%
6002 · Website Administration	1,142.97	6,000.00	-4,857.03	19.05%
6003 · Property Tax	0.00	0.00	0.00	0.0%
6004 · Meeting Expenses	55.67	2,060.00	-2,004.33	2.7%
6006 · Permits	50.00	10,000.00	-9,950.00	0.5%
6007 · Inter District Costs	0.00	10,000.00	-10,000.00	0.0%
6009 · Licenses	0.00	1,630.53	-1,630.53	0.0%
6010 · Surety Bond	1,210.00	1,900.00	-690.00	63.68%
6012 · Office Maintenance	68.32	3,275.40	-3,207.08	2.09%
6013 · Office Lease Payment	15,000.00	60,000.00	-45,000.00	25.0%
6015 · Mentone House Maintenance	276.62	5,000.00	-4,723.38	5.53%
6016 · Redlands Plaza Maintenance	0.00	40,000.00	-40,000.00	0.0%
6018 · Janitorial Services	2,205.00	9,108.89	-6,903.89	24.21%
6019 · Janitorial Supplies	79.25	515.00	-435.75	15.39%
6020 · Vacancy Marketing-Redlands Plaz	0.00	1,500.00	-1,500.00	0.0%
6026 · Redlands Plaza CAM expenses	6,133.75	32,290.50	-26,156.75	19.0%
6027 · Computer Software	0.00	600.00	-600.00	0.0%
6030 · Office Supplies	558.41	3,750.67	-3,192.26	14.89%
6033 · Office Equipment Rental	1,998.79	9,500.00	-7,501.21	21.04%
6036 · Printing	0.00	1,100.00	-1,100.00	0.0%
6039 · Postage and Overnight Delivery	143.50	1,200.00	-1,056.50	11.96%
6042 · Payroll Processing	555.48	2,775.85	-2,220.37	20.01%
6045 · Bank Service Charges	76.11	1,575.00	-1,498.89	4.83%
6051 · Uniforms	59.26	2,750.00	-2,690.74	2.16%
6060 · Outreach	10.00	60,000.00	-59,990.00	0.02%
6087 · Educational Reimbursement	0.00	5,000.00	-5,000.00	0.0%
6090 · Subscriptions/Publications	1,157.86	1,232.00	-74.14	93.98%
6091 · Public Notices	0.00	3,200.00	-3,200.00	0.0%
6093 · Memberships	20,069.83	22,042.80	-1,972.97	91.05%
Total 6000 · General Administration	<u>51,363.67</u>	<u>302,506.64</u>	<u>-251,142.97</u>	<u>16.98%</u>
6100 · Benefits				
6110 · Vision Insurance	638.82	3,090.02	-2,451.20	20.67%
6120 · Workers' Comp. Insurance	0.00	19,834.77	-19,834.77	0.0%
6130 · Dental Insurance	2,650.24	13,265.60	-10,615.36	19.98%
6150 · Medical Insurance				
6150.01 · Medical Employee Contribution	-7,585.62	-28,597.42	21,011.80	26.53%
6150 · Medical Insurance - Other	53,066.91	256,353.45	-203,286.54	20.7%
Total 6150 · Medical Insurance	<u>45,481.29</u>	<u>227,756.03</u>	<u>-182,274.74</u>	<u>19.97%</u>
6160 · Payroll Taxes-Employer	14,464.27	97,451.74	-82,987.47	14.84%
6170 · PERS Retirement				
6170.01 · PERS Employee Contributions	-29,499.47	-44,054.08	14,554.61	66.96%
6170 · PERS Retirement - Other	74,571.86	280,127.11	-205,555.25	26.62%
Total 6170 · PERS Retirement	<u>45,072.39</u>	<u>236,073.03</u>	<u>-191,000.64</u>	<u>19.09%</u>
Total 6100 · Benefits	<u>108,307.01</u>	<u>597,471.19</u>	<u>-489,164.18</u>	<u>18.13%</u>
6200 · Salaries				
6230 · Regular Salaries	230,112.95	1,362,433.86	-1,132,320.91	16.89%
Total 6200 · Salaries	<u>230,112.95</u>	<u>1,362,433.86</u>	<u>-1,132,320.91</u>	<u>16.89%</u>
6300 · Insurance				
6310 · Property/ Auto Insurance	4,209.65	4,400.00	-190.35	95.67%
6320 · General Liability Insurance	9,713.98	32,300.00	-22,586.02	30.07%
Total 6300 · Insurance	<u>13,923.63</u>	<u>36,700.00</u>	<u>-22,776.37</u>	<u>37.94%</u>

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

	<u>Jul - Sep 20</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	1,913.09	0.00	1,913.09	100.0%
6401 · Directors' Fees - Other	4,614.82	94,861.31	-90,246.49	4.87%
Total 6401 · Directors' Fees	<u>6,527.91</u>	<u>94,861.31</u>	<u>-88,333.40</u>	<u>6.88%</u>
6410 · Mileage	0.00	4,000.00	-4,000.00	0.0%
6415 · Air Fare	0.00	2,500.00	-2,500.00	0.0%
6420 · Other Travel	0.00	500.00	-500.00	0.0%
6425 · Meals	9.10	3,500.00	-3,490.90	0.26%
6430 · Lodging	0.00	4,000.00	-4,000.00	0.0%
6435 · Conf/Seminar Registrations	561.00	5,000.00	-4,439.00	11.22%
6440 · Election Fees / Re-Districting	0.00	100,000.00	-100,000.00	0.0%
Total 6400 · Board of Directors' Expenses	<u>7,098.01</u>	<u>214,361.31</u>	<u>-207,263.30</u>	<u>3.31%</u>
6500 · Administrative/Staff Expenses				
6510 · Mileage	952.39	2,500.00	-1,547.61	38.1%
6515 · Air Fare	0.00	3,000.00	-3,000.00	0.0%
6520 · Travel, Other (rental car, taxi)	0.00	1,050.00	-1,050.00	0.0%
6525 · Meals	36.40	2,035.00	-1,998.60	1.79%
6530 · Lodging	0.00	3,750.00	-3,750.00	0.0%
6535 · Conf/Seminar Registrations	2,014.00	4,000.00	-1,986.00	50.35%
Total 6500 · Administrative/Staff Expenses	<u>3,002.79</u>	<u>16,335.00</u>	<u>-13,332.21</u>	<u>18.38%</u>
9999 · Contribution to Capital Maint.	0.00	444,000.00	-444,000.00	0.0%
Total Expense	<u>746,907.58</u>	<u>4,165,049.10</u>	<u>-3,418,141.52</u>	<u>17.93%</u>
Net Ordinary Income	<u>153,702.66</u>	<u>-375,016.61</u>	<u>528,719.27</u>	<u>-40.99%</u>
Other Income/Expense				
Other Expense				
7000 · Construction				
7010 · Materials	0.00	12,000.00	-12,000.00	0.0%
7055 · Plunge Creek Expansion	330,258.09	500,000.00	-169,741.91	66.05%
Total 7000 · Construction	<u>330,258.09</u>	<u>512,000.00</u>	<u>-181,741.91</u>	<u>64.5%</u>
7100 · Land & Buildings				
7110 · Property Capital Repairs	0.00	315,000.00	-315,000.00	0.0%
7120 · Property-Land Purchase	22,722.32	0.00	22,722.32	100.0%
7126 · ARTP Engr/Prof Services	0.00	500,000.00	-500,000.00	0.0%
7130 · Mentone Property (House)-CapRep	0.00	25,000.00	-25,000.00	0.0%
7140 · Mentone Property (Shop)-CapRep	0.00	0.00	0.00	0.0%
7150 · Mill Creek Diversion	0.00	1,100,000.00	-1,100,000.00	0.0%
7160 · Mendoza Property	0.00	467,000.00	-467,000.00	0.0%
Total 7100 · Land & Buildings	<u>22,722.32</u>	<u>2,407,000.00</u>	<u>-2,384,277.68</u>	<u>0.94%</u>
7200 · Equipment & Vehicles				
7210 · Computer Hardware-Capital Purch	3,157.15	5,000.00	-1,842.85	63.14%
7220 · Computer Software	7,940.24	10,000.00	-2,059.76	79.4%
7230 · Field Equipment / Vehicles	0.00	72,500.00	-72,500.00	0.0%
7240 · Office Equipment	0.00	1,500.00	-1,500.00	0.0%
Total 7200 · Equipment & Vehicles	<u>11,097.39</u>	<u>89,000.00</u>	<u>-77,902.61</u>	<u>12.47%</u>
7400 · Professional Services Capital				
7438 · Engineering Services-Other	0.00	125,000.00	-125,000.00	0.0%
Total 7400 · Professional Services Capital	<u>0.00</u>	<u>125,000.00</u>	<u>-125,000.00</u>	<u>0.0%</u>
Total Other Expense	<u>364,077.80</u>	<u>3,133,000.00</u>	<u>-2,768,922.20</u>	<u>11.62%</u>
Net Other Income	<u>-364,077.80</u>	<u>-3,133,000.00</u>	<u>2,768,922.20</u>	<u>11.62%</u>
Net Income	<u><u>-210,375.14</u></u>	<u><u>-3,508,016.61</u></u>	<u><u>3,297,641.47</u></u>	<u><u>6.0%</u></u>



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1739

To: Board of Directors
From: General Manager, Daniel Cozad
Date: October 14, 2020
Subject: Conflict of Interest Code 2020

RECOMMENDATION

Review and approve the Conflict of Interest Code 2020 with no amendments recommended from staff.

