



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY
11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

REGULAR COMMISSION MEETING TUESDAY, NOVEMBER 15, 2016 – 9:30 A.M.

AGENDA

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE (Thomas P. Evans, Chair)

2. ROLL CALL

3. PUBLIC COMMENTS

Members of the public may address the Commission on items within the jurisdiction of the Commission; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

4. CONSENT CALENDAR

All matters listed on the Consent Calendar are considered routine and non-controversial and will be acted upon by the Commission by one motion as listed below.

- A. APPROVAL OF MEETING MINUTES: NOVEMBER 1, 2016.....5
Recommendation: Approve as posted.
- B. TREASURER’S REPORT – OCTOBER 2016 9
Recommendation: Approve as posted.
- C. REACH V REHABILITATION AND IMPROVEMENT PROJECT – PHASE I (CM#2016.96).....15
Recommendation: Find that the unfinished condition of the Reach V Rehabilitation and Improvement Project (the Project) after the termination for cause of the Project contractor continues to be an emergency that requires immediate action per the Commission’s prior action on August 2, 2016.
- D. USE OF BUILDING RESERVE FUNDS TO INSTALL ONE AIR CONDITIONING UNIT (CM#2016.100).....17
Recommendation: Retroactively authorize the use of \$7,953 from the Building Reserve Fund to replace one air conditioning unit (Split Case serving computer server room).

5. NEW BUSINESS

- A. FY 2015-16 REPORT ON AUDIT (CM#2016.99).....19
Presenter: Karen Williams
Recommendation: Review the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2016, which includes the Report on Audit prepared by White Nelson Diehl Evans LLP:
 - 1. Accept the CAFR, including the Report on Audit as prepared by White Nelson Diehl Evans;
 - 2. Direct staff to file the Report with the respective government agencies as required by law; and,
 - 3. Direct staff to submit the CAFR, with any necessary changes, for the Certificate of Achievement for Excellence in Financial Reporting Award.

- B. [BRINE LINE SERVICE CONTRACTS – LINE CLEANING AND INSPECTION \(CM#2016.103\)](#).....165
Presenter: Carlos Quintero
Recommendation: Approve year two of the existing Task Order INN-240-02 with Innerline Engineering, Inc. in the amount of \$50,000 for pipeline cleaning and inspection.
- C. [SAWPA STRATEGIC ASSESSMENT – OWOW BUSINESS LINE \(CM#2016.101\)](#).....167
Presenter: Mark Norton
Recommendation: Provide feedback, then receive and file.
- D. [PROP 84 STATUS REPORT AND BUDGET UPDATE – ALL ROUNDS](#)171
Presenters: Rich Haller | Nicole D. Weideman
Recommendation: Receive and file.

6. **INFORMATIONAL REPORTS**

Recommendation: Receive and file the following oral/written reports/updates.

- A. [CASH TRANSACTIONS REPORT – SEPTEMBER 2016](#).....189
Presenter: Karen Williams
- B. [INTER-FUND BORROWING – SEPTEMBER 2016 \(CM#2016.97\)](#).....197
Presenter: Karen Williams
- C. [PERFORMANCE INDICATORS/FINANCIAL REPORTING – SEPTEMBER 2016 \(CM#2016.98\)](#).....201
Presenter: Karen Williams
- D. [FIRST QUARTER FYE 2017 EXPENSE REPORTS](#).....223
 - Staff
 - General Manager**Presenter:** Karen Williams
- E. [BUDGET SCHEDULE – FISCAL YEAR 2017-18, 2018-19](#)227
Presenter: Karen Williams
- F. **GENERAL MANAGER’S REPORT**
- G. [SAWPA GENERAL MANAGERS MEETING NOTES](#)229
 - October 31, 2016
- H. **CHAIR’S COMMENTS/REPORT**
- I. **COMMISSIONERS’ COMMENTS**
- J. **COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS**

7. SPECIAL COMMENDATION – OUTGOING COMMISSIONER ED KILLGORE

8. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(1)

Name of Case: Spiniello Companies v. Charles King Company, Inc., Santa Ana Watershed Project Authority, The Ohio Casualty Insurance Company (Superior Court of Los Angeles BC616589)

9. ADJOURNMENT

PLEASE NOTE:

Americans with Disabilities Act: Meeting rooms are wheelchair accessible. If you require any special disability related accommodations to participate in this meeting, please contact (951) 354-4220 or kberry@sawpa.org. 48-hour notification prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

Materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff's ability to post documents prior to the meeting.

Declaration of Posting

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Thursday, November 10, 2016, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted in SAWPA's office at 11615 Sterling Avenue, Riverside, California.

/S/

Kelly Berry, CMC

2016 - SAWPA Commission Meetings/Events

First and Third Tuesday of the Month

(NOTE: Unless otherwise noted, all Commission Workshops/Meetings begin at **9:30 a.m.**, and are held at SAWPA.)

November	December
11/1/16 Commission Workshop	12/6/16 Commission Workshop
11/15/16 Regular Commission Meeting	12/20/16 Regular Commission Meeting
11/29 – 12/2/16 ACWA Fall Conference, Anaheim	

2017 SAWPA Commission Meetings/Events

First and Third Tuesday of the Month

(NOTE: Unless otherwise noticed, all Commission Workshops/Meetings begin at **9:30 a.m.** and are held at SAWPA.)

January 1/3/17 Commission Workshop 1/17/17 Regular Commission Meeting	February 2/7/17 Commission Workshop 2/21/17 Regular Commission Meeting
March 3/7/17 Commission Workshop 3/21/17 Regular Commission Meeting	April 4/4/17 Commission Workshop 4/18/17 Regular Commission Meeting
May 5/2/17 Commission Workshop 5/9 – 5/12/17 ACWA Spring Conference, Monterey 5/16/17 Regular Commission Meeting	June 6/6/17 Commission Workshop 6/20/17 Regular Commission Meeting
July 7/4/17 No Meeting (Independence Day) 7/18/17 Regular Commission Meeting	August 8/1/17 Commission Workshop 8/15/17 Regular Commission Meeting
September 9/5/17 Commission Workshop 9/19/17 Regular Commission Meeting	October 10/3/17 Commission Workshop 10/17/17 Regular Commission Meeting
November 11/7/17 Commission Workshop 11/21/17 Regular Commission Meeting 11/28 – 12/1/17 ACWA Fall Conference, Anaheim	December 12/5/17 Commission Workshop 12/19/17 Regular Commission Meeting



**SAWPA COMMISSION
REGULAR MEETING MINUTES
NOVEMBER 1, 2016**

COMMISSIONERS PRESENT

Ed Killgore, Vice Chair, San Bernardino Valley Municipal Water District
Ronald W. Sullivan, Secretary-Treasurer, Eastern Municipal Water District
Phil Anthony, Orange County Water District
Terry Catlin, Inland Empire Utilities Agency
Brenda Dennstedt, Alternate, Western Municipal Water District

COMMISSIONERS ABSENT

Thomas P. Evans, Chair, Western Municipal Water District

**ALTERNATE COMMISSIONERS
PRESENT; NON-VOTING**

Jasmin Hall, Alternate, Inland Empire Utilities Agency
Steve Copelan, Alternate, San Bernardino Valley Municipal Water District

STAFF PRESENT

Celeste Cantú, Rich Haller, Larry McKenney, Mark Norton, Karen Williams, Dean Unger, David Ruhl, Nicole Weideman, Mike Antos, Kelly Berry

The Regular Commission Meeting of the Santa Ana Watershed Project Authority was called to order at 9:31 a.m. by Vice Chair Killgore at the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

2. ROLL CALL

Roll call was duly noted and recorded by the Clerk of the Board.

3. PUBLIC COMMENTS

There were no public comments.

4. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: OCTOBER 18, 2016

Recommendation: Approve as posted.

B. REACH V REHABILITATION AND IMPROVEMENT PROJECT – PHASE I (CM#2016.94)

Recommendation: Find that the unfinished condition of the Reach V Rehabilitation and Improvement Project (the Project) after the termination for cause of the Project contractor continues to be an emergency that requires immediate action per the Commission's prior action on August 2, 2016.

MOVED, approve the Consent Calendar.

Result:	Adopted (Unanimously; 4-0-1)
Motion/Second:	Anthony/Catlin
Ayes:	Anthony, Catlin, Killgore, Sullivan
Nays:	None
Abstentions:	Dennstedt
Absent:	None

5. WORKSHOP DISCUSSION AGENDA

A. SOUTHERN CALIFORNIA COASTAL WATER RESEARCH PROJECT

Stephen Weisberg and Eric Stein, from the Southern California Coastal Water Research Project (SCCWRP) provided a PowerPoint presentation about SCCWRP, its research priorities, and opportunities for SCCWRP and SAWPA to engage as partners on current and future projects, advisory and stakeholder committees, for the mutual interest of both SCCWRP and SAWPA.

SCCWRP is a water quality research joint powers agency located in Costa Mesa with a membership composed of regulators and dischargers. It provides a unique interface between science and management. Much of its work is on topics of potential interest to SAWPA; indeed, many projects are conducted in the SARW. Its mission is to provide an unbiased scientific foundation for water quality management in California. While it is not involved at the policy level, SCCWRP judges its success by whether science is utilized by those who are involved at the policy and regulatory level.

Collaboration, critical in creating scientific consensus, is a key priority; 98% of their projects are conducted collaboratively. SCCWRP proposed the following opportunities for collaboration with SAWPA, with Eric Stein serving as the primary liaison:

- Partnership between SAWPA agencies and SMC on regional stream monitoring
- Coordination on common stream assessment tools and data sharing
- Implementation of flow-ecology tools to develop instream flow recommendations
- Periodic briefings/information sharing, such as SCCWRP's annual and/or quarterly reports updating SAWPA on their activities
- Advisory or stakeholder committees
- Joint projects

SCCWRP derives funding from member agencies dues, monies given by member agencies for more specific research projects, and money from other outside sources such as NOAA, USGS, USFS, etc.

Commissioner Sullivan asked if they monitor the impact of recycled water in the SAR, the impact of emerging constituents, and how the Santa Ana Sucker is affected. Dr. Weisberg responded that while they do take samples from the Santa Ana River, in general they do not focus on studying specific locales; they concentrate on developing approaches and tend to study larger geographical issues.

It was the consensus of the Commission to proceed with scheduling a tour of the SCCWRP Costa Mesa facility in the near future.

This item was for informational purposes; no action was taken on Agenda Item No. 5.A.

6. NEW BUSINESS

A. PROPOSITION 1 IRWM DISADVANTAGED COMMUNITY INVOLVEMENT PROGRAM GRANT (CM#2016.95)

Mike Antos provided a PowerPoint presentation on the Proposition 1 IRWM Disadvantaged Community Involvement Program Grant.

Proposition 1 allocates \$510 million for the IRWM Program, of which at least 10% is to be spent on the DACI program as part of the IRWM process. For the Santa Ana River Watershed, \$6.3 million has been assigned as a non-competitive grant for the DACI Program. The program must benefit members of disadvantaged communities, economically distressed areas, and underrepresented communities.

The OWOW Disadvantaged Community Involvement Program has three program elements, within which are many tasks and activities. The elements are 1) Strengths & Needs Assessment (required by DWR), 3) Education & Engagement, and 3) Project Development. The included tasks and activities are all drawn from the grant guidelines or from earlier programs, referenced by the guidelines that have been completed elsewhere in the state. The Program Task Budget and more detailed SAWPA Chart of Accounts Budget were presented and are set forth below.

Program Task Budget

Program Element	Budget Estimate
Strength and Needs Assessment	\$ 772,000
Engagement and Education	\$ 1,838,000
Project Development	\$ 3,375,000
Grant Administration	\$ 315,000
TOTAL	\$ 6,300,000

SAWPA Chart of Accounts Budget

Revenues	Grant Total
State Grant Proceeds	6,300,000.00
Total Revenue	6,300,000.00
Expenses	
SAWPA salaries, benefits, G&A costs	1,248,891.00
Program Expenses (partners)	2,175,500.00
Consulting	2,645,909.00
Other Contract Services	200,000.00
Materials & Supplies	6,000.00
Software	2,000.00
Offsite Meeting/Travel	18,000.00
Conference Expenses	10,000.00
Shipping/Postage	500.00
Office Supplies	2,400.00
Other Expenses	7,605.00
Total Expense	6,300,000.00

On October 20, 2016, the OWOW Steering Committee approved submittal of a proposal to the Department of Water Resources to initiate the Disadvantaged Community Involvement (DACI) Program in the Santa Ana River Watershed; staff requested ratification of that approval.

MOVED, ratify the OWOW Steering Committee’s approval of the submittal of a proposal to Department of Water Resources to initiate the Disadvantaged Community Involvement Program in the Santa Ana River Watershed subject to incorporation of minor comments.

Result: **Adopted (Unanimously; 5-0)**
 Motion/Second: Sullivan/Dennstedt
 Ayes: Anthony, Catlin, Dennstedt, Killgore, Sullivan
 Nays: None
 Abstentions: None
 Absent: None

7. **INFORMATIONAL REPORTS**

Recommendation: Receive and file the following oral/written reports/updates.

A. **CHAIR'S COMMENTS/REPORT**

There were no comments or Chair's report.

B. **COMMISSIONERS' COMMENTS**

There were no Commissioners' comments.

C. **COMMISSIONERS' REQUEST FOR FUTURE AGENDA ITEMS**

There were no Commissioner requests for future agenda items.

8. **CLOSED SESSION**

Larry McKenney noted the Commission would discuss Agenda Item No. 8.A., with no action anticipated. At 10:36 a.m., Vice Chair Killgore recessed the meeting to Closed Session. Designated personnel essential to the discussion of Agenda Item No. 8.A. were present during Closed Session.

A. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(1)**

Name of Case: Spiniello Companies v. Charles King Company, Inc., Santa Ana Watershed Project Authority, The Ohio Casualty Insurance Company (Superior Court of Los Angeles BC616589)

Vice Chair Killgore resumed Open Session at 11:24 a.m. There was no reportable action taken by the Commission during Closed Session.

9. **ADJOURNMENT**

There being no further business for review, Vice Chair Killgore adjourned the meeting at 11:24 a.m.

Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, November 15, 2016.

Thomas P. Evans, Chair

Attest:

Kelly Berry, CMC
Clerk of the Board

*Santa Ana Watershed
Project Authority*



Finance Department

Santa Ana Watershed Project Authority
TREASURER'S REPORT

October 2016

During the month of October 2016, the Agency's actively managed temporary idle cash earned a return of 1.44%, representing interest earnings of \$17,096. Additionally, the Agency's position in overnight funds L.A.I.F. and CalTRUST generated \$18,034 and \$1,896 in interest, resulting in \$37,027 of interest income from all sources. Please note that this data represents monthly earnings only, and does not indicate actual interest received. There were zero (0) investment positions purchased, zero (0) positions sold, zero (0) positions matured, and zero (0) positions were called.

This Treasurer's Report is in compliance with SAWPA's Statement of Investment Policy. Based upon the liquidity of the Agency's investments, this report demonstrates the ability to meet customary expenditures during the next six months.

November 9, 2016

Prepared and Submitted by: *Karen L. Williams*
Karen L. Williams, Chief Financial Officer

Santa Ana Watershed Project Authority
INVESTMENT PORTFOLIO - MARKED TO MARKET - UNREALIZED GAINS & LOSSES
October 31, 2016

SAWPA primarily maintains a "Buy and Hold" investment philosophy, with all investments held by the Citizens Business Bank via a third-party safekeeping contract.

Investment Type	Security Type	CUSIP	Dealer	Purchase Date	Maturity Date	Call Date (if appl)	Par Value	Yield To Maturity	Investment Cost	Market Value Current Month	Unrealized Gain / (Loss)	Coupon Rate	Interest Earned
Agency	FHLMC	3137EACA5	WMS	03-27-14	03-27-19	No Call	\$500,000	1.790%	546,650.00	532,486.00	(14,164.00)	3.750%	\$ 760.14
Agency	FHLMC	3137EADCO	WMS	06-10-14	03-08-17	No Call	\$1,000,000	0.745%	1,006,919.00	1,002,020.00	(4,899.00)	1.000%	\$ 632.48
Agency	FHLMC	3137EADT3	WMS	11-18-15	02-22-17	No Call	\$500,000	0.652%	501,400.00	500,715.00	(685.00)	0.875%	\$ 276.69
Agency	FHLMC	3137EAEC9	WMS	09-16-16	08-12-21	No Call	\$1,000,000	1.335%	990,060.00	984,411.00	(5,649.00)	1.125%	\$ 1,133.79
Agency	FHLB	313379EE5	WMS	05-26-15	06-14-19	No Call	\$500,000	1.420%	504,015.00	507,386.00	3,371.00	1.625%	\$ 603.10
Agency	FHLB	3130A62S5	WMS	11-18-15	08-28-17	No Call	\$500,000	0.860%	499,030.00	500,167.50	1,137.50	0.750%	\$ 365.24
Agency	FHLB	313383HU8	WMS	06-16-16	06-12-20	No Call	\$1,000,000	1.080%	1,026,088.00	1,017,190.00	(8,898.00)	1.750%	\$ 917.27
Agency	FNMA	3135GOZA4	WMS	03-27-14	02-19-19	No Call	\$500,000	1.800%	501,975.00	509,903.50	7,928.50	1.875%	\$ 764.38
Agency	FNMA	3136G1GP8	WMS	03-27-13	03-27-18	03-27-15	\$1,000,000	1.000%	1,000,000.00	1,001,192.00	1,192.00	1.000%	\$ 849.32
Agency	FNMA	3135G0H55	WMS	12-28-15	12-28-20	No Call	\$1,000,000	1.830%	1,002,140.00	1,023,152.00	21,012.00	1.875%	\$ 1,554.26
Agency	FNMA	3135G0F73	WMS	06-16-16	11-30-20	No Call	\$1,000,000	1.150%	1,015,157.00	1,007,566.00	(7,591.00)	1.500%	\$ 976.72
Agency	USTN	912828A34	WMS	11-17-15	11-30-18	No Call	\$1,000,000	1.166%	1,002,500.00	1,006,992.00	4,492.00	1.250%	\$ 990.21
Agency	USTN	912828WC	WMS	11-17-15	10-31-20	No Call	\$1,000,000	1.638%	1,005,312.50	1,020,586.00	15,273.50	1.750%	\$ 1,391.04
Agency	USTN	912828G61	WMS	11-17-15	11-30-19	No Call	\$1,000,000	1.469%	1,001,210.94	1,013,945.00	12,734.06	1.500%	\$ 1,247.59
Agency	USTN	912828L32	WMS	06-17-16	08-31-20	No Call	\$500,000	1.030%	507,070.31	503,379.00	(3,691.31)	1.375%	\$ 437.53
Agency	USTN	912828L65	WMS	06-16-16	09-30-20	No Call	\$500,000	1.041%	506,992.19	503,164.00	(3,828.19)	1.375%	\$ 441.95
Agency	USTN	912828L99	WMS	06-16-16	10-31-20	No Call	\$500,000	1.051%	506,914.06	502,929.50	(3,984.56)	1.375%	\$ 446.10
CORP	Toyota Motor Credit Corp	89236TCP8	WMS	09-15-16	07-13-18	Call Date	\$500,000	1.100%	504,057.50	502,198.50	(1,859.00)	1.550%	\$ 467.15
CD	Discover	254671KV1	WMS	03-06-13	03-06-17	No Call	\$250,000	0.950%	250,000.00	250,217.60	217.60	0.950%	\$ 201.71
CD	BMW Bank	05568P2V8	TVI	03-08-13	03-08-17	No Call	\$248,000	0.850%	248,000.00	248,123.53	123.53	0.850%	\$ 179.04
CD	GE Capital Bank	36163CKE9	WMS	01-31-14	01-31-17	No Call	\$248,000	1.000%	248,000.00	248,262.54	262.54	1.000%	\$ 210.63
CD	GE Cap Retail	36157PVU0	WMS	01-31-14	01-31-18	No Call	\$248,000	1.450%	248,000.00	248,000.00	-	1.450%	\$ 305.41
CD	National Bank of NY	634116CA3	WMS	06-18-14	06-18-18	No Call	\$248,000	1.300%	248,000.00	248,000.00	-	1.300%	\$ 273.82
CD	Capital Bank FI Miami	139800CC8	WMS	05-27-15	05-29-18	No Call	\$248,000	1.100%	248,000.00	248,000.00	-	1.100%	\$ 231.69
CD	Compass Bank	20451PLB0	WMS	05-29-15	08-29-17	No Call	\$248,000	1.000%	248,000.00	248,105.34	105.34	1.000%	\$ 210.63
CD	Capital One NA	14042RAG6	WMS	09-30-15	10-01-18	No Call	\$248,000	1.650%	248,000.00	248,000.00	-	1.650%	\$ 347.54
CD	Capital One Bank USA NA	140420VZ0	WMS	09-30-15	10-01-18	No Call	\$248,000	1.650%	248,000.00	248,000.00	-	1.650%	\$ 347.54
CD	Wells Fargo Bank NA	9497482W6	WMS	12-02-15	12-03-18	No Call	\$245,000	1.450%	245,000.00	245,000.00	-	1.450%	\$ 301.72
CD	CIT Bank	17284A6P8	TVI	03-13-13	03-13-18	No Call	\$248,000	1.100%	248,000.00	248,000.00	-	1.100%	\$ 231.69
Total Actively Invested Funds							\$16,227,000		\$ 16,354,491.50	\$ 16,367,092.01	\$ 12,600.51	1.440%	\$ 17,096.40
Total Local Agency Investment Fund									\$32,468,021.93			0.654%	18,034.43
Total CalTRUST Investment Fund									\$2,167,000.96			1.030%	1,895.68
Total Invested Cash							\$16,227,000		\$ 50,989,514.39			0.921%	\$ 37,026.51

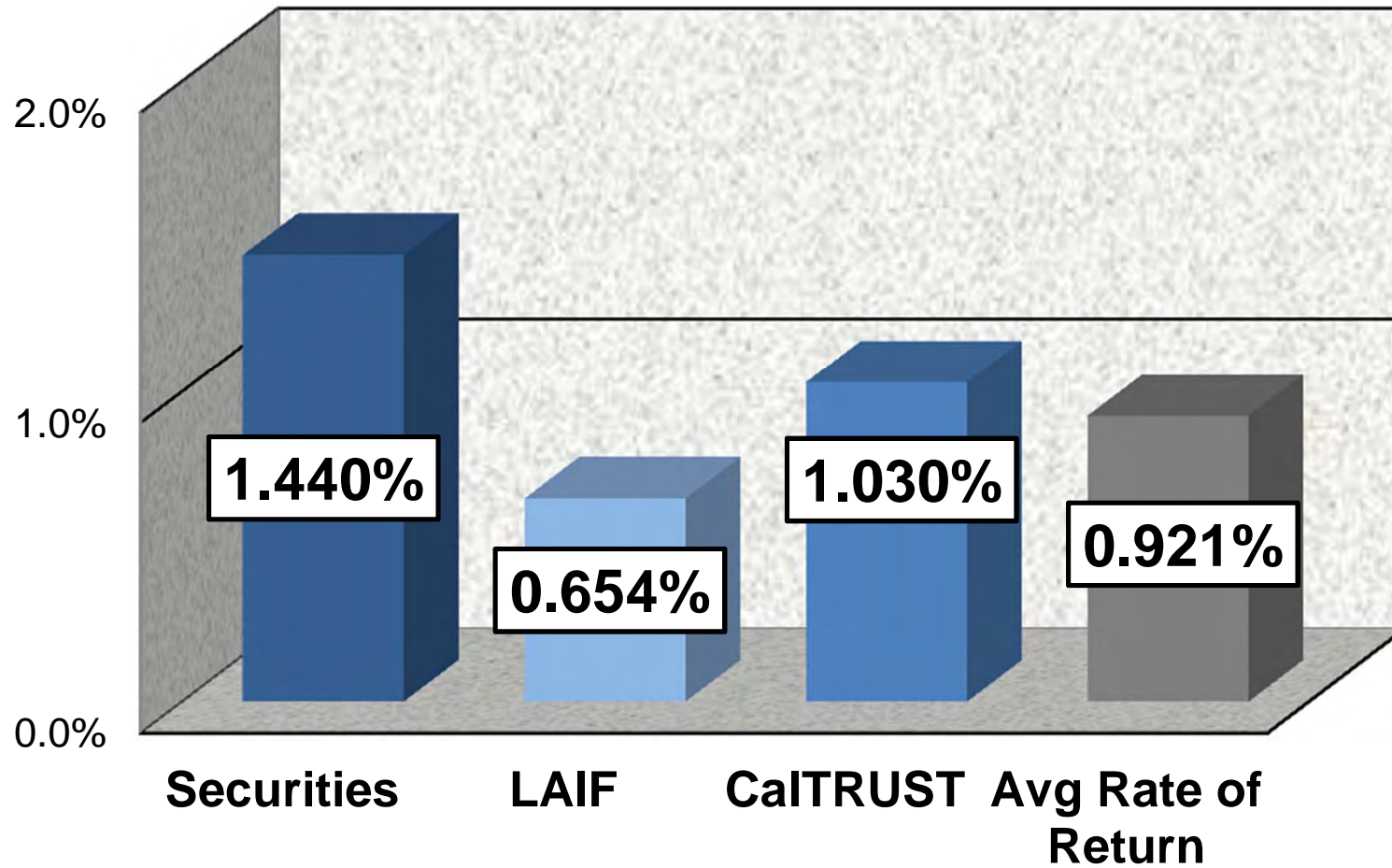
Key to Security Type:

FHLB	= Federal Home Loan Bank
FHLMC	= Federal Home Loan Mortgage Corporation
FNMA	= Federal National Mortgage Association
USTN	= US Treasury Note
CORP	= Corporate Note
CD	= Certificate of Deposit
GDB	= Goldman Sachs Bank

Key to Dealers:

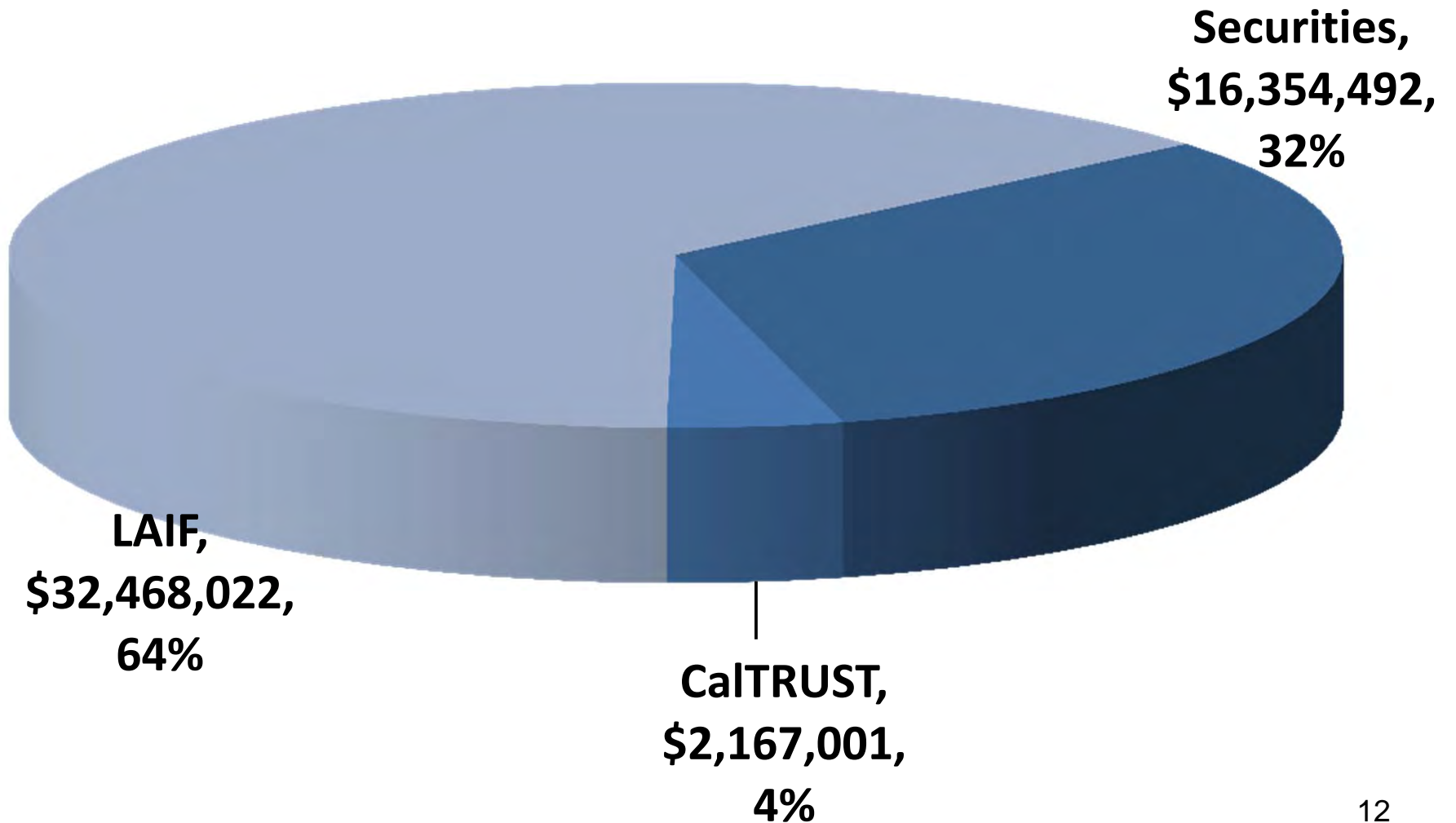
FCS	= FinaCorp Securities
MBS	= Multi-Bank Securities
MS	= Mutual Securities
RCB	= RBC Dain Rauscher
SA	= Securities America
TVI	= Time Value Investments
WMS	= Wedbush Morgan Securities

Interest Rate Analysis



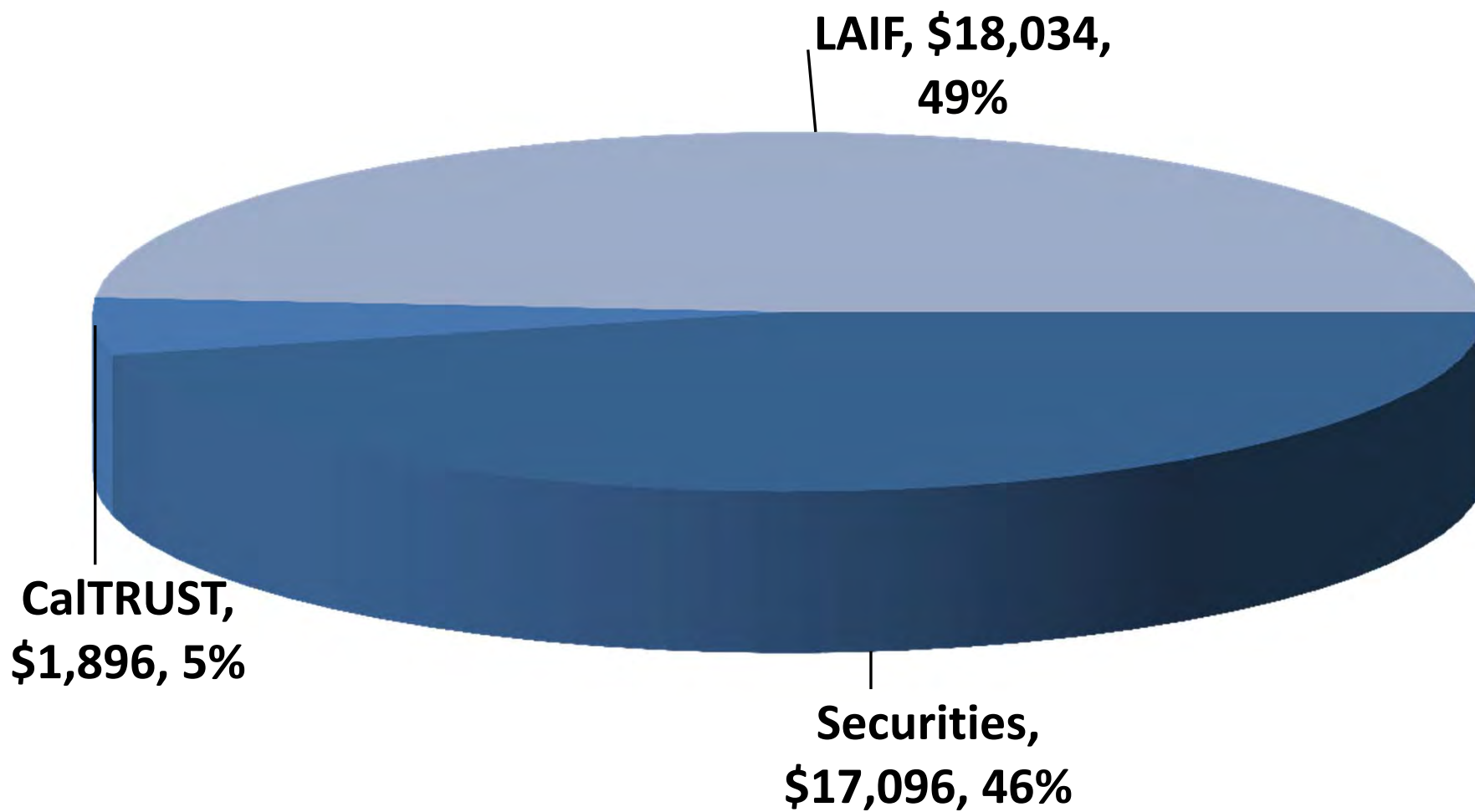
Investments

\$50,989,514



Interest

\$37,027



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COMMISSION MEMORANDUM NO. 2016.96

DATE: November 15, 2016

TO: SAWPA Commission

SUBJECT: Reach V Rehabilitation and Improvement Project – Phase I

PREPARED BY: David Ruhl, Program Manager

RECOMMENDATION

That the Commission find that the unfinished condition of the Reach V Rehabilitation and Improvement Project (the Project) after the termination for cause of the Project contractor continues to be an emergency that requires immediate action per the Commission's prior action on August 2, 2016.

DISCUSSION

After the Commission's action on August 2, SAWPA received a letter from Charles King Company's (CKC) performance bond surety that denied SAWPA's claim. The letter terminating CKC's work under the contract was sent to CKC that day, August 2, per the Commission's action.

Upon termination, SAWPA obtained control of the above ground by-pass system. A security firm was hired to monitor the by-pass system during non-working hours including nights and weekends. SAWPA hired a Contractor, Weka, Inc. to retrieve stored material at CKC's storage yard and deliver to SAWPA's temporary storage area. On August 5, 2016 SAWPA retrieved all materials at CKC's yard and delivered to a temporary storage location at Temescal Valley Water District. SAWPA's Construction Manager is working with the CKC to obtain "redline" drawings of as-built conditions from the original construction.

SAWPA contracted with Weka, Inc. to repair and place into service segments 1 through 16 including removal of about 3,400 feet of deficient liner and PVC pipe, repair deficiencies from CKC's original construction and replace with new C905 DR 18 pipe. The removal and replacement work has started. Staff is actively seeking a replacement CIPP installer to complete Reaches 2 and 3 of the project.

None of the facts on which the Commission's findings and action were based on August 2 have changed, such that the situation still constitutes an emergency requiring urgent action.

CRITICAL SUCCESS FACTORS

1. Minimize disruptions to customers.
2. Maintain sufficient funding and reserves for current and future Capital and O&M costs through stable, predictable, and affordable rates and charges.
3. Protect and preserve and the useful life of Brine Line assets through strategic maintenance, repair, and capital improvements.
4. Operate the Brine Line to: (1) protect the OCSO treatment plant and the environment from non-compliant dischargers, and (2) eliminate any uncontrolled pipeline releases.

RESOURCE IMPACTS

The Project is being funded by the Brine Line Reserve, and is supported by an SRF loan for part of the project cost. SAWPA intends to hold the contractor and the performance bond surety responsible for completing the project within the original bid price.

CM 2016.96 Reach V

COMMISSION MEMORANDUM NO. 2016.100

DATE: November 15, 2016
TO: SAWPA Commission
SUBJECT: Use of Building Reserve Funds for Replacement of One Air Conditioning Unit
PREPARED BY: Rich Haller, Executive Manager of Engineering and Operations

RECOMMENDATION

It is recommended that the Commission retroactively authorize the use of \$7,953 from the Building Reserve Fund to replace one air conditioning unit (Split Case serving computer server room).

DISCUSSION

A new split case air conditioning unit (2.5 ton) is required to cool the server room to an acceptable range in the summer. The existing 1 ton unit is old and under sized for the amount of computer equipment. Separate thermostats are required for the library, server room and an office area; currently one thermostat in the server room also serves the library and an office area. Consequently, the library and offices are too cold while the server room is too warm. Thermostats and ductwork modifications are included in this effort along with a construction permit from the City of Riverside.

A different unit (Unit 11) is already scheduled for replacement November 4th. By adding the Split Case to the work, approximately \$800 is saved in cost of a crane (to lift unit onto roof) currently in need of a fan motor replacement. This unit has reached its life expectancy and is no longer cost effective to attempt repair. Further, a new unit will be more energy efficient.

Total estimated price is as follows:

Replace Spilt Case Unit for Computer Server Room (2.5 ton): \$ 7,953.00

Price includes removal, installation, clean up, haul away, two thermostats, minor ductwork modification, and City permit.

CRITICAL SUCCESS FACTORS

- Protect and preserve the useful life of Brine Line assets (and supporting facilities such as the SAWPA building) through strategic maintenance, repair, and capital improvements.

RESOURCE IMPACTS

The current balance of the Building Reserve Fund is \$820,763.03.

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COMMISSION MEMORANDUM NO. 2016.99

DATE: November 15, 2016
TO: SAWPA Commission
SUBJECT: FY 2015-16 Report on Audit
PREPARED BY: Karen Williams, Chief Financial Officer

RECOMMENDATION

It is recommended that the Commission review the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2016, which includes the Report on Audit prepared by White Nelson Diehl Evans LLP:

1. Accept the CAFR, including the Report on Audit as prepared by White Nelson Diehl Evans;
2. Direct staff to file the Report with the respective government agencies as required by law; and,
3. Direct staff to submit the CAFR, with any necessary changes, for the Certificate of Achievement for Excellence in Financial Reporting Award.

DISCUSSION

As required by the State of California Government Code, all government agencies and/or special districts must contract for an independent financial audit. In addition, because SAWPA has received State Water Board grant funding, the independent audit must include additional work and reporting by the auditors, and testing of SAWPA's internal control procedures for receipt of grant funding to ensure compliance with respective State and Federal laws and regulations.

SAWPA has received the Government Finance Officers Associations (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the last seven years. Staff will submit this CAFR for the award as well. The CAFR was prepared following the guidelines recommended by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP). It includes three sections:

1. The Introductory Section, which provides an overview of the Agency, its background, organization, recent activities and accomplishments over the past fiscal year, local and economic conditions and forecasts, service efforts and accomplishments, and future plans.
2. The Financial Section, which includes the independent auditor's report, management's discussion and analysis, and all basic financial statements and notes to the basic financial statements.
3. The Statistical Section, which includes a number of unaudited tables and schedules that present historical trends for the past ten years, as well as demographic and other information about the Agency that is deemed relevant.

SAWPA is pleased to report that the financial statements presented herein, contain no qualifications or reportable conditions. This indicates that SAWPA's financial reporting meets generally accepted GAAP, it is compliant with applicable State and Federal laws and regulations, and internal controls are sufficient to safeguard against material errors or fraud.

Nitin Patel (Audit Partner) will be available to answer questions regarding SAWPA's FY 2015-16 Report on Audit (financial statements).

RESOURCE IMPACTS

The FY 2015-16 Audit contains no financial deficiencies to report.

Attachments:

1. FYE 2016 CAFR
2. Management Report
3. Internal Controls Letter

CM 2016.99 Audit Rept FY 15-16



**Santa Ana Watershed
Project Authority**

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016**

Santa Ana Watershed Project Authority
Riverside, CA

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2016

Prepared by the
Finance Department

11615 Sterling Avenue, Riverside California 92503

951.354.4220 www.sawpa.org

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INTRODUCTORY SECTION



Santa Ana Watershed Project Authority

OVER 45 YEARS OF INNOVATION, VISION, AND WATERSHED LEADERSHIP



One Water One Watershed

AWRA INTEGRATED WATER RESOURCES MANAGEMENT AWARD

HARVARD KENNEDY SCHOOL'S TOP 25 INNOVATIONS IN AMERICAN GOVERNMENT

November 15, 2016

Thomas P. Evans
Commission
Chair

To the Chair of the Board of Commissioners, Members of the Commission, and Member Agencies of the Santa Ana Watershed Project Authority (SAWPA):

Celeste Cantú
General
Manager

We are pleased to present the Santa Ana Watershed Project Authority's (hereinafter referred to as "the Authority") Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

Orange
County
Water
District

The report was prepared by the Authority's Finance Department following the guidelines recommended by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP). Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including disclosures, rests with the Authority's management. We believe the data, as presented, is accurate in all material respects, and that it is presented in a manner that provides a fair representation of the financial position and results of operation of the Authority. Included are all disclosures we believe necessary to enhance your understanding of the financial condition of the Authority.

Western
Municipal
Water District

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the Independent Auditors' Report.

Eastern
Municipal
Water
District

The Authority's financial statements have been audited by White Nelson Diehl Evans LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

San
Bernardino
Valley
Municipal
Water
District

Inland
Empire
Utilities
Agency



Reporting Entity and Its Services

Governmental Structure

The Authority was first formed in 1968 as a planning agency, and reformed in 1972, with a mission to plan and build facilities to protect the water quality of the Santa Ana River Watershed (hereinafter referred to as “the Watershed”). The Authority is a Joint Powers Authority (JPA), comprised of the five largest water agencies in the Watershed: Eastern Municipal Water District (EMWD), Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (WMWD).

Service Area

The Watershed spans approximately 2,840 square miles, and covers San Bernardino, Riverside, and most of Orange Counties, as well as a small portion of Los Angeles County. It is home to over 6 million people. The Watershed, and the State as a whole, is facing many challenges in guaranteeing sufficient, high-quality water for the ever-growing population of the region. The Authority works with planners, scientists, water experts, design and construction engineers, and other government agencies to identify issues and develop innovative solutions to resolve many water-related problems.

Vision

The Authority’s vision is a sustainable Santa Ana River Watershed that provides clean and reliable water resources for a vibrant economy and high quality of life for all, while maintaining healthy ecosystems and open space opportunities.

A successful Authority provides value to its member agencies and to the Watershed as a whole by facilitating collaboration across boundaries to address common goals and tackle problems that are larger than any individual entity.

Mission

The Authority strives to make the Santa Ana River Watershed sustainable through fact-based planning and informed decision-making; regional and multi-jurisdictional coordination; and the innovative development of policies, programs, and projects. Our mission is accomplished through a number of specific functions:

- Maintaining peace in the Watershed;
- Facilitating conflict resolution through collaborative processes;
- Preparing an integrated watershed-wide water management plan that provides a unified vision for the Watershed;
- Operating the Inland Empire Brine Line to convey salt out of the Watershed and support economic development;
- Developing water-related initiatives, particularly those that require the participation of several entities;
- Identifying, pursuing, securing, and administering supplemental funds for the Watershed; and
- Influencing legislation for the benefit of the Watershed.

Our Values

Our strategy and day-to-day operations are guided by values strongly held by our member agencies, management, and staff:

Leadership in the development and advancement of a vision and plan for a sustainable Watershed, and in the incorporation of new paradigms for water and watershed planning.

Collaboration and cooperation among member agencies and other stakeholders in the Watershed toward the formulation and implementation of solutions to watershed-wide, multi-jurisdictional problems.

Creativity in the pursuit of new approaches to watershed planning, the use of new technologies, and the enhancement of a new water ethic in the Watershed.

Fact-based decision-making to identify neutral and transparent solutions that maximize the benefit to the entire Watershed.

Respect for all voices and perspectives in the Watershed to develop sound solutions and maximize consensus building.

Transparency, integrity and professionalism to maintain the respect and trust of our partners, and to attract and retain talented and committed individuals to our organization.

The Authority uses a three-pronged approach to accomplish our mission with the services it offers, which are listed below.

