

A G E N D A
BIG BEAR MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS
Regular Meeting
June 19, 2014

PLACE: Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA 92315
Director Suhay may be conferencing from 197 Finch St. Big Bear Lake, CA

Next Resolution Number: 2014-04

OPEN SESSION: 1:00 P.M.

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. DISCUSSION AND ACTION ON CLOSED SESSION ITEMS**
- 4. REPORTS**
 - A. General Manager
 - B. Lake Manager
 - C. Legal
 - D. Committee
 - E. Other
- 5. CONSENT CALENDAR**
 - A. Minutes of a Regular Meeting of June 5, 2014
 - B. Consider approval of a Special Event Permit for USARC Summer program
 - C. Consider approval of a Special Event Permit for the Nikolai wedding ceremony
- 6. BUSINESS**
 - A. Consider approval of Fiscal Year 2014-15 Budget
 - B. Consider approval of a proposal from Eadie and Payne, Certified Public Accountants, for the completion of the Annual Audit for the year ended June 30, 2014
 - C. Division 3 Board Seat Vacancy discussion
- 7. PUBLIC FORUM**

(The Board will receive comments from the public on items not on the agenda; no action is permitted on these items. Time set aside not to exceed 30 minutes total by all participants)
- 8. ANNOUNCEMENTS**

9. DIRECTOR COMMENTS

10. ADJOURNMENT TO CLOSED SESSION

11. CLOSED SESSION

Status update Government Code Section 54956.9 (a) - Existing Litigation:
Case No. CIVDS 10103074 Graybill vs BBMWD

12. ADJOURNMENT

NEXT MEETING: Open Session at 1:00 P.M.
Thursday, July 3, 2014
Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA

PLEASE NOTE:

If you wish to address the MWD Board of Directors during discussion of an agenda item, or during the PUBLIC FORUM, please complete a Speaker Request card (blue in color) and give it to the Board Secretary. Unless a detailed presentation of an agenda item is required by the Board of Directors, it is requested that each speaker limit comments to FIVE MINUTES. All testimony given before the Board of Directors is tape recorded.

Agenda related writings or documents provided to the Board of Directors are available for public inspection at www.bbmwd.org or in the District office during business hours, 8:00 am – 4:30 pm Monday – Friday.

Big Bear Municipal Water District wishes to make all of its public meetings accessible to the public. If you need special assistance to participate in this meeting, please contact the Board Secretary. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting

***MINUTES OF A REGULAR MEETING OF
BIG BEAR MUNICIPAL WATER DISTRICT
HELD ON THURSDAY, JUNE 5, 2014***

CALL TO ORDER

President Murphy called the Open Session to order at 1:00 PM. Those in attendance included Director Lewis, Director Eminger, Director Smith, District Counsel Wayne Lemieux (via Skype), General Manager Scott Heule, Lake Manager Mike Stephenson, and Board Secretary Vicki Sheppard.

President Murphy reported that we will move the STEM presentation to just after reports and before the Consent Calendar.

REPORTS

Mr. Heule stated that Vicki Sheppard requested information from the registrar of voters concerning the cost to the District for the November election. He reported that the estimate is \$3,400. He explained that the candidate filing begins on July 14, 2014 and the deadline is August 8th. He added that early voting begins on October 6th and mail ballots will be delivered to voters October 11, 2014. He explained that if the Board chooses to call an election to fill the vacant Division 3 seat, the November election would be the next opportunity for that to occur. He added that it also just happens that the Division 3 seat is up for a new 4 year term election in November so there would be no unusual special election expenses associated with it. He commented that it might help the Board to know that Supervisor Ramos said he believes in the electoral process and that the people of Division 3 should be the ones that choose who will represent them. President Murphy stated that he would like to address the Board vacancy on the June 19th agenda. Mr. Heule reported that he and Lake Manager Mike Stephenson had a very productive meeting with our CEQA consultant for the proposed Program EIR for Lake dredging projects. He added that, along with our engineer, we have a great team working for us on this long overdue project.

Lake Manager Mike Stephenson reported the he is watching the lake level closely and it is losing 1 inch every 3.2 days. He commented that it lost 2^{1/4} inches in the last 7 days. He added that the level today is 8 feet 10^{1/2} inches down from full explaining that it is dropping at an accelerated rate and it may be 10 feet down by July 4 and may be 12^{1/2} feet down by the end of summer.

7th GRADE STEM PRESENTATION

The Big Bear Middle School 7th grade STEM Program (Science, Technology, Engineering, and Mathematics) made a presentation regarding their STEM project. They explained that they went out on the lake twice studying limnology and then went back to the classroom to assess their findings. Each student individually presented and reported on their overall experience and limnological findings.

APPROVAL OF CONSENT CALENDAR

Upon a motion by Director Eminger, seconded by Director Lewis, with President Murphy abstaining, the following consent items were unanimously approved:

- Minutes of a Regular Meeting of May 15, 2014
- Warrant List dated May 28, 2014 for \$45,342.30

CONSIDER A MOTION TO ADD ASPHALT PAVING PROJECTS TO THE AGENDA

Director Smith moved approval of adding asphalt paving projects at the East Launch Ramp and the Shop Building to the agenda. Director Eminger seconded the motion and it was unanimously approved.

CONSIDER APPROVAL OF VALLEY DISTRICT FISHERIES MEMORANDUM OF UNDERSTANDING

Mr. Heule reported that the in-lieu agreement with San Bernardino Valley Municipal Water District (Valley District) that was signed in February 1996 and was later amended to address Bear Creek fisheries releases did not contemplate subsequent increases in the amount of water released for Bear Creek fisheries. He explained that the fishery releases resulted in an increase in the amount of water required to be delivered by Valley District and it stipulated an increase in the compensation the District paid for the in-lieu program. He added that in 2009 the State Water Resources Control Board approved an amendment to Order 95-4 requiring an increase in the amount of Lake releases to maintain a healthy fishery in Bear Creek below the dam. He explained that using the same methodology that was used in the 1996 in-lieu agreement and the subsequent MOU's there is a resulting reduction in the in-lieu requirement of Valley District amounting to on average 84 acre-feet per year. He added that this in-lieu demand reduction is due to Bear Valley Mutual Water Company being able to put this additional water to beneficial use. Mr. Heule reported that to compensate the District for Valley District's reduced in-lieu obligation the annual base cost of the agreement should be reduced by \$12,600 annually. He added that this reduction would amount to approximately \$17,000 in savings to the District based on the calculations in the 1996 agreement. He stated that Don Evenson has prepared a memorandum that has been reviewed by Staff at Valley District and the General Manager.

Director Lewis moved approval of Valley District Fisheries Memorandum of Understanding. Director Eminger seconded the motion and it was unanimously approved.

REVIEW AND DISCUSS FISCAL YEAR 2014-15 BUDGET

Mr. Heule reviewed the proposed budget page by page highlighting certain areas. Page 7, Overall General Fund Operating Budget, highlighted Stanfield Marsh improvements at \$50,000. Page 9, General Fund Review, he explained that some property tax checks have come in changing the proposed budget to \$3,123, 000. Page 14, Administration, he explained that the \$500 at the bottom of the page for Forest Service Permits should be \$5,000. Page 15, Water Resources, Possible Mercury TMDL (the highlighted area at the bottom) is to cover a "what if".

The Additional Fish Plant, Director Smith explained that the City is issuing a check and we should receive it by July 1st. Page 16, Maintenance, Mr. Heule explained that Boating and Waterways reimburses us for maintenance of the SS Reliefs. Director Eminger asked when the Stanfield Marsh Signs will be completed. Mr. Heule reported that they are being proofed right now. Page 17, Operations, Mr. Heule explained that Quagga Prevention shows some reduction because some returning staff doesn't need training. Page 20, Capital Improvement, includes the Board Room remodel and includes general clean up and replacement of the sound system. President Murphy asked what the timing is on this project. Mr. Heule stated it will be a winter project. Page 21, Capital Replacement Schedule, and 22, Debt Service, there were no comments. Page 23, Stanfield Marsh Improvement Project, includes a \$50,000 transfer from the general fund to cover the Stanfield Corner improvements for landscape and upgrades to the corner. Mr. Stephenson explained that he is getting some bids and the project could get started by July 1. Page 24, Lake Improvement, includes the alum treatments and monitoring after alum application and \$50,000 for the modular fish rearing cages and dock system. Page 25, Dam Repair Fund, Mr. Heule reported that we are waiting for some hard-to-get permits from the Forest Service and Cal-Trans so we will wait to get bids until we have the permits. Page 26, Rathbun Creek Restoration, there is \$10,000 for the Trout Pond just in case we need it. Page 27, Contamination Clean Up, he commented that it is just sitting there because there is not a lot that we can do right now. Page 28, Invasive Species Fund (Docks), he reported that dock income is down explaining that the budget reflects that. President Murphy reported that the Budget Approval will be on the June 19th Board Meeting.

CONSIDER AWARD OF ASPHALT PAVING PROJECT CONTRACT AT THE EAST LAUNCH RAMP AND THE SHOP BUILDING

Mr. Stephenson reported that he has bids from Bear Valley Paving and Romans Construction. He explained that Bear Valley Paving has the lowest bid, \$108,159 for the East Ramp and Romans has the lowest bid, \$61,400 for the shop building. Director Smith asked Mr. Stephenson if he has a preference for one contractor or the other. District Counsel Wayne Lemieux reported that we need to award to the lowest responsible bidder. President Murphy asked if the project will be completed before July. Mr. Stephenson stated it would be completed by June 30th.

Director Smith moved approval of awarding the asphalt paving contract for the East Launch Ramp to Bear Valley Paving for \$108,159 and for the shop building to Romans Construction for \$61,400. Director Eminger seconded the motion and it was unanimously approved.

PUBLIC FORUM

Mr. Larry Cooke, Big Bear Dock and Marine, stated that he is working on a project at Lake Elsinore explaining that if we get boats that have been in that lake we should be aware that they do nothing regarding Quagga mussel prevention. Mr. Stephenson reported that the District has been aware of that concern for several years. Mr. Cooke then commented on the Big Bear Marina Dredge and Fill Project. He passed out a 4 page letter listing his many concerns

regarding this project. One of his comments was regarding where we send the dredging materials suggesting that we might consider making an island. Mr. Stephenson commented that the District has been discussing that option for several years. Mr. Cooke stated that he is opposed to the BB Marina Dredge and Fill Project proposed design and does not feel we should move forward with the final engineering and environmental review for many reasons. He commented again on the letter that was sent out to dock owners regarding dock placement during low lake conditions. He stated that the way it worked before was better for all. He commented that this letter has screwed up what historically worked for years explaining that we used to move docks so they all could be out there. Director Smith commented on the Lake Elsinore comment from Mr. Cooke explaining that we have to be diligent with our Quagga program and fortunately we are Quagga clean so far. Mr. Stephenson reported that so far this year we have found 5 boats with Quagga and the District flagged Elsinore as non-compliant several years ago realizing that they don't monitor or educate at all.

ANNOUNCEMENTS

Mr. Heule reported that the next Board meeting will be on June 19. He explained that agenda items will include consideration of the adoption of the Fiscal Year 2014-15 budget and appropriations limit and the transfer of un-appropriated funds. He added that June 18 will be a Watershed workshop on the proposed statewide Mercury TMDL.

Director Eminger commented that the North Shore Improvement Association did a very good job of shoreline cleanup. Mr. Stephenson agreed adding that they had many, many bags of trash to pick up filling our dump truck.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:31 P.M.

NEXT MEETING

Open Session at 1:00 P.M.
Thursday, June 19, 2014
Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA

Vicki Sheppard
Secretary to the Board
Big Bear Municipal Water District

(SEAL)

**BIG BEAR MUNICIPAL WATER DISTRICT
REPORT TO BOARD OF DIRECTORS**

MEETING DATE: June 19, 2014

AGENDA ITEM: 5B

SUBJECT:

CONSIDER APPROVAL OF A SPECIAL EVENT PERMIT FOR USARC (UNITED STATES ADAPTIVE RECREATION CENTER) SUMMER PROGRAM TO BE HEADQUARTERED AT B'S BACKYARD BBQ ON VARIOUS WEEKDAY DATES THROUGHOUT THE SUMMER MONTHS

RECOMMENDATION:

The General Manager and the Operations Committee (Directors Murphy & Lewis) recommend approval of this event.

DISCUSSION/FINDINGS:

The USARC will again be holding their summer program that involves adaptive water skiing, jet skiing, fishing, kayaking, and sailing. The program will be headquartered at the B's Backyard Barbeque dock weekdays during July and August with staff training occurring on Saturday June 28, 2014. All staff during the event are trained lifeguards and hold first aid and CPR certifications. The Committee recommends approval of this special event.

OTHER AGENCY INVOLVEMENT: None

FINANCING: None

Submitted by: Scott Heule, General Manager

EXHIBIT A

DESCRIPTION OF EVENT

1. Name of Event: 2014 USA2C Summer Program
2. Primary contact name, mailing address, phone number, e-mail: Sara Rosell
PO Box 2897 BBL 92315
909-584-0269
Sara@usarc.org
3. Location of Event: B's Backyard BBQ
4. Date(s): June 28th - training. July 9, 10, 16, 17, 23, 24
30, 31
Aug. 13, 14, 18, 19, 21, 22, 27, 28
5. Describe Event: Adaptive Water Sports
6. Estimated Number of Participants: 10 per day
7. Estimated Number of Spectators: 10
8. Method of Limiting Attendance: Reservations only
9. Method of Trash Collection and Disposal: trash can we dispose of.
10. Proposed First-Aid Services: All staff are lifeguard, 1st Aide, CPR certified.
11. Proposed Security Services: N/A
12. Proposed Fire Protection Services: Extinguishers.
13. Proposed Sanitation Facilities: Accessible Porta-Potty
14. Parking Arrangements: B's BDA
15. Name, Address and Telephone Number of Person Available Before and During Event with authority to Control Event: Same as above.
16. Perimeter control, if applicable: N/A

For District use only:

(601) Deposit \$ 100
Date 4/28/14 Ck # CreditCard

(511) Fee \$ _____
Date _____ Ck # _____

(540) Angler Fee \$ _____
Date _____ Ck # _____

**BIG BEAR MUNICIPAL WATER DISTRICT
REPORT TO BOARD OF DIRECTORS**

MEETING DATE: *June 19, 2014*

AGENDA ITEM: *5C*

SUBJECT:

CONSIDER APPROVAL OF A SPECIAL EVENT PERMIT FOR THE NIKOLAI WEDDING CEREMONY TO BE HELD AUGUST 9, 2014

RECOMMENDATION:

The General Manager and the Operations Committee (Directors Murphy & Lewis) recommend approval of this event.

