



S A W P A

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

PURSUANT TO THE PROVISIONS OF AB 361, THIS MEETING WILL BE CONDUCTED VIRTUALLY WITH THE OPPORTUNITY FOR PUBLIC COMMENT. ALL VOTES TAKEN WILL BE CONDUCTED BY ORAL ROLL CALL.

This meeting will be accessible as follows:

Meeting Access Via Computer (Zoom)*:	Meeting Access Via Telephone*:
<ul style="list-style-type: none"> https://sawpa.zoom.us/j/85273326710 	<ul style="list-style-type: none"> 1 (669) 900-6833
<ul style="list-style-type: none"> Meeting ID: 852 7332 6710 	<ul style="list-style-type: none"> Meeting ID: 852 7332 6710
* Participation in the meeting via the Zoom app (a free download) is strongly encouraged	

REGULAR COMMISSION MEETING TUESDAY, DECEMBER 21, 2021 – 9:30 A.M.

AGENDA

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE (Bruce Whitaker, Vice 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. ITEMS TO BE ADDED OR DELETED
5. 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: DECEMBER 7, 20217
Recommendation: Approve as posted.
6. NEW BUSINESS
 - A. CHAIR AND COMMISSION APPOINTMENTS (CM#2021.87)11
Presenter: Jeff Mosher
Recommendation: Acknowledge the recent appointment of Marco Tule as Commissioner of Inland Empire Utilities Agency; install Marco Tule as Commission Chair for the remainder of the two-year term, until the January 2023 rotation of officers.
 - B. FISCAL YEAR 2020-2021 REPORT ON AUDIT (CM#2021.88)15
Presenter: Karen Williams
Recommendation: Receive and review the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2021 and 2020, which includes the Report on Audit prepared by Teaman, Ramirez & Smith, Inc., then:

1. Accept the CAFR, including the Report on Audit as prepared by Teaman, Ramirez & Smith, Inc.;
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.

C. SANTA ANA RIVER WATERSHED WEATHER MODIFICATION PILOT PROGRAM UPDATE (CM#2021.89).....167
Presenter: Mark Norton
Recommendation: Receive and file.

7. INFORMATIONAL REPORTS

Recommendation: Receive for information.

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Presenter: Karen Williams

B. INTER-FUND BORROWING – OCTOBER 2021 (CM#2021.90).....193
Presenter: Karen Williams

C. PERFORMANCE INDICATORS/FINANCIAL REPORTING – OCTOBER 2021 (CM#2021.91)199
Presenter: Karen Williams

D. PROJECT AGREEMENT 25 – OWOW FUND – FINANCIAL REPORT, SEPTEMBER 2021221
Presenter: Karen Williams

E. PROJECT AGREEMENT 26 – ROUNDTABLE FUND – FINANCIAL REPORT, SEPTEMBER 2021225
Presenter: Karen Williams

F. BUDGET VS ACTUAL VARIANCE REPORT – FYE 2022 FIRST QUARTER – SEPTEMBER 30, 2021 (CM#2021.92).....229
Presenter: Karen Williams

G. FINANCIAL REPORT FOR THE FIRST QUARTER ENDING SEPTEMBER 30, 2021.....237
Presenter: Karen Williams

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 • Staff
Presenter: Karen Williams

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Presenter: Jeff Mosher

J. STATE LEGISLATIVE REPORT255
Presenter: Jeff Mosher

K. CHAIR’S COMMENTS/REPORT

L. COMMISSIONERS’ COMMENTS

M. COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS

8. CLOSED SESSION

There were no Closed Session items anticipated at the time of the posting of this agenda.

9. ADJOURNMENT

PLEASE NOTE:

Americans with Disabilities Act: If you require any special disability related accommodations to participate in this meeting, call (951) 354-4220 or email svilla@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, Sara Villa, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on December 16, 2021, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted at SAWPA's office at 11615 Sterling Avenue, Riverside, California.

2021 SAWPA Commission Meetings/Events

First and Third Tuesday of the Month

(NOTE: All meetings begin at 9:30 a.m., unless otherwise noticed, and are held at SAWPA.)

<p>November</p> <p>11/2/21 Commission Workshop 11/16/21 Regular Commission Meeting</p>	<p>December</p> <p>12/7/21 Commission Workshop 12/21/21 Regular Commission Meeting 11/30 – 12/3/21 ACWA Fall Conference, Pasadena</p>
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2022 SAWPA Commission Meetings/Events

First and Third Tuesday of the Month

(NOTE: All meetings begin at 9:30 a.m., unless otherwise noticed, and are held at SAWPA.)

<p>January</p> <p>1/4/22 Commission Workshop 1/18/22 Regular Commission Meeting</p>	<p>February</p> <p>2/1/22 Commission Workshop 2/15/22 Regular Commission Meeting</p>
<p>March</p> <p>3/1/22 Commission Workshop 3/15/22 Regular Commission Meeting</p>	<p>April</p> <p>4/5/22 Commission Workshop 4/19/22 Regular Commission Meeting</p>
<p>May</p> <p>5/3/22 Commission Workshop 5/17/22 Regular Commission Meeting 5/3 – 5/6/22 ACWA Spring Conference, Sacramento, CA</p>	<p>June</p> <p>6/7/22 Commission Workshop 6/21/22 Regular Commission Meeting</p>
<p>July</p> <p>7/5/22 Commission Workshop 7/19/22 Regular Commission Meeting</p>	<p>August</p> <p>8/2/22 Commission Workshop 8/16/22 Regular Commission Meeting</p>
<p>September</p> <p>9/6/22 Commission Workshop 9/20/22 Regular Commission Meeting</p>	<p>October</p> <p>10/4/22 Commission Workshop 10/18/22 Regular Commission Meeting</p>
<p>November</p> <p>11/1/22 Commission Workshop 11/15/22 Regular Commission Meeting</p>	<p>December</p> <p>12/6/22 Commission Workshop 12/20/22 Regular Commission Meeting 11/29 – 12/2/22 ACWA Fall Conference, Indian Wells, CA</p>

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SAWPA COMPENSABLE MEETINGS

IMPORTANT NOTE: Due to the spread of COVID-19, and until further notice, the Santa Ana Watershed Project Authority will be holding all upcoming meetings by teleconferencing. Participation information will be included on each posted agenda or meeting notice.

In addition to Commission meetings, Commissioners and Alternate Commissioners will receive compensation for attending the meetings listed below, pursuant to the Commission Compensation, Expense Reimbursement, and Ethics Training Policy.

IMPORTANT NOTE: These meetings are subject to change. Prior to attending any meetings listed below, please confirm meeting details by viewing the website calendar using the following link:

<https://sawpa.org/sawpa-calendar/>

MONTH OF: December 2021

DATE	TIME	MEETING DESCRIPTION	LOCATION
12/7/21	8:30 A.M.	PA 23 Committee Mtg	CANCELLED
12/7/21	10:00 A.M.	PA 24 Committee Mtg	VIRTUAL/TELECONFERENCE
12/13/21	1:30 P.M.	Basin Monitoring Program Task Force Mtg	VIRTUAL/TELECONFERENCE
12/14/21	8:30 A.M.	PA 22 Committee Mtg	VIRTUAL/TELECONFERENCE
12/15/21	1:00 P.M.	Imported Water Rechargers Committee	VIRTUAL/TELECONFERENCE
12/16/21	4:00 P.M.	LESJWA Board of Directors Mtg	CANCELLED

MONTH OF: January 2022

DATE	TIME	MEETING DESCRIPTION	LOCATION
1/4/22	10:00 A.M.	PA 24 Committee Mtg	VIRTUAL/TELECONFERENCE
1/10/22	1:00 P.M.	Lake Elsinore/Canyon Lake TMDL Task Force Mtg	VIRTUAL/TELECONFERENCE
1/24/22	2:30 P.M.	Emerging Constituents Program Task Force Mtg	VIRTUAL/TELECONFERENCE
1/27/22	11:00 A.M.	OWOW Steering Committee Mtg	VIRTUAL/TELECONFERENCE

Please Note: We strive to ensure the list of Compensable Meetings set forth above is accurate and up-to-date; the list is compiled based on input from SAWPA staff and Department Managers regarding meeting purpose and content.

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**SAWPA COMMISSION
REGULAR MEETING MINUTES
December 7, 2021**

<u>COMMISSIONERS PRESENT</u>	Jasmin A. Hall, Chair, Inland Empire Utilities Agency Bruce Whitaker, Vice Chair, Orange County Water District Mike Gardner, Secretary-Treasurer, Western Municipal Water District David J. Slawson, Eastern Municipal Water District June D. Hayes, San Bernardino Valley Municipal Water District
<u>COMMISSIONERS ABSENT</u>	None
<u>ALTERNATE COMMISSIONERS PRESENT; NON-VOTING</u>	T. Milford Harrison, Alternate, San Bernardino Valley Municipal Water District Kelly E. Rowe, Alternate, Orange County Water District
<u>STAFF PRESENT</u>	Jeff Mosher, Karen Williams, Mark Norton, David Ruhl, Marie Jauregui, Rick Whetsel, Dean Unger, Sara Villa, Haley Mullay, John Leete
<u>OTHERS PRESENT</u>	Andrew D. Turner, Lagerlof, LLP; Nick Kanetis, Eastern Municipal Water District; Joe Mouawad, Eastern Municipal Water District; Ken Tam, Inland Empire Utilities Agency; Greg Woodside, Orange County Water District; Michael Markus, Orange County Water District; Mallory Gandara, Orange County Water District; Christina Fuller, Orange County Water District; Derek Kawaii, Western Municipal Water District; Brooke Jones, Yorba Linda Water District; Brian Dickinson, City of Colton, Tom Lindsey

The Regular Meeting of the Santa Ana Watershed Project Authority Commission was called to order at 9:30 a.m. by Chair Jasmin Hall on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

1. CALL TO ORDER

Pursuant to the provisions of AB 361, this meeting was conducted virtually, and all votes were taken by oral roll call. After completing the Pledge of Allegiance, Alternate Commissioner Kelly Rowe requested a moment of silence in honor of National Pearl Harbor Remembrance Day.

2. ROLL CALL

An oral roll call was duly noted and recorded by the Clerk of the Board.

3. PUBLIC COMMENTS

There were no public comments; there were no public comments received via email.

4. ITEMS TO BE ADDED OR DELETED

There were no added or deleted items.

5. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: NOVEMBER 16, 2021

Recommendation: Approve as posted.

B. TREASURER'S REPORT – OCTOBER 2021

Recommendation: Approve as posted.

C. RESOLUTION ON CONTINUATION OF REMOTE COMMISSION AND COMMITTEE MEETINGS (CM#2021.84)

Recommendation: Adopt Resolution No. 2021-10 Proclaiming A State of Emergency Persists, Re-Ratifying the Proclamation of a State of Emergency by Governor Gavin Newsom, and Re-Authorizing Remote Teleconference Meetings of all Commission and Committee meetings of the Santa Ana Watershed Project Authority for the period of December 7, 2021 to January 6, 2022 pursuant to Brown Act Provisions.

D. DISPOSAL OF SAWPA SURPLUS PROPERTY (CM#2021.85)

Recommendation: Receive and file.

Chair Hall requested a modification of Agenda Item No. 6.A of the November 16, 2021, meeting minutes. Let the record reflect that Chair Jasmin Hall's vote was counted for Agenda Item No. 6.A of the November 16, 2021, meeting minutes.

MOVED, to approve the Consent Calendar items 5.B, 5.C, and 5.D as posted, and approve the Consent Calendar item 5.A with the modified correction of the November 16, 2021, meeting minutes.

Result:	Adopted by Roll Call Vote
Motion/Second:	Gardner/Hayes
Ayes:	Gardner, Hall, Hayes, Slawson, Whitaker
Nays:	None
Abstentions:	None
Absent:	None

6. NEW BUSINESS

A. ISSUE REQUEST FOR PROPOSALS FOR THE TURF REMOVAL/DROUGHT-TOLERANT LANDSCAPING SERVICES UNDER THE WATER ENERGY COMMUNITY ACTION NETWORK PROJECT (WECAN) (CM#2021.86)

Rick Whetsel provided a presentation on the Water Energy Community Action Network (WECAN) Landscaping Project, contained in the agenda packet on pages 29-39. The Transformative Climate Communities (TCC) grant program is funded through the California Strategic Growth Council (SGC). SAWPA was awarded \$593,000 to implement the Water Energy Community Action Network (WECAN) program to remove 100,000 square feet of turf and replace it with drought tolerant landscaping as residences within the City of Riverside. Funding for the project was increased by a pledge of \$100,000 in cost share by the City of Riverside Public Utilities (RPU) to bring the total project funding to implement the WECAN program up to \$693,000. The strategic goals implemented through WECAN is to conserve water, reduce turf grass, and install drought tolerant landscaping. To implement the WECAN program SAWPA staff has prepared a Request for Proposals (RFP) to solicit competitive proposals from licensed landscaping firms to provide Turf Removal/Drought-Tolerant Landscaping Services within the City of Riverside Eastside Climate Collaborative Program area. The contractor will provide all the manpower, equipment, vehicles, and supplies needed to complete the projects and will be responsible for providing customer bilingual services. It is also anticipated the contractor will participate in the local community outreach events and design templates for replacing turf to ensure the use of plants, trees, and shrubs that are low water use resources. The project will be photo documented to keep track of the process and site visits will be scheduled for follow up. The Commission asked how the projects /

landscaping will be maintained after they are completed? Mr. Whetsel noted there will be outreach to the customers explaining what the expectations are for irrigation and maintenance.

MOVED, to authorize the General Manager to issue a Request for Proposals for Turf Removal/Drought-Tolerant Landscaping Services to support the Water Energy Community Action Network Project (WECAN) funded through the California Strategic Growth Council (SGC) Transformative Climate Communities (TCC) grant program.

Result:	Adopted by Roll Call Vote
Motion/Second:	Whitaker/Gardner
Ayes:	Gardner, Hall, Hayes, Slawson, Whitaker
Nays:	None
Abstentions:	None
Absent:	None

7. INFORMATIONAL REPORTS

Recommendation: Receive for Information.

A. CHAIR'S COMMENTS/REPORT

There were no Chair comments.

B. COMMISSIONERS' COMMENTS

There were no Commissioner comments.

C. COMMISSIONERS' REQUEST FOR FUTURE AGENDA ITEMS

There were no Commissioners' request for future Agenda items.

8. CLOSED SESSION

There was no closed session.

9. ADJOURNMENT

There being no further business for review, Chair Hall adjourned the meeting at 9:58 a.m.

Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, December 21, 2021.

Marco Tule, Chair

Attest:

Sara Villa, Clerk of the Board

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COMMISSION MEMORANDUM NO. 2021.87

DATE: December 21, 2021
TO: SAWPA Commission
SUBJECT: Chair and Commission Appointments
PREPARED BY: Jeff Mosher, General Manager

RECOMMENDATION

It is recommended that the Commission acknowledge the recent appointment of Marco Tule as Commissioner for Inland Empire Utilities Agency; install Marco Tule as Commission Chair for the remainder of the two-year term, until the January 2023 rotation of officers.

DISCUSSION

Rotation of Officers:

SAWPA Resolution No. 355 calls for the rotation of officers in January of each odd-numbered year, stating that it is the non-binding intention of the Commission to rotate the positions of Chair, Vice Chair and Secretary-Treasurer among the member agencies.

On January 19, 2021, the Commission authorized the rotation of officers in accordance with the historical rotation set forth below, and appointed Jasmin A. Hall as Commission Chair.

Historical Rotation of SAWPA Officers			
Year	Chair	Vice Chair	Secretary-Treasurer
1998	IEUA	OCWD	WMWD
2001	OCWD	WMWD	SBVMWD
2003	WMWD	SMVMWD	EMWD
2005	SBVMWD	EMWD	IEUA
2007	EMWD	IEUA	OCWD
2009	IEUA	OCWD	WMWD
2013	OCWD	WMWD	SBVMWD
2015	WMWD	SBVMWD	EMWD
2017	SBVMWD	EMWD	IEUA
2019	EMWD	IEUA	OCWD
2021	IEUA	OCWD	WMWD

On December 8, 2021, the Inland Empire Utilities Agency governing Board appointed Marco Tule as SAWPA Commissioner and Michael Camacho as Alternate SAWPA Commissioner. In keeping with the historical rotation, Staff recommends appointment of Marco Tule as Commission Chair to complete the remainder of the two-year term, until the January 2023 rotation of officers.

RESOURCE IMPACTS

None.

Attachment:

1. Resolution No. 355

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RESOLUTION NO. 355

A RESOLUTION OF THE COMMISSION OF THE
SANTA ANA WATERSHED PROJECT AUTHORITY
ESTABLISHING A PROCEDURE FOR THE
ELECTION OF COMMISSION OFFICERS

WHEREAS, pursuant to Paragraph 20 of the Joint Exercise of Powers Agreement, as modified by Amendment No. 3 to the Joint Exercise of Powers Agreement adopted in 1997, the Commission of the Santa Ana Watershed Project Authority ("SAWPA") shall elect from its membership a Chair, Vice-Chair, Secretary and Treasurer; and

WHEREAS, pursuant to Paragraph 17 of the SAWPA's Joint Exercise of Powers Agreement, the Commission may adopt, from time to time, such rules and regulations for the conduct of its affairs as may be required; and

WHEREAS, SAWPA's Commission desires to establish a procedure for the election of its officers including the establishment of a two-year term for such officers and further desires to maintain the consolidation of the offices of Secretary and Treasurer into one position as Secretary-Treasurer.

NOW, THEREFORE, the Commission hereby resolves as follows:

1. Consolidation Of The Offices Of Secretary and Treasurer: As permitted by Section 71342 of the Water Code, the Commission maintains the consolidation of the offices of Secretary and Treasurer into one position as Secretary-Treasurer.

2. Term Of Office: The term of office for the positions of Chair, Vice-Chair, and Secretary-Treasurer shall be two years commencing with the first regular or special Commission meeting in January.

3. Qualifications: Only those Commissioners' who are also directors on SAWPA's member agencies' governing boards shall serve as SAWPA Commission officers.

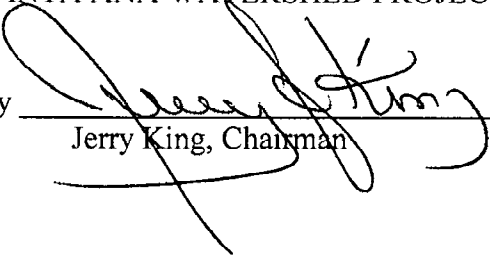
4. Elections: The election of officers (i.e., Chair, Vice- Chair and Secretary-Treasurer) shall be conducted every two years at the regular or special Commission meeting held in January and may be conducted by a single blanket motion for all three positions.

5. Rotation Of Officers: It is the non-binding intention of the Commission to rotate the positions of Chair, Vice-Chair and Secretary-Treasurer among the member agencies. The Chair will be a Commissioner from the Orange County Water District, the Vice-Chair will be a Commissioner from the Western Municipal Water District of Riverside County, and the Secretary-Treasurer will be a Commissioner from the Eastern Municipal Water District. Thereafter, the order of succession will be San Bernardino Valley Municipal Water District and Inland Empire Utilities Agency.

6. Retroactive Application Of This Resolution: This resolution shall be effective retroactively to January 2001, and shall apply to the existing officers. Resolution No. 297 adopted on August 12, 1997, is hereby rescinded and superseded by the adoption of this resolution.

Approved and adopted this 15th day of May 2001.

SANTA ANA WATERSHED PROJECT AUTHORITY

By  _____
Jerry King, Chairman

COMMISSION MEMORANDUM NO. 2021.88

DATE: December 21, 2021
TO: SAWPA Commission
SUBJECT: Fiscal Year 2020-2021 Report on Audit
PREPARED BY: Karen Williams, DGM/CFO

RECOMMENDATION

It is recommended that the Commission receive and review the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2021 and 2020, which includes the Report on Audit prepared by Teaman, Ramirez & Smith, Inc., then:

1. Accept the CAFR, including the Report on Audit as prepared by Teaman, Ramirez & Smith, Inc.;
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 past eleven 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.

Joshua Calhoun (Audit Partner) will be available to answer questions regarding SAWPA's FY 2020-21 Report on Audit (financial statements).

RESOURCE IMPACTS

The FY 2020-21 Audit contains no financial deficiencies to report.

Attachments:

1. FYE 2021 CAFR
2. Draft Management Report
3. Draft Internal Controls Letter

SAWPA

Santa Ana Watershed Project Authority



Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2021 and 2020

11615 Sterling Avenue
Riverside, CA 92503
(951) 354-4220
www.sawpa.org



Santa Ana Watershed Project Authority
Riverside, CA

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2021 and 2020

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 50 YEARS OF INNOVATION, VISION, AND WATERSHED LEADERSHIP

December 21, 2021

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

We are pleased to present the Santa Ana Watershed Project Authority’s (hereinafter referred to as “the Authority”) Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

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.

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.

The Authority’s financial statements have been audited by Teaman, Ramirez & Smith, Inc., 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, 2021, 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 unmodified opinion that the Authority’s financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The Independent Auditors’ Report is presented as the first component of the financial section of this report.

Jasmin A. Hall
Chair
Inland Empire
Utilities Agency

Bruce Whitaker
Vice Chair
Orange County
Water District

Mike Gardner
Secretary-Treasurer
Western Municipal
Water District

June D. Hayes
Commissioner
San Bernardino Valley
Municipal Water District

David J. Slawson
Commissioner
Eastern Municipal
Water District

Jeffrey J. Mosher
General Manager

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 includes the western portion of San Bernardino and Riverside Counties, the northern portion of Orange County, as well as a small eastern sliver 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. The Brine Line protects the water quality of the Santa Ana River, a major water source for Orange County groundwater basins.

This 50-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 plan adopted in February 2019 is the Santa Ana Watershed Integrated Regional Water Management Plan (IRWMP) called the One Water One Watershed (OWOW) Plan Update 2018. The plan reflects a decentralized stakeholder involvement process that includes the participation of multiple agency and non-profit staff, local experts and interested volunteers from a broad range of fields and locations across the Watershed. This regional plan serves as a milestone of extraordinary collaboration and vision that will be used 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.

Roundtables

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

Prior to the COVID-19 induced recession of 2020, the Inland Empire's economy was strong. The pandemic-linked closures caused major damage to the economy. Consumer spending cratered in March 2020, at a pace never experienced before and unemployment numbers rose from 50-year lows to 80-year highs in a matter of weeks. Fortunately, the economy seems to be on the path to recovery. Because of the Inland Empire's economic structure and composition of jobs across different sectors of the local economy, its recovery will outpace California and the entire nation. In 2021, jobs were added, businesses reopened or have started for the first time, and households and workers continue recovering from the COVID-19 recession. Economic activity from housing sales, durable goods orders, consumer spending, and payroll employment, have bounced back sharply. Economists predict a strong recovery during the latter part of 2021, with near full recovery in 2022.

Sound Financial Policies

The Authority 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 Authority 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 Authority to access the lowest cost-of-capital borrowing opportunities.

Investment Policy

The Authority 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 Authority 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 Authority 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 2020-21 was an eventful year to say the least. While the Authority administered the day-to-day operations of the JPA, operated the Brine Line Enterprise and Capital Improvement Program, administered the OWOW Program, including several grant programs, served as the Lake Elsinore & San Jacinto Watersheds Authority administrator, conducted regional planning activities, and facilitated many stakeholder task force work groups all while dealing with a global pandemic.

In March 2020 due to an ongoing COVID-19 pandemic, the California Governor and the Riverside County Public Health Officer issued orders mandating a stay-at-home policy and temporarily modifying Brown Act meeting requirements. SAWPA prepared and implemented a COVID-19 response plan which implemented employee protection and safety practices. Most employees began working from home using remote computer access. SAWPA's Information Technology Department rapidly acquired the necessary computer hardware and software for a rapid and nearly seamless transition. As of June 30, 2021, public meetings are still being conducted through Zoom and staff continue to work from home for the most part. Some of the major initiatives and accomplishments for FYE 2021 are listed below.

Brine Line Enterprise

Engineering

- Completed the Criticality Assessment Report as recommended in the 2018 Rate Model Report. The criticality assessment provides a better understanding of the risk of failure of the Brine Line's pipeline infrastructure which allows for better planning of operations and activities, prioritized the capital improvement plan, and evaluated the appropriateness of reserve levels.
- Completed the construction of the Alcoa Dike - Inland Empire Brine Line Lower Reach IV-B and the California Rehabilitation Center (CRC) Lateral Utility Protection Project ahead of schedule and under budget.
- Completed construction of the Euclid Avenue (Reach IV-A and IV-D) Maintenance Access Structure (MAS) Rehabilitation Project under budget.
- Executed Lease Agreement with Rialto Bioenergy Facility (RBF). Completed RBF Waste Discharge Permit and Permit Fact Sheet and received concurrence from Orange County Sanitation District (OC San). RBF commenced discharge in December 2020.
- Developed Capacity Utilization Program in coordination with the Member Agencies to utilize the unused capacity in the Brine Line and encourage customers to connect to the system.
- Continued to implement the SAWPA Pretreatment Program (PTP). Performed 58 on-site discharger inspections, 180 monitoring (or sampling) events, and reissued 17 existing permits. Additionally, 18 permits were closed, and 3 new permits were issued.
- Continued to maintain/grow partnership with OC San through Joint Operations Committee and Joint Policy Committee meetings.
- Completed audit of SAWPA Pretreatment Program and implemented audit recommendations.
- Conducted audits of the member/contract agency pretreatment programs for conformance with the Brine Line Ordinance and pretreatment requirements.
- Completed draft Ordinance update and draft Emergency Discharge Plan to resolve extended Emergency Discharge Permits and submitted to OC San for review.