Inland Empire Brine Line

The Authority's enterprise includes ownership and operation of the Inland Empire Brine Line (Brine Line). The 73-mile long regional brine line is designed to convey 30 million gallons per day of non-reclaimable wastewater from the upper Santa Ana River Basin to the Pacific Ocean for disposal, after treatment. The Brine Line is currently used for: 1) the disposal of high Total Dissolved Solids (TDS) brine from brackish groundwater desalter operations and power plants within the region; 2) the disposal of industrial wastewater that is unacceptable for discharge into local wastewater treatment facilities, usually because of high concentrations of TDS from commercial and industrial facilities; and 3) the disposal of domestic or industrial wastewater that is managed by public agencies and which meets standards of local treatment facilities. Some users of the Brine Line have temporary or emergency needs and connect to the system for a fixed term.

This 42-year old utility was built as the fundamental method of salt export for the region. Historic import of water for agricultural purposes has increased the salinity of many groundwater basins within the Watershed. Removing salt by means of the Brine Line allows the Watershed to work towards achieving salt balance – a key Watershed goal and indicator of sustainability. Salt is removed from brackish groundwater by reverse osmosis desalters, which discharge the concentrated brine into the Brine Line. The treated water from the desalters is delivered for consumption as potable water. Brine disposal will be essential to support water recycling efforts and economic growth within the Watershed.

Integrated Regional Watershed Planning

SAWPA has been involved in watershed and integrated water resource planning since its formation. The latest updated plan adopted in February 2014 is the Santa Ana Watershed Integrated Regional Water Management Plan (IRWMP) called the One Water One Watershed (OWOW) 2.0 Plan. Using a decentralized stakeholder involvement process as well as involving experts from all fields and areas within the Watershed, an extraordinarily collaborative and visionary plan was prepared to address water challenges over the next two decades. The plan addresses climate change; water supply reliability; water and land use; water quality improvement; flood control and stormwater runoff; water use efficiency; water recycling; parks, recreation and open space; environmental justice; and environment and habitat. Through this integration of water resource management strategies along with workgroups (or pillars) designated for each strategy, scarce resources will be leveraged and cost effective solutions will be developed to address a multiplicity of water challenges using an integrated multi-beneficial approach.

Stakeholder Partnering (Roundtable Efforts)

The Authority has taken the lead role in establishing effective regional partnerships with the Regional Water Quality Control Board and other stakeholders in the Watershed to solve water quality problems, as well as water and natural resource problems. The Authority serves as the administrator/facilitator and creates a neutral venue for a number of efforts bringing together many agencies and organizations to address and solve a multiplicity of problems through integration and innovation.

Economic Conditions and Outlook

Local Economy

The Inland Empire and Orange County was among the nation's hardest hit local economies during the Great Recession, beset by staggering numbers of foreclosures and one of the highest jobless rates in California. Today the Inland Empire is the fastest growing region in Southern California and it is predicted that this trend will continue over the next five years. Steady increases in job numbers and positive development in the sectors of healthcare and logistics have helped the region recover. Income levels have risen for the fourth consecutive year, unemployment rates continue to decrease, and the housing market continues to improve while still remaining affordable. Economic forecasters expect the economy to continue to improve and become stronger in the coming years due to the availability of land, the ideal location for commerce, a relatively strong manufacturing base, and affordable housing.

Sound Financial Policies

The Agency continues to manage funds to ensure financial stability and demonstrate responsible stewardship by sustaining reasonable rates for customers, containing costs through careful planning, preserving investments, safeguarding reserves, and active debt management.

Financial Planning

The Commission approves a biennial operating budget as a management tool. The budget is developed with input from the various departments within the organization and adopted prior to the start of each fiscal year. Monthly comparison reports of budget to actual are prepared, and quarterly budget-to-actual results by fund type are provided to and discussed with the Commission, along with financial position and other key performance information.

Reserves Policy

The Agency adopted a reserve policy, which states the purpose, source, and funding limits for each of its designated reserves. The reserves are essential for maintaining liquidity in the marketplace, which enables the Agency to access the lowest cost-of-capital borrowing opportunities.

Investment Policy

The Agency invests its funds in instruments permitted by California Government Code sections 53601 et seq., and in accordance with its investment policy. The investment objectives of the Agency are to first preserve capital, followed by maintaining liquidity, and finally, maximizing the rate of return without compromising the first two objectives.

Debt Administration

The Agency actively manages its debt portfolio, seeking to minimize its total debt costs. This goal is met by the use of state revolving fund (SRF) loans to fund part of its capital projects. Reserves will also be used to fund capital projects.

Major Initiatives and Accomplishments

Fiscal year 2015-16 was another busy year for the Authority. It not only administers the day-to-day operations of the JPA, it operates the Brine Line Enterprise and Capital Improvement Program, administers the OWOW Program, administers several grant programs, serves as the Lake Elsinore & San Jacinto Watersheds Authority administrator, conducts regional planning activities, and facilitates seven stakeholder task force work groups. Some of the major initiatives and accomplishments for FYE 2016 are listed below.

Brine Line Enterprise

- Continued construction of the Reach V repair project installing Cured-In-Place-Pipe (CIPP).
- Continued refining the Pretreatment Program (PTP). Drafted a new Ordinance based upon the OCSD Ordinance adopted in February 2016.
- Utilized a data and records management system (OnBase) for expedient notification of Brine Line Liquid Waste Hauler rejected loads.
- Cleaned the Reach IV-B Upper pipeline eliminating hydraulic choke points caused by scale build up.
- Continued periodic siphon cleaning program for 13 system inverted siphons.
- Monitored facilities during the few winter storm events and performed minor repairs from erosion.

- Continued to locate facilities, particularly on Reach V, by “potholing” and updating “as-built” information.
- Conducted recurring maintenance of air release valves to reduce incidence of “dripping” or small releases of brine from the valves.
- Continued implementation of the Brine Line marketing plan.
- Completed repair of selected Maintenance Access Structures (MAS).
- Responded to nearly 6,000 requests from contractors to mark the location of the Brine Line in the field. Required direct coordination with the contractor to review the proposed work and any potential concerns for the Brine Line.
- Monitored construction activities in close proximity to the Brine Line to ensure protection of the Brine Line.

OWOW

- Implemented water use efficiency improvements using grant funding from the California Department of Water Resources (DWR) Proposition 84 Integrated Regional Water Resources Management (IRWM) Emergency Drought Round. \$12.8 million in grant funding along with \$10.6 million in local match has been provided for SAWPA, its member agencies, and stakeholders to implement water use efficiency improvements such as support for budget based water rate structures for retail water agencies, water use efficiency web based outreach tools, aerial mapping and area measurement using GIS throughout the Santa Ana River and Upper Santa Margarita Watersheds.
- Successful in securing \$61 million in DWR 2015 Proposition 84 Integrated Regional Water Resources Management (IRWM) funding. This funding along with local matching funds of \$173 will be used to implement three integrated large scale projects reflecting a multi-agency and multi-benefit approach. One of the three projects called the Santa Ana River Conservation and Conjunctive Use Project is a conjunctive use water storage project that will store over 180,000 AF of water for use in dry periods and is being implemented by a new SAWPA Committee composed of the SAWPA member agencies.
- Conducted several stakeholder workshops to discuss forthcoming IRWM funding from Proposition 1. The first round of funding from Proposition 1 includes funding for integrated plan updates and for disadvantaged community involvement (DACI) water needs. \$6.3 million has been specifically designated to the Santa Ana River Watershed to support the DACI and will be awarded to SAWPA to implement in early 2017.

Stakeholder Partnering (Roundtable Efforts)

- Worked on the development of a new Regional Water Quality Monitoring Program Task Force agreement among SAWPA, the Regional Board, and the three flood control districts in Orange, San Bernardino, and Riverside Counties. This task force will implement necessary pathogen monitoring as required under the Stormwater Quality Standards Task Force. The new monitoring program will create efficiencies by merging with the ongoing pathogen monitoring conducted by the Middle Santa Ana River (MSAR) TMDL Task Force
- Worked with the Regional Board in updating and revising TMDLs with the current focus on the Lake Elsinore and Canyon Lake nutrient TMDL. Another TMDL update is anticipated for the MSAR pathogen TMDL starting in 2020.
- Neared completion on an Amendment to the Regional Board Basin Plan to incorporate the results of the Santa Ana River Wasteload Allocation Plan.

- Continued a joint salinity management study update through our involvement with Southern California Salinity Coalition, Metropolitan Water District of Southern California (MWDSC), and the US Bureau of Reclamation.
- Completed annual habitat survey for the threatened fish species, Santa Ana sucker fish. The Riverwalk is the longest running and largest voluntary annual habitat assessment conducted in Southern California for an aquatic species.
- Supported the Lake Elsinore and San Jacinto Watersheds Authority and the associated TMDL Task Force in implementing two more successful alum applications to Canyon Lake to reduce the phosphorus content, reduce algae and help meet the TMDL targets for the lake. Water quality results over the past three years of alum application show significant improvements in water clarity, decreased algae and increased oxygen levels.

Technology

- Moved the Brine Line Web tools including Dig Alert to Java script platform.
- Created new phone app to view open Dig Alert tickets.
- Created apps for “Display Disadvantaged Communities” for turf removal program.
- Completed Brine Line marketing video and brochure.
- Updated to new IP phone system.
- Negotiated Konica Minolta agreement and installed new copiers.
- Upgraded 2 server operating systems.
- Upgraded and managed security system (Video).
- Continued Onbase upgrade and support.
- Upgraded and updated SAWPA website.
- Upgraded WIFI connection to a faster and more secure system (802.11ax).

Accounting System

The Finance Department is responsible for providing financial services for the Authority, including financial accounting and reporting, payroll, accounts payable and receivable, custody and investment of funds, billing and collection of wastewater charges, and other revenues. The Authority accounts for its activities as an enterprise fund and prepares its financial statements on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when incurred. It is the intent of the Board of Commissioners to manage the Authority’s operations as a business, thus matching revenues against the cost of providing services.

Internal Controls

The Authority operates within a system of internal accounting controls established and continually reviewed by management to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded in accordance with Authority policies and procedures. When establishing and reviewing controls, management must consider the cost of the control and the value of the benefit derived from its utilization. Management normally maintains or implements only those controls for which its value adequately exceeds its cost. Recent audits have not noted any weaknesses in internal controls.

Audit and Financial Reporting

State Law requires the Agency to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of White Nelson Diehl Evans LLP has conducted the audit of the Authority's financial statements. Their unqualified (clean) Independent Auditor's Report appears in the Financial Section.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the sixth year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year.

We believe that our current comprehensive annual financial report continues to meet the programs requirements and will submit our current June 30, 2016, report to the GFOA to determine its eligibility for a certificate.

The GFOA of the United States and Canada presented a Distinguished Budget Presentation Award to the Authority for the two-year Budget beginning July 1, 2015. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan, and as a communication device.

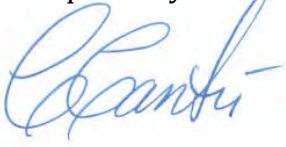
Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Authority's Finance Department. We also would like to express our appreciation to the other Authority Departments for their cooperation, assistance, and support.

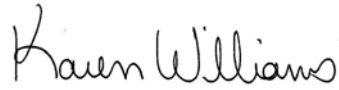
We further acknowledge the thorough and professional manner in which our auditors, White Nelson Diehl Evans LLP, conducted the audit.

Additionally, we would like to acknowledge the Board of Commissioners for their continued support of the Authority's goal of sound accountable financial management, and for maintaining the highest standards of professionalism in the management of the Authority's finances. We truly appreciate their unfailing interest and support.

Respectfully submitted,

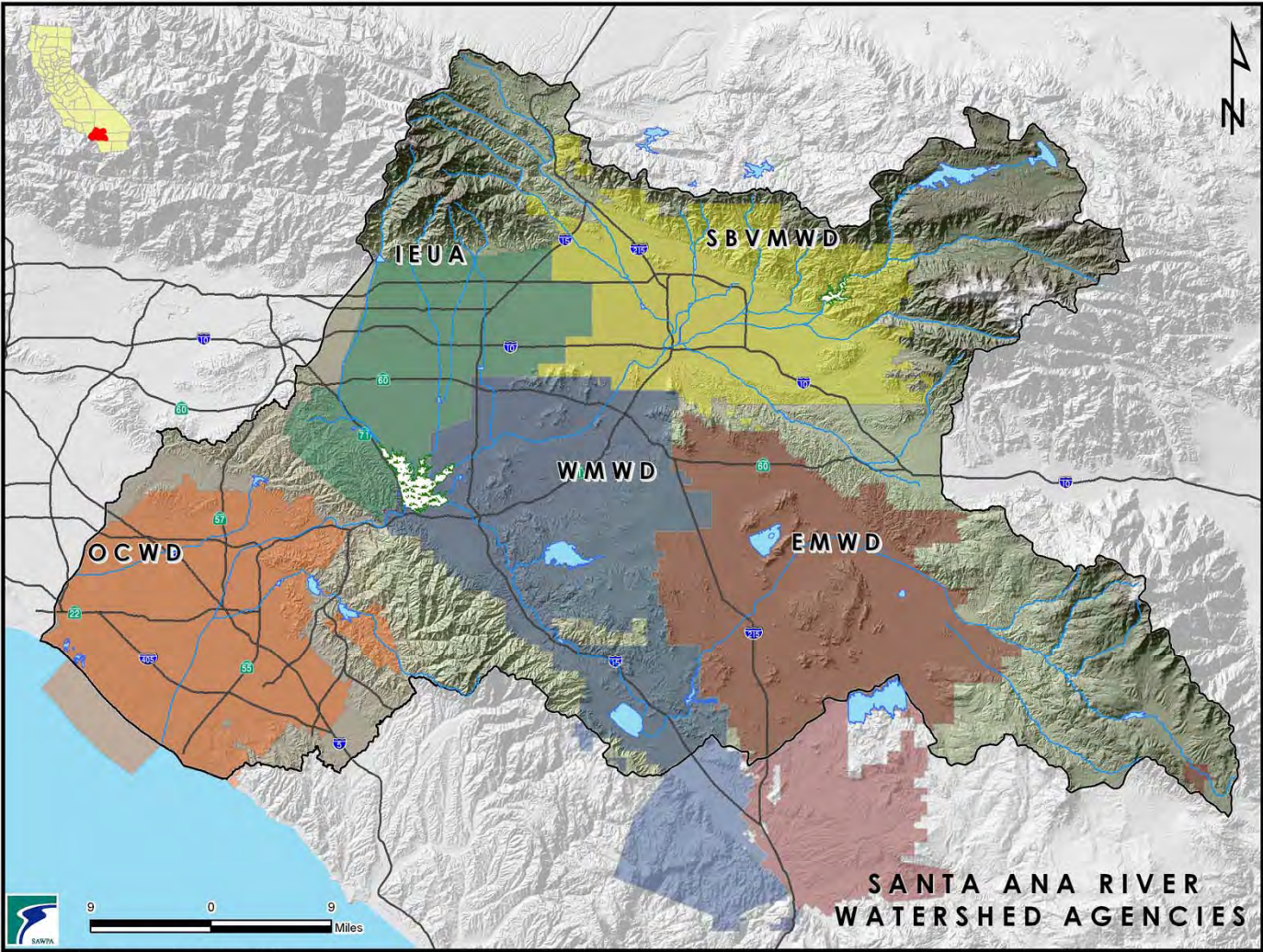


Celeste Cantú
General Manager



Karen Williams
Chief Financial Officer

Santa Ana Watershed Project Authority Authority Service Area Map



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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Santa Ana Watershed Project Authority
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Santa Ana Watershed Project Authority

Authority Officials

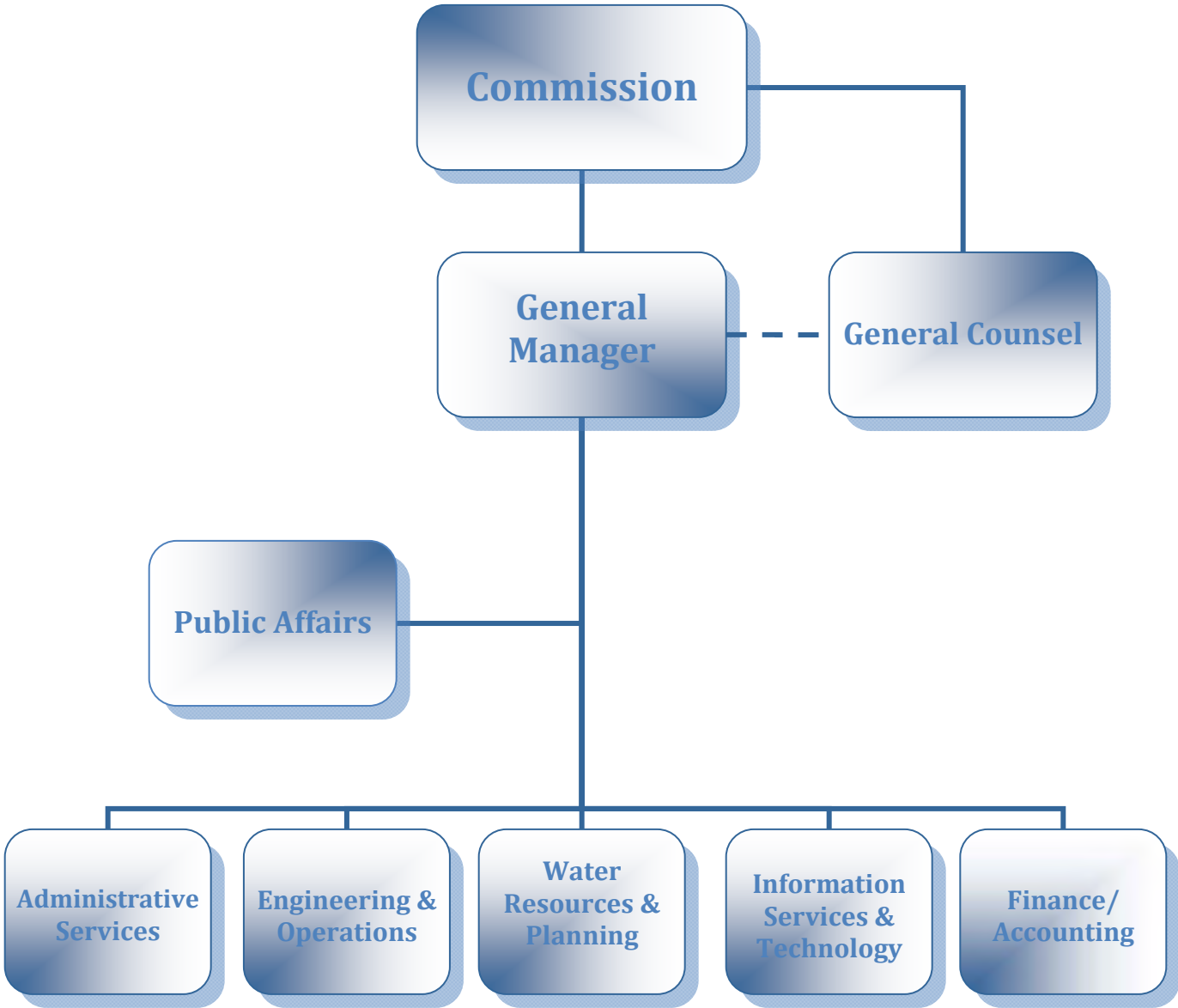
Board of Commissioners

Thomas P. Evans	Chair	WMWD
Ed Kilgore	Vice Chair	SBVMWD
Ron Sullivan	Secretary/Treasurer	EMWD
Terry Catlin	Commission Member	IEUA
Phil Anthony	Commission Member	OCWD

Management Staff

Celeste Cantú	General Manager
Kelly Berry	Administrative Services Manager/Clerk of the Board
Karen Williams	Chief Financial Officer
Dean Unger	IS and Technology Manager
Richard Haller	Executive Manager of Engineering and Operations
Mark Norton	Water Resources and Planning Manager
Larry McKenney	Executive Counsel

Santa Ana Watershed Project Authority
Organizational Chart



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Santa Ana Watershed Project Authority
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Ana Watershed Project Authority (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Santa Ana Watershed Project Authority as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2015, from which such partial information was derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, and the schedule of funding progress - other post-employment benefits, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued):

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
November 3, 2016

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The intent of the Management Discussion and Analysis is to provide highlights of the financial activities for the fiscal year ended June 30, 2016 of the Santa Ana Watershed Project Authority (the "Authority"). Readers are encouraged to read this section in conjunction with the transmittal letter and the accompanying basic financial statements.

The Authority

The Santa Ana Watershed Project Authority was formed in 1972 pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise powers common to public agencies. The Authority was formed for the purpose of undertaking projects for water quality control and protection and pollution abatement in the Santa Ana River Watershed.

The Authority's five member agencies are Eastern Municipal Water District (EMWD), Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (WMWD).

Overview of the Financial Statements

The Authority is a special purpose government (special district) engaged only in activities that support themselves through user charges and member contributions. Accordingly, the accompanying financial statements are presented in the format prescribed for proprietary funds by the Governmental Accounting Standards Board (GASB).

These financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data about the Authority's financial condition and operating results. They are the (1) Statement of Net Position; (2) Statement of Revenues, Expenses and Changes in Net Position; and (3) Statement of Cash Flows.

The statement of net position presents information on all the Authority's assets, deferred inflow of resources, liabilities, and deferred outflow of resources, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The statement of cash flows conveys to financial statement users how the Authority managed cash resources during the year. This statement converts the change in net

position presented on the statement of revenues, expenses and changes in net position into actual cash provided by and used for operations. The statement of cash flows also details how the Authority obtains cash through financing and investing activities, and how cash is spent for these purposes.

Summary Financial Information and Analysis

The Authority's financial operations remained sound during the fiscal year 2016. The statement of net position remains strong, providing a foundation for continued growth within the Authority's service area. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$67.1 million at June 30, 2016 and \$65.0 million at June 30, 2015.

Statement of Net Position

For the Fiscal Year Ended June 30, 2016 and 2015

	Fiscal Year End June 30,		Increase/(Decrease)	
	2016	2015	Amount	% Change
Assets				
Current	\$61,665,449	\$59,169,450	\$2,495,999	4.2%
Noncurrent	4,812,417	7,479,622	(2,667,205)	(35.7%)
Capital	108,686,977	106,401,959	2,285,018	2.1%
Total Assets	175,164,843	173,051,031	2,113,812	1.2%
Deferred Outflows	358,101	273,547	84,554	30.9%
Liabilities				
Current	6,594,605	5,444,402	1,150,203	21.1%
Noncurrent	101,235,572	102,060,945	(825,373)	(0.8%)
Total Liabilities	107,830,177	107,505,347	324,830	0.3%
Deferred Inflows	525,022	784,673	(259,651)	(33.1%)
Net Investment in Capital Assets	84,798,833	82,709,425	2,089,408	2.5%
Restricted	3,923,403	3,969,074	(45,671)	(1.2%)
Unrestricted (Deficit)	(21,554,491)	(21,643,941)	89,450	(0.4%)
Total Net Position	\$67,167,745	\$65,034,558	\$2,133,187	3.3%

The following denotes explanations on some of the changes between fiscal years 2016 and 2015, as compared in the table above.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)

- The \$2.4 million increase in Current Assets is due to an increase in cash from Western Municipal Water District paying off a Notes Receivable early and an increase in grants receivable for Proposition 84 grant projects.
- The \$2.6 million decrease in Noncurrent Assets is due primarily to a decrease in installment notes from scheduled notes receivable receipts, the early repayment of WMWD's Note Receivable, and total payments of \$1.7 million received for funds loaned to Orange County Flood Control District (OCFCD) for the relocation of the Santa Ana Regional Interceptor (SARI) located in Orange County.
- The \$2.2 million increase in Capital Assets is due primarily to the Reach V Capital Repairs Project and an offset of depreciation and amortization to property, plant, and equipment.
- The \$1.1 million increase in Current Liabilities is due primarily to an increase in accounts payable from the Proposition 84 Grant Projects.
- The \$0.8 million decrease in Noncurrent Liabilities is due primarily to the amortization of pipeline and wastewater treatment rights combined with the decrease in long-term debt from scheduled debt service payments.

Category of Net Position

The Authority is required to present its net assets in three categories: (1) Net Investment in Capital Assets; (2) Restricted; and (3) Unrestricted.

Net Investment in Capital Assets

At June 30, 2016, Net Investment in Capital Assets consisted of the following:

Net Investment in Capital Assets (In Millions)

	2016	2015
Property, Plant & Equipment	\$131.2	\$130.8
Accumulated Depreciation	(63.4)	(60.2)
Wastewater Treatment & Disposal Rights	55.6	55.6
Accumulated Amortization	(25.3)	(23.9)
Construction in Process	10.6	4.1
Related Payables and Loans, Net of Discounts	(23.9)	(23.7)
Total	\$84.8	\$82.7

Restricted

At June 30, 2016, Restricted Net Position of \$3.9 million is legally restricted by contract to fund additional Arundo Management and Habitat Restoration projects within the Santa Ana River Watershed and by the State Water Resources Control Board (SWRCB) for a state revolving fund (SRF) loan reserve requirement.

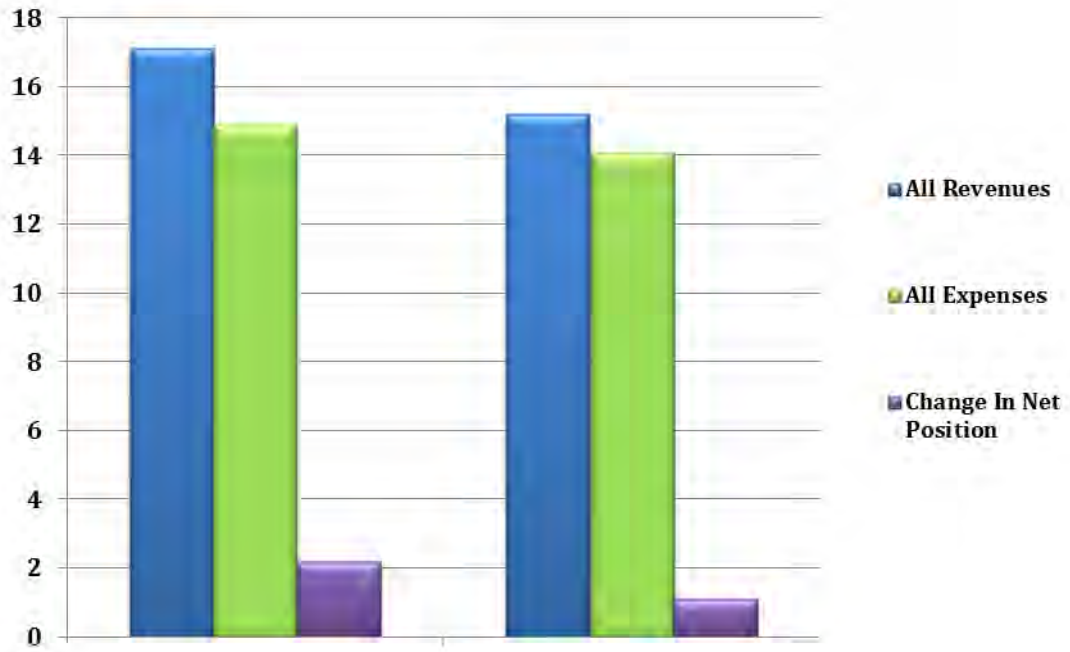
Unrestricted

At June 30, 2016, the Authority had an unrestricted net deficit of \$21.5 million. However, the Authority does possess \$75.2 million in unearned revenues being realized over a 50 year period of approximately \$2.5 million per year.

Change in Net Position

Overall, the fiscal year ending June 30, 2016, brought an increase in net position of \$2.1 million, a \$1.0 million increase from the previous year. The primary reason for this increase over the prior year was due an increase of \$1.8 million in total revenues and an increase of \$0.8 million in total expenses for FYE 2016.

Change in Net Position (in millions)



Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2016 and 2015

	Fiscal Year End June 30,		Increase/(Decrease)	
	2016	2015	Amount	% Change
Operating Revenues				
WWT & Disposal	\$9,323,505	\$8,958,914	364,591	4.1%
WWT & Disposal Capacity Rights	2,519,748	2,510,154	9,594	0.4%
Other Operating Revenues	205,774	262,128	(56,354)	(21.5%)
Total Operating Revenues	12,049,027	11,731,196	317,831	2.7%
Nonoperating Revenues:				
Member Contributions	1,730,491	1,806,745	(76,254)	(4.2%)
Intergovernmental	2,765,270	1,257,581	1,507,689	119.9%
Investment Income	567,709	432,179	135,530	31.4%
Gain on Disposal of Asset	1,123	1,123	-	0.0%
Other Nonoperating Income	-	-	-	0.0%
Total Nonoperating Revenues	5,064,593	3,497,628	1,566,965	44.8%
Total Revenues	17,113,620	15,228,824	1,884,796	12.4%
Operating Expenses:				
WWT and Disposal	6,434,652	6,222,868	211,784	3.4%
General, Admin, and Overhead	270,613	678,992	(408,379)	(60.1%)
Studies and Planning Costs	1,485,977	1,604,703	(118,726)	(7.4%)
Depreciation	3,170,554	3,149,943	20,611	0.7%
Amortization of WWT and Disposal Rights	1,400,918	1,400,918	-	0.0%
Total Operating Expenses	12,762,714	13,057,424	(294,710)	(2.3%)
Nonoperating Expenses:				
Interest Expense	655,473	757,784	(102,311)	(13.5%)
Grant Program Expenses	1,562,246	269,297	1,292,949	480.1%
Other Nonoperating Expenses	-	-	-	0.0%
Total Nonoperating Expenses	2,217,719	1,027,081	1,190,638	115.9%
Total Expenses	14,980,433	14,084,505	895,928	6.4%
Change in Net Positions	2,133,187	1,144,319	988,868	86.4%
Beginning Net Position	65,034,558	63,890,239	1,144,319	1.8%
Ending Net Position	\$67,167,745	\$65,034,558	\$2,133,187	3.3%

Revenues

Combined revenues for the fiscal year 2016 totaled \$17.1 million, an increase of \$1.8 million, or 12.3%, more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2016 and 2015.

- The \$0.3 million increase in Waste Water Treatment and Disposal is due to increases in biochemical oxygen demand (BOD) and total suspended solids (TSS) concentrations and planned rate increases for flow, BOD and TSS, pipeline, and treatment capacity charges.
- The \$1.5 million increase in Intergovernmental is due to Proposition 84 Drought and final round grant contracts.

Expenses

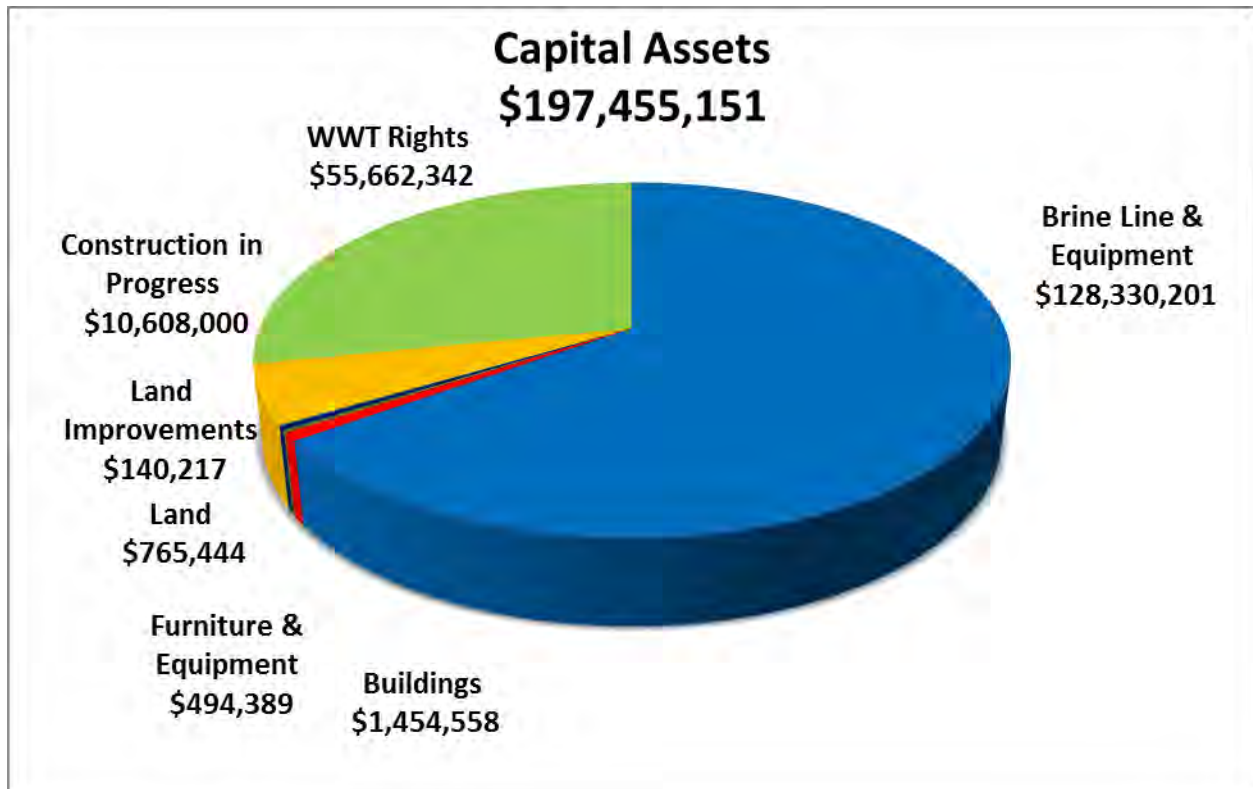
Combined expenses for the fiscal year 2016 totaled \$14.9 million, an increase of \$0.8 million, or 6.3% more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2016 and 2015.

- The \$0.2 million increase in Waste Water Treatment and Disposal is due to increases in BOD and TSS concentrations and planned rate increases from OCSD.
- The \$0.4 million decrease in General, Administration, and Overhead is due to a shift in staff time being charged to Proposition 84 Drought projects and not grant administration.
- The \$1.2 million increase in Grant Program Expenses is due to the Proposition 84 Drought Projects and final round grant contracts. These rounds of grant funding will be implemented by SAWPA staff instead of by another pass-through agency.

Capital Assets

Existing Capital Assets

The following chart is the composition of the Authority's total capital assets, not including depreciation and amortization, considered utility plant, as of June 30, 2016; additional information can be found in Note 6 of the Notes to Financial Statements.



A comparison of the changes by major category between the current and prior fiscal years is provided in the Category of Net Position section on page 8 of this report.

Future Capital Improvements

The capital improvements program (CIP) includes annual capital repairs to correct pipeline and MAS defects identified during closed circuit television (CCTV) and direct visual inspection. The defects include items such as sealing pipe joints with major groundwater infiltration, and repairing MAS and pipe corrosion protection (plastic "T-Lok" type liner) and completing repairs where structure corrosion has occurred.

A catastrophic failure and brine spill along Reach V caused SAWPA to investigate the in-situ condition of the pipe installed in 2001. Data collected indicates that the PVC pipe is deformed beyond the recommended amount (5% deflection) at a number of locations. During FYE 2013, test pits were excavated along the five miles of pipe in question and

additional areas of deflection greater than 5% were found. A panel of three pipeline experts was convened and recommended repair by installation of CIPP to strengthen the pipe. Based upon this recommendation, a project was developed and a detailed design prepared. In FYE 2015, bid documents were completed, bids were received, and a construction contract was awarded. Construction began in 2015 with completion originally expected in fiscal year 2016. However, quality issues developed that were not corrected resulting in the termination of the contract. A new contract has been awarded to correct the deficiencies in the first phase of the project. A SRF loan is funding part of the project and will be repaid through discharger fees.

A four mile stretch of the pipeline, termed the Santa Ana River Interceptor within Orange County has been relocated outside the floodplain by the County of Orange Flood Control District. Relocation to the south side of the Santa Ana River protects the pipeline from Prado Dam water releases. In fiscal year 2012, the Authority loaned \$10 million to the County of Orange and the Orange County Sanitation District (OCSD) loaned up to \$70 million, to facilitate earlier completion of the relocation project. Project design was completed in fiscal year 2011 and the project was bid and awarded in fiscal year 2012. Construction completion was expected by fall 2013 but was delayed until spring 2014. Flows were diverted to the new line May 7, 2014. As of June 2016, \$5.9 million of the \$10 million loaned by SAWPA to the County of Orange has been repaid.

On Reach IV-D the reinforced concrete pipe was installed with a plastic liner covering 270 degrees of the pipe. Since installation, the unlined pipe invert has suffered from corrosion. The range and amount of damage is under investigation but is likely to require repair of several miles of the pipeline and will cost several million dollars. The scope and magnitude of the problem will be developed in FYE 2018.

Long-Term Debt

The Authority's long-term debt consists of two loans from the SWRCB for construction of the Brine Line, four loans from the SWRCB for construction of Reach V of the Brine Line, a new loan from the SWRCB for repairs of Reach IV-A and IV-B, a loan from a member agency for the repurchase of wastewater capacity and treatment/disposal rights, and a contractual obligation due to a related joint powers authority.

During the fiscal years ended June 30, 2015 and 2016, the Authority made all of its scheduled principal payments on these debts as follows:

Debt Service	2016	2015
SWRCB Brine Line	\$966,256	\$1,332,326
SWRCB TVRI Line	940,688	916,041
SWRCB Reach IVA & IVB	657,903	641,231
OCWD Repurchase of Wastewater Rights	299,114	282,183
WRCRWA* Contractual Obligation	491,479	478,093

*West Riverside County Regional Wastewater Authority

These payments decreased the outstanding balance in long-term debt by \$3.4 million. For more detailed information refer to Note 8 of the Notes to Financial Statements.

Fiscal Year 2016-2017 Budget

Economic and Financial Factors

The economy in the Authority's service area is looking brighter. Steady increases in job numbers and positive development in the sectors of healthcare and logistics have helped the Inland Empire. Consumer spending has also continued to increase steadily. The Authority has continued to seek ways to increase efficiency and reduce our budget by optimizing operational processes and implementation of a number of cost cutting measures throughout operations. Since 2010, 5 positions have been added in Brine Line operations. These positions have been added to bring functions previously provided for by consultants in house, which greatly increase the efficiency and effectiveness of our operations. Through these efforts, we have been able to reduce costs and pass those savings on to our member agencies through reduced fees and member contributions.

The Authority is faced with a \$60 million Capital Improvement Program over the next 25 years. To ensure that there will be funds available to implement the program, the

Authority conducted a long-term financial plan and rate model for the Brine Line. This model has served as a financial planning tool to ensure sufficient revenues are collected for operating needs, capital needs, and the funding of a long-term capital repair and replacement reserve. We will look at the model and how we can best update it to serve future operations in FYE 2017.

Management is unaware of any other conditions that could have a significant past, present, or future impact on the Authority's current financial position, net position, or operating results.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for the Board of Commissioners, customers, investors, creditors, and other interest parties. Questions concerning any information provided in the report or requests for additional information should be addressed to the Authority's Finance Department, 11615 Sterling Avenue, Riverside, CA 92503.

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BASIC FINANCIAL STATEMENTS

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SANTA ANA WATERSHED PROJECT AUTHORITY

STATEMENTS OF NET POSITION
 PROPRIETARY FUND

June 30, 2016
 (With comparative totals for June 30, 2015)

	Business-Type Activities Enterprise Fund	
	2016	2015
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 34,739,461	\$ 39,316,897
Cash and cash equivalents - restricted (Note 2)	960,948	998,191
Investments (Note 2)	19,795,929	13,361,160
Interest receivable	154,303	252,446
Accounts receivable	1,568,003	1,765,501
Accounts receivable - member contributions	46,000	-
Accounts receivable - grants	882,591	576,852
Accounts receivable - other	962,252	57,014
Notes receivable - current portion (Note 3)	317,062	643,024
Prepaid expenses and other assets	328,340	277,805
Mitigation credits (Note 5)	1,910,560	1,920,560
TOTAL CURRENT ASSETS	61,665,449	59,169,450
NONCURRENT ASSETS:		
Notes receivable (Note 3)	336,073	1,902,766
Loan receivable (Note 4)	3,998,298	5,174,429
Other post-employment benefit (OPEB) asset (Note 13)	478,046	402,427
Capital assets (Note 6):		
Not being depreciated	11,373,444	4,889,100
Being depreciated, net of accumulated depreciation and amortization	97,313,533	101,512,859
TOTAL NONCURRENT ASSETS	113,499,394	113,881,581
TOTAL ASSETS	175,164,843	173,051,031
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts from pension plans	358,101	273,547
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	3,528,429	1,500,140
Accrued salaries and wages	134,875	102,891
Accrued interest payable	313,758	357,942
Long-term liabilities - due within one year:		
Compensated absences (Note 7)	154,232	127,989
Loans payable (Note 8)	2,463,311	3,355,440
TOTAL CURRENT LIABILITIES	6,594,605	5,444,402
NONCURRENT LIABILITIES:		
Unearned revenue (Note 9)	75,229,441	77,739,595
Long-term liabilities - due in more than one year:		
Compensated absences (Note 7)	359,872	298,640
Loans payable (Note 8)	23,398,758	21,852,994
Net pension liability (Note 12)	2,247,501	2,169,716
TOTAL NONCURRENT LIABILITIES	101,235,572	102,060,945
TOTAL LIABILITIES	107,830,177	107,505,347
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts from pension plans	525,022	784,673
NET POSITION (NOTE 10):		
Net investment in capital assets	84,798,833	82,709,425
Restricted for:		
SRF Reach IVA & IVB reserve requirement	1,050,000	1,050,000
Mitigation	2,873,403	2,919,074
Unrestricted	(21,554,491)	(21,643,941)
TOTAL NET POSITION	\$ 67,167,745	\$ 65,034,558

See accompanying notes to the basic financial statements.

SANTA ANA WATERSHED PROJECT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND

For the fiscal year ended June 30, 2016
 (With comparative totals for the fiscal year ended June 30, 3015)

	Business-Type Activities Enterprise Fund	
	2016	2015
OPERATING REVENUES:		
Wastewater treatment and disposal	\$ 9,323,505	\$ 8,958,914
Wastewater treatment and disposal - capacity rights	2,519,748	2,510,154
Other	205,774	262,128
TOTAL OPERATING REVENUES	12,049,027	11,731,196
OPERATING EXPENSES:		
Wastewater treatment and disposal	6,434,652	6,222,868
General and administrative and overhead	270,613	678,992
Studies and planning costs	1,485,977	1,604,703
TOTAL OPERATING EXPENSES	8,191,242	8,506,563
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	3,857,785	3,224,633
DEPRECIATION	(3,170,554)	(3,149,943)
AMORTIZATION	(1,400,918)	(1,400,918)
OPERATING LOSS	(713,687)	(1,326,228)
NONOPERATING REVENUES (EXPENSES):		
Member contributions	1,730,491	1,806,745
Intergovernmental	2,765,270	1,257,581
Investment earnings	567,709	432,179
Gain on sale of mitigation credits	1,123	1,123
Interest expense	(655,473)	(757,784)
Grant program expenses	(1,562,246)	(269,297)
TOTAL NONOPERATING REVENUES (EXPENSES)	2,846,874	2,470,547
CHANGES IN NET POSITION	2,133,187	1,144,319
NET POSITION - BEGINNING OF YEAR	65,034,558	63,890,239
NET POSITION - END OF YEAR	\$ 67,167,745	\$ 65,034,558

See accompanying notes to the basic financial statements.