BACKGROUND AND DISCUSSION

The San Bernardino County Clerk of the Board of Supervisors has requested that the District file the 2020 Biennial Notice for Conflict of Interest Code. Staff has reviewed existing Conflict of Interest Code along with Appendix A and do not recommend any changes at this time.

FISCAL IMPACT

There is no fiscal impact for filing the Conflict of Interest Code 2020 with the Clerk of the Board of Supervisors.

POTENTIAL MOTIONS

1. Move approval of the Conflict of Interest Code for 2020 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

2020 Local Agency Biennial Notice
Existing Conflict of Interest Policy (Updated 2016)

**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

2020 Local Agency Biennial Notice

Name of Agency: San Bernardino Valley Water Conservation District
Mailing Address: 1630 W. Redlands Blvd., Ste. A, Redlands, CA 92373
Contact Person: Athena Monge Phone No. 909-793-2503
Email: athena@sbvwcd.org Alternate Email: info@sbvwcd.org

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.

This agency has reviewed its conflict of interest code and has determined that (*check one BOX*):

An amendment is required. The following amendments are necessary:

(*Check all that apply.*)

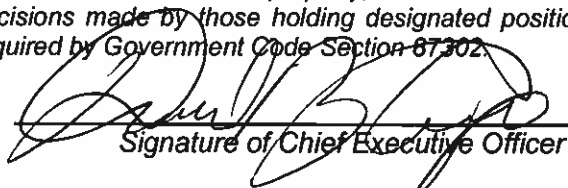
- Include new positions
- Revise disclosure categories
- Revise the titles of existing positions
- Delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions
- Other (*describe*) _____

The code is currently under review by the code reviewing body.

No amendment is required. (If your code is over five years old, amendments may be necessary.)

Verification (to be completed if no amendment is required)

This agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.


Signature of Chief Executive Officer

9/30/2020

Date

All agencies must complete and return this notice regardless of how recently your code was approved or amended. Please return this notice no later than **October 1, 2020**, or by the date specified by your agency, if earlier, to:

Clerk of the Board of Supervisors
385 N. Arrowhead Ave., 2nd Floor
San Bernardino, CA 92415

PLEASE DO NOT RETURN THIS FORM TO THE FPPC.

RESOLUTION NO. 539

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
UPDATING THE DISTRICT'S
CONFLICT OF INTEREST CODE**

2016 UPDATE

WHEREAS, the San Bernardino Valley Water Conservation District is a water conservation district duly formed and existing under Government Code Section 74000; and

WHEREAS, under applicable provisions of the Political Reform Act, and in particular Government Code Sections 87300 and 87306, the District is required to promulgate and periodically amend its Conflict of Interest Code; and

WHEREAS, under 2 California Code of Regulations Section 18730, incorporation by reference of the terms of the above-referenced regulation, along with the designation of employees and the formulation of disclosure categories, is a permissible method of promulgating and updating a district's conflict of interest code; and

WHEREAS, the District utilizes this incorporation by reference procedure in its listing of designated employees for disclosure categories;

NOW, THEREFORE, the Board of Directors of the San Bernardino Valley Water Conservation District does hereby resolve as follows:

1. The District hereby incorporates by reference all the terms and conditions of 2 California Code of Regulations Section 18730 as the District's Conflict of Interest Code. This incorporation by reference includes any amendments to Section 18730 as may be duly adopted by the Fair Political Practices Commission. For ease of reference, a copy of the current version of Section 18730 is attached to this Resolution as Exhibit "A."

2. The employees and officials who constitute "designated employees" as set forth in Section 18730(B) (2) are listed in Appendix A attached hereto. With respect to consultants, the General Manager may determine in writing that a particular consultant, fills a "designated position," and is hired to perform a range of duties that touches upon subject matters or actions that make it appropriate to have the consultant disclose its financial interests, and therefore the consultant shall be required to comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Considered and adopted this 13th Day of July, 2016 by the following vote:

YES:
NO:
ABSTAIN:
ABSENT

Richard Corneille, President
Board of Directors

ATTEST:

Daniel Cozad, General Manager

Exhibit "A"

2 CCR § 18730

§ 18730. Provisions of Conflict of Interest Codes.

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Section 87300 or the amendment of a conflict of interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq .

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies. ¹

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is

assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.²

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following his or her return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that he or she is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of his or her military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property ³ is required to be reported, ⁴ the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$2,000, exceeds \$10,000, exceeds \$100,000, or exceeds \$1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported, ⁵ the statement shall contain:

1. The name and address of each source of income aggregating \$500 or more in value, or \$50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$1,000 or less, greater than \$1,000, greater than \$10,000, or greater than \$100,000;
3. A description of the consideration, if any, for which the income was received;
4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;
5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported, ⁶ the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;
2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$460.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$460 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This

subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.
2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans from a person which, in the aggregate, do not exceed \$500 at any given time.
4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of \$500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.
2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
 - a. The date the loan was made.
 - b. The date the last payment of \$100 or more was made on the loan.
 - c. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.
2. A loan that would otherwise not be a gift as defined in this title.
3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.
4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.
5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth \$2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth \$2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$460 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

APPENDIX A

San Bernardino Valley Water Conservation District

Designated Positions

1. Board Members

Full Disclosure

2. Candidates for Board of Directors

Full Disclosure

3. General Manager/Secretary to Board of Directors

Full Disclosure

4. Land Resources Manager

Full Disclosure

5. General Counsel

Full Disclosure

6. San Bernardino Valley Conservation Trust Board Member

Full Disclosure

7. San Bernardino Valley Conservation Trust Secretary

Full Disclosure

8. San Bernardino Valley Conservation Trust General Counsel

Full Disclosure

9. Engineers (presently vacant)

General Contracting

Disclosure Categories

Full Disclosure All disclosure categories listed in Schedules A-E of the FPPC Form 700, including Investments (less than 10% ownership); Investments, Income, and Assets of Business Entities/Trusts; Interests in Real Property; Interests in Income, Loans, and Business Positions (other than gifts and travel payments); Gifts; and Travel Payments.

General Contracting All investments, business positions and income, including gifts, loans and travel payments, from sources that provide leased facilities, goods, equipment, vehicles, machinery or services, including training or consulting services, of the type utilized by the employee's department or area of authority.



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1740

To: Board of Directors

From: Daniel Cozad, General Manager

Date: October 14, 2020

Subject: CalPERS Unfunded Actuarial Liability, Reserve Level Targets and Allocations

RECOMMENDATION

Review and consider approval of the 2020 UAL payment and adjustments to Reserve Targets and Balances.

BACKGROUND AND DISCUSSION

Upon Board approval of the audited District Reserve levels along with the 2020 Annual District Audit report at the October 14, 2020 Board meeting, staff is recommending one change to the target level for the Compensated Absences Reserve. The auditors use an actuarial estimate to identify the Compensated Absences liability. The recommended reserve target is above the amount in the Audit. This recommendation is because senior employees may cash out existing accrued leave.

In 2015 the Board paid its Unfunded Actuarial Liability (UAL) for CalPERS and indicated its intent to continue to pay any UAL as included in the annual budget. CalPERS completed the Actuarial Evaluation Report earlier this year. Based on this new valuation, the District's current unfunded liability is \$387,402. This amount exceeds the budgeted amount, and staff recommends the changes allocating existing reserves to fund the UAL. This contribution for the UAL is not required but minimizes future liabilities and expenses primarily due to the difference between investment returns of the Districts reserves and the 7.15% charged by CalPERS. District Staff is recommending the transfer of \$387,402 to fund the net liability fully.

FISCAL IMPACT

The District would see a reduction in reserve levels of \$387,402, as shown in the attached chart. The adjustment was proportioned by each enterprise's use of staff labor, as all benefits are allocated. There are adequate reserve levels to fund the UAL.