Operations

- Continued use and refined internet-based software tool to manage and record O&M activities, track the systems status (such as valves being opened/closed), and track Underground Service Alert requests received for markings. Information is displayed on a system map. Software is being maintained and updated by in-house information technology (IT) staff.
- Performed inspection of 64 MAS on Reach IV-A Upper.
- Repair of maintenance access structures corrosion protection liners on Reach 4A Upper.
- Continued use of a remote inspection tool (constructed by Operations staff from off-the-shelf items) to record video of Brine Line MAS's.
- Continued to implement the Sewer System Management Plan (SSMP) as required by the SWRCB's statewide waste discharge requirements.
- Performed utility locations as a member of the DigAlert network.
- Installed bridges in Prado Basin to allow right-of-way maintenance and MAS inspection.
- Maintained Brine Line Operations Center (BLOC).
- Overhauled a total of 54 air release and vacuum valves.

OWOW Program

PA 22 Committee – Water Use Efficiency

- Submitted final report for Proposition 84 Emergency Drought Grant Program reflecting effective management and implementation of all \$12.86 million in grant funding and \$7.1 million in local match for 33 different tasks that this project entailed.
- Completed the SARCCUP WaterSmart Program Task with partner Orange County Coastkeeper/Inland Empire Water Keeper.
- Released the Water Efficiency Budget Assistance Request for Proposals (RFP) in November 2020 and contracted with Quantum Spatial NV5. Began recruitment of two agencies per SAWPA member agency.
- Released the 2021 Upper Watershed Aerial Imagery RFP in February 2021. Executed a contract with Geophex, Ltd. in April 2021. Began collecting aerial imagery in the upper watershed in May and June 2021.

DWR Disadvantaged Community Involvement Grant Program

- Hosted statewide virtual “Disadvantaged Community and Tribal Involvement Lessons Learned Summit” in partnership with the Local Government Commission and California Department of Water Resources.
- Produced a printed publication titled, “Solving Water Challenges in Disadvantaged Communities: A Handbook to Understanding the Issues in California and Best Practices for Engagement”. The handbook takes a broad look at the engagement of disadvantaged communities with water management, with case studies from around the state, including the SAWPA region in partnership with the Water Education Foundation.
- Conducted a series of five virtual training courses directed at the staff of small Community Water Systems and Mutual Water Companies in the Watershed in partnership with California Rural Water Association.
- Conducted additional virtual “Santa Ana Watershed Ambassador Program for Local Policymakers” workshop events in January and February 2021 for the purposes of creating content for an on-line workshop series hosted on the SAWPA website.
- Updated the Community Water Ethnography of the Santa Ana River Watershed report to incorporate additional Orange County Tribal listening session data in partnership with California State University, San Bernardino and University of California, Irvine.
- Completed sixteen technical assistance projects and programs serving disadvantaged communities in the Watershed.
- Closed out tasks associated with the Santa Ana Watershed Tribal Advisory Committee including the preparation of a SAWPA Tribal Action Plan.
- Closed out on-call translation support services for the public sector and non-profits in the Watershed relating to water and members of disadvantaged communities. In a little over fourteen months, this program completed a total of 55 translations jobs in five languages for 23 water agencies and nonprofit organizations.
- Closed out the community water intern program coordinated by California State University, San Bernardino, Water Resource Initiatives, which provided 60 paid intern positions to local university students within the Watershed.
- Amended the Disadvantaged Community Involvement Grant agreement with DWR to extend the agreement and incorporate the implementation of projects under the DWR Urban and Multi-

benefit Drought Relief Grant Program. The program provides \$5 million for projects supporting underrepresented communities.

- Prepared a Call for Projects online information form so that project proponents could competitively apply grants to fund and implement their local water projects supporting underrepresented communities.

Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)

- Executed new task order with Woodard & Curran for continued programmatic support of SARCCUP.
- Executed sub-agreement amendments with EMWD and OCWD and worked with SBVMWD on edits to their sub-agreement amendment.

One Water One Watershed (OWOW) and Integrated Regional Water Management (IRWM) Support

- Managed new Roundtable of Regions contract with JM Consultants and served on the Roundtable of Regions Steering Committee. Successfully managed this project by ensuring the 12 funding partners are kept apprised of the contract and ensuring JM Consultants completed tasks on time and within budget.
- Completed the Santa Ana River Watershed Sustainability Assessment for the year 2019 and brought it to the Commission for adoption. It used 12 indicators to track progress across the watershed.
- Hosted bi-monthly OWOW workshops focused on gathering stakeholder input for the Proposition 1 Round 2 IRWM Call for Projects rating and ranking criteria.
- Began planning for the eighth annual OWOW Conference which will be held in the Spring of 2022.

Proposition 1 Round 1 IRWM Implementation Grants

- Executed sub-agreements with the various project proponents under the Round 1 grant award.
- Engaged with DWR to influence future grant solicitation under Proposition 1 IRWM Implementation to best serve the OWOW Program and the watershed wide stakeholders.

Santa Ana River Watershed Weather Augmentation (Cloud Seeding) Feasibility Study

- Completed a feasibility analysis of weather augmentation (cloud seeding) for the Santa Ana River Watershed.
- Received authorization to proceed with CEQA for the ground seeding site analysis and submitted a grant application to DWR for a four-year pilot program with validation. The project could start as early as the winter of 2022 - 2023.
- Conducted outreach to educate, inform and seek local water agency support for the SAWPA weather modification pilot program.

Stakeholder Partnering (Roundtables)

Santa Ana Fish Conservation Team

- Held successful Riverwalk in November 2020 with approximately 35 volunteers, the longest running voluntary annual habitat assessment conducted in Southern California for an aquatic species.

- Compiled and tabulated all 2020 Riverwalk data including a first-ever analysis of all 15 years of the dataset.
- Worked with Santa Ana Watershed Association (SAWA) to replant/manage 0.3 acres of vegetation as part of the mitigation for the habitat project constructed by the team near the Van Buren Boulevard Bridge.

Water Energy Community Action Network (WECAN)

- Received grant award of \$592,417 to implement the WECAN Phase 3 Project as a component the City of Riverside Transformative Climate Communities Eastside Climate Collaborative grant project from the Strategic Growth Council.
- Finalized partnership agreement with the City of Riverside to participate in the Eastside Climate Collaborative Transformative Climate Communities Initiative.
- Finalized a Memorandum of understanding with the City of Riverside Public Utilities for an additional \$100,000 in leveraging funding to support the implementation of the WECAN Phase 3 project.
- Issued RFP for landscape contractor to conduct the turf removal of 100,000 SF and replacement of turf with drought tolerant landscaping.

Basin Monitoring Program Task Force

- Completed update and submitted the Santa Ana River Wasteload Allocation model to the Regional Board.
- Prepared work for a Regional Board Basin Plan Amendment reflecting Santa Ana River Wasteload Allocation Model results and modifications to the recycled water permits to reflect longer averaging periods under drought cycles. The Regional Board will consider adoption of the Basin Plan Amendment in December 2021.
- Prepared and submitted the 2020 Annual Report of Santa Ana River Water Quality to stakeholders and the Regional Board.
- Conducted periodic meetings with the Imported Water Recharge Subcommittee to ensure compliance with required deliverables under the amended Cooperative Agreement for Recharge with the Santa Ana Regional Board.
- Conducted a competitive RFP and selected a consultant, West Yost, to conduct preparation of a workplan for updating the Triennial Ambient Water Quality process and Annual Santa Ana River Water Quality Report to conform with the Salt and Nutrient Management Plans defined under the State Water Resources Control Board (SWRCB) Recycled Water Policy Update.

Southern California Salinity Coalition (SCSC)

- Continued preparations to enhance SCSC membership and prepared an outreach brochure about SCSC to support increasing membership.
- Began preparations for a 2022 Salinity Summit with planned program reports from the Regional Board Executive Officers from the various Regional Boards in Southern California. The date of the Summit was originally planned for 2021 but was deferred due to ongoing uncertainty of in person events from the COVID pandemic.
- Received and awarded Student Fellowships proposals for salinity research.
- Reviewed informational reports about salinity issues regarding the Colorado River Salinity Control Forum and the Metropolitan Water District of Southern California (MWDSC) salinity report from the Colorado River Aqueduct and State Water Project.

Lake Elsinore and San Jacinto Watersheds Authority (LESJWA)

- Prepared and submitted the Lake Elsinore and Canyon Lake Nutrient TMDL 2020 Final Compliance Assessment Report to the Regional Board.
- Continued discussions and planning with Regional Board staff on the next steps to update the LE&CL TMDLs.
- Prepared and submitted the 2020-2021 Annual Lake Elsinore and Canyon Lakes (LE & CL) total maximum daily load (TMDL) Water Quality Monitoring Report to the Regional Board.
- Conducted additional TMDL modeling scenarios to support revisions to the LE&CL TMDLs.
- Implemented successful alum applications to Canyon Lake in October 2020 to reduce the phosphorus content, reduce algae, and help meet the TMDL targets for the lake.
- Prepared and approved the fiscal year 2021-22 budget for the Lake Elsinore & Canyon Lake TMDL Task Force in February 2021.
- Continued public information and outreach through the support services of DeGrave Communications including press releases supporting LESWA activities such as regular Canyon Lake Alum Applications.
- Prepared two grant applications for new lake quality improvements projects at Lake Elsinore.

Middle Santa Ana River (MSAR) TMDL

- Continued pathogen monitoring and proceeded with discussions and planning with Regional Board staff on the next steps to update the MSAR TMDLs.
- Prepared and approved the fiscal year 2021-22 budget for the MSAR TMDL Task Force.

Regional WQ Monitoring Task Force

- Completed the dry weather monitoring component of the 2020 Santa Ana River Bacteria Water Quality Monitoring Program in November 2020.
- Prepared and submitted the 2020 Final Santa Ana River Bacteria Water Quality Monitoring Program to Regional Board in June 2020.
- Initiated effort to transition from quarterly PDF reports to an online dashboard that provides intuitive access to, and robust analyses of, regional bacteria data to create lasting knowledge of watershed conditions and compliance for key stakeholders.
- Prepared and approved the fiscal year 2021-22 budget for the Regional Water Quality Task Force.
- Issued an RFP to conduct a one-year dry weather monitoring program to assess the potential extent of negative impact of homeless encampments in the riverine systems of the Upper Santa Ana River Watershed and selected GEI Consultants and CWE to implement the program.

Emerging Constituents Program Task Force

- Conducted quarterly coordination meetings with task force to evaluate changes to regulations for various emerging constituents and PFAS (per- and poly-fluoroalkyl) compounds.
- Commenced scoping for a PFAS regional analysis for the Upper Santa Ana River Watershed.

- Supported continued public outreach and articles on the safety of public drinking water through consultant, JPW Communications.

Forest First

- Conferred with US Forest Service hydrologist about a planned feasibility study to investigate weather augmentation of water supply through cloud seeding.
- Began to coordinate with SBVMWD on Headwaters Resiliency Partnership workgroup which may become a SAWPA task force in the future. Discussed relevant items such as the geographic focus-area of the headwaters, partnership agreement templates, and potential partners for the workgroup.

Arundo Removal and Habitat Management

- Coordinated with the Riverside County Regional Park and Open-Space District on exploring options to certify the Santa Ana River Mitigation Bank under new California mitigation banking rules.
- Began outreach to landowners for a headwaters project using the contact list and new outreach material. The headwaters project will cover removal of approximately 300 acres in the upper watershed to control Arundo seedlings before they wash down to the lower watershed.

Technology

- Managed COVID19 home PCs.
 - Monitored secure VPN technology.
 - Provided virtual support.
- Managed public meetings using Zoom.
 - Managed Zoom accounts, meeting minutes and Zoom meeting functionality.
- Managed Adobe Pro DC deployment and licensing.
- Managed Office 365 and email accounts.
- Established new contract/task order for copiers and OnBase support.
- Incorporated quarterly network penetration tests.
 - Corrected and updated any reported issues.
- Updated server and PC operating systems.
- Incorporated KnowBe4 to test SAWPA staff for email phishing.
- Updated OnBase version 17 to 18.
- Designed and managed technology portion of Proposition 1 landscape version 2.
- Incorporated new SAWPA GIS inspection disconnect abilities.
- Incorporated new DigAlert printed contracts.
- Continuous improvements in SAWPA's hardware, software, and systems to maximize staff efficiency.
- Assisted with improvements in Brine Line operations and business plan implementation, including improved data management and analysis.
- Integrated Web GIS capabilities into more projects.
- Provided support for other Engineering, Operations, and Planning department projects.

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 Teaman, Ramirez & Smith, Inc., has conducted the audit of the Authority's financial statements. Their unmodified (clean) Independent Auditors' 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 annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the twelfth year that the Authority has achieved this prestigious award. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive financial report continues to meet the programs requirements and will submit our current June 30, 2021, report to the GFOA to determine its eligibility for a certificate.

The GFOA presented a Distinguished Budget Presentation Award to the Authority for the two-year Budget beginning July 1, 2019. 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.

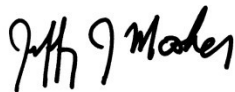
Acknowledgements

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.

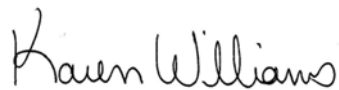
We further acknowledge the thorough and professional manner in which our auditors, Teaman, Ramirez & Smith, Inc., conducted the audit.

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,



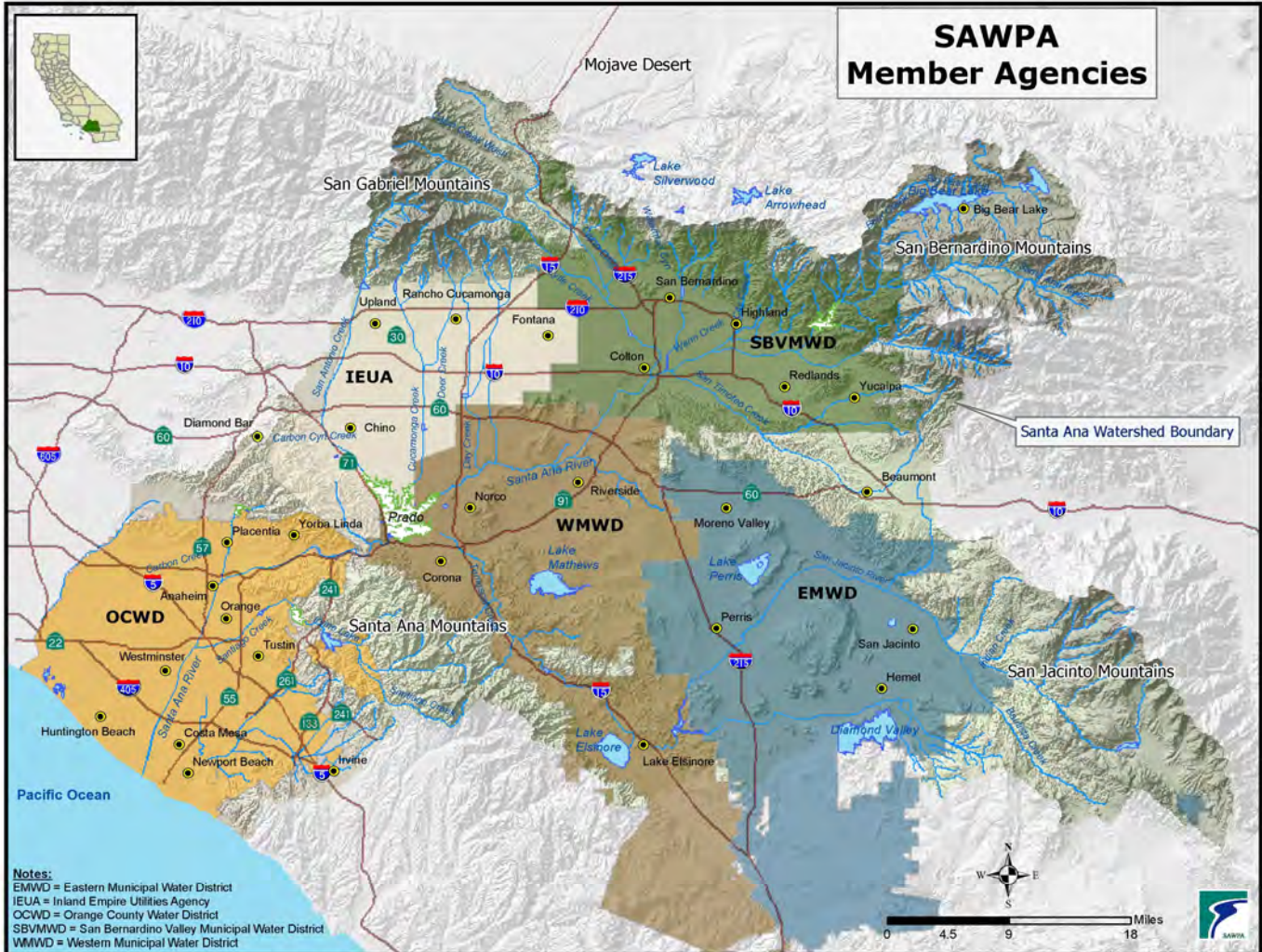
Jeffrey Mosher
General Manager



Karen Williams
Deputy General Manager/Chief Financial Officer

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Santa Ana Watershed Project Authority Authority Service Area Map



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Presented to

**Santa Ana Watershed Project Authority
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Santa Ana Watershed Project Authority

Authority Officials

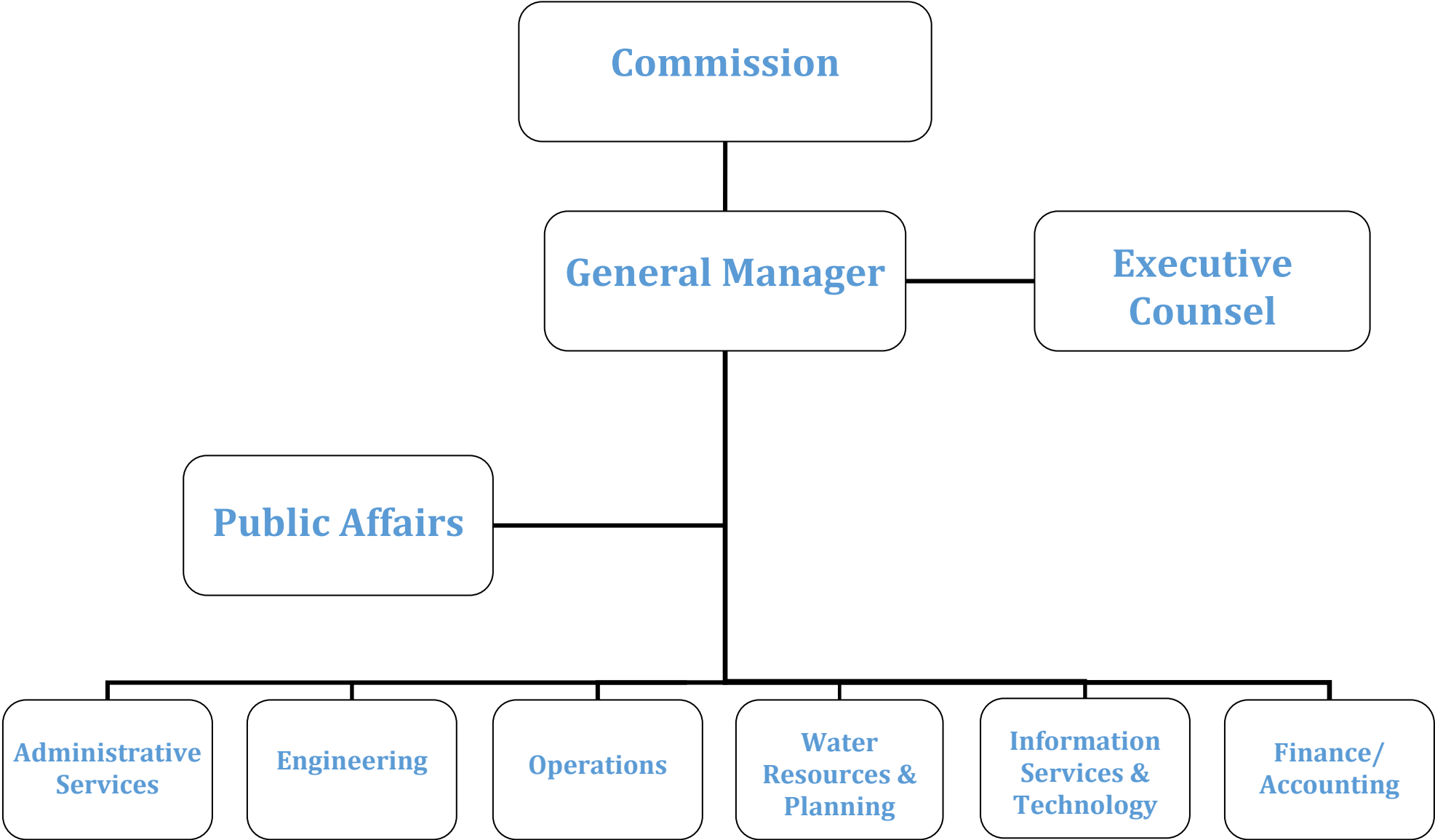
Board of Commissioners

Jasmin A. Hall	Chair	IEUA
Bruce Whitaker	Vice Chair	OCWD
Mike Gardner	Secretary/Treasurer	WMWD
David J. Slawson	Commission Member	EMWD
June D. Hayes	Commission Member	SBVMWD

Management Staff

Jeffrey Mosher	General Manager
Vacant	Administrative Services Manager
Karen Williams	Deputy General Manager/Chief Financial Officer
Dean Unger	IS and Technology Manager
David Ruhl	Manager of Engineering
Vacant	Manager of Operations
Mark Norton	Water Resources and Planning Manager
Lagerlof LLP	Executive Counsel

Santa Ana Watershed Project Authority
Organizational Chart





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 business-type activities and aggregate remaining fund information of the Santa Ana Watershed Project Authority (the "Authority"), as of and for the years ended June 30, 2021 and 2020, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits 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 and the California State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate remaining fund information of the Santa Ana Watershed Project Authority as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the basic financial statements, as of June 30, 2021, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As described in Note 1 to the basic financial statements, as of June 30, 2020, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinion is not modified with respect to this matter.

Other Matters

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 - pension, the schedule of changes in the net OPEB liabilities and related ratios, and the schedule of contributions - OPEB, identified as Required Supplementary Information (RSI) in 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 basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021, 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 the effectiveness of the Authority's 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.

Riverside, California
_____, 2021

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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, 2021, 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 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 as well as 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 four 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

While fiscal year 2021 continued to be challenging with the global pandemic COVID-19, the Authority's financial operations remained sound. 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$73.3 million at June 30, 2021, by \$73.3 million at June 30, 2020, and by \$71.5 million at June 30, 2019.

Statements of Net Position

For the Fiscal Years Ended June 30, 2021, 2020, and 2019

	Fiscal Year End June 30,				
	2021	2020	Increase/ (Decrease)	2019	Increase/ (Decrease)
Assets					
Current	\$74,683,443	\$72,719,927	\$1,963,516	\$90,073,263	(\$17,353,336)
Noncurrent	1,154,918	1,154,918	-	1,150,720	4,198
Capital	101,060,095	106,357,102	(5,297,007)	110,912,773	(4,555,671)
Total Assets	176,898,456	180,231,947	(3,333,491)	202,136,756	(21,904,809)
Deferred Outflows	2,820,019	4,218,310	(1,398,291)	1,482,258	2,736,052
Liabilities					
Current	15,717,497	14,808,172	909,325	31,702,084	(16,893,912)
Noncurrent	88,835,869	95,745,437	(6,909,568)	100,020,142	(4,274,705)
Total Liabilities	104,553,366	110,553,609	(6,000,243)	131,722,226	(21,168,617)
Deferred Inflows	1,838,107	571,542	1,266,565	337,312	234,230
Net Position					
Net Investment in Capital	76,743,044	79,825,079	(3,082,035)	82,216,012	(2,390,933)
Assets					
Restricted	2,960,560	2,960,560	-	2,960,560	-
Unrestricted (Deficit)	(6,376,602)	(9,460,533)	3,083,931	(13,617,096)	4,156,563
Total Net Position	\$73,327,002	\$73,325,106	\$1,896	\$71,559,476	\$1,765,630

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)

The following denotes explanations on some of the changes between fiscal years 2021 and 2020, as compared in the table above.

- The \$1.9 million increase in Current Assets is due to an increase in Accounts Receivable for Proposition 1 grant funds for capital projects. The grant agreement for Proposition 1 Round I projects was signed in fiscal year 2021 and project proponents started invoicing for project costs.
- The \$5.3 million decrease in Capital Assets is due to an offset of depreciation and amortization to property, plant, and equipment.
- The \$0.9 million increase in Current Liabilities is due to final invoices for the Proposition 1 Disadvantaged Communities grant being received. This grant was completed in this fiscal year, with only staff costs to complete the final invoice to the Department of Water Resources (DWR) remaining.
- The \$6.9 million decrease in Noncurrent Liabilities is due primarily to the amortization of pipeline and wastewater treatment rights combined with a decrease in long-term debt from scheduled debt service payments.

The following denotes explanations on some of the changes between fiscal years 2020 and 2019, as compared in the table above.

- The \$17.4 million decrease in Current Assets is due to a reduction in Accounts Receivable for grant funds. Both Proposition 84 Round I and Drought Round projects were completed in FYE 2019, with the final outstanding invoices being paid in FYE 2020.
- The \$4.6 million decrease in Capital Assets is due to an offset of depreciation and amortization to property, plant, and equipment.
- The \$16.9 million decrease in Current Liabilities is due to a reduction in Accounts Payable for grant funds. Both Proposition 84 Round I and Drought Round projects were completed in FYE 2019, with the final outstanding invoices being paid in FYE 2020.
- The \$4.3 million decrease in Noncurrent Liabilities is due primarily to the amortization of pipeline and wastewater treatment rights combined with a decrease in long-term debt from scheduled debt service payments.