SANTA ANA WATERSHED PROJECT AUTHORITY

STATEMENTS OF CASH FLOWS
PROPRIETARY FUND

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 3015)

	Business-Type Activities Enterprise Fund	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 12,805,157	\$ 11,252,036
Cash received from sale of mitigation credits	11,123	11,123
Cash paid to employees	(3,304,384)	(2,999,507)
Cash paid to suppliers	(3,131,684)	(4,932,807)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,380,212</u>	<u>3,330,845</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Member contributions	1,684,491	1,806,745
Other governments	2,503,797	850,537
Grant program expenses	(1,562,246)	(269,297)
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>2,626,042</u>	<u>2,387,985</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(6,856,490)	(3,631,937)
Proceeds from acquisition of long-term debt	3,059,571	-
Principal payments on long-term debt	(3,355,440)	(3,649,874)
Interest paid on long-term debt	(699,657)	(809,076)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(7,852,016)</u>	<u>(8,090,887)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(6,445,380)	(257,659)
Proceeds from sale of investments	10,611	3,290,800
Interest received	665,852	460,441
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(5,768,917)</u>	<u>3,493,582</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,614,679)	1,121,525
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>40,315,088</u>	<u>39,193,563</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 35,700,409</u>	<u>\$ 40,315,088</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:		
Cash and cash equivalents	\$ 34,739,461	\$ 39,316,897
Cash and cash equivalents - restricted	960,948	998,191
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 35,700,409</u>	<u>\$ 40,315,088</u>

See accompanying notes to the basic financial statements.

SANTA ANA WATERSHED PROJECT AUTHORITY

STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND
 (CONTINUED)

For the fiscal year ended June 30, 2016
 (With comparative totals for the fiscal year ended June 30, 3015)

	Business-Type Activities Enterprise Fund	
	2016	2015
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (713,687)	\$ (1,326,228)
Adjustments:		
Amortization	1,400,918	1,400,918
Depreciation	3,170,554	3,149,943
Gain on sale of mitigation credits	1,123	1,123
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase) decrease in accounts receivable	197,498	(162,876)
(Increase) decrease in prepaid expenses and other assets	(50,535)	8,960
(Increase) decrease in mitigation credits	10,000	10,000
(Increase) decrease in notes receivable	1,892,655	606,627
(Increase) decrease in loan receivable	1,176,131	1,587,243
(Increase) decrease in other post-employment benefit (OPEB) asset	(75,619)	(50,197)
(Increase) decrease in deferred outflows of resources from pension plans	(84,554)	(14,663)
Increase (decrease) in accounts payable	2,028,289	564,167
Increase (decrease) in accrued salaries and wages	31,984	24,989
Increase (decrease) in compensated absences	87,475	51,217
Increase (decrease) in unearned revenue	(2,510,154)	(2,510,154)
Increase (decrease) in net pension liability	77,785	(794,897)
Increase (decrease) in deferred inflows of resources from pension plans	(259,651)	784,673
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 6,380,212</u>	<u>\$ 3,330,845</u>

See accompanying notes to the basic financial statements.

SANTA ANA WATERSHED PROJECT AUTHORITY
 STATEMENTS OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS

June 30, 2016
 (With comparative totals for June 30, 2015)

	Total Agency Funds	
	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 445,611	\$ 444,353
Accounts receivable - grants	2,090,631	1,542,785
TOTAL ASSETS	\$ 2,536,242	\$ 1,987,138
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,090,631	\$ 1,542,785
TOTAL CURRENT LIABILITIES	2,090,631	1,542,785
NONCURRENT LIABILITIES:		
Deposits - legal defense	445,611	444,353
TOTAL NONCURRENT LIABILITIES	445,611	444,353
TOTAL LIABILITIES	\$ 2,536,242	\$ 1,987,138

See accompanying notes to the basic financial statements.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Organization and Purpose:

The Santa Ana Watershed Project Authority (the Authority) was reformed in 1972 pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise of powers common to public agencies, for the purpose of undertaking projects for water quality control and protection and pollution abatement in the Santa Ana River Watershed. The five member agencies are the Orange County Water District, Inland Empire Utilities Agency (formerly Chino Basin Municipal Water District), Eastern Municipal Water District, San Bernardino Valley Municipal Water District, and Western Municipal Water District. The Board of Commissioners is the governing body of the Authority. Each member of the Authority appoints, by Resolution of its governing body, one member of its governing body to act as its Commissioner on the Board.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standard Board Statements have been considered and there are no agencies or entities which should be presented with the Authority.

The Authority's enterprise activities are accounted for on the basis of funds, each of which is considered a separate accounting entity. The operations of each activity are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses. Authority resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority's various funds are grouped as follows:

Capital Projects Activities - Record the activity of the various capital improvement projects undertaken by the Authority.

Internal Administration - Reflect the grouping of general and administration expenses and department overhead costs. Reported amounts are net of allocations made in support of capital projects and enterprise activities.

Enterprise Activities - Reflect operations of the Inland Empire Brine Line System (Brine Line) pipelines.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

a. Organization and Purpose (Continued):

The Authority also has the following Fiduciary Funds:

Agency Funds:

Agency funds are utilized to record monies held on behalf of others in a fiduciary capacity. The Authority has two agency funds:

The Legal Defense Fund - This fund was established in conjunction with the Environmental Protection Agency in connection with potential third-party lawsuits arising from the discharge of effluent which originates from the Stringfellow Hazardous Waste Site, while the facility is operated by the Environmental Protection Agency or its agents under the use permit.

The Integrated Regional Water Management Program (Prop 84 Capital Projects) - This fund was established to account for pass-through monies of the Authority's member agencies.

b. Basis of Presentation:

The Authority reports its activities as an enterprise fund, which is a Proprietary type fund used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Authority is that the cost of providing services on a continuing basis be financed or recovered primarily through user charges, capital grants, and similar funding.

c. Measurement Focus and Basis of Accounting:

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus", and the "accrual basis of accounting". Under the economic measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statements of net position.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Measurement Focus and Basis of Accounting (Continued):

The statements of revenues, expenses and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

d. New Accounting Pronouncements:

Current Year Standards:

In fiscal year 2015-2016, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *"Fair Value Measurement and Application"*. GASB Statement No. 72 requires the Authority to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the Authority's financial statements as a result of the implementation of GASB Statement No. 72.

GASB Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, was required to be implemented in the current fiscal year, except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for periods beginning after June 15, 2016, and did not impact the Authority.

GASB Statement No. 76, *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, was required to be implemented in the current fiscal year and did not impact the Authority.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements (Continued):

Current Year Standards (Continued):

GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*", was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the Authority.

GASB Statement No. 82, "*Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73*", changed the measurement of covered payroll reported in required supplementary information and has been early implemented.

Pending Accounting Standards:

GASB has issued the following statements, which may impact the Authority's financial reporting requirements in the future:

- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", the provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 77 - "*Tax Abatement Disclosure*", effective for periods beginning after December 15, 2015.
- GASB 78 - "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*", effective for periods beginning after December 15, 2015.
- GASB 79 - "*Certain External Investment Pools and Pool Participants*", the certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - "*Blending Requirements for Certain Component Units*", effective for periods beginning after June 15, 2016.
- GASB 81 - "*Irrevocable Split-Interest Agreements*", effective for periods beginning after December 15, 2016.
- GASB 82 - "*Pension Issues*", effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which is effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The Authority has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans, which is 3.8 years.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority has the following items that qualify for reporting in this category:

- Deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over five years.
- Deferred inflow from pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans, which is 3.8 years.
- Deferred inflow related to the pension plans for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans, which is 3.8 years.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

f. Net Position Flow Assumption:

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Authority's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied; however it is at the Board of Commissioners' discretion.

g. Operating Revenues and Expenses:

Operating revenues, such as wastewater treatment and wastewater disposal, capacity rights, and contractual services, result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values.

Revenues not included in the above category are reported as nonoperating revenues. Nonoperating revenues such as grant funding, member contributions, and investment income, result from non-exchange transactions or ancillary activities in which the Authority gives (receives) value without directly receiving (giving) value in exchange.

Operating expenses include wastewater treatment and disposal, studies and planning costs, management, administration, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

h. Cash and Cash Equivalents:

Substantially all of Authority's cash is invested in interest bearing cash accounts. The Authority considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

i. Investments and Investment Policy:

The Authority has adopted an investment policy directing the Authority's Chief Financial Officer to deposit funds in financial institutions.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. Investments and Investment Policy (Continued):

Investments are stated at their fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in market value, and any gains or losses realized upon the liquidation or sale of investments.

j. Restricted Assets:

Restricted assets are financial resources generated for a specific purpose such as capital projects or debt service. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

k. Accounts Receivable:

The Authority extends credit in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded.

l. Prepaid Expenses:

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

m. Mitigation Credits:

Mitigation credits are recorded at cost and are purchased and used by those member agencies needing habitat mitigation within the Watershed for specific development projects.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

n. Capital Assets:

Capital assets acquired and/or constructed are capitalized at historical cost. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated assets are recorded at estimated cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	40 years
Land improvements	15 to 20 years
Furniture and office equipment	3 years
Brine Line and equipment	25 years

Wastewater treatment and disposal rights are included as capital assets and are capitalized at cost. Amortization is computed using the straight-line method over the remaining life of the Authority's contract with the Orange County Sanitation District for the acquisition of the rights at the time the rights were acquired. The current contract expires April 26, 2046.

o. Compensated Absences:

The Authority's policy is to pay out sick leave time accrued upon retirement, death or termination on a variable scale of 15% to 60% based on years of service. Each full-time employee accrues 96 hours of sick time per year. The liability for this benefit has been accrued in these financial statements.

Employees of the Authority are entitled to paid vacation depending on length of service. Vacation is accrued for full-time employees beginning on the first day of full-time employment, and ranges from 12 to 22 days per year based on longevity with the Authority. Part-time employees accrue vacation on a prorated basis based on the actual number of hours worked.

Authority policy requires employees to pass a probationary period prior to payment for accrued vacation hours. Employees are allowed to accumulate vacation leave up to twice their annual accrual, but no more than 36 days.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

p. Unearned Revenue:

Unearned revenue represents advance payments received for wastewater treatment and disposal capacity rights sold, which are being recognized as revenue as the services are provided.

q. Capital Contributions:

Capital contributions consist of grants awarded and contributions received for the acquisition and/or construction of capital assets. Contributions received for studies, planning, administration, and other noncapital assets are considered nonoperating revenue.

r. Capital and Operating Grants:

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a capital or operating grant receivable on the statements of net position and as capital grant contribution or operating grant revenue, as appropriate, on the statements of revenues, expenses and changes in net position.

s. Budgetary Policies:

The Authority adopts a biannual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparison of actual revenue and expense with planned revenue and expense for the period.

t. Net Position:

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction, or improvement of those assets.
- **Restricted Net Position** - This component of net position consists of constraints placed on net position use imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - This component of net position consists of net position that does not meet the definition of *net investment in capital assets* or *restricted*.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

u. Pensions:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

v. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

w. Prior-Year Data:

Selected information regarding the prior-year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's prior year financial statements, from which this selected financial data was derived.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments as of June 30, 2016 and 2015 are classified in the accompanying financial statements as follows:

	<u>2016</u>	<u>2015</u>
Statements of Net Position:		
Cash and cash equivalents	\$ 34,739,461	\$ 39,316,897
Cash and cash equivalents - restricted	960,948	998,191
Investments	<u>19,795,929</u>	<u>13,361,160</u>
Total cash and cash equivalents	55,496,338	53,676,248
Statements of Fiduciary Assets and Liabilities - Agency Funds:		
Cash and cash equivalents	<u>445,611</u>	<u>444,353</u>
Total cash and cash equivalents	<u>\$ 55,941,949</u>	<u>\$ 54,120,601</u>

Cash and investments as of June 30, 2016 and 2015, consist of the following:

	<u>2016</u>	<u>2015</u>
Cash on hand	\$ 500	\$ 500
Deposits with financial institution	2,232,010	1,438,904
Investments	<u>53,709,439</u>	<u>52,681,197</u>
Total cash and investments	<u>\$ 55,941,949</u>	<u>\$ 54,120,601</u>

Investments in LAIF and CalTRUST are considered highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. As of June 30, 2016 and 2015, the LAIF and CalTRUST pools had a weighted average maturity of the following:

	<u>2016</u>	<u>2015</u>
California Local Agency Investment Fund (LAIF)	167 days	239 days
Investment Trust of California (CalTRUST)	741 days	781 days

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by the California Government Code and the Authority's Investment Policy:

The table below identifies the investment types that are authorized by the Authority in accordance with the California Government Code (or the Authority's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States (U.S.) Treasury Bills, Notes and Bonds	5 years	None	N/A
U.S. Government Sponsored Agency Securities	5 years	None	None
Mutual Funds	90 days	15%	None
Municipal Bonds	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	15%	*
Negotiable Certificates of Deposit	5 years	30%	\$250,000
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	N/A
Collateralized Bank Deposits	5 years	25%	None
Investment Trust of California (CalTRUST)	5 years	15%	N/A

N/A - Not Applicable

* - 10% of outstanding paper of an issuing corporation

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

2. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and CalTRUST).

The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), and the Authority's investment policy that requires no more than two-thirds of the Authority's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by non-mortgage-backed securities. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the Authority's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Authority's name.

Investment in State Investment Pool:

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's prorated share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

2. CASH AND INVESTMENTS (CONTINUED):

Investment in CalTRUST Investment Pool:

CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. CalTRUST maintains and administers four pooled accounts within the program: Money Market, Short-Term, Medium-Term and Long-Term. The Money Market account permits daily transactions, with same-day liquidity (provided redemption requests are received by 1:00 p.m. Pacific time), with no limit on the amount of funds that may be invested.

The short-term account permits an unlimited number of transactions per month (with prior day notice), with no limit on the amount of funds that may be invested. The medium- and long-term accounts permit investments, withdrawals and transfers once per month, with five days advance notice. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. CalTRUST imposes a \$250,000 minimum investment; however, there is no maximum limit. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

Interest Rate Risk:

Interest rate risk is the risk where changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity date.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

2. CASH AND INVESTMENTS (CONTINUED):

Interest Rate Risk (Continued):

Maturities of investments and cash equivalents as of June 30, 2016, were as follows:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 24 Months	25 - 60 Months	
U.S. Treasury Strips	\$ 945,710	\$ 939,094	\$ 5,362,848	\$ 7,247,652
U.S. Government Sponsored Agency Securities	1,503,948	1,505,215	4,640,357	7,649,520
LAIF	33,913,510	-	-	33,913,510
CalTRUST	2,170,474	-	-	2,170,474
Negotiable Certificates of Deposit	747,283	1,240,000	741,000	2,728,283
	<u>\$39,280,925</u>	<u>\$ 3,684,309</u>	<u>\$10,744,205</u>	<u>\$53,709,439</u>

Maturities of investments and cash equivalents as of June 30, 2015, were as follows:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 24 Months	25 - 60 Months	
U.S. Treasury Strips	\$ 2,322,780	\$ 940,370	\$ 1,662,619	\$ 4,925,769
U.S. Government Sponsored Agency Securities	-	1,006,217	2,554,342	3,560,559
LAIF	39,320,037	-	-	39,320,037
CalTRUST	2,135,939	-	-	2,135,939
Negotiable Certificates of Deposit	752,893	746,000	1,240,000	2,738,893
	<u>\$44,531,649</u>	<u>\$ 2,692,587</u>	<u>\$ 5,456,961</u>	<u>\$52,681,197</u>

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented on the following page is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, or debt agreements, and the actual rating as of year end for each investment type. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF and CalTRUST are not rated.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

2. CASH AND INVESTMENTS (CONTINUED):

Credit Risk (Continued):

Credit ratings by Standard & Poor's of investments and cash equivalents as of June 30, 2016, were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End AA+</u>	<u>Not Rated</u>
U.S. Treasury Strips	\$ 7,247,652	N/A	\$ 7,247,652	\$ -	\$ -
U.S. Government Sponsored					
Agency Securities	7,649,520	N/A	-	7,649,520	-
LAIF	33,913,510	N/A	-	-	33,913,510
CalTRUST	2,170,474	N/A	-	-	2,170,474
Negotiable Certificates of Deposit	<u>2,728,283</u>	N/A	-	-	<u>2,728,283</u>
	<u>\$53,709,439</u>		<u>\$ 7,247,652</u>	<u>\$ 7,649,520</u>	<u>\$38,812,267</u>

Credit ratings by Standard & Poor's of investments and cash equivalents as of June 30, 2015, were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End AA+</u>	<u>Not Rated</u>
U.S. Treasury Strips	\$ 4,925,769	N/A	\$ 4,925,769	\$ -	\$ -
U.S. Government Sponsored					
Agency Securities	3,560,559	N/A	-	3,560,559	-
LAIF	39,320,037	N/A	-	-	39,320,037
CalTRUST	2,135,939	N/A	-	-	2,135,939
Negotiable Certificates of Deposit	<u>2,738,893</u>	N/A	-	-	<u>2,738,893</u>
	<u>\$52,681,197</u>		<u>\$ 4,925,769</u>	<u>\$ 3,560,559</u>	<u>\$44,194,869</u>

Concentration of Credit Risk:

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Authority has no investments that represent 5% or more of total Authority investments invested in one issuer.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements:

The Authority categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Authority has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Authority's own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Authority's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the Authority's management. Authority management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

SANTA ANA WATERSHED PROJECT AUTHORITY

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(CONTINUED)

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2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to Authority management's perceived risk of that investment.

The following is a description of the recurring valuation methods and assumptions used by the Authority to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by Authority's broker or custodian.

The Authority's management has valued the U.S. Treasury Strips, U.S. Government Sponsored Agency Securities, and Negotiable Certificates of Deposit at Level 2 based on similar assets. Amounts invested in CalTRUST and LAIF are valued at Level 2 based on information provided by CalTRUST and the California State Treasurer's Office, respectively.

The Authority has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

Level inputs of the fair value measurements as of June 30, 2016, were as follows:

	Quoted Prices <u>Level 1</u>	Observable Inputs <u>Level 2</u>	Unobservable Inputs <u>Level 3</u>	<u>Total</u>
U.S. Treasury Strips	\$ -	\$ 7,247,652	\$ -	\$ 7,247,652
U.S. Government Sponsored Agency Securities	-	7,649,520	-	7,649,520
LAIF	-	33,913,510	-	33,913,510
CalTRUST	-	2,170,474	-	2,170,474
Negotiable Certificates of Deposit	-	<u>2,728,283</u>	-	<u>2,728,283</u>
 Total Investments	 <u>\$ -</u>	 <u>\$ 53,709,439</u>	 <u>\$ -</u>	 <u>\$ 53,709,439</u>

Level inputs of the fair value measurements as of June 30, 2015, were as follows:

	Quoted Prices <u>Level 1</u>	Observable Inputs <u>Level 2</u>	Unobservable Inputs <u>Level 3</u>	<u>Total</u>
U.S. Treasury Strips	\$ -	\$ 4,925,769	\$ -	\$ 4,925,769
U.S. Government Sponsored Agency Securities	-	3,560,559	-	3,560,559
LAIF	-	39,320,037	-	39,320,037
CalTRUST	-	2,135,939	-	2,135,939
Negotiable Certificates of Deposit	-	<u>2,738,893</u>	-	<u>2,738,893</u>
 Total Investments	 <u>\$ -</u>	 <u>\$ 52,681,197</u>	 <u>\$ -</u>	 <u>\$ 52,681,197</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

3. NOTES RECEIVABLE:

During the year ended June 30, 1998, the Authority sold capacity rights in the Brine Line pipeline under an installment agreement with Inland Empire Utilities Agency. Sale terms specify annual installments of \$267,188 with zero interest due July 1 of each year through 2018. The receivable has been discounted at the imputed interest rate of 6.00% and totals \$489,860 and \$714,195 at June 30, 2016 and 2015, respectively. Remaining repayments total \$534,375 and \$801,562 with an unamortized discount of \$44,515 and \$87,367 at June 30, 2016 and 2015, respectively.

During the year ended June 30, 1999, the Authority sold capacity rights in the Brine Line pipeline under and installment agreement with Western Municipal Water District. Sale terms specify annual installments of \$89,063 with zero interest due July 1 of each year through 2018. The receivable has been discounted at the imputed interest rate of 6.00% and totals \$163,275 and \$1,831,595 at June 30, 2016 and 2015, respectively. Remaining repayments total \$178,113 and \$2,114,334 with an unamortized discount of \$14,838 and \$282,739 at June 30, 2016 and 2015, respectively. Additional payments beyond the required amounts were received in the fiscal year ended June 30, 2016, resulting in a large decrease in the remaining balance.

Notes receivable amounts at June 30, 2016, are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 317,062	\$ 39,189	\$ 356,251
2018	<u>336,073</u>	<u>20,164</u>	<u>356,237</u>
Total	653,135	<u>\$ 59,353</u>	<u>\$ 712,488</u>
Less: current portion	<u>(317,062)</u>		
Total noncurrent	<u>\$ 336,073</u>		

4. LOAN RECEIVABLE:

On June 29, 2010, the Authority agreed to loan Orange County Flood Control District (OCFCD), 10% of the total costs, not to exceed \$10 million for the protection and relocation of the Santa Ana Regional Interceptor Line Project (SARI Project). On June 21, 2011, the agreement was amended to increase the loan to 10% of total costs, not to exceed \$12 million. As of June 30, 2016, the Authority has made deposits totaling \$10 million. Terms of the agreement call for payment of principal to commence once subvention funding is received at a zero percent interest rate due each year through July 1, 2022.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

4. LOAN RECEIVABLE (CONTINUED):

Principal and interest payments are based on subvention funding received by OCFCD, which totaled \$1,176,131 and \$1,587,243 for fiscal years ended June 30, 2016 and 2015, respectively. On the unpaid balance at July 1, 2018, interest will accrue at the current LAIF interest rate. The receivable has been discounted at the June 30, 2012 LAIF interest rate of 0.363%, and totals \$3,998,298 and \$5,174,429 at June 30, 2016 and 2015, respectively. Remaining repayments total \$4,017,059 and \$5,196,317 with an unamortized discount of \$18,761 and \$21,888 at June 30, 2016 and 2015, respectively.

5. MITIGATION CREDITS:

On March 17, 2000, the State of California voted to approve, Proposition 13, the Costa-Machado Water Act of 2000 containing the Southern California Integrated Watershed Program (SCIWP), providing \$235 million for local grant assistance. The State Legislature appropriated the funds to the State Water Resource Control Board (SWRCB) to be allocated to the Authority for projects to rehabilitate and improve the Santa Ana River Watershed.

On April 23, 2003, as part of the SCIWP, the Authority purchased 100 acres of mitigation credits from the Riverside County Regional Park and Open Space District. These credits are purchased and used by those needing habitat mitigation within the Watershed for specific development projects.

The changes to mitigation credits at June 30, 2016 and 2015 were as follows:

<u>Balance</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2016</u>
\$ 1,920,560	\$ _____	\$ (10,000)	\$ 1,910,560
<u>Balance</u> <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2015</u>
\$ 1,930,560	\$ -	\$ (10,000)	\$ 1,920,560

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NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

6. CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2016, were as follows:

	Balance <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>2016</u>
Capital assets, not being depreciated:				
Land	\$ 765,444	\$ -	\$ -	\$ 765,444
Construction in progress	<u>4,123,656</u>	<u>6,484,344</u>	<u>-</u>	<u>10,608,000</u>
Total capital assets, not being depreciated	<u>4,889,100</u>	<u>6,484,344</u>	<u>-</u>	<u>11,373,444</u>
Capital assets, being depreciated and amortized:				
Land improvements	140,217	-	-	140,217
Buildings	1,454,558	-	-	1,454,558
Furniture and equipment	382,092	112,297	-	494,389
Brine Line and equipment	128,070,352	259,849	-	128,330,201
Wastewater treatment and disposal rights	<u>55,662,342</u>	<u>-</u>	<u>-</u>	<u>55,662,342</u>
Total capital assets, being depreciated and amortized	<u>185,709,561</u>	<u>372,146</u>	<u>-</u>	<u>186,081,707</u>
Less accumulated depreciation and amortization for:				
Land improvements	(79,893)	(3,505)	-	(83,398)
Buildings	(826,110)	(37,549)	-	(863,659)
Furniture and equipment	(267,415)	(31,980)	-	(299,395)
Brine Line and equipment	(59,097,608)	(3,097,520)	-	(62,195,128)
Accumulated amortization	<u>(23,925,676)</u>	<u>(1,400,918)</u>	<u>-</u>	<u>(25,326,594)</u>
Total accumulated depreciation and amortization	<u>(84,196,702)</u>	<u>(4,571,472)</u>	<u>-</u>	<u>(88,768,174)</u>
Total capital assets, being depreciated, net	<u>101,512,859</u>	<u>(4,199,326)</u>	<u>-</u>	<u>97,313,533</u>
Total capital assets, net	<u>\$106,401,959</u>	<u>\$ 2,285,018</u>	<u>\$ -</u>	<u>\$ 108,686,977</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

6. CAPITAL ASSETS (CONTINUED):

Changes in capital assets for the year ended June 30, 2015, were as follows:

	Balance <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>2015</u>
Capital assets, not being depreciated:				
Land	\$ 765,444	\$ -	\$ -	\$ 765,444
Construction in progress	<u>677,875</u>	<u>3,445,781</u>	<u>-</u>	<u>4,123,656</u>
Total capital assets, not being depreciated	<u>1,443,319</u>	<u>3,445,781</u>	<u>-</u>	<u>4,889,100</u>
Capital assets, being depreciated and amortized:				
Land improvements	140,217	-	-	140,217
Buildings	1,447,263	7,295	-	1,454,558
Furniture and equipment	328,851	53,241	-	382,092
Brine Line and equipment	127,944,731	125,621	-	128,070,352
Wastewater treatment and disposal rights	<u>55,662,342</u>	<u>-</u>	<u>-</u>	<u>55,662,342</u>
Total capital assets, being depreciated and amortized	<u>185,523,404</u>	<u>186,157</u>	<u>-</u>	<u>185,709,561</u>
Less accumulated depreciation and amortization for:				
Land improvements	(76,387)	(3,506)	-	(79,893)
Buildings	(788,695)	(37,415)	-	(826,110)
Furniture and equipment	(241,396)	(26,019)	-	(267,415)
Brine Line and equipment	(56,014,604)	(3,083,004)	-	(59,097,608)
Accumulated amortization	<u>(22,524,758)</u>	<u>(1,400,918)</u>	<u>-</u>	<u>(23,925,676)</u>
Total accumulated depreciation and amortization	<u>(79,645,840)</u>	<u>(4,550,862)</u>	<u>-</u>	<u>(84,196,702)</u>
Total capital assets, being depreciated, net	<u>105,877,564</u>	<u>(4,364,705)</u>	<u>-</u>	<u>101,512,859</u>
Total capital assets, net	<u>\$107,320,883</u>	<u>\$ (918,924)</u>	<u>\$ -</u>	<u>\$ 106,401,959</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

7. COMPENSATED ABSENCES:

Compensated absences comprise unpaid vacation and sick leave which is accrued as earned.

The changes to compensated absences at June 30, 2016 and 2015 were as follows:

	<u>Balance</u> <u>2015</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2016</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
Compensated absences	\$ 426,629	\$ 408,464	\$ (320,989)	\$ 514,104	\$ 154,232	\$ 359,872

	<u>Balance</u> <u>2014</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2015</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
Compensated absences	\$ 375,412	\$ 334,525	\$ (283,308)	\$ 426,629	\$ 127,989	\$ 298,640

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

8. LONG-TERM DEBT:

Changes in long-term debt for the year ended June 30, 2016, were as follows:

	Balance 2015	Additions	Principal Payments Amortization	Balance 2016
SWRCB Contract Loans:				
Loan #4	\$ 454,730	\$ -	\$ (454,730)	\$ -
Loan #5	<u>511,526</u>	-	<u>(511,526)</u>	-
Total SWRCB Contract Loans	<u>966,256</u>	-	<u>(966,256)</u>	-
SWRCB Brine Line Reach V Loans:				
Loan I	2,130,152	-	(280,551)	1,849,601
Loan II & III	1,717,898	-	(226,926)	1,490,972
Loan IV	1,234,778	-	(191,373)	1,043,405
Loan V	<u>1,830,784</u>	-	<u>(241,838)</u>	<u>1,588,946</u>
Total SWRCB Brine Line Reach V Loans	<u>6,913,612</u>	-	<u>(940,688)</u>	<u>5,972,924</u>
Member Agency Loans:				
OCWD Loan	952,260	-	(299,114)	653,146
WRCRWA SFR Loans #2, 3 and 4	<u>1,515,900</u>	-	<u>(491,479)</u>	<u>1,024,421</u>
Total Member Agency Loans	<u>2,468,160</u>	-	<u>(790,593)</u>	<u>1,677,567</u>
State Revolving Fund Loan				
Reach IVA & IVB	<u>14,860,406</u>	-	<u>(657,903)</u>	<u>14,202,503</u>
SWRCB Inland Empire Brine Line Reach V Loans:				
Loan I	-	4,009,075	-	4,009,075
Total long-term debt	25,208,434	<u>\$ 4,009,075</u>	<u>\$ (3,355,440)</u>	25,862,069
Less: current portion	<u>(3,355,440)</u>			<u>(2,463,311)</u>
Long-term portion	<u>\$ 21,852,994</u>			<u>\$ 23,398,758</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
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8. LONG-TERM DEBT (CONTINUED):

Changes in long-term debt for the year ended June 30, 2015, were as follows:

	Balance 2014	Additions	Principal Payments Amortization	Balance 2015
SWRCB Contract Loans:				
Loan #3	\$ 392,863	\$ -	\$ (392,863)	\$ -
Loan #4	896,216	-	(441,486)	454,730
Loan #5	<u>1,009,503</u>	-	<u>(497,977)</u>	<u>511,526</u>
Total SWRCB Contract Loans	<u>2,298,582</u>	<u>-</u>	<u>(1,332,326)</u>	<u>966,256</u>
SWRCB Brine Line Reach V Loans:				
Loan I	2,403,327	-	(273,175)	2,130,152
Loan II & III	1,939,074	-	(221,176)	1,717,898
Loan IV	1,420,758	-	(185,980)	1,234,778
Loan V	<u>2,066,494</u>	<u>-</u>	<u>(235,710)</u>	<u>1,830,784</u>
Total SWRCB Brine Line Reach V Loans	<u>7,829,653</u>	<u>-</u>	<u>(916,041)</u>	<u>6,913,612</u>
Member Agency Loans:				
OCWD Loan	1,234,443	-	(282,183)	952,260
WRCRWA SFR Loans #2, 3 and 4	<u>1,993,993</u>	<u>-</u>	<u>(478,093)</u>	<u>1,515,900</u>
Total Member Agency Loans	<u>3,228,436</u>	<u>-</u>	<u>(760,276)</u>	<u>2,468,160</u>
State Revolving Fund Loan				
Reach IVA & IVB	<u>15,501,637</u>	<u>-</u>	<u>(641,231)</u>	<u>14,860,406</u>
Total long-term debt	28,858,308	<u>\$ -</u>	<u>\$ (3,649,874)</u>	25,208,434
Less: current portion	<u>(3,649,872)</u>			<u>(3,355,440)</u>
Long-term portion	<u>\$ 25,208,436</u>			<u>\$ 21,852,994</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

8. LONG-TERM DEBT (CONTINUED):

State Water Resources Control Board - Loan No. 3:

This loan, in the amount of \$6,127,405, was for the construction of Reach IV-D of the Brine Line Pipeline. Annual principal and interest payments of \$403,470, at the rate of 2.70%, commenced on October 4, 1995, and matured on October 4, 2014.

State Water Resources Control Board - Loan No. 4:

This loan, in the amount of \$6,828,963, was for the construction of Reach IV-D of the Brine Line Pipeline. Annual principal and interest payments of \$468,372, at the rate of 3.00%, commenced on November 30, 1996, and matured on November 30, 2015.

State Water Resources Control Board - Loan No. 5:

This loan, in the amount of \$7,814,181, was for the construction of Reach IV-E of the Brine Line Pipeline. Annual principal and interest payments of \$526,243 in fiscal year 2015 and \$525,849 in fiscal year 2016, at the rate of 2.80%, commenced on January 10, 1996, and matured on January 10, 2016.

State Water Resources Control Board - Brine Line Reach V Loan No. I:

This loan, in the amount of \$5,089,798, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$388,065, at the rate of 2.70%, commenced on October 5, 2002, and will mature on October 5, 2021.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 288,126	\$ 49,939	\$ 338,065
2018	295,905	42,160	338,065
2019	303,895	34,170	338,065
2020	312,100	25,965	338,065
2021	320,527	17,538	338,065
2022	<u>329,048</u>	<u>8,885</u>	<u>337,933</u>
Total	1,849,601	<u>\$ 178,657</u>	<u>\$ 2,028,258</u>
Less: current portion	<u>(288,126)</u>		
Total noncurrent	<u>\$ 1,561,475</u>		

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
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8. LONG-TERM DEBT (CONTINUED):

State Water Resources Control Board - Brine Line Reach V Loan No. II and III:

This loan, in the amount of \$4,187,933, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$271,592, at the rate of 2.60%, commenced on October 5, 2002, and will mature on October 5, 2021.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 232,827	\$ 38,765	\$ 271,592
2018	238,880	32,712	271,592
2019	245,091	26,501	271,592
2020	251,463	20,129	271,592
2021	258,001	13,591	271,592
2022	<u>264,710</u>	<u>6,882</u>	<u>271,592</u>
Total	1,490,972	<u>\$ 138,580</u>	<u>\$ 1,629,552</u>
Less: current portion	<u>(232,827)</u>		
Total noncurrent	<u>\$ 1,258,145</u>		

State Water Resources Control Board - Brine Line Reach V Loan No. IV:

This loan, in the amount of \$3,373,815, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$227,182, at the rate of 2.90%, commenced on September 11, 2001, and will mature on September 11, 2020.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 196,923	\$ 30,259	\$ 227,182
2018	202,634	24,548	227,182
2019	208,510	18,672	227,182
2020	214,557	12,625	227,182
2021	<u>220,781</u>	<u>6,401</u>	<u>227,182</u>
Total	1,043,405	<u>\$ 92,505</u>	<u>\$ 1,135,910</u>
Less: current portion	<u>(196,923)</u>		
Total noncurrent	<u>\$ 846,482</u>		

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

8. LONG-TERM DEBT (CONTINUED):

State Water Resources Control Board - Brine Line Reach V Loan No. V:

This loan, in the amount of \$4,455,792, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$289,439, at the rate of 2.90%, commenced on October 5, 2004, and will mature on October 5, 2021.

Fiscal <u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 248,126	\$ 41,313	\$ 289,439
2018	254,577	34,862	289,439
2019	261,197	28,242	289,439
2020	267,987	21,452	289,439
2021	274,955	14,484	289,439
2022	<u>282,104</u>	<u>7,333</u>	<u>289,437</u>
Total	1,588,946	<u>\$ 147,686</u>	<u>\$ 1,736,632</u>
Less: current portion	<u>(248,126)</u>		
Total noncurrent	<u>\$ 1,340,820</u>		

Orange County Water District:

This was a purchase obligation for Brine Line Pipeline capacity in the amount of \$4,706,326. Annual principal and interest payments of \$356,250, at the rate of 6.00%, commenced on July 1, 1999, and will mature on July 1, 2018.

Fiscal <u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 317,061	\$ 39,189	\$ 356,250
2018	<u>336,085</u>	<u>20,165</u>	<u>356,250</u>
Total	653,146	<u>\$ 59,354</u>	<u>\$ 712,500</u>
Less: current portion	<u>(317,061)</u>		
Total noncurrent	<u>\$ 336,085</u>		

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

8. LONG-TERM DEBT (CONTINUED):

Western Riverside County Regional Wastewater Authority:

This is a contractual obligation, in the amount of \$8,003,454, with the WRCRWA Joint Powers Authority for a portion of loans from the State Water Resources Control Board for the construction of wastewater treatment facilities. Annual principal and interest payments of \$533,924, at the rate of 2.80%, commenced on February 13, 1999, and will mature on June 1, 2018.

Fiscal Year Ending	Principal	Interest	Total
2017	\$ 505,240	\$ 28,684	\$ 533,924
2018	519,181	14,537	533,718
Total	1,024,421	\$ 43,221	\$ 1,067,642
Less: current portion	(505,240)		
Total noncurrent	<u>\$ 519,181</u>		

State Revolving Fund Loan - Reach IV-A and IV-B:

On April 13, 2011, the Authority entered into a loan agreement to receive up to \$16,850,337 from the California State Water Resources Control Board to repair the existing brine disposal pipeline to extend its useful life of the Inland Empire Brine Line upstream of Prado Dam. Terms of the loan call for annual principal and interest payments of \$1,044,273 based on the net loan amount of \$16,850,337, at the rate of 2.60%, commenced on December 29, 2013, and will mature on December 29, 2032.

Fiscal Year Ending	Principal	Interest	Total
2017	\$ 675,008	\$ 369,265	\$ 1,044,273
2018	692,558	351,715	1,044,273
2019	710,565	333,708	1,044,273
2020	729,040	315,233	1,044,273
2021	747,994	296,279	1,044,273
2022 - 2026	4,042,003	1,179,363	5,221,366
2027 - 2031	4,595,507	625,859	5,221,366
2032 - 2033	2,009,828	78,720	2,088,548
Total	14,202,503	\$ 3,550,142	\$ 17,752,645
Less: current portion	(675,008)		
Total noncurrent	<u>\$ 13,527,495</u>		

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

8. LONG-TERM DEBT (CONTINUED):

SWRCB Inland Empire Brine Line Reach V Loans - Loan I

On May 14, 2014, the Authority entered into a loan agreement to receive up to \$19,000,000 from the California State Water Resources Control Board to repair the existing brine disposal pipeline to extend its useful life of the Inland Empire Brine Line. Terms of the loan call for annual principal and interest payments of \$134,727 based on the net loan amount of \$4,009,075 (as of June 30, 2016), commencing on October 31, 2017 at the rate of 1.9%, maturing October 31, 2046. As of June 30, 2016, only \$3,059,571 of the loan proceeds have been drawn down and utilized and \$949,504 are recorded as a receivable in the Reach V Capital Projects Capital Projects Activities Fund representing reimbursable expenses for fiscal year 2015-2016 not yet received as of June 30, 2016. The Authority will have additional loan draws in future years, which will increase the net loan amount.

Fiscal Year Ending	Principal	Interest	Total
2017	\$ -	\$ -	\$ -
2018	100,374	76,167	176,541
2019	102,281	74,260	176,541
2020	104,224	72,317	176,541
2021	106,205	70,337	176,542
2022 - 2026	562,070	320,638	882,708
2027 - 2031	617,534	265,173	882,707
2032 - 2036	678,472	204,235	882,707
2037 - 2041	745,423	137,284	882,707
2042 - 2046	818,980	63,725	882,705
Thereafter	<u>173,512</u>	<u>3,292</u>	<u>176,804</u>
Total	4,009,075	<u>\$ 1,287,428</u>	<u>\$ 5,296,503</u>
Less: current portion	<u>-</u>		
Total noncurrent	<u>\$ 4,009,075</u>		

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

9. UNEARNED REVENUE:

The changes to unearned revenue at June 30, 2016 and 2015 were as follows:

<u>Balance 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2016</u>
\$ 77,739,595	\$ -	\$ (2,510,154)	\$ 75,229,441
<u>Balance 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2015</u>
\$ 80,249,749	\$ -	\$ (2,510,154)	\$ 77,739,595

10. NET POSITION:

Calculation of net position as of June 30, 2016 and 2015, were as follows:

	<u>2016</u>	<u>2015</u>
Net investment in capital assets:		
Capital assets - not being depreciated	\$ 11,373,444	\$ 4,889,100
Depreciable capital assets, net	97,313,533	101,512,859
SWRCB contract loans payable	-	(966,256)
SWRCB Brine Line Reach V loans payable	(5,972,924)	(6,913,612)
OCWD loan payable	(653,146)	(952,260)
SRF Reach IVA & IVB loan payable	(14,202,503)	(14,860,406)
SWRCB Brine Line Reach V loans payable	(4,009,075)	-
SWRCB Brine Line Reach V loans receivable (note 8)	949,504	-
Total net investment in capital assets	<u>84,798,833</u>	<u>82,709,425</u>
Restricted net position:		
SRF Reach IVA & IVB reserve requirement	1,050,000	1,050,000
Mitigation	<u>2,873,403</u>	<u>2,919,074</u>
Total restricted	<u>3,923,403</u>	<u>3,969,074</u>
Unrestricted net position	<u>(21,554,491)</u>	<u>(21,643,941)</u>
Total net position	<u>\$ 67,167,745</u>	<u>\$ 65,034,558</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

11. JOINT VENTURES:

Western Riverside County Regional Wastewater Authority (WRCRWA):

The Authority was a member of WRCRWA, a Joint Powers Authority created on April 23, 1992, for the purpose of developing a regional wastewater treatment facility for the benefit of its members. On June 30, 2012, Addendum No. 7 to the Joint Exercise of Powers Agreement was entered into by all members of the Authority to execute the withdrawal of the Authority from WRCRWA.

The Authority is responsible for a certain portion of WRCRWA's long-term debt and will continue making annual debt service payments to the Joint Powers Authority for its share of the State Revolving Fund Loans from the State Water Resources Control Board. The recorded amount is reflected in the financial statements as long-term debt. In addition, the Authority will continue to provide mutual aid for planned and unplanned facilities maintenance.

The financial statements of WRCRWA are available from Western Municipal Water District, 14205 Meridian Parkway, Riverside, California 92508.

Lake Elsinore & San Jacinto Watersheds Authority (LESJWA):

The Authority is a member of LESJWA, a Joint Powers Authority created on March 8, 2000, for the purpose of implementing projects and programs to improve the two watersheds in order to preserve agricultural land, protect wildlife habitat, protect and enhance recreational resources, and improve lake water quality, for the benefit of the general public. Other members include the City of Canyon Lake, the City of Lake Elsinore, Elsinore Valley Municipal Water District, and the County of Riverside. Each member agency appoints one Director and one alternate to serve on the Board, with both also on the member's agency's board. Each member agency has agreed to make contributions for construction and operations, if necessary.

Upon dissolution of LESJWA, each member agency will receive its proportionate or otherwise defined share of the assets, and each member agency will contribute its proportionate or otherwise defined share of any enforceable liabilities incurred.

The Authority conducts the administrative function of LESJWA, which reimburses the Authority based on invoices for administrative services provided. During the years ended June 30, 2016 and 2015, administrative services provided to LESJWA totaled \$188,700 and \$199,421, respectively, which are included in operating revenue.

The financial statements for LESJWA are available at the Authority.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

11. JOINT VENTURES (CONTINUED):

Lake Elsinore & San Jacinto Watersheds Authority (LESJWA) (Continued):

As of June 30, 2016 and 2015, LESJWA had assets, liabilities and net position as follows:

	<u>2016</u>	<u>2015</u>
Total assets	\$ <u>577,697</u>	\$ <u>840,261</u>
Total liabilities	\$ <u>79,933</u>	\$ <u>101,390</u>
Net position	\$ <u>497,764</u>	\$ <u>738,871</u>

12. DEFINED BENEFIT PENSION PLANS:

a. General Information about the Pension Plans:

Plan Descriptions:

All qualified permanent and probationary employees are eligible to participate in the Authority's 2% at 55 (Classic) and 2% at 62 (PEPRA) Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

12. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. General Information about the Pension Plans (Continued):

Benefits Provided (Continued):

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52- 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	12.434%	6.25%

Contributions:

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

12. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As of June 30, 2016, the Authority reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 2,247,501</u>

The Authority's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The Authority's proportionate share of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Authority's proportionate share of the net pension liability for all Plans as of June 30, 2014 and 2015 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2014	0.08779%
Proportion - June 30, 2015	0.08192%
Change - Increase (Decrease)	-0.00587%

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

12. DEFINED BENEFIT PENSION PLANS (CONTINUED):

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

For the year ended June 30, 2015, the Authority recognized pension expense of \$72,599. At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 339,020	\$ -
Differences between actual and expected experience	19,081	-
Change in assumptions	-	(180,517)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(254,009)
Net differences between projected and actual earnings on plan investments	-	(90,496)
Total	<u>\$ 358,101</u>	<u>\$ (525,022)</u>

\$339,020 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will reduce pension expense as follows:

Year Ending June 30,	Amount
2017	\$ (224,184)
2018	(220,214)
2019	(177,218)
2020	115,675
2021	-
Thereafter	-

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

12. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Actuarial Assumptions:

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions:

GASB 69, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

12. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Discount Rate (Continued):

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
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12. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Discount Rate (Continued):

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

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12. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

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

The following presents the Authority's proportionate share of the net pension liability for all Plans, calculated using the discount rate for all Plans, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.65%
Net Pension Liability	\$ 4,109,682
Current Discount Rate	7.65%
Net Pension Liability	\$ 2,247,501
1% Increase	8.65%
Net Pension Liability	\$ 710,055

Pension Plans Fiduciary Net Position:

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

- c. Payable to the Pension Plans:

At June 30, 2016, the Authority had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2016.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

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13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) ASSET:

Plan Description and Benefits Offered:

The Authority's defined benefit post employment healthcare plan, SAWPA Post Employment Healthcare Plan (SPHP), provides medical benefits to eligible retired Authority employees and spouses. The Authority's employees hired prior to July 1, 2005 who retire at age 58 or older with a minimum of ten years of service with the Authority are eligible for lifetime medical benefits. Benefits are also provided to spouses. The Authority's benefits cease upon the death of the retiree. Employees hired on, or after, July 1, 2005 are not eligible to receive employer subsidized postemployment medical benefits. The Authority contributes the entire premium cost up to a predetermined cap. The cap is defined as the Kaiser Family premium rate. The 2016 monthly cap per retiree is \$1,471. SPHP is part of the Public Agency portion of the California Employers' Retiree Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. SPHP selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Authority resolution. CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Eligibility:

The Authority pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the Authority.