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Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwd.org Email: info@sbvwd.org

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

POTENTIAL MOTIONS

1. Move to approve full funding of the CalPERS UAL with adjustment to Reserve levels as presented with increases to the Compensated Absences Reserve.
2. Move to approve partial funding of the CalPERS UAL amount with smaller Reserve levels changes without changes to the Compensated Absences Reserve.
3. Move to table the item or refer to the Finance & Administration Committee.

ATTACHMENTS OR MATERIALS

CalPERS Annual Valuation Report
Reserve Level Adjustments Chart

July 2019

**Miscellaneous Plan of the San Bernardino Valley Water Conservation District
(CalPERS ID: 4303312904)
Annual Valuation Report as of June 30, 2018**

Dear Employer,

Attached to this letter, you will find the June 30, 2018 actuarial valuation report of your CalPERS pension plan. **Provided in this report is the determination of the minimum required employer contributions for Fiscal Year 2020-21.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2018.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to "Forms & Publications" and select "View All". In the search box, enter "Risk Pool" and from the results list download the Miscellaneous or Safety Risk Pool Actuarial Valuation Report as appropriate.

Your June 30, 2018 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you after August 1, 2019.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions, before any cost sharing, for Fiscal Year 2020-21 along with estimates of the required contributions for Fiscal Year 2021-22. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2020-21	12.361%	\$21,794
<i>Projected Results</i>		
2021-22	12.4%	\$31,000

The actual investment return for Fiscal Year 2018-19 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00 percent. ***If the actual investment return for Fiscal Year 2018-19 differs from 7.00 percent, the actual contribution requirements for the projected years will differ from those shown above.*** For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2025-26.

Changes from Previous Year's Valuation

CalPERS continues to strive to provide comprehensive risk assessments regarding plan funding and sustainability consistent with the Board of Administration's pension and investment beliefs. Your report this year includes new metrics on plan maturity in recognition of the fact that most pension plans at CalPERS are maturing as anticipated. As plans mature, they become more sensitive to risks than plans that are less mature. The "Risk Analysis" section of your report will help you understand how your plan is affected by investment return volatility and other economic assumptions. We have included plan sensitivity analysis with respect to longevity and inflation to further that discussion and encourage you to review our most recent Annual Review of Funding Levels and Risks report on our website that takes a holistic view of the system.

Upcoming Change for June 30, 2019 Valuations

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Statement of Actuarial Data, Methods and Assumptions" of the Section 2 report.

We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 1 2019 to contact us with actuarial questions.

If you have other questions, please call our customer contact center at (888) CalPERS or **(888-225-7377)**.

Sincerely,



SCOTT TERANDO
Chief Actuary



**Actuarial Valuation
as of June 30, 2018**

**for the
Miscellaneous Plan
of the
San Bernardino Valley Water Conservation
District
(CalPERS ID: 4303312904)**

**Required Contributions
for Fiscal Year
July 1, 2020 - June 30, 2021**

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Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Plan Specific Information
for the
Miscellaneous Plan
of the
San Bernardino Valley Water
Conservation District**

**(CalPERS ID: 4303312904)
(Valuation Rate Plan ID: 1510)**

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Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2018 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2018 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that Unfunded Accrued Liability amortization bases as of June 30, 2018 and employer contribution as of July 1, 2020, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Handwritten signature of Daniel Miller in black ink.

DANIEL MILLER, ASA, MAAA
Associate Pension Actuary, CalPERS
Plan Actuary

Highlights and Executive Summary

- **Introduction**
- **Purpose of Section 1**
- **Required Employer Contributions**
- **Plan's Funded Status**
- **Projected Employer Contributions**
- **Changes Since the Prior Year's Valuation**
- **Subsequent Events**

Introduction

This report presents the results of the June 30, 2018 actuarial valuation of the Miscellaneous Plan of the San Bernardino Valley Water Conservation District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for Fiscal Year 2020-21.

Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the San Bernardino Valley Water Conservation District of the California Public Employees' Retirement System (CalPERS) was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2018;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2020 through June 30, 2021; and
- Provide actuarial information as of June 30, 2018 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

California Actuarial Advisory Panel Recommendations

This report includes all the basic disclosure elements as described in the *Model Disclosure Elements for Actuarial Valuation Reports* recommended in 2011 by the California Actuarial Advisory Panel (CAAP), with the exception of including the original base amounts of the various components of the unfunded liability in the Schedule of Amortization Bases shown on page 10.

Additionally, this report includes the following "Enhanced Risk Disclosures" also recommended by the CAAP in the Model Disclosure Elements document and consistent with the recommendations of Actuarial Standard of Practice No. 51:

- A "Scenario Test," projecting future results under different investment income scenarios.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0 percent and 8.0 percent.
- A "Sensitivity Analysis," showing the impact on current valuation results using a 1.0 percent plus or minus change in the inflation rate.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming post-retirement rates of mortality are 10 percent lower or 10 percent higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.
- Plan maturity measures which indicate how sensitive a plan may be to the risks noted above.

Required Employer Contributions

	Fiscal Year
Required Employer Contributions	2020-21
Employer Normal Cost Rate	12.361%
<i>Plus, Either</i>	
1) Monthly Employer Dollar UAL Payment	\$ 1,816.14
<i>Or</i>	
2) Annual UAL Prepayment Option*	\$ 21,069
<p><i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31). Any prepayment totaling over \$5 million requires a 72-hour notice email to FCSD_public_agency_wires@calpers.ca.gov. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.</i></p> <p><i>In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.</i></p>	

	Fiscal Year 2019-20	Fiscal Year 2020-21
Development of Normal Cost as a Percentage of Payroll¹		
Base Total Normal Cost for Formula	18.774%	19.695%
Surcharge for Class 1 Benefits ²		
a) FAC 1	0.609%	0.619%
Phase out of Normal Cost Difference ³	0.000%	0.000%
Plan's Total Normal Cost	19.383%	20.314%
Formula's Expected Employee Contribution Rate	7.951%	7.953%
Employer Normal Cost Rate	11.432%	12.361%
Projected Payroll for the Contribution Fiscal Year	\$ 631,733	\$ 670,478
Estimated Employer Contributions Based on Projected Payroll		
Plan's Estimated Employer Normal Cost	\$ 72,220	\$ 82,878
Plan's Payment on Amortization Bases ⁴	13,221	21,794
% of Projected Payroll (illustrative only)	2.093%	3.250%
Estimated Total Employer Contribution	\$ 85,441	\$ 104,672
% of Projected Payroll (illustrative only)	13.525%	15.611%

¹ The results shown for Fiscal Year 2019-20 reflect the prior year valuation and may not take into account any lump sum payment, side fund payoff, or rate adjustment made after April 30, 2018.

² Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

³ The normal cost difference is phased out over a five-year period. The phase out of normal cost difference is 100 percent for the first year of pooling, and is incrementally reduced by 20 percent of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

⁴ See page 10 for a breakdown of the Amortization Bases.

Plan's Funded Status

		June 30, 2017		June 30, 2018
1. Present Value of Projected Benefits (PVB)	\$	4,263,503	\$	4,625,348
2. Entry Age Normal Accrued Liability (AL)		3,446,330		3,788,239
3. Plan's Market Value of Assets (MVA)		3,189,522		3,400,837
4. Unfunded Accrued Liability (UAL) [(2) - (3)]		256,808		387,402
5. Funded Ratio [(3) / (2)]		92.5%		89.8%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows projected employer contributions (before cost sharing) for the next six fiscal years. Projected results reflect the adopted changes to the discount rate described in Appendix A, "Statement of Actuarial Data, Methods and Assumptions" of the Section 2 report. The projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2018-19)				
Fiscal Year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Normal Cost %	12.361%	12.4%	12.4%	12.4%	12.4%	12.4%
UAL Payment	\$21,794	\$31,000	\$39,000	\$43,000	\$47,000	\$48,000

Changes in the UAL due to actuarial gains or losses as well as changes in actuarial assumptions or methods are amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of Section 2. This method phases in the impact of unanticipated changes in UAL over a 5-year period and attempts to minimize employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years where there is a large increase in UAL the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Changes Since the Prior Year's Valuation

Benefits

None. This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of Section 2 for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

In December of 2016 the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuation. The minimum employer contributions for Fiscal Year 2020-21 determined in this valuation were calculated using a discount rate of 7.00 percent, payroll growth of 2.75 percent and an inflation rate of 2.50 percent. The projected employer contributions on Page 5 are calculated under the assumption that the discount rate remains at 7.00 percent going forward and that furthermore the realized rate of return on assets for Fiscal Year 2018-19 is 7.00 percent.