DISCUSSION/FINDINGS:

The applicant requests permission to stage a wedding ceremony using the fireworks barge in Papoose Bay on the water adjacent to 651 Cove Drive (Dock #24). The applicant will be responsible for placing and returning the fireworks barge to Pine Knot Landing. Conditions of approval by the District recommended by the Lake Manager include placing at least three life rings and a fire extinguisher on the barge whenever anyone is on the barge. The Committee recommends that the Board approve this special event and in addition to standard conditions include those recommended by the Lake Manager.

OTHER AGENCY INVOLVEMENT: None

FINANCING: None

Submitted by: Scott Heule, General Manager

EXHIBIT A

DESCRIPTION OF EVENT

1. Name of Event: Nikolai Wedding
2. Primary contact name, mailing address, phone number, e-mail: Kathy Nikolai
3. Location of Event: 11512 Collett Ave Granada Hills CA 91344 818.645.9701
651 Cove Dr. BBL Dock # 24 Kathy DRpm-pbi.com
4. Date(s): Aug 9, 2014
5. Describe Event: Wedding - utilizing PineKnot Firework dock for ceremony
6. Estimated Number of Participants: > 100-120 Reception on ~~land~~ property.
7. Estimated Number of Spectators:
8. Method of Limiting Attendance: guest list
9. Method of Trash Collection and Disposal: Personal
10. Proposed First-Aid Services: Home
11. Proposed Security Services: Home
12. Proposed Fire Protection Services: Home
13. Proposed Sanitation Facilities: Home
14. Parking Arrangements:
15. Name, Address and Telephone Number of Person Available Before and During Event with authority to Control Event: Same as above
16. Perimeter control, if applicable:

For District use only:

- (601) Deposit \$ 500
Date 5/5/14 Ck # 6011
- (511) Fee \$ 100
Date 5/5/14 Ck # 6011
- (540) Angler Fee \$ _____
Date _____ Ck # _____

**BIG BEAR MUNICIPAL WATER DISTRICT
REPORT TO BOARD OF DIRECTORS**

MEETING DATE: *June 19, 2014*

AGENDA ITEM: *6A*

SUBJECT:

CONSIDER APPROVAL OF FISCAL YEAR 2014-15 BUDGET

RECOMMENDATION:

The General Manager and the Budget/Finance Committee (Directors Murphy & Lewis) recommend approval of the budget.

DISCUSSION/FINDINGS:

At the last Board meeting Staff provided a summary of the proposed Fiscal Year 2014-15 Budget. There are just a few minor changes in the attached budget compared to the version presented at the meeting on June 5, 2014. The Budget and Finance Committee recommend the Board approve the proposed Fiscal Year 2014-15 Budget as presented here and the attached Resolutions establishing the Appropriations Limit for Fiscal Year 2014-15 and also the Resolution establishing Employee Compensation.

OTHER AGENCY INVOLVEMENT: None

FINANCING: None

Submitted by: Scott Heule, General Manager

RESOLUTION NO. 2014-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT TRANSFERRING FUNDS UNAPPROPRIATED AS OF JUNE 30, 2014 TO THE DISTRICT'S CONTINGENCY RESERVE ACCOUNT, AFFIRMING INVESTMENT POLICY, APPROVING THE DISTRICT'S BUDGET AND ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE FISCAL YEAR COMMENCING JULY 1, 2014

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT as follows:

Section 1. Contingency Reserves

(a) The District has previously established a contingency reserve account for each discrete fund of the District. The continued existence of such contingency reserve accounts is hereby affirmed.

(b) All moneys previously appropriated to any fund of the District which are not expended as of June 30, 2013 shall be appropriated to the contingency reserve account of each respective District fund.

(c) Unless moneys are being accumulated as reserve, appropriations to the various contingency reserve accounts shall be expended for usual and necessary expenses chargeable to each of the respective funds.

Section 2. Investment Policy

The investment policy adopted by the District on November 7, 1996, is hereby affirmed for the fiscal year commencing July 1, 2014.

Section 3. Budget

The budget attached hereto and hereby incorporated by this reference as Exhibit A, is hereby approved for the fiscal year commencing July 1, 2014.

Section 4. Appropriations Limit

The appropriations limit of the District under California Constitution Article XIII B for the fiscal year commencing July 1, 2014, is \$12,542,583.74

PASSED, APPROVED AND ADOPTED this 19th day of June 2014.

ATTEST:

Todd Murphy, President

Vicki Sheppard, Secretary to the Board

(SEAL)

RESOLUTION NO. 2014-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT ESTABLISHING EMPLOYEE COMPENSATION AND REPEALING RESOLUTION NO. 2013-09

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT as follows:

Section 1. Purpose

The purpose of this resolution is to establish positions of employment and employment compensation as stated in Exhibits "A" and "B" attached hereto.

Section 2. Repeals

Resolution No. 2013-09 is hereby repealed.

PASSED, APPROVED AND ADOPTED this 19th day of June, 2014

Todd Murphy, President

ATTEST:

Vicki Sheppard, Secretary to the Board

(SEAL)

**RESOLUTION NO. 2014-05
EXHIBIT "A"
2014 COMPENSATION PLAN**

FULL-TIME EMPLOYEES

POSITION										MINIMUM (Monthly)	MAXIMUM (Monthly)	
GENERAL MANAGER										\$9,048	\$12,128	
	9,048	-	9,500	-	9,975		10,475		11,000		11,550	12,128
LAKE MANAGER										\$7,150	\$9,583	
	7,150	-	7,505	-	7,883	-	8,277	-	8,691	-	9,126	9,583
SR. ACCOUNTANT/HUMAN RESOURCES										\$4,654	\$6,237	
	4,654	-	4,887	-	5,132	-	5,387	-	5,658	-	5,941	6,237
LAKE OPERATIONS SUPERVISOR										\$4,248	\$5,694	
	4,248	-	4,460	-	4,684	-	4,918	-	5,164	-	5,422	5,694
MECHANICAL AND FACILITY TECHNICIAN										\$3,788	\$5,077	
	3,788	-	3,977	-	4,176	-	4,385	-	4,605	-	4,835	5,077
MAINTENANCE COORDINATOR										\$3,462	\$4,638	
	3,462	-	3,634	-	3,816	-	4,007	-	4,207	-	4,418	4,638
ADMINISTRATIVE ASSISTANT										\$3,371	\$4,518	
	3,371	-	3,540	-	3,717	-	3,902	-	4,098	-	4,303	4,518
ACCOUNTANT I/PUBLIC INFORMATION COORDINATOR										\$3,371	\$4,518	
	3,371	-	3,540	-	3,717	-	3,902	-	4,098	-	4,303	4,518
ADMINISTRATIVE CLERK										\$2,537	\$3,401	
	2,537	-	2,664	-	2,797	-	2,937	-	2,085	3,239	3,188	3,401

*** RESOLUTION NO. 2004-08 Section 4.104 Step Raises**

(b) Employees who are at the top or above the approved pay scale and who have not received a step (merit) increase in three (3) years, shall be eligible for a five percent (5%) merit raise after performing three years of satisfactory service. Performance evaluation(s) with a satisfactory or higher rating shall be required for this merit increase. Employees at the top of the pay scale shall only be eligible for this merit increase once in any three (3) year period.

RESOLUTION NO. 2014-05

**EXHIBIT "B"
2014
COMPENSATION PLAN**

SEASONAL EMPLOYEES

POSITION	MINIMUM						MAXIMUM						
	(Hourly)						(Hourly)						
LAKE RANGER AIDE	legal minimum wage						legal minimum wage						
LAKE RANGER I	\$12.05						\$16.14						
	12.05	-	12.65	-	13.28	-	13.94	-	14.64	-	15.37	-	16.14
LAKE RANGER II	\$14.64						\$19.62						
	14.64	-	15.37	-	16.14	-	16.95	-	17.80	-	18.69	-	19.62

TEMPORARY EMPLOYEES

POSITION	(Hourly)	(Hourly)
GRANT COORDINATOR	\$45.00	\$45.00
ENGINEER	\$150.00	\$150.00

BIG BEAR MUNICIPAL WATER DISTRICT



PROPOSED BUDGET
FY 2014-2015

BIG BEAR MUNICIPAL WATER DISTRICT

FORMATION:

Established in 1964 under the Municipal Water Code of 1911

MISSION:

Stabilize the level of Big Bear Lake
for Recreation and Wildlife



BOARD OF DIRECTORS

Todd Murphy, Vice President - Division I
Mary Ann Lewis, Director - Division II
Vacant, Director - Division III
John Eminger, Director - Division IV
Vince Smith, President - Division V

MANAGEMENT

Scott Heule - General Manager
Mike Stephenson - Lake Manager

40524 Lakeview Drive
P. O. Box 2863
Big Bear Lake, CA 92315
(909) 866-5796

Web Page - www.bbmwd.com

E-mail - bbmwd@bbmwd.net

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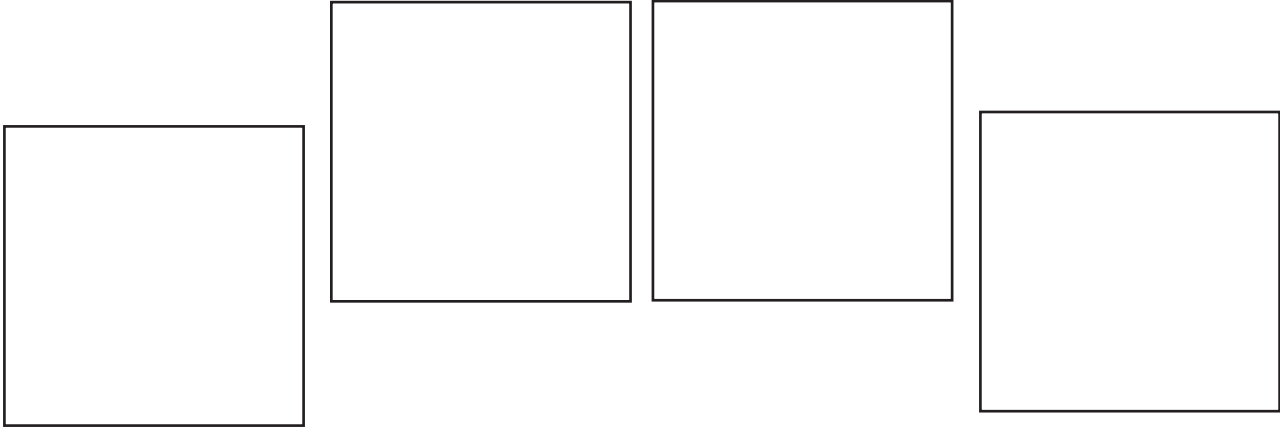
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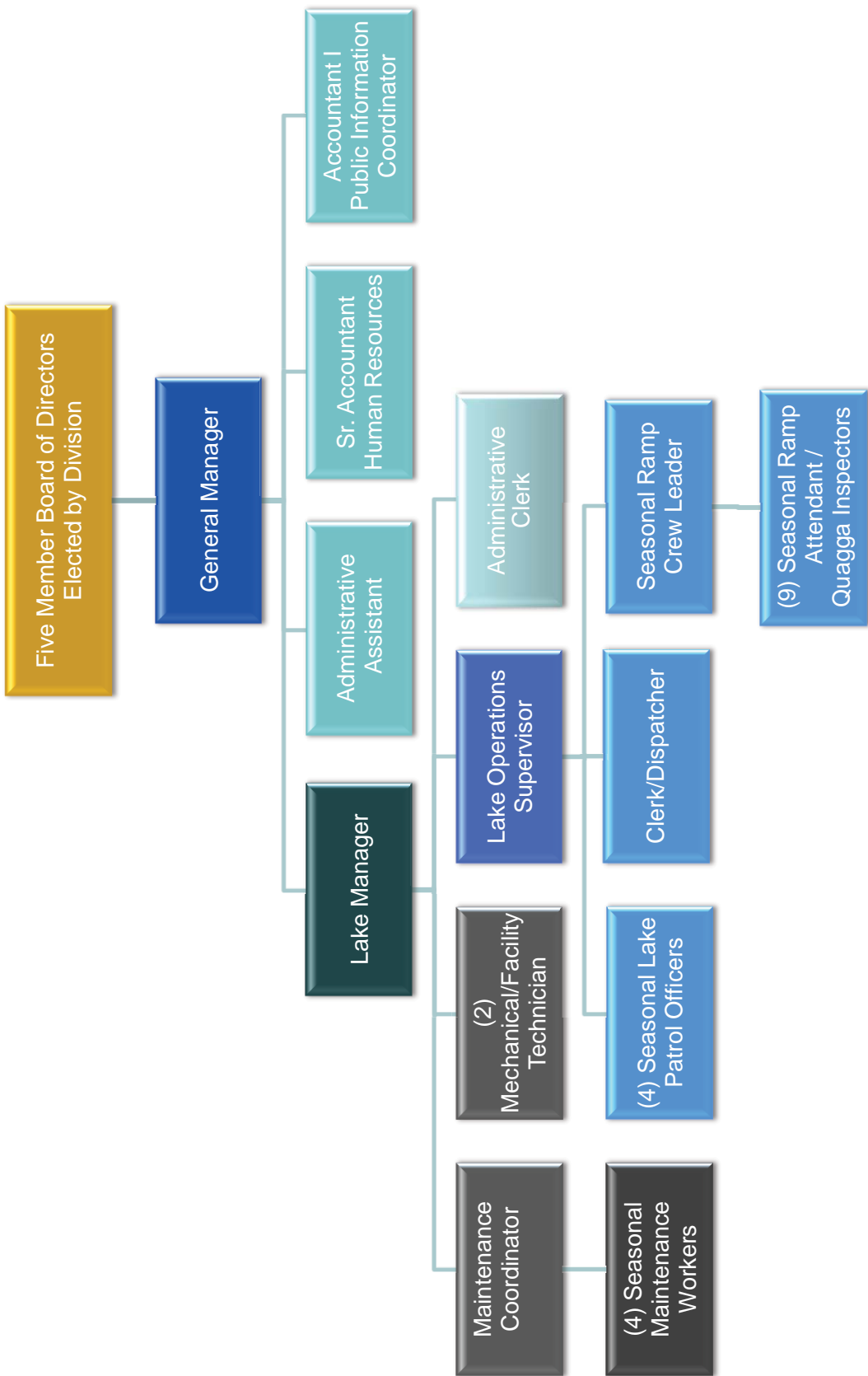
BOARD OF DIRECTORS



(Pictured from left to right)

*Vice President Mary Ann Lewis, Director Vince Smith, President Todd Murphy, Director John Eminger
Division 3 seat vacant*

Directors are elected by divisions balanced by the population. Each Director serves a four-year term and there are no term limits. Elections are held every two years, with elections for Divisions 1, 2 and 3 open in the same even-numbered years, and Divisions 4 and 5 open in the same even-numbered years. An election for Divisions 1, 2 and 3 is scheduled for November 2014.