Membership in the OPEB plan consisted of the following members as of June 30:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Active plan members	9	10	10
Retirees and beneficiaries receiving benefits	5	4	4
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	<u>14</u>	<u>14</u>	<u>14</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

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13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) ASSET (CONTINUED):

Funding Policy:

The contribution requirements of plan members and the Authority are established and may be amended by the Commission. The Authority contributes the entire premium cost up to a predetermined cap. The 2016 calendar cap is \$1,471 per month. Employees hired on, or after July 1, 2005, are not eligible to receive employer subsidized post employment medical benefits. For the year ended June 30, 2016, the Authority made a medical contribution of \$113,226 which paid \$47,682 in health care costs for its retirees and their covered dependents and a contribution of \$65,544 to the OPEB trust.

Annual OPEB Cost and Net OPEB Asset:

The Authority is required to contribute the Annual Required Contribution (ARC) of the Employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost, the amount actually contributed to the plan, and the changes in the Authority's net OPEB asset to the SPHP for the fiscal year ended June 30, 2016, and the two preceding years:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual OPEB cost (expense):			
Annual required contribution (ARC)	\$ 64,607	\$ 64,753	\$ 63,893
Interest on net OPEB asset	(27,000)	(25,000)	(20,000)
Adjustment to annual required contribution	<u>-</u>	<u>28,556</u>	<u>-</u>
Total annual OPEB cost (expense)	37,607	68,309	43,893
Change in net OPEB asset:			
Actual contributions made	<u>(113,226)</u>	<u>(118,506)</u>	<u>(113,653)</u>
Total change in net OPEB asset	(75,619)	(50,197)	(69,760)
OPEB asset, beginning of year	<u>(402,427)</u>	<u>(352,230)</u>	<u>(282,470)</u>
OPEB asset, end of year	<u>\$ (478,046)</u>	<u>\$ (402,427)</u>	<u>\$ (352,230)</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

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(With comparative totals for the fiscal year ended June 30, 2015)

13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) ASSET (CONTINUED):

Three-Year Trend Information of Net OPEB Asset:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2016	\$ 37,607	301.08%	\$ (478,046)
2015	68,309	173.49%	(402,427)
2014	43,893	258.93%	(352,230)

See the Schedule of Funding Progress of the Authority's Other Post Employment Benefits Asset in the Required Supplementary Information Section.

Funded Status and Funding Progress:

As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,531,845, and the actuarial value of assets was \$967,991, resulting in an unfunded actuarial accrued liability (UAAL) of \$563,854 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 63.19%. The covered payroll (annual payroll of active employees covered by the plan) was \$1,142,323 and the ratio of the UAAL to covered payroll was 49.36%.

Actuarial Methods and Assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

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(With comparative totals for the fiscal year ended June 30, 2015)

13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) ASSET (CONTINUED):

Actuarial Methods and Assumptions (Continued):

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following is a summary of the actuarial methods and assumptions used in the July 1, 2015 actuarial investment valuation:

Valuation Date	July 1, 2015
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Amortization Period	Closed 30 year amortization
Remaining Amortization Period	22 years as of the valuation date
Actuarial Assumptions:	
Investment Rate of Return	6.73%
Projected Salary Increases	3.25%
Healthcare Trend Rate	Starting at 8.0% and decreasing to an ultimate rate of 5.0% in 12 years
Inflation Rate	3.0%

14. RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance policies from independent third parties. Settled claims have been immaterial and have not exceeded insurance coverage for the past three years.

On February 22, 1986, the Authority became self-insured with respect to its comprehensive liability coverage for toxic waste handling as allowed under California Government Code, Section 990. Coverage includes occurrences and incidents resulting in liability to the Authority, its Commissioners, officers, employees and agents. There are no outstanding claims pending.

SANTA ANA WATERSHED PROJECT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

15. COMMITMENTS AND CONTINGENCIES:

Grant Awards:

Grant funds received by the Authority are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Authority believes that such disallowances, if any, would not be significant.

Litigation:

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

Other Commitments and Contingencies:

The Authority is contractually obligated to pay a pro rata share of capital costs associated with the maintenance of the Santa Ana Regional Interceptor (SARI) Pipeline owned by OCSD. Within the SARI pipeline, the Authority's portion is referred to as the Inland Empire Brine Line. The percentage varies with each Reach of the SARI. There is currently a significant portion of the SARI Pipeline being considered for protection and/or relocation. The Authority could potentially be responsible for 76 percent of the related costs.

In addition, there is a capital project estimated at \$3 million for which the Authority could potentially be responsible for 76 percent of the related costs.

16. SUBSEQUENT EVENTS:

Events occurring after June 30, 2016, have been evaluated for possible adjustments to the financial statements or disclosure as of November 3, 2016, which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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SANTA ANA WATERSHED PROJECT AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.03274%	0.03487%
Plan's proportionate share of the net pension liability	\$ 2,247,501	\$ 2,169,716
Plan's covered - employee payroll	\$ 2,560,510	\$ 2,294,398
Plan's proportionate share of the net pension liability as a percentage of covered - employee payroll	87.78%	94.57%
Plan's proportionate share of fiduciary net position as a percentage of the Plan's total pension liability	78.40%	79.82%
Plan's proportionate share of aggregate employer contributions	\$ 395,243	\$ 287,045

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

GASB 69, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

SANTA ANA WATERSHED PROJECT AUTHORITY

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 339,020	\$ 273,547
Contributions in relation to the actuarially determined contributions	<u>(339,020)</u>	<u>(273,547)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 2,795,885	\$ 2,560,510
Contributions as a percentage of covered - employee payroll	12.13%	10.68%

Notes to Schedule:

Valuation Date 6/30/2013

Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry age **
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	3.30% to 14.20% depending on age, service, and type of employment; including inflation of 3.0%**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years (2%@55), 52 (2%@62)**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.**

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method.

SANTA ANA WATERSHED PROJECT AUTHORITY

SCHEDULE OF FUNDING PROGRESS -
OTHER POST-EMPLOYMENT BENEFITS

For the fiscal year ended June 30, 2016

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(a)-(b)]/c]
07/01/2015	\$ 1,531,845	\$ 967,991	\$ 563,854	63.19%	\$ 1,142,323	49.36%
07/01/2013	1,296,696	727,793	568,903	56.13%	1,194,801	47.61%
07/01/2011	1,306,417	460,621	845,796	35.26%	1,177,709	71.82%

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SUPPLEMENTARY INFORMATION

SANTA ANA WATERSHED PROJECT AUTHORITY

COMBINING SCHEDULE OF NET POSITION
ENTERPRISE FUNDS

June 30, 2016
(With comparative totals for June 30, 2015)

	Capital Projects Activities	Internal Administration	Enterprise Activities
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,521,659	\$ 2,993,786	\$ 30,224,016
Cash and cash equivalents - restricted	960,948	-	-
Investments	-	-	19,795,929
Interest receivable	5,137	6,080	143,086
Accounts receivable	-	-	1,568,003
Accounts receivable - member contributions	-	46,000	-
Accounts receivable - grants	143,643	123,662	615,286
Accounts receivable - other	961,709	543	-
Notes receivable - current portion	-	-	317,062
Prepaid expenses and other assets	-	122,831	205,509
Mitigation credits	1,910,560	-	-
Due from other funds	-	310,576	-
TOTAL CURRENT ASSETS	5,503,656	3,603,478	52,868,891
NONCURRENT ASSETS:			
Notes receivable	-	-	336,073
Loan receivable	-	-	3,998,298
Other post-employment benefit (OPEB) asset	-	478,046	-
Capital assets:			
Not being depreciated	10,608,000	445,436	320,008
Being depreciated, net of accumulated depreciation and amortization	-	751,261	96,562,272
TOTAL NONCURRENT ASSETS	10,608,000	1,674,743	101,216,651
TOTAL ASSETS	16,111,656	5,278,221	154,085,542
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts from pension plans	-	358,101	-
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	1,582,966	70,411	1,875,052
Accrued salaries and wages	-	134,875	-
Accrued interest payable	30	-	313,728
Due to other funds	10,786	-	299,790
Long-term liabilities - due within one year:			
Compensated absences	-	154,232	-
Loans payable	-	-	2,463,311
TOTAL CURRENT LIABILITIES	1,593,782	359,518	4,951,881
NONCURRENT LIABILITIES:			
Unearned revenue	-	-	75,229,441
Long-term liabilities - due in more than one year:			
Compensated absences	-	359,872	-
Loans payable	4,009,075	-	19,389,683
Net pension liability	-	2,247,501	-
TOTAL NONCURRENT LIABILITIES	4,009,075	2,607,373	94,619,124
TOTAL LIABILITIES	5,602,857	2,966,891	99,571,005
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts from pension plans	-	525,022	-
NET POSITION:			
Net investment in capital assets	7,548,429	1,196,697	76,053,707
Restricted for:			
SRF Reach IVA & IVB reserve requirement	-	-	1,050,000
Mitigation	2,873,403	-	-
Unrestricted	86,967	947,712	(22,589,170)
TOTAL NET POSITION	\$ 10,508,799	\$ 2,144,409	\$ 54,514,537

Totals	
2016	2015
\$ 34,739,461	\$ 39,316,897
960,948	998,191
19,795,929	13,361,160
154,303	252,446
1,568,003	1,765,501
46,000	-
882,591	576,852
962,252	57,014
317,062	643,024
328,340	277,805
1,910,560	1,920,560
310,576	162,859
<u>61,976,025</u>	<u>59,332,309</u>
336,073	1,902,766
3,998,298	5,174,429
478,046	402,427
11,373,444	4,889,100
97,313,533	101,512,859
<u>113,499,394</u>	<u>113,881,581</u>
175,475,419	173,213,890
<u>358,101</u>	<u>273,547</u>
3,528,429	1,500,140
134,875	102,891
313,758	357,942
310,576	162,859
154,232	127,989
2,463,311	3,355,440
<u>6,905,181</u>	<u>5,607,261</u>
75,229,441	77,739,595
359,872	298,640
23,398,758	21,852,994
2,247,501	2,169,716
<u>101,235,572</u>	<u>102,060,945</u>
108,140,753	107,668,206
<u>525,022</u>	<u>784,673</u>
84,798,833	82,709,425
1,050,000	1,050,000
2,873,403	2,919,074
<u>(21,554,491)</u>	<u>(21,643,941)</u>
<u>\$ 67,167,745</u>	<u>\$ 65,034,558</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

	Capital Projects Activities	Internal Administration	Enterprise Activities
OPERATING REVENUES:			
Wastewater treatment and disposal	\$ -	\$ -	\$ 9,323,505
Wastewater treatment and disposal - capacity rights	-	-	2,519,748
Other	188,939	16,835	-
TOTAL OPERATING REVENUES	188,939	16,835	11,843,253
OPERATING EXPENSES:			
Wastewater treatment and disposal	-	-	6,434,652
General and administrative and overhead	-	270,613	-
Studies and planning costs	1,485,977	-	-
TOTAL OPERATING EXPENSES	1,485,977	270,613	6,434,652
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	(1,297,038)	(253,778)	5,408,601
DEPRECIATION	-	(68,839)	(3,101,715)
AMORTIZATION	-	-	(1,400,918)
OPERATING INCOME (LOSS)	(1,297,038)	(322,617)	905,968
NONOPERATING REVENUES (EXPENSES):			
Member contributions	1,112,696	617,795	-
Intergovernmental	867,363	312,275	1,585,632
Investment earnings	16,237	17,945	533,527
Gain on sale of mitigation credits	1,123	-	-
Interest expense	-	(156)	(655,317)
Grant program expenses	-	-	(1,562,246)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,997,419	947,859	(98,404)
INCOME BEFORE TRANSFERS	700,381	625,242	807,564
TRANSFERS	2,435,235	-	(2,435,235)
CHANGES IN NET POSITION	3,135,616	625,242	(1,627,671)
NET POSITION - BEGINNING OF YEAR	7,373,183	1,519,167	56,142,208
NET POSITION - END OF YEAR	\$ 10,508,799	\$ 2,144,409	\$ 54,514,537

Totals	
2016	2015
\$ 9,323,505	\$ 8,958,914
2,519,748	2,510,154
205,774	262,128
<u>12,049,027</u>	<u>11,731,196</u>
6,434,652	6,222,868
270,613	678,992
1,485,977	1,604,703
<u>8,191,242</u>	<u>8,506,563</u>
3,857,785	3,224,633
(3,170,554)	(3,149,943)
<u>(1,400,918)</u>	<u>(1,400,918)</u>
<u>(713,687)</u>	<u>(1,326,228)</u>
1,730,491	1,806,745
2,765,270	1,257,581
567,709	432,179
1,123	1,123
(655,473)	(757,784)
<u>(1,562,246)</u>	<u>(269,297)</u>
<u>2,846,874</u>	<u>2,470,547</u>
2,133,187	1,144,319
<u>-</u>	<u>-</u>
2,133,187	1,144,319
<u>65,034,558</u>	<u>63,890,239</u>
<u>\$ 67,167,745</u>	<u>\$ 65,034,558</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

COMBINING SCHEDULE OF NET POSITION
CAPITAL PROJECTS ACTIVITIES

June 30, 2016

(With comparative totals for June 30, 2015)

	Brine Line Protection Project	Basin Planning	Imported Water Recharge Workgroup
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	\$ -	\$ 94,154	\$ 19,971
Cash and cash equivalents - restricted	-	-	-
Interest receivable	-	295	42
Accounts receivable - grants	-	-	-
Accounts receivable - other	-	-	-
Mitigation credits	-	-	-
TOTAL CURRENT ASSETS	-	94,449	20,013
NONCURRENT ASSETS:			
Capital assets:			
Not being depreciated	-	-	-
TOTAL NONCURRENT ASSETS	-	-	-
TOTAL ASSETS	-	94,449	20,013
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	-	463	-
Accrued interest payable	-	-	-
Due to other funds	-	-	-
TOTAL CURRENT LIABILITIES	-	463	-
NONCURRENT LIABILITIES:			
Long-term liabilities - due in more than one year:			
Loans payable	-	-	-
TOTAL NONCURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	-	463	-
NET POSITION:			
Net investment in capital assets	-	-	-
Restricted for mitigation	-	-	-
Unrestricted	-	93,986	20,013
TOTAL NET POSITION	\$ -	\$ 93,986	\$ 20,013

<u>Watershed Management Plan</u>	<u>Basin Monitoring Program Task Force</u>	<u>Santa Ana River Fish Conservation</u>	<u>Chino TMDL Task Force</u>	<u>Storm WQ Standards Task Force</u>	<u>Arundo Management & Habitat Restoration</u>
\$ 82,840	\$ 461,703	\$ 181,604	\$ 327,886	\$ 77,381	\$ -
-	-	-	-	-	960,948
231	943	354	678	201	1,895
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,910,560
<u>83,071</u>	<u>462,646</u>	<u>181,958</u>	<u>328,564</u>	<u>77,582</u>	<u>2,873,403</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>83,071</u>	<u>462,646</u>	<u>181,958</u>	<u>328,564</u>	<u>77,582</u>	<u>2,873,403</u>
127	-	-	15,636	70,512	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>127</u>	<u>-</u>	<u>-</u>	<u>15,636</u>	<u>70,512</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>127</u>	<u>-</u>	<u>-</u>	<u>15,636</u>	<u>70,512</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	2,873,403
<u>82,944</u>	<u>462,646</u>	<u>181,958</u>	<u>(70,929)</u>	<u>7,070</u>	<u>-</u>
<u>\$ 82,944</u>	<u>\$ 462,646</u>	<u>\$ 181,958</u>	<u>\$ (70,929)</u>	<u>\$ 7,070</u>	<u>\$ 2,873,403</u>

(Continued)

SANTA ANA WATERSHED PROJECT AUTHORITY

COMBINING SCHEDULE OF NET POSITION
CAPITAL PROJECTS ACTIVITIES (CONTINUED)

June 30, 2016
(With comparative totals for June 30, 2015)

	Water - Energy DAC Grant	Emerging Constituents Task Force	Lake Elsinore Management
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 173,515	\$ 102,605	\$ -
Cash and cash equivalents - restricted	-	-	-
Interest receivable	283	215	-
Accounts receivable - grants	143,643	-	-
Accounts receivable - other	-	-	12,205
Mitigation credits	-	-	-
TOTAL CURRENT ASSETS	317,441	102,820	12,205
NONCURRENT ASSETS:			
Capital assets:			
Not being depreciated	-	-	-
TOTAL NONCURRENT ASSETS	-	-	-
TOTAL ASSETS	317,441	102,820	12,205
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	7,154	4,116	27
Accrued interest payable	-	-	30
Due to other funds	-	-	10,786
TOTAL CURRENT LIABILITIES	7,154	4,116	10,843
NONCURRENT LIABILITIES:			
Long-term liabilities - due in more than one year:			
Loans payable	-	-	-
TOTAL NONCURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	7,154	4,116	10,843
NET POSITION:			
Net investment in capital assets	-	-	-
Restricted for mitigation	-	-	-
Unrestricted	310,287	98,704	1,362
TOTAL NET POSITION	\$ 310,287	\$ 98,704	\$ 1,362

Reach V Capital Projects	Totals	
	2016	2015
\$ -	\$ 1,521,659	\$ 782,409
-	960,948	998,191
-	5,137	599
-	143,643	38,448
949,504	961,709	55,970
-	1,910,560	1,920,560
<u>949,504</u>	<u>5,503,656</u>	<u>3,796,177</u>
<u>10,608,000</u>	<u>10,608,000</u>	<u>4,123,656</u>
<u>10,608,000</u>	<u>10,608,000</u>	<u>4,123,656</u>
<u>11,557,504</u>	<u>16,111,656</u>	<u>7,919,833</u>
1,484,931	1,582,966	523,214
-	30	26
-	10,786	23,410
<u>1,484,931</u>	<u>1,593,782</u>	<u>546,650</u>
<u>4,009,075</u>	<u>4,009,075</u>	<u>-</u>
<u>4,009,075</u>	<u>4,009,075</u>	<u>-</u>
<u>5,494,006</u>	<u>5,602,857</u>	<u>546,650</u>
7,548,429	7,548,429	4,123,656
-	2,873,403	2,919,074
<u>(1,484,931)</u>	<u>(296,890)</u>	<u>330,453</u>
<u>\$ 6,063,498</u>	<u>\$ 10,124,942</u>	<u>\$ 7,373,183</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
CAPITAL PROJECTS ACTIVITIES

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

	Brine Line Protection Project	Basin Planning	Imported Water Recharge Workgroup
OPERATING REVENUES:			
Other	\$ -	\$ -	\$ -
TOTAL OPERATING REVENUES	-	-	-
OPERATING EXPENSES:			
Studies and planning costs	86,598	353,487	10,704
TOTAL OPERATING EXPENSES	86,598	353,487	10,704
OPERATING INCOME (LOSS)	(86,598)	(353,487)	(10,704)
NONOPERATING REVENUES (EXPENSES):			
Member contributions	-	360,000	-
Intergovernmental	59,758	-	-
Investment earnings	-	1,259	153
Gain on sale of mitigation credits	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	59,758	361,259	153
INCOME (LOSS) BEFORE TRANSFERS	(26,840)	7,772	(10,551)
TRANSFERS	29,419	-	-
CHANGES IN NET POSITION	2,579	7,772	(10,551)
NET POSITION - BEGINNING OF YEAR	(2,579)	86,214	30,564
NET POSITION - END OF YEAR	\$ -	\$ 93,986	\$ 20,013

<u>Watershed Management Plan</u>	<u>Basin Monitoring Program Task Force</u>	<u>Santa Ana River Fish Conservation</u>	<u>Chino TMDL Task Force</u>	<u>Storm WQ Standards Task Force</u>	<u>Arundo Management & Habitat Restoration</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>231,585</u>	<u>96,175</u>	<u>18,618</u>	<u>150,482</u>	<u>136,227</u>	<u>52,882</u>
<u>231,585</u>	<u>96,175</u>	<u>18,618</u>	<u>150,482</u>	<u>136,227</u>	<u>52,882</u>
<u>(231,585)</u>	<u>(96,175)</u>	<u>(18,618)</u>	<u>(150,482)</u>	<u>(136,227)</u>	<u>(52,882)</u>
300,000	55,696	25,000	-	50,000	-
-	214,858	104,247	-	-	-
1,027	2,873	937	2,122	716	6,088
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,123</u>
<u>301,027</u>	<u>273,427</u>	<u>130,184</u>	<u>2,122</u>	<u>50,716</u>	<u>7,211</u>
69,442	177,252	111,566	(148,360)	(85,511)	(45,671)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
69,442	177,252	111,566	(148,360)	(85,511)	(45,671)
<u>13,502</u>	<u>285,394</u>	<u>70,392</u>	<u>77,431</u>	<u>92,581</u>	<u>2,919,074</u>
<u>\$ 82,944</u>	<u>\$ 462,646</u>	<u>\$ 181,958</u>	<u>\$ (70,929)</u>	<u>\$ 7,070</u>	<u>\$ 2,873,403</u>

(Continued)

SANTA ANA WATERSHED PROJECT AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
CAPITAL PROJECTS ACTIVITIES (CONTINUED)

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

	Water - Energy DAC Grant	Emerging Constituents Task Force	Lake Elsinore Management
OPERATING REVENUES:			
Other	\$ -	\$ -	\$ 188,700
TOTAL OPERATING REVENUES	-	-	188,700
OPERATING EXPENSES:			
Studies and planning costs	93,639	56,880	198,700
TOTAL OPERATING EXPENSES	93,639	56,880	198,700
OPERATING INCOME (LOSS)	(93,639)	(56,880)	(10,000)
NONOPERATING REVENUES (EXPENSES):			
Member contributions	310,000	2,000	10,000
Intergovernmental	93,643	11,000	-
Investment earnings	283	779	-
Gain on sale of mitigation credits	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	403,926	13,779	10,000
INCOME (LOSS) BEFORE TRANSFERS	310,287	(43,101)	-
TRANSFERS	-	-	-
CHANGES IN NET POSITION	310,287	(43,101)	-
NET POSITION - BEGINNING OF YEAR	-	141,805	1,362
NET POSITION - END OF YEAR	\$ 310,287	\$ 98,704	\$ 1,362

Reach V Capital Projects	Totals	
	2016	2015
\$ 239	\$ 188,939	\$ 213,484
239	188,939	213,484
-	1,485,977	1,604,703
-	1,485,977	1,604,703
239	(1,297,038)	(1,391,219)
-	1,112,696	863,795
-	483,506	566,324
-	16,237	8,660
-	1,123	1,123
-	1,613,562	1,439,902
239	316,524	48,683
2,405,816	2,435,235	3,136,936
2,406,055	2,751,759	3,185,619
3,657,443	7,373,183	4,187,564
<u>\$ 6,063,498</u>	<u>\$ 10,124,942</u>	<u>\$ 7,373,183</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

COMBINING SCHEDULE OF NET POSITION
ENTERPRISE ACTIVITIES

June 30, 2016

(With comparative totals for June 30, 2015)

ASSETS:	Prop 84 - Drought	State Water Resources Prop 13	Brine Line Enterprise
CURRENT ASSETS:			
Cash and cash equivalents	\$ -	\$ 44,760	\$ 30,179,256
Investments	-	-	19,795,929
Interest receivable	-	-	143,086
Accounts receivable	-	-	1,568,003
Accounts receivable - grants	615,286	-	-
Notes receivable - current portion	-	-	317,062
Prepaid expenses and other assets	-	-	205,509
TOTAL CURRENT ASSETS	615,286	44,760	52,208,845
NONCURRENT ASSETS:			
Notes receivable	-	-	336,073
Loan receivable	-	-	3,998,298
Capital assets:			
Not being depreciated	-	-	320,008
Being depreciated, net of accumulated depreciation and amortization	-	-	96,562,272
TOTAL NONCURRENT ASSETS	-	-	101,216,651
TOTAL ASSETS	615,286	44,760	153,425,496
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	315,464	44,760	1,514,828
Accrued interest payable	-	-	313,728
Due to other funds	299,790	-	-
Long-term liabilities - due within one year:			
Loans payable	-	-	2,463,311
TOTAL CURRENT LIABILITIES	615,254	44,760	4,291,867
NONCURRENT LIABILITIES:			
Unearned revenue	-	-	75,229,441
Long-term liabilities - due in more than one year:			
Loans payable	-	-	19,389,683
TOTAL NONCURRENT LIABILITIES	-	-	94,619,124
TOTAL LIABILITIES	615,254	44,760	98,910,991
NET POSITION:			
Net investment in capital assets	-	-	76,053,707
Restricted for			
SRF Reach IVA & IVB reserve requirement	-	-	1,050,000
Unrestricted	32	-	(22,589,202)
TOTAL NET POSITION	\$ 32	\$ -	\$ 54,514,505

Totals	
2016	2015
\$ 30,224,016	\$ 35,992,897
19,795,929	13,361,160
143,086	250,995
1,568,003	1,742,501
615,286	269,323
317,062	643,024
205,509	162,854
<u>52,868,891</u>	<u>52,422,754</u>
336,073	1,902,766
3,998,298	5,174,429
320,008	320,008
<u>96,562,272</u>	<u>100,704,326</u>
<u>101,216,651</u>	<u>108,101,529</u>
<u>154,085,542</u>	<u>160,524,283</u>
1,875,052	936,681
313,728	357,916
299,790	139,449
<u>2,463,311</u>	<u>3,355,440</u>
<u>4,951,881</u>	<u>4,789,486</u>
75,229,441	77,739,595
<u>19,389,683</u>	<u>21,852,994</u>
<u>94,619,124</u>	<u>99,592,589</u>
<u>99,571,005</u>	<u>104,382,075</u>
76,053,707	77,331,800
1,050,000	1,050,000
<u>(22,589,170)</u>	<u>(22,239,592)</u>
<u>\$ 54,514,537</u>	<u>\$ 56,142,208</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE ACTIVITIES

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

	Prop 84 - Drought	State Water Resources Prop 13	Brine Line Enterprise
OPERATING REVENUES:			
Wastewater treatment and disposal	\$ -	\$ -	\$ 9,323,505
Wastewater treatment and disposal - capacity rights	-	-	2,519,748
TOTAL OPERATING REVENUES	-	-	11,843,253
OPERATING EXPENSES:			
Wastewater treatment and disposal	-	-	6,434,652
TOTAL OPERATING EXPENSES	-	-	6,434,652
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	-	-	5,408,601
DEPRECIATION	-	-	(3,101,715)
AMORTIZATION	-	-	(1,400,918)
OPERATING INCOME	-	-	905,968
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental	1,562,254	-	23,378
Investment earnings	-	-	533,527
Interest expense	-	-	(655,317)
Grant program expenses	(1,562,246)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	8	-	(98,412)
INCOME BEFORE TRANSFERS	8	-	807,556
TRANSFERS	-	-	(2,435,235)
CHANGES IN NET POSITION	8	-	(1,627,679)
NET POSITION - BEGINNING OF YEAR	24	-	56,142,184
NET POSITION - END OF YEAR	\$ 32	\$ -	\$ 54,514,505

Totals	
2016	2015
\$ 9,323,505	\$ 8,958,914
2,519,748	2,510,154
<u>11,843,253</u>	<u>11,469,068</u>
6,434,652	6,222,868
<u>6,434,652</u>	<u>6,222,868</u>
5,408,601	5,246,200
(3,101,715)	(3,085,946)
<u>(1,400,918)</u>	<u>(1,400,918)</u>
<u>905,968</u>	<u>759,336</u>
1,585,632	329,368
533,527	412,106
(655,317)	(757,776)
<u>(1,562,246)</u>	<u>(269,297)</u>
<u>(98,404)</u>	<u>(285,599)</u>
807,564	473,737
<u>(2,435,235)</u>	<u>(3,114,331)</u>
(1,627,671)	(2,640,594)
<u>56,142,208</u>	<u>58,782,802</u>
<u>\$ 54,514,537</u>	<u>\$ 56,142,208</u>

SANTA ANA WATERSHED PROJECT AUTHORITY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

June 30, 2016

(With comparative totals for June 30, 2015)

	Legal Defense Fund	Integrated Regional Management Program Prop 84 Capital Projects	Totals	
			2016	2015
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 445,611	\$ -	\$ 445,611	\$ 444,353
Accounts receivable - grants	-	2,090,631	2,090,631	1,542,785
TOTAL ASSETS	\$ 445,611	\$ 2,090,631	\$ 2,536,242	\$ 1,987,138
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	\$ -	2,090,631	\$ 2,090,631	\$ 1,542,785
TOTAL CURRENT LIABILITIES	-	2,090,631	2,090,631	1,542,785
NONCURRENT LIABILITIES:				
Deposits - legal defense	445,611	-	445,611	444,353
TOTAL NONCURRENT LIABILITIES	445,611	-	445,611	444,353
TOTAL LIABILITIES	\$ 445,611	\$ 2,090,631	\$ 2,536,242	\$ 1,987,138

SANTA ANA WATERSHED PROJECT AUTHORITY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

For the fiscal year ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
LEGAL DEFENSE FUND				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 444,353	\$ 1,258	\$ -	\$ 445,611
NONCURRENT LIABILITIES:				
Deposits - legal defense	\$ 444,353	\$ 891,222	\$ 889,964	\$ 445,611
INTEGRATED REGIONAL WATER MANAGEMENT PROGRAM - PROP 84 CAPITAL PROJECTS				
CURRENT ASSETS:				
Accounts receivable - grants	\$ 1,542,785	\$ 7,934,453	\$ 7,386,607	\$ 2,090,631
CURRENT LIABILITIES:				
Accounts payable	\$ 1,542,785	\$ 8,168,224	\$ 7,620,378	\$ 2,090,631
TOTAL AGENCY FUNDS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 444,353	\$ 1,258	\$ -	\$ 445,611
Accounts receivable - grants	1,542,785	7,934,453	7,386,607	2,090,631
TOTAL ASSETS	\$ 1,987,138	\$ 7,935,711	\$ 7,386,607	\$ 2,536,242
CURRENT LIABILITIES:				
Accounts payable	\$ 1,542,785	\$ 8,168,224	\$ 7,620,378	\$ 2,090,631
NONCURRENT LIABILITIES:				
Deposits - legal defense	444,353	891,222	889,964	445,611
TOTAL LIABILITIES	\$ 1,987,138	\$ 9,059,446	\$ 8,510,342	\$ 2,536,242

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STATISTICAL SECTION

Statistical Section

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other agencies.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the service the Authority provides.

**Table I – Net Position by Component
Last Ten Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Investment in Capital Assets	\$84,798,833	\$82,709,425	\$80,456,568	\$81,274,020	\$80,560,654	\$81,597,589	\$81,698,370	\$81,573,415	\$81,560,047	\$76,699,660
Restricted	3,923,403	3,969,074	4,167,861	4,232,102	4,263,626	3,347,218	3,597,747	3,893,268	3,938,199	4,009,917
Unrestricted	(21,554,491)	(21,643,941)	(20,734,190)	(17,845,678)	(17,765,116)	(19,325,941)	(19,535,270)	(22,350,886)	(26,108,445)	(25,572,344)
Total Net Position	\$67,167,745	\$65,034,558	\$63,890,239	\$67,660,444	\$67,059,164	\$65,618,866	\$65,760,847	\$63,115,797	\$59,389,801	\$55,137,233

Source: Santa Ana Watershed Project Authority

**Table II – Changes in Net Position
Last Ten Fiscal Years**

Fiscal Year	Operating Revenue (1)	Operating Expense (2)	Operating Income/(Loss)	Total Non Operating Revenue/ (Expense)	Income/(Loss) Before Capital Contributions	Special Items (3) (4)	Change in Net Position
2016	\$12,049,027	\$12,762,714	(\$713,687)	\$2,846,874	\$2,133,187	\$0	\$2,133,187
2015	11,731,196	13,057,424	(1,326,228)	2,470,547	1,144,319	0	1,144,319
2014	11,243,430	14,527,075	(3,283,645)	2,219,169	(1,064,476)	2,705,729	(3,770,205)
2013	11,900,861	14,312,673	(2,411,812)	3,013,092	601,280	0	601,280
2012	12,739,489	14,859,529	(2,120,040)	3,394,668	1,274,628	0	1,274,628
2011	13,743,782	16,662,206	(2,918,424)	2,776,443	(141,981)	0	(141,981)
2010	15,189,120	16,709,227	(1,520,107)	5,119,045	3,598,938	0	\$3,598,938
2009	12,420,640	15,011,847	(2,591,207)	6,317,202	3,725,995	0	3,725,995
2008	11,914,294	16,381,550	(4,467,256)	8,719,824	4,252,568	0	4,252,568
2007	11,246,541	15,759,787	(4,513,246)	6,417,086	1,903,840	0	1,903,840

(1) See Table III for details of revenues.

(2) See Table IV for details of expenses.

(3) Decrease due to Special Items of: \$10,149,493 related to the Arlington Desalter Transfer.

(4) Reduction of net position from implementation of GASB 68.

Source: Santa Ana Watershed Project Authority

**Table III – Revenues by Source
(Excluding Capital Contributions and Special Items)
Last Ten Fiscal Years**

Fiscal Year	Operating Revenues					NonOperating Revenues						Combined Revenue
	WWT & Disposal	WWT & Disposal Capacity Rights	Program Admin	Other Operating	Total Operating Revenue	Member Contributions	Inter Government	Investment Income	Gain on Disposal of Asset	Other Non Operating Income	Total Non Operating Income	
2016	\$9,323,505	\$2,519,748	\$0	\$205,774	\$12,049,027	\$1,730,491	\$2,765,270	\$567,709	\$1,123	\$0	\$5,064,593	\$17,113,620
2015	8,958,914	2,510,154	0	262,128	11,731,196	1,806,745	1,257,581	432,179	1,123	0	3,497,628	15,228,824
2014	8,575,085	2,510,154	0	158,191	11,243,430	1,771,587	843,283	457,867	13,021	0	3,085,758	14,329,188
2013	9,170,287	2,510,154	0	220,420	11,900,861	1,829,845	1,432,832	343,591	0	0	3,606,268	15,507,129
2012	10,053,123	2,481,109	0	205,257	12,739,489	1,697,194	2,563,956	1,058,984	2,223	0	5,322,357	18,061,846
2011	10,989,257	2,467,971	268,253	18,301	13,743,782	1,646,170	1,542,723	1,178,639	0	42,000	4,409,532	18,153,314
2010	12,391,354	2,458,418	256,486	82,862	15,189,120	1,499,558	2,514,206	2,007,183	1,616	0	6,022,563	21,211,683
2009	9,738,141	2,458,750	223,749	0	12,420,640	1,723,395	2,638,131	2,963,353	0	1,214	7,326,093	19,746,733
2008	9,247,855	2,438,152	227,787	500	11,914,294	2,065,577	3,031,370	4,683,608	54,612	63	9,835,230	21,749,524
2007	8,658,339	2,262,470	226,522	99,210	11,246,541	3,050,161	1,413,877	3,953,946	26,132	135,849	8,579,965	19,826,506

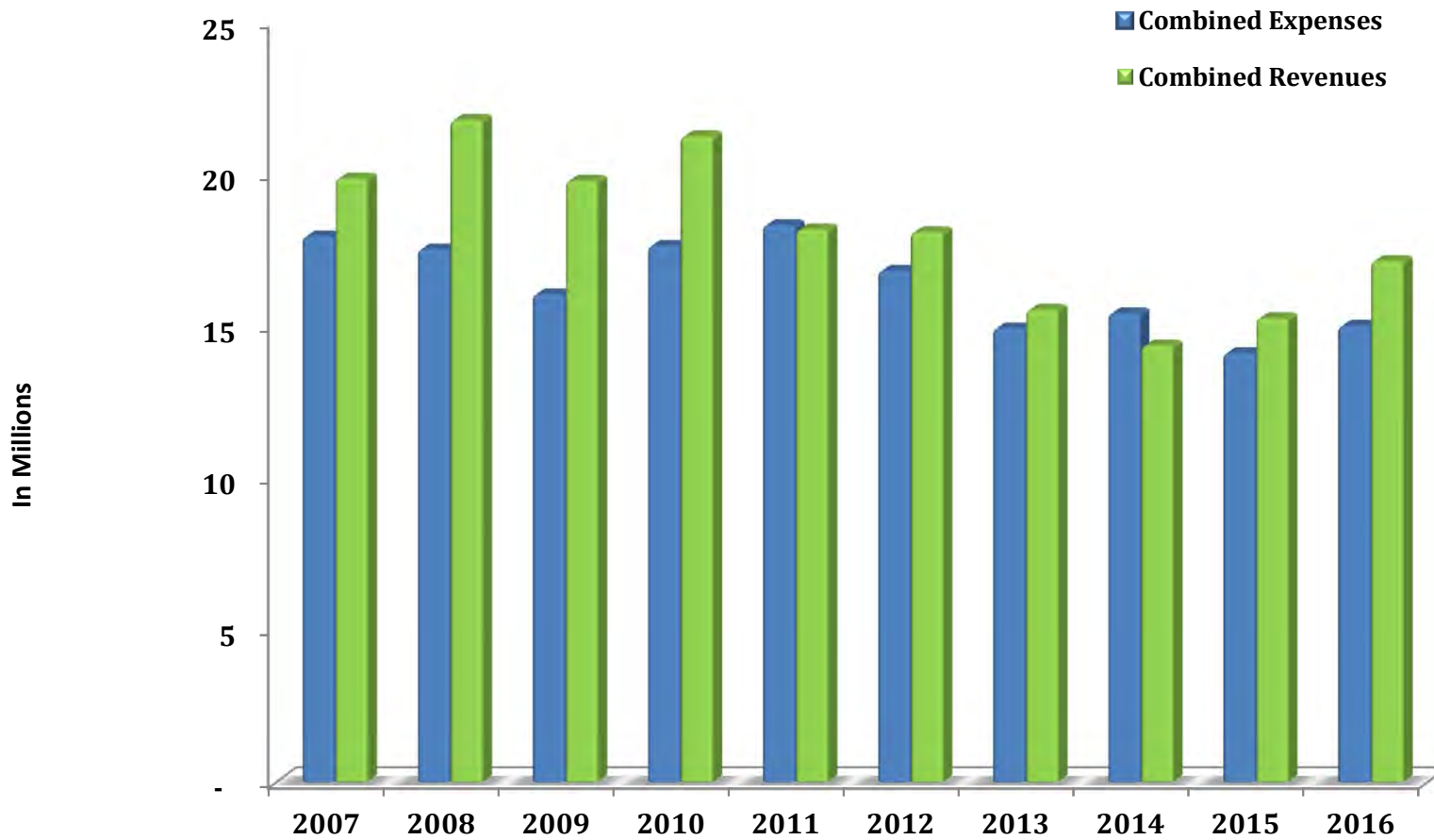
Source: Santa Ana Watershed Project Authority

**Table IV – Expenses by Function
Last Ten Fiscal Years**

Fiscal Year	Operating Expenses					Total Operating Expenses	Total Non Operating Expenses	Combined Expenses
	WWT & Disposal	General & Admin	Studies & Planning Costs	Depreciation	Amortization of WWT Rights			
2016	\$6,434,652	\$270,613	\$1,485,977	\$3,170,554	\$1,400,918	\$12,762,714	\$2,217,719	\$14,980,433
2015	6,222,868	678,992	1,604,703	3,149,943	1,400,918	13,057,424	1,027,081	14,084,505
2014	6,864,435	487,308	2,636,556	3,137,858	1,400,918	14,527,075	866,589	15,393,664
2013	6,686,530	588,883	2,501,681	3,134,661	1,400,918	14,312,673	593,176	14,905,849
2012	7,356,155	1,125,143	2,244,658	2,732,655	1,400,918	14,859,529	1,927,689	16,787,218
2011	7,491,739	838,929	4,287,122	2,643,498	1,400,918	16,662,206	1,633,089	18,295,295
2010	9,803,154	850,538	1,998,300	2,656,317	1,400,918	16,709,227	903,518	17,612,745
2009	6,767,974	1,038,758	3,148,432	2,655,765	1,400,918	15,011,847	1,008,891	16,020,738
2008	6,886,304	741,243	4,729,137	2,656,488	1,368,378	16,381,550	1,115,406	17,496,956
2007	7,395,547	823,114	3,646,697	2,660,758	1,233,671	15,759,787	2,162,879	17,922,666

Source: Santa Ana Watershed Project Authority

Chart I - Combined Expenses and Revenues
Last Ten Fiscal Years



**Table V - Wastewater Discharge by Type
Last Ten Fiscal Years**

Discharge Type	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Industrial *	190.222	163.4954	167.2638	171.2630	249.2381	245.6435	203.3820	203.4214	331.7357	629.5509
Domestic *	539.1186	686.9780	817.2502	854.2526	1,027.1307	1,015.4773	908.3414	852.0116	837.9343	1,475.4890
Power Plant *	189.5652	241.5391	220.6970	267.9388	348.7255	334.4011	268.2640	222.9578	104.4273	93.3591
Water Supply/Desalter *	2,789.4969	2,894.5452	2,698.2170	2,728.7335	2,657.6589	2,702.2033	2,877.3705	2,923.6592	2,508.3150	2,347.1633
Temp/Emergency *	4.7210	6.9285	10.6266	7.9366	5.0106	20.1418	18.1715	7.3531	0.0000	1.5201
Truck Discharge *	34.3066	27.2869	23.3557	30.6147	42.3407	43.2777	53.3668	62.5716	64.0861	39.8682
Total	3,747.4321	4,020.7731	3,937.4103	4,060.7392	4,330.1045	4,361.1447	4,328.8962	4,271.9747	3,846.4984	4,586.9505

* MGD = million gallons per day

Source: Santa Ana Watershed Project Authority

**Table VI - Summary of Wastewater Treatment Rates
Last Ten Fiscal Years**

Fiscal Year	Flow per MGD*	BOD Charge (1,000 lbs)	TSS Charge (1,000 lbs)	Minimum Flow Charge	Monthly Fixed Pipeline Charge	Monthly Fixed Treatment Charge	Truck - Non-Brine (per gallon)	Truck - Tier 1 (per gallon)	Truck - Tier 2 (per gallon)	Truck - Tier 3 (per gallon)	Truck - Brine (per gallon)
2016	\$817.00	\$301.00	\$420.00	\$150.00	\$5,370.00	\$10,888.00	(a)	\$0.015	\$0.032	(b)	\$0.010
2015	777.00	295.00	411.00	150.00	5,114.00	10,369.00	(a)	0.015	0.031	(c)	0.010
2014	736.00	266.00	395.00	150.00	4,870.00	9,875.00	(a)	0.015	0.031	(d)	0.010
2013	794.00	253.00	376.00	150.00	4,083.00	8,749.00	(a)	0.015	0.030	(e)	0.010
2012	830.00	225.00	335.00	150.00	3,430.00	7,868.00	(a)	0.014	0.029	(f)	0.010
2011	891.00	312.00	462.00	150.00	2,710.00	6,775.00	(a)	0.015	0.032	(g)	0.010
2010	850.00	283.00	420.00	150.00	2,581.00	6,452.00	0.029	0.000	0.000	0.000	0.010
2009	792.00	257.00	381.00	150.00	2,417.00	6,044.00	0.028	0.000	0.000	0.000	0.007
2008	754.00	233.00	346.00	150.00	2,265.00	5,663.00	0.026	0.000	0.000	0.000	0.007
2007	589.00	200.00	312.00	150.00	2,124.00	5,310.00	0.023	0.000	0.000	0.000	0.004

* MGD – million gallons per day

- (a) Non-brine truck rate was divided into three tiers based on BOD and TSS Concentrations. Tier 1 = 100 to 999 mg/l, Tier 2 = 1,000 to 2,499 mg/l, and Tier 3 = 2,500 mg/l and higher.
- (b) FYE 2016 - Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0026/gallon, \$0.694/pound of BOD, and \$0.661/pound of TSS.
- (c) FYE 2015 - Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0026/gallon, \$0.687/pound of BOD, and \$0.652/pound of TSS.
- (d) FYE 2014 - Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0026/gallon, \$0.658/pound of BOD, and \$0.636/pound of TSS.
- (e) FYE 2013 - Tier 3 dischargers will be charged based on the actual concentration of the waste discharged using the following components: \$0.0026/gallon, \$0.645/pound of BOD, and \$0.617/pound of TSS.
- (f) FYE 2012 - Tier 3 dischargers will be charged based on the actual concentration of the waste discharged using the following components: \$0.0026/gallon, \$0.617/pound of BOD, and \$0.576/pound of TSS.
- (g) FYE 2011 - Tier 3 dischargers will be charged based on the actual concentration of the waste discharged using the following components: \$0.0025/gallon, \$0.672/pound of BOD, and \$0.683/pound of TSS.

