



District and Enterprise Budgets for Fiscal Year

2014-2015

As Approved May 14, 2014



Contents

Introduction and Purpose	3
Review and Approval Process	3
District Enterprises.....	3
Enterprise Policy	3
Enterprise Descriptions.....	3
Reserves	5
Reserve Policy	5
Scope of Policy	6
Reserve Descriptions.....	6
Groundwater Recharge Enterprise Reserve	6
Groundwater Enhanced Recharge Reserve	6
Groundwater Assessment Rate Stabilization Reserve.....	6
Redlands Plaza Reserve.....	6
Land Resources Reserve.....	7
Prepaid Royalties Reserve.....	7
Wash Plan Reserve.....	7
Habitat Management Reserve/Trust (future).....	7
General Fund Reserves	7
Clarifications	8
Reserve and Enterprise Transfers, Loans and Approval	8
District Budget	9
Development.....	9
Budget Summary.....	10
Risks	11
Reserves	11
Loans	11
Reporting and Auditing.....	11
Monthly Reporting.....	11
Annual Reporting	12
Auditing.....	12
ATTACHMENT A – Enterprise and District Budget Data	13

Introduction and Purpose

The purpose of the Enterprise Budget process is to provide clear understandable financial information to the Board and the public in a planning document that forecasts future revenue and expenses in the most accurate manner possible. Budgets are planning documents intended to guide the District activities and compare actual revenue and expenses to determine financial performance. As soon as a budget is approved the possibility for conditions to change begins. The budget is intended to be revised as appropriate when conditions or Board direction makes significant changes to the basis underlying the Budget.

Review and Approval Process

The Conservation District is formed under the Water Conservation District Law of 1931, Section 74,000 of the California Water Code. This Code requires a Groundwater Charge be developed based on the needs for replenishment as documented in the Engineering Investigation and District services and adopted prior to the end of April. Therefore the District develops the Groundwater Enterprise Budget and the Groundwater Charge Rate prior to the development of the rest of the Budget. To gain Board involvement Staff prepared a budget approach to document the method and assumptions to be used in the budget. This approach was approved in January 2013 and used to develop the budget.

When the Board had the opportunity to review the draft budget and range of groundwater charges, the Board selected a Noticed Rate to advertise in accordance with the Code. A public meeting and public hearing were held to solicit feedback or hear testimony on the noticed rate. No negative comments were provided on the rate and the Board adopted the noticed rate.

In Winter 2013, the Administrative Committee was convened and recommended minor changes to the overall budget Staff prepared for the District. These changes are represented in the document prepared for recommendation by the Committee to the Board. The Board of Directors held a Budget Workshop April 23, 2014 and provided comments. Staff incorporated these comments for the Board to consider approval of the Budget in May 2014. On May 14, 2014, the Board approved the Budget.

District Enterprises

The District follows an Enterprise Accounting system and separates the District's business areas into enterprises as described in the policy below.

Enterprise Policy

The purpose of this policy is to provide the basis of a clear and transparent accounting and finance program that supports and separates financial dealings fairly among all District efforts and activities. To improve clarity, the Land Resource/Wash Plan Enterprise was separated into two individual Enterprises in November 2013 when the 2013/2014 budget was amended. The descriptions here will be used for reworking of the Budget for 2014-2015, the General Ledger and the financial and audit processes. The policy lays out the separate enterprises and related funds and reserves and the interconnections between the funds.

Enterprise Descriptions

The General Fund Enterprise aggregates all the enterprise funds and acts as the umbrella for all effort of the District. The General Fund contains all funds that are not ascribed to an enterprise. Examples of these are Board expenses and meeting costs, agency related costs and all overhead until applied to enterprises. The general fund receives funding from the Districts limited property taxes, interest on the general fund reserves and proceeds from overhead from all other enterprises. Expenses of this fund include all indirect and overhead cost including:

- Office staff and Management for District and Board Management and costs not charged to other enterprises, salary, burden, and overhead
- Office equipment, supplies, maintenance and related costs
- Non-Capital Repairs and maintenance, basin cleaning and reconstruction
- Office rent, utilities, maintenance, and IT
- Communications costs, phones, cell phones and etc.
- Capital Improvements and major repairs that are capitalized
- Share of insurance based on facilities and carrier advice.
- Share of Board costs recovered on labor overhead.
- Directly allocable legal costs.