Category of Net Position

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

Net Investment in Capital Assets

At June 30, 2021, 2020, and 2019, Net Investment in Capital Assets consisted of the following:

Net Investment in Capital Assets (In Millions)

	2021	2020	2019
Property, Plant & Equipment	\$159.6	\$159.9	\$159.2
Accumulated Depreciation	(80.9)	(77.1)	(73.4)
Wastewater Treatment & Disposal Rights	55.6	55.6	55.6
Accumulated Amortization	(32.5)	(30.9)	(29.5)
Construction in Process	0.4	0.4	0.4
Related Payables and Loans, Net of Discounts	(25.5)	(27.7)	(29.9)
Total	\$76.7	\$79.8	\$82.2

Restricted

At June 30, 2021, Restricted Net Position of \$3 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 the SRF Loan reserve requirement.

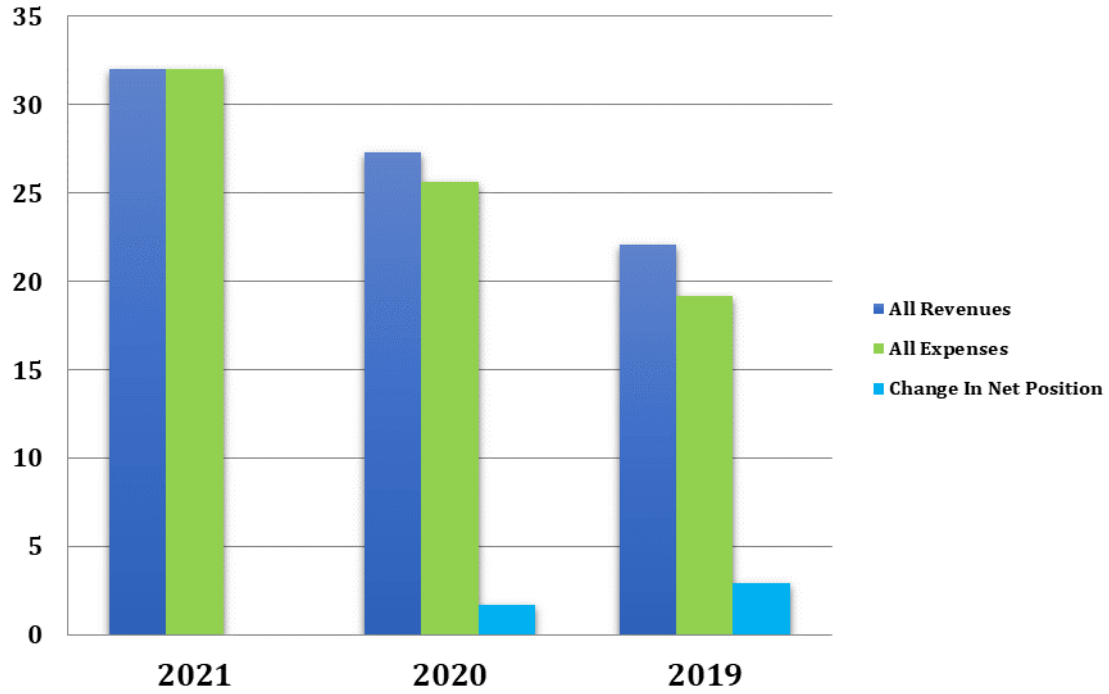
Unrestricted

At June 30, 2021, the Authority had an unrestricted net deficit of \$6.4 million. However, the Authority does possess \$62.7 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 ended June 30, 2021, brought an increase in net position of \$1,896, a minimal increase from the previous year.

Change in Net Position (in millions)



Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2021, 2020, and 2019

	Fiscal Year End June 30,				
	2021	2020	Increase/ (Decrease)	2019	Increase/ (Decrease)
Operating Revenues:					
WWT & Disposal	\$12,476,856	\$11,547,220	\$929,636	\$12,334,346	(\$787,126)
WWT & Disposal Capacity Rights	2,510,154	2,510,154	-	2,510,154	-
Other Operating Revenues	205,186	193,692	11,494	205,812	(12,120)
Total Operating Revenues	15,192,196	14,251,066	941,130	15,050,312	(799,246)
Nonoperating Revenues:					
Member Contributions	1,993,632	2,105,955	(112,323)	1,909,415	196,540
Intergovernmental	14,765,698	9,466,587	5,299,111	29,011,794	(19,545,207)
Investment Income	73,038	1,496,354	(1,423,316)	1,660,061	(163,707)
Total Nonoperating Revenues	16,832,368	13,068,896	3,763,472	32,581,270	(19,512,374)
Total Revenues	32,024,564	27,319,962	4,704,602	47,631,582	(20,311,620)
Operating Expenses:					
WWT and Disposal	7,093,161	6,682,965	410,196	6,545,654	137,311
General, Admin, and Overhead	770,621	989,568	(218,947)	1,326,428	(336,860)
Studies and Planning Costs	5,020,667	4,396,714	623,953	4,082,052	314,662
Depreciation	3,794,519	3,759,571	34,948	3,742,801	16,770
Amortization of WWT and Disposal Rights	1,556,010	1,400,918	155,092	1,400,918	-
Total Operating Expenses	18,234,978	17,229,736	1,005,242	17,097,853	131,883
Nonoperating Expenses:					
Interest Expense	586,566	643,758	(57,192)	713,448	(69,690)
Loss On Disposal of Assets	-	3,640	(3,640)	-	3,640
Grant Program Expenses	13,201,124	7,677,198	5,523,926	26,937,764	(19,260,566)
Total Nonoperating Expenses	13,787,690	8,324,596	5,463,094	27,651,212	(19,326,616)
Total Expenses	32,022,668	25,544,332	6,468,336	44,749,065	(19,194,733)
Change in Net Positions	1,896	1,765,630	(1,763,734)	2,882,517	(1,116,887)
Beginning Net Position	73,325,106	71,559,476	1,765,630	68,676,959	2,882,517
Ending Net Position	\$73,327,002	\$73,325,106	\$1,896	\$71,559,476	\$1,765,630

Revenues

Combined revenues for the fiscal year 2021 totaled \$32 million, an increase of \$4.7 million, or 17.2%, more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2021 and 2020.

- The \$0.9 million increase in Waste Water Treatment and Disposal is due to increases in flow, truck discharge, and biochemical oxygen demand (BOD) and total suspended solids (TSS) concentrations from the prior year as well as slight rate increases for each.
- The \$5.3 million increase in Intergovernmental is due to an increase in the Proposition 1 Capital Projects and Proposition 84 Round II and Final Round Projects. Proposition 1 Capital Projects grant began in FYE 2021. Proposition 84 Round II and Final Round projects are completing construction and invoicing for final costs.
- The \$1.4 million decrease in Investment Income is due to the final Treasury Strip maturities being received in FYE 2020 along with steep decreases in interest rates brought on by the COVID-19 induced recession.

Combined revenues for the fiscal year 2020 totaled \$27.3 million, a decrease of \$20.3 million, or 42.6%, less than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2020 and 2019.

- The \$0.8 million decrease in Waste Water Treatment and Disposal is due to decreases in biochemical oxygen demand (BOD) and total suspended solids (TSS) concentrations from the prior year.
- The \$19.5 million decrease in Intergovernmental is due to the Proposition 84 Round I and Drought Round Projects being completed in FYE 2019. With many of the grants nearing completion, Intergovernmental will continue to decrease in the coming years.

Expenses

Combined expenses for the fiscal year 2021 totaled \$32 million, a decrease of \$6.5 million, or 25.3% less than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2021 and 2020.

- The \$0.4 million increase in Waste Water Treatment and Disposal Costs is due to increases in biochemical oxygen demand (BOD) and total suspended solids (TSS) concentrations from the prior year.
- The \$0.6 million increase in Studies and Planning Costs is due to the Rock Removal Project completed by Orange County Sanitation District. This

project was completed in FYE 2020 with invoices being received in FYE 2021.

- The \$5.5 million increase in Grant Program Expenses is due to the Proposition 1 Grant, Round I Capital Projects and Proposition 84 Round II and Final Round Projects. Most of the DACI grant program tasks were completed in FYE 2020.

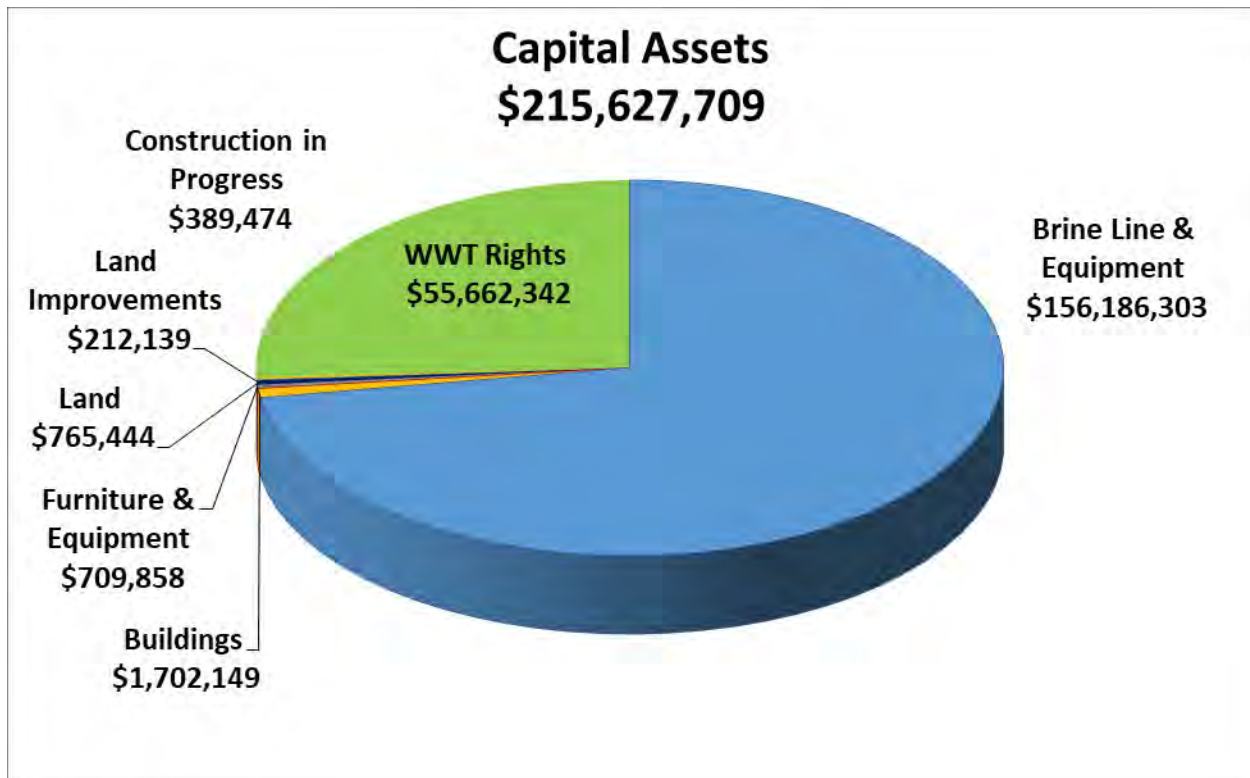
Combined expenses for the fiscal year 2020 totaled \$25.5 million, a decrease of \$19.2 million, or 42.9% less than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2020 and 2019.

- The \$19.3 million decrease in Grant Program Expenses is due to the Proposition 84 Round I and Drought Round Projects being completed in FYE 2019. With many of the grants nearing completion, Intergovernmental will continue to decrease in the coming years.

Capital Assets

Existing Capital Assets

The following chart is the composition of the Authority's total capital assets, not including depreciation and amortization, as of June 30, 2021; additional information can be found in Note 4 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 4 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 repairs include items such as sealing pipe joints with major groundwater infiltration, repairing MAS and pipe corrosion protection (plastic "T-Lok" type liner), and completing repairs where structure corrosion has occurred.

As part of the U.S. Army Corps of Engineers (Corps) Santa Ana River Mainstem Project to increase the flood control storage behind Prado Dam. The Corps anticipates raising Prado Dam spillway by approximately 20 feet. All Brine Line Maintenance Access Structures (MAS) will need to be watertight up to the flood storage elevation of 566 feet. There are up to 20 MAS that need to be modified and watertight. Modification of the MAS is anticipated for fiscal year FYE 2022 and 2023.

The Brine Line Reach 4D was constructed in the early 1990's and runs from the intersection with Reach 4A in the City of Chino approximately 21 miles East to the intersection with Reach 4E in the City of Rialto. About seven miles of the Brine Line Reach 4D consists of T-Lok Lined 42-inch reinforced concrete pipe (RCP). The T-Lok lining is a polyvinyl chloride (PVC) lining on the interior circumference of the pipe that provides a protective corrosion barrier between the flow and concrete pipe. The T-Lok lining on this portion of the Brine Line was installed on the upper 270 degrees of the pipeline leaving the invert or bottom 90 degrees of the pipe unlined. Low flows during the initial years of operation placed the flow line below the termination of the T-Lok liner and exposed the concrete to corrosion and uplifting of the T-Lok liner. A consultant was hired in March 2018 to conduct a pipeline condition assessment, evaluate the condition and remaining useful life of this portion of the Reach 4D pipeline, and prepare the Reach 4D Work Plan. The pipeline field investigation work was completed in May 2018. The Work Plan completed in mid FYE 2019 includes an evaluation of potential repair methods, near, mid- and long-term recommended actions to monitor the condition of the Brine Line and provide repairs as necessary in the future, and a schedule and cost estimate for the proposed recommendations. The near term recommended field investigation work was completed in May 2019. The Near-Term Recommended Inspections Data Analysis and Summary Report was completed in FYE 2020. The Near-Term Actions Summary Report concluded that the findings presented in the Reach 4D Work Plan remain valid and the recommendations provided remain unchanged. The mid-term recommended field investigation work is planned for FYE 2023 with the long-term solution to begin around FYE 2027 through FYE 2030.

Reach IV was constructed in 1975 and is the oldest part of the system. A condition assessment is necessary to understand the reliability and performance of Reach IV. An

assessment can identify potential issues and actions needed to extend the remaining useful life of the system. The condition assessment is planned for FYE 2023.

A portion of Reach IVB was constructed with 36” cement-mortar lined ductile iron pipe (DIP) in the late 1990s and is over 20 years old. A condition assessment is necessary to understand the reliability and performance of Reach IVB. Corrosion (both external and internal) is the main factor that can affect the structural integrity of the pipe. Over time defects in the lining system can develop due to excessive wear, scaling, water chemistry and various cleaning methods. An assessment of the condition of the lining system and pipe can identify potential issues and actions needed to extend the remaining useful life of the system. The condition assessment is planned for FYE 2023.

Long-Term Debt

The Authority’s long-term debt consists of four loans from the SWRCB for construction of Reach V of the Brine Line, a loan from the SWRCB for repairs of Reach IV-A and IV-B, and a loan from the SWRCB for the Reach V Capital Repairs project. In 2018, the loan from a member agency for the repurchase of wastewater capacity and treatment/disposal rights and the contractual obligation due to a related joint powers authority were paid in full.

During the fiscal years ended June 30, 2021, 2020, and 2019, the Authority made all of the scheduled principal payments on these debts as follows:

Debt Service	2021	2020	2019
SWRCB TVRI Line	\$1,074,263	\$1,046,108	\$1,018,693
SWRCB Reach IVA & IVB	747,995	729,040	710,565
SWRCB Reach V Capital Repairs	392,714	385,392	433,019

These payments decreased the outstanding balance in long-term debt by \$2.2 million. For more detailed information refer to Note 6 of the Notes to Financial Statements.

Fiscal Year 2021-2022 Budget

Economic and Financial Factors

Prior to the COVID-19 induced recession of 2020, the Inland Empire’s economy was strong. The pandemic-linked closures caused major damage to the economy. Consumer spending cratered in March, at a pace never experienced before and unemployment numbers rose from 50-year lows to 80-year highs in a matter of weeks. Fortunately, the economy seems to be on the path to recovery. Because of the Inland Empire’s economic structure and composition of jobs across different sectors of the local economy, its recovery will outpace

California and the entire nation. In 2021, jobs were added, businesses reopened or have started for the first time, and households and workers continue recovering from the COVID-19 recession. Economic activity from housing sales, durable goods orders, consumer spending, and payroll employment, have bounced back sharply. Economists predict a strong recovery during the latter part of 2021, with near full recovery in 2022.

As we begin the biennial budget process for FYE 2022 and 2023, we realize that many of our member agencies have suffered during the recession of 2020. With that in mind, staff will look for ways to reduce our budget while remaining effective and efficient. By optimizing operational processes and implementing a number of cost-cutting measures, we hope 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.

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 interested 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

Santa Ana Watershed Project Authority
Statements of Net Position
Proprietary Fund
June 30, 2021 and 2020

	Business-Type Activities Enterprise Fund	
	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 48,021,813	\$ 45,880,641
Cash and Cash Equivalents - Restricted (Note 2)	914,369	958,564
Investments (Note 2)	8,343,191	11,493,118
Interest Receivable	37,841	152,478
Accounts Receivable	2,181,758	1,947,096
Accounts Receivable - Grants	12,915,356	10,010,807
Notes Receivable - Other	12,069	18,785
Prepaid Items and Other Assets	346,486	347,878
Mitigation Credits (Note 3)	1,910,560	1,910,560
	<u>74,683,443</u>	<u>72,719,927</u>
Total Current Assets		
Noncurrent Assets:		
Capital Assets (Note 4):		
Not Being Depreciated	1,154,918	1,154,918
Being Depreciated, Net of Accumulated Depreciation and Amortization	101,060,095	106,357,102
	<u>102,215,013</u>	<u>107,512,020</u>
Total Noncurrent Assets		
	<u>176,898,456</u>	<u>180,231,947</u>
Total Assets		
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts from Pension Plans	2,529,244	3,825,434
Deferred Amounts from OPEB Plan	290,775	392,876
	<u>\$ 2,820,019</u>	<u>\$ 4,218,310</u>
Total Deferred Outflows of Resources		

The accompanying notes are an integral part of this statement.

Santa Ana Watershed Project Authority
Statements of Net Position - Continued
Proprietary Fund
June 30, 2021 and 2020

	Business-Type Activities Enterprise Fund	
	2021	2020
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 13,088,564	\$ 11,965,550
Accrued Salaries and Wages	171,325	157,207
Accrued Interest Payable	221,851	256,114
Long-Term Liabilities - Due Within One Year:		
Compensated Absences (Note 5)	192,277	214,330
Loans Payable (Note 6)	2,043,480	2,214,971
Total Current Liabilities	<u>15,717,497</u>	<u>14,808,172</u>
Noncurrent Liabilities:		
Unearned Revenue (Note 7)	62,687,568	65,188,826
Long-Term Liabilities - Due in More than One Year:		
Compensated Absences (Note 5)	448,646	500,103
Loans Payable (Note 6)	23,428,489	25,471,970
Net Pension Liability (Note 10)	1,870,834	4,081,229
Net OPEB Liability (Note 11)	400,332	503,309
Total Noncurrent Liabilities	<u>88,835,869</u>	<u>95,745,437</u>
Total Liabilities	<u>104,553,366</u>	<u>110,553,609</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts From Pension Plans	1,679,006	349,158
Deferred Amounts from OPEB Plan	159,101	222,384
Total Deferred Inflows of Resources	<u>1,838,107</u>	<u>571,542</u>
NET POSITION (NOTE 8)		
Net Investment in Capital Assets	76,743,044	79,825,079
Restricted for:		
SRF Reach IVA & IVB Reserve Requirement	1,050,000	1,050,000
Mitigation	1,910,560	1,910,560
Unrestricted	(6,376,602)	(9,460,533)
Total Net Position	<u>\$ 73,327,002</u>	<u>\$ 73,325,106</u>

The accompanying notes are an integral part of this statement.

Santa Ana Watershed Project Authority
Statements of Revenues, Expenses and Changes in Net Position
Proprietary Fund

For the Fiscal Years Ended June 30, 2021 and 2020

	Business-Type Activities Enterprise Fund	
	2021	2020
OPERATING REVENUES		
Wastewater Treatment and Disposal	\$ 12,476,856	\$ 11,547,220
Wastewater Treatment and Disposal - Capacity Rights	2,510,154	2,510,154
Other	205,186	193,692
	<u>15,192,196</u>	<u>14,251,066</u>
OPERATING EXPENSES		
Wastewater Treatment and Disposal	7,093,161	6,682,965
General and Administrative and Overhead	770,621	989,568
Studies and Planning Costs	5,020,667	4,396,714
	<u>12,884,449</u>	<u>12,069,247</u>
Operating Income (Loss) Before Depreciation and Amortization	2,307,747	2,181,819
Depreciation	(3,794,519)	(3,759,571)
Amortization	(1,556,010)	(1,400,918)
	<u>(3,042,782)</u>	<u>(2,978,670)</u>
Operating Income (Loss)		
NON-OPERATING REVENUES (EXPENSES)		
Member Contributions	1,993,632	2,105,955
Intergovernmental	14,765,698	9,466,587
Investment Earnings	73,038	1,496,354
Interest Expense	(586,566)	(643,758)
Grant Program Expenses	(13,201,124)	(7,677,198)
Gain (Loss) on Disposal of Assets	-	(3,640)
	<u>3,044,678</u>	<u>4,744,300</u>
Total Non-operating Revenues (Expenses)		
Change in Net Position	1,896	1,765,630
Net Position - Beginning of Year	73,325,106	71,559,476
Net Position - End of Year	<u>\$ 73,327,002</u>	<u>\$ 73,325,106</u>

The accompanying notes are an integral part of this statement.

Santa Ana Watershed Project Authority
Statements of Cash Flows
Proprietary Fund
For the Fiscal Years Ended June 30, 2021 and 2020

	Business-Type Activities Enterprise Fund	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 12,462,992	\$ 11,790,908
Cash Paid to Employees	(3,591,715)	(5,905,597)
Cash Paid to Suppliers	(7,876,236)	(8,363,135)
	995,041	(2,477,824)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Member Contributions	1,993,632	2,105,955
Other Governments	11,861,149	4,766,288
Grant Program Expenses	(13,201,124)	(3,045,404)
	653,657	3,826,839
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(53,522)	(612,656)
Principal Payments on Long-term Debt	(2,214,972)	(2,160,540)
Interest Paid on Long-term Debt	(620,829)	(675,257)
	(2,889,323)	(3,448,453)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,978,452)	(1,996,991)
Proceeds from Sale of Investments	5,128,379	2,878,535
Interest Received	187,675	1,609,293
	3,337,602	2,490,837
Net Cash Provided By (Used For) Investing Activities	3,337,602	2,490,837
Net Decrease in Cash and Cash Equivalents	2,096,977	391,399
Cash and Cash Equivalents - Beginning of Year	46,839,205	46,447,806
Cash and Cash Equivalents - End of Year	\$ 48,936,182	\$ 46,839,205
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 48,021,813	\$ 45,880,641
Cash and Cash Equivalents - Restricted	914,369	958,564
	\$ 48,936,182	\$ 46,839,205

The accompanying notes are an integral part of this statement.

Santa Ana Watershed Project Authority
Statements of Cash Flows - Continued
Proprietary Fund
For the Years Ended June 30, 2021 and June 30, 2020

	Business-Type Activities Enterprise Fund	
	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided		
By (Used For) Operating Activities:		
Operating Income (Loss)	\$ (3,042,782)	\$ (2,978,670)
Adjustments:		
Depreciation	3,794,519	3,759,571
Amortization	1,556,010	1,400,918
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
(Increase) Decrease in Accounts Receivable	(234,662)	(12,159)
(Increase) Decrease in Prepaid Items and Other Assets	1,392	(115,456)
(Increase) Decrease in Notes Receivable	6,716	62,155
(Increase) Decrease in Deferred Outflows of Resources from Pension Plans	1,296,190	(2,538,855)
(Increase) Decrease in Deferred Outflows of Resources from OPEB Plan	102,101	(197,197)
Increase (Decrease) in Accounts Payable	1,123,014	(62,239)
Increase (Decrease) in Accrued Salaries and Wages	14,118	3,406
Increase (Decrease) in Compensated Absences	(73,510)	87,351
Increase (Decrease) in Unearned Revenue	(2,501,258)	(2,510,154)
Increase (Decrease) in Net Pension Liability	(2,210,395)	431,381
Increase (Decrease) in Net OPEB Liability	(102,977)	(42,106)
Increase (Decrease) in Deferred Inflows of Resources from Pension Plans	1,329,848	50,317
Increase (Decrease) in Deferred Inflows of Resources from OPEB Plan	(63,283)	183,913
	<u> </u>	<u> </u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 995,041</u>	<u>\$ (2,477,824)</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Net increase in the fair value of investments	\$ 312,049	\$ 396,234

The accompanying notes are an integral part of this statement.

Santa Ana Watershed Project Authority
Statements of Fiduciary Net Position
Fiduciary Funds
June 30, 2021 and 2020

	Custodial Fund	
	LEGAL DEFENSE FUND	
	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 467,072	\$ 466,361
Total Assets	467,072	466,361
LIABILITIES		
Current Liabilities:		
Other Liabilities	-	-
Total Liabilities	-	-
NET POSITION		
Restricted for:		
Legal Defense	467,072	466,361
Total Net Position	\$ 467,072	\$ 466,361

The accompanying notes are an integral part of this statement.

Santa Ana Watershed Project Authority
Statements of Changes in Fiduciary Net Position
Fiduciary Funds
Years Ended June 30, 2021 and 2020

	Custodial Fund	
	LEGAL DEFENSE FUND	
	2021	2020
ADDITIONS		
Investment Earnings	\$ 711	\$ 7,765
Total Additions	711	7,765
DEDUCTIONS		
Administrative Expenses	-	-
Total Deductions	-	-
Net Increase (Decrease) in Fiduciary Net Position	711	7,765
Net Position - Beginning of Year	466,361	458,596
Net Position - End of Year	\$ 467,072	\$ 466,361

The accompanying notes are an integral part of this statement.