The decision to reduce the discount rate was primarily based on reduced capital market assumptions provided by external investment consultants and CalPERS investment staff. The specific decision adopted by the Board reflected recommendations from CalPERS staff and additional input from employer and employee stakeholder groups. Based on the investment allocation adopted by the Board and capital market assumptions, the reduced discount rate assumption provides a more realistic assumption for the long-term investment return of the fund.

CalPERS has implemented a new actuarial valuation software system for the June 30, 2018 valuation. With this new system we have refined and improved some of our calculation methodology. Any difference in liability between the old software and new software calculations is captured as a method change line item.

Subsequent Events

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

For inactive employers the new amortization policy imposes a maximum amortization period of 15 years for all unfunded accrued liabilities effective June 30, 2018. Furthermore, the plan actuary has the ability to shorten the amortization period on any valuation date based on the life expectancy of plan members and projected cash flow needs to the plan. The impact of this has been reflected in the current valuation results.

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2018, and may reflect additional discretionary payments made by the employer through April 30, 2019. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase the required contribution, while investment returns above the assumed rate of return will decrease the required contribution.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2019. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- **Breakdown of Entry Age Normal Accrued Liability**
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's Market Value of Assets**
- **Schedule of Plan's Amortization Bases**
- **Amortization Schedule and Alternatives**
- **Employer Contribution History**
- **Funding History**

Breakdown of Entry Age Normal Accrued Liability

Active Members	\$	1,411,921
Transferred Members		637,501
Terminated Members		208,536
Members and Beneficiaries Receiving Payments		<u>1,530,281</u>
Total	\$	3,788,239

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$	3,788,239
2. Projected UAL balance at 6/30/18		281,117
3. Pool's Accrued Liability ¹		17,424,237,070
4. Sum of Pool's Individual Plan UAL Balances at 6/30/18 ¹		3,777,499,883
5. Pool's 2017/18 Investment & Asset (Gain)/Loss ¹		(135,628,188)
6. Pool's 2017/18 Other (Gain)/Loss ¹		66,272,613
7. Plan's Share of Pool's Asset (Gain)/Loss: $[(1) - (2)] \div [(3) - (4)] \times (5)$		(34,856)
8. Plan's Share of Pool's Other (Gain)/Loss: $(1) \div (3) \times (6)$		14,408
9. Plan's New (Gain)/Loss as of 6/30/2018: $(7) + (8)$		(20,447)
10. Increase in Pool's Accrued Liability due to Change in Assumptions ¹		453,914,155
11. Plan's Share of Pool's Change in Assumptions: $(1) \div (3) \times (10)$		98,686
12. Increase in Pool's Accrued Liability due to Change in Method ¹		128,995,852
13. Plan's Share of Pool's Change in Method: $(1) \div (3) \times (12)$		28,045

¹ Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market Value of Assets

14. Plan's UAL: $(2) + (9) + (11) + (13)$	\$	387,402
15. Plan's Share of Pool's MVA: $(1) - (14)$	\$	3,400,837

Schedule of Plan's Amortization Bases

On the next page is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2018.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: Fiscal Year 2020-21.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Schedule of Plan's Amortization Bases

Reason for Base	Date Established	Ramp Up/Down 2020-21	Escalation Rate	Amortization Period	Balance 6/30/18	Payment 2018-19	Balance 6/30/19	Amounts for Fiscal 2020-21		
								Payment 2019-20	Balance 6/30/20	Scheduled Payment for 2020-21
NON-ASSET (GAIN)/LOSS	06/30/14	100% →	2.750%	26	\$323	\$13	\$332	\$18	\$337	\$22
ASSET (GAIN)/LOSS	06/30/14	100% →	2.750%	26	\$(283,284)	\$(11,293)	\$(291,432)	\$(15,470)	\$(295,830)	\$(19,562)
ASSUMPTION CHANGE	06/30/14	100% →	2.750%	16	\$186,628	\$10,267	\$189,072	\$14,062	\$187,761	\$17,854
NON-ASSET (GAIN)/LOSS	06/30/15	80% ↗	2.750%	27	\$(14,177)	\$(383)	\$(14,773)	\$(590)	\$(15,197)	\$(795)
ASSET (GAIN)/LOSS	06/30/15	80% ↗	2.750%	27	\$166,580	\$4,495	\$173,591	\$6,928	\$178,576	\$9,340
NON-ASSET (GAIN)/LOSS	06/30/16	60% ↗	2.750%	28	\$(24,381)	\$(338)	\$(25,738)	\$(695)	\$(26,821)	\$(1,054)
ASSET (GAIN)/LOSS	06/30/16	60% ↗	2.750%	28	\$243,512	\$3,379	\$257,063	\$6,944	\$267,874	\$10,527
ASSUMPTION CHANGE	06/30/16	60% ↗	2.750%	18	\$62,821	\$1,185	\$65,993	\$2,436	\$68,093	\$3,707
NON-ASSET (GAIN)/LOSS	06/30/17	40% ↗	2.750%	29	\$(4,948)	\$0	\$(5,294)	\$(74)	\$(5,588)	\$(149)
ASSET (GAIN)/LOSS	06/30/17	40% ↗	2.750%	29	\$(116,953)	\$0	\$(125,140)	\$(1,739)	\$(132,101)	\$(3,511)
ASSUMPTION CHANGE	06/30/17	40% ↗	2.750%	19	\$64,996	\$(4,449)	\$74,148	\$1,401	\$77,889	\$2,840
NON-ASSET (GAIN)/LOSS	06/30/18	20% ↗	2.750%	30	\$14,408	\$0	\$15,417	\$0	\$16,496	\$225
ASSET (GAIN)/LOSS	06/30/18	20% ↗	2.750%	30	\$(34,856)	\$0	\$(37,295)	\$0	\$(39,906)	\$(545)
METHOD CHANGE	06/30/18	20% ↗	2.750%	20	\$28,045	\$(289)	\$30,307	\$(297)	\$32,735	\$610
ASSUMPTION CHANGE	06/30/18	20% ↗	2.750%	20	\$98,686	\$(4,362)	\$110,106	\$(4,482)	\$122,449	\$2,283
TOTAL					\$387,400	\$(1,775)	\$416,357	\$8,442	\$436,767	\$21,794

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized according to Board policy over 30 years with a 5-year ramp-up.

If the total Unfunded Liability is negative (i.e., plan has a surplus), the scheduled payment is \$0, because the minimum required contribution under PEPRA must be at least equal to the normal cost.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the possible savings in doing so. As a result, we have provided alternate amortization schedules to help analyze the current amortization schedule and illustrate the advantages of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on: 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternate "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. Note that the payments under each alternate scenario increase by 2.75 percent for each year into the future, except for inactive plans.

The Current Amortization Schedule typically contains individual bases that are both positive and negative. Positive bases result from plan changes, assumption changes or plan experience that result in increases to unfunded liability. Negative bases result from plan changes, assumption changes or plan experience that result in decreases to unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years such as:

- A positive total unfunded liability with a negative total payment,
- A negative total unfunded liability with a positive total payment, or
- Total payments that completely amortize the unfunded liability over a very short period of time

In any year where one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	15 Year Amortization		10 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2020	436,770	21,794	436,770	39,394	436,770	53,854
6/30/2021	444,800	31,326	426,594	40,477	411,637	55,335
6/30/2022	443,532	39,110	414,586	41,590	383,213	56,856
6/30/2023	434,124	42,533	400,585	42,734	351,225	58,420
6/30/2024	420,516	46,571	384,422	43,909	315,381	60,026
6/30/2025	401,779	47,852	365,911	45,117	275,366	61,677
6/30/2026	380,405	49,168	344,856	46,357	230,843	63,373
6/30/2027	356,174	50,520	321,043	47,632	181,448	65,116
6/30/2028	328,848	51,909	294,245	48,942	126,793	66,907
6/30/2029	298,172	53,337	264,216	50,288	66,460	68,747
6/30/2030	263,873	54,803	230,693	51,671		
6/30/2031	225,655	56,310	193,393	53,092		
6/30/2032	183,203	52,914	152,011	54,552		
6/30/2033	141,292	49,289	106,223	56,052		
6/30/2034	100,198	43,617	55,678	57,594		
6/30/2035	62,094	35,462				
6/30/2036	29,758	22,361				
6/30/2037	8,711	9,011				
6/30/2038						
6/30/2039						
6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Totals		757,885		719,402		610,309
Interest Paid		321,116		282,632		173,539
Estimated Savings				38,483		147,575

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made during a fiscal year.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)
2016 - 17	10.069%	\$40,238
2017 - 18	10.110%	\$1,335
2018 - 19	10.609%	\$7,326
2019 - 20	11.432%	\$13,221
2020 - 21	12.361%	\$21,794