Reserves should be developed by this enterprise for unexpected costs and operating capital in accordance with the District Reserve Policy.

The Groundwater Recharge Enterprise encompasses all activities directly allocable to groundwater recharge or water management operations. This enterprise includes the facilities at Mill Creek and Santa Ana River spreading grounds. This enterprise is funded by the Groundwater Charge and any service reimbursements or leases of facilities for groundwater purposes. Additionally, funding from the sale of aggregate from the cleaning of the District's facilities and interest from enterprise reserves are allocated to this enterprise. Expenses of this fund include the directly allocable portions of the following:

- Field staff, salary, burden, and overhead
- Field equipment, fuel, maintenance and related costs
- Non-Capital Repairs and Maintenance, basin cleaning and reconstruction
- Field Shop (Mentone) utilities, maintenance, grounds and IT
- Communications costs, cell phones and etc.
- Capital Improvements and major repairs that are capitalized
- Share of insurance based on facilities and carrier advice.
- Share of Board costs recovered on labor overhead.
- Directly allocable legal costs.

The Redlands Plaza and Leased Property Enterprise is mainly the property leased in the Redlands Plaza units. However it may also contain like real property that is held by the District for lease revenue. This enterprise is funded by lease payments paid by tenants and allocated interest from enterprise reserves. Expenses of the fund include the directly allocable portions of costs for the following:

- Property Management staff and Management, salary, burden, and overhead
- Equipment, fuel, maintenance and related costs
- Non-Capital Repairs and Maintenance, cleaning and reconstruction
- Utilities, Grounds maintenance, and IT
- Capital Improvements and major repairs that are capitalized
- Taxes and property fees
- Share of insurance based on facilities and carrier advice.
- Share of Board costs recovered on labor overhead.
- Directly allocable legal costs.

This fund should consider any rent increases or vacancies expected for marketing costs. Reserves should be developed by this enterprise for contingencies and repairs in accordance with the District Reserve Policy.

Land Resource Enterprise is mainly the property owned by the District and leased for mining and or held for future use. This enterprise is funded by lease payments and realities paid by tenants and mining partners. Expenses of the fund include the directly allocable portions of costs for the following:

- Land management planning staff and Management, salary, burden, and overhead
- Equipment, fuel, maintenance and related costs
- Non-Capital Repairs and Maintenance, cleaning and reconstruction
- Capital Improvements and major repairs that are capitalized
- Share of insurance based on facilities and carrier advice.
- Share of Board costs recovered on labor overhead.
- Directly allocable legal costs.

This fund should consider any rent increases or royalties expected. Reserves should be developed by this enterprise for contingencies and repairs in accordance with the District Reserve Policy.

Wash Plan Enterprise comprises all activities directly allocable to the Upper Santa Ana River Wash Land Management Plan (Wash Plan). The Amendment to form the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan Task Force was adopted on September 1, 2013 for the purpose of advancing environmental planning and permitting in connection with the Wash Plan, advancing groundwater recharge and other water conservation facilities, and enhancing long-term habitat maintenance. This enterprise is funded by the eleven agency members of the Wash Plan Task Force. Expenses of the fund include the directly allocable portions of costs for the following:

- Interim and estimated costs of completion of the environmental permitting documentation for the Wash Plan
- Planning and consulting services
- Legal Professional Services

Reserves

To insure financial stability and reduce variability in the budget it is important for the District to develop clear and specific policy for building and utilizing District reserves. The District Reserve policy is included in the budget document for clarity and because it is still new.

Reserve Policy

SBVWCD desires to better document and communicate its reserve policy to identify the necessity, purpose, development, use of District general and Enterprise Reserves.