Source: Santa Ana Watershed Project Authority

Table VII - Principal Sewer Customers
Current Fiscal Year and Nine Years Prior

Fiscal Year 2015-16

Customer Name	Discharge in MG*	Percentage of Total Discharge
Chino Desalter I	695.2283	18.55%
Temescal Desalter	591.6925	15.79%
Chino Desalter II	455.9935	12.17%
Perris Desalter	427.8471	11.42%
Arlington Desalter	325.4739	8.69%
Menifee Desalter	281.9421	7.52%
JCSD - Etiwanda**	220.0239	5.87%
Mountainview Power Plant	150.9319	4.03%
Chino Institute for Women	127.8135	3.41%
Lewis Home Development	125.9067	3.36%
Total Principal Customers	3,402.8534	90.80%
Other Customers	344.5787	9.20%
Total Discharge	3,747.4321	100.00%

Fiscal Year 2006-07

Customer Name	Discharge in MG*	Percentage of Total Discharge
Chino Desalter I	623.1014	13.58%
Golden Cheese	434.7398	9.48%
Arlington Desalter	422.8451	9.22%
Temescal Desalter	388.9614	8.48%
Chino Desalter II	356.3913	7.77%
California Rehabilitation Center	322.9374	7.04%
Menifee Desalter	310.1490	6.76%
JCSD - Etiwanda **	259.9446	5.67%
Perris Desalter	243.9492	5.32%
JCSD - Hamner Lift Station **	196.0916	4.27%
Total Principal Customers	3,559.1106	77.59%
Other Customers	1,027,8399	22.41%
Total Discharge	4,586.9505	100.00%

* MG - million gallons

** Jurupa Community Services District (JCSD) connections.

Source: Santa Ana Watershed Project Authority

**Table VIII - Debt Coverage Ratio
Last Ten Fiscal Years**

Fiscal Year	Debt Service Requirements				Debt to Expense Ratio
	Combined Expenses	SRF Loans *	Member Loans **	Total Debt	
2015	\$14,084,505	\$4,152,560	\$356,250	\$4,508,810	32.0%
2014	15,393,664	4,222,260	356,250	4,578,510	29.7%
2013	14,905,849	4,179,190	356,250	4,535,440	30.4%
2012	16,787,218	4,179,191	356,250	4,535,441	27.0%
2011	18,295,295	4,179,191	356,250	4,535,441	24.8%
2010	17,612,745	4,179,192	356,250	4,535,442	25.8%
2009	16,020,738	4,179,191	356,250	4,535,441	28.3%
2008	17,496,956	4,179,191	356,250	4,535,441	25.9%
2007	17,922,666	4,179,191	356,250	4,535,441	25.3%
2006	28,936,490	4,179,191	356,250	4,535,441	15.7%

The Authority does not receive property tax. All revenues are collected through rates and fees or agency contributions.

The Authority does not have any outstanding Revenue Bonds. The only debt of the Authority is SRF and member agency loans.

Treasury strips were purchased to fully cover all future debt service payments. The Treasury strips mature as debt service payments come due. No operating revenues are used to make debt service payments.

Notes:

- * State Revolving Fund (SRF) Loans for construction of the Brine Line.
- ** Repurchase of Pipeline Capacity from Orange County Water District.

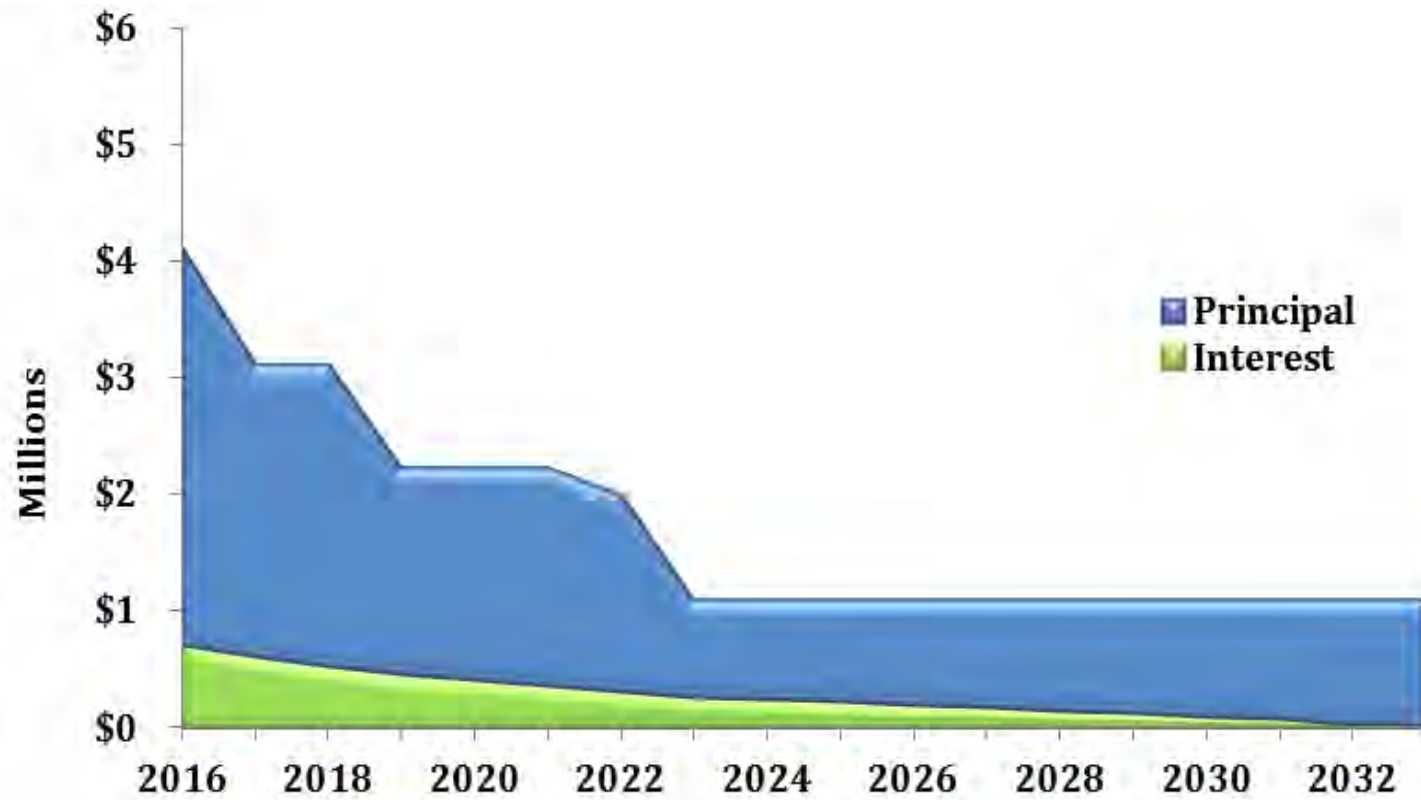
Source: Santa Ana Watershed Project Authority

**Table IX - Debt Service Payment Schedule
Fiscal Years 2016 - 2033**

Fiscal Year	Interest	Principal	Total Payment	Remaining Principal
2016	716,452	3,338,888	4,055,340	22,152,302
2017	615,366	2,445,358	3,060,725	19,706,943
2018	539,727	2,520,997	3,060,725	17,185,946
2019	461,459	2,065,342	2,526,801	15,120,604
2020	395,403	1,775,147	2,170,551	13,345,456
2021	348,294	1,822,257	2,170,551	11,523,199
2022	299,932	1,643,304	1,943,236	9,879,895
2023	256,877	787,396	1,044,273	9,092,499
2024	236,405	807,868	1,044,273	8,284,631
2025	215,400	828,873	1,044,273	7,455,758
2026	193,850	850,424	1,044,273	6,605,335
2027	171,739	872,535	1,044,273	5,732,800
2028	149,052	895,220	1,044,273	4,837,580
2029	125,777	918,496	1,044,273	3,919,084
2030	101,896	942,377	1,044,273	2,976,707
2031	77,394	966,879	1,044,273	2,009,828
2032	52,256	992,018	1,044,273	1,017,810
2033	26,463	1,017,810	1,044,273	0

Source: Santa Ana Watershed Project Authority

Chart II - Debt Service Payment Schedule
Fiscal Years 2016 – 2033



Source: Santa Ana Watershed Project Authority

Chart III – Capital Spending Last Ten Fiscal Years

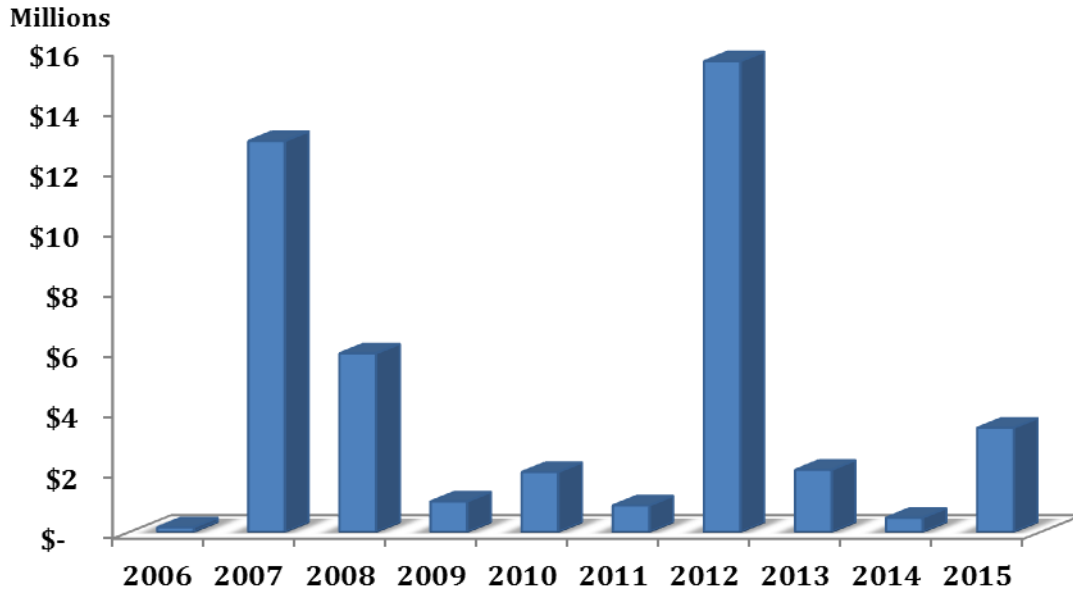
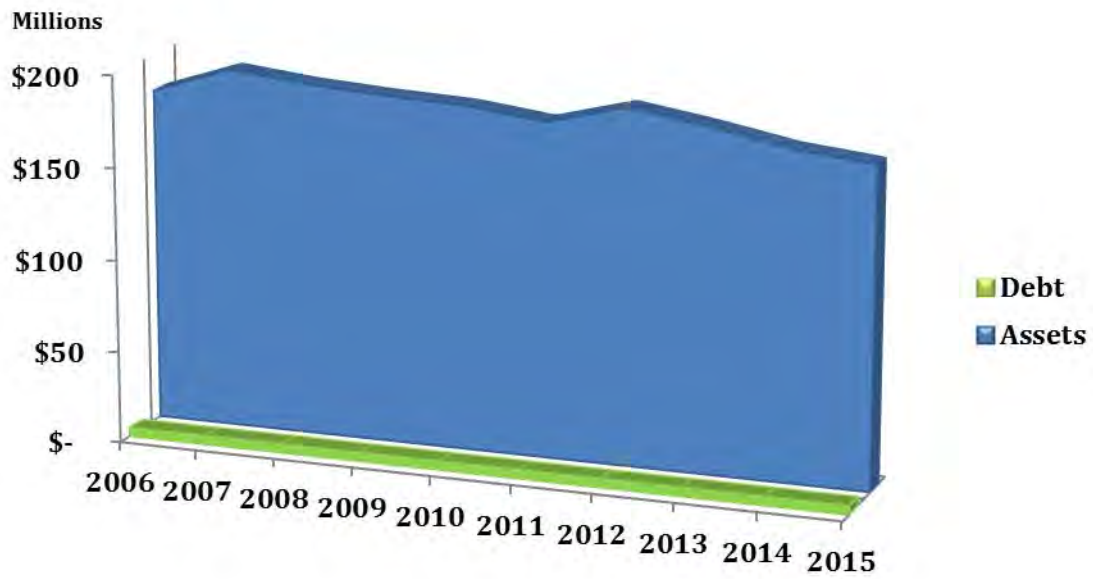


Chart IV – Total Debt to Assets Last Ten Fiscal Years



Source: Santa Ana Watershed Project Authority

**Table X - Demographic and Economic Statistics
Last Ten Calendar Years**

Fiscal Year	Population County (3)	Personal Income (1)	Per Capita Personal Income County	Unemployment Rate (June) ⁴ County	State
2016	2,347,828	\$5,327,969,043	\$35,331 (2)	6.7%	5.4%
2015	2,308,441	5,205,044,724	34,359 (2)	6.6	6.3
2014	2,279,967	5,033,383,304	33,836 (2)	8.4	7.4
2013	2,255,059	4,892,318,231	33,278 (5)	9.2	8.5
2012	2,227,577	4,740,901,560	31,742 (5)	11.8	10.7
2011	2,217,778	4,562,732,423	29,927 (5)	13.3	11.8
2010	2,179,692	4,375,318,812	29,222 (5)	14.5	12.2
2009	2,107,653	4,308,080,000	29,748 (5)	13.7	11.6
2008	2,088,322	4,149,660,000	30,894 (5)	8.4	6.9
2007	2,031,625	3,975,820,000	29,560 (5)	5.7	5.3

(1) Projected person income based on Riverside County Per Capital Personal Income.

(2) Projected based on a 10 year average.

(3) Source: California, State Department of Finance.

(4) Source: CA Employment Development Department and US Dept. of Labor. County data as of June 2016.

(5) Source: County or Riverside Comprehensive Annual Financial Report.

**Table XI - Principal Employers
Fiscal Year Ended June 30, 2016**

Employer	No. of Employees	Percentage of Total Labor Force
County of Riverside	21,984	2.09%
March Air Reserve Base	8,500	0.81%
University of California, Riverside	8,306	0.79%
Amazon	7,500	0.71%
Stater Brothers Markets	6,900	0.66%
Kaiser Permanente Riverside Medical Center	5,300	0.50%
Corona-Norco Unified School District	5,098	0.49%
Desert Sands Unified School District	4,202	0.40%
Riverside Unified School District	3,973	0.38%
Pechanga Resort & Casino	3,931	0.37%
Total	75,694	7.20%

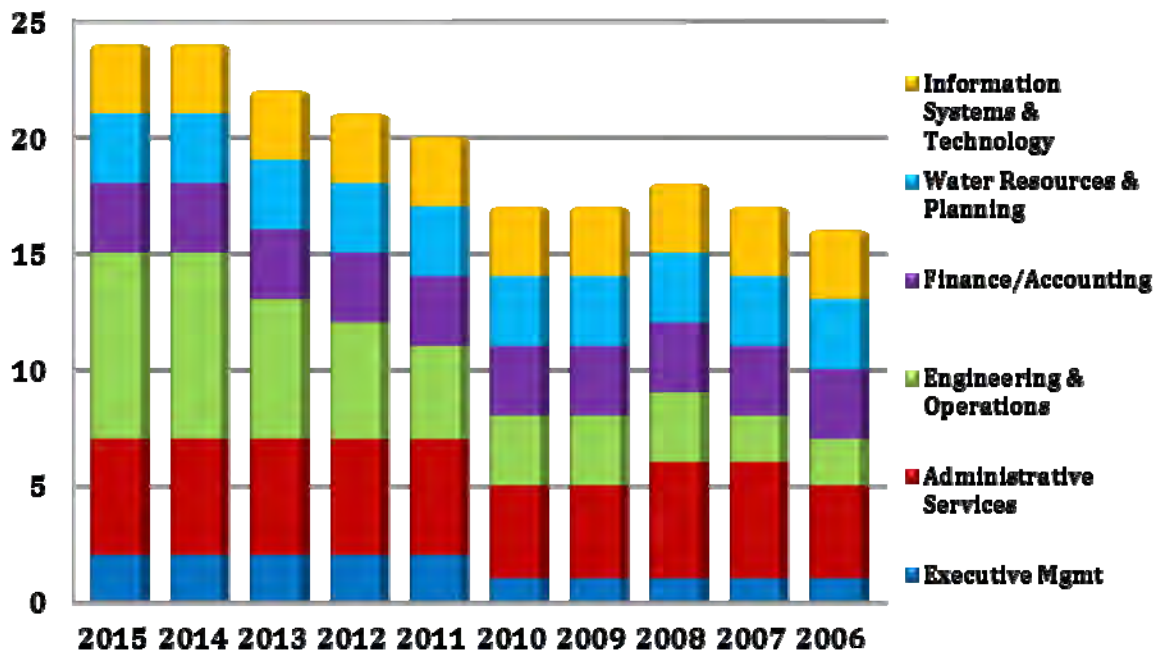
Sources: County of Riverside Economic Development Agency

Table XII - Number of Employees
Last Ten Fiscal Years

Department	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Executive Management	2	2	2	2	2	1	1	1	1	1
Administrative Services	5	5	5	5	5	4	4	5	5	4
Engineering & Operations	8	8	6	5	4	3	3	3	2	2
Finance/Accounting	3	3	3	3	3	3	3	3	3	3
Water Resources & Planning	3	3	3	3	3	3	3	3	3	3
Information Systems & Technology	3	3	3	3	3	3	3	3	3	3
Total	24	24	22	21	20	17	17	18	17	16

Notes: All managers are included with their divisions. Temporary and Interns are not included.

Chart V – Total Employees
Last Ten Fiscal Years



Source: Santa Ana Watershed Project Authority

**Table XIII - Operating and Capital Indicators
Last Ten Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Meter Connections	48	48	50	50	50	45	46	42	36	38
Number of Air Release Valves	65	65	65	65	65	62	62	62	62	62
Miles of Sewer Lines	73	73	73	73	73	73	73	73	73	73
Total Flows for Fiscal Years (MG)	3,747.4321	4,020.7731	3,937.4103	4,060.7392	4,330.1045	4,361.1447	4,328.8962	4,271.9747	3,846.498	4,586.951
Owned Treatment Capacity (MGs)	17	17	17	17	17	17	17	17	17	16

Miscellaneous Statistics

Year of Formation: 1972
 Governing Body: 5-Member Board of Commissioners (1 from each Member Agency elected Board of Directors)
 Form of Government: Joint Powers Authority
 Staff: 25 full-time equivalent employees
 Authority: Section 6500 et. Seq. Government Code
 Service: Waste Disposal, Watershed Planning, Task Force Facilitation
 Service Area (square miles): 2,840
 Total Population Served: Approximately 6 million

Source: Santa Ana Watershed Project Authority

The image features a background of a financial chart with a blue gradient overlay. The chart shows a line graph with a peak and a dip, and a pen is pointing to a specific data point. The numbers 6.40 and 6.30 are visible on the chart's y-axis.

Santa Ana Watershed Project Authority

11615 Sterling Avenue • Riverside • California • 92503
www.sawpa.org • (951) 354-4220

Board of Commissioners
Santa Ana Watershed Project Authority
Riverside, California

We have audited the financial statements of Santa Ana Watershed Project Authority (the Authority) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our planning matters letter to you dated May 20, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As discussed in Note 1d to the financial statements, in fiscal year 2015-2016, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*". GASB Statement No. 72 requires the Authority to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the Authority's financial statements as a result of the implementation of GASB Statement No. 72. No other accounting policies were adopted and the application of other existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

The most sensitive estimates affecting the Authority's financial statements were:

- a. Management's estimate of the fair value of investments is based on quoted prices in active market.
- b. Management's estimate to recognize revenue received in advance for wastewater treatment and disposal capacity rights as the services are provided.
- c. Management's estimate of the useful lives of capital assets for depreciation purposes is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- d. The annual required contribution, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the Authority's public defined benefit plans with CalPERS are based on an actuarial valuation.
- e. Management's estimate of the Other Post-Employment Benefits Plan actuarial accrued liability, which impacts the annual required contributions, is based upon several key assumptions that are set by management with the assistance of an independent third party actuary. These key assumptions include anticipated investment rate of return, health care cost trends, projected salary increases, mortality and certain amortization periods.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were reported in Note 5 regarding mitigation credits, Note 12 regarding the defined benefit pension plans, and Note 13 regarding Other Post-Employment Benefits.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, as a result of our audit related testwork, we did not identify any significant misstatements.

Significant Audit Findings (Continued)

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 3, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, and the schedule of funding progress - other post-employment benefits asset, which are required supplementary information (RSI) that supplements the financial statements. Our procedures consisted 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Matters (Continued)

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

White Nelson Dick Evans LLP

Irvine, California
November 3, 2016

Santa Ana Watershed Project Authority
Waived Adjusting Journal Entries
June 30, 2016

DESCRIPTION	<u>DEBIT (CREDIT)</u>				
	ASSET	LIABILITY	FUND BAL	REVENUE	EXP.
Waived AJE #1					
Allowance for uncollectible accounts	(46,000)				
Other expense					46,000
<i>To record an allowance for receivable amounts determined to be uncollectible.</i>					
TOTAL WAIVED ADJUSTING JOURNAL ENTRIES	(46,000)	-	-	-	46,000
OVERALL NET POSITION EFFECT					46,000

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

Board of Commissioners
Santa Ana Watershed Project Authority
Riverside, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Ana Watershed Project Authority (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 3, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

White Nelson Nick Evans LLP

Irvine, California
November 3, 2016

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COMMISSION MEMORANDUM NO. 2016.103

DATE: November 15, 2016
TO: SAWPA Commission
SUBJECT: Brine Line Service Contracts – Line Cleaning and Inspection
PREPARED BY: Carlos Quintero, Senior Project Manager

RECOMMENDATION

That the Commission approve Year Two of the existing Task Order INN 240-02 with Innerline Engineering, Inc. in the amount of \$50,000 for pipeline cleaning and inspection.

DISCUSSION

On March 17, 2015, the SAWPA Commission directed staff to issue Request for Proposals for the Brine Line Service Contracts. The RFPs required contractors to maintain prices for a minimum of 2 years and includes a renewal option for a third year.

Innerline Engineering, Inc. provides labor, equipment, and incidentals to perform pipeline cleaning and inspection services. The equipment provided includes vacuum trucks, water trucks, inspection trucks, and traffic control instruments. Pipeline cleaning and inspection is performed per the requirements established in the Brine Line Sewer System Management Plan. The existing Task Order with Innerline Engineering expires on June 30, 2017, and the budget approved for FY15-16 has been used, so a Change Order would be issued to increase the budget to cover activities for the remainder of FY16-17. Additional resources are required to remove scale during the annual Reach 4B Upper line cleaning, as well as incidental line cleaning and inspection in other sections of the system, and emergency response. Innerline Engineering is a contractor located in the City of Corona and they have been consistent in providing support with short notice during Sanitary Sewer Overflows and other emergency situations.

CRITICAL SUCCESS FACTORS

Brine Line CSF No. 5 – Protect and preserve the useful life of Brine Line assets through strategic maintenance, repair, and capital improvements.

Process, Activity, and Task No. 21 - Maintenance – perform activities – line cleaning, CCTV pipe inspection, MAS inspection, R/W maintenance, valve exercising, etc. Prepare bid documents, scope of work, bid, evaluate, recommend contract award, and manage performance.

RESOURCE IMPACTS

Funds for Year Two of the Innerline Engineering Inc. pipeline cleaning and inspection contract are budgeted for FY16-17 under Fund 240 (Brine Line Enterprise)

Attachments:

1. Change Order No. 1 to Task Order INN240-02 with Innerline Engineering, Inc.



**SANTA ANA WATERSHED PROJECT AUTHORITY
CHANGE ORDER NO. 1
To Task Order No. INN240-02**

CONTRACTOR: Innerline Engineering, Inc. **VENDOR NO.** 1450
37693 Oxford Drive
Murrieta, CA 92562

PROJECT: **Brine Line Cleaning and Inspection Services**

COST: \$50,000

REQUESTED BY: Carlos Quintero, Sr. Project Manager November 15, 2016

FINANCE: _____
Karen Williams, CFO Date

FINANCING SOURCE: Acct. Coding: 240-00-60159-00
Acct. Description: Facility Repair & Maintenance

COMMISSION AUTHORIZATION REQUIRED FOR THIS CHANGE: YES (X) NO ()

Funding for this work was authorized on November 15, 2016; ref CM#2016.____

Contractor is hereby directed to provide the extra work necessary to comply with this change order.

DESCRIPTION / JUSTIFICATION OF CHANGE: This is the continuation of a two-year task order for Contractor to provide labor, equipment, and incidentals for Brine Line cleaning and inspection services as required by SAWPA.

CHANGE IN CONTRACT TIME: No change – June 30, 2017

CHANGE IN TASK ORDER PRICE:

Original Task Order Amount:	\$46,900
Change Order No. 1 Amount:	<u>\$50,000</u>
Amended Contract Total:	<u>\$96,900</u>

ACCEPTANCE:

Contractor accepts the terms and conditions stated above as full and final settlement of any claims arising from or related to this Change Order. Contractor agrees to perform the above described work in accordance with the terms and in compliance with applicable sections of the Contract Specifications. This Change Order is hereby agreed to, accepted and approved, all in accordance with the General Provisions of the Contract Specifications.

SANTA ANA WATERSHED PROJECT AUTHORITY

Celeste Cantú, General Manager Date

INNERLINE ENGINEERING, INC.

(Signature) Date

Typed/Printed Name

COMMISSION MEMORANDUM NO. 2016.101

DATE: November 15, 2016
TO: SAWPA Commission
SUBJECT: SAWPA Strategic Assessment – OWOW Business Line
PREPARED BY: Mark Norton, Water Resources & Planning Manager

RECOMMENDATION

That the Commission provide feedback and then receive and file this presentation and overview about the SAWPA Business Line Evaluation regarding the One Water One Watershed (OWOW).

DISCUSSION

The following OWOW Business Line Purpose, Objectives, Critical Success Factors (CSFs) and Processes, Activities and Tasks (PATs) were formally approved by the SAWPA Commission on July 19, 2016. Based on SAWPA Commission direction in discussion about the PATs, SAWPA has completed steps one through five of the following six step process:

1. Look for overlapping and crosscutting activities that could be consolidated.
2. Cluster PATs considering synergies, dependencies and efficiencies.
3. Determine the level of certainty of achievement that is appropriate to each PAT, understanding that ‘A’ level certainty would require more resources than ‘C’ level certainty.
4. Fine tune the resources needed to accomplish the PATs at the level deemed necessary. Identify revenue to support the efforts.
5. Determine the skill sets needed to accomplish each PAT, and determine if SAWPA has the capability and capacity to do the work in-house, or if staff should be brought in, or if the PAT would be best accomplished with contracted help.
6. Build the results of this analysis into the next overall SAWPA budget recommendation.

Attachment 1 reflects the results of the completed steps one through five. These revised PATs reflect the consolidation, synergies, dependencies and efficiencies. In general, level of effort is based on comparison of similar historical efforts.

BACKGROUND

The previously approved Purpose and Goals along with Critical Success Factors are listed below.

Purpose and Objectives:

1. Fulfill SAWPA's role as a CA IRWM Program Regional Water Management Group and provide for a process of determining IRWM funding that meets statutory requirements.
2. Prepare a credible integrated watershed-wide water management plan that is updated regularly, meets regional needs and DWR IRWM plan requirements, and provides safe, clean, reliable and affordable water for the Santa Ana River Watershed.
3. Facilitate the discovery and development of new watershed solutions.
4. Maximize funding opportunities and policy influence by uniting efforts watershed wide.

Critical Success Factors:

1. Continued support from SAWPA commission of OWOW Steering Committee's decision making authority as a means of ensuring trust, transparency, and external communications.
2. Active participation of a diverse group of stakeholders representing counties, cities, and water districts, as well as the private sector and the regulatory, environmental, and environmental justice communities who integrate the different interests in the watershed beyond political boundaries. Ensuring all perspectives are heard and valued.
3. Distribution of benefits from the implementation of all integrated water resources management activities across the watershed in a fair and equitable fashion. Recognition that upstream conditions affect downstream water quality and quantity.
4. OWOW criteria and values are transparent to watershed-wide stakeholders.
5. A strong reputation and sufficient capacity within SAWPA staff for strategic facilitation, planning, communication, leadership and community engagement.
6. Administration of the OWOW process and plan in a highly efficient and cost-effective manner
7. Successful implementation of an integrated regional water resource plan that reflects the watershed management needs of the public and the environment.
8. Annual review the accomplishments and implementation performance of the plan with the Commission and the Steering Committee.
9. Data and information needed for decision-making is available to all.

EVALUATION

An evaluation of OWOW PATs staff hours ("Estimated Annual Hours Needed for A Level versus Annual Budget Hours) indicates a shortfall of approximately one to one and a half FTE staff position for the next four years. This analysis reflects a shortfall of 2701 hours for FYE 2017, 4150 hours for FYE 2018, 3248 hours for FYE 2019 and 1576 hours for FY 2020. An additional grant writer position would efficiently implement SAWPA's ability to apply for and receive additional grant funding particularly from philanthropic organizations who view SAWPA's OWOW as an effective organization to address common interest issues. Further, if the new position were established as an entry level position, a clear path for growth and succession would be available.

NEXT STEPS

It is proposed to continue the evaluation of the need for one additional staff position as part of the budget process to begin in early 2017.

RESOURCE IMPACTS

SAWPA staffing and funding for tasks assigned under OWOW for FYE 2017 are adequate to achieve most, but not all, of the OWOW processes, activities and tasks and not at the “A Level”.

Attachment:

1. OWOW Processes, Activities and Tasks with labor hour projection

#	OWOW Process, Activity, or Task	2016		2017				2018				2019				2020		Estimated Annual Hours Needed for "A" Level				FYE 2017 Budget Hours	Difference between Budgeted Hours and Need			
		3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	FY 16-17	FY 17-18	FY 18-19	FY 19-20	Annual	FY 16-17	FY 17-18	FY 18-19	FY 19-20
OWOW Plan Development																		1635	1980	1650	610	1640	5	(340)	(10)	1,030
3	Engage with stakeholders through general workshops and Pillar workgroups to assess progress towards achievement of OWOW objectives as well as to provide benefits of multi-benefits of watershed wide thinking and planning.	20		20	20	20	20	20	20	20	20						60	80	40	0	20	(40)	(60)	(20)	20	
4	Support and train OWOW stakeholders in use of regional GIS functionality and OWOW project tracking tools.			50	50	50	50	50	50	50	50						100	200	200	0	100	-	(100)	(100)	100	
5	Prepare annual watershed health assessment tracking watershed's progress toward sustainability and resiliency.					80	80			80	80			80	80		0	160	160	160	40	40	(120)	(120)	(120)	
6	Update the OWOW Plan every 3-4 years or more frequently as needed to reflect current regional water resource needs, knowledge, data, or policy.	200	200	200	200	200	200	200	200	400	400						800	800	800	0	800	-	-	-	800	
14	Develop and implement data collection, storage and distribution to improve regional utilization of data and information generated in the watershed.	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	160	160	160	160	80	(80)	(80)	(80)	(80)	
18	Conduct post assessment of project impacts and beneficial uses of past OWOW Plan and scoping for next OWOW plan update		40	40													80	0	0	0	20	(60)	20	20	20	
19	Convene Pillar chairs, arrange regular workshops and serve as liaison, facilitator, presenter and coordinator during OWOW planning phase, OWOW funding and selection criteria and OWOW project implementation support.		145	145	145	145	145	145	145	145	145			145	145		435	580	290	290	580	145	-	290	290	
OWOW Administration																		800	1400	920	1280	790	(10)	(610)	(130)	(490)
1	Prepare standard progress reporting on scope, schedule, & deliverables.	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	80	80	80	80	40	(40)	(40)	(40)	(40)	
2	Implement a regular process (bi-annually) for budgeting and confirming or adjusting priorities and resources.			40		40		40		40		40		40		40	80	80	80	80	40	(40)	(40)	(40)	(40)	
7	Train and retain all staff with capacity to conduct OWOW administrative functions including accounting, data management, communication, and maintenance functions.	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	240	240	240	240	100	(140)	(140)	(140)	(140)	
10	Provide support to OWOW governance (Steering Committee and SAWPA Commission) to ensure successful administration and approval of OWOW planning and project implementation	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	280	280	280	280	100	(180)	(180)	(180)	(180)	
13	Maintain and/or upgrade state-of-the-art communication and meeting facilitation systems at SAWPA.			C								C					C		C		40		-	-	-	
15	Institute and administer OWOW Calls for Projects and Project Selection with criteria that reflects a systems approach, that encourages multi-benefit, multi-jurisdictional integrated regional projects and programs						240	240						240	240		0	480	0	480	480	480	-	480	-	
16	Produce and implement communications strategy, plan and outreach to describe SAWPA's successes and capabilities under OWOW. Conduct outreach through SAWPA webpage, social media and annual OWOW conferences.				120				120							120	120	120	120	120	0	(120)	(120)	(120)	(120)	
17	Evaluate Calls for Projects, Project Selection and Grant Application efforts and successes for future process improvement							120				120					0	120	120	0	30	30	(90)	(90)	30	
OWOW Grant Application and Implementation																		3,736	4,240	4,148	3,156	1,040	(2,696)	(3,200)	(3,108)	(2,116)
11	Successfully apply for, and receive all available State grant funding under IRWM programs designated for the Santa Ana River Watershed	80	80	80			80	80	80	80	80			80	80	80	240	240	160	240	320	80	80	160	80	
12	Identify, pursue, secure and administer additional funding for integrated water resources management planning, projects and programs.	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	1220	1220	1220	1220	60	(1,160)	(1,160)	(1,160)	(1,160)	
21a	Implement or construct SAWPA programs and projects OWOW Plan assigned by SAWPA Commission - SAWPA Project Agreement 22 Committee administration, WUE tasks, budget based water rate support, aerial mapping and area measurement tasks, WUE outreach tools, SARCCUP WUE tasks.	268	268	268	268	268	268	268	268	268	268	268	268	120	120	120	1,072	1,072	1,072	480	660	(412)	(412)	(412)	180	
21b	Implement or construct SAWPA programs and projects OWOW Plan assigned by SAWPA Commission - SAWPA Project Agreement 23 Committee administration, SARCCUP program mgt consultant, Decision Support Tool, Planning Managers, etc.	141	141	141	141	127	127	127	127	124	124	124	124	124	124	124	564	508	496	496	0	(564)	(508)	(496)	(496)	
21c	Implement or construct SAWPA programs and projects OWOW Plan assigned by SAWPA Commission - Prop 1 Disadvantaged Community Involvement tasks	160	160	160	160	300	300	300	300	300	300	300	300	360	360		640	1,200	1,200	720	0	(640)	(1,200)	(1,200)	(720)	
OWOW SAWPA Grant Administration																	5,870	5,870	5,870	5,870	5,870	-	-	-	-	
8	Exercise SAWPA's fiduciary responsibility in administering and overseeing the appropriate use of all grant funds awarded to SAWPA and to OWOW project proponents by the State	1393	1393	1393	1393	1393	1393	1393	1393	1393	1393	1393	1393	1393	1393	1393	5,870	5,870	5,870	5,870	5870	-	-	170	-	
Total Hours by Fiscal Year		12,041				13,490				12,588				10,916				12,041	13,490	12,588	10,916	9,340	(2,701)	(4,150)	(3,248)	(1,576)

Proposition 84 Status Update

November 15, 2016 Commission Meeting



Nicole D. Weideman, PE

Proposition 84 Project Status

Round	No. of Projects	Progress	Grant Amount	Total Cost
Round 1	13 Projects	7 Complete	\$12M	\$260M
Round 2	18 Projects	0 Complete	\$14.5M	\$150M
Drought Round	9 Participants	0 Complete	\$12M	\$23M
2015 Round	7 Participants	0 Complete	\$61M	\$237M



Projected Watershed-Wide Benefits of All Four Rounds of OWOW Prop 84 IRWM Projects

- Reduces water demand by 18,000 AFY representing 36,000 households
- Captures 44,000 AFY of stormwater for beneficial use
- Recharges 180,000 AF of additional imported water
- Produces 18,000 AFY of desalted groundwater
- Removes 29,000 tons of salt from groundwater per year
- Creates 11,000 AFY of additional recycled water
- Restores 3,800 acres of environmental habitat
- Reduces nonpoint source pollution by 29,000 pounds per year
- Reduces flood risk damage by \$91 million
- Creates about 11,000 construction related jobs

Round 1 Projects

Proposition 84 Round 1 Project Status Update

Project Name	Agency	Grant Amount	Required Funding Match	Add'l Cost Share	Total Project Cost	% Grant Billed	% Project Complete
Grant Agreement Administration	SAWPA	\$ 660,004	\$ 0 0.00%	\$ 0	\$ 660,004	44%	44%
GWRS Flow Equalization	OCWD	\$ 1,000,000	\$ 1,180,760 7.67%	\$ 13,218,920 ¹	\$ 15,399,680	100%	100%
Sludge, Dewatering, Odor Control & Primary Sludge Thickening	OCSD	\$ 1,000,000	\$ 36,638,218 26.00%	\$ 103,278,005	\$ 140,916,223	100%	94%
Santa Ana Watershed Vireo Monitoring	SAWA	\$ 600,000	\$ 225,994 26.00%	\$ 43,213	\$ 869,207	100%	100%
Mill Creek Wetlands*	Ontario	\$ 1,000,000	\$ 1,615,000 8.85%	\$ 15,635,000	\$ 18,250,000 ²	100%	100%
Cactus Basin	SBCFCD	\$ 1,000,000	\$ 4,427,155 29.96%	\$ 9,350,026	\$ 14,777,181	100%	65%
Inland Empire Brine Line Rehabilitation and Enhancement	SAWPA	\$ 1,000,000	\$ 698,153 10.07%	\$ 5,234,576 ³	\$ 6,932,729	100%	100%

¹ \$ 13,218,920 in Other State Funds
² \$ 15,420,000 in Other State Funds
³ \$ 5,234,576 in Other State Funds
 * Retention not paid yet

Green – Project on schedule or ahead of schedule
 Yellow – Project delay experienced, still on track to complete on time
 Orange/Red – Project delay experienced, unsure if project will complete on time, or not enough schedule information known at this time to determine.

Proposition 84 Round 1 Project Status Update

Project Name	Agency	Grant Amount	Required Funding Match	Add'l Cost Share	Total Project Cost	% Grant Billed	% Project Complete
Arlington Desalter Interconnection Project	Corona	\$ 400,000	\$ 350,493 26.00%	\$ 597,556	\$ 1,348,049	100%	100%
Perris II Desalination Facility	EMWD	\$ 1,000,000	\$ 607,296 26.00%	\$ 728,456	\$ 2,335,752	100%	99%
Perchlorate Wellhead Treatment System Pipelines	WVWD	\$ 1,000,000	\$ 368,940 26.00%	\$ 50,060	\$ 1,419,000	100%	100%
Chino Creek Wellfield Development Project	WMWD	\$ 1,000,000	\$ 1,646,091 26.00%	\$ 3,685,027	\$ 6,331,118	100%	95%
Impaired Groundwater Recovery	IRWD	\$ 1,000,000	\$ 20,148,848 53.99%	\$ 16,173,122	\$ 37,321,970	100%	100%
Alamitos Barrier Improvement Project	OCWD	\$ 1,000,000	\$ 650,600 5.61%	\$ 9,956,000 ⁴	\$ 11,606,600	100%	30%
Arlington Basin Water Quality Improv Project	WMWD	\$ 1,000,000	\$ 900,000 33.21%	\$ 809,670	\$ 2,709,670	1%	45%
Total		\$ 12,660,004	\$ 69,457,548 26.62%	\$ 179,419,635	\$ 261,537,187	89.3%	81.4%

⁴ \$ 9,956,000 in Other State Funds

Green – Project on schedule or ahead of schedule
 Yellow – Project delay experienced, still on track to complete on time
 Orange/Red – Project delay experienced, unsure if project will complete on time, not enough schedule information known at this time to determine.

Round 2 Projects

Proposition 84 Round 2 Project Status Update

Project Name	Agency	Grant Amount	Required Funding Match	Add'l Cost Share	Total Project Cost	% Grant Billed	% Project Complete
Grant Agreement Administration	SAWPA	\$ 625,310	\$ 0 0.00%	\$ 0	\$ 625,310	33%	33%
Perris Desalination Program – Well 94	EMWD	\$ 1,000,000	\$ 0 0.00%	\$ 9,238,280	\$ 10,238,280	0%	13%
Quail Valley Subarea 9 Phase I Sewer System	EMWD	\$ 1,930,000	\$ 2,960,000 37.00%	\$ 3,110,000	\$ 8,000,000	19%	14%
Forest First	USFS	\$ 1,000,000	\$ 2,055,039 37.00%	\$ 2,499,121	\$ 5,554,160	0%	49%
Wineville Regional Recycled Water Pipeline and GW Recharge System Upgrades	IEUA	\$ 1,000,000	\$ 0 0.00%	\$ 29,500,000 ¹	\$ 30,500,000	100%	74%
Plunge Creek Water Recharge and Habitat Improvement	SBVWCD	\$ 500,000	\$ 184,731 26.00%	\$ 25,769	\$ 710,500	21%	30%

¹ \$29,500,000 in Other State Funds

Green – Project on schedule or ahead of schedule

Yellow – Project delay experienced, still on track to complete on time

Orange/Red – Project delay experienced, unsure if project will complete on time, or not enough schedule information known at this time to determine.

Proposition 84 Round 2 Project Status Update

Project Name	Agency	Grant Amount	Required Funding Match	Add'l Cost Share	Total Project Cost	% Grant Billed	% Project Complete
Prado Basin Sediment Management Demonstration Project	OCWD	\$ 750,000	\$ 2,910,050 37.00%	\$ 4,204,950	\$ 7,865,000	0%	18%
San Sevaine GW Recharge Basin	IEUA	\$ 750,000	\$ 925,001 32.34%	\$ 1,184,999	\$ 2,860,000	43%	48%
Corona/Home Gardens Multi-Jurisdictional Water Transmission Line	Corona	\$ 1,300,000	\$ 2,327,494 37.00%	\$ 2,663,031	\$ 6,290,525	1%	38%
Enhanced Stormwater Capture & Recharge along SAR	SBVMWD	\$ 1,000,000	\$ 11,581,000 37.00%	\$ 18,719,000	\$ 31,300,000	0%	25%
Regional Residential Landscape Retrofit	IEUA	\$ 500,000	\$ 370,000 37.00%	\$ 130,000	\$ 1,000,000	66%	95%
Canyon Lake Hybrid Treatment Process	LESJWA	\$ 500,000	\$ 327,635 37.00%	\$ 57,865	\$ 885,500	62%	90%
Customer Handbook to Using Water Efficiently	WMWD	\$ 120,000	\$ 42,000 25.93%	\$ 0	\$ 162,000	0%	45%

Green – Project on schedule or ahead of schedule
 Yellow – Project delay experienced, still on track to complete on time
 Orange/Red – Project delay experienced, unsure if project will complete on time, or not enough schedule information known at this time to determine.