Funding History

The funding history below shows the plan's actuarial accrued liability, share of the pool's market value of assets, share of the pool's unfunded liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2011	\$ 2,608,776	\$ 1,854,073	\$ 754,703	71.1%	\$ 400,349
06/30/2012	2,701,872	1,944,295	757,577	72.0%	315,640
06/30/2013	2,953,003	2,249,969	703,034	76.2%	488,190
06/30/2014	3,198,982	2,548,360	650,622	79.7%	526,074
06/30/2015	3,289,011	2,498,069	790,942	76.0%	553,860
06/30/2016	3,282,538	2,992,411	290,127	91.2%	544,990
06/30/2017	3,446,330	3,189,522	256,808	92.5%	580,235
06/30/2018	3,788,239	3,400,837	387,402	89.8%	618,072

Risk Analysis

- **Future Investment Return Scenarios**
- **Discount Rate Sensitivity**
- **Mortality Rate Sensitivity**
- **Inflation Rate Sensitivity**
- **Maturity Measures**
- **Hypothetical Termination Liability**

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2018-19, 2019-20, 2020-21 and 2021-22). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2018-19, 2019-20, 2020-21, and 2021-22, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0 percent, 4.0 percent, 7.0 percent, 9.0 percent and 12.0 percent.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2022. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5th, 25th, 50th, 75th, and 95th percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25 percent of them had an average annual return of 4.0 percent or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0 percent or greater than 12.0 percent over this four-year period, the possibility of a single investment return less than 1.0 percent or greater than 12.0 percent in any given year is much greater.

Assumed Annual Return From 2018-19 through 2021-22	Projected Employer Contributions			
	2021-22	2022-23	2023-24	2024-25
1.0%				
Normal Cost	12.4%	12.4%	12.4%	12.4%
UAL Contribution	\$36,000	\$54,000	\$73,000	\$98,000
4.0%				
Normal Cost	12.4%	12.4%	12.4%	12.4%
UAL Contribution	\$34,000	\$47,000	\$58,000	\$73,000
7.0%				
Normal Cost	12.4%	12.4%	12.4%	12.4%
UAL Contribution	\$31,000	\$39,000	\$43,000	\$47,000
9.0%				
Normal Cost	12.6%	12.9%	13.1%	13.4%
UAL Contribution	\$30,000	\$36,000	\$36,000	\$35,000
12.0%				
Normal Cost	12.6%	12.9%	13.1%	13.4%
UAL Contribution	\$28,000	\$28,000	\$0	\$0

In addition, the projections above reflect the recent changes to the new amortization policy effective with the June 30, 2019 valuation. The projections above incorporate the impact of the CalPERS risk mitigation policy which reduces the discount rate when investment returns are above specified trigger points.

Discount Rate Sensitivity

Shown below are various valuation results as of June 30, 2018 assuming alternate discount rates. Results are shown using the current discount rate of 7.0 percent as well as alternate discount rates of 6.0 percent and 8.0 percent. The rates of 6.0 percent and 8.0 percent were selected since they illustrate the impact of a 1 percent increase or decrease to the 7.0 percent assumption. This analysis shows the potential plan impacts if the PERF were to realize investment returns of 6.0 percent or 8.0 percent over the long-term.

This type of analysis gives the reader a sense of the long-term risk to required contributions. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" at the end of this section.

Sensitivity Analysis				
As of June 30, 2018	Plan's Total Normal Cost	Accrued Liability	Unfunded Accrued Liability	Funded Status
7.0% (current discount rate)	20.314%	\$3,788,239	\$387,402	89.8%
6.0%	25.393%	\$4,284,853	\$884,016	79.4%
8.0%	16.433%	\$3,374,821	\$(26,016)	100.8%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2018 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10 percent lower or 10 percent higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2018	Current Mortality	10% Lower Mortality Rates	10% Higher Mortality Rates
a) Accrued Liability	\$3,788,239	\$3,869,099	\$3,713,778
b) Market Value of Assets	\$3,400,837	\$3,400,837	\$3,400,837
c) Unfunded Liability (Surplus) [(a)-(b)]	\$387,402	\$468,262	\$312,941
d) Funded Status	89.8%	87.9%	91.6%

A 10 percent increase (decrease) in assumed mortality rates over the long-term would result in approximately a 1.8 percent increase (decrease) to the funded ratio.

Inflation Rate Sensitivity

The following analysis looks at the change in the June 30, 2018 plan costs and funded ratio under two different inflation rate scenarios, namely assuming the liability inflation rate is 1 percent lower or 1 percent higher than the current valuation inflation rate assumption of 2.50%, while holding the discount rate fixed at 7.0%. This type of analysis highlights the impact on the plan of increased or decreased inflation of active salaries and retiree COLAs over the long-term.

As of June 30, 2018	Current Inflation Rate	-1% Inflation Rate	+1% Inflation Rate
a) Accrued Liability	\$3,788,239	\$3,553,046	\$3,949,050
b) Market Value of Assets	\$3,400,837	\$3,400,837	\$3,400,837
c) Unfunded Liability (Surplus) [(a)-(b)]	\$387,402	\$152,209	\$548,213
d) Funded Status	89.8%	95.7%	86.1%

A decrease of 1 percent in the liability inflation rate (2.50 percent to 1.50 percent) reduces the Accrued Liability by 6.2 percent. However, a 1 percent increase in the liability inflation rate (2.50 percent to 3.50 percent) increases the Accrued Liability by 4.2 percent.

Maturity Measures

As pension plans mature they become much more sensitive to risks than plans that are less mature. Understanding plan maturity and how it affects the ability of a pension plan to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 0.60 to 0.65. For both CalPERS and other retirement systems in the United States, these ratios have been steadily increasing in recent years.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2017	June 30, 2018
1. Retired Accrued Liability	1,610,719	1,530,281
2. Total Accrued Liability	3,446,330	3,788,239
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.47	0.40

Another way to look at the maturity level of CalPERS and its plans is to look at the ratio of actives to retirees. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2017	June 30, 2018
1. Number of Actives	5	5
2. Number of Retirees	8	7
3. Support Ratio [(1) / (2)]	0.63	0.71

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan’s current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Contribution Volatility	June 30, 2017		June 30, 2018	
1. Market Value of Assets	\$	3,189,522	\$	3,400,837
2. Payroll		580,235		618,072
3. Asset Volatility Ratio (AVR) [(1) / (2)]		5.5		5.5
4. Accrued Liability	\$	3,446,330	\$	3,788,239
5. Liability Volatility Ratio (LVR) [(4) / (2)]		5.9		6.1
6. Accrued Liability (7.00% discount rate)		3,537,472		3,788,239
7. Projected Liability Volatility Ratio [(6) / (2)]		6.1		6.1

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2018. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while funding risk is limited. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 2-year period centered around the valuation date.

Market Value of Assets (MVA)	Hypothetical Termination Liability^{1,2} @ 2.50%	Funded Status	Unfunded Termination Liability @ 2.50%	Hypothetical Termination Liability^{1,2} @ 3.25%	Funded Status	Unfunded Termination Liability @ 3.25%
\$3,400,837	\$7,077,559	48.1%	\$3,676,721	\$6,465,319	52.6%	\$3,064,482

¹ The hypothetical liabilities calculated above include a 5 percent mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

² The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.91 percent on June 30, 2018, and was 2.83 percent on January 31, 2019.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2017		June 30, 2018
Reported Payroll	\$ 580,235	\$	618,072
Projected Payroll for Contribution Purposes	\$ 631,733	\$	670,478
Number of Members			
Active	5		5
Transferred	6		5
Separated	7		8
Retired	8		7

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- One Year Final Compensation (FAC 1)

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in the following section of this Appendix.