WHO WE ARE

The Big Bear Municipal Water District is an independent special district governed by a five member Board of Directors elected by geographic division. It was established in 1964 by the people of Big Bear Valley for the purpose of stabilizing the water level of Big Bear Lake for recreation and wildlife.

WHAT WE DO

- Stabilization of the level of Big Bear Lake by managing the amount of Lake water released to the downstream water rights holder
- Watershed/Water Quality Management
- Recreation Management
- Wildlife Habitat Preservation and Enhancement
- Bear Valley Dam and Reservoir Maintenance

The major objectives for FY 2014-15 are set forth in this document, along with the descriptions of the individual programs and projects. District goals and expenditures to meet those goals, are monitored on a quarterly basis. The manner in which the District's programs and financial operations are organized is as follows:

REVENUE SOURCES

The District's main source of revenue is property taxes which account for approximately 67% of all District income. Most of the remaining revenue comes from Lake use fees, interest on investments and the sale of water to the two local ski areas for making snow. Lake water is not used for domestic consumption.

FINANCIAL PLAN ORGANIZATION

This document presents the budget for FY 2013-14 and for those areas where it is possible, a forecast is presented for FY 2014-15. Through implementation of a two-year forecasting plan the District can realize the following benefits:

1. Reinforcement of long-range planning whenever possible to include funding for future projects
2. Establishment of realistic funding to meet major objectives
3. Promotion of more orderly spending patterns
4. Savings in time and resources allocated to preparing annual budget

CAPITAL FINANCING AND DEBT MANAGEMENT

- Capital improvements and equipment and vehicle replacement needs are typically paid for from designated cash reserves. If current reserves are not sufficient, project phasing or postponement is considered. If these measures are not adequate longer term project financing is explored but only as a last resort.
- The District will monitor and evaluate all forms of debt annually.
- The District will diligently monitor its compliance with bond covenants.
- The District will commit 100% of the annual "Capital Replacement Schedule"(page 22) and up to 18% of the prior year depreciation of fixed assets for boat, equipment and vehicle replacement costs to the Capital Improvement Fund, so long as revenues are sufficient and that this approach does not interfere with the District's ability to meet other program expense requirements.
- The District will meet all General Fund current year operating expenses with current year revenues.

GENERAL FUND 2014-15

The General Fund portion of this budget contains program budgets with line item expense categories. The District's General Fund operates under four programs which are described more fully in the program budget section of this document. They are as follows:

- ADMINISTRATION
- WATER RESOURCES
- MAINTENANCE
- OPERATIONS

Salaries and benefits are allocated to each program, along with related expenses. In addition to the program budgets, the District has also established the following General Fund budgets:

- REVENUE PROJECTIONS
- CAPITAL IMPROVEMENT FUND
- DEBT SERVICE
- PROJECTS

APPROPRIATIONS LIMIT

The Board of Directors annually adopts its appropriations limit calculated according to Section 7901 of the Government Code and Section 2228 of the Revenue and Taxation Code. The actual calculations are posted at least fifteen days prior to adoption of the limit. Should tax proceeds ever exceed allowable limits, the District has the option to consider seeking a vote of the public to amend its appropriations limit.

SALARIES AND BENEFITS

Salaries & Benefits for FY 2014-15 include 10 full-time employees, 1 part-time employee and 19 seasonal employees. The District's contribution to the California Public Employees' Retirement System (PERS) is 10.238%. The District will also fund 3.5% of the full-time employees' 7% PERS contribution.

BUDGET MESSAGE

From the General Manager

As this message is being prepared the District has approved a purchase proposal for the Trout Pond property it owns on Rathbun Creek. Over the past couple years a few purchase offers have been made, and one was accepted, but none were serious enough to follow through. After nine months of effort and with the support and encouragement of the California Department of Fish and Wildlife the District, the City of Big Bear Lake and the Inland Empire Resources Conservation District along with Caltrans drafted a purchase proposal valued at \$605,000. If a final purchase and sale agreement can be signed by the three principal agencies, the District would be able to sell two residential properties, one vacant and one with a house, that front Catalina Road. The City would own open space that they could incorporate into a trail system along Rathbun Creek and the Resource Conservation District would have land that could be restored for wetland or riparian habitat using various project environmental mitigation funds. The restored wetland and riparian land will help improve water quality as it flows towards the Lake, and flooding in the immediate area would likely be reduced because there will no longer be a pond to back up the water behind the dam.

The traffic control plan for the East Launch Ramp that was initiated last summer, along with the additional seasonal staffing, significantly improved the traffic flow and reduced boaters' stress while launching. District staff has been able to better protect vehicle with boat trailers only parking by directing single car parking only in designated stalls.

After carefully analyzing limnological trends and historic successes and failures the Board of Directors authorized expanding the fleet of weed harvesters. However, the new harvester will not arrive in time for the 2014 summer season. Therefore, during the summer of 2014 residents and visitors to the Lake will see the Districts' single weed harvester working extended hours around docks and near the shoreline. During 2013 1,105,000 pounds or 553 tons of weeds were removed from the Lake. The District anticipates increasing that number significantly in 2014. Additionally the Board approved the purchase of a second dump truck that will aid in the transport and disposal of cut weeds.

The District took the first step to secure permits for a fully designed dredge project at Big Bear Marina and several public and private conceptual dredge projects around the Lake. That first step was to hire a consultant to prepare a program environmental impact report that would be the basis for Army Corps of Engineers, State Fish and Wildlife and Regional Water Quality Control Board evaluation and eventual approvals. This is an exciting endeavor because the work has been in the planning stage since 2003.

One significant capital improvement project proposed for FY 2014-15 is to finish repaving of the final 1/3 of the parking lot at the East Launch Ramp. The actual work will probably be done in the late spring of 2015. Another exciting project for this upcoming fiscal year is remodeling of the District Board room. With the exception of carpet little has been done over the past 20 years to make the room more friendly and inviting. Improvements that are proposed include painting, new lighting over the dais, upgraded audio/visual equipment, and rebuilding the dais to improve functionality and visual effect. Much of the labor associated with the work will be provided by the Districts' own skilled workers.

Revenue from property taxes is again expected to be close to \$3,000,000 and stabilizing the Lake level will probably not be significantly different from the \$1,200,000 mark that it has been hovering around the past couple years. This in-lieu expense goes up and down based on the assessed valuation of all the property within the District boundaries in accordance with the 1996 in-lieu agreement the District has with San Bernardino Valley Municipal Water District.

Budget Message (continued)

As in years past controlling payroll cost is a high priority for the Directors in order to help balance the budget. During FY 2014-15 year round employees will increase their payroll deduction to help fund their CalPERS retirement from 2.5% to 3.5% of their annual pay. The year round staffing level will include 10 fulltime and one part time engineer. Seasonal staffing will include four Lake Patrol officers, four Maintenance workers, one Clerk/Dispatcher, one Ramp Crew Leader and 9 Ramp Attendants/Quagga Inspectors. Employee salaries and benefits for FY 2014-15 is budgeted at \$1,513,957 up 7.2% from FY 2013-14. The increase is a result of normal step increases for year round and returning seasonal workers an additional seasonal launch ramp worker and 150 more hours (300 hours to 450 hours) for the Districts' part time engineer.

The Big Bear Municipal Water District Fiscal Year 2014-15 budget of \$4,494,000 in revenue incorporates a reduction of \$15,000 in private dock license fees due to the lower lake level.

During FY 2014-15 the District will be receiving an important new additional piece of equipment. Using an \$85,000 grant from the California Division of Boating and Waterways a brand new replacement Lake Patrol boat will be added to the fleet. The Districts expense for this new piece of equipment will likely not exceed \$16,000. It will be 26 feet in length and be equipped with a "duoprop" (two in line propellers spinning in opposite directions) outdrive system.



Scott Heule, General Manager

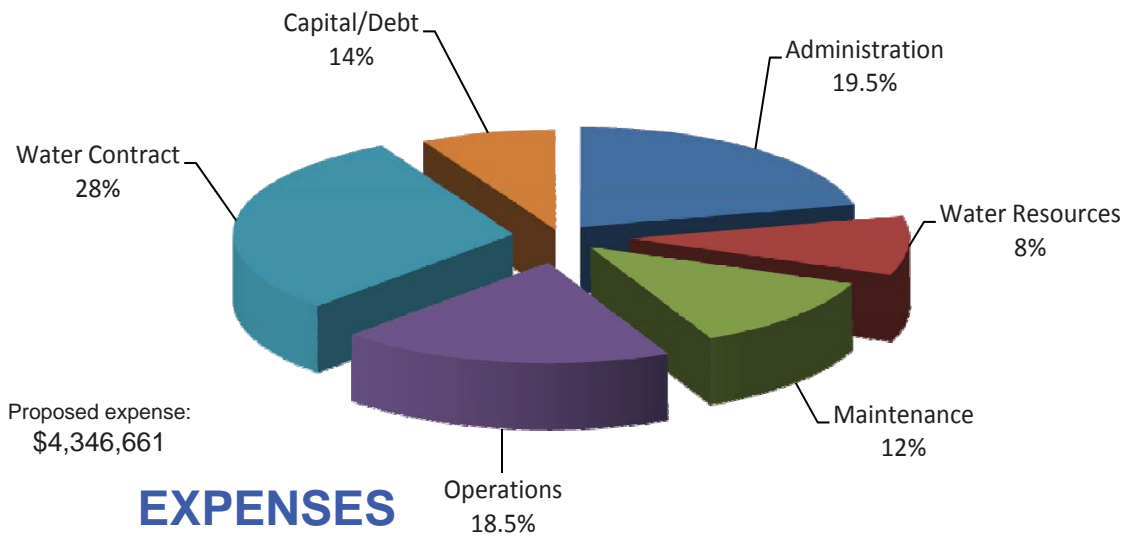
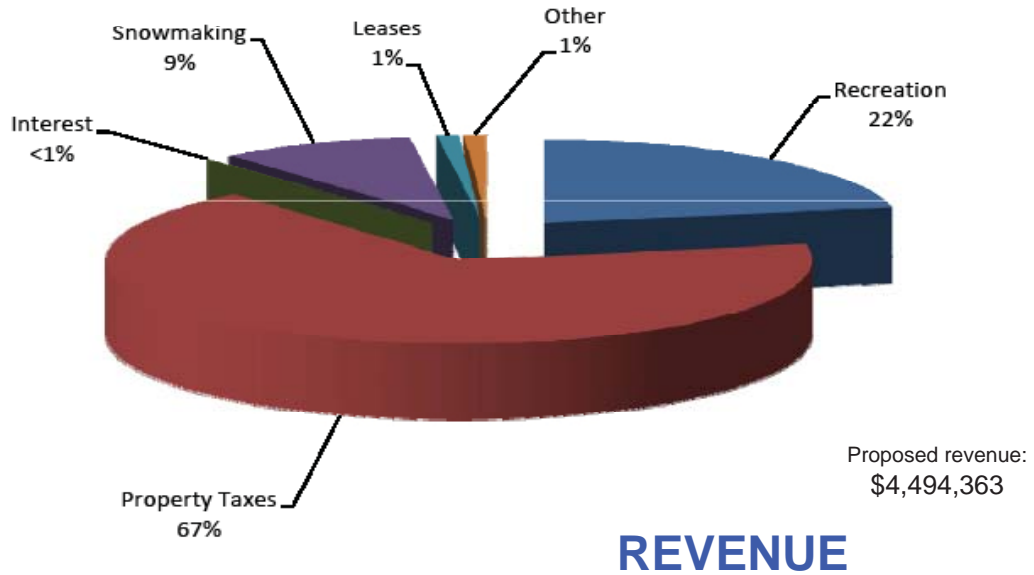
BIG BEAR MUNICIPAL WATER DISTRICT