Additionally the District needs to: 1) document a calculation methodology and/or maintained level of reserves for all existing and future needs within the agency where reserve funds are required and/or necessary; 2) allocate and separate fund excesses for similar use, restrict transfer without Board Approval. The policy addresses the following:

Consideration on the establishment and development/continuation of a reserve fund will be decided based on the following criteria:

- Purpose and need for the reserve fund;
- Availability and source of funds to continue, replenish or establish the reserve;

- Operating expenditures approved by annual budgets or Groundwater Charge processes;
- Current and future emergency repairs, capital expenditures and debt service requirements;
- Board approval or changes to the reserve policy.

SBVWCD recognizes the importance of operating an agency or company with sound reserve levels in place that provides for unanticipated/emergency costs, should they arise within a budgeted fiscal year. These costs would be set aside to avoid requesting significant increased funding from year to year from groundwater charge entities or other revenue sources and to insure that the District is able to perform required critical tasks.

Scope of Policy

The development of the enterprise model was proposed based on the review of the District's operation and performance in prior fiscal years. Additionally the enterprise model requires a policy and process for transferring reserves. It is critical to identify and build a General Fund operating reserve to provide funding for both District special contingencies and annual budget shortfalls.

This policy will provide direction to staff for the following areas:

- Sources of funds and segregation of the accounts and reserves
- Level and/or target for a reserve;
- Place limits on the use of reserves;
- Require reporting trends for reserves
- Limit transfer without Board Approval;

Reserve Descriptions

Groundwater Recharge Enterprise Reserve

The Groundwater Recharge Enterprise Reserve (GRER) shall be developed to fund general operating cash flow needs relative to the operation of the GRER fund. Through the Groundwater Charge rate setting process, each year Staff shall coordinate with Groundwater Charge payees on the level of this reserve in accordance with this policy. Initially it is proposed that the reserve level be set at an amount equal to 25% of the GRE operating budget or \$200,000 for fiscal year 2014-15. This level is intended to build over three years to cover large emergency repairs and significant operations costs or capital purchases and mitigate large changes in rates from year to year as needed. The primary source of these funds is the District Groundwater Charge and the General Fund Reserve when approved by the Board. The GRER shall stop accumulating funding when it contains one year's operating costs for the Groundwater Enterprise.

Groundwater Enhanced Recharge Reserve

The Agreement with SBVMWD and WMWD provide funding for Enhanced Recharge operation and maintenance and recommend a reserve of a portion of those funds annually to fund larger water year events and costs, just as the Groundwater recharge reserve above. The funding of this reserve is dependent upon the adequate funding of the ongoing operations costs. A maximum of \$50,000 per year contribution planned, up to \$250,000.

Groundwater Assessment Rate Stabilization Reserve

This is a new reserve recommended to assist the District in providing stability and predictability in the Groundwater Assessment Fee. The reserve budget and excess funds will allow multi-year stability and support when costs increase or revenues decrease due to adverse weather or other changes. This reserve will accumulate 10% of any net retained earnings of the Groundwater Enterprise and beginning in 2014 will be budgeted at 5% of the total rate. This 5% may be phased in over time. The reserve shall no longer be budgeted when it reaches \$400,000 or one half year expense budget for the Groundwater Enterprise.

Redlands Plaza Reserve

The District's offices are in Redlands Plaza and it manages the building for itself and its tenants. In addition, other real property owned by the District that is leased is also managed under this enterprise. The Redlands Plaza Reserve (RPR)

shall be developed solely of lease payments of the property leased up to an amount not to exceed 150% of the annual maintenance budget or 50% of annual rental proceeds for Fiscal 2014-2015 approximately \$100,000. The purpose of the RPR is to accumulate funding to pay for major maintenance, upgrades, marketing, or emergency repairs.