Member Category	Benefit Group			
	Misc	Misc	Misc	
Demographics				
Actives	No	Yes	No	
Transfers/Separated	Yes	Yes	No	
Receiving	Yes	Yes	Yes	
Benefit Provision				
Benefit Formula	2% @ 55	2.5% @ 55	2% @ 60	
Social Security Coverage	Yes	Yes	Yes	
Full/Modified	Full	Full	Full	
Employee Contribution Rate		8.00%		
Final Average Compensation Period	One Year	One Year	Three Year	
Sick Leave Credit	Yes	Yes	No	
Non-Industrial Disability	Standard	Standard	Standard	
Industrial Disability	No	No	No	
Pre-Retirement Death Benefits				
Optional Settlement 2	Yes	Yes	No	
1959 Survivor Benefit Level	No	No	No	
Special	No	No	No	
Alternate (firefighters)	No	No	No	
Post-Retirement Death Benefits				
Lump Sum	\$3000	\$3000	\$3000	
Survivor Allowance (PRSA)	No	No	No	
COLA	2%	2%	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Section 2 may be found on the CalPERS website
(www.calpers.ca.gov) in the Forms and
Publications section**

Reserve Level Adjustments							CalPers UAL
Reserve	Target	New Target	Balance	% Funded	Reduction	%	\$ 387,402 Balance
Groundwater Recharge Enterprise Reserve	\$1,250,000		\$2,503,621	199%	\$174,331	45%	\$2,329,290
Groundwater ER Maintenance Reserve	\$250,000		\$350,000	140%	\$0		\$350,000
GWA Rate Stabilization	\$200,000		\$177,777	100%	\$0		\$177,777
Redlands Plaza Reserve	\$81,418		\$85,192	105%	\$38,740	10%	\$46,452
Land Resources Reserve	\$816,743		\$ (2,909,633)	-356%	\$77,480	20%	(\$2,987,113)
General Liability Fund Reserve	\$1,250,000		\$559,067	45%	\$58,110	15%	\$500,957
Self Insurance Reserve	\$50,000		\$40,000	80%	\$0		\$40,000
Compensated Absences Reserve	\$120,227	\$175,000	\$107,000	89%	\$0		\$107,000
Capital Improvement/Equipment Reserve	\$750,000		\$760,000	101%	\$0		\$760,000
Prepaid Royalties Reserve	\$5,000,000		\$5,000,000	100%	\$0		\$5,000,000
Active Recharge Transfer Projects	\$36,875,000		\$18,485,460	50%	\$38,740	10%	\$18,446,720
Total All Allocated Reserves	\$46,643,388		\$25,158,484	54%	\$ 387,402	100%	\$24,771,082



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1741

To: Board of Directors

From: General Manager, Daniel Cozad

Date: October 14, 2020

Subject: Field Equipment Capital Purchase of Ford F-150

RECOMMENDATION

Authorize the capital purchase of Ford F-150 for the field staff to replace at a cost not to exceed \$38,000 from Ken Grody Ford - Redlands.

BACKGROUND

Staff had planned to replace the 9-10-year-old F-250 that was in fleet for towing the loader's trailer in this fiscal year. In September, one existing F-150 was totaled by ACWA JPIA. The proceeds of the insurance and salvage paid for the majority of the replacement vehicle. The current F-250 is requiring increased maintenance, gets low fuel economy, and is fully depreciated.

PROCUREMENT

Staff would like to use this replacement procurement file and quotes from the three Ford Fleet sales offices for procuring a second F-150, rather than request quotes again in the spring next year. The price from Ken Grody Redlands Ford is in the competitive range for the equipment needed by field staff. Historically staff has found the area Ford dealers were within a few dollars difference, and the District has previously selected the Redlands dealer due to providing the highest value due to location of service and warrantee. We propose to trade in the F-250 to the dealer to reduce the cost of the new vehicle. If a cost-effective extended warranty is available, it will be purchased.

FISCAL IMPACT

Staff included funding in the 2020-2021 approved budgets for capital equipment sufficient to cover the cost of the new F-150. The purchase and warrantee period will reduce the cost of repairs and maintenance for future budgets.

POTENTIAL MOTIONS

1. Move to authorize the General Manager to purchase the new truck from Ken Grody Redland Ford for a not to exceed a total of \$38,000.
2. Move to request this item be tabled and referred to Operations Committee for reconsideration of specific issues discussed.

ATTACHMENTS OR MATERIALS

Quote from Ken Grody Redlands Ford



Invoice

Invoice Date: 10/6/2020
Company: San Bernardino Valley Water Conservation District
1630 W. Redlands Blvd, Suite A
Redlands, CA 92373

Ken Grody Ford Redlands
1121 W. Colton Avenue
Redlands, CA 92374
(949) 769-1234

Color	Year	Model	Vin #
Oxford White	2020	Ford F150 Super Cab 4x4 Pickup	1FTEX1EP4LKE80131

Fin Code	Customer
KT941	San Bernardino Valley Water Conservation District

Leinholder
none

Register to:
San Bernardino Valley Water Conservation District 1630 W. Redlands Blvd, Suite A Redlands, CA 92373

Bill to:
San Bernardino Valley Water Conservation District 1630 W. Redlands Blvd, Suite A Redlands, CA 92373

1st Lien holder:
None

Driver & Garage Address:
1630 W. Redlands Blvd, Suite A Redlands, CA 92373 Manuel Colunga (951) 313-6708

VEHICLE BUY

Total:	\$34,839.00
Sales Tax & Tire Fee	\$2,708.77
Total Funding Amount	<u>\$37,547.77</u>

Purchase Order #

Date:

Received By:

Date:
October 6, 2020



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1742

To: Board of Directors

From: Senior Engineer, Erwin Fogerson PE

Date: October 14, 2020

Subject: Plunge Creek Conservation Project Update

RECOMMENDATION

Staff recommends that the Board receive and file this update on the Plunge Creek Conservation Project.

BACKGROUND AND DISCUSSION

The District received and entered into a Proposition 84 grant funding agreement with the California Department of Water Resources (DWR), administered by the Santa Ana Watershed Project Authority, to construct the Plunge Creek Conservation Project south of Pole Line Road on District property in the City of Highland. The purpose of the project was to re-connect hydrology within the perched, hydrologically isolated alluvial channels of Plunge Creek in order to: 1) Restore natural flows to refresh alluvial fan sage scrub habitat and to specifically provide additional habitat for San Bernardino kangaroo rat and Santa Ana Woolly star, and: 2) Demonstrate that significant groundwater recharge could occur on native sand, gravel and soils without the construction of basins or other impoundments. The project was designed in a facilitated workshop setting with representatives from the United States Fish and Wildlife Service (USFWS) and San Bernardino County Flood (Flood) as part of the Wash Plan HCP.

A construction contract was awarded to NoHo Constructors on March 11, 2020. Construction was started on August 3, 2020 and completed on September 15, 2020. Phase 1 and 2 were constructed to the lines and grades shown on the plans with some minor field adjustments to account for changes in the site conditions and to employ environmental avoidance measures.

The original bid and contract amount was \$387,632 for Phase 1 and 2 combined. The Board authorized a 10% contingency fund of \$38,763. District staff and NoHo Constructors are in agreement with a final total contract amount of \$413,167.51. This total includes a cost of \$21,720.71 of extra work for wildlife fencing and a total over-run of bid items of \$3,814.89. The total percentage of contingency funds used for the project is 6.6%.

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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

The Notice of Completion was filed with the County's Recorders on September 17. The ten percent retention (10%) of \$41,316.75 is due to the contractor 35 calendar days after that recording and no later than 45 days after the last day of construction.

The Request for Notice of Completion of Discharges Letter for the Clean Water Act Section 401 Water Quality Certification and Order for the Plunge Creek Conservation Project has been submitted to the Santa Ana Regional Water Quality Control Board. Work is continuing to close out the other regulatory permits.

Seeding of native species in impact areas will begin this month with assistance from IERCD. Invasive species control measures are scheduled following winter rains for optimum effectiveness. Monitoring methods and schedule will proceed per the HMMP and other applicable permits



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

ARTP Status Report No.4

To: Partnership Agreement Policy Committee
From: Erwin Fogerson, Senior Engineer/Project Manager
Date: October 8, 2020
Subject: Active Recharge Project Status Report

BACKGROUND

The boards of the San Bernardino Valley Water Conservation District (Conservation District) and San Bernardino Valley Municipal Water District (Valley District) have agreed to draw from the best of both districts to promote a brighter future for groundwater storage and protection of threatened species in the region. This collaborative effort has been realized through the execution of the Partnership Agreement for Active Recharge Project Development under the Upper Santa Ana River Habitat Conservation Plan (Agreement).

The Agreement includes the requirement for the formation of a Partnership Agreement Policy Committee to review and advise the Conservation District staff on a number of items covered in the Agreement. The committee is to meet quarterly throughout the duration of the development of Active Recharge Transfer Projects. Major items of work in the partnership include:

- The Conservation District will provide up to 295 acres of conservation easements to the San Bernardino Valley Conservation Trust, to help offset the environmental impacts of active recharge projects being undertaken to enhance groundwater recharge and storage.
- Valley District will provide funding to the Conservation District for building new recharge projects for each acre of conservation easement the Conservation District transfers to the trust.
- Valley District will fund a permanent endowment with the Conservation Trust to support the management of habitat mitigation land.
- Valley District will transfer to the Conservation District the implementation, management and eventual ownership of the following tentative list of proposed Active Recharge Projects:
 1. Mill Creek Diversion (expansion, construction, and operations)
 2. Plunge Creek Basins 1 (construction and operations)
 3. Plunge Creek Basins 2 (construction and operations)
 4. City Creek Basins (construction and operations)
 5. Waterman Percolation Basins (reconstruction and maintenance)
 6. East Twin Creek Basin (repairs and maintenance)

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Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwd.org Email: info@sbvwd.org

BOARD OF DIRECTORS

Division 1:
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Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Daniel B. Cozad

- The Conservation District will develop plans, specifications, estimates and bid packages (Construction Package) on planned projects and submit to the Committee for review and concurrence.
- Valley District will draft and process all required permits and any items of work required under NEPA or CEQA including Water Rights.