Proposition 84 Round 2 Project Status Update

Project Name	Agency	Grant Amount	Required Funding Match	Add'l Cost Share	Total Project Cost	% Grant Billed	% Project Complete
Lower Day Basin	IEUA	\$ 750,000	\$ 917,599 37.00%	\$ 812,401	\$ 2,480,000	0%	38%
CII Performance Based WUE Program	MWDOC	\$ 500,000	\$ 898,179 37.00%	\$ 1,029,333	\$ 2,427,512	100%	33%
Peters Canyon Channel Water Capture and Reuse Pipeline	Irvine	\$ 1,000,000	\$ 3,211,086 37.00%	\$ 4,467,523	\$ 8,678,609	100%	86%
Soboba Band of Luiseno Indians Wastewater Project	Soboba	\$ 150,000	\$ 53,000 26.11%	\$ 0	\$ 203,000	0%	45%
Recycled Water Project Phase I	Riverside	\$ 1,000,000	\$ 8,030,000 37.00%	\$ 12,670,000	\$ 21,700,000	0%	10%
Wilson III Basins Project and Wilson Basins/ Spreading Grounds	Yucaipa	\$ 750,000	\$ 4,825,807 37.00%	\$ 7,466,914	\$ 13,042,721	0%	29%
Total		\$ 15,125,310	\$ 40,151,571 26.67%	\$ 95,279,236	\$ 151,178,427	27%	43%

Green – Project on schedule or ahead of schedule
 Yellow – Project delay experienced, still on track to complete on time
 Orange/Red – Project delay experienced, unsure if project will complete on time, or not enough schedule information known at this time to determine.

Drought Round Projects

Proposition 84 Drought Round Project Status Update

Project Name	Agency	Grant Amount	Required Funding Match	Add'l Cost Share	Total Project Cost	% Grant Billed	% Project Complete
Grant Agreement Administration	SAWPA	\$ 625,000	\$ 0 0.00%	\$ 0	\$ 625,000	47%	47%
Project Agreement 22 Committee Admin	SAWPA	\$ 300,000	\$ 0 0.00%	\$ 0	\$ 300,000	65%	65%
Conservation Based Reporting Tools and Rate Structure	SAWPA	\$ 6,662,610	\$ 0 0.00%	\$ 0	\$ 6,662,610	26%	34%
High Visibility Turf Removal & Retrofit SARW	EMWD	\$ 906,800	\$ 1,212,770	\$ 600,830	\$ 2,720,400	0%	57%
	IEUA	\$ 807,564	\$ 1,080,050	\$ 535,077	\$ 2,422,691	100%	100%
	OCWD	\$ 880,894	\$ 1,178,123	\$ 583,666	\$ 2,642,683	0.27%	57%
	SBVMWD	\$ 828,499	\$ 1,108,049	\$ 548,949	\$ 2,485,497	0%	13%
High Visibility Turf Removal & Retrofit USMW	WMWD	\$ 851,243	\$ 1,138,467	\$ 564,019	\$ 2,553,729	49%	78%
	EMWD	\$ 420,000	\$ 561,715	\$ 278,285	\$ 1,260,000	0%	57%
	WMWD	\$ 52,500	\$ 70,214	\$ 34,786	\$ 157,500	0%	57%
	RCWD	\$ 525,000	\$ 702,145	\$ 447,855	\$ 1,675,000	47%	77%
Total		\$ 12,860,110	\$ 7,051,533 31.23%	\$ 3,593,467	\$ 23,505,110	28%	58%

Green – Project on schedule or ahead of schedule

Yellow – Project delay experienced, still on track to complete on time

Orange/Red – Project delay experienced, unsure if project will complete on time, or not enough schedule information known at this time to determine.

2015 Round Projects

Proposition 84 2015 Round Project Status Update

Project Name	Agency	Grant Amount	Required Funding Match	Add'l Cost Share	Total Project Cost	% Grant Billed	% Project Complete
Grant Agreement Administration	SAWPA	\$ 3,213,384	\$ 0 0.00%	\$ 0	\$ 3,213,384	4.7%	0%
Newhope – Placentia Trunk Sewer Replacement Project	OCSD	\$ 1,000,000	\$ 30,000,000 28.60%	\$ 73,890,000	\$ 104,890,000	0%	0%
Integrated Watershed Protection Program	RCFC& WCD	\$ 5,054,302	\$ 9,060,000 29.71%	\$ 16,379,698	\$ 30,494,000	0%	0%
SARCCUP	Member Agencies	\$ 55,000,000	\$ 30,500,000 30.12%	\$ 15,772,899	\$ 101,272,899	0%	0%
Total		\$ 64,267,686	\$ 69,560,000 29.00%	\$ 106,042,597	\$ 239,870,283	0%	0%

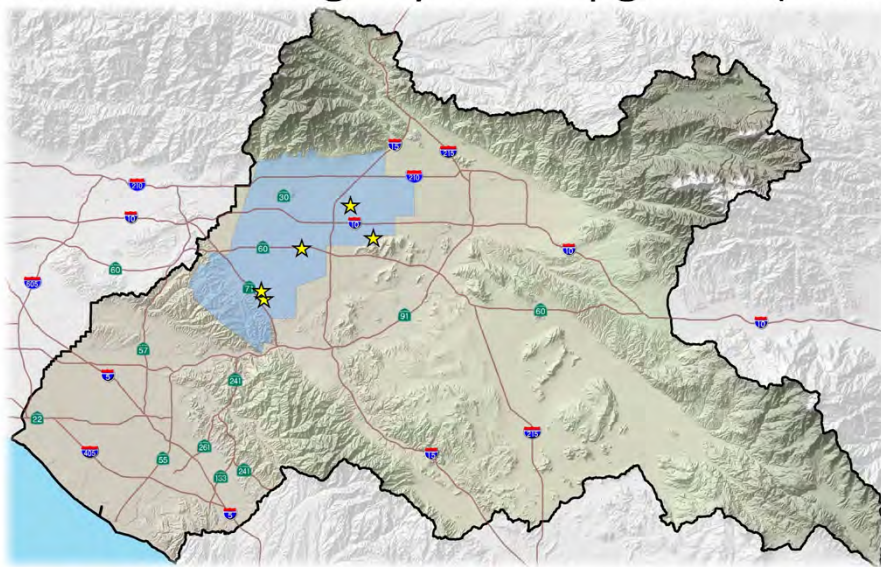
Green – Project on schedule or ahead of schedule
 Yellow – Project delay experienced, still on track to complete on time
 Orange/Red – Project delay experienced, unsure if project will complete on time, or not enough schedule information known at this time to determine.

A Closer Look

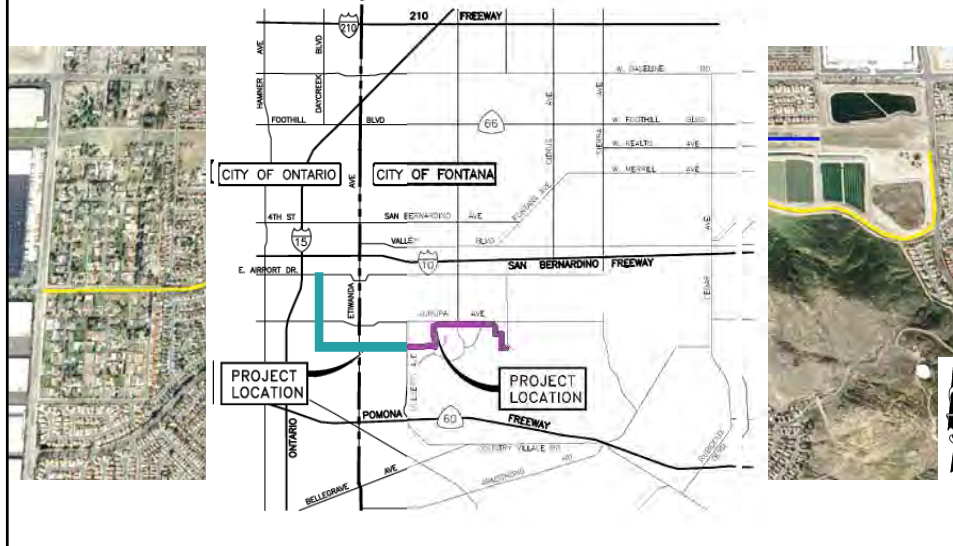
Round 2

- Wineville Regional Recycled Water Pipeline and GW Recharge System Upgrades (IEUA)
- Corona/Home Gardens Multi-Jurisdictional Water Transmission Line (City of Corona)
- Canyon Lake Hybrid Treatment Process (LESJWA)
- Customer Handbook to Using Water Efficiently (WMWD)
- CII Performance Based WUE Program (MWDOC)

Wineville Regional Recycled Water Pipeline and GW Recharge System Upgrades (IEUA)



Wineville Regional Recycled Water Pipeline and GW Recharge System Upgrades (IEUA)



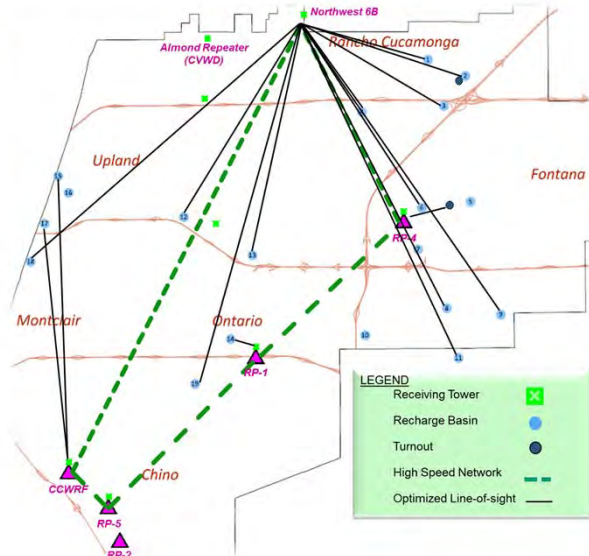
Wineville Regional Recycled Water Pipeline and GW Recharge System Upgrades (IEUA)



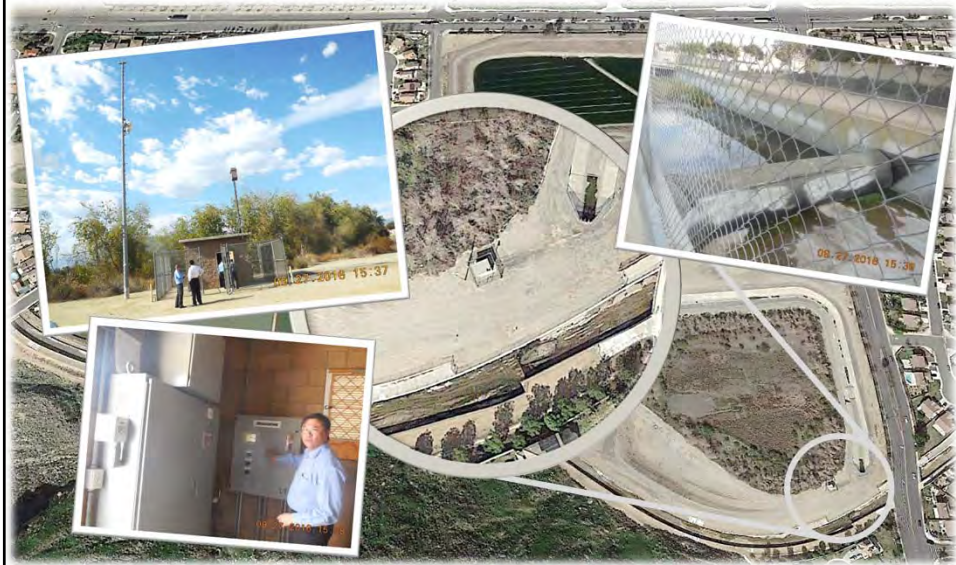
Wineville Regional Recycled Water Pipeline and GW Recharge System Upgrades (IEUA)

Recharge Basin Location

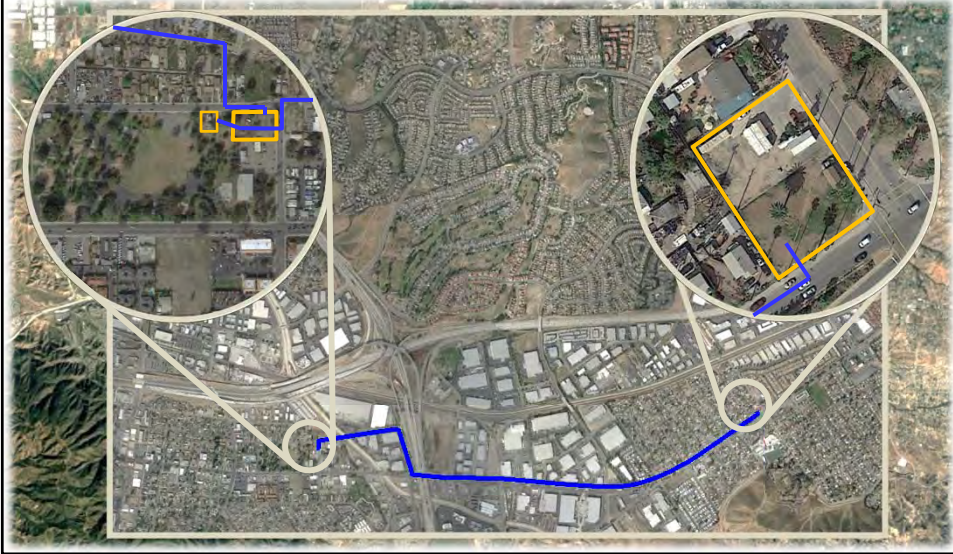
1. Etiwanda Debris Basin
2. San Sevaine Basin
3. Victoria Basin
4. Lower Day Basin
5. Banana Basin
6. Hickory Basin
7. Etiwanda Conserv. Basin
8. Jurupa Basin
9. RP-3 Basin
10. Wineville
11. Declez Basin
12. 8th Street Basin
13. Turner Basin
14. Ely Basins
15. College Heights Basin
16. Upland Basin
17. Montclair Basin
18. Brooks Basin
19. Grove Basin



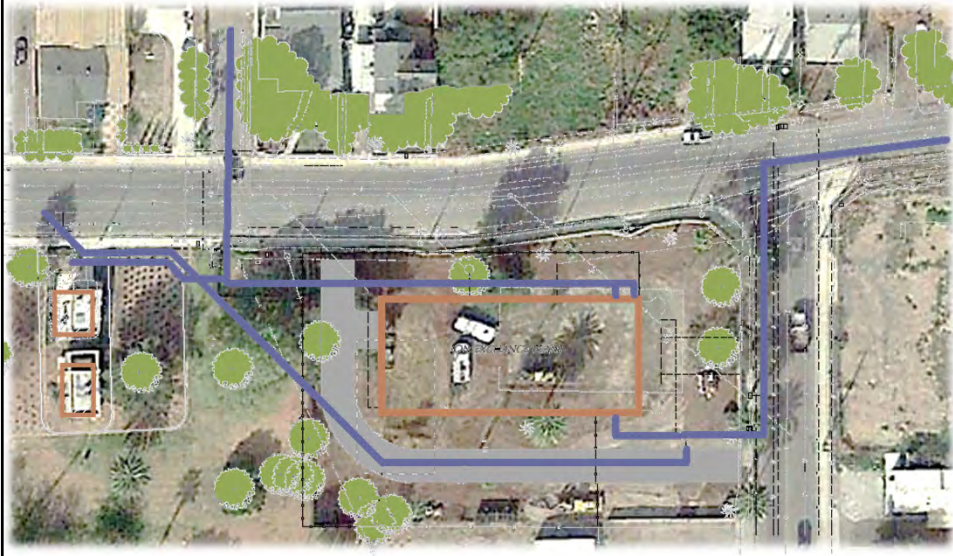
Wineville Regional Recycled Water Pipeline and GW Recharge System Upgrades (IEUA)



Corona/Home Gardens Multi-Jurisdictional Water Transmission Line (City of Corona)



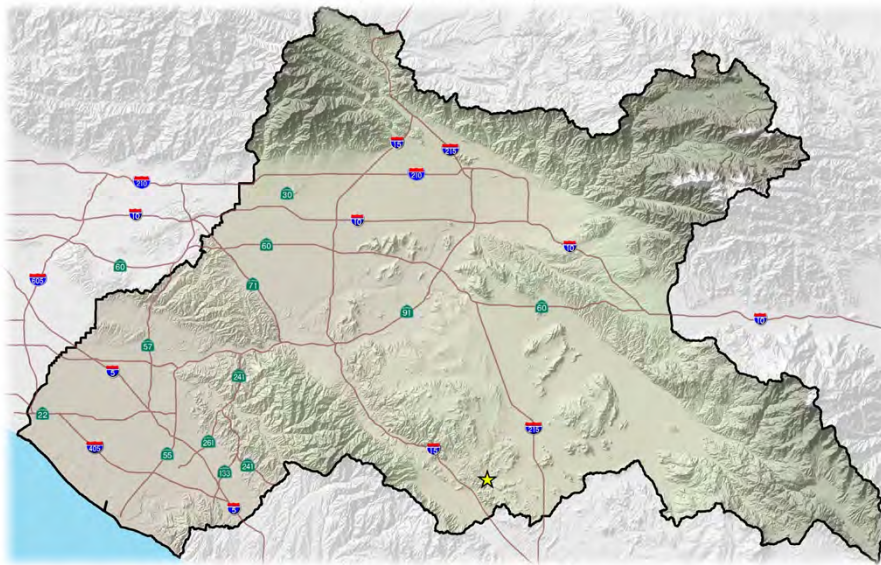
Corona/Home Gardens Multi-Jurisdictional Water Transmission Line (City of Corona)



Corona/Home Gardens Multi-Jurisdictional Water Transmission Line (City of Corona)

- Description: 14,000 LF 24-Inch Pipeline from Home Gardens County WD Well Site to DWP treatment facility 2 miles away.
 - Overall Percent Complete : 38%
 - Estimated Completion: May 31, 2018
 - Benefits: Provide a long-term, sustainable solution for increasing the local groundwater's supply reliability and water quality.
- The rehabilitated wells will produce/deliver $\approx 1,600$ AFY, which will serve $\approx 10,000$ people.

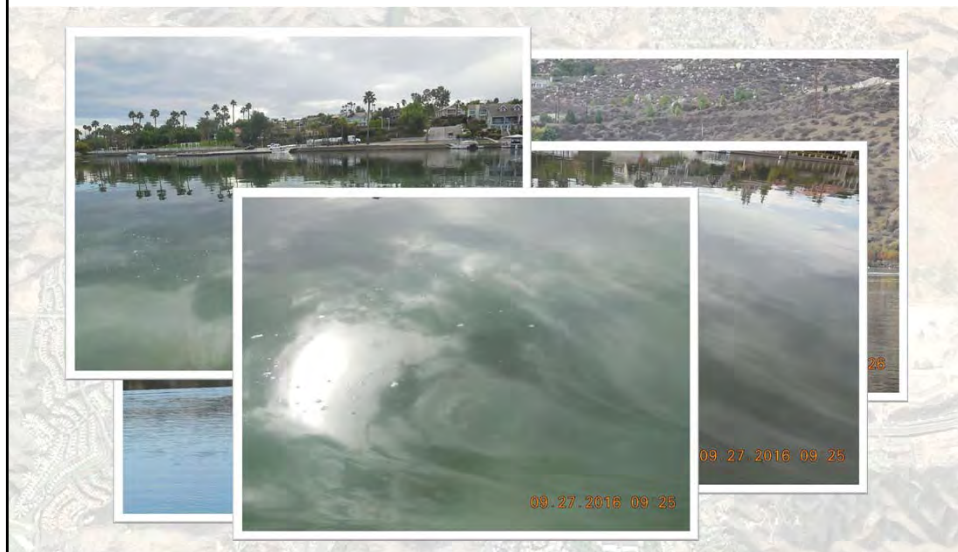
Canyon Lake Hybrid Treatment Process (LESJWA)



Canyon Lake Hybrid Treatment Process (LESJWA)



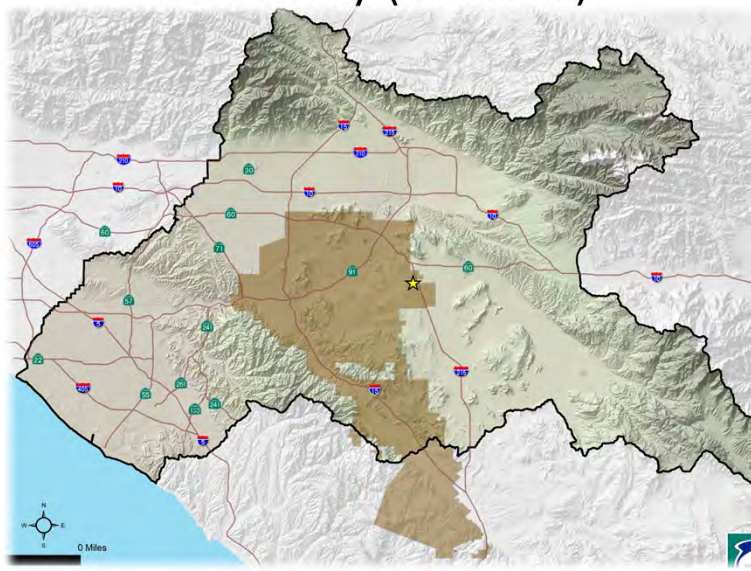
Canyon Lake Hybrid Treatment Process (LESJWA)



Canyon Lake Hybrid Treatment Process (LESJWA)

- Description: Complete five alum applications to Canyon Lake
- Overall Percent Complete : 90%
- Estimated Completion: December 31, 2018
- Benefits: Improve water quality by reducing the growth potential for algae and the occurrence frequency of low dissolved oxygen and ammonia toxicity conditions.

Customer Handbook to Using Water Efficiently (WMWD)



Customer Handbook to Using Water Efficiently (WMWD)

COMING SOON

Customer Handbook to Using Water Efficiently (WMWD)

What makes river little guys happy?
A good home and tasty food!

HEALTHY SOIL CONTAINS:

- 45% Mineral
- 25% Organic Matter
- 30% Water

HOME

- SOIL PARTICLES**
Minerals, the "silt"
- WATER**
All life needs water.
- AIR**
"You know, air. When you close the air it needs to breathe. This is what happens with waterlogging. This condition is called "anaerobic" meaning "no oxygen."

FOOD ORGANIC MATTER

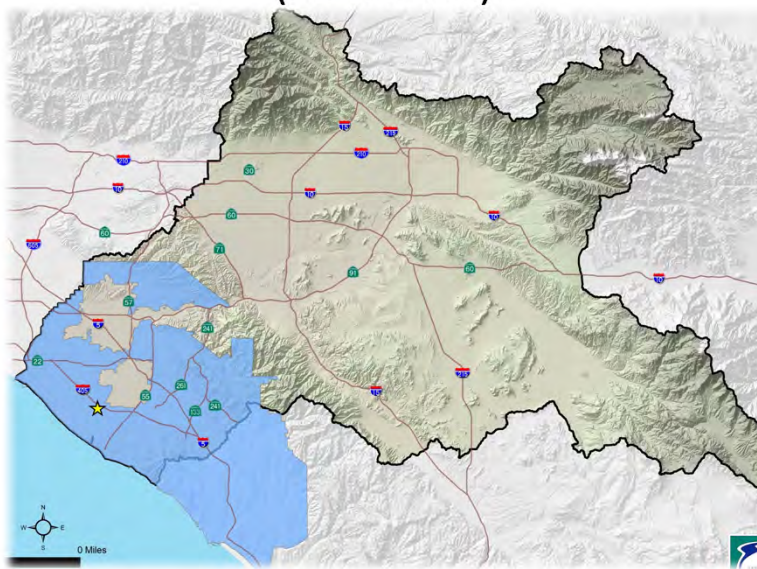
The consists of rot animals, byproducts of decaying plant material, microorganisms, waste products, humus, etc. Soil craters like a high-carb diet. Even though a typical healthy soil contains only 1% organic matter by weight, it provides a base for the life in a soil. It acts as a sponge to store water, it retains and provides nutrients, and it glues and binds soil particles into stable aggregates.

What's so important about Soil?

Customer Handbook to Using Water Efficiently (WMWD)

- Description: Create and publish a handbook designed to provide practical information to the owners/managers of landscapes to:
 1. Understand the water requirements of their landscapes,
 2. Follow State guidelines for water use efficiency, and
 3. Change landscapes to fit the local climates while maintaining property values, wildlife habitat and environmental quality with less water.
- Overall Percent Complete : 45%
- Estimated Completion: October 31, 2017
- Benefits: Educate owners/managers on water efficient landscapes, and to reduce overall watershed water use by 7,240 AFY.

CII Performance Based WUE Program (MWDOC)



CII Performance Based WUE Program (MWDOC)



CII Performance Based WUE Program (MWDOC)

- Description: Develop and provide lead agency services for a holistic Commercial, Industrial, Institutional (CII) Performance-Based Water Use Efficiency Program.
- Overall Percent Complete : 33%
- Estimated Completion: January 31, 2018
- Benefits: The Program's water savings goal of ≈ 450 AFY will be achieved by targeting individual site goals:
 - ≈ 75 AFY for CII comprehensive process improv.,
 - ≈ 170 AFY for CII rebate incentive improvements, and
 - ≈ 205 AFY for comprehensive LL projects.

Santa Ana Watershed Project Authority
Cash Transaction Report
Month of September 2016

Below is a summary of cash transactions completed during the month in the Authority's checking account with US Bank. Attached are summaries by major revenue and expense classifications.

Cash Receipts and Deposits to Account	\$ 1,483,220.35
Net Investment Transfers	1,530,874.99
Cash Disbursements	<u>(4,500,669.67)</u>
Net Change for Month	\$ (1,486,574.33)
Balance at Beginning of Month	<u>2,481,457.58</u>
Balance at End of Month per General Ledger	<u>\$ 994,883.25</u>
Collected Balance per Bank Statement	\$ 1,059,343.32

ACCOUNTS PAYABLE RECONCILIATION

Accounts Payable Balance @ 08/31/16	\$ 4,873,436.06
Invoices Received for September 2016	510,013.15
Invoices Paid by check/wire during September 2016 (see attached register)	<u>(2,656,901.78)</u>
Accounts Payable Balance @ 09/30/16	<u>\$ 2,726,547.43</u>

CASH RECEIPTS

Brine Line Operating Revenues	\$	947,072.70
Member and Other Agency Contributions		131,506.00
LESJWA Admin Reimbursement		28,924.81
Grant Proceeds - Prop 84		16,213.02
Grant Proceeds - Prop 84 Pass-throughs		359,341.79
Other		<u>162.03</u>
Total Receipts and Deposits	\$	1,483,220.35

INVESTMENT TRANSFERS

Transfer of Funds:		
From (to) LAIF	\$	1,500,000.00
From (to) Grant Retention (USB)		-
From (to) CalTRUST (USB)		-
From (to) Legal Defense Fund		-
From (to) Investments		<u>30,874.99</u>
Total Investment Transfers	\$	1,530,874.99

CASH DISBURSEMENTS

By Check:		
Payroll	\$	-
Operations		<u>2,649,615.56</u>
Total Checks Drawn	\$	2,649,615.56
By Cash Transfer:		
Payroll	\$	237,002.99
Payroll Taxes		109,367.74
Wire Transfer - US Bank Credit Card		7,286.22
Investment Purchases		1,496,514.72
Take Care (AFLAC)		<u>882.44</u>
Total Cash Transfers	\$	1,851,054.11
Total Cash Disbursements	\$	<u><u>4,500,669.67</u></u>

Santa Ana Watershed Project Authority
Check Detail
September 2016

Category	Check #	Check Date	Type	Vendor	Check Amount
Accrued Volumetric Costs	EFT818	9/16/2016	CHK	Orange County Sanitation District	\$ 712,526.28
				Accrued Volumetric Costs Total	\$ 712,526.28
Audit Fees	2077	9/22/2016	CHK	White Nelson Diehl Evans LLC	\$ 8,800.00
				Audit Fees Total	\$ 8,800.00
Bank Charges	2097	9/29/2016	CHK	US Bank National Association	\$ 2,000.00
				Bank Charges Total	\$ 2,000.00
Benefits	2044	9/2/2016	CHK	Public Employees' Retirement	\$ 19,298.13
Benefits	2045	9/2/2016	CHK	Cal PERS Long Term Care Program	\$ 85.30
Benefits	2052	9/2/2016	CHK	Mutual Of Omaha	\$ 2,576.75
Benefits	2055	9/8/2016	CHK	ACWA/JPIA	\$ 40,758.75
Benefits	2064	9/16/2016	CHK	AFLAC	\$ 429.64
Benefits	2068	9/16/2016	CHK	Public Employees' Retirement	\$ 19,298.13
Benefits	2073	9/22/2016	CHK	Cal PERS Long Term Care Program	\$ 85.30
Benefits	2074	9/22/2016	CHK	State Compensation Ins Fund	\$ 5,690.67
Benefits	2080	9/22/2016	CHK	WageWorks	\$ 122.00
Benefits	2088	9/29/2016	CHK	Public Employees' Retirement	\$ 19,298.13
Benefits	2089	9/29/2016	CHK	Cal PERS Long Term Care Program	\$ 85.30
Benefits	2094	9/29/2016	CHK	Mutual Of Omaha	\$ 2,672.88
Benefits	EFT799	9/2/2016	CHK	Vantagepoint Transfer Agents	\$ 6,327.51
Benefits	EFT807	9/2/2016	CHK	Vantagepoint Transfer Agents	\$ 400.90
Benefits	EFT819	9/16/2016	CHK	Vantagepoint Transfer Agents	\$ 6,427.51
Benefits	EFT826	9/16/2016	CHK	Vantagepoint Transfer Agents	\$ 400.90
Benefits	EFT843	9/29/2016	CHK	Vantagepoint Transfer Agents	\$ 7,627.53
Benefits	EFT846	9/29/2016	CHK	Vantagepoint Transfer Agents	\$ 400.90
Benefits	WDL000003851	9/12/2016	WDL	Takecare	\$ 72.84
Benefits	WDL000003871	9/29/2016	WDL	Takecare	\$ 809.60
				Benefits Total	\$ 132,868.67
Car, Repair, Maint - Gas	2078	9/22/2016	CHK	County of Riverside	\$ 466.17
Car, Repair, Maint - Gas	2096	9/29/2016	CHK	County of Riverside/Transportation	\$ 611.07
				Car, Repair, Maint - Gas Total	\$ 1,077.24
Charge Card	P028740	9/8/2016	WDL	US Bank	\$ 7,286.22
				Charge Card Total	\$ 7,286.22
Construction	2070	9/16/2016	CHK	Geophex Ltd	\$ 89,250.57
Construction	2071	9/16/2016	CHK	Mobile Mini	\$ 269.22
Construction	EFT809	9/2/2016	CHK	WEKA Inc	\$ 12,324.01
Construction	EFT813	9/8/2016	CHK	Resource Strategies, Inc.	\$ 59,692.50
Construction	EFT840	9/22/2016	CHK	Houston Harris PCS, Inc.	\$ 2,319.71
				Construction Total	\$ 163,856.01
Consulting	2061	9/8/2016	CHK	Vali Cooper & Associates, Inc	\$ 66,153.00
Consulting	2079	9/22/2016	CHK	Web Casa Design	\$ 1,155.00
Consulting	2083	9/22/2016	CHK	The Technology Depot	\$ 877.50
Consulting	2098	9/29/2016	CHK	The Technology Depot	\$ 400.00
Consulting	EFT806	9/2/2016	CHK	CDM Smith, Inc.	\$ 47,137.22
Consulting	EFT810	9/2/2016	CHK	Statistical Research, Inc.	\$ 2,758.20
Consulting	EFT831	9/22/2016	CHK	West Coast Advisors	\$ 11,500.00
Consulting	EFT837	9/22/2016	CHK	CDM Smith, Inc.	\$ 38,797.87
Consulting	EFT838	9/22/2016	CHK	Integrated Systems Solutions	\$ 105.00
Consulting	EFT839	9/22/2016	CHK	Accent Computer Solutions Inc	\$ 3,579.00
Consulting	EFT841	9/22/2016	CHK	DeGrave Communications	\$ 2,824.75
				Consulting Total	\$ 175,287.54
Contract Services	EFT844	9/29/2016	CHK	Western Municipal Water District	\$ 13,254.17

Santa Ana Watershed Project Authority
Check Detail
September 2016

Category	Check #	Check Date	Type	Vendor	Check Amount
Contract Services	2092	9/29/2016	CHK	Orange County Coastkeeper	\$ 8,237.63
Contract Services	EFT821	9/16/2016	CHK	Western Municipal Water District	\$ 22,202.71
Contract Services	2082	9/22/2016	CHK	City of Colton Police Department	\$ 778.68
				Contract Services Total	\$ 44,473.19
Debt Service	2075	9/22/2016	CHK	State Water Resources Control Board	\$ 338,065.20
Debt Service	2084	9/22/2016	CHK	State Water Resources Control Board	\$ 271,591.78
Debt Service	2085	9/22/2016	CHK	State Water Resources Control Board	\$ 289,438.57
				Debt Service Total	\$ 899,095.55
Director Stipends	EFT795	9/2/2016	CHK	Inland Empire Utilities Agency	\$ 395.64
Director Stipends	EFT796	9/2/2016	CHK	Philip Anthony	\$ 99.36
Director Stipends	EFT797	9/2/2016	CHK	Eastern Municipal Water District	\$ 211.86
Director Stipends	EFT800	9/2/2016	CHK	Western Municipal Water District	\$ 837.72
Director Stipends	EFT803	9/2/2016	CHK	Ed Killgore	\$ 43.20
Director Stipends	EFT811	9/2/2016	CHK	Jasmin Hall	\$ 56.16
Director Stipends	EFT812	9/2/2016	CHK	Steven Copelan	\$ 75.60
				Director Stipends Total	\$ 1,719.54
Dues	EFT808	9/2/2016	CHK	Southern Calif Salinity Coalition	\$ 10,000.00
				Dues Total	\$ 10,000.00
Employee Reimbursement	EFT825	9/16/2016	CHK	David Ruhl	\$ 89.41
Employee Reimbursement	EFT828	9/16/2016	CHK	Mike Antos	\$ 169.18
Employee Reimbursement	EFT832	9/22/2016	CHK	Marie Jauregui	\$ 30.78
Employee Reimbursement	EFT834	9/22/2016	CHK	Dean Unger	\$ 64.80
Employee Reimbursement	EFT848	9/29/2016	CHK	Ian Achimore	\$ 125.00
				Employee Reimbursement Total	\$ 479.17
Equipment Rented	2067	9/16/2016	CHK	Pitney Bowes Global Financial	\$ 344.17
Equipment Rented	2081	9/22/2016	CHK	GreatAmerica Financial Service	\$ 1,442.54
				Equipment Rented Total	\$ 1,786.71
Facilities Repair/Maintenance	2047	9/2/2016	CHK	Burrtec Waste Industries Inc	\$ 75.52
Facilities Repair/Maintenance	2048	9/2/2016	CHK	Xylem Dewatering Solutions Inc	\$ 246.24
Facilities Repair/Maintenance	2049	9/2/2016	CHK	TNT Elevator Inc	\$ 222.00
Facilities Repair/Maintenance	2050	9/2/2016	CHK	Redlands Plumbing Heating & Air	\$ 1,186.50
Facilities Repair/Maintenance	2051	9/2/2016	CHK	All American Asphalt	\$ 800.00
Facilities Repair/Maintenance	2060	9/8/2016	CHK	Republic Services	\$ 1,656.49
Facilities Repair/Maintenance	2069	9/16/2016	CHK	Inland Water Works Supply Co	\$ 648.00
Facilities Repair/Maintenance	2093	9/29/2016	CHK	United Rentals	\$ 1,580.56
Facilities Repair/Maintenance	EFT801	9/2/2016	CHK	Yeier Janitorial Service	\$ 1,370.00
Facilities Repair/Maintenance	EFT804	9/2/2016	CHK	Jamison Engineering Contract	\$ 2,551.00
Facilities Repair/Maintenance	EFT815	9/8/2016	CHK	Innerline Engineering	\$ 1,237.50
Facilities Repair/Maintenance	EFT817	9/8/2016	CHK	Lawnscape Systems	\$ 1,390.00
Facilities Repair/Maintenance	EFT822	9/16/2016	CHK	Western Exterminator Co.	\$ 105.00
Facilities Repair/Maintenance	EFT823	9/16/2016	CHK	Haz Mat Trans, Inc.	\$ 4,080.00
Facilities Repair/Maintenance	EFT827	9/16/2016	CHK	A Cone Zone Inc	\$ 112.25
Facilities Repair/Maintenance	EFT842	9/22/2016	CHK	Lawnscape Systems	\$ 1,390.00
				Facilities Repair/Maintenance Total	\$ 18,651.06
Investments	WDL000003859	9/15/2016	WDL	US Bank Safekeeping	\$ 505,392.22
Investments	WDL000003862	9/16/2016	WDL	US Bank Safekeeping	\$ 991,122.50
				Investments Total	\$ 1,496,514.72
Lab Costs	EFT805	9/2/2016	CHK	E. S. Babcock & Sons, Inc.	\$ 1,465.00
Lab Costs	EFT814	9/8/2016	CHK	E. S. Babcock & Sons, Inc.	\$ 279.00
Lab Costs	EFT824	9/16/2016	CHK	E. S. Babcock & Sons, Inc.	\$ 1,585.00
Lab Costs	EFT833	9/22/2016	CHK	E. S. Babcock & Sons, Inc.	\$ 921.00
Lab Costs	EFT835	9/22/2016	CHK	Camet Research	\$ 1,125.00

Santa Ana Watershed Project Authority
Check Detail
September 2016

Category	Check #	Check Date	Type	Vendor	Check Amount
Lab Costs	EFT845	9/29/2016	CHK	E. S. Babcock & Sons, Inc.	\$ 1,019.00
				Lab Costs Total	\$ 6,394.00
Legal	2053	9/2/2016	CHK	Hunt Ortmann Palffy Nieves D	\$ 82,968.38
				Legal Total	\$ 82,968.38
Materials/Supplies	2062	9/8/2016	CHK	K&H Metals and Supplies	\$ 163.77
Materials/Supplies	2095	9/29/2016	CHK	K&H Metals and Supplies	\$ 21.60
Materials/Supplies	EFT816	9/8/2016	CHK	Airgas USA LLC	\$ 35.32
				Materials/Supplies Total	\$ 220.69
Office Expense	2054	9/2/2016	CHK	Sparkletts	\$ 189.10
Office Expense	2058	9/8/2016	CHK	Konica Minolta Business Solutions	\$ 633.69
Office Expense	2072	9/22/2016	CHK	Aramark Corporation Refreshments	\$ 204.37
Office Expense	EFT820	9/16/2016	CHK	Capital One Commercial- 7003	\$ 89.61
				Office Expense Total	\$ 1,116.77
Offsite Storage	EFT836	9/22/2016	CHK	Iron Mountain	\$ 167.24
				Offsite Storage Total	\$ 167.24
Other Agency Labor	EFT830	9/22/2016	CHK	Eastern Municipal Water District	\$ 143,758.91
				Other Agency Labor Total	\$ 143,758.91
Payroll/Taxes	2063	9/16/2016	CHK	Payroll Check	\$ 420.09
Payroll/Taxes	WDL000003838	9/2/2016	WDL	Direct Deposit 9/2/2016	\$ 79,481.71
Payroll/Taxes	WDL000003839	9/2/2016	WDL	PR Tax - Federal	\$ 29,598.79
Payroll/Taxes	WDL000003840	9/2/2016	WDL	PR Tax - State	\$ 6,694.27
Payroll/Taxes	WDL000003852	9/16/2016	WDL	Direct Deposit 9/16/2016	\$ 78,617.56
Payroll/Taxes	WDL000003854	9/16/2016	WDL	PR Tax - Federal	\$ 29,287.98
Payroll/Taxes	WDL000003855	9/16/2016	WDL	PR Tax - State	\$ 6,807.68
Payroll/Taxes	WDL000003865	9/30/2016	WDL	Direct Deposit 9/30/2016	\$ 78,903.72
Payroll/Taxes	WDL000003866	9/30/2016	WDL	PR Tax - Federal	\$ 29,500.98
Payroll/Taxes	WDL000003867	9/30/2016	WDL	PR Tax - State	\$ 6,845.93
Payroll/Taxes	WDL000003870	9/30/2016	WDL	PR Tax - State	\$ 632.11
				Payroll/Taxes Total	\$ 346,790.82
Prop 84	EFT829	9/22/2016	CHK	Inland Empire Utilities Agency	\$ 184,142.26
Prop 84	2076	9/22/2016	CHK	San Bernardino Valley Water Cons. Dist	\$ 31,440.62
				Prop 84 Total	\$ 215,582.88
Safety	2091	9/29/2016	CHK	Cintas Corporation	\$ 120.97
Safety	EFT802	9/2/2016	CHK	Underground Service Alert	\$ 288.00
				Safety Total	\$ 408.97
Shipping/Postage	2042	9/2/2016	CHK	Overnite Shipping	\$ 10.00
Shipping/Postage	2065	9/16/2016	CHK	Federal Express	\$ 264.64
				Shipping/Postage Total	\$ 274.64
Software	EFT798	9/2/2016	CHK	ESRI Inc.	\$ 13,080.00
Software	EFT847	9/29/2016	CHK	Accent Computer Solutions Inc	\$ 1,955.50
				Software Total	\$ 15,035.50
Utilities	2041	9/2/2016	CHK	Verizon Wireless	\$ 474.20
Utilities	2043	9/2/2016	CHK	AT&T	\$ 1,840.31
Utilities	2046	9/2/2016	CHK	Southern California Edison	\$ 28.03
Utilities	2056	9/8/2016	CHK	Riverside, City of	\$ 3,164.10
Utilities	2057	9/8/2016	CHK	Verizon Wireless	\$ 1,720.30
Utilities	2059	9/8/2016	CHK	Southern California Edison	\$ 215.20
Utilities	2066	9/16/2016	CHK	Verizon Wireless	\$ 14.16

**Santa Ana Watershed Project Authority
Check Detail
September 2016**

Category	Check #	Check Date	Type	Vendor	Check Amount
Utilities	2086	9/29/2016	CHK	Verizon Wireless	\$ 1,279.60
Utilities	2087	9/29/2016	CHK	AT&T	\$ 1,079.70
Utilities	2090	9/29/2016	CHK	Southern California Edison	\$ 28.96
Utilities	2099	9/29/2016	CHK	Verizon Wireless	\$ 468.32
Utilities	2100	9/29/2016	CHK	AT&T	\$ 760.41
Utilities	2101	9/29/2016	CHK	AT&T	\$ 455.68
				Utilities Total	\$ 11,528.97
				Accounts Payable	\$ 4,500,669.67
			Checks	\$ 2,649,195.47	
			Wire Transfers	\$ 1,503,800.94	
				\$ 4,152,996.41	
			Bank Fees		
			Take Care	\$ 882.44	
			Other		
			Payroll	\$ 346,790.82	
				\$ 4,500,669.67	
Total Disbursements for September 2016					

Santa Ana Watershed Project Authority
 Consulting
SEPTEMBER 2016

Check #	Check Date	Task #	Task Description	Vendor Name	Total Contract	Check Amount	Remaining Contract Amount	Notes/Comments
EFT839	9/22/2016	ACS100-08	IT Support	Accent Computer Solutions	\$ 36,750.00	\$ 3,579.00	\$ 13,869.50	
EFT806	9/2/2016	CDM386-11	SAR Bacteria Monitoring Program	CDM Smith, Inc.	\$ 342,635.00	\$ 47,137.22	\$ 159,963.77	
EFT837	9/22/2016	CDM386-11	SAR Bacteria Monitoring Program	CDM Smith, Inc.	\$ 342,635.00	\$ 38,797.87	\$ 159,963.77	
EFT841	9/22/2016	DEGR392-02	Social Media Support EC TF	Degrave Communications	\$ 30,000.00	\$ 2,824.75	\$ 21,191.05	
EFT838	9/22/2016	INSOL100-09	GP Software Annual Technical Support	Integrated Systems Solutions	\$ 3,000.00	\$ 105.00	\$ 2,730.00	
EFT810	9/2/2016	SRI326-02	Reach V Repairs Project	Statistical Research, Inc.	\$ 2,889.52	\$ 2,758.20	\$ 131.32	
2083	9/22/2016	TTD100-02	Phone System Support	The Technology Depot	\$ 4,000.00	\$ 877.50	\$ 2,587.50	
2098	9/29/2016	TTD100-02	Phone System Support	The Technology Depot	\$ 4,000.00	\$ 400.00	\$ 2,587.50	
2061	9/8/2016	VALI326-03	Reach V Rehabilitation & Improvements Phase 2	Vali Cooper & Associates	\$ 196,380.00	\$ 36,896.00	\$ 78,173.51	
2061	9/8/2016	VALI326-02	Reach V Rehabilitation & Improvements - Construction Management	Vali Cooper & Associates	\$ 1,445,209.00	\$ 29,257.00	\$ 354,313.61	
2079	9/22/2016	WCD100-04	Website Update & Support	Web Casa Design	\$ 1,500.00	\$ 1,155.00	\$ -	
EFT831	9/22/2016	WCA100-03-02	State Legislative Consulting Services FY16-18	West Coast Advisors	\$ 345,000.00	\$ 11,500.00	\$ 242,000.00	
						<u>\$ 175,287.54</u>		

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COMMISSION MEMORANDUM NO. 2016.97

DATE: November 15, 2016
TO: SAWPA Commission
SUBJECT: Inter-Fund Borrowing – September 2016
PREPARED BY: Karen Williams, Chief Financial Officer

RECOMMENDATION

It is recommended that the Commission receive and file the informational report on short-term, cash-flow inter-fund borrowing.