Santa Ana Watershed Project Authority
Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2021 and 2020

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 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 Governmental Accounting Standard Board (GASB) 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 and programs 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.

Santa Ana Watershed Project Authority
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A) Organization and Purpose - Continued

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

The Authority also has the following Fiduciary Funds:

Custodial Funds - Custodial funds are utilized to record monies held on behalf of others in a fiduciary capacity. The Authority has one custodial fund:

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.

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
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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

- *GASB 84 - Fiduciary Activities*, effective for periods beginning after December 15, 2019*. The Authority has implemented this statement and is reflected in the financial statements.
- *GASB 90 - Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for fiscal years beginning after December 15, 2019*. Currently, this Standard has no effect on the Authority.
- *GASB 95 - Postponement of the Effective Dates of Certain Authoritative Guidance*, effective immediately in periods ending on June 30, 2020. The Authority has implemented provisions of this statements in fiscal year 2020 and is reflected in the financial statements.

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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pending Accounting Standards

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

- GASB 87 - *Leases*, effective for periods beginning after December 15, 2021*.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2020*.
- GASB 91 - *Conduit Debt Obligations*, effective for fiscal years beginning December 15, 2021*.
- GASB 92 - *Omnibus*, effective for fiscal years beginning June 15, 2021*.
- GASB 93 - *Replacement of Interbank Offered Rates*, effective for fiscal years beginning June 15, 2021*.
- GASB 94 - *Public and Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for fiscal years beginning June 15, 2022.
- GASB 96 - *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022.
- GASB 97 - *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for fiscal years beginning after June 15, 2021.

*These GASB Statements original effective dates were postponed by GASB Statement No. 95.

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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 outflows related to pensions and OPEB is equal to employer contributions made after the measurement date of the net pension liability and OPEB, as applicable.
- Deferred outflows related to pensions and OPEB are for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred outflows related to pensions and OPEB are for differences between projected and actual earning on pensions and OPEB through the plans. These amounts are amortized over 5 years but pension amounts are amortized over the EARSL.
- Deferred outflows related to pensions and OPEB are for changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E) Deferred Outflows / Inflows of Resources – Continued

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 a future period 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 inflows related to pensions and OPEB are for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows from pensions and OPEB resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred inflows related to pensions and OPEB plans for changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.

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.

Santa Ana Watershed Project Authority
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 a grant funding, member contributions, and investment earnings, result from nonexchange 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/amortization on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

H) Cash and Cash Equivalents

Substantially all the 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.

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 the fiscal year. Investment earnings include interest earnings, changes in market value, and any gains or losses realized upon the liquidation or sale of investments.

Santa Ana Watershed Project Authority
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 Items

Certain payments to vendors reflect 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 agencies or businesses needing habitat mitigation within the Watershed for specific development projects.

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 acquisition value at the date of contribution. 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.

Santa Ana Watershed Project Authority
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N) Capital Assets - Continued

Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	40 Years
Land Improvements	15-20 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 on the actual number of hours worked.

Authority policy requires employees to pass a probationary period prior to payment for accrued vacation hours. An employee may not accrue more than 36 vacation days (324 hour) total.

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.

Santa Ana Watershed Project Authority
Comprehensive Annual Financial Report
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 biennial non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period.

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
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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) plan (Plan) and addition to/deduction from the Plan's 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) Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

June 30, 2021

Valuation Date: June 30, 2019
Measurement Date: June 30, 2020
Measurement Period: July 1, 2019 to
June 30, 2020

June 30, 2020

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

W) 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 affect certain report amounts and disclosures. Accordingly, actual results could differ from the estimates.

Santa Ana Watershed Project Authority
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

X) Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

2) CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

	2021	2020
Statement of Net Position:		
Cash and Cash Equivalents	\$ 48,021,813	\$45,880,641
Cash and Cash Equivalents - Restricted	914,369	958,564
Investments	8,343,191	11,493,118
Total Cash and Investments	57,279,373	58,332,323
Statement of Fiduciary Net Position:		
Cash and Investments	467,072	466,361
Total Cash and Investments	\$ 57,746,445	\$58,798,684

Cash and investments consist of the following:

	2021	2020
Cash on Hand	\$ 500	\$ 500
Deposits with Financial Institutions	3,306,187	389,538
Investments	54,439,758	58,408,646
Total Cash and Investments	\$ 57,746,445	\$ 58,798,684

**Santa Ana Watershed Project Authority
Comprehensive Annual Financial Report**

For the Fiscal Years Ended
June 30, 2021 and 2020

2) CASH AND INVESTMENTS - Continued

Investments in LAIF are considered highly liquid, and deposits can be converted to cash within 24 hours without loss of interest. As of June 30, 2021, and 2020, the LAIF pools had a weighted average maturity of the following:

	2021	2020
California Local Agency Investment Fund (LAIF)	243 days	191 days

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
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 years	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

N/A - Not Applicable

*10% of outstanding paper of an issuing corporation.

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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).

The California Government Code and the Authority's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The 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 deposits, 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 based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF 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
Comprehensive Annual Financial Report**

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2) CASH AND INVESTMENTS - Continued

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 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 cash 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.

Maturities of investments and cash equivalents as of June 30, 2021 and June 30, 2020, were as follows:

2021

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
U.S. Treasury Strips	\$ 1,000,895	\$ -	\$ 981,797	\$ 1,982,692
U.S. Government Sponsored Agency Securities	2,526,794	-	2,039,892	4,566,686
LAIF	46,096,567	-	-	46,096,567
Medium-Term Corporate Notes	-	518,748	533,065	1,051,813
Negotiable Certificates of Deposit	247,000	495,000	-	742,000
	<u>\$ 49,871,256</u>	<u>\$ 1,013,748</u>	<u>\$ 3,554,754</u>	<u>\$ 54,439,758</u>

2020

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
U.S. Treasury Strips	\$ 2,509,603	\$ 1,010,312	\$ -	\$ 3,519,915
U.S. Government Sponsored Agency Securities	2,014,007	2,563,165	1,077,964	5,655,136
LAIF	46,449,167	-	-	46,449,167
Medium-Term Corporate Notes	-	-	1,071,145	1,071,145
Negotiable Certificates of Deposit	971,283	247,000	495,000	1,713,283

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\$ 51,944,060 \$ 3,820,477 \$ 2,644,109 \$ 58,408,646

Santa Ana Watershed Project Authority
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2) CASH AND INVESTMENTS - Continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the 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 are not rated.

Credit ratings by Standard & Poor's of investments and cash equivalents as of June 30, 2021, and June 30, 2020 were as follows:

2021

Investment Type		Medium Legal Rating	Exempt From Disclosure	Ratings as of Year End			Not Rated
				AAA	AA+	A+	
U.S. Treasury Strips	\$ 1,982,692	N/A	\$ -	\$ -	\$ -	\$ -	\$ 1,982,692
U.S. Government Sponsored Agency Securities	4,566,686	N/A	-	4,566,686	-	-	-
LAIF	46,096,567	N/A	-	-	-	-	46,096,567
Medium-Term Corporate Notes	1,051,813	N/A	-	-	518,748	533,065	-
Negotiable Certificates of Deposit	742,000	N/A	-	-	-	-	742,000
Total	\$ 54,439,758		\$ -	\$ 4,566,686	\$ 518,748	\$ 533,065	\$ 48,821,259

2020

Investment Type		Medium Legal Rating	Exempt From Disclosure	Ratings as of Year End			Not Rated
				AA+	AA-	A+	
U.S. Treasury Strips	\$ 3,519,915	N/A	\$ -	\$ -	\$ -	\$ -	\$ 3,519,915
U.S. Government Sponsored Agency Securities	5,655,136	N/A	-	5,655,136	-	-	-
LAIF	46,449,167	N/A	-	-	-	-	46,449,167
Medium-Term Corporate Notes	1,071,145	N/A	-	-	527,903	543,242	-
Negotiable Certificates of Deposit	1,713,283	N/A	-	-	-	-	1,713,283
Total	\$ 58,408,646		\$ -	\$ 5,655,136	\$ 527,903	\$ 543,242	\$ 51,682,365

Santa Ana Watershed Project Authority
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2) CASH AND INVESTMENTS - Continued

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. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments. The Authority has no investments that represent 5% or more of total Authority investments invested in one issuer.

Fair Value Measurements

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

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2) CASH AND INVESTMENTS - Continued

Fair Value Measurements - Continued

Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Uncategorized investments do not fall under the fair value hierarchy as there is no active market for the investments.

Level 3 inputs are unobservable inputs for the asset or liability.

The Authority has the following recurring fair value measurements as of June 30, 2021 and June 30, 2020:

2021

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Strips	\$ -	\$ 1,982,692	\$ -	\$ 1,982,692
U.S. Government Sponsored Agency Securities	-	4,566,686	-	4,566,686
Medium-Term Corporate Notes	-	1,051,813	-	1,051,813
Negotiable Certificates of Deposit	-	742,000	-	742,000
Total Investments	\$ -	\$ 8,343,191	\$ -	8,343,191
Local Agency Investment Fund*				<u>46,096,567</u>
Total Investment Portfolio				<u>\$ 54,439,758</u>

*Not subject to fair value measurement hierarchy.

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2) CASH AND INVESTMENTS - Continued

Fair Value Measurements - Continued

2020

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Strips	\$ -	\$ 3,519,915	\$ -	\$ 3,519,915
U.S. Government Sponsored Agency Securities	-	5,655,136	-	5,655,136
Medium-Term Corporate Notes	-	1,071,145	-	1,071,145
Negotiable Certificates of Deposit	-	1,713,283	-	1,713,283
Total Investments	<u>\$ -</u>	<u>\$ 11,959,479</u>	<u>\$ -</u>	11,959,479
Local Agency Investment Fund*				<u>46,449,167</u>
Total Investment Portfolio				<u>\$ 58,408,646</u>

*Not subject to fair value measurement hierarchy.

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3) 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, 2021 and June 30, 2020 were as follows:

2021

Balance 2020	Additions	Deletions	Balance 2021
\$ 1,910,560	\$ -	\$ -	\$ 1,910,560

2020

Balance 2019	Additions	Deletions	Balance 2020
\$ 1,910,560	\$ -	\$ -	\$ 1,910,560

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4) CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 765,444	\$ -	\$ -	\$ 765,444
Construction in Progress	389,474	-	-	389,474
Total Capital Assets, Not Being Depreciated	<u>1,154,918</u>	<u>-</u>	<u>-</u>	<u>1,154,918</u>
Capital Assets, Being Depreciated				
Land Improvements	158,617	53,522	-	212,139
Buildings	1,702,149	-	-	1,702,149
Furniture and Equipment	709,858	-	-	709,858
Brine Line and Equipment	156,186,303	-	-	156,186,303
Wastewater Treatment and Disposal Rights	55,662,342	-	-	55,662,342
Total Capital Assets, Being Depreciated	<u>214,419,269</u>	<u>53,522</u>	<u>-</u>	<u>214,472,791</u>
Less Accumulated Depreciation				
Land Improvements	(99,476)	(11,640)	-	(111,116)
Buildings	(1,016,872)	(53,283)	-	(1,070,155)
Furniture and Equipment	(296,511)	(68,334)	-	(364,845)
Brine Line and Equipment	(75,719,046)	(3,661,262)	-	(79,380,308)
Accumulated Amortization	<u>(30,930,262)</u>	<u>(1,556,010)</u>	<u>-</u>	<u>(32,486,272)</u>
Total Accumulated Depreciation	<u>(108,062,167)</u>	<u>(5,350,529)</u>	<u>-</u>	<u>(113,412,696)</u>
Total Capital Assets Being Depreciated, Net	<u>106,357,102</u>	<u>(5,297,007)</u>	<u>-</u>	<u>101,060,095</u>
Total Capital Assets, Net	<u>\$107,512,020</u>	<u>\$ (5,297,007)</u>	<u>\$ -</u>	<u>\$102,215,013</u>

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4) CAPITAL ASSETS - Continued

Changes in capital assets for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 765,444	\$ -	\$ -	\$ 765,444
Construction in Progress	385,276	10,304	(6,106)	389,474
Total Capital Assets, Not Being Depreciated	<u>1,150,720</u>	<u>10,304</u>	<u>(6,106)</u>	<u>1,154,918</u>
Capital Assets, Being Depreciated				
Land Improvements	158,617	-	-	158,617
Buildings	1,454,558	254,886	(7,295)	1,702,149
Furniture and Equipment	480,058	273,120	(43,320)	709,858
Brine Line and Equipment	156,113,457	82,252	(9,406)	156,186,303
Wastewater Treatment and Disposal Rights	55,662,342	-	-	55,662,342
Total Capital Assets Being Depreciated	<u>213,869,032</u>	<u>610,258</u>	<u>(60,021)</u>	<u>214,419,269</u>
Less Accumulated Depreciation				
Land Improvements	(95,050)	(4,426)	-	(99,476)
Buildings	(976,306)	(42,421)	1,855	(1,016,872)
Furniture and Equipment	(291,608)	(48,223)	43,320	(296,511)
Brine Line and Equipment	(72,063,951)	(3,664,501)	9,406	(75,719,046)
Accumulated Amortization	(29,529,344)	(1,400,918)	-	(30,930,262)
Total Accumulated Depreciation	<u>(102,956,259)</u>	<u>(5,160,489)</u>	<u>54,581</u>	<u>(108,062,167)</u>
Total Capital Assets Being Depreciated, Net	<u>110,912,773</u>	<u>(4,550,231)</u>	<u>(5,440)</u>	<u>106,357,102</u>
Total Capital Assets, Net	<u>\$112,063,493</u>	<u>\$ (4,539,927)</u>	<u>\$ (11,546)</u>	<u>\$107,512,020</u>

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5) COMPENSATED ABSENCES

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

The changes to compensated absences balances at June 30, 2021 and 2020 were as follows:

	Balance 2020	Earned	Taken	Balance 2021	Current Portion	Long-term Portion
Compensated Absences	\$ 714,433	\$ 494,849	\$(568,359)	\$ 640,923	\$ 192,277	\$ 448,646
	Balance 2019	Earned	Taken	Balance 2020	Current Portion	Long-term Portion
Compensated Absences	\$ 627,082	\$ 462,720	\$(375,369)	\$ 714,433	\$ 214,330	\$ 500,103

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6) LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2021, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>SWRCB Brine Line Reach V Loans</i>				
<i>(Direct Borrowings):</i>				
Loan I	\$ 649,575	\$ -	\$ (320,527)	\$ 329,048
Loan II & III	522,711	-	(258,001)	264,710
Loan IV	220,780	-	(220,780)	-
Loan V	557,059	-	(274,955)	282,104
Total SWRCB Brine Line Reach V Loans	<u>1,950,125</u>	<u>-</u>	<u>(1,074,263)</u>	<u>875,862</u>
 <i>State Revolving Fund Loan</i>				
<i>(Direct Borrowing):</i>				
Reach IVA & IVB	<u>11,395,332</u>	<u>-</u>	<u>(747,995)</u>	<u>10,647,337</u>
 <i>SWRCB Inland Empire Brine Line</i>				
<i>Reach V Loans (Direct Borrowing):</i>				
Loan I	<u>14,341,484</u>	<u>-</u>	<u>(392,714)</u>	<u>13,948,770</u>
Total Long-term Debt	27,686,941	<u>\$ -</u>	<u>\$(2,214,972)</u>	25,471,969
Less: Current Portion	<u>(2,214,971)</u>			<u>(2,043,480)</u>
Long-term Portion	<u>\$25,471,970</u>			<u>\$23,428,489</u>

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6) LONG-TERM DEBT - Continued

Changes in long-term debt for the year ended June 30, 2020, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>SWRCB Brine Line Reach V Loans</i>				
<i>(Direct Borrowings):</i>				
Loan I	\$ 961,675	\$ -	\$ (312,100)	\$ 649,575
Loan II & III	774,174	-	(251,463)	522,711
Loan IV	435,337	-	(214,557)	220,780
Loan V	825,047	-	(267,988)	557,059
Total SWRCB Brine Line Reach V Loans	<u>2,996,233</u>	<u>-</u>	<u>(1,046,108)</u>	<u>1,950,125</u>
 <i>State Revolving Fund Loan</i>				
<i>(Direct Borrowing):</i>				
Reach IVA & IVB	<u>12,124,372</u>	<u>-</u>	<u>(729,040)</u>	<u>11,395,332</u>
 <i>SWRCB Inland Empire Brine Line</i>				
<i>Reach V Loans (Direct Borrowing):</i>				
Loan I	<u>14,726,876</u>	<u>159,895</u>	<u>(385,392)</u>	<u>14,341,484</u>
Total Long-term Debt	29,847,481	<u>\$ 159,895</u>	<u>\$(2,160,540)</u>	27,686,941
Less: Current Portion	<u>(2,160,539)</u>			<u>(2,214,971)</u>
Long-term Portion	<u>\$27,686,942</u>			<u>\$25,471,970</u>

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6) LONG-TERM DEBT - Continued

Direct Borrowings and Direct Placements

The Authority's total outstanding loans are from direct borrowings and direct placements. There are no provisions for the outstanding loans in the event of default and no assets were held as collateral.

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 \$338,065, at the rate of 2.70%, commenced on October 5, 2002, and will mature on October 5, 2021.

For the Year Ended June, 30,	Principal	Interest	Total
2022	\$ 329,048	\$ 8,886	\$ 337,934
Total	329,048	\$ 8,886	\$ 337,934
Less: Current Portion	(329,048)		
Total Noncurrent	\$ -		

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.

For the Year Ended June, 30,	Principal	Interest	Total
2022	\$ 264,710	\$ 6,882	\$ 271,592
Total	264,710	\$ 6,882	\$ 271,592
Less: Current Portion	(264,710)		
Total Noncurrent	\$ -		

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6) LONG-TERM DEBT - Continued

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 \$227,181, at the rate of 2.90%, commenced on September 11, 2001, and will mature on September 11, 2020. The loan was paid in full as of the end of the fiscal year.

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.

For the Year Ended June, 30,	Principal	Interest	Total
2022	\$ 282,104	\$ 7,333	\$ 289,437
Total	282,104	\$ 7,333	\$ 289,437
Less: Current Portion	(282,104)		
Total Noncurrent	\$ -		

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6) LONG-TERM DEBT - Continued

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.

For the Year Ended June, 30,	Principal	Interest	Total
2022	\$ 767,442	\$ 276,831	\$ 1,044,273
2023	787,396	256,877	1,044,273
2024	807,868	236,405	1,044,273
2025	828,873	215,400	1,044,273
2026	850,424	193,850	1,044,274
2027-2031	4,595,507	625,859	5,221,366
2032-2033	2,009,827	78,719	2,088,546
Total	10,647,337	\$ 1,883,941	\$ 12,531,278
Less: Current Portion	(767,442)		
Total Noncurrent	\$ 9,879,895		

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6) LONG-TERM DEBT - Continued

SWRCB Inland Empire Brine Line Reach V Loans - Loan 1

On May 14, 2014, the Authority entered into a loan agreement to receive up to \$15,000,000 from the California State Water Resources Control Board to repair the existing brine disposal pipeline to extend the useful life of the Inland Empire Brine Line. Terms of the loan call for annual principal and interest payments of \$665,202 commencing on March 31, 2019, at the rate of 1.9%, and maturing March 31, 2048.

For the Year Ended June, 30,	Principal	Interest	Total
2022	\$ 400,176	\$ 265,027	\$ 665,203
2023	407,779	257,423	665,202
2024	415,527	249,675	665,202
2025	423,422	241,780	665,202
2026	431,467	233,735	665,202
2027-2031	2,283,463	1,042,549	3,326,012
2032-2036	2,508,794	817,219	3,326,013
2037-2041	2,756,360	569,653	3,326,013
2042-2046	3,028,355	297,657	3,326,012
2047-2048	1,293,427	36,978	1,330,405
Total	13,948,770	\$ 4,011,696	\$17,960,466
Less: Current Portion	(400,176)		
Total Noncurrent	\$ 13,548,594		

7) UNEARNED REVENUE

The changes in unearned revenue at June 30, 2021 and 2020 were as follows:

Balance 2020	Additions	Deletions	Balance 2021
\$ 65,188,826	\$ 8,896	\$ 2,510,154	\$ 62,687,568

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7) UNEARNED REVENUE - Continued

Balance 2019	Additions	Deletions	Balance 2020
\$ 67,698,980	\$ -	\$ 2,510,154	\$ 65,188,826

8) NET POSITION

Calculation of net position as of June 30, 2021 and 2020 were as follows:

	2021	2020
Net Investment in Capital Assets:		
Capital Assets - Not Being Depreciated	\$ 1,154,918	\$ 1,154,918
Depreciable Capital Assets, Net	101,060,095	106,357,102
SWRCB Brine Line Reach V Loans Payable	(875,862)	(1,950,125)
SRF Reach IVA & IVB Loan Payable	(10,647,337)	(11,395,332)
SWRCB Brine Line Reach V Loans Payable	(13,948,770)	(14,341,484)
Total Net Investment in Capital Assets	76,743,044	79,825,079
Restricted Net Position:		
SRF Reach IVA & IVB Reserve Requirement	1,050,000	1,050,000
Mitigation	1,910,560	1,910,560
Total Restricted	2,960,560	2,960,560
Unrestricted Net Position	(6,376,602)	(9,460,533)
Total Net Position	\$ 73,327,002	\$ 73,325,106

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9) JOINT VENTURES

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 year ended June 30, 2021 and 2020, administrative services provided to LESJWA totaled \$201,354 and \$191,265, respectively, which is included in operating revenue.

The financial statements for LESJWA are available from the Authority.

As of June 30, 2021 and 2020, LESJWA had assets, liabilities and deferred inflows of resources and net position as follows:

	<u>2021</u>	<u>2020</u>
Total Assets	<u>\$ 310,887</u>	<u>\$ 305,549</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 112,964</u>	<u>\$ 134,423</u>
Net Position	<u>\$ 197,923</u>	<u>\$ 171,126</u>

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10) 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 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 District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding 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-duty 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 the plan are applied as specified by the Public Employees' Retirement Law.

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10) 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, 2021 and 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years service	5 years 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%	7.25%
Required Employer Contribution Rates:		
Normal Cost Rate:		
2021	11.816%	7.847%
2020	11.120%	7.191%
Payment of Unfunded Liability		
2021	\$ 277,384	\$ 11,686
2020	\$ 237,191	\$ 6,612

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total contributions are determined through the CalPERS' annual actuarial valuation process. 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. Authority contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

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10) DEFINED BENEFIT PENSION PLANS - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021 and 2020, the Authority reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2021	2020
Miscellaneous	\$ 1,870,834	\$ 4,081,229

The Authority's net pension liability was measured as of June 30, 2020 and 2019, and the total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018, rolled forward to June 30, 2020 and 2019, 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 changes in the Authority's proportionate share of the collective net pension liabilities were as follows:

	2021	2020
Beginning of Measurement Period	0.03983%	0.03788%
Ending of Measurement Period	0.01719%	0.03983%
Change - Increase (Decrease)	0.02264%	0.00195%

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10) 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, 2021, the Authority recognized pension expense of \$1,033,676. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 618,033	\$ -
Differences between expected and actual experience	96,409	-
Changes in assumptions	-	(13,344)
Change in employer's proportion	119,333	(1,570,290)
Differences between the employer's contributions and the employer's proportionate share of contributions	1,639,893	(95,372)
Net differences between projected and actual earnings on plan investments	<u>55,576</u>	<u>-</u>
Total	<u>\$ 2,529,244</u>	<u>\$ (1,679,006)</u>

For the year ended June 30, 2020, the Authority recognized pension expense of \$503,309. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,104,168	\$ -
Differences between expected and actual experience	283,459	(21,962)
Changes in assumptions	194,612	(68,988)
Change in employer's proportion	243,195	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(186,855)
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>(71,353)</u>
Total	<u>\$ 3,825,434</u>	<u>\$ (349,158)</u>

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10) DEFINED BENEFIT PENSION PLANS – Continued

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

\$618,033 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amount
2022	\$ 66,442
2023	79,065
2024	60,043
2025	26,655
2026	-
Thereafter	-

\$3,104,168 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amount
2021	\$ 332,681
2022	(12,597)
2023	37,606
2024	14,418
2025	-
Thereafter	-

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10) DEFINED BENEFIT PENSION PLANS - Continued

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

Actuarial Assumptions

For the measurement periods ended June 30, 2020 and 2019, the total pension liabilities were determined by rolling forward the June 30, 2019 and 2018 total pension liabilities determined in the June 30, 2019 and 2020 actuarial accounting valuation. The June 30, 2020 and 2019 total pension liabilities, was based on the following actuarial methods and assumptions:

Valuation Dates	June 30, 2019 and 2018
Measurement Dates	June 30, 2020 and 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.5% (2020) and 2.5% (2019)
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

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10) DEFINED BENEFIT PENSION PLANS - Continued

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

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2020 and 2019 measurement dates was 7.15% for the 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. The tests revealed the assets would not run out. Therefore, the 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB 68 Crossover Testing Report" that can be obtained from the CalPERS website.

Long-term Expected Rate of Return

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

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10) DEFINED BENEFIT PENSION PLANS - Continued

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources
Related to Pensions - Continued**

Long-term Expected Rate of Return - 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.