This status report is a summary of work completed to date on these major items and provides a look ahead to the planned work in the upcoming quarter.

PROGRAM UPDATE

Conservation Easement (CE) Payment Obligation

The agreement requires payment of 50% of the funds for the CE at completion of the Due Diligence which was paid on June 20, 2019. The remainder is paid when obligated by commitment or by January 8, 2022.

The total paid to date is \$18,437,500. As of this report, the threshold for additional payment has not been reached.

Conservation Easement Usage Status (295 Acres initially set aside)

Covered Activity (project)	Implementing Agency	Easement Area required (ac)	Easement recordation date	Remaining Available Acreage
				295

Program Management

The District is developing a Program Management approach and documents to guide the long term implementation of the program. Staff prepared and the District Operations Committee reviewed the ARTP Program Policy Principles (review draft attached) intended to guide the development and implementation of the program.

Active Recharge Transfer Projects (as listed in the Agreement) PS&E Status

Project Name	Project Priority	Current Plan Phase	CEQA Status	Required Agreements / Permits w/ status	Construction Target date	Recent Activity
Mill Creek Diversion	3	Concept	Not started	ACOE – Not started SBCFCD – Not Started	Not determined	None
Plunge Creek Basin 1 (now Plunge Creek Quarry Basins)	1	Concept	Not started	RRM – Initiated Concept Level Discussion SBCFCD – Initiated through MOU (attached)	Start 2021	Project re-located to south of Plunge Creek within RRM property and increased in size. Developed concept designs sufficient to derive basin volumes and earthwork for interim and ultimate conditions.

Active Recharge Transfer Projects (as listed in the Agreement) PS&E Status Continued:

Plunge Creek Basin 2	n/a	n/a	n/a	n/a	n/a	Project combined with Plunge Creek Quarry Basins
Project Name	Project Priority	Current Plan Phase	CEQA Status	Required Agreements / Permits w/ status	Construction Target date	Recent Activity
City Creek	2	Not determined	Not started	SBCFCD – Initiated through MOU	Not determined	Prepared concept level project footprint. Relocated basins to outside of main stormwater path.
Waterman Spreading Grounds	2	Not determined	Not started	SBCFCD - Initiated through MOU	Not determined	None
Twin Creek	1	Concept	Not started	SBCFCD – Initiated through MOU	Not determined	Started concept design including utilization of County LiDar data

Additional Active Recharge Transfer Projects (not listed in the Agreement) Status

Project Name	Project Priority	Current Plan Phase	CEQA Status	Required Agreements / Permits w/ status	Construction Target date	Recent Activity
Oak Creek Diversion	1	Concept		SBVMWD – Initiated Concept Level Discussion SBCFCD – Initiated through MOU	Not determined	Started concept design of diversion structure as part of MOU discussion. SBVMWD completed purchase of property
Tract 14326 Diversion	1	Concept		none	Not determined	Project immediately upstream of Oak Creek Channel. Possible runoff diversion into Enhanced Recharge facility. Started project base map.

“Next Steps” - Planned Work upcoming Quarter

Project	Planned Activity
Mill Creek Diversion	none
Plunge Creek Quarry Basins	Complete agreement with Robertson’s Ready Mix. A summary if this agreement is attached. Continue coordination with SBCFCD. Prepare RFP for preliminary engineering and field investigations.

Plunge Creek Basin 2	none
City Creek	Concept layout design

“Next Steps” - Planned Work upcoming Quarter Continued

Waterman Spreading Grounds	Initiate coordination with SBCFCD
Twin Creek	Continue preliminary design and continue coordination with SBCFCD
Oak Creek Diversion	Continue preliminary design and continue coordination with SBVMWD and SBCFCD
Tract 14326 Diversion	Continue preliminary design and continue coordination with SBVMWD

EXHIBITS

1. Summary of Robertson’s Purchase and Sale Agreement
2. Summary of Flood Control MOU
3. Draft Policy Principles
4. Plunge Creek Phase 1 Site Plan with Summary Information
5. Plunge Creek Phase 2 Site Plan with Summary Information
6. City Creek Basin Concept Plan
7. Twin Creek, Waterman and Lynwood Basins Concept Plan
8. Oak Creek and Tract 14326 Diversions Concept Plan

General Manager's Report

For September 3, 2020, to October 8, 2020
Daniel B. Cozad



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

The District is still operating in Phase 3 COVID 19 response. If transmission rates decline further, we will add office staffing days in October/November based on County and State Health officer guidance. Safeguarding the health and safety of our staff is the primary driving factor.

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

- 1. Water Conservation – Plan Goal 1** – Without rains since May and many hot days, flows in Mill Creek and Santa Ana River remain low. SOD continues to flow about 5-10 CFS, and Mill Creek has no flow for recharge. Mill Creek Recharge is 7,350 AF for the water year. The Santa Ana River recharge totals are about 23,544 AF for the water year. Total recharge for the year is approximately 30,894, approximately 10 billion gallons, and enough water for 217,000 people for the year. The new water year began on October 1, 2020.
- 2. Facility Maintenance and Cleanout – Plan Goal 1** – Most cleaning and repairs are complete with maintenance and preparation for the fall and winter underway. Some maintenance will be completed later this year outside of habitat seasons. Staff is beginning to survey and plan for debris from the El Dorado fire, which impacted both Mill Creek and Santa Ana River watersheds.



- 3. Aggregate Management – Plan Goal 1** – Upland Rock continues to sell sand and rock from District basin cleaning efforts.
- 4. Personnel/Administration/Staff** – Staff continues to monitor and implement the District Extreme Flu/COVID19 plan. The District continues to operate in Stage 3. We follow the recommendations of the SBC Public Health officer and State Public Health Officer. Rotating employees staff a minimal office crew and other staff work from home.

5. **Finance/Budget/Audit** – Staff and Rogers Anderson Malady and Scott have completed financial reports and 2020 Audit for the District and Trust. The Ad Hoc Audit Committee met in September and recommended the Audit Report to the Board, which is on the agenda at this meeting.
6. **Mill Creek Diversion Engineering** – *Plan Goals 1/4* – Erwin reports on the engineering and construction projects at meetings when there are updates not included in agenda items. The USACOE is reviewing section 408 and 404 materials.
7. **Plunge Creek Conservation Project** – *Plan Goals 1/4* – Construction was completed in September, and closeout activities are underway. Habitat management and seed spreading will be undertaken this fall by IERCD. Billing of the final costs for the project is nearly complete. Restoration and biological monitoring remain on schedule. Habitat costs were under budget and earthmoving slightly over budget with an extra for habitat fencing.
8. **Enhanced Recharge Project** – *Plan Goal 1* – The Enhanced Recharge Phase 1A is completed. Engineering design is nearing completion for the new basins scheduled for construction in 2021 or 2022. State and Waters permitting are needed to proceed. Staff have attended field meetings and provided input on the design changes, and revisions SBVMWD staff and District staff are reviewing 90% design documents Improvements at the Cuttle Weir are permitted in the River Habitat Conservation Plan and will follow its approval in 2022 or after that.
9. **Active Recharge Transfer Project Partnership** – *Plan Goals 1, 2, and 4* – The Committee met on October 8, 2020. Staff prepared a report for the meeting and distribution to the partners, which is attached. Robertson’s is reviewing a fourth draft agreement supporting the Plunge Creek Quarry Recharge Basin developed by staff and legal counsel. The ARTP Policy Committee next meets January 12, 2021.
10. **Edison Divestiture to Water Users** – *Plan Goals 1/4* – The Committee held two meetings in August to continue discussions and coordination.
11. **Shop Facilities for Field Staff** – *Plan Goals - 1* – Staff prepared a scope of work for architectural services at the direction of the Operations Committee. Staff completed a Needs and Planning memo for field staff facilities as requested by the Operations Committee. Staff will move forward once the Committee has an opportunity to review the materials. These activities are being delayed by priority actions, primarily Plunge Creek Construction. Staff will present the evaluation of facilities and locations to the Operations Committee in September.
12. **Groundwater Council** – *Plan Goal 1* – The Groundwater Council last met on October 12, 2020. This Budget Committee recommended an EAM and Budget for planning and consideration. The Budget Committee also began efforts to encourage membership from “Other Production,” and the GC is documenting some changes they recommend. Redlands will likely consider the agreement in November a slight delay with the departure of Rudy Chow.