Land Resources Reserve

The Land Resource Reserve (LRR) shall be developed to fund general operating cash flow needs relative to the land management, planning, habitat, wash plan and other costs related to the Districts held lands. Through the payment of Aggregate royalties and other revenue, the LRR will accumulate to be able to fund the management needs and secure against future unexpected expenses. Staff shall coordinate with Land Resource Partners on likely income for each fiscal year and plan for the contribution or use of this reserve fund.

Prepaid Royalties Reserve

The District holds a \$5 Million prepaid royalty from Robertson's. This reserve is subject to call provisions in the contract with Robertson's and is invested in 1 year or shorter investments. This Prepaid Royalties Reserve (PRR) is intended to provide the assurance to the District from Robertson's for the long term lease of District property and the payment of future royalties. District revenue from interest may be used in the General Fund or fund the PRR as identified in the Annual Budget.

Wash Plan Reserve

This reserve is to provide multi-year funding to support future Wash Plan requirements requiring restricted reserve funds for payment of future costs. The District does not currently have any Wash Plan requirements budgeted for reserve but may have when the Wash Plan is implemented. The level for this reserve will be determined when a plan is approved by the Board.

Habitat Management Reserve/Trust (future)

This reserve is to provide multi-year funding to support future habitat projects in support of the Wash Plan related project requiring restricted reserve funds for payment of future costs. These funds may be contributed to a Trust for safekeeping if required. The District does not currently have any habitat management requirements budgeted for reserve but will when the Wash Plan is implemented. The level for this reserve will be determined when a plan is approved by the Board.

General Fund Reserves

General Fund Reserve

This reserve is to secure funding to the General Fund for District operations in time of temporary deficit and to balance large swings in District cash flow. The sources of funding to the District are ephemeral and tend toward moving together so when one revenue source is down others are as well. Thus, the District needs to have longer term reserves and short term operating funds and capital.

Because there will be urgent needs and possible unforeseen costs after the District sets rates and/or costs which are over budget, the District will use the General Fund Reserve (GFR). This allows the District flexibility to operate even in down economic cycles.

This is the only existing reserve (with the exception of the Prepaid Royalty Reserve) and it has been significantly depleted in the past two years due to the general economy and litigation costs. This reserve will be budgeted each year to increase and/or decrease based on annual operating expenditures of the General Fund and annual decisions made by the Board. It is envisioned that this reserve level balance be maintained, once achieved, at a level equal to two years budgeted General Fund operating expenses or approximately \$1,200,000..

Operating Fund and Level

The Board has established an "Operating Fund" as a subset of the General Fund Reserve. This fund, not to exceed \$300,000, is established and may be withdrawn by the General Manager, from LAIF or other investments to meet the projected operating cash flow needs of the District within the budget year. Because revenue and expense timing as well

as contract reimbursements do not align with expenses, this Operating Funding is important. Costs vary from year to year; therefore, the Operating Fund level should be reviewed and may be modified by the Board as part of the Annual Budget process. The General Manager shall not transfer operating funds from investments beyond the level of the Operating Fund without Board approval.

PERS Employer Contribution and Post Employment Expense Reserve

This reserve is to provide funding for the District to protect against future fluctuations in the employer contribution as witnessed over the past several years. SBVWCD, as most agencies were not obligated to contribute to the PERS retirement program as interest rates and earnings exceeded the projected liabilities of the retirement fund. Over the past few years the SBVWCD Employer Contribution has increased and additional increases are forecasted in the future. This reserve will be created to set aside funds at 7% of payroll even when the requested contribution from PERS falls below this level.

The District has limited post-employment liabilities due to its prudent management of benefits. The District shall complete an actuarial evaluation every three years or similar report to provide reserve funding adequate to fund projected post-employment expenses. In November 2011, the Board authorized \$3,118.00 allocated to this Reserve for the full funding of anticipated costs. The actuarial evaluation recommended additional annual contributions of \$1,000.00.