2021

Asset Class ^(a)	New Strategic Allocation	Real Return Years 1 - 10 ^(b)	Real Return Years 11+ ^(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
Total	<u>100%</u>		

(a) In the System's CAFR, fixed income is included in Global Debt Securities; liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

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10) DEFINED BENEFIT PENSION PLANS - Continued

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

Long-term Expected Rate of Return - Continued

2020

Asset Class ^(a)	New Strategic Allocation	Real Return Years 1 - 10 ^(b)	Real Return Years 11+ ^(c)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
Total	100%		

(a) In the System's CAFR, fixed income is included in Global Debt Securities; liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

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

The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the 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:

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10) 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 Net Pension Liability to Changes in the Discount Rate - Continued

	2021	2020
1% Decrease	6.15%	6.15%
Net Pension Liability (Asset)	\$ 4,736,649	\$ 6,696,816
Current Discount Rate	7.15%	7.15%
Net Pension Liability (Asset)	\$ 1,870,834	\$ 4,081,229
1% Increase	8.15%	8.15%
Net Pension Liability (Asset)	\$ (497,099)	\$ 1,922,246

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, 2021 and 2020, the Authority had no outstanding amount of contributions to the pension plans required for the years ended June 30, 2021 and 2020.

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11) OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Offered

The Authority 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. Employees hired on or after July 1, 2005, are not eligible to receive employer subsidized post-employment 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 2020 monthly cap per retiree is \$1,782. SHPHP is part 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 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.

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 2021 calendar cap is \$1,782 per month. Employees hired on or after July 1, 2005, are not eligible to receive employer subsidized postemployment medical benefits.

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11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Employees Covered

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

	2020	2019
Active employees	7	7
Inactive employees or beneficiaries currently receiving benefits	7	7
Inactive employees entitled to, but not yet receiving benefits	-	-
Total	14	14

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal years ended June 30, 2021 and 2020, the Authority's cash contributions were \$54,138 and \$74,390, respectively in payments to the trust.

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11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

<u>Actuarial Assumptions</u>	(Measurement Periods June 30, 2020 and 2019)
Discount Rate	6.73%
Inflation	2.26%
Salary Increases	3.25% plus merit
Investment Rate of Return	6.73%
Mortality Rate ⁽¹⁾	Derived using CalPERS Membership Data for all funds
Pre-Retirement Turnover ⁽²⁾	Derived using CalPERS Membership Data for all funds
Healthcare Trend Rate	5.00% Medicare and 7.75% Non-Medicare

Notes:

⁽¹⁾Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

⁽²⁾The pre-retirement turnover information was developed based on CalPERS specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage

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11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Net OPEB Liability - Continued

and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset are summarized in the following table for measurement periods June 30, 2020 and 2019:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	43.0%	5.43%
Fixed Income	49.0%	1.63%
REITs	8.0%	5.06%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.73 percent for the measurement periods June 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projects benefit payments to determine the total OPEB liability.

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11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2020 <i>(Valuation Date June 30, 2019)</i>	\$ 2,034,880	\$ 1,531,571	\$ 503,309
Changes Recognized for the Measurement Period:			
Service Cost	19,944	-	19,944
Interest	135,129	-	135,129
Differences between expected and actual experience	(4,080)	-	(4,080)
Changes of Assumptions	-	-	-
Contribution - Employer	-	169,930	(169,930)
Net Investment Income	-	84,799	(84,799)
Benefit Payments	(95,452)	(95,452)	-
Administrative Expense	-	(759)	759
Net Changes	55,541	158,518	(102,977)
Balance at June 30, 2021 <i>(Measurement Date June 30, 2020)</i>	\$ 2,090,421	\$ 1,690,089	\$ 400,332

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11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Changes in the OPEB Liability - Continued

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 <i>(Valuation Date June 30, 2018)</i>	\$ 1,903,413	\$ 1,357,998	\$ 545,415
Changes Recognized for the Measurement Period:			
Service Cost	28,540	-	28,540
Interest	127,527	-	127,527
Differences between expected and actual experience	298,861	-	298,861
Changes of Assumptions	(248,125)	-	(248,125)
Contribution - Employer	-	149,059	(149,059)
Net Investment Income	-	100,148	(100,148)
Benefit Payments	(75,336)	(75,336)	-
Administrative Expense	-	(298)	298
Net Changes	131,467	173,573	(42,106)
Balance at June 30, 2020 <i>(Measurement Date June 30, 2019)</i>	\$ 2,034,880	\$ 1,531,571	\$ 503,309

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

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement periods ended June 30, 2020 and 2019:

	1% Decrease (5.73%)	Current Discount Rate (6.73%)	1% Increase (7.73%)
2020			
Net OPEB Liability	\$ 182,911	\$ 400,332	\$ 661,145
2019			
Net OPEB Liability	\$ 291,662	\$ 503,309	\$ 757,193

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11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

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

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020 and 2019:

	1% Decrease (4.00%)	Current Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
2020			
Net OPEB Liability	\$ 675,651	\$ 400,332	\$ 172,243
2019			
Net OPEB Liability	\$ 771,304	\$ 503,309	\$ 281,284

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from the California Public Employees Retirement System Executive Office, 400 P Street, Sacramento, California 95814.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

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11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Recognition of Deferred Outflows and Deferred Inflows of Resources - Continued

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

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the Authority recognized OPEB expense of \$85,431. As of fiscal year ended June 30, 2021, the Authority reported deferred outflows of resources related to OPEB from the following services:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
OPEB contributions subsequent to measurement date	\$ 54,138	\$ -
Changes in assumptions	-	153,814
Differences between expected and actual experience in the measurement of the total OPEB liability	220,891	5,287
Net differences between projected and actual earnings on OPEB plan investments	<u>15,746</u>	<u>-</u>
Total	<u>\$ 290,775</u>	<u>\$ 159,101</u>

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11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - Continued

The \$54,138 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the subsequent fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2022	\$ 35,112
2023	31,953
2024	6,763
2025	3,708
2026	-
Thereafter	-

For the fiscal year ended June 30, 2020, the Authority recognized OPEB expense of \$84,424. As of fiscal year ended June 30, 2020, the Authority reported deferred outflows of resources related to OPEB from the following services:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 74,478	\$ -
Changes in assumptions	-	218,391
Differences between expected and actual experience in the measurement of the total OPEB liability	318,398	2,873
Net differences between projected and actual earnings on OPEB plan investments	-	1,120
Total	\$ 392,876	\$ 222,384

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11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - Continued

The \$74,478 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2021	\$ 31,882
2022	31,880
2023	28,721
2024	3,531
2025	-
Thereafter	-

12) 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 four 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.

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13) COMMITMENTS AND CONTINGENCIES

Grant Awards

Grant funds received by the Authority are subject to audit by the grantor agencies. Such audits could require reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Authority believes that such disallowance, 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 Orange County Sanitation District. 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.

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.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic continued subsequent to year end with certain restrictions required by the Governor of California, as well as local governments, which may affect revenue sources and also caused subsequent stock market volatility. The duration of the pandemic and the impact of COVID-19 on the Authority's operational and financial performance is uncertain at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Santa Ana Watershed Project Authority
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Years*
As of June 30, 2021 and 2020

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Position Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.03487%	\$ 2,169,716	\$ 2,294,398	94.57%	79.82%
2016	0.03274%	\$ 2,247,501	\$ 2,560,510	87.78%	78.40%
2017	0.03588%	\$ 3,104,742	\$ 2,795,885	111.05%	74.06%
2018	0.03755%	\$ 3,724,430	\$ 3,098,371	120.21%	73.31%
2019	0.0378.8%	\$ 3,649,848	\$ 3,065,932	119.05%	75.26%
2020	0.03983%	\$ 4,081,229	\$ 3,166,203	128.90%	77.73%
2021	0.01719%	\$ 1,870,834	\$ 3,277,860	57.07%	77.71%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

For the 2020 and 2019 fiscal years, there were no changes. For the 2018 fiscal year, the accounting discount rate reduced from 7.65% to 7.15%. For the 2016 fiscal year, amounts reported reflect an adjustment to the discount rate of 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

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

Santa Ana Watershed Project Authority
Schedule of Contributions - Pension
Last Ten Years*
As of June 30, 2021 and 2020

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 273,547	\$ (273,547)	\$ -	\$ 2,560,510	10.68%
2016	\$ 339,020	\$ (339,020)	\$ -	\$ 2,795,885	12.13%
2017	\$ 388,896	\$ (388,896)	\$ -	\$ 3,098,371	12.55%
2018	\$ 422,430	\$ (422,430)	\$ -	\$ 3,065,932	13.78%
2019	\$ 485,329	\$ (485,329)	\$ -	\$ 3,166,203	15.33%
2020	\$ 552,495	\$ (3,104,168)	\$ (2,551,673)	\$ 3,277,860	94.70%
2021	\$ 618,033	\$ (618,033)	\$ -	\$ 3,244,053	19.05%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age**
Amortization Method	Level Percent of Payroll, Closed**
Asset Valuation Method	Market Value***
Inflation	2.5%**
Salary Increases	Depending on Age, Service, and Type of Employment**
Investment Rate of Return	7.50%, Net of Pension Plan Investment, Including Inflation**
Retirement Age	50 for All Plans with the Exception of 52 for Miscellaneous PEPRA 2% at 62**
Mortality	Mortality Assumptions are Based on Mortality Rates Resulting from the Most Recent CalPERS Experience Study Adopted by the CalPERS Board**

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

** The valuation for June 30, 2012 and 2013 (applicable to fiscal years ended July 30, 2015 and 2016, respectively) 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. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

Santa Ana Watershed Project Authority
Schedule of Changes in the Net OPEB Liability and Related Ratios for
Measurement Periods Ended June 30,

Measurement Period	2020	2019
Total OPEB Liability		
Service Cost	\$ 19,944	\$ 28,540
Interest on the Total OPEB Liability	135,129	127,527
Differences between Expected and Actual Experience	(4,080)	298,861
Changes in Assumptions	-	(248,125)
Changes in Benefit Terms	-	-
Benefit Payments	(95,452)	(75,336)
	55,541	131,467
Net Change in Total OPEB Liability	55,541	131,467
Total OPEB Liability - Beginning	2,034,880	1,903,413
Total OPEB Liability - Ending (a)	\$ 2,090,421	\$ 2,034,880
Plan Fiduciary Net Position		
Contribution - Employer	\$ 169,930	\$ 149,059
Net Investment Income	84,799	100,148
Benefit Payments	(95,452)	(75,336)
Administrative Expense	(759)	(298)
	158,518	173,573
Net Change in Plan Fiduciary Net Position	158,518	173,573
Plan Fiduciary Net Position - Beginning	1,531,571	1,357,998
Plan Fiduciary Net Position - Ending (b)	\$ 1,690,089	\$ 1,531,571
Net OPEB Liability - Ending (a)-(b)	\$ 400,332	\$ 503,309
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	80%	75%
Covered-Employee Payroll	\$ 1,379,767	\$ 1,336,336
Net OPEB Liability as a Percentage of Covered-Employee Payroll	29%	38%

Santa Ana Watershed Project Authority
Schedule of Contributions – OPEB - Continued
Last Ten Fiscal Years’

Measurement Period	2018	2017
Total OPEB Liability		
Service Cost	\$ 27,181	\$ 26,828
Interest on the Total OPEB Liability	122,126	108,355
Differences between Expected and Actual Experience	(4,383)	22,281
Changes in Assumptions	-	103,114
Changes in Benefit Terms	-	-
Benefit Payments	(57,035)	(55,611)
	87,889	204,967
Net Change in Total OPEB Liability	87,889	204,967
Total OPEB Liability - Beginning	1,815,524	1,610,557
Total OPEB Liability - Ending (a)	\$ 1,903,413	\$ 1,815,524
Plan Fiduciary Net Position		
Contribution - Employer	\$ 129,352	\$ 121,424
Net Investment Income	73,974	79,164
Benefit Payments	(57,035)	(55,611)
Administrative Expense	(643)	(572)
	145,648	144,405
Net Change in Plan Fiduciary Net Position	145,648	144,405
Plan Fiduciary Net Position - Beginning	1,212,350	1,067,945
Plan Fiduciary Net Position - Ending (b)	\$ 1,357,998	\$ 1,212,350
Net OPEB Liability - Ending (a)-(b)	\$ 545,415	\$ 603,174
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	71%	66.78%
Covered-Employee Payroll	\$ 1,238,555	\$ 1,156,128
Net OPEB Liability as a Percentage of Covered-Employee Payroll	44%	52.17%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years’ information will be displayed up to 10 years as information becomes available. Contributions are determined by an actuarial valuation based on eligible participants’ estimated benefits.

Santa Ana Watershed Project Authority
Schedule of Contributions - OPEB
Last Ten Fiscal Years'

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2018	\$ 65,813	\$ (121,424)	\$ (55,611)	\$ 1,238,555	9.8%
2019	\$ 72,317	\$ (129,352)	\$ (57,035)	\$ 1,336,336	9.7%
2020	\$ 73,723	\$ (149,059)	\$ (75,336)	\$ 1,379,767	10.8%
2021	\$ 60,264	\$ (169,930)	\$ (109,666)	\$ 1,182,249	14.4%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Years 2021 and 2020 were from the June 30, 2019 actuarial valuation, respectively.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market value
Inflation	2.25%
Payroll Growth	3.25% plus merit
Investment Rate of Return	6.73% per annum
Healthcare Cost-trend Rates	5.00% Medicare and 7.75% Non-Medicare
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

Historical information is required only for measurement periods for which GASB 75 is applicable.

Future years' information will be displayed up to 10 years as information becomes available.

Contributions are determined by an actuarial valuation based on an eligible participants estimated benefits.

SUPPLEMENTARY SCHEDULES

Santa Ana Watershed Project Authority
Combining Schedule of Net Position
Enterprise Funds
June 30, 2021

	<u>Capital Projects Activities</u>	<u>Internal Administration</u>	<u>Brine Line Enterprise</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,851,586	\$ 2,437,753	\$ 42,732,474	\$ 48,021,813
Cash and Cash Equivalents - Restricted	914,369	-	-	914,369
Investments	-	-	8,343,191	8,343,191
Interest Receivable	3,549	4,396	29,896	37,841
Accounts Receivable	-	474	2,181,284	2,181,758
Accounts Receivable - Grants	12,524,408	390,948	-	12,915,356
Accounts Receivable - Other	12,069	-	-	12,069
Prepaid Items and Other Assets	-	178,849	167,637	346,486
Mitigation Credits	1,910,560	-	-	1,910,560
Due from Other Funds	-	10,538	-	10,538
	<u>18,216,541</u>	<u>3,022,958</u>	<u>53,454,482</u>	<u>74,693,981</u>
Total Current Assets				
Non-current Assets:				
Capital Assets:				
Not Being Depreciated	389,474	445,436	320,008	1,154,918
Being Depreciated, Net of Accumulated Depreciation and Amortization	-	1,016,095	100,044,000	101,060,095
	<u>389,474</u>	<u>1,461,531</u>	<u>100,364,008</u>	<u>102,215,013</u>
Total Non-current Assets				
	<u>18,606,015</u>	<u>4,484,489</u>	<u>153,818,490</u>	<u>176,908,994</u>
Total Assets				
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts from Pension Plans	-	2,529,244	-	2,529,244
Deferred Amounts from OPEB Plan	-	290,775	-	290,775
	<u>-</u>	<u>2,820,019</u>	<u>-</u>	<u>2,820,019</u>
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 2,820,019</u>	<u>\$ -</u>	<u>\$ 2,820,019</u>

Santa Ana Watershed Project Authority
Combining Schedule of Net Position - Continued
Enterprise Funds
June 30, 2021

	Capital Projects Activities	Internal Administration	Brine Line Enterprise	Totals
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 12,369,212	\$ 45,047	\$ 674,305	\$ 13,088,564
Accrued Salaries and Wages	-	171,325	-	171,325
Accrued Interest Payable	19	-	221,832	221,851
Due to Other Funds	10,538	-	-	10,538
Long-term Liabilities - Due Within One Year:				
Compensated Absences	-	192,277	-	192,277
Loans Payable	-	-	2,043,480	2,043,480
Total Current Liabilities	12,379,769	408,649	2,939,617	15,728,035
Noncurrent Liabilities:				
Unearned Revenue	-	-	62,687,568	62,687,568
Long-term Liabilities - Due in More Than One Year:				
Compensated Absences	-	448,646	-	448,646
Loans Payable	-	-	23,428,489	23,428,489
Net Pension Liability	-	1,870,834	-	1,870,834
Net OPEB Liability	-	400,332	-	400,332
Total Noncurrent Liabilities	-	2,719,812	86,116,057	88,835,869
Total Liabilities	12,379,769	3,128,461	89,055,674	104,563,904
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount from Pension Plans	-	1,679,006	-	1,679,006
Deferred Amount from OPEB Plan	-	159,101	-	159,101
Total Deferred Inflows of Resources	-	1,838,107	-	1,838,107
NET POSITION				
Net Investment in Capital Assets	389,474	1,461,531	74,892,039	76,743,044
Restricted for:				
SRF Reach IVA & IVB Reserve Requirement	-	-	1,050,000	1,050,000
Mitigation	1,910,560	-	-	1,910,560
Unrestricted	3,926,212	876,409	(11,179,223)	(6,376,602)
Total Net Position	\$ 6,226,246	\$ 2,337,940	\$ 64,762,816	\$ 73,327,002

Santa Ana Watershed Project Authority
Combining Schedule of Revenues, Expenses and Changes in Net Position
Enterprise Funds
For the Year Ended June 30, 2021

	<u>Capital Projects Activities</u>	<u>Internal Administration</u>	<u>Brine Line Enterprise</u>	<u>Totals</u>
OPERATING REVENUES				
Wastewater Treatment and Disposal	\$ -	\$ -	\$ 12,476,856	\$ 12,476,856
Wastewater Treatment and Disposal - Capacity Rights	-	-	2,510,154	2,510,154
Other	<u>201,354</u>	<u>3,832</u>	<u>-</u>	<u>205,186</u>
Total Operating Revenues	<u>201,354</u>	<u>3,832</u>	<u>14,987,010</u>	<u>15,192,196</u>
OPERATING EXPENSES				
Wastewater Treatment and Disposal	-	-	7,093,161	7,093,161
General and Administrative and Overhead	-	770,621	-	770,621
Studies and Planning Costs	<u>5,020,667</u>	<u>-</u>	<u>-</u>	<u>5,020,667</u>
Total Operating Expenses	<u>5,020,667</u>	<u>770,621</u>	<u>7,093,161</u>	<u>12,884,449</u>
Operating Income (Loss) Before Depreciation and Amortization	(4,819,313)	(766,789)	7,893,849	2,307,747
Depreciation	-	(134,522)	(3,659,997)	(3,794,519)
Amortization	<u>-</u>	<u>-</u>	<u>(1,556,010)</u>	<u>(1,556,010)</u>
Operating Income (Loss)	<u>(4,819,313)</u>	<u>(901,311)</u>	<u>2,677,842</u>	<u>(3,042,782)</u>
NONOPERATING REVENUES (EXPENSES)				
Member Contributions	1,313,292	680,340	-	1,993,632
Intergovernmental	14,412,034	353,664	-	14,765,698
Investment Earnings	20,394	21,707	30,937	73,038
Interest Expense	-	-	(586,566)	(586,566)
Grant Program Expenses	<u>(12,847,457)</u>	<u>(353,667)</u>	<u>-</u>	<u>(13,201,124)</u>
Total Nonoperating Revenues (Expenses)	<u>2,898,263</u>	<u>702,044</u>	<u>(555,629)</u>	<u>3,044,678</u>
Income (Loss) Before Transfers	(1,921,050)	(199,267)	2,122,213	1,896
TRANSFERS	<u>2,911,332</u>	<u>-</u>	<u>(2,911,332)</u>	<u>-</u>
Changes in Net Position	990,282	(199,267)	(789,119)	1,896
Net Position - Beginning of Year	<u>5,235,964</u>	<u>2,537,207</u>	<u>65,551,935</u>	<u>73,325,106</u>
Net Position - End of Year	<u>\$ 6,226,246</u>	<u>\$ 2,337,940</u>	<u>\$ 64,762,816</u>	<u>\$ 73,327,002</u>

Santa Ana Watershed Project Authority
Combining Schedule of Net Position
Capital Projects Activities
June 30, 2021

	Brine Line Protection Project	Basin Planning	Watershed Management Plan
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 198,992	\$ 392,280
Cash and Cash Equivalents - Restricted	-	-	-
Interest Receivable	-	280	588
Accounts Receivable - Grants	-	-	-
Accounts Receivable - Other	-	-	-
Mitigation Credits	-	-	-
Total Current Assets	<u>-</u>	<u>199,272</u>	<u>392,868</u>
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>-</u>	<u>199,272</u>	<u>392,868</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	715	12,856
Accrued Interest Payable	-	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>715</u>	<u>12,856</u>
NET POSITION			
Net Investment in Capital Assets	-	-	-
Restricted for Mitigation	-	-	-
Unrestricted	<u>-</u>	<u>198,557</u>	<u>380,012</u>
Total Net Position	<u>\$ -</u>	<u>\$ 198,557</u>	<u>\$ 380,012</u>

<u>Basin Monitoring Prg. Task Force</u>	<u>Santa Ana River Fish Conservation</u>	<u>MSAR TMDL Task Force</u>	<u>RWQ Monitoring Task Force</u>	<u>Arundo Mgmt. & Habitat Restoration</u>
\$ 285,225	\$ 108,010	\$ 296,179	\$ 323,458	\$ -
-	-	-	-	914,369
395	142	398	466	1,183
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,910,560
<u>285,620</u>	<u>108,152</u>	<u>296,577</u>	<u>323,924</u>	<u>2,826,112</u>
-	-	-	-	-
-	-	-	-	-
<u>285,620</u>	<u>108,152</u>	<u>296,577</u>	<u>323,924</u>	<u>2,826,112</u>
9,848	1,200	1,458	93,346	3,776
-	-	-	-	-
-	-	-	-	-
<u>9,848</u>	<u>1,200</u>	<u>1,458</u>	<u>93,346</u>	<u>3,776</u>
-	-	-	-	-
-	-	-	-	1,910,560
<u>275,772</u>	<u>106,952</u>	<u>295,119</u>	<u>230,578</u>	<u>911,776</u>
<u>\$ 275,772</u>	<u>\$ 106,952</u>	<u>\$ 295,119</u>	<u>\$ 230,578</u>	<u>\$ 2,822,336</u>

Santa Ana Watershed Project Authority
Combining Schedule of Net Position - Continued
Capital Projects Activities
June 30, 2021

	<u>Emerging Constituents Task Force</u>	<u>Lake Elsinore Management</u>	<u>Reach IV-D Corrosion Repair</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 69,284	\$ -	\$ -
Cash and Cash Equivalents - Restricted	-	-	-
Interest Receivable	97	-	-
Accounts Receivable - Grants	-	-	-
Accounts Receivable - Other	-	12,069	-
Mitigation Credits	-	-	-
	<u>69,381</u>	<u>12,069</u>	<u>-</u>
Total Current Assets			
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	-	-	389,474
	<u>-</u>	<u>-</u>	<u>389,474</u>
Total Noncurrent Assets			
	<u>-</u>	<u>-</u>	<u>389,474</u>
Total Assets			
	<u>69,381</u>	<u>12,069</u>	<u>389,474</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,846	180	-
Accrued Interest Payable	-	19	-
Due to Other Funds	-	10,538	-
	<u>3,846</u>	<u>10,737</u>	<u>-</u>
Total Current Liabilities			
	<u>3,846</u>	<u>10,737</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	-	-	389,474
Restricted for Mitigation	-	-	-
Unrestricted	65,535	1,332	-
	<u>65,535</u>	<u>1,332</u>	<u>-</u>
Total Net Position			
	<u>\$ 65,535</u>	<u>\$ 1,332</u>	<u>\$ 389,474</u>

<u>Prop 1 DACI Grant</u>	<u>Prop 84 Grant Projects</u>	<u>Prop 1 Grant Projects</u>	<u>Totals</u>
\$ (120,752)	\$ 1,076,487	\$ 222,423	\$ 2,851,586
-	-	-	914,369
-	-	-	3,549
1,059,971	8,876,469	2,587,968	12,524,408
-	-	-	12,069
-	-	-	1,910,560
<u>939,219</u>	<u>9,952,956</u>	<u>2,810,391</u>	<u>18,216,541</u>
-	-	-	389,474
-	-	-	389,474
<u>939,219</u>	<u>9,952,956</u>	<u>2,810,391</u>	<u>18,606,015</u>
939,598	8,770,892	2,531,497	12,369,212
-	-	-	19
-	-	-	10,538
<u>939,598</u>	<u>8,770,892</u>	<u>2,531,497</u>	<u>12,379,769</u>
-	-	-	389,474
-	-	-	1,910,560
<u>(379)</u>	<u>1,182,064</u>	<u>278,894</u>	<u>3,926,212</u>
<u>\$ (379)</u>	<u>\$ 1,182,064</u>	<u>\$ 278,894</u>	<u>\$ 6,226,246</u>

Santa Ana Watershed Project Authority
Combining Schedule of Revenues, Expenses and Changes in Net Position
Capital Projects Activities
For the Year Ended June 30, 2021

	Brine Line Protection Project	Basin Planning	Watershed Management Plan
OPERATING REVENUES			
Other	\$ -	\$ -	\$ -
Total Operating Revenues	-	-	-
OPERATING EXPENSES			
Studies and Planning Costs	2,911,332	443,680	387,379
Total Operating Expenses	2,911,332	443,680	387,379
Operating Loss	(2,911,332)	(443,680)	(387,379)
NONOPERATING REVENUES (EXPENSES)			
Member Contributions	-	380,000	450,000
Intergovernmental	-	-	73,074
Investment Earnings	-	2,354	3,596
Grant Program Expenses	-	-	-
Total Nonoperating Revenues (Expenses)	-	382,354	526,670
Income (Loss) Before Transfers	(2,911,332)	(61,326)	139,291
TRANSFERS	2,911,332	-	-
Changes in Net Position	-	(61,326)	139,291
Net Position - Beginning of Year	-	259,883	240,721
Net Position - End of Year	\$ -	\$ 198,557	\$ 380,012