OVERALL GENERAL FUND OPERATING BUDGET SUMMARY

FISCAL YEAR REVENUE TOTALS	2011-2012 ACTUAL REVENUE	2012-2013 ACTUAL REVENUE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED REVENUE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
OPERATING REVENUE						
ADMINISTRATIVE REVENUE	\$439,091	\$448,462	\$451,213	\$451,413	\$461,063	\$468,867
PROPERTY TAX REVENUE	\$3,126,752	\$3,602,202	\$3,000,000	\$3,173,528	\$3,000,000	\$3,000,000
OPERATING REVENUE	\$974,409	\$1,130,732	\$1,048,450	\$1,021,884	\$1,033,300	\$1,033,300
TOTAL	\$4,540,252	\$5,181,396	\$4,499,663	\$4,646,825	\$4,494,363	\$4,502,167
FISCAL YEAR EXPENSE TOTALS	2011-2012 ACTUAL EXPENSE	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
OPERATING EXPENDITURES						
SALARIES AND BENEFITS	\$1,253,776	\$1,451,387	\$1,412,235	\$1,446,382	\$1,513,957	\$1,534,576
SERVICES AND SUPPLIES	\$937,892	\$849,680	\$1,116,177	\$888,408	\$1,012,844	\$1,063,918
IN-LIEU WATER CONTRACT PAYMENT	\$1,204,220	\$1,195,279	\$1,220,000	\$1,187,658	\$1,220,000	\$1,220,000
DEBT SERVICE (BONDS/OTHER)	\$386,671	\$380,663	\$392,231	\$392,231	\$391,000	\$389,000
CAPITAL IMPROVEMENT FUND ALLOCATION	\$219,374	\$190,502	\$195,333	\$190,681	\$208,859	\$233,859
TOTAL	\$4,001,933	\$4,067,511	\$4,335,976	\$4,105,360	\$4,346,661	\$4,441,353
OPERATING REVENUE	\$4,540,252	\$5,181,396	\$4,499,663	\$4,646,825	\$4,494,363	\$4,502,167
OPERATING EXPENDITURES	\$4,001,933	\$4,067,511	\$4,335,976	\$4,105,360	\$4,346,661	\$4,441,353
OPERATING FUND ALLOCATIONS	\$538,319	\$1,113,885	\$163,687	\$541,466	\$147,702	\$60,814
<i>Dam Repair</i>	\$0	\$0	\$80,000	\$100,000	\$0	\$0
<i>In-lieu water fund</i>	\$0	\$435,557	\$0	\$0	\$0	\$0
<i>Lake Improvement</i>	\$538,319	\$678,328	\$83,687	\$131,501	\$0	\$0
<i>Stanfield Marsh Improvement</i>	\$0	\$0	\$0	\$0	\$50,000	\$0
SURPLUS/DEFICIT	\$0	\$0	\$0	\$309,965	\$97,702	\$60,814

GENERAL FUND

BUDGET-AT-A-GLANCE FY 2014-2015



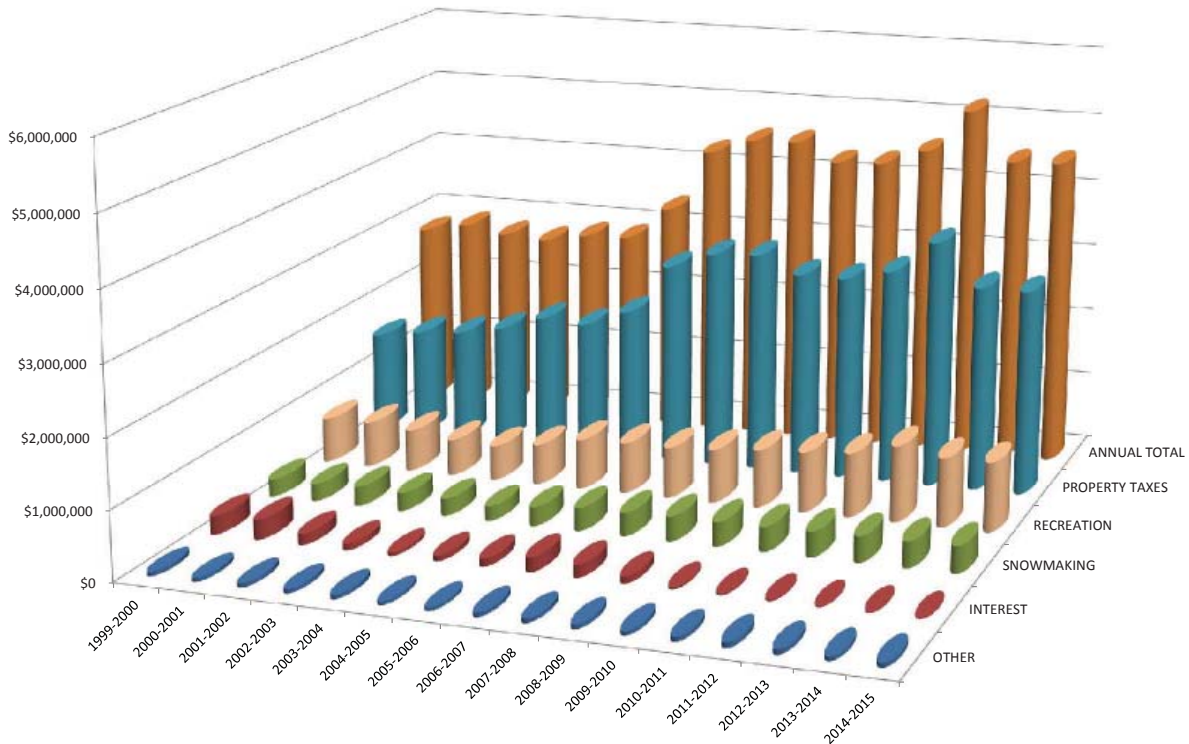
The pie chart at the top of the page depicts the District's General Fund revenue sources and the percentage each category contributes to the District's total projected General Fund income of \$4,494,363 for FY 2014-2015. The bottom chart identifies the expenditures by programs, water contract payment and capital and debt for the same fiscal year.

GENERAL FUND REVENUE

FISCAL YEAR REVENUE	2011-2012 ACTUAL REVENUE	2012-2013 ACTUAL REVENUE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED REVENUE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
ADMINISTRATIVE						
WATER SALES/SNOWMAKING	\$367,659	\$375,012	\$382,512	\$382,512	\$390,162	\$397,966
INTEREST INCOME	\$22,000	\$13,637	\$17,000	\$17,500	\$16,000	\$16,000
BB MARINA/MOBIL/NJIT LEASES	\$45,000	\$47,126	\$47,701	\$47,701	\$47,701	\$47,701
SURPLUS SALE	\$0	\$0	\$0	\$0	\$0	\$0
OTHER MISCELLANEOUS	\$4,432	\$12,687	\$4,000	\$3,700	\$7,200	\$7,200
TOTAL	\$439,091	\$448,462	\$451,213	\$451,413	\$461,063	\$468,867
PROPERTY TAXES						
CURRENT SECURED	\$2,827,610	\$2,963,339	\$2,700,000	\$2,856,747	\$2,467,940	\$2,467,940
CURRENT UNSECURED	\$185,246	\$341,576	\$100,000	\$215,397	\$284,473	\$284,473
PRIOR YEAR SECURED	\$17,267	\$30,672	\$70,000	\$14,782	\$25,544	\$25,544
PRIOR YR. UNSECURED	\$3,471	\$9,252	\$40,000	\$6,163	\$7,705	\$7,705
OTHER	\$54,562	\$220,607	\$55,000	\$50,604	\$183,727	\$183,727
HOMEOWNERS' TAX	\$38,596	\$36,756	\$35,000	\$29,835	\$30,611	\$30,611
TOTAL	\$3,126,752	\$3,602,202	\$3,000,000	\$3,173,528	\$3,000,000	\$3,000,000
OPERATING						
DOCK LICENSE FEES	\$104,441	\$120,715	\$110,000	\$110,000	\$95,000	\$95,000
BOAT PERMIT FEES	\$614,815	\$721,316	\$665,000	\$635,000	\$665,000	\$665,000
QUAGGA SURCHARGE FEES	\$54,636	\$80,094	\$74,000	\$78,000	\$74,000	\$74,000
MARINA COMPENSATION	\$88,855	\$84,633	\$84,000	\$86,000	\$84,000	\$84,000
BOAT STORAGE	\$17,710	\$16,875	\$14,000	\$16,800	\$16,250	\$16,250
RECREATIONAL VEH. PARK	\$61,066	\$61,642	\$60,000	\$54,275	\$60,000	\$60,000
MTN. WATERS DISPATCH - ADS	\$11,150	\$12,700	\$13,000	\$11,100	\$12,000	\$12,000
OTHER	\$21,736	\$32,757	\$28,450	\$30,709	\$27,050	\$27,050
TOTAL	\$974,409	\$1,130,732	\$1,048,450	\$1,021,884	\$1,033,300	\$1,033,300
REVENUE GRAND TOTAL	\$4,540,252	\$5,181,396	\$4,499,663	\$4,646,825	\$4,494,363	\$4,502,167

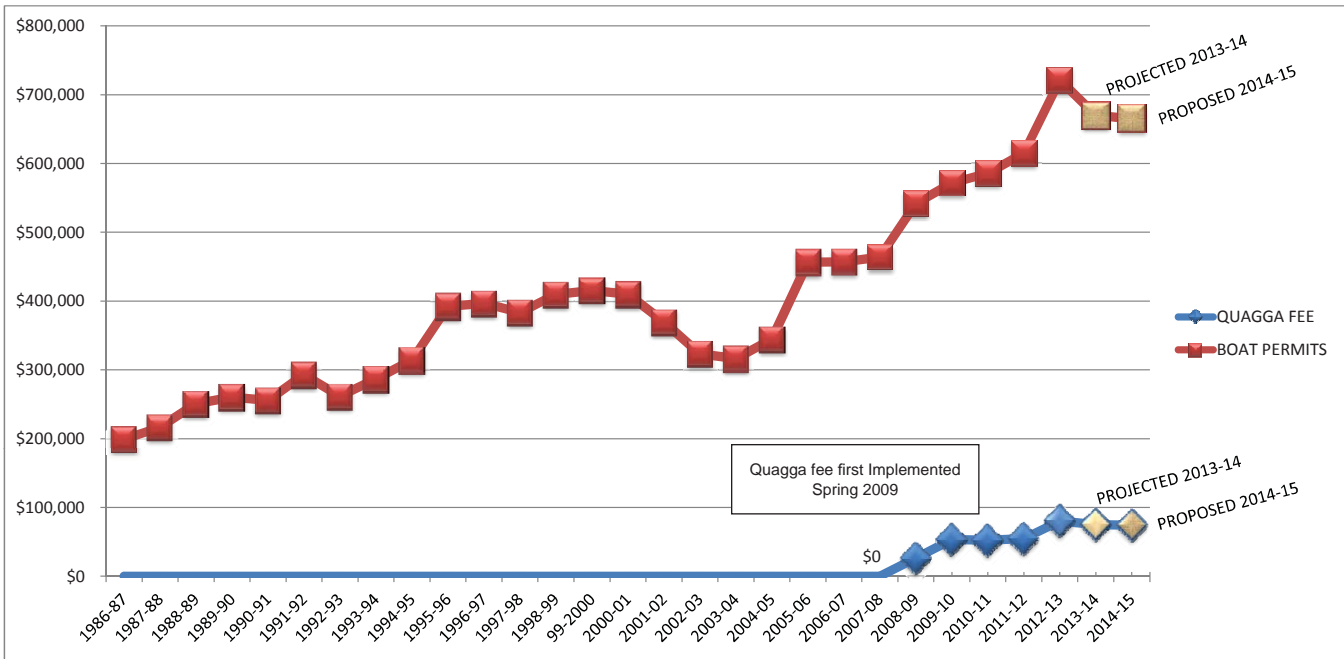
GENERAL FUND REVENUE HISTORY

Total District General Fund revenue for 2014-2015 is projected to be \$4,494,363.



The above graph shows annual revenue from all sources beginning with FY 2001-2002. The property tax revenue bars clearly show the increase in assessed valuations on property within the District beginning in FY 2005-06. Property tax revenue declined for FY 2009-2010. It appears that property tax revenue has become less volatile and has stabilized at about \$3 million. However, continued legislative decisions have complicated the matter immensely.

BOAT PERMIT REVENUE HISTORY



Historically revenue from dock license fees and boat permits varied almost directly with the water level of the Lake. In recent history changes in fees has somewhat altered that effect. Increases in boat permit fees have impacted the shape of the “Boat Permit Revenue History” graph. Boat permit fees have increased from \$55 in 1988 to \$110 in 2013. A surcharge of \$5 was added in 2009 to cover District expenses in administering Quagga Mussel inspection, decontamination and education as shown below.

YEAR	REGISTERED BOAT PERMIT	QUAGGA MUSSEL INSPECTION CHARGE
1988	\$55	\$0
1989	\$60	\$0
1995	\$65	\$0
2006	\$75	\$0
2009	\$85	\$5
2011	\$95	\$5
2013	\$110	\$10

PROGRAM DESCRIPTIONS

The Big Bear Municipal Water District is organized into four programs to conduct the business and meet the objectives for which it is responsible. They include Administration, Water Resources, Maintenance and Operations. They are described below.

ADMINISTRATION

- Administer the overall operations of the District
- Provide all accounting, secretarial, clerical and human resource functions, including purchasing, payroll, budget formulation and control
- Oversee public information projects
- Administer all duties related to the Board of Directors
- Update the MWD Management Plan, Director Handbook and Employee Handbook at least annually
- Manage Lake Awareness Month
- Update computer programs and capabilities as needed to maintain optimum productivity
- Update pdf document archiving program
- Manage Internet web page
- Monitor legislation affecting District operations
- Monitor Brown Act changes
- Participate in professional organizations such as the California Special Districts Association and the San Bernardino County Special Districts Association in order to remain current on issues of importance to the District such as restructuring and possible property tax diversions.