Self-Insurance Reserve

This reserve is to provide insurance protection to the District for losses that could arise from property, general liability and worker's compensation claims. The reserve should be maintained at a level that together with SBVWCD's existing insurance policies would adequately protect the District. The self-insurance reserve (SIR) will accumulate funds at an annual rate of \$5,000 earning interest allocated quarterly on balances maintained. The fund shall be utilized to cover insurance losses experienced by the agency that may or may not be awaiting insurance claim reimbursement. The agency shall cease to contribute set-aside funds upon reaching a \$50,000 balance.

Capital Equipment and Improvement Plan (CEIP) Reserve (future)

This reserve is to provide multi-year funding to support future capital projects and equipment identified and approved by the Board in the District plans and budget. Costly equipment or vehicles are budgeted and reserves maintained as an alternative to funding depreciation in the budget process. The District currently has only an equipment plan and contributions are determined on a budget basis currently approximately \$30,000 per year.

Clarifications

Restricted Reserves

The only funds classified as restricted are those which are specifically governed by a written contract with the agency or outlined within the "bond covenants" of a bond issue.

Unrestricted Reserves

Reserve levels classified as unrestricted are set by SBVWCD Board Resolution. The Board may modify or transfer funds between reserves by Board action.

Reserve and Enterprise Transfers, Loans and Approval

The District Board has authority over all transfers and loans among enterprises and their Reserve accounts. The Board delegates day to day management of the funds of the enterprises to the General Manager. Under this authority, the General Manager may approve the transfer/loan of funds from one enterprise/reserve to/from another within the fiscal year in an amount not to exceed \$50,000. Such transfers/loans must be repaid within the same fiscal year and accrued interest (at the LAIF rate) is due to the lending enterprise reserve from the borrowing enterprise reserve. Invested funds are pooled and interest is allocated to the general fund unless specifically identified. Transactions beyond/above this limit or which will extend past the end of the fiscal year shall be disclosed and approved by the Board unless included in the approved annual budget.

District Budget

Development

Many District policies, approaches and precedents approved by the Board have been used by staff in the preparation of the 2014-2015 Budget and are incorporated into the Budget by reference. The final Budget document will contain the policies for reference. Some of the more significant sources are shown below:

- Budget development approach
- District Enterprise Policy and separate enterprise for the Wash Plan
- Reserve and Operating Fund Policies
- Policy Changes to meetings, potential changes to meetings and Board Policy
- Implementation of the Overhead Policy
- Groundwater Enterprise Budget and groundwater charges considered for approval on April 23, 2014
- Policy reductions to CalPERS and Health Care Employer share contributions
- Comments and feedback from the Finance & Administration Committee, Public Meeting and Hearing

The 2014-2015 Budget achieves the goal of a balanced budget and eliminates the consumptive use of the District's reserves for operating costs by recovering all costs in each enterprise. To minimize future cost increases the Rate Stabilization funding is budgeted and the budget is adequately contributing to capital maintenance costs and planned capital reserve uses.

Based on these guiding documents and Board feedback Staff has prepared the District and Enterprise Budget for 2014-2015. This financial spreadsheet appears similar to the prior years but has been redesigned to facilitate transparency in budgeting efforts, better document the basis of the budget, and separate District enterprises and capital expenses. This budget aggregates all District Enterprises including the Wash Plan and District projects to develop the District-wide budget, as has been done since 2010. Staff also used the projected 2014-2015 budget to guide staff and provide for multiyear planning. The spreadsheet and the companion documents, reserve, investment, overhead and other policies will comprise the final budget document. On April 23, the Board held a workshop on the budget. After review and discussion recommended some costs for field engineering be considered capital costs. Board members requested projected end of year and end of budget year projections for cash reserves. Additionally the Board recommended the budget be considered for approval at the May 14, 2014 meeting.