DISCUSSION

On December 13, 2005, the Commission approved Resolution No. 452, Inter-Fund and Inter-Project Loan Policy. Staff was directed to bring back an accounting of the loans each month for review when the total exceeded \$250,000 in aggregate.

The following projects, with negative cash flow, are listed below with the amounts borrowed from SAWPA General Fund Reserves in September 2016. The total amount borrowed is over the aggregate \$250,000 amount recommended in Resolution No. 452, Inter-Fund and Inter-Project Loan Policy. The Commission has requested that this item be brought back each month as an informational item when the loan amount is over the \$250,000 aggregate amount.

Fund	Fund Name	08/31/16 Balance	Loan Receipts	New Charges	09/30/16 Balance
130	Proposition 84 Admin	\$34,415.93	(\$0.00)	\$5,597.40	\$40,013.33
135	Proposition 84 Admin R2	55,612.93	(16,213.02)	7,759.53	47,159.44
140	Proposition 84 Admin R3	12,088.07	(0.00)	5,592.40	17,680.47
145	Proposition 84 Admin R4	191,786.96	(0.00)	25,116.61	216,903.57
477	LESJWA Administration	27,543.88	(28,924.81)	12,223.60	10,842.67
504	Prop 84 - Drought Projects	321,539.47	(0.00)	168,743.83	490,283.30
	Total Funds Borrowed	\$642,987.24	(\$45,137.83)	\$225,033.37	\$822,882.78
	General Fund Reserves Balance		\$3,132,231.23		
	Less Amount Borrowed		<u>822,882.78</u>		
	Balance of General Fund Reserves		\$2,309,348.45		

The following table lists each fund that has a negative cash flow, the source of funding for the fund, how often the fund is billed, and the projected rate of payment for the fund.

NEGATIVE CASH-FLOW FUNDS

Fund No.	Source of Funding	Billing Frequency	Projected Payment Time
130,135,140, 145 – Proposition 84 Admin	DWR – Prop 84 Grant	Monthly	Up to 6 months
477 – LESJWA Admin	Reimbursement from LESJWA	Monthly	2 to 4 weeks
504 - Proposition 84 Drought Projects	DWR – Prop 84 Grant	Monthly	Up to 6 months

Fund 130

The outstanding balance of the funds due from DWR is the mandatory 10% retention from each invoice billed. Retention funds will not be released until the Proposition 84 Round I contract is completed in 2017.

Fund 135

This fund is for the administration of Proposition 84 Round II grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

Fund 140

This fund is for the administration of Proposition 84 Drought Round grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

Fund 145

This fund is for the administration of Proposition 84 Round 2015 grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

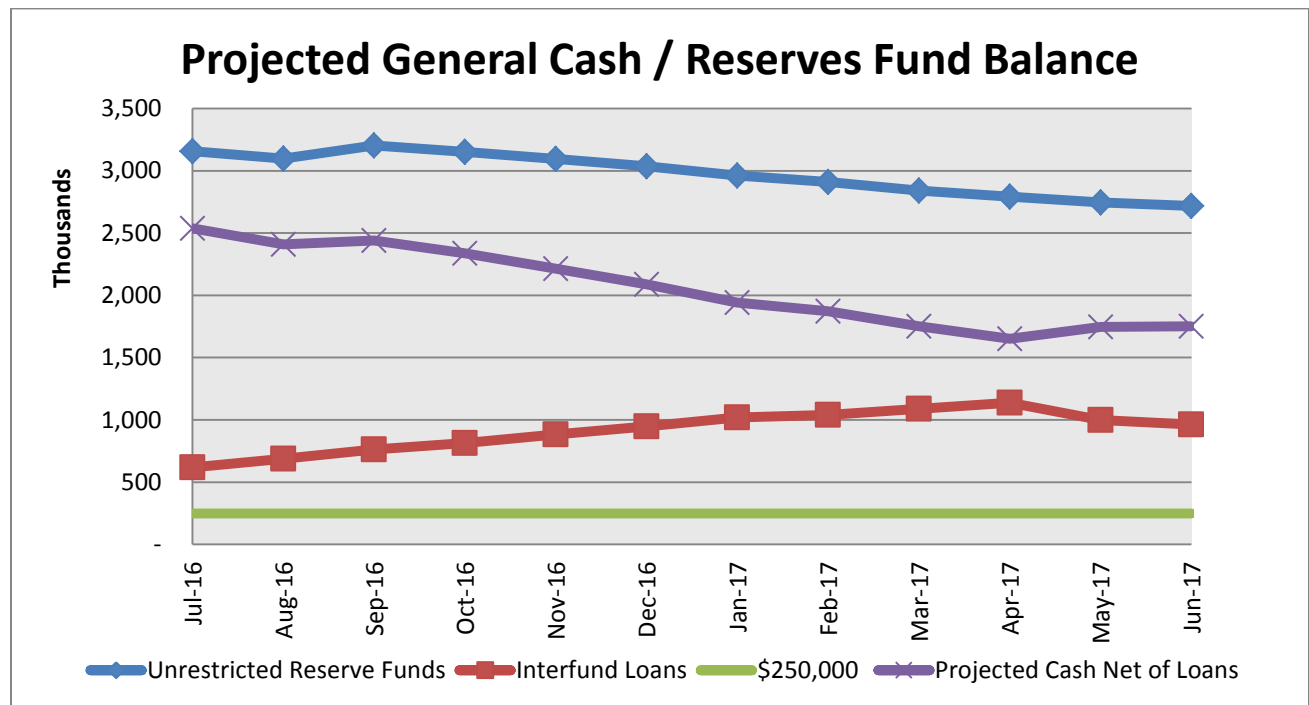
Fund 477

Each month LESJWA is billed the cost for administering the JPA. Once the bill is received, LESJWA submits payment within two weeks.

Fund 504

This fund is for the implementation of drought related projects which are administered through PA-22 and PA23.

The following graph shows projected inter-fund loan balances, total unrestricted General Fund Reserves available for loans, and projected cash net of loans through June 2017. The projected loan balance is expected to remain over the \$250,000 aggregate limit through June 2017 because of Proposition 84 Grants, but can be covered by General Fund Reserves without a major impact on cash flow.



RESOURCE IMPACTS

The funds borrowed from the General Fund Reserves will be paid back with interest when the funding is received. Interfund loans for grants are not charged interest unless the grant contracts specifically states interest is eligible for reimbursement. Budgeted expenditures from the General Fund and proposed borrowings are not expected to have an impact on the General Fund Reserves balance.

CM 2016.97 Interfund Borrowing - Sept 2016

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COMMISSION MEMORANDUM NO. 2016.98

DATE: November 15, 2016
TO: SAWPA Commission
SUBJECT: Performance Indicators and Financial Reporting – September 2016
PREPARED BY: Karen Williams, Chief Financial Officer

RECOMMENDATION

It is recommended that the Commission receive and file staff's report.

DISCUSSION

The attached reports have been developed to keep the Commission informed as to SAWPA's business and budget performance. These reports are categorized into the following groups: financial reporting, cash and investments, and performance indicators. They are explained in detail below. As new reports are developed, they will be added for the Commission's review.

Financial Reporting

Balance Sheet by Fund Type	Lists total assets, liabilities, and equity by fund type for a given period.
Revenue & Expense by Fund Type	Lists total revenue and expenses by fund type for a given period.
Receivables Management	Shows total outstanding accounts receivable by age.
Open Task Order Schedule	Shows SAWPA's total outstanding obligation for open task orders.
Debt Service Funding Analysis	Shows total annual income by source used to make debt service payments through debt maturity at FYE 2033.
Debt Service Payment Schedule	Shows total debt service interest and principal payments through debt maturity at FYE 2033.

Cash and Investments

Total Cash and Investments (chart)	Shows the changes in cash and investments balance for the last twelve months.
Cash Balance & Source of Funds	Shows total cash and investments for all SAWPA funds and the types of investments held for each fund.
Cash & Investments (pie chart)	Shows total cash and investments for all SAWPA funds and the percentage of each investment type.
Reserve Account Analysis	Shows changes to each reserve account for the year and projected ending balance for each.
Twelve Month Security Schedule (chart)	Shows the maturity dates for securities held and percentage of securities in each category.
Treasurer's Report	Shows book and market value for both Treasury strips and securities held by the Agency.

Performance Indicators

Average Daily Flow by Month	Shows total flow in the SARI System by month compared to total treatment capacity owned. This is an indicator of the available capacity in the line. As we add yearly flows, it will show trends in flow throughout the year.
Summary of Labor Multipliers	Summarizes the information generated from the following two reports and compares the actual benefit and G&A Allocation rates to the total budgeted rates.
General Fund Costs	Lists total Fund No. 100 costs to date and the amount of those costs recovered through the G&A Allocation and member contributions.
Benefit Summary	Lists total employee benefit costs actual to budget and projects them through the end of the year. This report compares how the actual benefit rate compares to the budgeted rate.
Labor Hours Budget vs. Actual	Shows total budgeted hours for each project and compares them to the actual hours charged to each.

RESOURCE IMPACTS

Staff expects minimal impacts to SAWPA or its member agencies related to this effort.

Attachments:

- | | |
|---------------------------------------|---|
| 1. Balance Sheet by Fund Type | 9. Reserve Account Analysis |
| 2. Revenue & Expense by Fund Type | 10. Twelve-Month Maturity Schedule - Securities |
| 3. Accounts Receivable Aging Report | 11. Treasurer's Report |
| 4. Open Task Order Schedule | 12. Average Daily Flow by Month |
| 5. Debt Service Funding Analysis | 13. Summary of Labor Multipliers |
| 6. Debt Service Payment Schedule | 14. General Fund Costs |
| 7. Total Cash and Investments (chart) | 15. Benefits |
| 8. Cash Balance & Source of Funds | 16. Labor Hours Budgeted vs. Actual |

Santa Ana Watershed Project Authority
Balance Sheet by Fund Type
For the Two Months Ending Wednesday, August 31, 2016

	Capital Projects	Grants/ Contracts	Planning	Collaborative Projects	SAWPA General	Brine Line Enterprise	Fund Totals
Assets							
Current Assets							
Cash and Investments	(\$1,046,333.57)	(\$394,400.75)	\$745,034.80	\$2,560,988.45	\$4,100,331.22	\$50,316,828.89	\$56,282,449.04
Accounts Receivable	433,347.00	3,309,644.59	0.00	227,255.00	46,341.16	1,836,024.67	5,852,612.42
Installment Notes Receivable	0.00	0.00	0.00	0.00	0.00	4,413,637.91	4,413,637.91
Interest Receivable	0.00	0.00	0.00	0.00	0.00	73,993.39	73,993.39
Prepays and Deposits	0.00	0.00	0.00	0.00	516,338.94	180,798.44	697,137.38
Total Current Assets	<u>(612,986.57)</u>	<u>2,915,243.84</u>	<u>745,034.80</u>	<u>2,788,243.45</u>	<u>4,663,011.32</u>	<u>56,821,283.30</u>	<u>67,319,830.14</u>
Fixed Assets							
Property, Plant & Equipment less accum depreciation	0.00	0.00	0.00	0.00	1,185,670.64	66,028,704.88	67,214,375.52
Work In Process	11,091,675.10	0.00	0.00	0.00	0.00	0.00	11,091,675.10
Total fixed assets	<u>11,091,675.10</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,185,670.64</u>	<u>66,028,704.88</u>	<u>78,306,050.62</u>
Other Assets							
Wastewater treatment/disposal rights, net of amortization	0.00	0.00	0.00	0.00	0.00	30,102,264.95	30,102,264.95
Inventory - Mitigation Credits	0.00	0.00	0.00	1,910,560.00	0.00	0.00	1,910,560.00
Total Other Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,910,560.00</u>	<u>0.00</u>	<u>30,102,264.95</u>	<u>32,012,824.95</u>
Total Assets	<u>\$10,478,688.53</u>	<u>\$2,915,243.84</u>	<u>\$745,034.80</u>	<u>\$4,698,803.45</u>	<u>\$5,848,681.96</u>	<u>\$152,952,253.13</u>	<u>\$177,638,705.71</u>
Liabilities and Fund Equity							
Current Liabilities							
Accounts Payable/Accrued Expenses	\$428,888.68	\$2,655,834.38	\$10,803.82	\$152,607.28	\$711,277.25	\$2,162,474.41	\$6,121,885.82
Accrued Interest Payable	0.00	0.00	0.00	0.00	0.00	313,728.28	313,728.28
Noncurrent Liabilities							
Long-term Debt	4,009,074.68	0.00	0.00	0.00	2,247,501.00	20,886,992.15	27,143,567.83
Deferred Revenue	0.00	0.00	0.00	0.00	0.00	75,229,441.50	75,229,441.50
Total Liabilities	<u>4,437,963.36</u>	<u>2,655,834.38</u>	<u>10,803.82</u>	<u>152,607.28</u>	<u>2,958,778.25</u>	<u>98,592,636.34</u>	<u>108,808,623.43</u>
Fund Equity							
Contributed Capital	0.00	0.00	0.00	0.00	0.00	20,920,507.03	20,920,507.03
Retained Earnings	6,063,498.44	343,590.42	196,942.89	3,936,709.81	2,112,501.49	33,593,996.49	46,247,239.54
Revenue Over/Under Expenditures	(22,773.27)	(84,180.96)	537,288.09	609,486.36	777,402.22	(154,886.73)	1,662,335.71
Total Fund Equity	<u>6,040,725.17</u>	<u>259,409.46</u>	<u>734,230.98</u>	<u>4,546,196.17</u>	<u>2,889,903.71</u>	<u>54,359,616.79</u>	<u>68,830,082.28</u>
Total Liabilities & Fund Equity	<u>\$10,478,688.53</u>	<u>\$2,915,243.84</u>	<u>\$745,034.80</u>	<u>\$4,698,803.45</u>	<u>\$5,848,681.96</u>	<u>\$152,952,253.13</u>	<u>\$177,638,705.71</u>

Santa Ana Watershed Project Authority
Revenue & Expenses by Fund Type
For the Two Months Ending Wednesday, August 31, 2016

	Capital Projects	Grants/ Contracts	Planning	Collaborative Projects	SAWPA General	Brine Line Enterprise	Fund Totals
Operating Revenue							
Discharge Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,792,639.87	\$1,792,639.87
Grant Proceeds	0.00	300,934.39	0.00	0.00	0.00	0.00	300,934.39
Financing Proceeds	0.00	40,964.10	0.00	0.00	0.00	0.00	40,964.10
Total Operating Revenue	0.00	341,898.49	0.00	0.00	0.00	1,792,639.87	2,134,538.36
Operating Expenses							
Labor	0.00	60,521.92	40,314.29	11,916.37	254,699.84	155,383.72	522,836.14
Benefits	0.00	26,266.52	17,496.39	5,171.71	85,148.15	67,436.53	201,519.30
G&A Allocation	0.00	95,564.12	63,656.26	18,815.95	0.00	245,350.91	423,387.24
Education & Training	0.00	0.00	0.00	0.00	1,334.63	0.00	1,334.63
Consulting & Professional Services	22,773.27	26,995.13	0.00	100,391.61	48,500.00	29,908.43	228,568.44
Operating Costs	0.00	0.00	0.00	0.00	1,719.31	502,150.77	503,870.08
Repair & Maintenance	0.00	0.00	0.00	0.00	9,174.58	12,251.53	21,426.11
Phone & Utilities	0.00	0.00	0.00	0.00	12,152.62	1,192.84	13,345.46
Equipment & Computers	0.00	0.00	0.00	0.00	56,913.40	2,766.32	59,679.72
Meeting & Travel	0.00	18.99	594.73	0.00	1,891.41	51.30	2,556.43
Other Administrative Costs	0.00	10,050.00	10,650.24	0.00	9,286.84	4,782.00	34,769.08
Benefits Applied	0.00	0.00	0.00	0.00	61,877.52	0.00	61,877.52
G&A Applied	0.00	0.00	0.00	0.00	(482,109.30)	0.00	(482,109.30)
Other Expenses	0.00	0.00	0.00	0.00	5,767.84	25,884.84	31,652.68
Construction	0.00	346,662.77	0.00	0.00	0.00	0.00	346,662.77
Total Operating Expenses	22,773.27	566,079.45	132,711.91	136,295.64	66,356.84	1,047,159.19	1,971,376.30
Operating Income (Loss)	(22,773.27)	(224,180.96)	(132,711.91)	(136,295.64)	(66,356.84)	745,480.68	163,162.06
Nonoperating Income (Expense)							
Member Contributions	0.00	10,000.00	670,000.00	146,104.00	699,305.00	0.00	1,525,409.00
Other Agency Contributions	0.00	130,000.00	0.00	599,678.00	0.00	0.00	729,678.00
Interest Income	0.00	0.00	0.00	0.00	0.00	11,217.55	11,217.55
Interest Expense - Debt Service	0.00	0.00	0.00	0.00	0.00	(160,275.82)	(160,275.82)
Other Income	0.00	0.00	0.00	0.00	415.86	0.00	415.86
Use of Reserves	0.00	0.00	0.00	0.00	(11,854.08)	0.00	(11,854.08)
Total Nonoperating Income (Expense)	0.00	140,000.00	670,000.00	745,782.00	687,866.78	(149,058.27)	2,094,590.51
Excess Rev over (under) Exp	(<u>\$22,773.27</u>)	(<u>\$84,180.96</u>)	<u>\$537,288.09</u>	<u>\$609,486.36</u>	<u>\$621,509.94</u>	<u>\$596,422.41</u>	<u>\$2,257,752.57</u>

Aging Report
 Santa Ana Watershed Project Authority
 Receivables as of October 27, 2016

Customer Name	Project	Total	Current	0-30 Days	31-60 Days	61 and Over
City of Anaheim	WECAN	65,000.00			65,000.00	
City of Beaumont	Basin Monitoring	20,180.00			20,180.00	
Department of Water Resources	Prop 84, WECAN	2,576,715.97		180,912.06	430,713.77	1,965,090.14
Inland Empire Utilities Agency	Brine Line	160,353.06			160,353.06	
Orange County Water District	Member Agency Contributions	46,000.00				46,000.00
Riverside County Flood Control District	MSAR TMDL	75,569.00				75,569.00
Western Municipal Water District	Brine Line	2,120.07			2,120.07	
Total Accounts Receivable		2,945,938.10	-	180,912.06	678,366.90	2,086,659.14

Santa Ana Watershed Project Authority
Open Task Orders Schedule
As of September 2016

Task Order No. Project Contracts	Vendor No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager
PO3326	1699	A Cone Zone	Traffic Control Instrument Rentals	07/01/2016	06/30/2017	\$ 1,000.00	\$ 1,700.00	\$ 2,700.00	\$ 1,969.94	\$ 730.06	Carlos Quintero
PO3330	1983	Airgas USA LLC	Compressed Gas	07/01/2016	06/30/2017	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 86.04	\$ 913.96	Carlos Quintero
KEN504-301	2062	Ken Baerenklau	Conservation Based Water Rates Support	04/21/2015	06/30/2016	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 9,012.50	\$ 15,987.50	Mark Norton
WO2017-23	1503	Camet Research	SO-1 Special Water Quality Analysis	08/29/2016	06/30/2017	\$ 4,500.00		\$ 4,500.00	\$ 1,125.00	\$ 3,375.00	Carlos Quintero
CARO240-03	1508	Carollo Engineering	Financial Planning Update 2016	08/05/2014	12/31/2016	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 11,695.75	\$ 3,304.25	Rich Haller
CDM386-11	1575	CDM Smith	SAR Bacteria Monitoring Program	12/07/2015	06/30/2017	\$ 337,635.00	\$ 5,000.00	\$ 342,635.00	\$ 182,671.23	\$ 159,963.77	Rick Whetsel
CDM374-01	1575	CDM Smith	Triennial Ambient Water Quality Update Precomputation	08/15/2016	06/30/2017	\$ 349,960.00	\$ -	\$ 349,960.00	\$ -	\$ 349,960.00	Mark Norton
CDM374-02	1575	CDM Smith	CEQA Supplemental document & analysis for BPA	09/27/2016	12/31/2016	\$ 29,527.00		\$ 29,527.00		\$ 29,527.00	Mark Norton
Construction	2053	Charles King Company Inc	IEBL Reach V Rehabilitation & Improvement - Phase 1	10/31/2014	03/11/2016	\$ 12,561,316.00	\$ (4,375.12)	\$ 12,556,940.88	\$ 5,584,956.32	\$ 6,971,984.56	David Ruhl
WO2017-19	2070	City of Colton Police Department	Enforcement Santa Ana River Main Stem	08/10/2016	06/30/2017	\$ 6,200.00	\$ -	\$ 6,200.00	\$ 778.68	\$ 5,421.32	Ian Achimore
PO3285	2110	Community Action Partnership of San Bernardino	Green House Gas Contract - WECAN	06/20/2016	09/30/2017	\$ 868,153.00		\$ 868,153.00		\$ 868,153.00	Mike Antos
PO3289	2112	Community Action Partnership of Orange County	Green House Gas Contract - WECAN	06/27/2016	09/30/2017	\$ 16,628.00		\$ 16,628.00		\$ 16,628.00	Mike Antos
WO2016-37	1486	David Jenkins & Associates Inc	Third Party Review Trussell Technology's Brine Line Evaluation	02/27/2016	06/30/2016	\$ 10,000.00	\$ 10,000.00	\$ 20,000.00	\$ 16,804.72	\$ 3,195.28	Rich Haller
DEGR392-02	2086	DeGrave Communications	Social Media Support - EC TF	08/15/2016	06/30/2017	\$ 30,000.00		\$ 30,000.00	\$ 8,808.95	\$ 21,191.05	Mark Norton
DOUG240-01	2032	Douglas Environmental Group	Meter Calibration	06/29/2015	06/30/2017	\$ 34,330.00	\$ -	\$ 34,330.00	\$ 10,325.00	\$ 24,005.00	Carlos Quintero
WO2016-20	2032	Douglas Environmental Group	Meter Servicing	08/26/2015	06/30/2016	\$ 900.00	\$ -	\$ 900.00	\$ 180.00	\$ 720.00	Carlos Quintero
DUDK326-02	1969	Dudek	Reach V Rehabilitation and Improvement Project	10/28/2014	12/31/2016	\$ 214,650.00	\$ 64,420.00	\$ 279,070.00	\$ 258,072.76	\$ 20,997.24	David Ruhl
DUDK326-04	1969	Dudek	Reach V Rehabilitation and Improvement Project Phase 2 Engineering	03/02/2016	12/31/2016	\$ 64,300.00	\$ -	\$ 64,300.00	\$ 54,296.50	\$ 10,003.50	David Ruhl
ECOT397-01	2097	Ecotech	WECAN Landscaping Project	05/26/2016	09/30/2017	\$ 1,300,000.00		\$ 1,300,000.00		\$ 1,300,000.00	Mike Antos
WO2017-02	1404	E S Babcock	Brine Line Sample Collection & Analysis	07/12/2016	06/30/2017	\$ 87,000.00		\$ 87,000.00	\$ 12,939.00	\$ 74,061.00	Carols Quintero
GMC397-01	2098	Green Media Creations	WECAN Outreach and Management	05/26/2016	09/30/2017	\$ 170,000.00	\$ -	\$ 170,000.00	\$ 30,251.05	\$ 139,748.95	Mike Antos
HAMM326-01	2105	Hammons Strategies	Strategic Communication Services	05/24/2016	09/15/2016	\$ 18,500.00		\$ 18,500.00	\$ 18,000.00	\$ 500.00	Rich Haller
HAZ240-06	1349	Haz Mat Trans Inc	On Call Debris Hauling and Disposal	06/29/2015	06/30/2017	\$ 35,040.00	\$ -	\$ 35,040.00	\$ 23,150.72	\$ 11,889.28	Carlos Quintero
HAZ240-07	1349	Haz Mat Trans Inc	On Call Draining and Emergency Clean Up	06/29/2015	06/30/2017	\$ 98,215.00	\$ -	\$ 98,215.00	\$ 4,077.50	\$ 94,137.50	Carlos Quintero
HOU240-01	2075	Houston Harris PCS Inc	On Call Pipeline Inspection Services	06/18/2015	06/30/2017	\$ 48,083.00	\$ -	\$ 48,083.00	\$ 11,566.48	\$ 36,516.52	Carlos Quintero
HOU240-02	2075	Houston Harris PCS Inc	Brine Line On Call Pipeline Cleaning Services	06/16/2015	06/30/2017	\$ 318,120.00	\$ 225,000.00	\$ 543,120.00	\$ 213,517.50	\$ 329,602.50	Carlos Quintero
WO2017-09	1032	Inland Empire Utilities Agency	Reach IV-A Upper Support	07/01/2016	06/30/2017	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	Carlos Quintero
INN240-02	1450	Innerline Engineering Inc	Brine Line On-Call Line Cleaning	06/29/2015	06/30/2017	\$ 46,900.00	\$ -	\$ 46,900.00	\$ 42,233.09	\$ 4,666.91	Carlos Quintero
PO3331	2058	K&H Metals and Supplies	Materials & Supplies	07/01/2016	06/30/2017	\$ 1,000.00		\$ 1,000.00	\$ 733.37	\$ 266.63	Carlos Quintero
NATU240-02	1873	Natures Image Inc	ROW Maintenance	07/01/2015	06/30/2017	\$ 17,496.00	\$ -	\$ 17,496.00	\$ 11,639.00	\$ 5,857.00	Carlos Quintero
N&M326-01	2071	Ninyo & Moore Geotechnical & Environmental	Materials Testing - Reach V	06/04/2015	06/30/2016	\$ 50,000.00	\$ -	\$ 50,000.00	\$ 41,735.00	\$ 8,265.00	David Ruhl
OMNI504-301-01	2085	OmniEarth Inc	Web Based Water Consumption Reporting	09/21/2015	12/31/2016	\$ 1,500,000.00	\$ -	\$ 1,500,000.00	\$ 656,349.75	\$ 843,650.25	Mark Norton
PO3280	1519	Orange County Coastkeeper	Green House Gas Contract - WECAN	06/07/2016	12/31/2017	\$ 92,520.00		\$ 92,520.00	\$ 58,317.50	\$ 34,202.50	Mike Antos
WO2017-15	1142	Orange County Water District	Bacteroides Analysis	07/01/2016	06/30/2017	\$ 25,000.00	\$ -	\$ 25,000.00		\$ 25,000.00	Rick Whetsel

Santa Ana Watershed Project Authority
Open Task Orders Schedule
As of September 2016

Task Order No. Project Contracts	Vendor No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager
WO2016-15	2018	Pechanga Band of Luiseno Indians	IE Brine Line Reach V Capital - Tribal Monitoring	07/27/2015	06/30/2016	\$ 6,210.00	\$ -	\$ 6,210.00	\$ -	\$ 6,210.00	David Ruhl
WO2016-45	2018	Pechanga Band of Luiseno Indians	IE Brine Line Reach V Rehab - Phase 2 Nichols Road	05/03/2016	06/30/2016	\$ 11,615.00	\$ -	\$ 11,615.00	\$ 10,500.66	\$ 1,114.34	Carlos Quintero
PR1240-01	2077	PRIMETECH Construction	On Call Potholing	06/29/2015	06/30/2017	\$ 34,400.00	\$ -	\$ 34,400.00	\$ -	\$ 34,400.00	Carlos Quintero
WO2016-16	2078	Ramtech Laboratories	Sampling	07/30/2015	06/30/2016	\$ 35,000.00	\$ 15,000.00	\$ 50,000.00	\$ 38,999.00	\$ 11,001.00	David Ruhl
PO3327	1975	Republic Services	Disposal Fee	07/01/2016	06/30/2017	\$ 10,000.00		\$ 10,000.00	\$ 1,656.49	\$ 8,343.51	Carlos Quintero
RESO504-301-01	1297	Resource Strategies Inc	OWOW 2014 Emergency Drought Implementation	03/10/2015	10/01/2016	\$ 38,050.00	\$ 130,745.00	\$ 168,795.00	\$ 130,765.00	\$ 38,030.00	Dean Unger
RISK374-06	1174	Risk Sciences	Basin Monitoring TF	07/27/2016	06/30/2017	\$ 73,000.00	\$ -	\$ 73,000.00	\$ 6,366.31	\$ 66,633.69	Mark Norton
RISK384-08	1174	Risk Sciences	MSAR TMDL Task Force	07/12/2015	06/30/2017	\$ 87,300.00	\$ -	\$ 87,300.00	\$ 13,291.73	\$ 74,008.27	Rick Whetsel
SAWA323-01	1420	Santa Ana Watershed Association	Habitat Mitigation in Prado Basin	01/29/2010	12/31/2016	\$ 245,000.00	\$ -	\$ 245,000.00	\$ 219,953.71	\$ 25,046.29	Carlos Quintero
SRI326-02	2009	Statistical Research Inc	Reach V Repairs Project	05/24/2016	06/30/2016	\$ 2,889.52		\$ 2,889.52	\$ -	\$ 2,889.52	Carlos Quintero
SRI504-301-02	2009	Statistical Research Inc	Image Analysis & Outdoor area measurement	03/17/2016	12/31/2016	\$ 162,204.00	\$ 7,640.00	\$ 169,844.00	162,203.99	\$ 7,640.01	Dean Unger
TKE240-02	1995	TKE Engineering & Planning	Brine Line On-Call Land Surveying Services	06/26/2015	06/30/2017	\$ 30,300.00	\$ -	\$ 30,300.00	\$ 6,550.00	\$ 23,750.00	Carlos Quintero
PO3324	1961	Trench Shoring Inc	Facility Repair & Maintenance	07/01/2016	06/30/2017	\$ 1,000.00	\$ 1,000.00	\$ 2,000.00	\$ 1,627.52	\$ 372.48	Carlos Quintero
PO3328	1974	Tripac Marketing	Misc Maintenance Items	07/01/2016	06/30/2017	\$ 5,000.00		\$ 5,000.00		\$ 5,000.00	Carlos Quintero
TRU240-14	1915	Trussell Technologies Inc	S-01 Monitoring Point - Stinger-Probe Evaluation	06/12/2015	06/30/2016	\$ 25,016.00	\$ -	\$ 25,016.00	\$ 1,254.00	\$ 23,762.00	Rich Haller
TRU240-18	1915	Trussell Technologies Inc	2017 Brine Line Annual Review	09/22/2016	06/30/2017	\$ 48,579.00	\$ -	\$ 48,579.00	\$ 1,650.28	\$ 46,928.72	Rich Haller
PO3329	1771	United Storm Water Inc	Dewatering Bins, Ramps, Hauling Services	07/01/2016	06/30/2017	\$ 10,000.00		\$ 10,000.00		\$ 10,000.00	Carlos Quinto
VALI326-02	2034	Vali Cooper & Associates Inc	Reach V Rehabilitation & Improvements - Construction Management	10/28/2014	12/31/2016	\$ 818,610.00	\$ 626,599.00	\$ 1,445,209.00	\$ 1,090,895.39	\$ 354,313.61	David Ruhl
VALI326-03	2034	Vali Cooper & Associates Inc	Reach V Rehabilitation & Improvements Phase 2	02/25/2016	12/31/2016	\$ 196,380.00	\$ -	\$ 196,380.00	\$ 118,206.49	\$ 78,173.51	David Ruhl
PO3284 Construction	1853	WEKA	IEBL Reach V Rehab & Improvements Phase 2	02/22/2016	09/24/2016	\$ 1,941,969.00		\$ 1,941,969.00	\$ 1,773,455.27	\$ 168,513.73	David Ruhl
WO2017-01	1217	Western Municipal Water District	Brine Line Operations & Maintenance	07/01/2016	06/30/2017	\$ 117,000.00		\$ 117,000.00	12,390.06	\$ 104,609.94	David Ruhl
Annual Support Contracts											
ACS100-08	1842	Accent Computer Solutions	IT Support	03/23/2016	06/30/2017	\$ 36,750.00	\$ -	\$ 36,750.00	\$ 22,880.50	\$ 13,869.50	Dean Unger
INSOL100-09	1648	Integrated Systems Solutions	GP Software Annual Technical Support	08/15/2016	06/30/2017	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 270.00	\$ 2,730.00	Dean Unger
INSOL100-08	1648	Integrated Systems Solutions	GP Upgrade and Encryption	08/15/2015	11/01/2016	\$ 5,940.00	\$ -	\$ 5,940.00	\$ 429.00	\$ 5,511.00	Dean Unger
PO3322	1544	County of Riverside	Gas for Vehicles	07/01/2016	06/30/2017	\$ 8,000.00	\$ -	\$ 8,000.00	\$ 1,067.08	\$ 6,932.92	Carlos Quintero
PO3323	2067	County of Riverside/Transportation	Diesel Fuel	07/01/2016	06/30/2017	\$ 4,000.00		\$ 4,000.00	\$ 611.07	\$ 3,388.93	Carlos Quintero
PO3325	2038	Riverside Transmission Center	Agency Vehicle Maintenance	07/01/2016	06/30/2017	\$ 3,500.00	\$ -	\$ 3,500.00		\$ 3,500.00	Carlos Quintero
STET100-01	2052	Stetson Engineers Inc	Resilience-based Project Scoring Rubric	02/12/2015	02/28/2016	\$ 29,900.00	\$ -	\$ 29,900.00	\$ 22,239.82	\$ 7,660.18	Larry McKenney
TTD100-02	2096	The Technology Depot	Phone System Support	09/06/2016	06/30/2017	\$ 4,000.00	\$ -	\$ 4,000.00	\$ 1,412.50	\$ 2,587.50	Dean Unger
TECH100-01	2095	Technology Systems	Website Tasks Support	01/19/2016	06/30/2016	\$ 3,400.00	\$ -	\$ 3,400.00	\$ 1,700.00	\$ 1,700.00	Dean Unger
WCA100-03-02	1326	West Coast Advisors	State Legislative Consulting Services FY16-18	11/24/2015	12/31/2018	\$ 345,000.00	\$ -	\$ 345,000.00	\$ 103,000.00	\$ 242,000.00	Celeste Cantú
WNDE100-04	1449	White Nelson Diehl Evans LLC	SAWPA Auditing Services	03/08/2016	06/30/2017	\$ 25,725.00	\$ -	\$ 25,725.00	\$ 12,800.00	\$ 12,925.00	Karen Williams
										\$ 12,817,970.18	

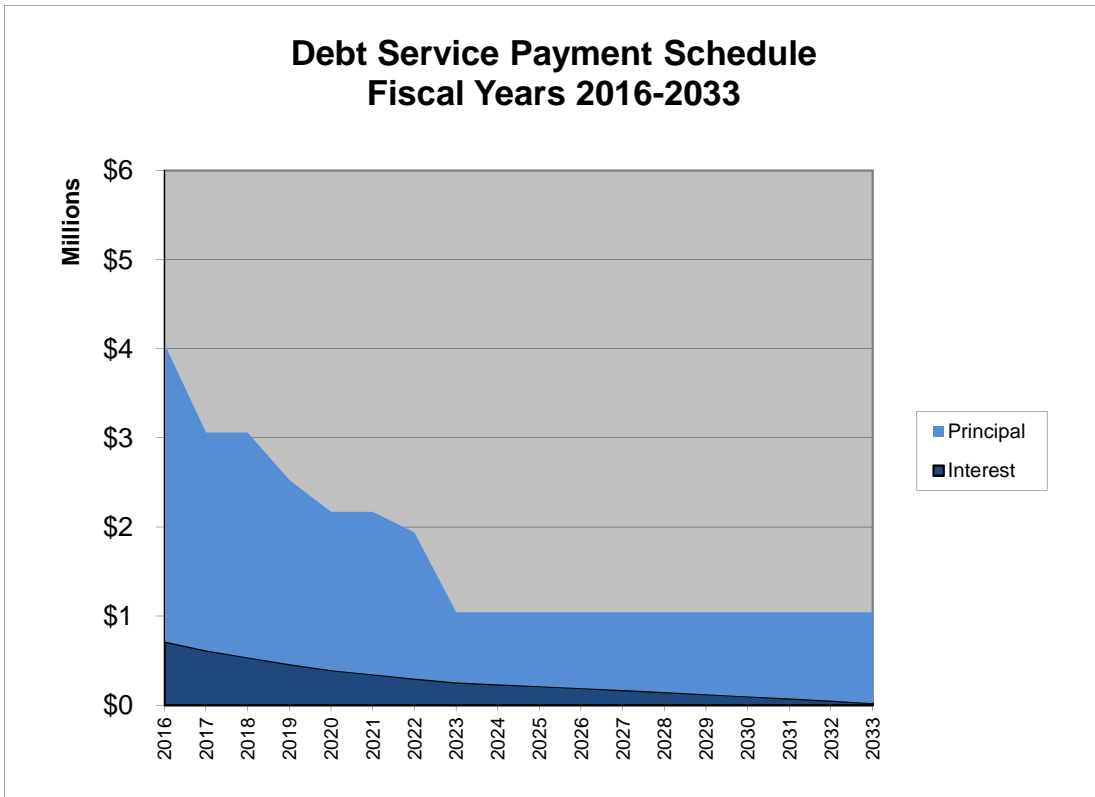
Santa Ana Watershed Project Authority
 Brine Line Debt Service Funding Analysis
 September 30, 2016

FYE	T-Strip Maturity	Capacity Loan Receipts	Rates	Loan Pymts	Interest Earned *	Excess Cash	Ending Cash Balance
	Beginning Balance						3,223,985
2016	1,824,000	795,772	1,044,000	(4,054,945)	96,720	(294,454)	2,929,531
2017	949,000	795,772	1,044,000	(3,060,725)	58,591	(213,362)	2,716,169
2018	949,000	795,772	1,044,000	(3,060,725)	54,323	(217,629)	2,498,540
2019	395,000	528,582	1,044,000	(2,526,801)	49,971	(509,248)	1,989,292
2020	395,000	-	1,044,000	(2,170,551)	39,786	(691,765)	1,297,527
2021	395,000	-	1,044,000	(2,170,551)	25,951	(705,600)	591,927
2022	395,000	-	1,044,000	(1,943,236)	11,839	(492,398)	99,529
2023	-	-	1,044,000	(1,044,273)	1,991	1,717	101,247
2024	-	-	1,044,000	(1,044,273)	2,025	1,752	102,998
2025	-	-	1,044,000	(1,044,273)	2,060	1,787	104,785
2026	-	-	1,044,000	(1,044,273)	2,096	1,822	106,607
2027	-	-	1,044,000	(1,044,273)	2,132	1,859	108,466
2028	-	-	1,044,000	(1,044,273)	2,169	1,896	110,362
2029	-	-	1,044,000	(1,044,273)	2,207	1,934	112,296
2030	-	-	1,044,000	(1,044,273)	2,246	1,973	114,269
2031	-	-	1,044,000	(1,044,273)	2,285	2,012	116,281
2032	-	-	1,044,000	(1,044,273)	2,326	2,052	118,334
2033	-	-	1,044,000	(1,044,273)	2,367	2,094	120,427
	5,302,000	2,915,898	18,792,000	(30,474,539)	361,083	(3,103,558)	120,427

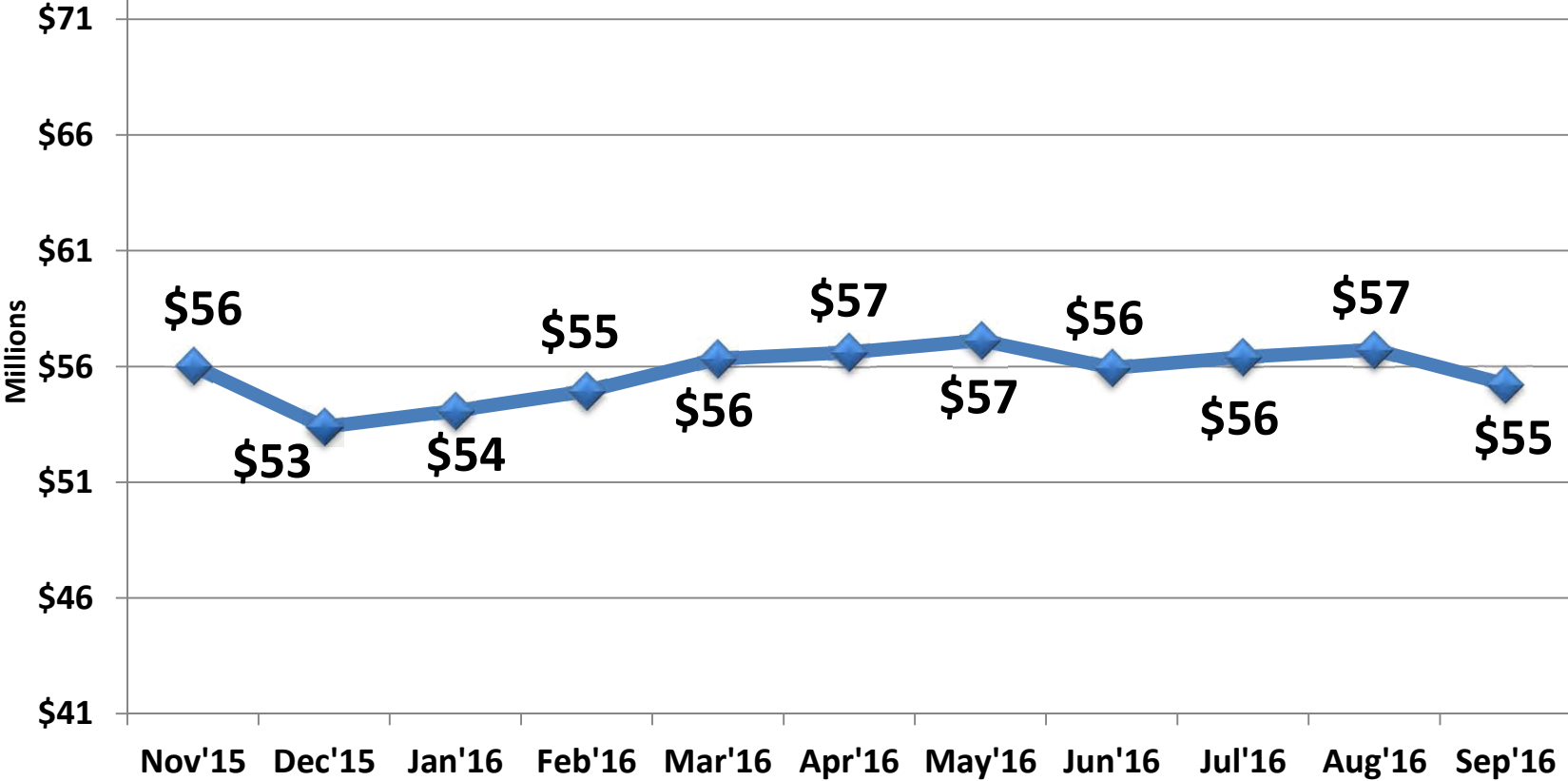
*Interest earned is based on a conservative 2.00% average return over the period