WATER RESOURCES

- Administer the water purchase agreement with San Bernardino Valley Municipal Water District and any other activities related to in-lieu water management
- Participate in the Total Maximum Daily Load (TMDL) process
- Conduct and monitor water quality testing
- Implement watershed management programs
- Coordinate Watermaster Committee activities
- Maintain the Bear Valley Dam and metering of Lake releases
- Protect and manage the Lake's fish and waterfowl habitat
- Ensure compliance with Bear Creek flow requirements under Order No. 95-4 of the State Water Resources Control Board
- Participate in professional organizations such as the Association of California Water Agencies (ACWA) to maintain awareness of prominent water issues

MAINTENANCE

- Maintain the waters of Big Bear Lake and related facilities, including buoy and dock maintenance and placement, aerator maintenance, aquatic plant management, algae treatment, shoreline maintenance (including cleanup activities required by the Forest Service in exchange for the Adventure Pass parking pass exemption), shoreline repairs and stabilization projects, and SS Relief maintenance
- Maintain all District vehicles and other equipment
- Manage the Adopt-A-Shoreline Program and shoreline clean-up days
- Oversee shorezone alteration projects
- Participate in professional organizations such as California Lake Management Society (CALMS), Western Aquatic Plant Management Society (WAPMS) and Western Dredging Association (WEDA) to ensure use of the most advanced Lake management technology and products

OPERATIONS

- Protect the health, safety and welfare of the public on the waters of Big Bear Lake and all District properties by providing a well-trained Lake Patrol staff and prompt emergency response
- Administer dock licensing and boat permit programs
- Maintain a close alliance with the commercial boat landing operators, conducting dock and fleet inspections
- Maintain OSHA standards
- Manage special events on Big Bear Lake
- Operate public boat launch facilities and recreational vehicle park
- Publish an annual issue of Mountain Waters Dispatch
- Maintain District boats
- Promote safe boating and winter Lake safety
- Monitor legislation related to boating activity
- Maintain a data base of Lake Patrol activities and Lake use trends
- Review and update local ordinances
- Participate in professional organizations such as the California Boating Safety Officers Association (CBSOA) to maintain a high level of training

ADMINISTRATION

STAFFING SUMMARY	POSITION	ALLOCATION OF TIME	
		FULL-TIME	SEASONAL
	GENERAL MANAGER	0.60	
	SR/ ACCOUNTANT/HUMAN RESOURCES	1.00	
	ADMINISTRATIVE ASSISTANT	1.00	
	ACCOUNTANT I/PUBLIC INFORMATION	0.50	
	ADMINISTRATIVE CLERK	0.50	
	CLERK DISPATCHER		0.50
	TOTAL STAFF	3.60	0.50

EXPENDITURES	2011-2012 ACTUAL EXPENSE	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2014-2015 FORECAST BUDGET
SALARIES AND BENEFITS						
FULL-TIME SALARIES	\$233,035	\$238,259	\$257,596	\$253,278	\$264,197	\$268,160
SEASONAL SALARIES	\$8,649	\$4,367	\$0	\$5,234	\$10,146	\$10,298
EMERGENCY OVERTIME	\$0	\$0	\$0	\$0	\$0	\$0
FICA/UI/WORKERS' COMP	\$20,451	\$20,638	\$21,284	\$22,400	\$22,003	\$22,333
RETIREMENT/GROUP INS. (1)	\$103,755	\$142,060	\$104,873	\$103,000	\$105,768	\$107,355
SALARIES/BENEFITS TOTAL	\$365,890	\$405,324	\$383,753	\$383,913	\$402,114	\$408,146
SERVICES AND SUPPLIES						
POSTAGE/SHIPPING	\$5,818	\$3,424	\$7,800	\$6,100	\$7,800	\$7,917
PRINTING	\$1,669	\$3,748	\$4,000	\$3,500	\$4,200	\$4,263
OFFICE SUPPLIES	\$9,978	\$10,687	\$10,500	\$10,000	\$10,500	\$10,658
RECRUITMENT - Seasonal	\$0	\$774	\$0	\$218	\$300	\$300
UNIFORMS	\$324	\$1,058	\$1,200	\$0	\$1,200	\$1,200
TELEPHONE	\$23,231	\$21,910	\$27,300	\$24,000	\$25,500	\$25,883
INSURANCE	\$6,133	\$10,635	\$11,806	\$10,645	\$11,806	\$11,983
MEMBERSHIPS/SUBSC/PERMITS	\$17,214	\$22,930	\$23,000	\$20,000	\$28,000	\$23,000
LAFCO FEE	\$1,828	\$1,828	\$1,363	\$1,363	\$2,000	\$2,030
PUBLIC INFORMATION	\$18,864	\$28,807	\$24,900	\$22,000	\$24,900	\$20,000
KOOL KIDS	\$3,975	\$3,979	\$4,000	\$4,572	\$5,000	\$5,000
MWD COUNSEL RETAINER	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000
LEGAL/LEGAL NOTICES	\$6,171	\$8,011	\$25,000	\$2,000	\$15,000	\$15,000
PROFESSIONAL SERVICES	\$100,391	\$57,453	\$80,450	\$50,000	\$86,250	\$87,544
EMPLOYEE TRAINING	\$10,100	\$12,434	\$15,600	\$20,209	\$21,800	\$22,127
DIRECTOR FEES	\$51,579	\$46,381	\$53,950	\$45,000	\$53,883	\$54,691
DIRECTOR GROUP INSURANCE	\$68,285	\$73,392	\$79,263	\$62,000	\$78,236	\$79,409
DIRECTOR SEMINARS/TRAVEL	\$7,425	\$6,808	\$10,000	\$5,000	\$10,000	\$10,000
COMPUTER MAINTENANCE	\$21,324	\$38,288	\$34,700	\$24,000	\$25,000	\$25,000
EQUIPMENT MAINT/REPAIR	\$3,605	\$2,906	\$4,000	\$2,000	\$3,000	\$3,045
BLDG/FACILITY MAINTENANCE	\$7,808	\$6,204	\$8,000	\$8,000	\$8,000	\$8,120
PARKING LOT RE-SEAL	\$0	\$0	\$20,000	\$20,000	\$0	\$0
SERVICES/SUPPLIES TOTAL	\$407,722	\$403,656	\$488,832	\$382,607	\$464,374	\$459,169
GRAND TOTAL	\$773,612	\$808,980	\$872,585	\$766,519	\$866,489	\$867,315

(1) Includes portion of 2013 Sidefund Payoff

WATER RESOURCES

STAFFING SUMMARY	POSITION	ALLOCATION OF TIME	
		FULL-TIME	SEASONAL
	GENERAL MANAGER	0.40	
	LAKE MANAGER	0.20	
	LAKE OPERATIONS SUPERVISOR	0.20	
	MAINTENANCE COORDINATOR	0.20	
	MECHANICAL AND FACILITY TECH. (X2)	0.60	
	ENGINEER	1.00	
	FACILITY MAINTENANCE		0.50
	TOTAL STAFF	2.60	0.50

EXPENDITURES	2011-2012 ACTUAL EXPENSE	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2014-2015 FORECAST BUDGET
SALARIES AND BENEFITS						
FULL-TIME SALARIES (1)	\$131,171	\$185,938	\$188,091	\$222,233	\$211,947	\$215,127
SEASONAL SALARIES	\$4,786	\$211	\$12,299	\$0	\$12,287	\$12,471
EMERGENCY OVERTIME	\$630	\$0	\$500	\$0	\$500	\$500
FICA/UI/WORKERS' COMP	\$17,040	\$23,967	\$24,245	\$24,000	\$26,975	\$27,379
RETIREMENT/GROUP INS. (2)	\$44,524	\$73,055	\$47,538	\$47,500	\$47,536	\$48,250
SALARIES/BENEFITS TOTAL	\$198,152	\$283,171	\$272,672	\$293,733	\$299,245	\$303,726
SERVICES AND SUPPLIES						
INSURANCE	\$13,680	\$22,713	\$26,337	\$20,581	\$26,337	\$26,732
UTILITIES- DAM/AERATOR	\$12,609	\$15,807	\$15,000	\$15,000	\$15,000	\$15,225
BEAR VALLEY DAM PERMIT	\$10,497	\$10,497	\$10,500	\$12,376	\$10,500	\$10,658
LEGAL	\$0	\$0	\$3,000	\$0	\$500	\$500
PROFESSIONAL SERVICES	\$42	\$0	\$15,000	\$0	\$10,000	\$10,000
WATERMASTER (1)	\$36,897	\$6,981	\$7,000	\$2,500	\$7,000	\$7,000
AERATOR/DAM MAINTENANCE	\$19,462	\$4,132	\$6,200	\$6,000	\$6,200	\$6,293
WATERSHED MGT. LAB TESTS/TMDL	\$6,219	\$7,008	\$2,000	\$3,655	\$2,000	\$2,030
FISHERY MANAGEMENT	\$23,026	\$18,413	\$18,000	\$18,000	\$28,000	\$18,000
SERVICES/SUPPLIES TOTAL	\$122,432	\$85,551	\$103,037	\$78,112	\$105,537	\$96,438
GRAND TOTAL	\$320,584	\$368,723	\$375,709	\$371,845	\$404,782	\$400,164

(1) Watermaster direct expenses only. Engineering time included in salaries.

(2) Includes portion of 2013 Sidedfund Payoff

MAINTENANCE

STAFFING SUMMARY	POSITION	ALLOCATION OF TIME	
		FULL-TIME	SEASONAL
	LAKE MANAGER	0.40	
	LAKE OPERATIONS SUPERVISOR	0.20	
	MECHANICAL AND FACILITY TECH.	0.80	
	MAINTENANCE COORDINATOR	0.80	
	FACILITY MAINTENANCE		2.50
	TOTAL STAFF	2.20	2.50

EXPENDITURES	2011-2012 ACTUAL EXPENSE	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
SALARIES AND BENEFITS						
FULL-TIME SALARIES	\$129,363	\$139,986	\$150,306	\$146,379	\$154,898	\$157,221
SEASONAL SALARIES	\$48,928	\$58,533	\$41,573	\$58,783	\$52,994	\$53,789
EMERGENCY OVERTIME	\$1,411	\$2,999	\$1,000	\$2,331	\$1,000	\$1,000
FICA/UI/WORKERS' COMP	\$21,000	\$29,263	\$28,285	\$28,000	\$28,356	\$28,782
RETIREMENT/GROUP INS. (1)	\$73,451	\$80,079	\$72,812	\$70,000	\$72,088	\$73,169
SALARIES/BENEFITS TOTAL	\$274,153	\$310,860	\$293,976	\$305,493	\$309,336	\$313,961
SERVICES AND SUPPLIES						
JANITORIAL SUPPLIES	\$2,514	\$2,052	\$2,500	\$2,500	\$2,600	\$2,639
INSURANCE	\$13,208	\$21,930	\$25,429	\$19,871	\$25,429	\$25,810
UNIFORMS/EQUIPMENT	\$4,120	\$3,507	\$4,700	\$4,700	\$4,500	\$4,568
SMALL TOOLS/TOOL SUPPLIES	\$4,832	\$4,832	\$7,000	\$4,300	\$5,000	\$5,075
RECRUITMENT - Seasonal	\$1,151	\$1,190	\$1,200	\$1,200	\$1,200	\$1,200
OSHA COMPLIANCE (TRAINING ETC.)	\$2,381	\$2,073	\$3,100	\$1,400	\$2,500	\$2,538
VEHICLE MAINTENANCE	\$6,677	\$10,896	\$13,400	\$10,000	\$12,000	\$12,180
INVASIVE SPECIES CONTROL-Lake	\$51,990	\$55,829	\$100,000	\$100,000	\$100,000	\$101,500
EQUIPMENT MAINT/REPAIR	\$2,560	\$3,176	\$5,000	\$2,500	\$4,000	\$4,060
BLDG/FACILITY MAINTENANCE	\$58,679	\$18,191	\$22,000	\$22,000	\$22,000	\$22,330
SS RELIEF/PORTABLES MAINT.	\$9,956	\$10,744	\$12,500	\$12,500	\$12,500	\$12,688
VECTOR CONTROL/SB COUNTY	\$0	\$0	\$0	\$0	\$0	\$0
SERVICES/SUPPLIES TOTAL	\$158,068	\$134,419	\$196,829	\$180,970	\$191,729	\$194,587
GRAND TOTAL	\$432,221	\$445,279	\$490,805	\$486,463	\$501,065	\$508,547

(1) Includes portion of 2013 Sidefund Payoff

OPERATIONS

STAFFING SUMMARY	POSITION	ALLOCATION OF TIME	
		FULL-TIME	SEASONAL
	LAKE MANAGER	0.40	
	LAKE OPERATIONS SUPERVISOR	0.60	
	MECHANICAL AND FACILITY TECH.	0.60	
	ACCOUNTANT I/PUBLIC INFORMATION	0.50	
	ADMINISTRATIVE CLERK	0.50	
	CLERK DISPATCHER		0.50
	LAKE PATROL/RAMP ATTENDANTS		11.40
	TOTAL STAFF	2.60	11.90

EXPENDITURES	2011-2012 ACTUAL EXPENSE	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
SALARIES AND BENEFITS						
FULL-TIME SALARIES	\$156,328	\$133,393	\$159,602	\$164,443	\$166,025	\$167,852
SEASONAL SALARIES	\$134,492	\$173,193	\$171,405	\$167,361	\$200,397	\$202,601
EMERGENCY OVERTIME	\$6,983	\$7,142	\$5,000	\$6,440	\$5,000	\$5,000
FICA/UI/WORKERS' COMP	\$44,224	\$44,479	\$47,904	\$47,000	\$52,498	\$53,075
RETIREMENT/GROUP INS. (1)	\$73,554	\$93,825	\$78,871	\$78,000	\$79,343	\$80,216
SALARIES/BENEFITS TOTAL	\$415,581	\$452,032	\$462,782	\$463,244	\$503,263	\$508,744
SERVICES AND SUPPLIES						
POSTAGE AND SHIPPING	\$1,422	\$1,630	\$2,000	\$2,290	\$2,600	\$2,639
PRINTING CHARGES	\$9,141	\$11,311	\$14,000	\$14,000	\$13,225	\$13,423
MOUNTAIN WATERS DISPATCH	\$11,862	\$11,828	\$13,000	\$12,158	\$13,500	\$13,703
RECRUITMENT - Seasonal	\$2,702	\$2,868	\$3,800	\$2,800	\$3,800	\$3,857
OSHA EQUIPMENT/OTHER	\$7,901	\$4,860	\$8,200	\$5,500	\$8,000	\$8,120
JANITORIAL SUPPLIES	\$2,294	\$2,600	\$2,900	\$2,900	\$2,900	\$2,944
RADIO COMMUNICATIONS	\$5,120	\$7,115	\$7,000	\$7,000	\$7,000	\$7,105
INSURANCE	\$13,208	\$21,929	\$25,429	\$19,871	\$25,429	\$25,810
UTILITIES	\$58,512	\$55,787	\$65,000	\$60,000	\$65,000	\$65,975
UNIFORMS/EQUIPMENT	\$3,192	\$3,592	\$4,700	\$4,700	\$4,700	\$4,771
BOAT MAINTENANCE	\$14,889	\$17,877	\$16,500	\$16,500	\$16,500	\$16,500
PATROL BOAT ENGINES/OUT DRIVES	\$12,000	\$12,000	\$12,000	\$12,000	\$0	\$24,000
PETROLEUM	\$51,424	\$47,654	\$62,000	\$55,000	\$54,800	\$55,622
PARKING LOT RE-SEAL - West Ramp	\$19,100	\$0	\$0	\$0	\$0	\$35,000
PARKING LOT RE-SEAL - East Ramp	\$0	\$0	\$50,000	\$0	\$0	\$0
RAMPS/RV PARK MAINTENANCE	\$19,048	\$18,691	\$18,500	\$15,000	\$18,500	\$18,778
QUAGGA PREVENTION	\$12,851	\$6,310	\$22,450	\$17,000	\$15,250	\$15,479
SERVICES/SUPPLIES TOTAL	\$244,666	\$226,053	\$327,479	\$246,719	\$251,204	\$313,725
GRAND TOTAL	\$660,247	\$678,085	\$790,261	\$709,962	\$754,467	\$822,468

(1) Includes portion of 2013 Sidefund Payoff

FUND DESCRIPTIONS

This portion of the budget monitors the income and expenses related to redemption funds (assessment districts), grants and other funds. These funds require dedicated sources of income and are not commingled with General Fund moneys.