<u>Basin Monitoring Prg. Task Force</u>	<u>Santa Ana River Fish Conservation</u>	<u>MSAR TMDL Task Force</u>	<u>RWQ Monitoring Task Force</u>	<u>Arundo Mgmt. & Habitat Restoration</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>173,148</u>	<u>50,593</u>	<u>76,265</u>	<u>461,288</u>	<u>56,365</u>
<u>173,148</u>	<u>50,593</u>	<u>76,265</u>	<u>461,288</u>	<u>56,365</u>
<u>(173,148)</u>	<u>(50,593)</u>	<u>(76,265)</u>	<u>(461,288)</u>	<u>(56,365)</u>
-	10,000	-	-	-
320,051	19,000	351,200	308,573	-
2,191	758	1,881	2,906	6,246
-	-	-	-	-
<u>322,242</u>	<u>29,758</u>	<u>353,081</u>	<u>311,479</u>	<u>6,246</u>
149,094	(20,835)	276,816	(149,809)	(50,119)
-	-	(133,000)	133,000	-
149,094	(20,835)	143,816	(16,809)	(50,119)
<u>126,678</u>	<u>127,787</u>	<u>151,303</u>	<u>247,387</u>	<u>2,872,455</u>
<u>\$ 275,772</u>	<u>\$ 106,952</u>	<u>\$ 295,119</u>	<u>\$ 230,578</u>	<u>\$ 2,822,336</u>

Santa Ana Watershed Project Authority
Combining Schedule of Revenues, Expenses and Changes in Net Position - Continued
Capital Projects Activities
For the Year Ended June 30, 2021

	Emerging Constituents Task Force	Lake Elsinore Management	Reach IV-D Corrosion Repair
OPERATING REVENUES			
Other	\$ -	\$ 201,354	\$ -
Total Operating Revenues	-	201,354	-
OPERATING EXPENSES			
Studies and Planning Costs	65,173	211,354	-
Total Operating Expenses	65,173	211,354	-
Operating Loss	(65,173)	(10,000)	-
NONOPERATING REVENUES (EXPENSES)			
Member Contributions	-	10,000	-
Intergovernmental	116,415	-	-
Investment Earnings	462	-	-
Grant Program Expenses	-	-	-
Total Nonoperating Revenues (Expenses)	116,877	10,000	-
Income (Loss) Before Transfers	51,704	-	-
TRANSFERS			
Changes in Net Position	51,704	-	-
Net Position - Beginning of Year	13,831	1,332	389,474
Net Position - End of Year	<u>\$ 65,535</u>	<u>\$ 1,332</u>	<u>\$ 389,474</u>

<u>Prop 1 DACI Grant</u>	<u>Prop 84 Grant Projects</u>	<u>Prop 1 Grant Projects</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 201,354
-	-	-	201,354
184,090	-	-	5,020,667
184,090	-	-	5,020,667
(184,090)			(4,819,313)
-	463,292	-	1,313,292
2,068,437	8,338,422	2,816,862	14,412,034
-	-	-	20,394
(1,884,741)	(8,424,748)	(2,537,968)	(12,847,457)
183,696	376,966	278,894	2,898,263
(394)	376,966	278,894	(1,921,050)
-	-	-	2,911,332
(394)	376,966	278,894	990,282
15	805,098	-	5,235,964
<u>\$ (379)</u>	<u>\$ 1,182,064</u>	<u>\$ 278,894</u>	<u>\$ 6,226,246</u>



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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net Investment in Capital Assets	\$76,743,044	\$79,825,079	\$82,216,012	\$85,226,499	\$90,622,870	\$84,798,833	\$82,709,425	\$80,456,568	\$81,274,020	\$80,560,654
Restricted	2,960,560	2,960,560	2,960,560	2,960,560	3,921,155	3,923,403	3,969,074	4,167,861	4,232,102	4,263,626
Unrestricted	(6,376,602)	(9,460,533)	(13,617,096)	(19,510,100)	(24,155,787)	(21,554,491)	(21,643,941)	(20,734,190)	(17,845,678)	(17,765,116)
Total Net Position	\$73,327,002	\$73,325,106	\$71,559,476	\$68,676,959	\$70,388,238	\$67,167,745	\$65,034,558	\$63,890,239	\$67,660,444	\$67,059,164

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)	Change in Net Position
2021	\$15,192,196	\$18,234,978	(\$3,042,782)	\$3,044,678	\$1,896	\$0	\$1,896
2020	14,251,066	17,229,736	(2,978,670)	4,744,300	1,765,630	0	1,765,630
2019	15,050,312	17,097,853	(2,047,541)	4,930,058	2,882,517	0	2,882,517
2018	13,665,500	19,212,739	(5,547,239)	4,763,383	(783,856)	(927,423)	(1,711,279)
2017	13,997,461	14,881,490	(884,029)	4,104,522	3,220,493	0	3,220,493
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

(1) See Table III for details of revenues.

(2) See Table IV for details of expenses.

(3) Reduction of net position from implementation of GASB 68 and GASB 75.

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					
	WWT & Disposal	WWT & Disposal Capacity Rights	Other Operating	Total Operating Revenue	Member Contributions	Inter Governmental	Investment Income	Gain on Disposal of Asset	Total Non Operating Income	Combined Revenue
2021*	\$12,476,856	\$2,510,154	\$205,186	\$15,192,196	\$1,993,632	\$14,765,698	\$73,038	\$0	\$16,832,368	\$32,024,564
2020*	11,547,220	2,510,154	193,692	14,251,066	2,105,955	9,466,587	1,496,354	0	13,068,896	27,319,962
2019*	12,334,346	2,510,154	205,812	15,050,312	1,909,415	29,011,794	1,660,061	0	32,581,270	47,631,582
2018	10,935,848	2,510,154	219,498	13,665,500	2,303,325	3,413,408	326,487	0	6,043,220	19,708,720
2017	11,273,024	2,519,533	204,904	13,997,461	2,307,624	4,795,478	193,157	0	7,296,259	21,293,720
2016	9,323,505	2,519,748	205,774	12,049,027	1,730,491	2,765,270	567,709	1,123	5,064,593	17,113,620
2015	8,958,914	2,510,154	262,128	11,731,196	1,806,745	1,257,581	432,179	1,123	3,497,628	15,228,824
2014	8,575,085	2,510,154	158,191	11,243,430	1,771,587	843,283	457,867	13,021	3,085,758	14,329,188
2013	9,170,287	2,510,154	220,420	11,900,861	1,829,845	1,432,832	343,591	0	3,606,268	15,507,129
2012	10,053,123	2,481,109	205,257	12,739,489	1,697,194	2,563,956	1,058,984	2,223	5,322,357	18,061,846

*GASB No. 84 implemented in FYE 2021. FYE 2020 and 2019 were restated, however, prior years were not restated as the information was not readily available.

Source: Santa Ana Watershed Project Authority

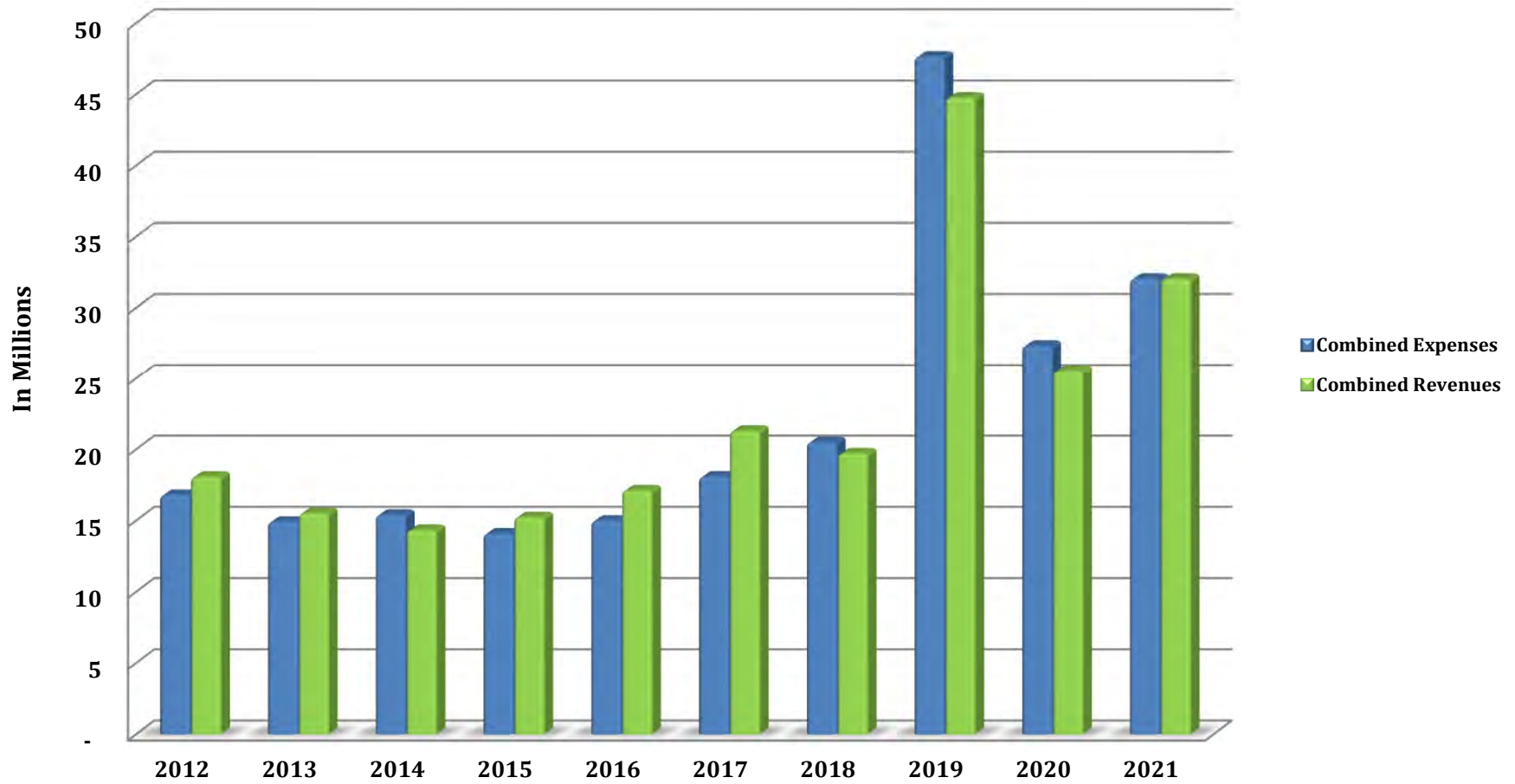
**Table IV – Expenses by Function
Last Ten Fiscal Years**

Operating Expenses								
Fiscal Year	WWT & Disposal	General & Admin	Studies & Planning Costs	Depreciation	Amortization of WWT Rights	Total Operating Expenses	Total Non Operating Expenses	Combined Expenses
2021*	\$7,093,161	\$770,621	\$5,020,667	\$3,794,519	\$1,556,010	\$18,234,978	\$13,787,690	\$32,022,668
2020*	6,682,965	989,568	4,396,714	3,759,571	1,400,918	17,229,736	8,324,596	25,554,332
2019*	6,545,654	1,326,428	4,082,052	3,742,801	1,400,918	17,097,853	8,423,326	25,521,179
2018	5,841,074	1,429,043	7,186,572	3,355,132	1,400,918	19,212,739	1,279,837	20,492,576
2017	6,421,150	591,686	3,293,487	3,174,253	1,400,914	14,881,490	3,191,737	18,073,227
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

*GASB No. 84 implemented in FYE 2021. FYE 2020 and 2019 were restated, however, prior years were not restated as the information was not readily available.

Source: Santa Ana Watershed Project Authority

Chart I - Combined Expenses and Revenues
Last Ten Fiscal Years



Source: Santa Ana Watershed Project Authority

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

Discharge Type	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Industrial *	187.3816	181.3119	146.2297	142.6609	182.3629	176.0173	149.1266	149.7733	153.7463	235.2575
Domestic *	372.6175	345.2252	365.5703	571.6977	605.6648	539.1186	686.9780	817.2502	854.2526	1,027.1307
Power Plant *	159.5573	174.6108	182.3315	168.1869	211.0939	203.7717	255.9079	238.1875	285.4555	362.7061
Water Supply/Desalter *	3,206.6906	3,286.5031	2,977.7296	2,862.8002	2,832.6086	2,789.4969	2,894.5452	2,698.2170	2,728.7335	2,657.6589
Temp/Emergency *	2.4556	5.4886	13.8265	0.0000	12.9104	4.7210	6.9285	10.6266	7.9366	5.0106
Truck Discharge *	40.6385	31.8486	32.1043	36.2431	29.9249	34.3066	27.2869	23.3557	30.6147	42.3407
Total	3,969.3411	4,024.9882	3,717.7919	3,781.5888	3,874.5655	3,747.4321	4,020.7731	3,937.4103	4,060.7392	4,330.1045

* 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)
2021(a)	\$1,018	\$329	\$460	\$150	\$6,654	\$13,505	(c)	n/a	n/a	n/a	\$0.016
2021(b)	979	316	442	150	6,398	12,985	(d)	n/a	n/a	n/a	0.015
2020	979	316	442	150	6,398	12,985	(e)	n/a	n/a	n/a	0.015
2019	946	307	429	150	6,217	12,607	(e)	n/a	n/a	n/a	0.015
2018	901	307	429	150	5,921	12,007	(f)	0.017	0.035	(g)	0.012
2017	858	307	429	150	5,639	11,433	(f)	0.016	0.033	(h)	0.011
2016	817	301	420	150	5,370	10,888	(f)	0.015	0.032	(i)	0.010
2015	777	295	411	150	5,114	10,369	(f)	0.015	0.031	(j)	0.010
2014	736	266	395	150	4,870	9,875	(f)	0.015	0.031	(k)	0.010
2013	794	253	376	150	4,083	8,749	(f)	0.015	0.030	(l)	0.010
2012	830	225	335	150	3,430	7,868	(f)	0.014	0.029	(m)	0.010

* MGD – million gallons per day

- (a) FYE 2021 rates from January 1, 2021 through June 30, 2021.
- (b) FYE 2021 rates from July 1, 2020 through December 31, 2020.
- (c) FYE 2021 January 1, 2021 through June 30, 2021. - Non-brine truck rate dischargers will be charged based on actual BOD and TSS concentrations over 100 mg/l using the following components: \$0.016 per gallon, \$0.78/pound of BOD, and \$0.745/pound of TSS.
- (d) FYE 2021 July 1, 2020 through December 31, 2020. - Non-brine truck rate dischargers will be charged based on actual BOD and TSS concentrations over 100 mg/l using the following components: \$0.015 per gallon, \$0.75/pound of BOD, and \$0.716/pound of TSS.
- (e) FYE 2019 and FYE 2020 - Non-brine truck rate dischargers will be charged based on actual BOD and TSS concentrations over 100 mg/l using the following components: \$0.015 per gallon, \$0.75/pound of BOD, and \$0.716/pound of TSS.
- (f) 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.
- (g) FYE 2018 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0029/gallon, \$0.729/pound of BOD, and \$0.695/pound of TSS.
- (h) FYE 2017 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0027/gallon, \$0.695/pound of BOD, and \$0.662/pound of TSS.
- (i) 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.
- (j) 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.
- (k) 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.
- (l) 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.
- (m) 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.

Source: Santa Ana Watershed Project Authority

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

Fiscal Year 2020-21

Customer Name	Discharge in MG*	Percentage of Total Discharge
Chino Desalter I	850.1696	21.4%
Temescal Desalter	585.8477	14.8%
Perris Desalter	484.8872	12.2%
Chino Desalter II	427.6242	10.8%
Arlington Desalter	304.5522	7.7%
Menifee Desalter	286.1769	7.2%
JCSD - Etiwanda **	234.8184	5.9%
Mountainview Power Plant	149.9256	3.8%
Yucaipa Valley Water District	148.7821	3.7%
Chino Institute for Women	72.5578	1.8%
Total Principal Customers	3,545.3417	89.3%
Other Customers	423.9994	10.7%
Total Discharge	3,969.3411	100.0%

Fiscal Year 2011-12

Customer Name	Discharge in MG*	Percentage of Total Discharge
Chino Desalter I	732.2003	16.9%
Temescal Desalter	545.9105	12.6%
Chino Desalter II	454.3912	10.5%
JCSD - Etiwanda **	390.1714	9.0%
Arlington Desalter	342.7474	7.9%
Menifee Desalter	298.2344	6.9%
Perris Desalter	259.6961	6.0%
California Rehabilitation Center	232.2724	5.4%
Mountain View Power Plant	153.4345	3.5%
Inland Empire Energy Center	192.6846	4.4%
Total Principal Customers	3,601.7428	83.1%
Other Customers	728.3617	16.9%
Total Discharge	4,330.1045	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	
2021*	\$32,022,668	\$2,835,753	\$-	\$2,835,753	8.86%
2020*	25,544,332	2,835,753	-	2,835,753	11.1%
2019*	44,749,065	2,835,753	-	2,835,753	6.3%
2018	20,492,576	2,704,270	356,250	3,060,520	14.9%
2017	18,073,226	2,704,475	356,250	3,060,725	16.9%
2016	14,980,433	3,618,242	356,250	3,974,492	26.5%
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%

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.

Notes:

* GASB No. 84 implemented in FYE 2021. FYE 2020 and 2019 were restated, however, prior years were not restated as the information was not readily available. Combined Expenses includes Proposition 1 and 84 pass throughs for those years.

** State Revolving Fund (SRF) Loans for construction of the Brine Line.

*** Repurchase of Pipeline Capacity from Orange County Water District.

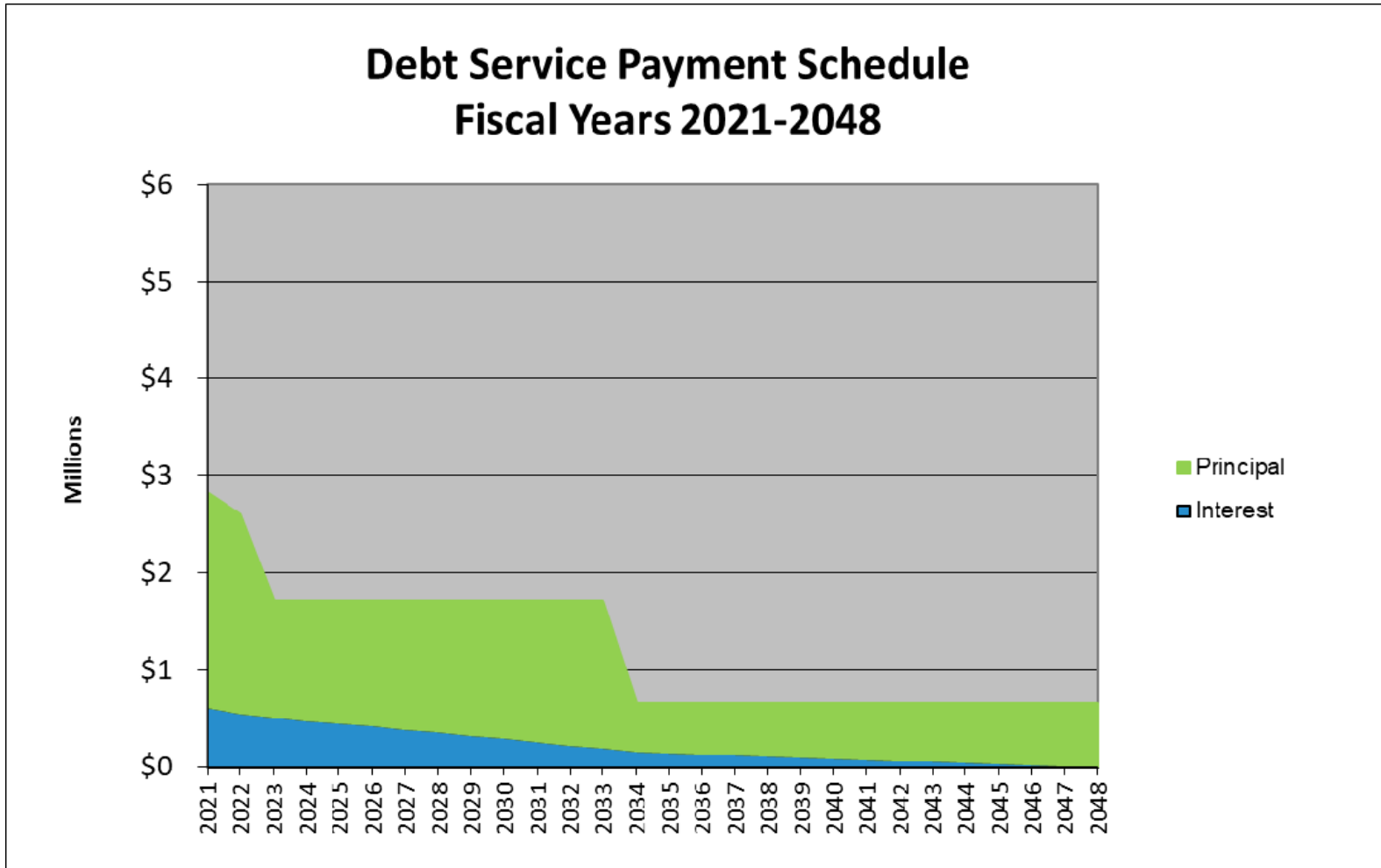
Source: Santa Ana Watershed Project Authority

**Table IX - Debt Service Payment Schedule
Fiscal Years 2021- 2048**

Fiscal Year	Interest	Principal	Total Payment	Remaining Principal
2021	620,782	2,214,971	2,835,753	25,471,969
2022	564,959	2,043,480	2,608,439	23,428,489
2023	514,301	1,195,175	1,709,476	22,233,314
2024	486,080	1,223,395	1,709,476	21,009,919
2025	457,181	1,252,295	1,709,476	19,757,624
2026	427,585	1,281,891	1,709,476	18,475,734
2027	397,276	1,312,199	1,709,476	17,163,534
2028	366,237	1,343,239	1,709,476	15,820,295
2029	334,449	1,375,027	1,709,476	14,445,268
2030	301,894	1,407,582	1,709,476	13,037,686
2031	268,553	1,440,923	1,709,476	11,596,763
2032	234,407	1,475,068	1,709,476	10,121,695
2033	199,437	1,510,039	1,709,476	8,611,656
2034	163,621	501,581	665,203	8,110,075
2035	154,091	511,111	665,203	7,598,964
2036	144,380	520,822	665,203	7,078,142
2037	134,485	530,718	665,203	6,547,424
2038	124,401	540,801	665,203	6,006,622
2039	114,126	551,077	665,203	5,455,546
2040	103,655	561,547	665,203	4,893,999
2041	92,986	572,217	665,203	4,321,782
2042	82,114	583,089	665,203	3,738,693
2043	71,035	594,167	665,203	3,144,526
2044	59,746	605,457	665,203	2,539,069
2045	48,242	616,960	665,203	1,922,109
2046	36,520	628,682	665,203	1,293,427
2047	24,575	640,627	665,203	652,799
2048	12,403	652,799	665,203	0

Source: Santa Ana Watershed Project Authority

Chart II – Debt Service Payment Schedule

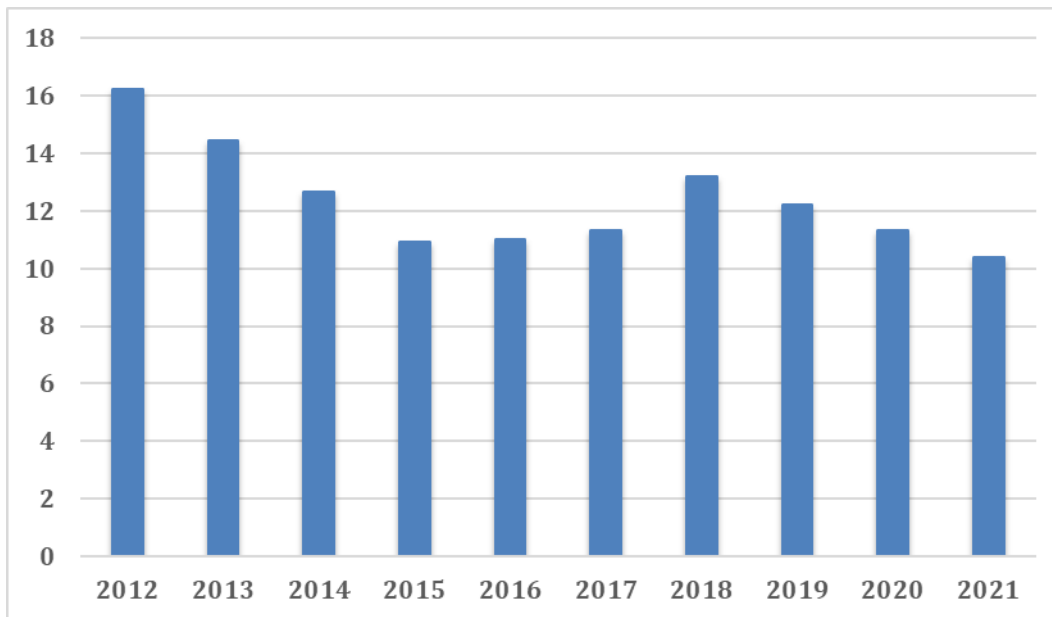


Source: Santa Ana Watershed Project Authority

**Table X – Ratio of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	SRF Loans	Member Loans	Total Debt	Percentage of Personal Income (1)	Debt Per Capita (2)
2021	\$25,471,969	\$-	\$25,471,969	0.42%	\$10.38
2020	27,686,941	-	27,686,941	0.47%	11.34
2019	29,847,481	-	29,847,481	0.52%	12.23
2018	31,849,863	-	31,849,863	0.57%	13.18
2017	26,087,852	855,267	26,943,119	0.50%	11.30
2016	24,184,502	1,677,567	25,862,069	0.50%	11.02
2015	22,740,274	2,468,160	25,208,434	0.49%	10.92
2014	25,629,872	3,228,436	28,858,308	0.58%	12.66
2013	28,574,379	3,959,716	32,534,095	0.67%	14.43
2012	31,494,836	4,663,261	36,158,097	0.79%	16.23

**Chart III – Outstanding Debt Per Capita
Last Ten Fiscal Years**



(1) Based upon Riverside County personal income amounts.