The recommended budget follows the approved budget approach which includes the following elements and activities:

- Develop and review draft budget with groundwater partners (those who pay the groundwater charge)
- Review the budget with the Finance & Administration Committee or in a Board Workshop and with groundwater partners and others before submitting to the Board for approval
- Utilize the Groundwater Enterprise Budget to develop the proposed groundwater charge
- Review and discuss the groundwater charge with the groundwater partners
- Review other budgets with appropriate partners and stakeholders
- Utilize feedback from all of the above in the development of the budget

The Board reviewed the draft Groundwater Enterprise budget. The Finance & Administration Committee has reviewed the draft District budget and provided feedback. All requests or comments have been incorporated into the presented Budget.

The budget, as presented, uses the approved approach which uses the following assumptions and basis for the 2014-2015 budget where known:

Revenue

- Groundwater revenue based on actual charges paid and with review from groundwater partners
- Groundwater revenue will include a portion of the lease/services reimbursement from SBVMWD allocated to the Enterprises where the preliminary work, engineering review, maintenance and environmental permitting is occurring
- Mining Revenue will be estimated based on lease guaranteed annual minimum

Expenses

- Expenses are estimated on the 2010 zero basis or actual costs/estimates modified based on specific needs and actual in 2012, 2013 and 2014.
- COLA increases based on Bureau of Labor Statistics CPI-U at 1.8%
- Salary forecast includes raise pool at 5% of total salaries
- Utilities, fuel and electricity increase at approximately 4-8% based on sector CPI
- Miscellaneous expenses were generally increased where no other basis is available - 3% or less.

The Budget is based on full costs of field and office operations, repairs and regular maintenance, reporting and management for all enterprises. Decreases in several areas were made including changes to the Plunge Creek Project and vehicle maintenance due to equipment replacements.

Increases to the budget include

1. Wash Plan cost and revenue has been adjusted to budgeted expected costs
2. Professional Services was increased to accommodate trails and expanded recharge studies requested by the Board.
3. Plunge Creek Project costs for year one moved from the prior year due to contracting (mostly grant reimbursed). Capital cost included for District matching funds, however not all will likely be needed in the current FY.
4. Legal Fees related to Arbitration
5. Invasive Plant Removal from Basins and Canals (year 1)
6. Salaries for interns were increased to support Trail Conceptual Plan
7. Inclusion of capital improvements to the Canyon shop and Vehicle replacement

Estimated Total Revenue for the District is estimated at \$2,791,448. Estimated costs including contributions to reserves are expected to be \$2,968,937. This budget projects includes a contribution to GWE Rate Stabilization Reserve of \$20,000 and contribution to Capital Maintenance of \$346,039. The increase in cost from prior versions is based on payable costs from the Wash Plan project. The Wash Plan Reserve will be used to pay \$245,708.

Budget Summary

Based on the approval of the Groundwater Enterprise budget and Groundwater Charge rates the budget aggregates the other enterprises to form the District budget.

Estimated Total Revenue for the District is estimated at \$2,791,448. Estimated costs including contributions to reserves are expected to be \$2,968,937. This budget projects includes a contribution to GWE Rate Stabilization Reserve of \$20,000 and contribution to Capital Maintenance of \$346,039. The increase in cost from prior versions is based on payable costs from the Wash Plan project. The Wash Plan Reserve will be used to pay \$245,708.

Risks

This year has been dry and groundwater production is likely higher than in prior years, we have budgeted conservatively despite this due to the variability of weather. This level of production is used for the revenue estimates. Actual production and payments may be lower or higher.

A portion of the budget, both revenue and expense, is dependent on Plunge Creek Conservation Project. The project will be initiated in the FY 2013-2014, but timing of revenue and expense will be uncertain. Also the Wash Plan Enterprise budget is subject to timing issues, some participants paid the full amount for 2 years participation and others paid only the first year. Revenue is expected to be lower for year 2, but adequate revenue from year one is available to cover the costs. Currently CEMEX has not contributed for Wash Plan Costs under their current contract. Their contribution is expected but if not received may result in a deficit in the Wash Plan Enterprise. Other risks include increased costs or reduced revenue due to changes in general economy or climatic conditions affecting reimbursements or minimum royalties.