Santa Ana Watershed Project Authority
 Brine Line Debt Service Payment Schedule
 September 30, 2016

FYE	Interest	Principal	Total Payment	Remaining Principal
2016	716,441	3,338,504	4,054,945	22,152,302
2017	615,366	2,445,358	3,060,725	19,706,943
2018	539,727	2,520,997	3,060,725	17,185,946
2019	461,459	2,065,342	2,526,801	15,120,604
2020	395,403	1,775,147	2,170,551	13,345,457
2021	348,294	1,822,257	2,170,551	11,523,199
2022	299,932	1,643,304	1,943,236	9,879,895
2023	256,877	787,396	1,044,273	9,092,499
2024	236,405	807,868	1,044,273	8,284,631
2025	215,400	828,873	1,044,273	7,455,758
2026	193,850	850,424	1,044,273	6,605,335
2027	171,739	872,535	1,044,273	5,732,800
2028	149,053	895,220	1,044,273	4,837,580
2029	125,777	918,496	1,044,273	3,919,084
2030	101,896	942,377	1,044,273	2,976,707
2031	77,394	966,879	1,044,273	2,009,828
2032	52,256	992,018	1,044,273	1,017,810
2033	26,463	1,017,810	1,044,273	0



Total Cash & Investments





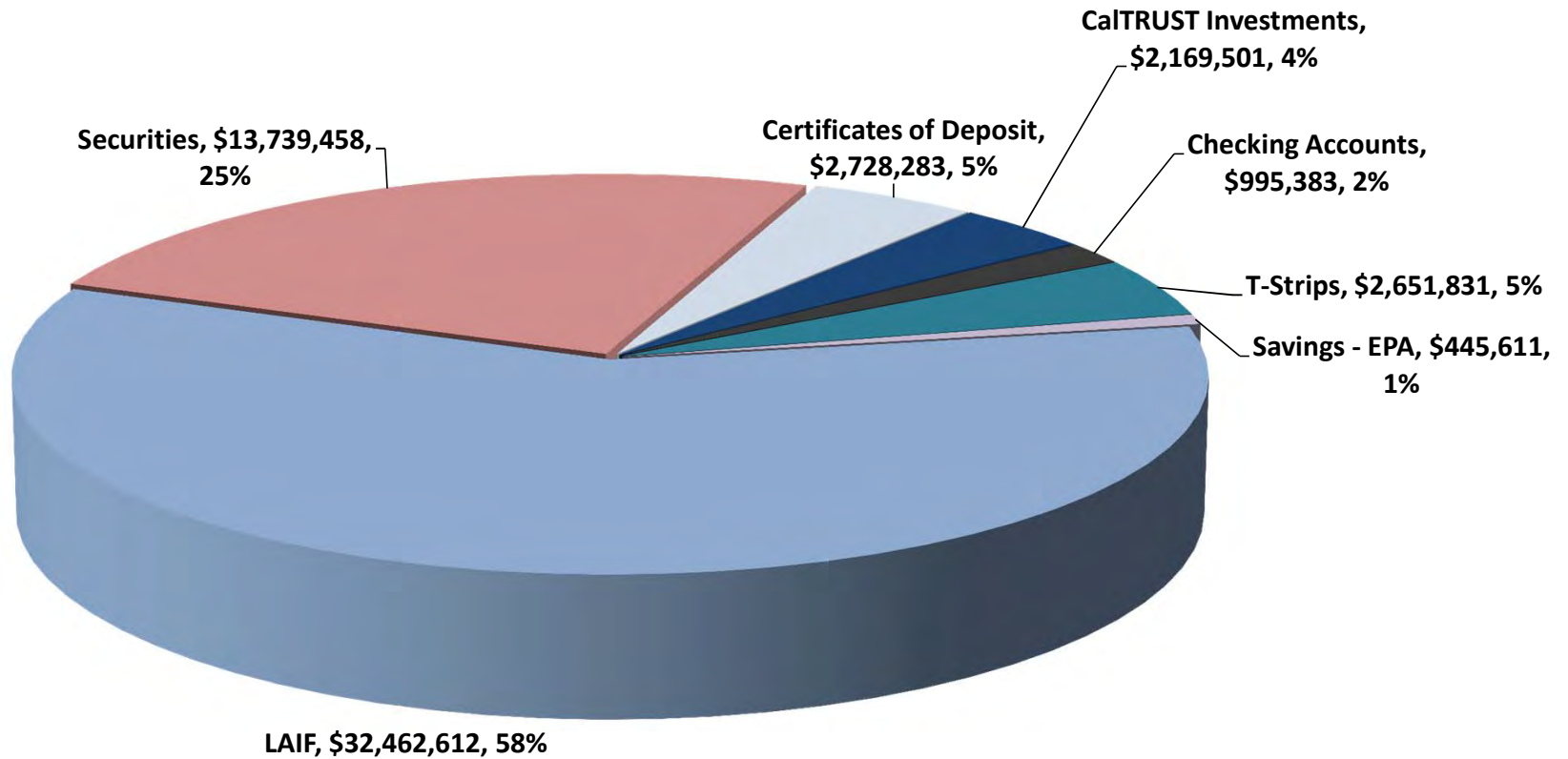
CASH BALANCE & SOURCE OF FUNDS

September 30, 2016

Reserve Accounts		Cash and Investments								
	Total	Checking (Cash)	CalTRUST Investments	LAIF Account	Savings EPA	Investment Securities	Certificates of Deposit	Treasury Strips	Grant Retention	Total
100 General Fund	\$ 2,309,348	995,383	-	1,313,965	-	-	-	-	-	\$ 2,309,348
100 Building Reserve	\$ 828,063	-	-	828,063	-	-	-	-	-	\$ 828,063
370 Basin Planning General	\$ 335,211	-	-	335,211	-	-	-	-	-	\$ 335,211
370 USBR Partnership Studies	\$ 24,409	-	-	24,409	-	-	-	-	-	\$ 24,409
387 Mitigation Bank Credits	\$ 959,358	-	-	959,358	-	-	-	-	-	\$ 959,358
240 Self Insurance Reserve	\$ 3,748,301	-	-	3,748,301	-	-	-	-	-	\$ 3,748,301
240 Brine Line Debt Retirement	\$ 5,525,034	-	-	2,873,203	-	-	-	2,651,831	-	\$ 5,525,034
240 Brine Line - Pipeline Replacement	\$ 18,908,927	-	2,169,501	271,685	-	13,739,458	2,728,283	-	-	\$ 18,908,927
240 Brine Line - OCSD Rehabilitation	\$ 7,087,855	-	-	7,087,855	-	-	-	-	-	\$ 7,087,855
240 Brine Line - Capacity Management	\$ 7,198,787	-	-	7,198,787	-	-	-	-	-	\$ 7,198,787
240 Brine Line - OCSD Future Capacity	\$ 1,714,869	-	-	1,714,869	-	-	-	-	-	\$ 1,714,869
240 Brine Line - Flow Imbalance Reserve	\$ 83,246	-	-	83,246	-	-	-	-	-	\$ 83,246
240 Brine Line - Operating Reserve	\$ 3,885,301	-	-	3,885,301	-	-	-	-	-	\$ 3,885,301
401 Legal Defense Fund	\$ 445,611	-	-	-	445,611	-	-	-	-	\$ 445,611
373 Watershed Management Plan	\$ 296,963	-	-	296,963	-	-	-	-	-	\$ 296,963
372 Imported Water Recharge	\$ 19,094	-	-	19,094	-	-	-	-	-	\$ 19,094
374 Basin Monitoring Program TF	\$ 811,424	-	-	811,424	-	-	-	-	-	\$ 811,424
384 Middle SAR TMDL TF	\$ 497,379	-	-	497,379	-	-	-	-	-	\$ 497,379
386 Storm WQ Standards TF	\$ 8,134	-	-	8,134	-	-	-	-	-	\$ 8,134
381 SAR Fish Conservation	\$ 188,830	-	-	188,830	-	-	-	-	-	\$ 188,830
392 Emerging Constituents TF	\$ 123,226	-	-	123,226	-	-	-	-	-	\$ 123,226
397 Energy - Water DAC Grant	\$ 193,309	-	-	193,309	-	-	-	-	-	\$ 193,309
500 Prop 13 - Grant Retention	\$ 44,760	-	-	-	-	-	-	-	44,760	\$ 44,760
	\$ 55,237,441	\$ 995,383	\$ 2,169,501	\$ 32,462,612	\$ 445,611	\$ 13,739,458	\$ 2,728,283	\$ 2,651,831	\$ 44,760	\$ 55,237,441

Cash & Investments - September 2016

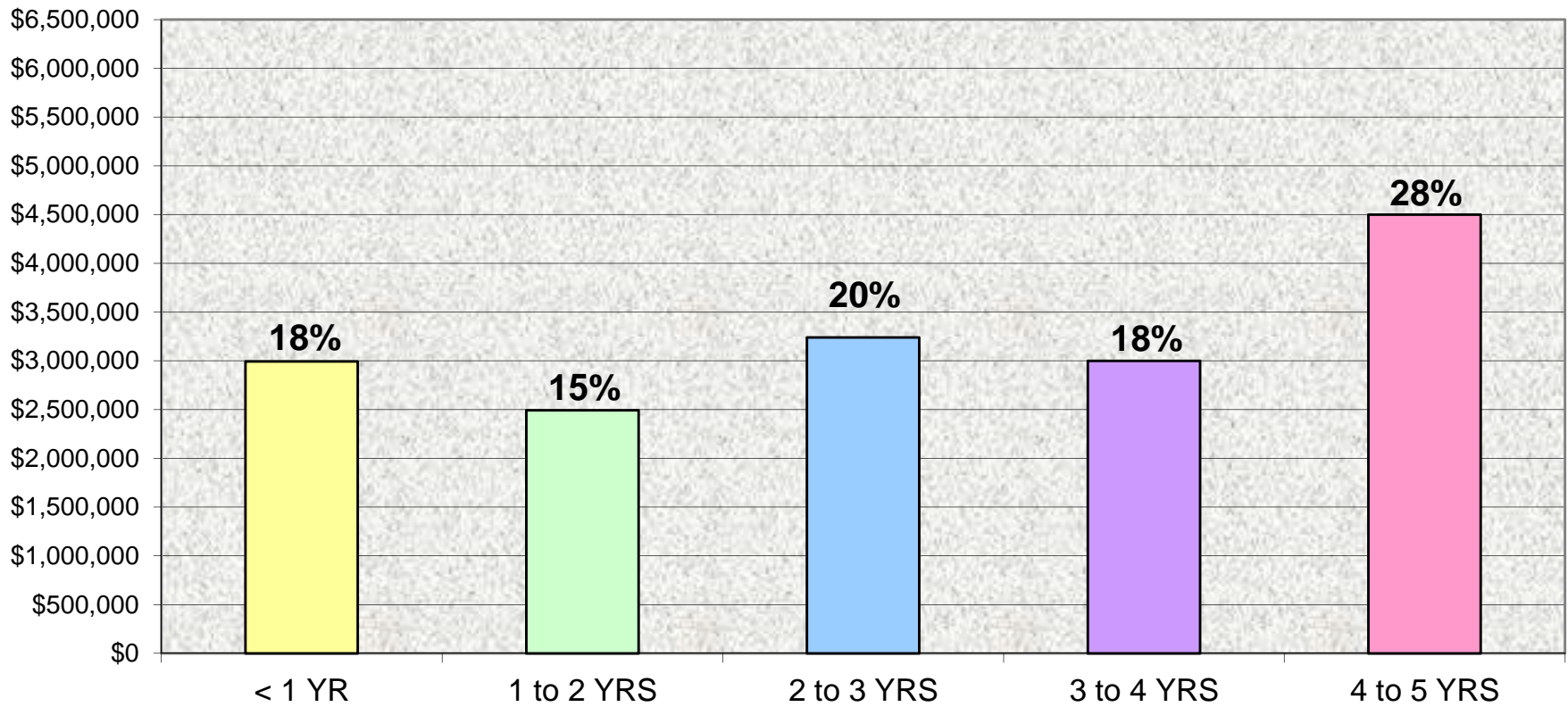
\$55,237,441



Santa Ana Watershed Project Authority
Reserve Account Analysis
September 30, 2016

Reserve Account	Balance @ 6/30/2016	Interest Earned	Fund Contributions	Loan/T-Strip Receipts	Debt Service Payments	Inter-Fund Loans	Fund Expenses	Balance @ 9/30/2016	Estimated Fund Changes	Balance @ 6/30/2017
Brine Line Operating Reserve	3,790,275	7,131	2,471,691				(2,383,796)	3,885,301	-	3,885,301
Flow Imbalance Reserve	83,084	162						83,246	-	83,246
OCSD Future Capacity	1,711,499	3,370						1,714,869	-	1,714,869
Capacity Management	7,197,751	1,036						7,198,787	-	7,198,787
Pipeline Replacement	19,919,329		250,000				(1,260,401)	18,908,927	(229,471)	18,679,456
OCSD Rehabilitation	6,949,290	13,562	125,003					7,087,855	374,997	7,462,852
Debt Retirement	3,954,338	7,142	127,062	267,188	(1,482,528)			2,873,203	(949,334)	1,923,869
Self Insurance	3,717,788	5,513	25,000					3,748,301	75,000	3,823,301
General Fund	2,267,163	4,639	700,841			(822,883)	159,589	2,309,348	-	2,309,348
Building Reserve	726,622	1,441	100,000					828,063	-	828,063
	46,325,606	43,997	3,799,596	267,188	(1,482,528)	(822,883)	(3,484,608)	48,637,899	(728,808)	47,909,092

Twelve Month Maturity Schedule Securities



SAWPA
TREASURER'S REPORT
As of September 30, 2016

Investment T-Strips
Safekeeping US Bank

T-STRIPS	Debt	Purchase Date	Maturity Date	PAR	Cost	Initial Discount	Current Discount	Book Value	Market Value	Interest Rate
USB	WEST RIV	07/09/1999	11/15/2017	668,000.00	219,833.00	448,167.88	122,517.83	545,482.17	665,286.25	6.33%
USB	WEST RIV	07/12/1999	05/15/2018	440,000.00	139,634.00	300,366.00	88,047.98	351,952.02	436,482.86	4.24%
USB	TVRI	02/11/2000	05/15/2020	1,580,000.00	485,356.25	1,094,643.75	371,081.77	1,208,918.23	1,550,724.98	5.12%
				\$ 2,688,000.00	\$ 844,823.25	\$ 1,843,177.63	\$ 581,647.58	2,106,352.42	\$ 2,652,494.09	5.23%

Investment Commercial
Safekeeping US Bank

Type	Security	Purchase Date	Maturity Date	Unit Cost	Cost	Principal	Current Value	Market Value	Interest Rate
Agency	FHLMC	3/27/2014	3/27/2019	109.33	\$ 546,650.00	\$ 500,000.00	\$ 500,000.00	534,833.00	3.75%
Agency	FHLMC	6/10/2014	3/8/2017	100.69	\$ 1,006,919.00	\$ 1,000,000.00	\$ 1,000,000.00	1,002,333.00	1.00%
Agency	FHLMC	11/18/2015	2/22/2017	100.28	\$ 501,400.00	\$ 500,000.00	\$ 500,000.00	500,911.00	0.88%
Agency	FHLMC	9/16/2016	8/12/2021	100.00	\$ 990,060.00	\$ 1,000,000.00	\$ 1,000,000.00	991,913.00	1.125%
Agency	FHLB	5/26/2015	6/14/2019	100.80	\$ 504,015.00	\$ 500,000.00	\$ 500,000.00	508,368.00	1.63%
Agency	FHLB	11/18/2015	8/28/2017	99.78	\$ 499,030.00	\$ 500,000.00	\$ 500,000.00	500,427.50	0.75%
Agency	FHLB	6/16/2016	6/12/2020	102.61	\$ 1,026,088.00	\$ 1,000,000.00	\$ 1,000,000.00	1,023,567.00	1.75%
Agency	FNMA	3/27/2014	2/19/2019	100.40	\$ 501,975.00	\$ 500,000.00	\$ 500,000.00	511,344.50	1.88%
Agency	FNMA	3/27/2013	3/27/2018	100.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	1,003,299.00	1.00%
Agency	FNMA	12/28/2015	12/28/2020	100.21	\$ 1,002,140.00	\$ 1,000,000.00	\$ 1,000,000.00	1,030,349.00	1.88%
Agency	FNMA	6/16/2016	11/30/2020	101.52	\$ 1,015,157.00	\$ 1,000,000.00	\$ 1,000,000.00	1,014,266.00	1.50%
Agency	USTN	11/17/2015	11/30/2018	100.00	\$ 1,002,500.00	\$ 1,000,000.00	\$ 1,000,000.00	1,009,648.00	1.25%
Agency	USTN	11/17/2015	10/31/2020	100.00	\$ 1,005,312.50	\$ 1,000,000.00	\$ 1,000,000.00	1,027,852.00	1.75%
Agency	USTN	11/17/2015	11/30/2019	100.00	\$ 1,001,210.94	\$ 1,000,000.00	\$ 1,000,000.00	1,018,438.00	1.50%
Agency	USTN	6/17/2016	8/31/2020	101.13	\$ 507,070.31	\$ 500,000.00	\$ 500,000.00	506,816.50	1.38%
Agency	USTN	6/16/2016	9/30/2020	101.12	\$ 506,992.19	\$ 500,000.00	\$ 500,000.00	506,660.00	1.38%
Agency	USTN	6/16/2016	10/31/2020	101.12	\$ 506,914.06	\$ 500,000.00	\$ 500,000.00	506,562.50	1.38%
CORP	Toyota Motor Credit	9/15/2016	7/13/2018	100.00	\$ 504,057.50	\$ 500,000.00	\$ 500,000.00	503,130.50	1.55%
CD	Discover	3/6/2013	3/6/2017	100.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	250,244.85	0.95%
CD	CIT Bank	3/13/2013	3/13/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.10%
CD	BMW Bank	3/8/2013	3/8/2017	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,128.65	0.85%
CD	GE Capital Bank	1/31/2014	1/31/2017	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,305.64	1.00%
CD	GE Capital Retail	1/31/2014	1/31/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.45%
CD	Capital Bank FL	5/27/2015	5/29/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.10%
CD	Compass Bank	5/29/2015	8/29/2017	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,279.96	1.00%
CD	Capital One Bank USA NA	9/30/2015	10/1/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.65%
CD	Capital One NA	9/30/2015	10/1/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.65%
CD	Wells Fargo Bank NA	12/2/2015	12/3/2018	100.00	\$ 245,000.00	\$ 245,000.00	\$ 245,000.00	245,000.00	1.45%
CD	National Bank of NY	6/18/2014	6/18/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.30%
				\$ 16,354,491.50	\$ 16,227,000.00	\$ 16,227,000.00	\$ 16,428,677.60		1.41%

**Santa Ana Watershed Project Authority
Treasurer's Report
As of September 30, 2016**

Investment T-Strips
Issuer U.S.Gov't
Banker USB
Source of MV US Bank
Debt Service WEST RIV.

Purchase Date	Maturity Date	Months to Maturity	PAR	Cost	Initial Discount	Current Discount	Book Value	Market Value	Interest Rate
07/09/1999	11/15/2016	2	334,000.00	113,340.00	220,660.44	55,765.57	278,234.43	333,921.84	6.33%
07/09/1999	11/15/2017	14	334,000.00	106,493.00	227,507.44	66,752.26	267,247.74	331,364.41	6.33%
			\$ 668,000.00	\$ 219,833.00	\$ 448,167.88	\$ 122,517.83	\$ 545,482.17	\$ 665,286.25	6.33%

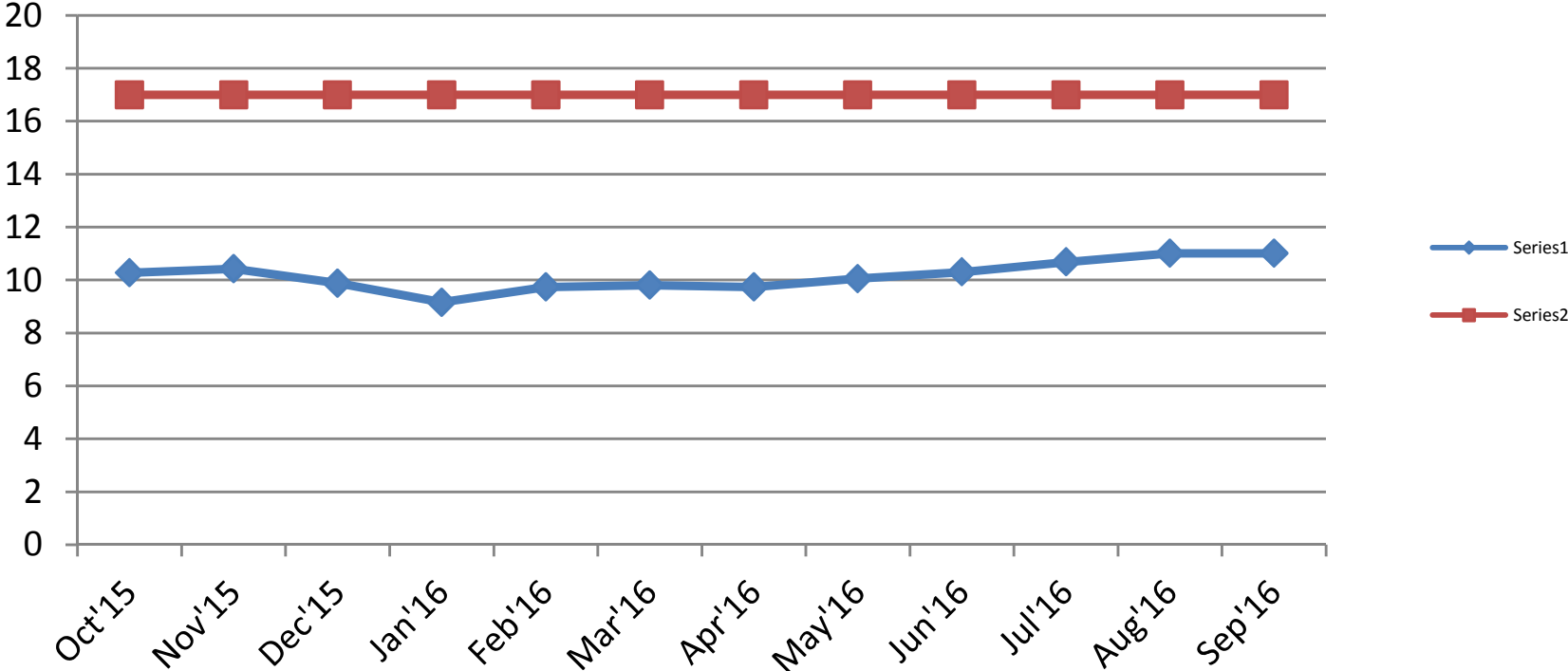
Investment T-Strips
Issuer U.S.Gov't
Banker USB
Source of MV US Bank
Debt Service WEST RIV.

Purchase Date	Maturity Date	Months to Maturity	PAR	Cost	Initial Discount	Current Discount	Book Value	Market Value	Interest Rate
07/12/1999	05/15/2017	8	220,000.00	72,002.00	147,998.40	40,491.20	179,508.80	219,214.60	6.36%
07/12/1999	05/15/2018	20	220,000.00	67,632.00	152,367.60	47,556.78	172,443.22	217,268.26	6.36%
			\$ 440,000.00	\$ 139,634.00	\$ 300,366.00	\$ 88,047.98	\$ 351,952.02	\$ 436,482.86	4.24%

Investment T-Strips
Issuer U.S.Gov't
Banker USB
Source of MV US Bank
Debt Service TVRI

Purchase Date	Maturity Date	Months to Maturity	PAR	Cost	Initial Discount	Current Discount	Book Value	Market Value	Interest Rate
02/11/2000	05/15/2017	8	395,000.00	132,178.85	262,821.15	74,347.15	320,652.85	393,589.85	6.45%
02/11/2001	05/15/2018	20	395,000.00	124,500.05	270,499.95	87,137.65	307,862.35	390,095.29	6.43%
02/11/2002	05/15/2019	32	395,000.00	117,646.80	277,353.20	99,102.60	295,897.40	386,248.38	6.39%
02/11/2000	05/15/2020	44	395,000.00	111,030.55	283,969.45	110,494.37	284,505.63	380,791.46	6.36%
			\$ 1,580,000.00	\$ 485,356.25	\$ 1,094,643.75	\$ 371,081.77	\$ 1,208,918.23	\$ 1,550,724.98	5.12%

Average Daily Flow by Month





SUMMARY OF LABOR MULTIPLIERS

		Benefit Rate
Total Employee Benefits	316,083	0.371
Total Payroll	852,569	
Gross G&A Costs	734,564	
Less: Member Contributions & Other Revenue	(112,500)	
G&A Costs for Distribution	622,064	
		G&A Rate
Direct Labor	475,028	1.310
G&A Costs	622,064	

FY 2016-17 Labor multiplier - thru 9/30/16	1.680
FY 2015-16 Labor multiplier	<u>2.073</u>
FY 2014-15 Labor multiplier	<u>1.850</u>
FY 2013-14 Labor multiplier	<u>2.105</u>
FY 2012-13 Labor multiplier	<u>1.938</u>
FY 2011-12 Labor multiplier	<u>2.045</u>



GENERAL FUND COSTS

(to be Distributed)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru 9/30/16</u>
51000	Salaries - Regular	\$ 377,542
52000	Benefits	\$ 125,612
60111	Tuition Reimbursement	\$ -
60112	Training	\$ 150
60113	Education	\$ -
60114	Other Training & Education	\$ 1,185
60120	Audit Fees	\$ 12,800
60121	Consulting	\$ 48,734
60126	Temporary Services	\$ -
60128	Other Professional Services	\$ 1,300
60129	Other Contract Services	\$ -
60130	Legal Fees	\$ -
60133	Employment Recruitment	\$ 745
60153	Materials & Supplies	\$ -
60154	Safety	\$ 1,930
60155	Security	\$ 542
60156	Custodial Contract Services	\$ 4,292
60157	Landscaping Maintenance	\$ 4,226
60158	HVAC	\$ -
60159	Facility Repair & Maintenance	\$ 3,254
60160	Telephone	\$ 4,013
60161	Cellular / Paging Services	\$ 4,333
60163	Electricity	\$ 4,188
60164	Water Services	\$ 2,094
60170	Equipment Expensed	\$ 878

(Continued - next column)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru 9/30/16</u>
60171	Equipment Rented	\$ 7,987
60172	Equipment Repair / Maintenance	\$ -
60180	Computer Hardware	\$ 477
60181	Software / Updates / Licensing	\$ 49,479
60182	Internet Services	\$ 3,605
60183	Computer Supplies	\$ -
60184	Computer Repair / Maintenance	\$ -
60190	Offsite Meeting / Travel Expense	\$ 1,023
60191	In House Meetings	\$ 445
60192	Conference Expense	\$ 535
60193	Car, Repair, Maint	\$ -
60200	Dues	\$ 1,842
60202	Subscriptions	\$ -
60203	Contributions	\$ 2,500
60210	Bank Charges	\$ -
60211	Shipping / Postage	\$ 195
60212	Office Supplies	\$ 1,137
60213	Offsite Storage	\$ 502
60220	Commission Fees	\$ 2,967
60221	Commission Mileage Reimb.	\$ 797
60222	Other Commission Expense	\$ -
60230	Other Expense	\$ 30
80000	Retiree Medical Expense	\$ 29,684
80001	Insurance Expense	\$ 8,542
80000	Building Repair/Replacement Reserve	\$ 25,000
13005	Fixed Assets	\$ -

Total Costs \$ 734,564

Direct Costs Paid by Projects	\$ 695,749
Member Contribution Offset	\$ 112,500
	\$ 808,249

Over allocation %	11.8%
Over (Under) Allocation of General Fund Costs	\$ 73,685



BENEFITS SUMMARY

(Distributed based on Actual Labor)

<u>G/L Acct</u>	<u>Description</u>	<u>Budget</u>	<u>Actual @ 9/30/16</u>	<u>Projected FYE 2017</u>
70101	FICA Expense	164,717 \$	34,459 \$	137,836
70102	Medicare Expense	45,897 \$	10,630 \$	42,520
70103	State Unemployment Insurance	6,300 \$	631 \$	6,300
70104	Worker's Compensation Insurance	55,513 \$	16,974 \$	67,896
70105	State Disability Insurance	21,764 \$	4,402 \$	17,608
70106	PERS Pension Plan	557,936 \$	138,955 \$	555,818
70111	Medical Expense	363,995 \$	86,900 \$	347,600
70112	Dental Expense	28,554 \$	5,962 \$	23,848
70113	Vision Insurance	7,299 \$	1,633 \$	6,532
70114	Life Insurance Expense	12,092 \$	2,995 \$	11,980
70115	Long Term Disability	15,017 \$	3,580 \$	14,320
70116	Wellness Program Expense	3,250 \$	562 \$	2,248
70120	Car Allowance	30,000 \$	8,400 \$	33,600
	Total Benefits	1,312,334	316,083	1,268,106
	Total Payroll	3,135,315 \$	852,569 \$	3,410,278
	Benefits Rate	41.9%	37.1%	37.2%

Santa Ana Watershed Project Authority
 Labor Hours Budget vs Actual
 Month Ending September 30, 2016

	Fund	Budget	Actual	%
100	General & Administrative	25,603	5,830	22.77%
130	Prop 84 Round 1 Administration	570	104	18.20%
135	Prop 84 Round 2 Administration	830	136	16.36%
140	Prop 84 2014 Drought Administration	1,080	93	8.63%
145	Prop 84 Final Round Administration	3,390	344	10.15%
240	Brine Line Enterprise	17,055	4,461	26.16%
320	Brine Line Protection	415	-	0.00%
326	Reach V Capital Repairs	440	725	164.72%
327	Reach IV-D Corrosion Repairs	1,338	-	0.00%
370-01	General Basin Planning	2,286	606	26.51%
370-02	USBR Partnership Studies	110	2	1.36%
372	Imported Water Recharge	60	7	12.08%
373	Watershed Management Plan	1,640	821	50.06%
374	Basin Monitoring Program	325	258	79.23%
381	SAR Fish Conservation	113	18	15.71%
384-01	Chino TMDL Facilitation	170	56	33.09%
386	Storm Water Quality Standards TF	210	44	20.71%
387	Arundo Removal & Habitat Restoration	170	16	9.56%
392	Emerging Constituents	175	28	16.14%
396	Forest First	40	-	0.00%
397	Water-Energy Grant Administration	345	116	33.70%
477TMDL	LESJWA - TMDL Task Force	590	185	31.27%
477-02	LESJWA - Administration	305	126	41.31%
504-301A	Prop 84 2014 Drought Implementation	660	130	19.70%
504-301C	Prop 84 2014 Drought Implementation	-	210	100.00%
504-401I	Prop 84 Final Round Implementation	-	31	100.00%
504-401PA23	Prop 84 Final Round Implementation	-	103	100.00%
		57,920	14,448	24.95%

Note: Should be at 25% of budget for 3 months

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Santa Ana Watershed Project Authority
Staff - Expense Report
 1st Quarter FYE 2017

Sum of Amount			Expn Type						
Staff	Posting Date	Activity	Airfare	Meals	Mileage	Misc	Parking	Registration	Grand Total
Achimore	07/31/2016	Mid year check in meeting for PA22 (Rialto & Tustin) 07/13/16, 07/14/16				42.12			42.12
Achimore Total						42.12			42.12
Antos	07/31/2016	DAC listening sessions - IEUA & EMWD, 07/06/16, 07/27/16				76.57			76.57
		WECAN Meeting - San Dimas - 07/27/16				6.86			6.86
	08/31/2016	California Adaptation Forum - 07/25/16						300.00	300.00
		DACI Programs (USB, CSUF, IEUA, RCCC) - 08/09, 08/10, 08/11, 08/25				137.64			137.64
		Inland Empire Funders Alliance, Ontario - 08/03/16				31.54			31.54
	09/30/2016	Airfare to Sacramento - Southwest, 9/21/16	161.96						161.96
		AWRA Conference - United Airlines, 9/12/16	494.66						494.66
		AWRA Conference Registration - 8/25/16						495.00	495.00
		CA Adaptation Forum (Long Beach) - 9/6, 9/7, 9/8				126.68			126.68
		IEUA Meeting (Chino) - 9/13/16				9.61			9.61
	Meeting at Sen. Leyva Office (Chino) - 9/21/16				12.47			12.47	
	Meeting Mr. Reyna - Santa Ana - 9/16/16				41.26			41.26	
	Parking at CSU San Bernardino - 8/24/16						6.00	6.00	
	Parking at Long Beach Convention Center - 9/6/16						10.00	10.00	
	Parking at Long Beach Convention Center - 9/7/16 and 9/8/16						20.00	20.00	
	Travel Insurance (AWRA Conference trip) - 9/12/16						28.44	28.44	
Antos Total			656.62		442.63		28.44	36.00	795.00
Berry	07/31/2016	ACWA Conference Registration (Cantu) - 07/22/16						535.00	535.00
	08/24/2016	Cookies for TSS Formation Workshop - Costco 07/06/16			15.99				15.99
Berry Total					15.99			535.00	550.99
Blancas	08/31/2016	Commission Meeting Snacks - Ralphs, 08/01/16			31.83				31.83
	09/30/2016	Commission Meeting Goods - Costco, 9/19/16			58.28				58.28
		Strategic Planning Meeting Lunch - Jimmy Johns, 09/21/16			52.25				52.25
Blancas Total					142.36				142.36
Jauregui	09/20/2016	Prop 84 Site Visit - SBCFCD - 09/15/16			31.32				31.32
Jauregui Total					31.32				31.32
Norton	09/30/2016	Airfare to Sacramento - Southwest, 9/22/16	322.97						322.97
		Lake Elsinore State of the City Address Ticket - 9/15/16					43.00		43.00
Norton Total			322.97				43.00		365.97
Patterson	09/30/2016	ARMA Chapter Meeting - JCSD Office - 09/14/16			15.66				15.66
Patterson Total					15.66				15.66
Ruhl	08/31/2016	Prop 84 Site Visit - Toll Road Charge					4.09		4.09
		Reach V Field Office Visits - 8/3/16, 8/9/16, 8/30/16			31.32				31.32
Ruhl Total					31.32		4.09		35.41
Unger	09/20/2016	Meeting with Max Gomberg - MWD - 09/19/16			64.80				64.80
	09/30/2016	Meeting with MWD, parking - Union Station West, 9/19/16					20.00		20.00
		Staff meeting at Anchos Grill (Alex's last day) - 9/8/16			82.91				82.91
Unger Total					82.91		20.00		167.71
Villa	07/31/2016	Commission Meeting Snacks - Ralphs, 07/18/16			46.54				46.54
		GM Meeting Snacks - Ralphs, 07/12/16			10.03				10.03

Villa	42582	OWOW Steering Committee Lunch - EZ Cater 07/07/16	238.56						238.56
		OWOW Steering Committee Snacks - Ralphs 07/06/16	23.99						23.99
	08/24/2016	Ice for Commission meeting - Village Market - 07/19/16			2.98				2.98
	08/31/2016	GM Meeting Snacks - Ralphs, 08/08/16	14.54						14.54
	09/30/2016	Commission Meeting Snacks - Ralphs, 09/06/16	33.07						33.07
Villa Total			366.73		2.98				369.71
Grand Total			979.59	607.99	627.85	78.51	56.00	1330.00	3679.94



Santa Ana Watershed Project Authority
 General Manager - Expense Report
 1st Quarter FYE 2017

Staff	Cantu
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Sum of Amount		Expn Type				
Posting Date	Activity	Airfare	Meals	Misc	Parking	Grand Total
7/31/2016	Gen 100 Water Quality Beneficial Uses - Southwest 7/5/16	411.96				411.96
	Long Island, NY - Sutter Cab - 07/12/16			58.00		58.00
7/31/2016 Total		411.96		58.00		469.96
8/31/2016	Commission Post Meeting - Wickes Brewing - 08/16/16		41.36			41.36
	Lunch meeting - Citrus City Grille - 08/02/16		58.20			58.20
	Lunch meeting - Wicke's Brewing - 08/09/16		29.30			29.30
	Lunch w/Corona city councilman (Reach V) - Gen Korean BBQ, 08/03/16		43.38			43.38
	Lunch w/SBVMWD, DAC, The Maven - Centro Basco - 08/04/16		63.08			63.08
	Meetings w/staff, Southwest - 07/29/16	137.96				137.96
	Stanford GSB Water Data Summit, Southwest 8/24/16	73.98				73.98
8/31/2016 Total		211.94	235.32			447.26
9/30/2016	California Forward Conference - Southwest, 9/12/16	54.00				54.00
	Dinner after Data Collaborative Conf - Sushi Boat, 9/9/16		19.73			19.73
	Meeting w/DWR, Airfare - Southwest, 9/12/16	207.96				207.96
	Meeting w/staff - Airfare, Southwest, 9/6/16	188.96				188.96
	ONT Airport parking - Data Collaborative Conf. - 9/9/16				9.00	9.00
	ONT Airport parking (Sacramento trip) - 8/25/16				9.00	9.00
	SATOIA Crown Cab - Sacramento - 8/25/16			59.60		59.60
	Stanford Data Collaborative Conference - Southwest, 8/24/16	127.97				127.97
9/30/2016 Total		578.89	19.73	59.60	18.00	676.22
Grand Total		1202.79	255.05	117.60	18.00	1593.44

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Fiscal Year 2017-18, 2018-19 Budget Schedule

Meeting	Day	Date
Commission Budget Overview <i>Budget Goals & Objectives</i>	Tue.	January 17, 2017
Budget Workshop - First Draft <i>Chief Financial Officers</i>	Thurs.	February 16, 2017
Commission Budget - First Draft <i>Brine Line & General Fund Budgets</i>	Tue.	March 7, 2017
Commission Budget - First Draft <i>OWOW & Roundtable Budgets</i>	Tue.	April 4, 2017
Commission Budget Workshop <i>Budget Review - Comprehensive Budget</i>	Tue.	May 2, 2017
Budget Workshop - Second Draft <i>Chief Financial Officers (if needed)</i>	Thurs.	May 4, 2017
Commission Budget Presentation <i>Consideration/Adoption</i>	Tue.	May 16, 2017
Commision Budget Approval	Tue.	June 20, 2017
Budget Ratification by Member Agencies	Fri.	June 30, 2017

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GENERAL MANAGERS MEETING NOTES

TUESDAY, OCTOBER 31, 2016

PARTICIPANTS PRESENT

Paul Jones
Doug Headrick
John Rossi
Celeste Cantú
Larry McKenney
Mark Norton
Rich Haller
Sara Villa

REPRESENTING

Eastern Municipal Water District
San Bernardino Valley Municipal Water District
Western Municipal Water District
Santa Ana Watershed Project Authority
Santa Ana Watershed Project Authority
Santa Ana Watershed Project Authority
Santa Ana Watershed Project Authority
Santa Ana Watershed Project Authority

PARTICIPANTS ABSENT

Joe Grindstaff
Michael Markus

Inland Empire Utilities Agency
Orange County Water District

CALL TO ORDER

John Rossi called the meeting to order at 8:00 a.m. at SAWPA, 11615 Sterling Avenue, Riverside, California.

OWOW UPDATE

Mark Norton advised the General Managers that a detailed view of the Disadvantaged Communities Involvement (DACI) grant program was presented to the OWOW Steering Committee. Constructive comments were received on how the committee would like to see more detail on the deliverables. Mark Norton noted that SAWPA has two (2) Water Action Fellows through the AmeriCorps program that are funded through the state grant for a 3-year effort. The Fellows will be providing outreach support under the DAC program. Further, the DACI grant will provide funding to help prepare for the next round of implementation funding for DACI projects. This funding will provide funding to do more feasibility studies and detail designs in preparation for projects. Overall the DACI grant program will provide \$6.3 M to the watershed. It was suggested that 10% of the funds go towards watershed-wide septic system to sewer conversion as part of the implementation. It was noted that it's an ongoing process and Mike Antos, SAWPA watershed manager, will be taking the lead on the DACI program. Celeste Cantú stated that the goals are to help people come to realize that their tap water is healthy water and they can trust it, and therefore they can trust their water district. Then as the water districts raise their rates in the future, they'll have the ability to have relationship with the people who in turn will have a better understanding of what goes on and why the rates need to raise.

Mark Norton provided an updated list of Pillar leaders to the General Managers. He noted that they are about to embark upon the OWOW Plan update in hopes to have it done in two years. It is anticipated to have a kick-off meeting in January followed by monthly meetings. The main focus is to comply with the legislation that requires each IRWM region to incorporate Stormwater Resource Plans, address climate change and provide more details on water quality contaminants. Celeste Cantú asked the General Managers about appointing one of their staff to be involved or serving as a Pillar.

UPDATES/DISCUSSION ITEMS

Brine Line Update. Rich Haller provided updates on the following:

- Reach V Repair – An update on Reach V Repair was provided by Rich Haller.
- Pretreatment Program Update:
 - Ordinance, Local Limits Update (Draft Ordinance No. 8 Local Limits Resolution) –An OCSD/SAWPA meeting took place to discuss the Total Organic Carbon (TOC) for updating Ordinance No. 8. OCSD has asked SAWPA to come up with language to be incorporated into Ordinance No. 8, the language will be looked over by Larry McKenney then submitted to OCSD.

- Collection Station MOU – SAWPA continues to work on the Collection Station MOU and SOP's. Comments were received from OCSD and are being incorporated.
- OCSD Audit of SAWPA (EEC) – SAWPA is working with OCSD in identifying the response to the write-ups from the OCSD Audit. A future Audit will take place in 2017.
- Lease and Loan Capacity Pools Agreement – The Lease and Loan Capacity Pool Agreement will be taken to the SAWPA Commission for approval along with the Collection Station MOU and Ordinance No. 8.
- OCSD Rock Removal Design RFP – Michael Baker International has been selected to do the design work on the removal of the rock and is currently preparing plans and specs.

STRATEGIC ASSESSMENT

Mark Norton provided the General Managers with the OWOW Business Line Process, Activities and Tasks (PATs) spreadsheet with the number of hours that are being budgeted for each specific OWOW PATs. He noted that he hadn't received any comments and it is anticipated to be taken to the SAWPA Commission on November 15th. A question was raised regarding 21.C and how it would be funded. Mark Norton indicated that the DACI activities will be fully funded by the DWR IRWM grant program but SAWPA staff time is involved in that activity. Paul Jones noted that it is a little bit irreconcilable and how there is no specifics for any given path with the staffing that is assumed and which staff members and what the assignments and hours will be. Discussion ensued regarding concerns in the hours that are being proposed. Paul Jones suggested having a meeting to go over the context of the tasks and labor hour projections compared to the SAWPA Budget. Mark Norton stated that one thing that they have indicated to the SAWPA Commission is that the process of defining the PATs is not the budget process that SAWPA staff will in the future be undertaking an evaluation of available staff resources vs PATs. The projections shown only reflect one SAWPA business line (OWOW) and labor hours necessary to complete tasks. He said that SAWPA will be looking at the OWOW tasks, the available staffing resources and matching it up in preparations for the forthcoming FY 2018-19 Budget.

SCHEDULE NEXT GM MEETING

December 13, 2016, at 8:00 a.m. at SAWPA

The meeting adjourned at 8:55 a.m.

COMMISSION REVIEW: November 15, 2016