FUND BALANCES

Within the General Fund, there are a number of designated funds for specific activities and projects. Their descriptions are as follows:

IN-LIEU WATER FUND

This fund was originally established to meet the cost of purchasing water or facilities to meet the demands of Bear Valley Mutual Water Company. Since the signing of the water contract in 1996, it has been maintained at a level equal to at first four times, then three times the water contract payment of \$834,000. However, that practice was changed in FY 2006-07 when the payment became subject to an annual increase. It is now required that at the end of each fiscal year, the account shall have a balance equal to two years payments (twice the amount of the payment due on the following July 1st, plus 10% of that payment). The fund will be reviewed annually to ensure this formula results in the appropriate balance and adjustments shall be made as needed. This provides the District with the ability to continue payments for at least two years in the event of an unexpected revenue shortfall. An advance will be made from the fund each year to meet the July 1st contract amount. This advance will be replaced with property tax income later in the fiscal year as it becomes available.

CAPITAL IMPROVEMENT FUND

Historically this fund received an annual transfer from the General Fund equal to at least 30% of prior year depreciation so long as revenues supported the transfer. During budget preparation and revision in FY 2008-09 a depreciation and replacement schedule was prepared for the District's boats, vehicles, and floating facilities. This provided a means to better anticipate and track needed replacements. However, the method did not allocate funds for repair and replacement of other capital improvements. Beginning in FY 2010-11 18% of the prior year depreciation is deposited in the Capital Improvement Fund in addition to the vehicle depreciation schedule of \$102,000.

STANFIELD MARSH WILDLIFE MITIGATION FUND

This fund is specifically designated for Stanfield Marsh improvements. All mitigation fees from shorezone alteration projects are placed in this account. During FY 1998-99, this account received a General Fund transfer of \$25,000, and during FY 2001-02, a grant reimbursement of \$250,000 was placed in this fund. An additional transfer of \$140,000 was necessary during FY 2003-04 to cover the costs associated with the Stanfield Marsh habitat island construction and planting project. A transfer of \$30,000 was made in FY 2012-2013 to fund interpretive signage on the boardwalk in FY 2013-2014.

LAKE IMPROVEMENT FUND

This fund is designated to be used for future Lake-related rehabilitation and/or enhancement projects, including District dredge projects, Total Maximum Daily Load (TMDL) efforts, and work related to the U.S. Army Corps of Engineers study efforts. This fund originated in FY 1995-96 with a transfer of \$500,000 from unappropriated general funds. At the end of each fiscal year, any General Fund operating budget surplus funds remaining after allocations are made to the Capital Improvement Fund, Dam Repair Fund and the In-Lieu Water Fund shall be placed in the Lake Improvement Fund.

INVASIVE SPECIES CONTROL FUND

This fund was established in FY 2005-06 to cover the annual costs associated with the control of aquatic plants in Big Bear Lake. All fees collected for this activity are placed in this fund, and any funds remaining at the end of the fiscal year less the expenses for that year shall be carried over to the following year.

FUND DESCRIPTIONS (continued)

BEAR VALLEY DAM REPAIR FUND

This fund was established in FY 2006-07 to cover costs associated with the dam arch resurfacing project. This project was mandated by the State of California Division of Safety of Dams and must be completed when the Lake level reaches 10 feet below full. The cost of the project is unknown and funding will be set aside annually at a rate determined by the Board of Directors until the project is implemented. Engineering design for this work commenced, along with other tasks, during FY 2008-09. MWH Americas, the District's dam engineer, is evaluating several issues associated with the dam including; cracking on the upstream side of arch number 9, the integrity of dam abutment foundation rock at either end of the dam, routing the probable maximum flood over the dam without new auxiliary spillway gates, and providing engineering findings and conclusions to convince the Division of Safety of Dams that dam arch resurfacing is not necessary. Additionally, the steel support pipes on the dam arches must be repainted. The crack in the dam has been studied and found to be inconsequential to the integrity of the dam. An annual monitoring program is in place. Geotechnical studies have been completed that have identified potential bedrock stability issues that might or might not need to be addressed now that the new highway bridge is completed downstream from the dam. The engineer has also concluded that from a dam integrity standpoint, the auxiliary spillway gates are not necessary. Any severe flooding flows can safely overtop the dam.

The District also manages restricted funds which have been established for specific purposes and cannot be used for other District activities. They are as follows:

2003 CERTIFICATES OF PARTICIPATION FUND

Bonds were issued in 2003 in the amount of \$6,100,000 to refinance a 1991 issue and to fund District Lake dredge projects. The funds are separated into three accounts: Project, Reserve and Certificate. The balance in the Reserve Account is required to be a specific percentage of the outstanding bond balance. This is a 30 year issue and property tax revenue is pledged as security for the annual payment. Thus far, the project funds have been used for the East End Sediment Removal Project and to complete some of the engineering for the Big Bear Marina Harbor Dredge Project. Additional funds will be used this Fiscal Year to prepare CEQA documents for the proposed Big Bear Marina Dredge project.

RATHBUN CREEK FUND

Funding is derived from a thirty-five year Moonridge Improvement Project pass-through agreement dated February 22, 1984 with the City of Big Bear Lake. All such "pass-through" property tax funds must be used for Rathbun Creek improvements and maintenance. However, at the end of FY 1997-98, the Board approved a General Fund transfer of \$216,002, and at the end of FY 1999-2000, the Board approved an additional transfer of \$200,000. These General Fund transfers are not considered restricted funds and are available at the Board's discretion for transfer to other projects. With the elimination of the City Redevelopment Agency this fund no longer receives money directly. The balance of money contributed through the Redevelopment Agency and has not yet been spent in Rathbun Creek is projected to be \$157,468 at the end of FY 2013-2014.

CAPITAL IMPROVEMENT FUND

REVENUE	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
SURPLUS SALE	\$0	\$0	\$0	\$0	\$25,000
UNIDENTIFIED CAPITAL REPLACEMENT (Up to 18% of past year deprec	\$92,500	\$92,500	\$87,848	\$87,848	\$87,848
CAPITAL REPLACEMENT SCHEDULE	\$98,002	\$102,833	\$102,833	\$121,011	\$121,011
REVENUE TOTAL	\$190,502	\$195,333	\$190,681	\$208,859	\$233,859
EXPENDITURES	2010-2011 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 APPROVED BUDGET	2015-2016 FORECAST BUDGET
<i>EQUIPMENT/VEHICLE PURCHASE</i>					
TRASH TRUCK	\$0	\$0	\$35,000	\$0	\$0
TRUCK (Lake Manager)	\$0	\$0	\$0	\$30,000	\$0
TRUCK (flatbed)	\$0	\$0	\$0	\$30,000	\$0
HARVESTOR	\$0	\$0	\$70,000	\$104,000	\$0
TRANSPORTER	\$0	\$70,000	\$0	\$0	\$0
TOTAL	\$0	\$70,000	\$105,000	\$164,000	\$0
<i>STRUCTURES AND IMPROVEMENTS</i>					
BOARD ROOM REMODEL	\$0	\$0	\$0	\$42,500	\$0
BOARD ROOM SOUND SYSTEM replacement	\$0	\$0	\$0	\$5,100	\$0
ELECTRONIC SOLAR POWERED LED SIGN BOARD	\$0	\$0	\$0	\$14,350	\$0
PICNIC TABLES (RAMPS/RV PARK)	\$0	\$7,000	\$7,000	\$0	\$0
RV PARK UTILITY ADDITION	\$0	\$0	\$0	\$0	\$0
MAIN OFFICE- SHOP RAMP PAVING	\$0	\$40,000	\$40,000	\$0	\$0
EAST RAMP PAVING	\$0	\$175,000	\$225,000	\$235,000	\$0
DAM STORAGE BUILDING	\$0	\$25,000	\$25,000	\$0	\$0
TOTAL	\$0	\$247,000	\$297,000	\$296,950	\$0
EXPENDITURE GRAND TOTAL	\$0	\$317,000	\$402,000	\$460,950	\$0
YEAR-END FUND BALANCE	2012-2013 ACTUAL BALANCE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED BALANCE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
CAPITAL IMPROVEMENT FUND	\$750,320	\$598,653	\$539,001	\$286,910	\$520,769
2012-2013 Depreciation \$488,044					

BIG BEAR MUNICIPAL WATER DISTRICT

CAPITAL REPLACEMENT SCHEDULE

	YEAR ACQUIRED	BOOK COST	DEPRECIATED VALUE 6/30/2013	DEPRECIATION YEARS	REPLACEMENT REVIEW	REPLACEMENT COST *	REQUIRED ANNUAL ACCRUAL
AUTOS/TRUCKS							
2010 FORD EXPLORER	2010	\$24,000	\$15,163	8	2016	\$27,224	\$3,403
2014 3/4 TON TRUCK	2006	\$30,000	\$0	7	2022	\$30,600	\$4,371
2014 FLATBED TRUCK	2003	\$30,000	\$0	12	2027	\$30,600	\$2,550
2001 FORD 1 1/2 TON 4/4	2001	\$44,573	\$0	15	2016	\$56,569	\$3,771
2008 FORD PICKUP 4X4	2007	\$25,337	\$7,759	10	2017	\$33,946	\$3,395
NEW TRASH TRUCK	2013	\$30,000	\$0	15	2028	\$40,800	\$2,720
90 INT'L FLATBED DUMP TRUCK	1997	\$18,210	\$0	16	2013	\$33,946	\$2,122
\$22,332							
MOBILE EQUIPMENT							
2006 CATERPILLAR SKID STEER/TRAILER	2007	\$39,986	\$3,332	15	2022	\$45,186	\$3,012
89 CLARK FORKLIFT	1989	\$49,413	\$0	7	2015	\$113,118	\$16,160
2008 VOLVO TRACTOR (BACKHOE)	2010	\$60,000	\$54,016	12	2022	\$107,100	\$8,925
AQUAMARINE HARVESTER	2014	\$174,000	\$0	20	2034	\$177,500	\$8,875
2001 HARVESTER	2001	\$94,900	\$0	10	2020	\$177,500	\$17,750
HARVESTER TRAILER	1998	\$4,619	\$0	10	2020	\$13,566	\$1,357
\$56,079							
BOATS							
07 BOULTON (PATROL 7)	2007	\$70,546	\$12,226	15	2022	\$14,000	\$933
99 JETCRAFT (PATROL 4)	1999	\$48,997	\$0	11	2020	\$14,000	\$1,273
95 ALUMAWELD (PATROL 3)	1995	\$43,521	\$0	8	2017	\$14,000	\$1,750
2014 Rogue (PATROL 6)	2014	\$94,000	\$0	10	2024	\$14,000	\$1,400
87 ALMAR (PATROL 1)	1989	\$43,399	\$0	7	2012	\$14,000	\$2,000
86 PONTOON (MAINT) REHAB 1994	1986	\$10,421	\$0	10	2015	\$71,400	\$7,140
1996 EROCA PONTOON (TMDL)	2006	\$10,000	\$0	10	2016	\$16,524	\$1,652
2009 SMITH-ROOT ELECTRO	2009	\$90,000	\$51,868	10	2019	\$104,040	\$10,404
\$26,552							
STRUCTURES							
PATROL DOCK	2008	\$98,928	\$66,955	25	2033	\$138,600	\$5,544
WEST RAMP DOCKS	2011	\$60,000	\$58,402	25	2036	\$105,000	\$4,200
EAST RAMP DOCKS	2007	\$69,779	\$40,704	25	2032	\$157,600	\$6,304
\$1,332,518							\$16,048
* Prices inflated 2% from FY 2013-2014 To FY 2014-2015							
\$121,011							

DEBT SERVICE

DEBT SERVICE	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2014-2015 FORECAST BUDGET
<i>PRINCIPAL</i>					
COP - 2003 SERIES (FINAL PMT 2033)	\$140,000	\$145,000	\$145,000	\$150,000	\$150,000
XEROX COPIER LEASE	\$5,626	\$4,987	\$4,987	\$5,000	\$5,000
IN-LIEU WATER PURCHASE CONTRACT	\$1,195,279	\$1,220,000	\$1,187,658	\$1,220,000	\$1,220,000
PRINCIPAL TOTAL	\$1,340,904	\$1,369,987	\$1,337,645	\$1,375,000	\$1,375,000
<i>INTEREST</i>					
COP - 2003 SERIES	\$240,663	\$241,594	\$236,153	\$236,000	\$234,000
XEROX COPIER LEASE	\$0	\$650	\$0	\$0	\$0
INTEREST TOTAL	\$240,663	\$242,244	\$236,153	\$236,000	\$234,000
	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2012-2013 FORECAST BUDGET
PRINCIPAL & INTEREST TOTAL	\$1,581,568	\$1,612,231	\$1,573,798	\$1,611,000	\$1,609,000