Reserves

Operating costs were lower than budgeted in 2013-2014 initial and amended budgets. The proposed budget contributes to reserves with a contribution to capital maintenance and Groundwater Enterprise Rate Stabilization Reserve which is included in the revised District Reserve Policy. By policy one time or new revenue should be allocated to repay prior use of reserves. Excess revenue should be credited to the reserves and repayment of loans provided by the enterprises. These will be accomplished in July when audited costs documented and fiscal year is closed. Based on March 2014 financials, the 2013-14 existing cash position, including LAIF, CalTrust, and Citizens Bank totals \$3,643,214. This total does not include the \$5,000,000 prepaid royalty. Most groundwater revenue has been received and most major expenses have been incurred for the year. Staff projects expenses between March and June will be approximately \$345,000, resulting in an end of year balance or approximately \$3,298,214. Based on this, the budget reserve contribution of \$410,038 and budgeted reserve use of \$208,994 the projected Cash Reserve Balance for the end of Fiscal Year 2014-2015 would be \$3,530,308.

Loans

At the close of the fiscal year, accounts will be reviewed and revenue or expense will be booked as loans or repayment of loans to the Enterprises as was one in 2013.

Reporting and Auditing

Many different reports are generated by the District. The District uses Enterprise accounting and will be reporting profit and loss by Enterprise to assist the Board in making policy decisions related to each enterprise. A summary of Reports provided to the Board and available to the public is described below.

Monthly Reporting

Each month in the Board Package several unaudited financial reports are prepared and provided at the District and Enterprise levels.

- Budget to Actual
- Profit and Loss
- Expenditure Report

Annual Reporting

Annual reporting includes both the information that is shown in the monthly unaudited financial reports as well as end of the year reports showing budget to actual information. Special reporting related to Groundwater charge and other financial issues will be reported prior to the Engineering Investigation.

Auditing

As required, the District is audited by an independent outside auditor, who reports to the Board of Directors. This role is critical to ensure the accuracy of the statements prepared and distributed to the Board and public. The Board does not have a policy for auditing but changes firms from time to time to ensure independence and reduce bias.