- 13. Wash Plan – Plan Goal 4** – The Wash Plan has a separate report listed on the agenda. Staff scheduled a kickoff meeting and tour for AECOM, who has begun work on the permitting strategy State and Waters Permits. Staff is working with Task Force members on their covered activities for COI and State/Waters permits.
- 14. 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. A Chain of Title and environmental review has been prepared; the updated Mineral Potential Report is complete. The appraisal procurement process resulted in none of the four prequalified firms submitting a proposal. Appraisal Directorate and District Counsel are working to identify alternatives to move the appraisal forward. District counsel and former solicitor wrote a document to substantiate the rights held by the District for recharge. Staff and Special Counsel are working with the new BLM State Director’s office to complete the final MOU. With feedback from the DOI solicitor, we expect this will be completed in 2020.
- 15. Conservation Trust – Plan Goal 4** – The Conservation Trust Board of Directors met on October 7, 2020. Staff has met with entities with which a deposit agreement is on file. Most projects continue to move forward slowly. The SBCTA project is progressing. The District and Trust have been reimbursed for services and funding for conservation easements and will contribute to the endowment. Blossom Trails is also preparing to receive State, and Federal permits and related mitigation and endowment funds as financing are arranged.
- 16. Property/Redlands Plaza** – Staff continues to manage Redlands Plaza and various issues related to tenants and maintenance. Staff is working with Red Dragonfly Spa and the City of Redlands on code compliance and other matters. All units are now fully leased.
- 17. Mining** – Mining efforts by CEMEX contractors continue on the Plant Site quarry. District Counsel has provided revisions to the existing lease related to Wash Plan implementation. Once coordination with CEMEX is complete, and the issuance costs are paid, the approved lease will be executed.
- 18. Public Outreach and Legislative – Plan Goal 5** Staff worked with consultants to coordinate PR for Plunge Creek implementation. Annual water recharge press release and emails were sent and press coordination on the Orange Fire and El Dorado Fire impacts.
- 19. Community Recharge and Mitigation – Plan Goal 1 and 4** – The 2017 Community Strategic Plan (CSP) included this effort for planning and implementation. The Active Recharge Transfer Projects in the Partnership Agreement are the first efforts under this goal. Additional recharge options where flows and open space allow recharge will be sought as staff has time.
- 20. 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-related studies. Staff also has several MOUs and agreements in development to support the Wash Plan

and its projects. Staff is also working on replacing Tommy's truck and the oldest pickup, in addition to the equipment needed to initiate Wash Plan implementation.

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

- District Audit this meeting
- Plunge Creek PSA with Robertson's in November
- MOU with SBC Flood Control District for Wash Plan Project Implementation for November
- Easement Agreement and Services Agreements for SBCFCD Plunge Elder implementation
- MOU with SBC Flood Control District for ARTP Planning November or December
- Exchange Plan Agreement in November or December
- Conservation Easement dedication in November or December
- BLM Land MOU working with regional manager to complete late 2020

22. District Successes

- Completing closeout of Plunge Creek construction and initiation of monitoring and revegetation of woolly star and looking forward to winter rains to see the initial results of the project
- Celebrating nearly 31,000 AF of recharge in a dryer than an average year with the cooperation of the Groundwater Council and Flood Control Operations staff.
- Staff received a kind commendation letter from a member of the Redlands Municipal Utilities/Public Works Commission member (attached).

Daniel Cozad

From: Adekunle Ojo [aojo@indio.org]
Sent: Thursday, September 24, 2020 8:47 AM
To: Daniel Cozad
Subject: District Commendation

Dear Mr. Cozad,

I don't know if you remember me; we met last year when you came with Bob Tincher to present about the Groundwater Council to the Redlands Municipal Utilities/Public Works Commission. I am a keen follower and admirer of the work that your District does with its small staff and I want to particular commend your efforts on the Groundwater Council and the Santa Ana River Wash Habitat Conservation Plan.

Please feel free to share this with your Board and staff; some of us do pay attention and greatly appreciate the excellent work SBVWCD is doing to keep our local groundwater basin sustainable.

Sincerely,

Adekunle Ojo

Principal Management Analyst

Ph. (760) 625-1805

[Indio Water Authority](#) | [City of Indio](#)

83101 Avenue 45, Indio, CA 92201



San Bernardino Valley Water Conservation District

Monthly Recharge Report

From: 9/1/2020
To: 9/30/2020



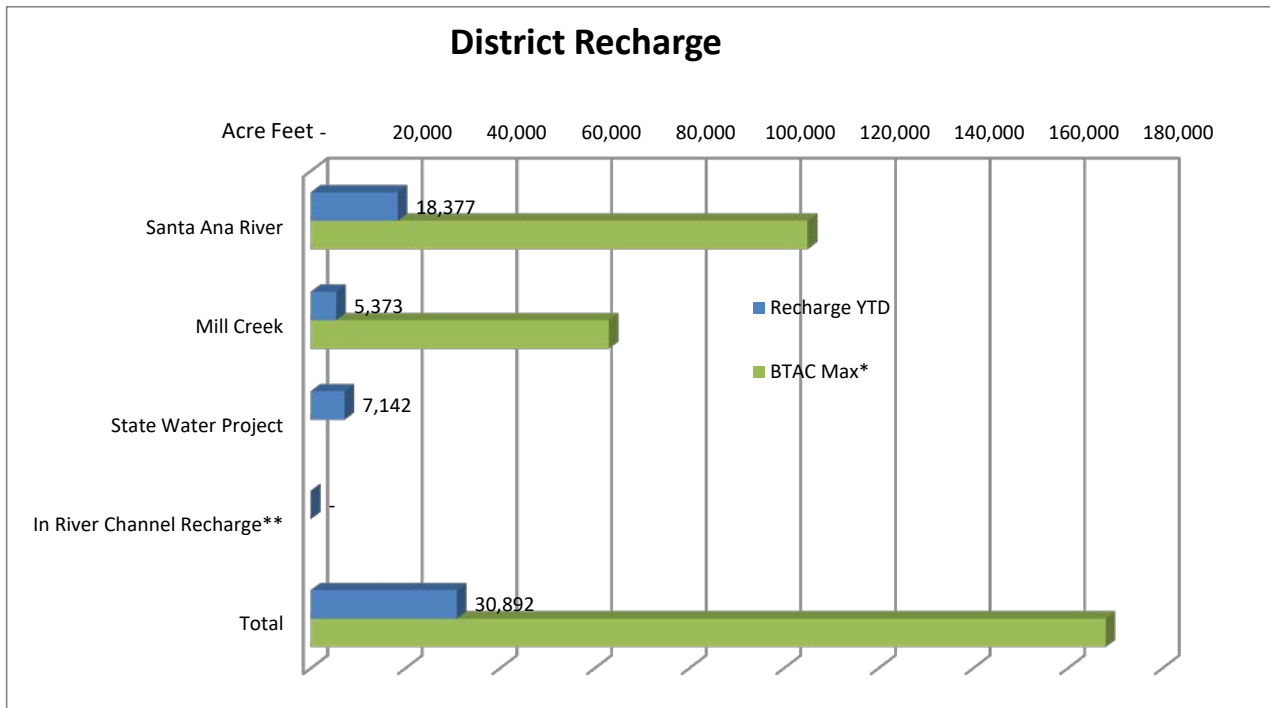
	August				
	Avg Daily Recharge	Monthly Recharge	Recharge YTD	BTAC Max*	% Max
Santa Ana River	8.5	256	18,377	105,000	18%
Mill Creek	0.7	20	5,373	63,000	9%
State Water Project	0.0	-	7,142	NA	NA
In River Channel Recharge**	0.0	-	-	NA	NA
Total	9	276	30,892	168,000	18%

Values in Acre Feet

*BTAC Revised Max in December 2019

**Monitoring began in Mid-April 2011

*** All Values Based on Water Year Oct-Sep 2020



2020 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. 8 Board Meeting
Jan. 22 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. 8 Board Meeting
Jul. 22 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. 12 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. 12 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. 11 Board Meeting
Engineering Investigation Report Presentation
Mar. 25 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. 9 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. 8 Board Meeting
Public Meeting/Groundwater Charge
Apr. 22 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. 14 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 27 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. 18 1st Qtr. Finance & Admin Mtg. (@9:00 a.m.)
Nov. 18 Board Meeting (@ 1:30 p.m.)

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. 10 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. 9 Board Meeting (@ 9:00 a.m.)
Holiday Luncheon