STANFIELD MARSH IMPROVEMENT PROJECT

REVENUE	2012-2013 ACTUAL REVENUE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED REVENUE	2014-2015 PROPOSED BUDGET	2015-5016 FORECAST BUDGET
MITIGATION FEES/INTEREST	\$0	\$500	\$500	\$500	\$500
GENERAL FUND TRANSFER	\$36,500	\$0	\$0	\$50,000	\$0
TOTAL	\$36,500	\$500	\$500	\$50,500	\$500
EXPENDITURES	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2011-2012 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2015-5016 FORECAST BUDGET
STANDFIELD CORNER LANDSCAPING & UPGRADES	\$0	\$0	\$0	\$50,000	\$0
INTERPRETIVE SIGN PROJECT	\$0	\$30,000	\$30,000	\$0	\$0
BOARDWALK RAILING REPAIR	\$0	\$6,500	\$6,500	\$0	\$0
TOTAL	\$0	\$36,500	\$36,500	\$50,000	\$0
YEAR-END FUND BALANCE	2012-2013 ENDING BALANCE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED YEAR-END	2014-2015 PROPOSED BUDGET	2015-5016 FORECAST BUDGET
TOTAL	\$37,505	\$1,505	\$1,505	\$2,005	\$2,505

LAKE IMPROVEMENT FUND PROJECTS

REVENUE	2012-2013 ACTUAL REVENUE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED REVENUE	2014-2015 Proposed BUDGET	2015-2016 FORECAST BUDGET
LAKE IMPROVEMENT FUND					
GENERAL FUND TRANSFER	\$678,328	\$0	\$0	\$0	\$0
TOTAL	\$678,328	\$0	\$0	\$0	\$0
PROJECT FUND BOND (COP)					
COP BOND PROCEEDS/INTEREST	\$0	\$0	\$0	\$0	\$0
REVENUE TOTALS	\$678,328	\$0	\$0	\$0	\$0
EXPENDITURES	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 Proposed BUDGET	2015-2016 FORECAST BUDGET
LAKE IMPROVEMENT FUND					
LAKE IMPROVEMENT - General Expense	\$1,662	\$0	\$0	\$0	\$0
LAKE IMPROVEMENT - Dam Operations Guide	\$0	\$15,000	\$15,000	\$0	\$0
LAKE IMPROVEMENT - Alum Treatment	\$0	\$0	\$29,400	\$450,000	\$0
COST SHARING - Santa Ana Sucker Task	\$0	\$0	\$0	\$0	\$0
Modular Fish Rearing Cages and Dock System	\$0	\$0	\$0	\$50,000	\$0
BIG BEAR MARINA DREDGE:					
BB Marina Dredge -	\$0	\$0	\$0	\$0	\$0
BB Marina Dredge -	\$0	\$0	\$0	\$0	\$0
TOTAL	\$1,662	\$15,000	\$44,400	\$500,000	\$0
BOND PROJECT/DREDGE FUND (COP)					
BB Marina Dredge - Plans & Specs. Moffat & Nichols	\$0	\$0	\$0	\$70,000	\$0
BB Marina Dredge - CEQA	\$0	\$0	\$0	\$200,000	\$0
WEATHER STATION	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0	\$0
EXPENSE TOTALS	\$1,662	\$15,000	\$0	\$270,000	\$0
YEAR-END FUND BALANCE	2012-2013 ACTUAL BALANCE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED BALANCE	2014-2015 Proposed BUDGET	2015-2016 FORECAST BUDGET
LAKE IMPROVEMENT FUND	\$1,500,383	\$1,416,324	\$1,455,983	\$955,983	\$955,983
COP CONSTRUCTION FUND	\$499,736	\$499,736	\$499,736	\$229,736	\$229,736
TOTAL	\$2,000,119	\$1,916,060	\$2,000,118	\$1,730,118	\$1,730,118

DAM REPAIR FUND PROJECTS

	2012-2013 ACTUAL REVENUE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED REVENUE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
DAM REPAIR FUND					
BEGINNING BALANCE	\$1,040,267	\$998,860	\$985,224	\$945,224	\$545,224
EXPENDITURES					
	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
DAM REPAIR FUND					
Dam Repair - Rock Bolting/Dam Buttress Struts	\$0	\$65,000	\$0	\$350,000	\$0
Dam Repair - Computer Equipment	\$431	\$0	\$0	\$0	\$0
Painting Dam Buttress Struts	\$0	\$175,000	\$0	\$0	\$0
Pedestrian Bridge- Fencing at the Dam	\$0	\$0	\$0	\$0	\$0
2008 Dam Crack - Monitoring/Reporting	\$0	\$0	\$15,000	\$0	\$0
Dam Engineering Services - MWH (San Diego-Rogers)	\$59,027	\$25,000	\$25,000	\$50,000	\$0
EXPENSE TOTALS	\$59,458	\$265,000	\$40,000	\$400,000	\$0
	2012-2013 ENDING REVENUE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED REVENUE	2014-2015 PROPOSED BUDGET	2014-2015 FORECAST BUDGET
REVENUE					
DAM REPAIR FUND					
GENERAL FUND TRANSFER	\$4,415	\$0	\$0	\$0	\$0
REVENUE TOTALS	\$1,044,682	\$0	\$0	\$0	\$0
	2012-2013 ENDING BALANCE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED YEAR-END	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
YEAR-END FUND BALANCE					
DAM REPAIR FUND	\$985,224	\$733,860	\$945,224	\$545,224	\$545,224

RATHBUN CREEK RESTORATION PROJECT

REVENUE	2012-2013 ACTUAL REVENUE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED REVENUE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
GENERAL FUND TRANSFER	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0	\$0
EXPENDITURES	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
CATCHMENT BASINS CLEAN-OUT	\$0	\$0	\$0	\$0	\$0
RATHBUN CREEK Expense	\$13,552	\$0	\$0	\$0	\$0
TROUT POND	\$0	\$65,000	35,000	\$10,000	\$0
TROUT POND - Tractor work	\$0	\$0	\$0	\$0	\$0
TROUT POND - bridge	\$0	\$0	\$0	\$0	\$0
TOTAL	\$13,532	\$65,000	\$35,000	\$10,000	\$0
YEAR-END FUND BALANCE	2012-2013 ENDING BALANCE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED YEAR-END	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
TOTAL	\$626,058	\$547,058	\$591,058	\$581,058	\$581,058
Value of remaining restricted funds	\$250,000		\$215,000	\$205,000	\$205,000

CONTAMINATION CLEANUP PROJECT

FUNDING	2012-2013 ACTUAL REVENUE	2013-2014 APPROVED REVENUE	2013-2014 PROJECTED REVENUE	2014-2015 PROPOSED REVENUE	2014-2015 FORECAST BUDGET
UNDERGROUND STORAGE TANK FUND	\$11,150	\$40,000	\$40,000	\$15,000	\$15,000
TOTAL	\$11,150	\$40,000	\$40,000	\$15,000	\$15,000

EXPENDITURES	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED EXPENSE	2013-2014 PROJECTED EXPENSE	2014-2015 PROPOSED EXPENSE	2014-2015 FORECAST EXPENSE
TREATMENT/MONITORING	\$10,164	\$15,000	\$10,000	\$15,000	\$15,000
FINAL CLEAN-UP/SOIL REMOVAL PROJ.	\$0	\$0	\$0	\$0	\$0
TOTAL	\$10,164	\$15,000	\$10,000	\$15,000	\$15,000

TOTAL EXPENDITURES AS OF 1998-1999 FY END	\$433,926
TOTAL EXPENDITURES AS OF 1999-2000 FY END	\$563,059
TOTAL EXPENDITURES AS OF 2000-2001 FY END	\$633,598
TOTAL EXPENDITURES AS OF 2001-2002 FY END	\$675,865
TOTAL EXPENDITURES AS OF 2002-2003 FY END	\$734,349
TOTAL EXPENDITURES AS OF 2003-2004 FY END	\$768,161
TOTAL EXPENDITURES AS OF 2004-2005 FY END	\$809,245
TOTAL EXPENDITURES AS OF 2005-2006 FY END	\$818,479
TOTAL EXPENDITURES AS OF 2006-2007 FY END	\$1,043,816
TOTAL EXPENDITURES AS OF 2007-2008 FY END	\$1,269,153
TOTAL EXPENDITURES AS OF 2008-2009 FY END	\$1,494,490
TOTAL EXPENDITURES AS OF 2009-2010 FY END	\$1,719,827
TOTAL EXPENDITURES AS OF 2011-2012FY END	\$1,734,827
TOTAL EXPENDITURES PROJECTED AS OF 2012-2013FY END	\$1,744,827

INVASIVE SPECIES FUND (DOCKS)

REVENUE	2012-2013 ACTUAL REVENUE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED REVENUE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
INVASIVE SPECIES FUND					
ANNUAL INVASIVE SPECIES FEE PAYMENTS					
FEES PAID BY DOCK OWNERS	\$90,005	\$85,000	\$85,000	\$75,000	\$75,000
REVENUE TOTALS	\$90,005	\$85,000	\$85,000	\$75,000	\$75,000
EXPENDITURES					
EXPENDITURES	2012-2013 ACTUAL EXPENSE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED EXPENSE	2012-2013 PROPOSED BUDGET	2013-2014 FORECAST BUDGET
INVASIVE SPECIES FUND					
Equipment Depr	\$9,490	\$9,490	\$9,490	\$9,490	\$9,490
Herbicides	\$65,995	\$70,000	\$70,000	\$60,000	\$60,000
Application Labor	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Training/Travel Expense	\$600	\$600	\$600	\$600	\$600
EXPENSE TOTALS	\$80,585	\$84,590	\$84,590	\$74,590	\$74,590
YEAR-END FUND BALANCE					
YEAR-END FUND BALANCE	2012-2013 END BALANCE	2013-2014 APPROVED BUDGET	2013-2014 PROJECTED BALANCE	2014-2015 PROPOSED BUDGET	2015-2016 FORECAST BUDGET
ENDING BALANCE	\$501	\$911	\$911	\$1,321	\$1,731

RESOLUTION NO. 2014-XX

A RESOLUTION OF THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT TRANSFERRING FUNDS UNAPPROPRIATED AS OF JUNE 30, 2014 TO THE DISTRICT'S CONTINGENCY RESERVE ACCOUNT, AFFIRMING INVESTMENT POLICY, APPROVING THE DISTRICT'S BUDGET AND ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE FISCAL YEAR COMMENCING JULY 1, 2014

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT as follows:

Section 1. Contingency Reserves

(a) The District has previously established a contingency reserve account for each discrete fund of the District. The continued existence of such contingency reserve accounts is hereby affirmed.

(b) All moneys previously appropriated to any fund of the District which are not expended as of June 30, 2012 shall be appropriated to the contingency reserve account of each respective District fund.

(c) Unless moneys are being accumulated as reserve, appropriations to the various contingency reserve accounts shall be expended for usual and necessary expenses chargeable to each of the respective funds.

Section 2. Investment Policy

The investment policy adopted by the District on November 7, 1996, is hereby affirmed for the fiscal year commencing July 1, 2014.

Section 3. Budget

The budget attached hereto and hereby incorporated by this reference as Exhibit A, is hereby approved for the fiscal year commencing July 1, 2014.

Section 4. Appropriations Limit

The appropriations limit of the District under California Constitution Article XIII B for the fiscal year commencing July 1, 2014, is \$12,542,583.74

PASSED, APPROVED AND ADOPTED this XXth day of June 2014.

Todd Murphy, President

ATTEST:

Vicki Sheppard, Secretary to the Board

(SEAL)

RESOLUTION NO. 2014-??

A RESOLUTION OF THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT ESTABLISHING EMPLOYEE COMPENSATION AND REPEALING RESOLUTION NO. 2013-09

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT as follows:

Section 1. **Purpose**

The purpose of this resolution is to establish positions of employment and employment compensation as stated in Exhibits "A" and "B" attached hereto.

Section 2. **Repeals**

Resolution No. 2013-09 is hereby repealed.

PASSED, APPROVED AND ADOPTED this ??st day of June, 2014

Todd Murphy, President

ATTEST:

Vicki Sheppard, Secretary to the Board

(SEAL)

**RESOLUTION NO. 2014-??
EXHIBIT "A"
2014 COMPENSATION PLAN**

FULL-TIME EMPLOYEES

POSITION	MINIMUM (Monthly)	MAXIUM (Monthly)
GENERAL MANAGER	\$9,048	\$12,128
9,048 - 9,500 - 9,975 - 10,475 - 11,000 - 11,550 - 12,128		
LAKE MANAGER	\$7,150	\$9,583
7,150 - 7,505 - 7,883 - 8,277 - 8,691 - 9,126 - 9,583		
SR. ACCOUNTANT/HUMAN RESOURCES	\$4,654	\$6,237
4,654 - 4,887 - 5,132 - 5,387 - 5,658 - 5,941 - 6,237		
LAKE OPERATIONS SUPERVISOR	\$4,248	\$5,694
4,248 - 4,460 - 4,684 - 4,918 - 5,164 - 5,422 - 5,694		
MECHANICAL AND FACILITY TECHNICIAN	\$3,788	\$5,077
3,788 - 3,977 - 4,176 - 4,385 - 4,605 - 4,835 - 5,077		
MAINTENANCE COORDINATOR	\$3,462	\$4,638
3,462 - 3,634 - 3,816 - 4,007 - 4,207 - 4,418 - 4,638		
ADMINISTRATIVE ASSISTANT	\$3,371	\$4,518
3,371 - 3,540 - 3,717 - 3,902 - 4,098 - 4,303 - 4,518		
ACCOUNTANT I/PUBLIC INFORMATION COORDINATOR	\$3,371	\$4,518
3,371 - 3,540 - 3,717 - 3,902 - 4,098 - 4,303 - 4,518		
ADMINISTRATIVE CLERK	\$2,537	\$3,401
2,537 - 2,664 - 2,797 - 2,937 - 3,085 - 3,239 - 3,401		

* RESOLUTION NO. 2004-08 Section 4.104 Step Raises

(b) Employees who are at the top or above the approved pay scale and who have not received a step (merit) increase in three (3) years, shall be eligible for a five percent (5%) merit raise after performing three years of satisfactory service. Performance evaluation(s) with a satisfactory or higher rating shall be required for this merit increase. Employees at the top of the pay scale shall only be eligible for this merit increase once in any three (3) year period.