ATTACHMENT A - Enterprise and District Budget Data

GL ACCT:	GL DESCRIPTION:	Projected Annual Costs (7/1/13-6/30/14)	Increase/Decrease	Draft 2014-2015 Budget	GENERAL FUND			GROUNDWATER RECHARGE ENTERPRISE			REDLANDS PLAZA & LEASED PROPERTY- MENTONE HOUSE			LAND RESOURCE			WASH PLAN		
					2014 BUDGET:	% BUDGET	BASIS:	2014 BUDGET:	% BUDGET	BASIS:	2014 BUDGET:	% BUDGET	BASIS:	2014 BUDGET:	% BUDGET	BASIS:	2014 BUDGET:	% BUDGET	BASIS:
Budget 2014-2015																			
6530	LODGING	2,128.50	1,000.00	3,128.50	1,407.83	45.00%		1,094.98	35.00%	Allocation basis 2011	0.00			625.70	20.00%		0.00		
6535	CONF/SEMINAR REGISTRATIONS	4,000.00	1,189.00	3,820.32	1,719.14	45.00%		1,337.11	35.00%		0.00			764.06	20.00%		0.00		
9999	Contribution toward Capital Maint.	0.00	421,038.87	421,038.87	6,185.99		See Below in 7000 series	208,755.00		Not 100% allocation	23,798.38		See Below in 7000 series	182,299.50		See Below in 7000 series	0.00		
8010	Capital Reserve GWE/Rate Stabilization	20,000.00		20,000.00	0.00	0.00%		20,000.00	100.00%	Rate Stabilization/Capital	0.00			0.00			0.00		
TOTAL EXPENSES:		2,591,415.01	566,092.72	2,978,936.77	525,379.46			1,065,448.21			160,549.07			733,554.03			650,480.54		
Operating Revenue		2,605,477.20	197,693.21	2,791,447.99	369,458.67			1,064,852.80			204,902.33			747,534.20			404,700.00		
NET OPERATING REVENUE			-368,399.51	-187,488.78	-155,920.80			-595.41			44,353.26			13,980.17			-245,780.54	Significant Carryover From Prior year	
OVERHEAD					156,479.53														
NET GENERAL FUND ANNUAL					558.74														
CONSTRUCTION CAPITAL COSTS:																			
7010	MATERIALS	7,500.00	225.00	7,725.00	0.00			7,725.00	100.00%	Field Security Changes	0.00			0.00			0.00		
7050	BASINS -CAPITAL ANNUAL REPAIRS	60,000.00	-20,000.00	40,000.00	0.00			40,000.00	100.00%	ANNUAL MAINTENANCE	0.00			0.00			0.00		
	3 year Maintenance	30,000.00	5,000.00	35,000.00	0.00			35,000.00	100.00%	25% OF \$120K IN 3 YEARS	0.00			0.00			0.00		
7055	PLUNGE CREEK PROJECT LOCAL MATCH	0.00	120,000.00	120,000.00	0.00		This may be in 1 or more FY	0.00			0.00			120,000.00	100.00%	Match Funding for PCC	0.00		
	LAND & BUILDINGS																		
7110	PROPERTY - CAPITAL REPAIRS	30,000.00	25,000.00	55,000.00	0.00			22,500.00	40.91%	Canyon property CIP	22,000.00	40.00%		10,499.50	19.09%		0.00		
7130	MENTONE PROPERTY (HOUSE) CAPITAL REPAIRS	1,746.00	52.38	1,798.38	0.00			0.00			1,798.38	100.00%		0.00			0.00		
7140	MENTONE PROPERTY (SHOP) CAPITAL REPAIRS	15,500.00	-12,000.00	3,500.00	0.00			3,500.00	100.00%	Field Shop capital repairs	0.00			0.00			0.00		
	EQUIPMENT & VEHICLES																		
7210	COMPUTER HARDWARE CAPITAL REPAIRS	4,500.00		4,500.00	4,050.00	90.00%		450.00	10.00%	Allocation basis 2011	0.00			0.00			0.00		
7220	COMPUTER SOFTWARE	3,500.00	1,000.00	4,500.00	900.00	20.00%		1,800.00	40.00%	Allocation basis 2011	0.00			1,800.00	40.00%		0.00		
7230	FIELD EQUIPMENT / VEHICLES	78,480.00	-39,240.00	39,240.00	0.00			39,240.00	100.00%	Truck and Equipment	0.00			0.00			0.00		
7240	OFFICE EQUIPMENT	1,235.99	0.00	1,235.99	1,235.99	100.00%		0.00			0.00			0.00			0.00		
	PROFESSIONAL SERVICES:			0.00															
7150	MILL CREEK MAINTENANCE PERMITTING	50,000.00		50,000.00	0.00			0.00			0.00			50,000.00	100.00%		0.00		
7438	ENGINEERING SERVICES-OTHER	15,000.00	15,000.00	80,000.00	0.00			80,000.00	100.00%	Rate study and MC Engineerin	0.00			0.00	0.00%		0.00		
CAPITAL EXPENSE		297,461.99	95,037.38	442,499.37	6,185.99			230,215.00			23,798.38			182,299.50			0.00		
CAPITAL REVENUE			421,038.87	421,038.87	6,185.99			208,755.00			23,798.38			182,299.50			0.00		
CAPITAL SUBTOTAL ANNUAL NET			-21,460.00	-21,460.00	0.00			-21,460.00			0.00			0.00			0.00		
RESERVE CONTRIBUTION OR (-USE) TOTAL			-417,892.55	-208,948.78	558.74			-22,055.41			44,353.26			13,980.17			-245,780.54	Use of prior year funds	

District Cost Budget	2,978,936.77
Capital Budget	442,499.37
Wash Plan	511,500.00
Plunge Creek	204,510.00
Net of Capital and Projects	1,820,427.40