See the personal income amounts on the Demographics and Economic Statistics schedule. Amounts for prior years are updated with the most recent available information.

(2) Based upon approximate population of Riverside County. See the Demographics and Economic Statistics schedule for amounts.

Chart IV – Capital Spending Last Ten Fiscal Years

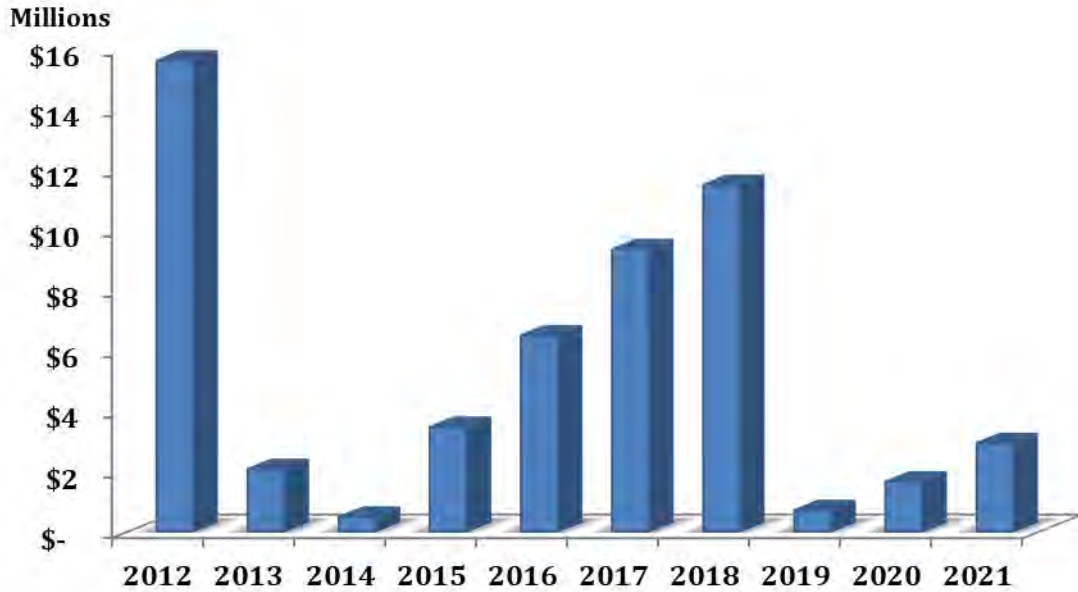
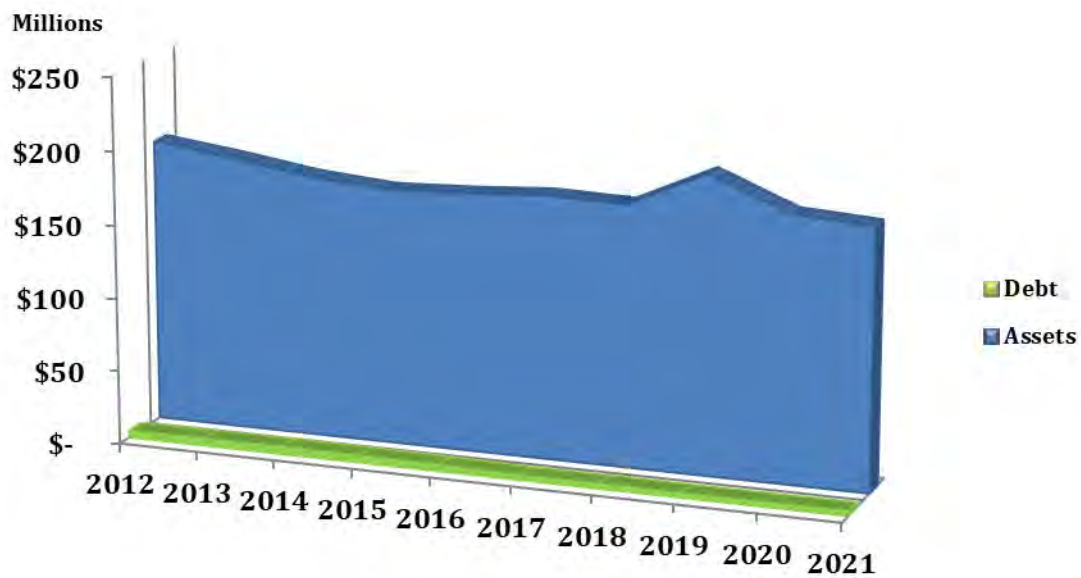


Chart V – Total Debt to Assets Last Ten Fiscal Years



Source: Santa Ana Watershed Project Authority

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

Fiscal Year	Population County (3)	Personal Income (1)	County Per Capita Personal Income	Unemployment Rate (June) ⁴	
				County	State
2021	2,454,453	\$6,089,509,285	\$38,960 (2)	7.9%	8.0%
2020	2,442,304	5,905,881,400	37,907 (5)	14.8% (6)	15.1% (6)
2019	2,440,124	5,693,835,260	37,074 (5)	3.6%	4.1%
2018	2,415,955	5,547,654,496	36,149 (5)	4.8%	4.5%
2017	2,384,783	5,363,874,000	35,286 (5)	5.7%	4.7%
2016	2,347,828	5,203,504,800	34,506 (5)	6.7%	5.4%
2015	2,308,441	5,122,926,900	34,359 (5)	6.6%	6.3%
2014	2,279,967	4,994,193,600	33,836 (5)	8.4%	7.4%
2013	2,255,059	4,868,571,400	33,278 (5)	9.2%	8.5%
2012	2,227,577	4,602,590,000	31,742 (5)	11.8%	10.7%

(1) Projected personal income based on Riverside County Per Capita Personal Income.

(2) Projected based on a ten-year average.

(3) Source: January Revised Estimates, State Department of Finance.

(4) Source: CA Employment Development Department and US Dept. of Labor. County data as of June 2020.

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

(6) Unemployment rate spiked during fiscal year 2020 due to the economic impact of COVID-19.

**Table XII - Principal Employers
Last Ten Fiscal Years**

June 30, 2020 (1)			June 30, 2011 (2)		
Employer	No of Employees	% of Total Labor Force	Employer	No of Employees	% of Total Labor Force
County of Riverside	21,672	2.1%	County of Riverside	17,669	2.0%
Amazon	10,500	1.0%	March Air Reserve Base	8,500	0.9%
University of California, Riverside	9,770	0.9%	Stater Brothers Markets	6,900	0.8%
March Air Reserve Base	9,600	0.9%	University of California, Riverside	5,790	0.6%
Stater Brothers Markets	8,304	0.8%	Corona-Norco Unified School District	4,790	0.5%
Hemet Unified School District	7,046	0.7%	KSL Resorts	4,000	0.4%
Kaiser Permanente	5,700	0.5%	Pechanga Resort & Casino	4,000	0.4%
Pechanga Resort & Casino	5,078	0.5%	Riverside Unified School District	3,801	0.4%
Walmart	4,931	0.5%	Hemet Unified School District	3,546	0.4%
Total	82,601	7.9%	Total	58,996	6.4%

Sources: (1) County of Riverside Economic Development Agency. Data presented is the most current available at the time of preparation of this report.

(2) The Business Press 2011 Book of Lists.

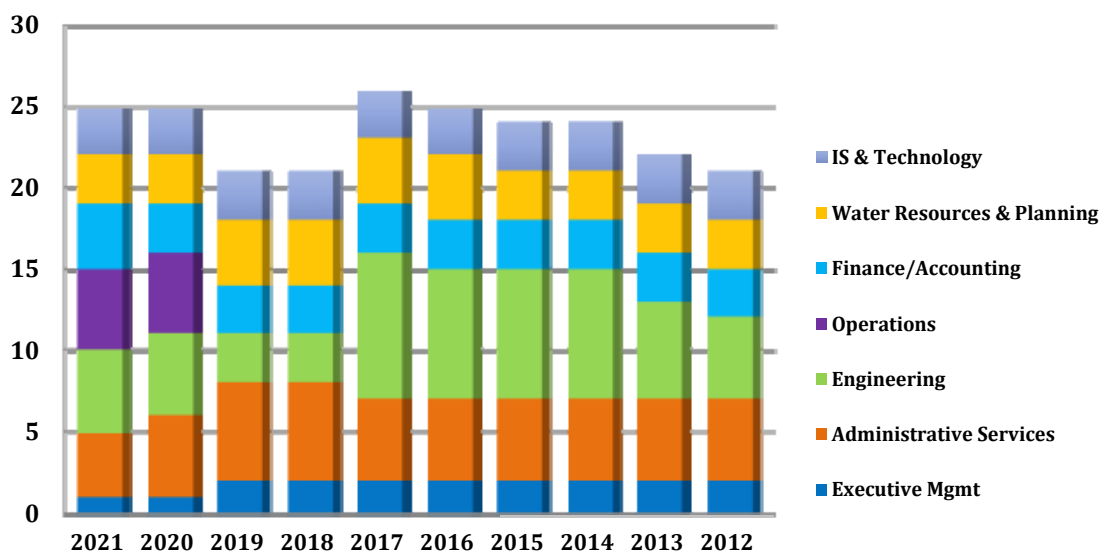
Table XIII - Number of Employees Last Ten Fiscal Years

Department	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Executive Management	1	1	2	2	2	2	2	2	2	2
Administrative Services	4	5	6	6	5	5	5	5	5	5
Engineering	5	5	3	3	9	8	8	8	6	5
Operations *	5	5	5	5	0	0	0	0	0	0
Finance/Accounting	4	3	3	3	3	3	3	3	3	3
Water Resources & Planning	3	3	4	4	4	4	3	3	3	3
Information Systems & Technology	3	3	3	3	3	3	3	3	3	3
Total	25	25	26	26	26	25	24	24	22	21

*Engineering and Operations Department was split in FYE 2018

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

Chart VI – Total Employees Last Ten Fiscal Years



Source: Santa Ana Watershed Project Authority

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Meter Connections	43	43	40	41	51	48	48	50	50	50
Number of Air Release Valves	63	63	63	63	63	65	65	65	65	65
Miles of Sewer Lines	73	73	73	73	73	73	73	73	73	73
Total Flows for Fiscal Years (MG)	3,969.34	4,024.99	3,717.79	3,781.59	3,874.56	3,747.43	4,020.77	3,937.41	4,060.74	4,330.10
Owned Treatment Capacity (MGs)	17	17	17	17	17	17	17	17	17	17

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

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Santa Ana Watershed Project Authority

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**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Santa Ana Watershed Project Authority (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated _____, 2021.

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 opinions 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 a 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.

Riverside, California
_____, 2021

_____, 2021

Board of Commissioners
Santa Ana Watershed Project Authority
Riverside, CA

We have audited the financial statements of the Santa Ana Watershed Project Authority (the “Authority”) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 26, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 described in Note 1 to the financial statements, the Authority changed accounting policies related to the postponement of certain GASB standards by adopting Statement of Government Account Standards (GASB Statement) No. 84 *Fiduciary Activities*, in the 2021 fiscal year. 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. The most sensitive estimates affecting the business-type activities’ financial statements were:

Management’s estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Management’s estimate of net other postemployment benefits (OPEB) liability is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimation of defined benefit pension obligation is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the defined benefit pension obligation in determining that it is 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:

The disclosure of the fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of capital assets in Note 5 to the financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of other postemployment benefits and the net OPEB liability in Note 12 to the financial statements represents management's estimate based on an actuarial valuation. Actual results could differ depending on these key factors and assumptions used for the actuarial valuation.

The disclosure of defined benefit pension plan in Note 11 to the financial statements represents management's estimate based on an actuarial valuation. Actual results could differ depending on these key factors and assumptions used for the actuarial valuation.

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. None of the misstatements detected as of a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 auditor's 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 _____, 2021.

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 auditor’s 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 the management and discussion and analysis, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions - Pension, which are required supplementary information (RSI) that supplements the basic 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 statements, 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 methods 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.

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.

As part of the audit, we assisted with the preparation of the financial statements and related notes and state controllers report preparation. However, these services, does not constitute an audit under *Government Auditing Standards* and are considered nonaudit services. Management has reviewed, approved, and accepted responsibility for the results of these services.

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.

Very truly yours,

COMMISSION MEMORANDUM NO. 2021.89

DATE: December 21, 2021

TO: SAWPA Commission

SUBJECT: Santa Ana River Watershed Weather Modification Pilot Program Update

PREPARED BY: Mark Norton P.E., Water Resources & Planning Manager
(This item is subject to the provisions of Project Agreement 25)

RECOMMENDATION

Staff recommends that the SAWPA Commission receive and file this status report regarding the Santa Ana River Watershed Weather Modification Pilot Program.

DISCUSSION

On April 6, 2021, the SAWPA Commission authorized staff to proceed with the ground seeding site selection analysis, CEQA development, preparations for a watershed wide SAWPA project application for Prop 1 Round 2 seeking 50% grant funding for a multi-year pilot scale watershed weather modification program and seek outside funding to support the program.

The work under the task order with North American Weather Consultants (NAWC) to conduct the ground seeding site analysis for 13 potential ground seeding sites in the watershed is nearing completion with property owners and public agencies located.

Work on the SAR Watershed Weather Modification Pilot Program CEQA with Catalyst Environmental Solutions commenced on November 1, 2021 with initial work on data gathering and developing the initial project description. The draft initial study is expected to be completed by the end of Feb. 2022 with the CEQA completed by July 2022.

Efforts continue to conduct outreach and prepare outreach material associated with the pilot weather modification program for the watershed. An offer to provide an informational presentation by SAWPA staff, answer questions and seek funding support has been made to over 60 agencies in the watershed. This solicitation of support spans several months through Feb. 2022 but funding would not be needed until next fiscal year at the earliest. So far over \$30,000 has been committed to the pilot program by three local agencies in the watershed.

Based on the multiple presentations made, the following general observations of interest and support are made:

- Most water agencies and departments after hearing the presentation are supportive but want to know what other agencies in the watershed have agreed to fund pilot
- Many are asking why they are being asked to financially support and why we are not going through our SAWPA member agency for funding first
- Most agencies ask what the direct benefit is to their agency. SAWPA staff's response is that this is not defined by agency at this stage and is dependent on each agency's ability to capture storm runoff

Work continues on preparation of a future grant application under the DWR Proposition 1 IRWM Round 2 Implementation grant program to cover 50% of the cost of the four-year program with validation. Since the proposal solicitation package and guidelines have not been released yet by DWR, the grant application for the project will not likely need to be completed until March 2022.

CRITICAL SUCCESS FACTORS

- Successful implementation of an integrated regional water resource plan that reflects the watershed management needs of the public and the environment.
- Data and information needed for decision-making is available to all.

RESOURCE IMPACTS

The CEQA program and staff time for conducting the work has been included in the SAWPA FY 21-22 Budget using surplus carry over funding available from Fund 370-01. Additional cost share partners are being approach which may decrease the member agency share for the grant funded project. Funding for the local cost share would not be needed until FY22-23.

Attachments:

1. PowerPoint Presentation
2. Memo – Meeting with past SBVMWD SB Mountains Snow Augmentation Operators



Santa Ana River Watershed Weather Modification Pilot Program Status Report

Mark Norton, Water Resources & Planning Mgr.
Santa Ana Watershed Project Authority
Item No. 6.C

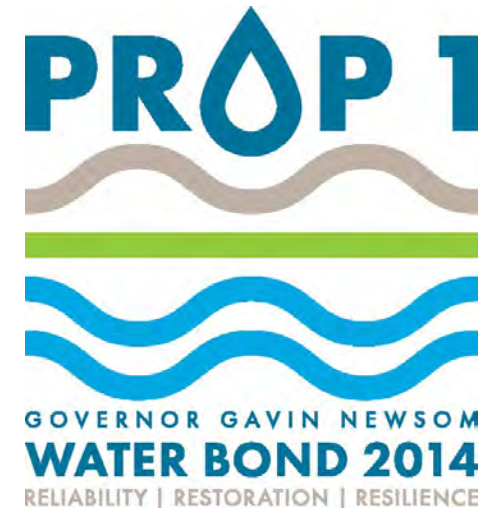


Pilot Program Schedule

Program Element	2020	2021	2022	2023	2024	2025	2026
Feasibility Study	Active						
Outreach for Local Funding Commitments		Active					
Ground Seeding Site Analysis		Active					
CEQA			Active				
Grant Application				Active			
Commence 4 Year Pilot Program					Active	Active	Active
Outreach and Public Engagement		Active	Active	Active	Active	Active	Active

Proposition 1 Round 2 IRWM Implementation Grant Application - Status

- SAWPA staff is waiting for Proposal Solicitation Package (PSP) for this round of grant funding from DWR
- Next Steps:
 1. SAWPA completes Call for Projects info form submittal for Weather Modification Pilot by March 2022.
 2. Seek 50% local share commitment to match 50% grant request by March/April 2022
- Typically, DWR does not require completion of pilot CEQA until 18 months after grant



Ground Seeding Locations Analysis Status - Ongoing

Consultant: North American Weather Consultants

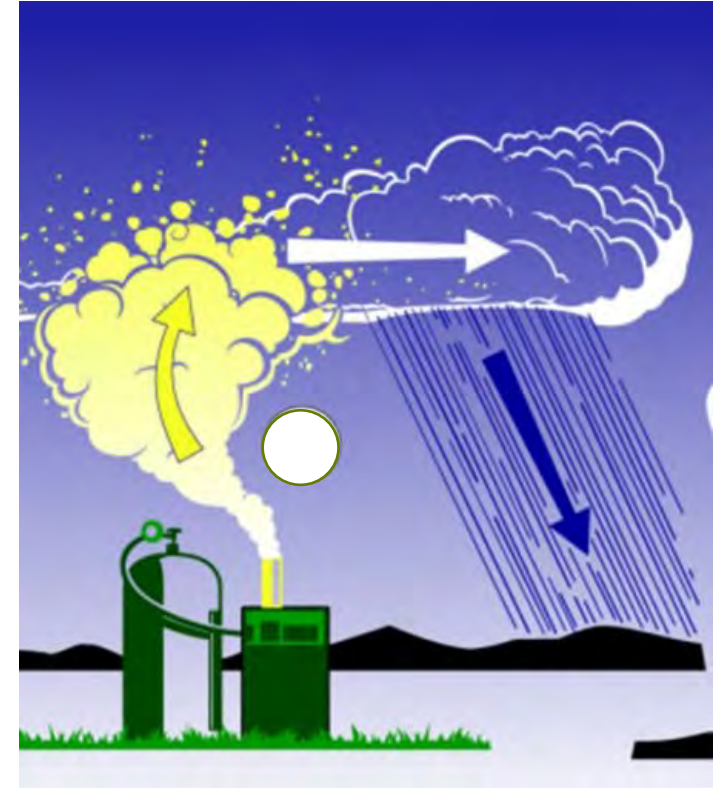
Cost: \$15,400

Scope:

- Select locations for ~13 ground seeding sites
- Contact public water agencies to ensure that operations from the location are feasible
- Work with public water agencies to operate units based on agreements with a licensed weather modification operator

Status:

- Project summary report detailing the locations identified by consultant expected mid-Dec.



California Environmental Quality Act – Mitigated Negative Declaration Analysis - Status

- **October 21, 2021** Agreement and task order were signed by SAWPA and CEQA Consultant, Catalyst Environmental Solutions
- **Nov. 1, 2021:** Held kickoff meeting with Catalyst Environmental Solutions
- **Dec. 15, 2021** Project Description, alternatives and phasing is expected to be completed
- **Feb. 16, 2022** Draft Initial Study expected to be completed
- **Jun. 14, 2022** CEQA Mitigated Negative Declaration to be complete
- **North American Weather Consultants** will assist CEQA consultant to provide context, feedback, and assistance.



Outreach Presentations and Funding Support

Approach:

- Contacted 60+ water agencies/departments and other organizations:
 - Provided information about the pilot program
 - Requested to make presentations to boards

Status:

- 10+ Presentations made/scheduled
- Funding commitments for weather modification pilot:
 - Chino Basin Water Conservation District \$20,000
 - San Antonio Water Agency \$5,000
 - City of Corona \$5,000
- 12+ board presentations have been scheduled over the next two months



Cloud Seeding Pilot Program Questions

- Safety of Silver Iodide
- Operators are licensed and carry liability insurance
- Operations
- Suspension criteria
 - Turn off program during high precipitation (avoid flood conditions)
 - Turn off program due to burn scars from wildfires
- Permitting
- Outreach is critical



General Level of Interest and Support (regardless of cost share)

General Outcomes:

- Most agencies after hearing the presentation are supportive of the pilot program
- We do hear questions and some reservations about the efficacy of cloud seeding in our region

Comments on Cost Share:

- They are interested in the funding commitments by other agencies
- Many are suggesting that financial support be provided by SAWPA member agencies

Other Questions:

- What is the direct benefit is to their agency?



Questions and/or Concerns

How much of the new water can be captured and recharged from the 8100 AF?

- TBD in pilot (dependent on stormwater capture facilities by agency)

What amount of demand could this serve if it was 100%?

- 16,000 households (based on 0.5 AF per year per household)

What is the fate of the acetone in the cloud seeding operations?

- When burned, acetone breaks down immediately to water vapor and CO₂ (negligible amount).



Questions and/or Concerns

Why is only a ground-based system being considered for the four-year pilot rather than both aerial seeding and ground-based seeding?

- Ground only operations will already have a sizable impact on precipitation, at a significantly reduced cost and a higher benefit to cost
- A simpler and more cost-effective seeding approach is recommended initially for evaluation
- Aerial program involves more complex operations
- All four target areas are not optimal for aerial seeding
- One seeding mode that benefits all designated target areas is recommended for pilot



Questions on Previous Cloud Seeding Efforts

What were the findings and outcomes of the previous cloud seeding study in the region (San Bernardino Mountains in 1976-1978 operated by SBVMWD)?

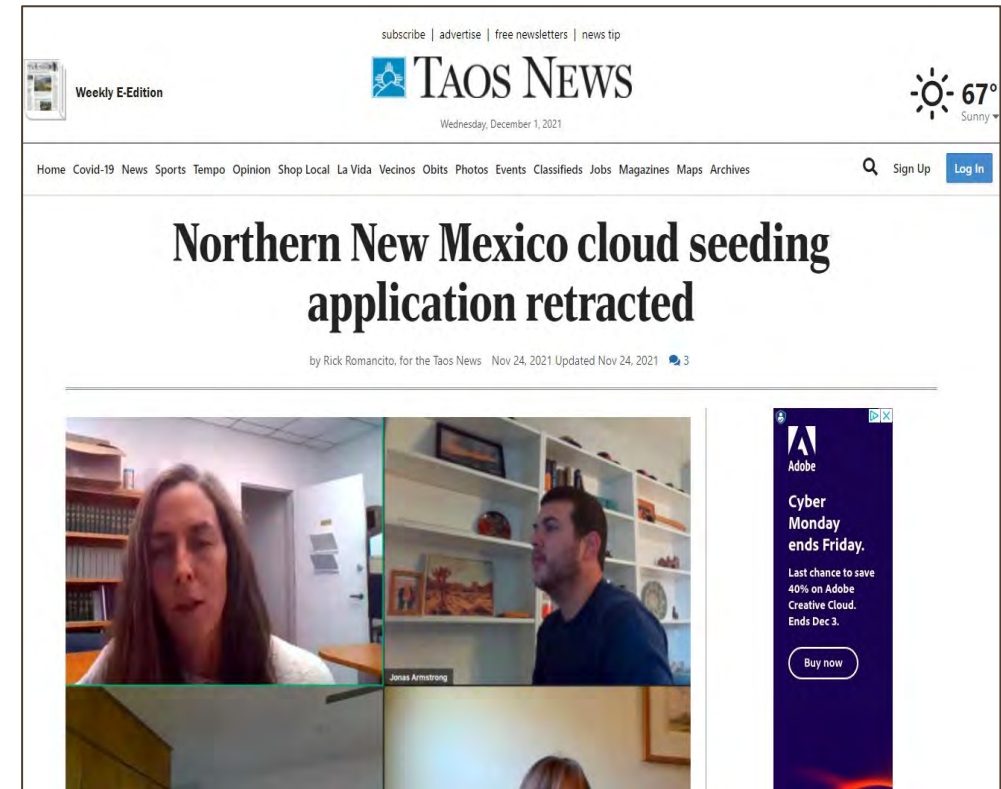
- SAWPA Staff interviewed three individuals involved in the 1970s study:
 - They believe the program was having positives benefits
 - They concurred that the current program makes sense considering impacts of dry years and drought
 - Reasons for discontinuing the program was due to revenue impacts based on Pro 13 and were not based on effectiveness
- Other considerations for current study:
 - Storm forecasting has greatly improved
 - Analytics of pilot results is much more advanced
 - Better validation processes are available
 - Studies of other U.S. cloud seeding programs in US demonstrate that a 5-15% benefit in increased snowpack can be achieved



Questions on Acceptance

If other cloud seeding programs are being opposed (i.e., New Mexico) why start one for this watershed?