RESOLUTION NO. 2014-??

**EXHIBIT "B"
2014
COMPENSATION PLAN**

SEASONAL EMPLOYEES

POSITION	MINIMUM (Hourly)	MAXIMUM (Hourly)
LAKE RANGER AIDE	legal minimum wage	legal minimum wage
LAKE RANGER I	\$12.05	\$16.14
	12.05 - 12.65 - 13.28 - 13.94 - 14.64 - 15.37 - 16.14	
LAKE RANGER II	\$14.64	\$19.62
	14.64 - 15.37 - 16.14 - 16.95 - 17.80 - 18.69 - 19.62	

TEMPORARY EMPLOYEES

POSITION	(Hourly)	(Hourly)
GRANT COORDINATOR	\$45.00	\$45.00
ENGINEER	\$150.00	\$150.00

RESOLUTION NO. 96-15

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
BIG BEAR MUNICIPAL WATER DISTRICT RESTATING
INVESTMENT POLICY AND REPEALING RESOLUTION
NO. 96-02**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BIG BEAR
MUNICIPAL WATER DISTRICT** as follows:

Section 1. Purpose

This Resolution restates and replaces prior statements of the District's investment policy.

Section 2. Permitted Investments

(a) The Treasurer may invest surplus monies of the District without first securing further Board approval in the following types of investments:

(1) Local Agency Investment Fund of the State of California.

(2) Time certificates of deposits issued by a nationally or state chartered bank or a state or federal association located within the State of California if secured by federal insurance or fully collateralized at 110% of principal for government securities, collateral and 150 percent of principal for first mortgage collateral. No more than 30 percent of the District's general fund investment portfolio or \$1 million, whichever is less, shall be invested in any single institution. For investments greater than \$100,000, the institution shall maintain \$100 million in assets. For investments greater than \$300,000, the institution shall maintain at least \$300 million in assets. The institution shall maintain a net worth to asset ratio of at least 2.5 percent and a positive earnings record for at least four years.

(3) United States treasury notes, bonds, bills, or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for payment of principal and interest.

(4) Passbook Saving Account secured by federal insurance or collateralized in the same manner as certificates of deposit.

(b) The Board may authorize the Treasurer to invest surplus monies of the District in the following additional types of investment:

(1) Bonds issued by the District.

(2) Registered state warrants or treasury notes or bonds of the State of California or by a department board, agency or authority of the State.

(3) Bonds, notes, warrants for other evidences of indebtedness of any local agency within this state.

(4) Obligations issued by banks or cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participation or other instruments of or issued by or fully guaranteed as to principal and interest by the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participation or other instruments of, or issued by a federal agency, or a United States Government sponsored enterprise.

(5) Time certificates of deposit issued by a nationally or state chartered bank or a state or federal association located outside of the State of California if secured by federal insurance.

(c) No investment shall be purchased:

(1) On margin;

(2) "Forward" or "in the future";

(3) Which are based upon foreign currency;

(4) Which are shares of beneficial interest issued by diversified management companies as described in Government Code Section 53601(1);

(5) Which are inverse floaters, range notes, interest only strips derived from a pool of mortgages or any security resulting in zero interest if held to maturity.

(d) Investments may be short-term or long-term in nature. Long-term investments are those which comply with the requirements of Government Code Sections 53601 et seq. and with a maturity date greater than five (5) years from the date of purchase. No long-term investment shall be made unless the Board has granted express authority to make that investment either specifically or as a part of an investment program no less than three months prior to the investment purchase date.

Section 3. **Investment Procedure**

(a) In making the above investments the District shall observe the limitations contained in Government Code, including Section 53601, and stated in this resolution.

(b) The Treasurer is responsible for selecting the proper mix of investments. The primary investment goal of the District is to safeguard the principal of the fund. The secondary investment goal is to meet liquidity needs of the District. The third investment goal is to achieve return on investment.

(c) When deposits or investments owned by the District mature or when other monies are available for investment or deposit, the monies may be deposited or invested in the Local Agency Investment Fund or other permitted investments.

(d) All investments shall be held in the name of the District. All investment documents shall be held for safekeeping in the District vault or in a depository approved by the Board. The Board shall, from time to time, execute such documents as are necessary to provide evidence of the Treasurer's trading authority as set forth in this resolution.

Section 4. **Reports**

(a) The Treasurer shall present quarterly reports on investments to the General Manager and Board of Directors. The report shall show: the type of investment; date of investment; how title is held; institution; date of maturity; par value; amount of each investment; current market value for all securities with a maturity of more than 12 months; rate of interest; confirmation that each investment is consistent with this investment policy; information showing expenditure requirements can be met in the following quarter and specify which investments were made pursuant to Government Code Section 53601(i), 53601.1 and 53635(i). For money managed by LAIF, a county investment pool or placed in FDIC insured accounts, the Treasurer may use the statement from these institutions in lieu of separate report.

(b) The Treasurer and District Counsel (hereinafter collectively "investment review committee") shall review all investments held by the District semi-annually on or about January 1 and July 1 of each year.

(c) This investment policy shall be reviewed annually or more often, as necessary. The Treasurer shall annually recommend a statement of investment policy. The Board shall consider the Treasurer's recommendation at a public meeting.

Section 5. **Transitional Rules**

Investments held by the District as of the date of this resolution which are contrary to the terms of this resolution shall be divested by the Treasurer, provided, investments which cannot be divested immediately without loss of earnings shall be divested at maturity.

Section 6. **Other**

(a) All transactions described herein shall be accomplished by the designated officer only in the name of the District. Action by the Board is required for each transaction unless otherwise indicated above. All withdrawals shall be supported by receipts which indicate the purpose of the withdrawal, the amount and the District employee responsible for the withdrawal.

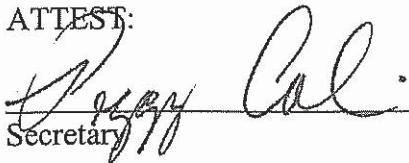
(b) Any officer may receive non-negotiable instruments on behalf of the District.
Such instrument shall be remitted to the Treasurer for handling.

(c) Resolution No. 96-02 is hereby repealed.

PASSED, APPROVED AND ADOPTED this 7th day of November 1996.


President

ATTEST:


Secretary

(SEAL)

**BIG BEAR MUNICIPAL WATER DISTRICT
REPORT TO BOARD OF DIRECTORS**

MEETING DATE: *June 19, 2014*

AGENDA ITEM: *6B*

SUBJECT:

CONSIDER APPROVAL OF A PROPOSAL FROM EADIE AND PAYNE, CERTIFIED PUBLIC ACCOUNTANTS, FOR THE COMPLETION OF THE ANNUAL AUDIT FOR THE YEAR ENDED JUNE 30, 2014

RECOMMENDATION:

The General Manager and the Budget & Finance Committee (Directors Murphy and Lewis) recommend approval of this proposal from Eadie and Payne, Certified Public Accountants.

DISCUSSION/FINDINGS:

The District received a proposal from Eadie & Payne, Certified Public Accountants for the current year fiscal year audit. Once again they propose providing annual District auditing services and preparing federal and California tax forms for a cost not to exceed \$22,200. They intend to begin the audit in October and providing Staff supplies the requested items in a timely manner reports should be issued by December 31, 2014. This item and its related expense is proposed to be added to the Professional Services line in the Administrative budget. A copy of the proposal is attached.

OTHER AGENCY INVOLVEMENT: None

FINANCING: This not to exceed cost of \$22,000 includes the audit and preparing the annual State Controller's Report and has been included in the FY 2014-15 Budget. The cost for the audit will be paid out of the general fund, Administration-Professional Services portion of the budget.

Submitted by: Scott Heule, General Manager



**CERTIFIED
PUBLIC
ACCOUNTANTS
& BUSINESS
ADVISORS**

May 7, 2014

Board of Directors
Big Bear Municipal Water District
P.O. Box 2863
Big Bear Lake, CA 92315-2863

Dear Members of the Board:

We are pleased to confirm our understanding of the services you have asked our firm to provide for Big Bear Municipal Water District (District) for the year ended June 30, 2014.

We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements which collectively comprise the basic financial statements of the District as of and for year ended June 30, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's 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. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

1. Management's Discussion and Analysis
2. Budgetary Comparison Information
3. CalPERS Schedule of Funding Program

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Organization Data
2. Certificate of Participation – 2003 Issue Payment Schedule

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that City of Industry is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, or attestation engagements performance audits or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and government auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Big Bear Municipal Water District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Tax Services

We will prepare federal Form 990 and California form 199 for Big Bear Municipal Water District Public Facilities Corporation (Corporation) for the year ended June 30, 2014. For an additional fee, we will also advise you on income tax matters for which you specifically request our advice.

The Corporation's returns may be filed electronically with the Internal Revenue Service and applicable states. If the returns are to be filed electronically, we will provide you with a paper copy of the income tax returns for your review prior to electronic transmission. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the returns and that, to the best of your knowledge, you feel they are correct. We cannot transmit the returns to the taxing authorities until we have the signed authorization.

Finally, please note that although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

We are responsible for preparing only the returns listed above. All others are to be prepared by you or other preparers.

We will use our professional judgment in preparing your returns. Whenever we are aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. We will adopt whatever position you request on your return, so long as it is consistent with the codes and regulations and interpretations that have been promulgated. When possible, we will resolve questions involving application of tax rules in your favor, if there is reasonable justification for doing so. If the Internal Revenue Service or other taxing agency should later contest the position taken, there may be assessment of additional tax plus interest and penalties. We assume no liability for such additional penalties, interest, or assessments. Additional services will be subject to arrangements made in writing at the time requested.

It is your responsibility to provide us with all information required for preparing complete and accurate returns. You should retain all the documents, canceled checks, and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority.

By your signature below, you are confirming to us that unless we are otherwise advised, the travel and entertainment, gift, and related expenses are supported by the necessary records under Section 274 of the Internal Revenue Code. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the taxing authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.

The law provides for a penalty to be imposed where taxpayers make a substantial understatement for the year that exceeds the greater of ten percent of the tax required to be shown on the return, or \$10,000. Taxpayers may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) that the relevant facts affecting the item's tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your returns if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issues in your returns.

Our fee does not include responding to inquiries or examinations by taxing authorities. However, we are available upon request to represent you and will render additional invoices for the time and expenses incurred. Fees for these additional services will be communicated in a separate engagement letter.

Engagement Administration, Fees and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit in October 2014 and to issue our reports no later than December 31, 2014. Eden Casareno is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will not exceed \$22,200. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We generally base our fees on the amount of time required at standard billing rates plus out-of-pocket expenses, such as travel, postage, and computer charges. However, our fees may also include other appropriate factors, including the difficulty of the assignment, the degree of risk and responsibility the work entails, time limitations imposed on us by others, the experience and professional expertise of the personnel assigned, and the priority and importance of the work to the client. If the state of California or other governmental entity imposes a tax on accounting services, this tax will be in addition to our regular fee. You will be responsible for any such tax. Payments for services are due when rendered, and interim billings may be submitted as work progresses and expenses are incurred. A late charge of one percent per month will be assessed on all balances remaining unpaid after thirty days.

Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 45 days of the invoice date, at our election, we will stop all work until your account is brought current, or we will withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

If a dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

It is our policy to keep records related to this engagement for seven years. However, Eadie and Payne, LLP does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the seven-year period, Eadie and Payne, LLP shall be free to destroy our records related to this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. By signing this letter you agree that you will not extend an offer of employment to any of our employees during the term of this engagement, as such offer could impair our independence. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

EADIE AND PAYNE, LLP



Eden Casareno

This letter correctly sets forth the understanding of
BIG BEAR MUNICIPAL WATER DISTRICT

Officer signature: _____

Title: _____

Date: _____

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***BIG BEAR MUNICIPAL WATER DISTRICT
REPORT TO BOARD OF DIRECTORS***

MEETING DATE: June 19, 2014

AGENDA ITEM: 6C

SUBJECT:

DIVISION 3 BOARD SEAT VACANCY DISCUSSION

DISCUSSION/FINDINGS:

On May 12, 2014 San Bernardino County election officials were notified of the unscheduled vacancy of the Division 3 Board seat due to the passing of Director Skip Suhay on May 5, 2014. This notification was made in compliance with Government Code section 1780. The 4 year term of the Division 3 seat expires this year and will be on the ballot for the regular November 4, 2014 election. The vacancy occurred while President Murphy was out of the country on vacation. According to Government Code 1780 once notification has been made the remaining Board members have 60 days to consider options for the vacant seat. The remaining Board members can consider the amount of time remaining in the term of office for the vacant seat and when the next established election date will be. The code allows the remaining Board members to appoint a replacement, call for an election or do nothing. If the Board does not act the code allows for the County Board of Supervisors to make an appointment. The General Manager has discussed this option with Supervisor Ramos' field Representative Liz Harris who reports that the Supervisor prefers the electoral process and that the Division 3 electors should be the ones to decide who will fill that position. A public notice was posted on June 12, 2014 that the Board will consider making an appointment or calling an election to fill the vacancy for Division 3 no sooner than June 26, 2014.

OTHER AGENCY INVOLVEMENT: None

FINANCING: None

Submitted by: Scott Heule, General Manager