- We conducted a feasibility study and are proposing a pilot study
- Our outreach is being conducted early and will run throughout the pilot
- Science and related information is being shared with stakeholders, public, and media
- However, the program will likely have some who oppose the pilot even with outreach
- The goal of the pilot is to demonstrate that the program is safe, cost effective, and has broad support



Suggestions/Ideas

- Conduct additional outreach to:
 - Native American Tribes
 - Regulatory agencies
 - Adjoining watersheds
 - Ski resorts
- Provide material to SAWPA member agencies outreach staff
- SAWPA member agency staff could attend SAWPA briefing meetings



Pilot Program Schedule

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CEQA			Active				
Grant Application			Active				
Commence 4 Year Pilot Program				Active	Active	Active	Active
Outreach and Public Engagement		Active	Active	Active	Active	Active	Active

Recommendation

- Staff recommends that the SAWPA Commission receive and file this status report on ongoing planning and outreach activities associated with the Santa Ana River Watershed Weather Modification Pilot Program

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Memorandum

To: File
From: Mark Norton, PE, Water Resources & Planning Manager
Date: December 13, 2021
Re: Historical 1976-1978 San Bernardino Valley Municipal Water District Cloud Seeding Program in San Bernardino Mountains – Participant Feedback

November 30, 2021, Call with Cheryl Tubbs and Robert Martin

A Zoom meeting call was held with Cheryl Tubbs, Robert Martin, Jeff Mosher and Mark Norton to discuss the 1976-1978 San Bernardino Valley Municipal Water District (Valley District) cloud seeding program conducted in San Bernardino Mountains and to hear about what they learned from that program. Both Ms. Tubbs and Mr. Martin worked directly on the program at that time. Ms. Tubbs reported that the historical San Bernardino Mountains cloud seeding program involved forecasting and testing with a focus on augmenting snowpack in the San Bernardino Mountains within the Valley District service area. The program included a professional climatologist, weather balloons as borrowed by the US Navy, in-office analysis, and several work teams to operate the seeding units in the mountains when storms under the right conditions were forecast.

Mr. Martin emphasized that another major part of the cloud seeding program was to conduct extensive environmental impact evaluations. These evaluations focused on the study of the possible impacts and detection of cloud seeding, silver iodide, on native animals, fish, their habitat, vegetation, and soil. The evaluations showed that the silver iodide “never exceeded the background levels” in all samples taken.

Mr. Mosher asked why the cloud seeding program came to an end after 1978. Both Mr. Martin and Ms. Tubbs did not know why the program was concluded. SAWPA staff was encouraged to reach out to a colleague who was the lead on the program, Mr. Larry Rowe. Ms. Tubbs said that there was a lot of variability in precipitation for each winter season with storm during an extremely dry winter season, 1976-1977 and an extremely wet winter season, 1977-1978. The effort to find the right storm conditions to seed was challenging. They did use the services of the State of Nevada climatologist, John James, who has since passed away. What they could conclude was that there were no negative impacts to the environment from the program.

Mr. Mosher asked if Ms. Tubbs or Mr. Martin felt it had a benefit overall. Mr. Martin said he felt that when they found good storms that met their criteria, “it was doing something positive”. Ms. Tubbs said the results appeared inconclusive based on the analysis options they had at the time and ideally the program should probably have continued for several years to get good conclusions. An ideal cloud seeding program should probably last 10 - 15 years, she suggested. Although the program did include a great deal of study, six water resource staff, a lab, and consultant, it did not seem too resource intensive. Mr. Martin thought the 1976-1978 program may have also ended due to CA Proposition 13 tax restraints placed on SBVMWD at the time which resulted in financial cutbacks to its operations.

When Ms. Tubbs and Mr. Martin were asked if they felt it was worthwhile to investigate cloud seeding again for the San Bernardino mountains and the SAR Watershed as a whole, both felt it made sense to investigate further. Mr. Martin said, *“It is an option you cannot ignore. If it can be implemented again, it is worth a shot.”*

Ms. Tubbs and Mr. Martin were asked if there was any public opposition to their program. Mr. Tubbs said there was strong support for the program by the local press and good in-depth newspaper articles. SAWPA staff was given the contact info for Larry Rowe by Ms. Tubbs and will follow up with him on his input.

December 8, 2021, Call with Larry Rowe

On Dec. 8, 2021, Mark Norton spoke with Larry Rowe, former Valley District Water Resource Division Manager, who was project lead for the snow augmentation program using cloud seeding conducted in 1976-1978. Mr. Rowe shared that he was one of the few licensed operators for cloud seeding at the time and designed the cloud seeding program to include verification measures with target and control analysis of the effects of cloud seeding. He worked closely with Norm Caouette who served as author of the snowpack augmentation report. Mr. Rowe stated the program was also designed and funded in part by an adjoining watershed, Mojave Desert Resource Conservation District. Larry was also very involved with the National Weather Modification Council to ensure the latest science was applied.

Mr. Rowe stated the historical program included the participation of the USGS to help monitor rain and snow gauges. He stated the biggest challenge was the seasonal variability and working to ensure the right types of snow augmentation conditions were available to conduct the seeding based on temperature and rain forecast gathered from weather balloons borrowed from the U.S. Navy.

Mr. Rowe stated the program came to an end not because anyone felt that it was not effective, rather due to the revenue curtailment that occurred when the State of California Proposition 13 was passed that caused major budget cutbacks to Valley District including the shutdown of the cloud seeding program at the time. He felt that the historical program results for just the two years were mixed and difficult to quantify for such a short period and was very dependent on the right types of rain or snowstorms from the west coast.

Mr. Rowe felt very strongly that cloud seeding works and shared that such programs have been used effectively in many other areas in the Western States and internationally including Vietnam. When asked if he was supportive of implementing our pilot program with validation again for the San Bernardino mountains and other mountain ranges surrounding the watershed, he thought it was a wise investment and worth the effort. Mr. Rowe concluded his statement that the biggest hurdle will be public perception about cloud seeding. He said that when their program was run in the 1970s, they had only one concern raised during the EIR that was conducted and that was due to site impacts of one of the stations. Otherwise, there was seemingly broad support for what Valley District was doing at the time by water agencies, the media, and the public.

Santa Ana Watershed Project Authority
Cash Transaction Report
Month of October 2021

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	\$ 1,129,537.57
Net Investment Transfers	-
Cash Disbursements	<u>(714,061.29)</u>
Net Change for Month	\$ 415,476.28
Balance at Beginning of Month	<u>1,474,752.05</u>
Balance at End of Month per General Ledger	<u><u>\$ 1,890,228.33</u></u>
Collected Balance per Bank Statement	\$ 2,130,508.47

ACCOUNTS PAYABLE RECONCILIATION

Accounts Payable Balance @ 09/30/2021	\$ 5,490,397.94
Invoices Received for October 2021	581,286.52
Invoices Paid by check/wire during October 2021 (see attached register)	<u>(498,663.17)</u>
Accounts Payable Balance @ 10/31/2021	<u><u>\$ 5,573,021.29</u></u>

CASH RECEIPTS

Brine Line Operating Revenues	\$ 1,068,704.25
Participant Fees	39,243.00
LESJWA Admin Reimbursement	21,590.32
Other	<u>-</u>
Total Receipts and Deposits	\$ 1,129,537.57

INVESTMENT TRANSFERS

Transfer of Funds:	
From (to) US Bank	\$ -
From (to) LAIF	-
From (to) Legal Defense Fund	-
From (to) LESJWA	-
From (to) Investments	<u>-</u>
Total Investment Transfers	\$ -

CASH DISBURSEMENTS

By Check:	
Payroll	\$ -
Operations	<u>498,663.17</u>
Total Checks Drawn	\$ 498,663.17
By Cash Transfer:	
Payroll	\$ 145,248.43
Payroll Taxes	68,750.49
Take Care (AFLAC)	<u>1,399.20</u>
Total Cash Transfers	\$ 215,398.12
Total Cash Disbursements	<u><u>\$ 714,061.29</u></u>

Santa Ana Watershed Project Authority
Check Detail
Oct-21

Category	Check #	Check Date	Type	Vendor	Check Amount
Auto Expense	5014	10/21/2021	CHK	County of Riverside	\$ 3,506.96
Auto Expense	5023	10/28/2021	CHK	County of Riverside	\$ 1,402.73
Auto Expense	EFT04153	10/14/2021	CHK	County of Riverside/Transportation	\$ 475.77
Auto Expense	EFT04179	10/28/2021	CHK	County of Riverside/Transportation	\$ 873.11
Auto Expense Total					\$ 6,258.57
Banking Fees	WDL000005527	10/15/2021	WDL	US Bank	\$ 963.70
Banking Fees Total					\$ 963.70
Benefits	4999	10/7/2021	CHK	Cal PERS Long Term Care Program	\$ 152.04
Benefits	5009	10/21/2021	CHK	AFLAC	\$ 336.01
Benefits	5011	10/21/2021	CHK	Cal PERS Long Term Care Program	\$ 152.04
Benefits	5016	10/21/2021	CHK	WageWorks	\$ 122.00
Benefits	EFT04135	10/7/2021	CHK	Vantagepoint Transfer Agents	\$ 3,449.33
Benefits	EFT04140	10/7/2021	CHK	Vantagepoint Transfer Agents	\$ 407.23
Benefits	EFT04149	10/14/2021	CHK	ACWA/JPIA	\$ 46,857.34
Benefits	EFT04157	10/21/2021	CHK	Vantagepoint Transfer Agents	\$ 3,449.33
Benefits	EFT04164	10/21/2021	CHK	Vantagepoint Transfer Agents	\$ 407.23
Benefits	P041744	10/7/2021	WDL	CalPERS Supplemental Income	\$ 4,071.33
Benefits	P041745	10/7/2021	WDL	Public Employees' Retirement	\$ 18,480.30
Benefits	P041822	10/21/2021	WDL	CalPERS Supplemental Income	\$ 5,297.13
Benefits	P041823	10/21/2021	WDL	Public Employees' Retirement	\$ 17,817.94
Benefits	WDL000005524	10/7/2021	WDL	Takecare	\$ 384.60
Benefits	WDL000005525	10/13/2021	WDL	Takecare	\$ 192.30
Benefits	WDL000005526	10/13/2021	WDL	Takecare	\$ 630.00
Benefits	WDL000005534	10/26/2021	WDL	Takecare	\$ 192.30
Benefits Total					\$ 102,398.45
Building Lease	5025	10/28/2021	CHK	Wilson Property Services, Inc	\$ 1,890.00
Building Lease	5026	10/28/2021	CHK	Wilson Property Services, Inc	\$ 1,864.96
Building Lease Total					\$ 3,754.96
Cloud Storage	EFT04165	10/21/2021	CHK	Accent Computer Solutions Inc	\$ 1,504.31
Cloud Storage Total					\$ 1,504.31
Consulting	5019	10/21/2021	CHK	Project Partners	\$ 4,760.00
Consulting	EFT04139	10/7/2021	CHK	CDM Smith, Inc.	\$ 45,725.33
Consulting	EFT04141	10/7/2021	CHK	Integrated Systems Solutions	\$ 277.50
Consulting	EFT04142	10/7/2021	CHK	Woodard & Curran Inc.	\$ 5,829.50
Consulting	EFT04144	10/7/2021	CHK	GeoScience Support Services	\$ 7,598.00
Consulting	EFT04145	10/7/2021	CHK	Blais & Associates	\$ 1,072.50
Consulting	EFT04146	10/7/2021	CHK	GEI Consultants	\$ 13,687.70
Consulting	EFT04148	10/7/2021	CHK	Kahn Soares & Conway	\$ 12,437.00
Consulting	EFT04152	10/14/2021	CHK	Integrated Systems Solutions	\$ 129.50
Consulting	EFT04154	10/14/2021	CHK	Sol Media	\$ 2,380.00
Consulting	EFT04155	10/14/2021	CHK	Gillis & Panichapan Architects	\$ 6,350.00
Consulting	EFT04160	10/21/2021	CHK	West Coast Advisors	\$ 9,750.00
Consulting	EFT04165	10/21/2021	CHK	Accent Computer Solutions Inc	\$ 2,786.40
Consulting	EFT04166	10/21/2021	CHK	Trussell Technologies, Inc.	\$ 1,017.99
Consulting	EFT04172	10/21/2021	CHK	JM Consultants	\$ 10,562.67
Consulting	EFT04176	10/28/2021	CHK	Integrated Systems Solutions	\$ 92.50
Consulting	EFT04177	10/28/2021	CHK	Accent Computer Solutions Inc	\$ 1,526.48
Consulting	EFT04178	10/28/2021	CHK	Geophex Limited Inc	\$ 160,317.00
Consulting	EFT04186	10/28/2021	CHK	JPW Communications	\$ 2,916.65
Consulting Total					\$ 289,216.72
Credit Cards	P041857	10/12/2021	WDL	US Bank	\$ 11,974.44
Credit Cards Total					\$ 11,974.44
Director Costs	EFT04156	10/21/2021	CHK	Eastern Municipal Water District	\$ 489.68
Director Costs	EFT04158	10/21/2021	CHK	Western Municipal Water District	\$ 230.00
Director Costs Total					\$ 719.68
Dues	5012	10/21/2021	CHK	WateReuse Association	\$ 3,850.00
Dues	5021	10/28/2021	CHK	California Special Districts Association	\$ 1,750.00
Dues	5024	10/28/2021	CHK	Association of Public Treasurers	\$ 100.00
Dues Total					\$ 5,700.00
Employee Reimbursement	EFT04147	10/7/2021	CHK	Jaclyn Alm	\$ 30.37
Employee Reimbursement	EFT04150	10/14/2021	CHK	Mark Norton	\$ 300.00
Employee Reimbursement	EFT04184	10/28/2021	CHK	Bonnie Gallagher	\$ 150.00
Employee Reimbursement Total					\$ 480.37

Santa Ana Watershed Project Authority
Check Detail
Oct-21

Category	Check #	Check Date	Type	Vendor	Check Amount
Equipment Rented	5006	10/14/2021	CHK	United Rentals	\$ 4,091.53
Equipment Rented	EFT04136	10/7/2021	CHK	Konica Minolta Business Solutions	\$ 688.08
Equipment Rented Total					\$ 4,779.61
Facility Repair & Maintenance	5004	10/14/2021	CHK	TNT Elevator Inc	\$ 272.00
Facility Repair & Maintenance	5005	10/14/2021	CHK	Downstream Services Inc	\$ 11,264.00
Facility Repair & Maintenance	5017	10/21/2021	CHK	Trench Shoring Company	\$ 1,832.89
Facility Repair & Maintenance	EFT04143	10/7/2021	CHK	Houston & Harris PCS, Inc.	\$ 7,091.92
Facility Repair & Maintenance	EFT04159	10/21/2021	CHK	Western Exterminator Co.	\$ 134.05
Facility Repair & Maintenance	EFT04163	10/21/2021	CHK	Golden State Fire Protection	\$ 650.00
Facility Repair & Maintenance	EFT04168	10/21/2021	CHK	Houston & Harris PCS, Inc.	\$ 5,809.06
Facility Repair & Maintenance	EFT04169	10/21/2021	CHK	RivCo Mechanical Services	\$ 1,867.02
Facility Repair & Maintenance	EFT04170	10/21/2021	CHK	Riverside Cleaning	\$ 1,600.00
Facility Repair & Maintenance	EFT04171	10/21/2021	CHK	Washburn Grove Management Inc	\$ 5,000.00
Facility Repair & Maintenance	EFT04180	10/28/2021	CHK	Houston & Harris PCS, Inc.	\$ 6,475.99
Facility Repair & Maintenance Total					\$ 41,996.93
Insurance Expense	5007	10/14/2021	CHK	Zenith Insurance Company	\$ 5,363.00
Insurance Expense Total					\$ 5,363.00
Lab Costs	EFT04138	10/7/2021	CHK	E. S. Babcock & Sons, Inc.	\$ 1,242.00
Lab Costs	EFT04151	10/14/2021	CHK	E. S. Babcock & Sons, Inc.	\$ 2,555.25
Lab Costs	EFT04161	10/21/2021	CHK	E. S. Babcock & Sons, Inc.	\$ 1,410.00
Lab Costs	EFT04175	10/28/2021	CHK	E. S. Babcock & Sons, Inc.	\$ 2,487.60
Lab Costs Total					\$ 7,694.85
Landscape Maintenance	EFT04162	10/21/2021	CHK	Green Meadows Landscape	\$ 720.00
Landscape Maintenance Total					\$ 720.00
Legal	EFT04185	10/28/2021	CHK	Lagerlof, LLP	\$ 6,733.50
Legal Total					\$ 6,733.50
Materials & Supplies	* EFT04167	10/21/2021	VOID	Airgas USA LLC	\$ -
Materials & Supplies Total					\$ -
Office Expense	5008	10/21/2021	CHK	Aramark Refreshment Services	\$ 256.69
Office Expense	5013	10/21/2021	CHK	Awards & Specialties	\$ 13.05
Office Expense	5015	10/21/2021	CHK	Printing Connection, Inc.	\$ 23.50
Office Expense	EFT04173	10/28/2021	CHK	Konica Minolta Business Solutions	\$ 258.27
Office Expense Total					\$ 551.51
Other Expense	5018	10/21/2021	CHK	Riverside County Department of Waste	\$ 50.00
Other Expense Total					\$ 50.00
Payroll	WDL000005519	10/8/2021	WDL	Direct Deposit 10/8/2021	\$ 70,930.02
Payroll	WDL000005520	10/8/2021	WDL	PR Tax - Federal	\$ 27,212.99
Payroll	WDL000005521	10/8/2021	WDL	PR Tax - State	\$ 6,392.37
Payroll	WDL000005522	10/8/2021	WDL	PR Tax - State AZ	\$ 116.78
Payroll	WDL000005528	10/15/2021	WDL	PR Tax - State	\$ 349.52
Payroll	WDL000005529	10/22/2021	WDL	Direct Deposit 10/22/2021	\$ 74,318.41
Payroll	WDL000005530	10/22/2021	WDL	PR Tax - Federal	\$ 28,081.58
Payroll	WDL000005531	10/22/2021	WDL	PR Tax - State	\$ 6,480.47
Payroll	WDL000005532	10/22/2021	WDL	PR Tax - State AZ	\$ 116.78
Payroll Total					\$ 213,998.92
Safety	EFT04137	10/7/2021	CHK	Underground Service Alert	\$ 301.38
Safety	EFT04174	10/28/2021	CHK	Calolympic Safety	\$ 2,043.41
Safety Total					\$ 2,344.79
Shipping/Postage	5003	10/14/2021	CHK	General Logistics Systems US	\$ 42.49
Shipping/Postage	5020	10/28/2021	CHK	General Logistics Systems US	\$ 27.08
Shipping/Postage Total					\$ 69.57
Software	EFT04165	10/21/2021	CHK	Accent Computer Solutions Inc	\$ 3,157.10
Software Total					\$ 3,157.10
Utilities	4998	10/7/2021	CHK	Riverside, City of	\$ 196.69
Utilities	5000	10/7/2021	CHK	Southern California Edison	\$ 138.81
Utilities	5001	10/7/2021	CHK	Burrtec Waste Industries, Inc	\$ 91.13
Utilities	5002	10/7/2021	CHK	DIRECTV	\$ 24.60
Utilities	5010	10/21/2021	CHK	AT&T	\$ 978.34
Utilities	5022	10/28/2021	CHK	AT&T	\$ 205.76

Santa Ana Watershed Project Authority
Check Detail
Oct-21

Category	Check #	Check Date	Type	Vendor	Check Amount
Utilities	EFT04181	10/28/2021	CHK	Verizon Wireless Services LLC	\$ 130.61
Utilities	EFT04182	10/28/2021	CHK	Verizon Wireless Services LLC	\$ 331.11
Utilities	EFT04183	10/28/2021	CHK	Verizon Wireless Services LLC	\$ 1,533.26
Utilities Total					\$ 3,630.31
Grand Total					\$ 714,061.29

	Accounts Payable
Checks	\$ 440,058.33
Wire Transfers	\$ 58,604.84
	<u>\$ 498,663.17</u>

Take Care	\$ 1,399.20
Other	\$ -
Payroll	\$ 213,998.92
	<u>\$ 714,061.29</u>

Total Disbursements for October 2021

Santa Ana Watershed Project Authority
 Consulting
 Oct-21

Check #	Check Date	Task #	Task Description	Vendor Name	Total Contract	Check Amount	Remaining Contract Amount	Notes/Comments
EFT04119	9/23/2021	ACS100-22	IT Services	Accent Computer Solutions	\$ 19,000.00	\$ 2,786.40	\$ 1,536.94	
EFT04090	9/2/2021	BLAIS370-02	Grant Needs Assessment & Grant Monitoring	Blais & Associates	\$ 24,700.00	\$ 715.00	\$ 4,114.06	
EFT04100	9/9/2021	CDM386-15	Regional Bacteria Monitoring Program	CDM Smith	\$ 415,453.00	\$ 10,486.68	\$ 22,495.63	
EFT04100	9/9/2021	CDM386-16	Implementation of SAR Regional Bacteria Monitoring Program	CDM Smith	\$ 1,070,535.00	\$ 12,540.10	\$ 937,378.49	
EFT04107	9/9/2021	GEI386-01	Homeless Encampment - Phase 1A Water Quality Monitoring	GEI Consultants	\$ 119,514.00	\$ 2,023.75	\$ 92,582.02	
EFT04089	9/2/2021	INSOL100-17	Great Plains and Journyx Support	Integrated Systems Solutions	\$ 4,750.00	\$ 277.50	\$ 3,825.00	
EFT04110	9/16/2021	INSOL100-17	Great Plains and Journyx Support	Integrated Systems Solutions	\$ 4,750.00	\$ 37.00	\$ 3,825.00	
EFT04128	9/23/2021	JPW392-01	Emerging Constituents Program Social Media Support	JPW Communications	\$ 105,000.00	\$ 2,916.65	\$ 61,625.10	
EFT04112	9/16/2021	KSC374-02	Basin Monitoring Program TF Regulatory Support	Kahn, Soares, & Conway	\$ 116,000.00	\$ 4,425.00	\$ 103,975.00	
EFT04112	9/16/2021	KSC384-02	MSAR Pathogen TMDL TF Regulatory Support	Kahn, Soares, & Conway	\$ 149,750.00	\$ 3,643.00	\$ 136,205.00	
EFT04112	9/16/2021	KSC392-02	Emerging Constituents Program TF Regulatory Support	Kahn, Soares, & Conway	\$ 46,500.00	\$ 862.50	\$ 44,997.50	
04986	9/23/2021	PRO387-01	Headwaters Project - Access to Parcels	Project Partners	\$ 23,800.00	\$ 4,760.00	\$ 3,899.18	
EFT04109	9/16/2021	SAWA381-01	Van Buren Bridge Sucker Restoration	Santa Ana Watershed Association	\$ 20,358.20	\$ 505.33	\$ 1,108.98	
EFT04131	9/30/2021	SAWA381-01	Van Buren Bridge Sucker Restoration	Santa Ana Watershed Association	\$ 20,358.20	\$ 1,626.70	\$ 1,108.98	
EFT04106	9/9/2021	SOL100-09	OWOW Portion Website Support	Sol Media	\$ 1,500.00	\$ 240.00	\$ 540.00	
EFT04125	9/23/2021	SOL100-09	OWOW Portion Website Support	Sol Media	\$ 1,500.00	\$ 160.00	\$ 540.00	
EFT04120	9/23/2021	TRU240-25	S-01 Solids Characterization	Trussell Technologies	\$ 13,100.00	\$ 1,129.82	\$ 4,670.93	
EFT04133	9/30/2021	TRU240-26	Brine Line PFAS Assessment	Trussell Technologies	\$ 15,560.00	\$ 110.00	\$ 8,070.00	
EFT04115	9/23/2021	WCA100-03-04	State Legislative Consulting Services	West Coast Advisors	\$ 240,000.00	\$ 9,750.00	\$ 142,500.00	
					\$ 58,995.43			

COMMISSION MEMORANDUM NO. 2021.90

DATE: December 21, 2021
TO: SAWPA Commission
SUBJECT: Inter-Fund Borrowing – October 2021
PREPARED BY: Karen Williams, DGM/CFO

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 October 2021. 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	09/30/2021 Balance	Loan Receipts	New Charges	10/31/2021 Balance
130	Proposition 84 Admin R1	(\$27.79)	(\$0.00)	\$0.00	(\$27.79)
135	Proposition 84 Admin R2	86,061.35	(0.00)	0.00	86,061.35
140	Proposition 84 Admin R3	(64.25)	(0.00)	0.00	(64.25)
145	Proposition 84 Admin R4	248,413.66	(0.00)	36,115.10	284,528.76
150	Proposition 1 – Admin	100,810.90	(0.00)	12,039.19	112,850.09
397	Energy – Water DAC	723.39	(0.00)	1,671.98	2,395.37
398	Proposition 1 – DACI Grant	340.88	(0.00)	0.00	340.88
477	LESJWA Administration	20,259.23	(21,590.32)	21,480.06	20,148.97
504	Prop 84 – Round I & II	(50.01)	0.00	0.00	(50.01)
504	Prop 84 - Drought Projects	(52.41)	(0.00)	0.00	(52.41)
	Total Funds Borrowed	\$456,414.95	(\$21,590.32)	\$71,306.33	\$506,130.96
	General Fund Reserves Balance		\$2,626,838.43		
	Less Amount Borrowed		<u>506,130.96</u>		
	Balance of General Fund Reserves		\$2,120,707.47		

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
135, 145,150 – Proposition 1 & 84 Admin	DWR – Prop 1 & 84 Grant	Monthly/Quarterly	Up to 4 months
397 – Energy – Water DAC	City of Riverside Grant	Quarterly	Up to 4 months
398 – Proposition 1 – DACI Grant	DWR – Prop 1 Grant	Monthly	Up to 4 months
477 – LESJWA Admin	Reimbursement from LESJWA	Monthly	2 to 4 weeks
504 – Proposition 84 SARCCUP Projects	DWR – Prop 84 Grant	Monthly/Quarterly	Up to 4 months

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 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 150

This fund is for the administration of Proposition 1 grant funds. Once the contract has been signed by DWR these funds will be billed quarterly and 10% will be withheld for retention.

Fund 397

This fund is for the transformative climate communities grant provided by a sub-recipient agreement between SAWPA and the City of Riverside. These funds will be billed on a quarterly basis.

Fund 398

This fund is for the Proposition 1 DACI grant project. These funds will be billed monthly 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.

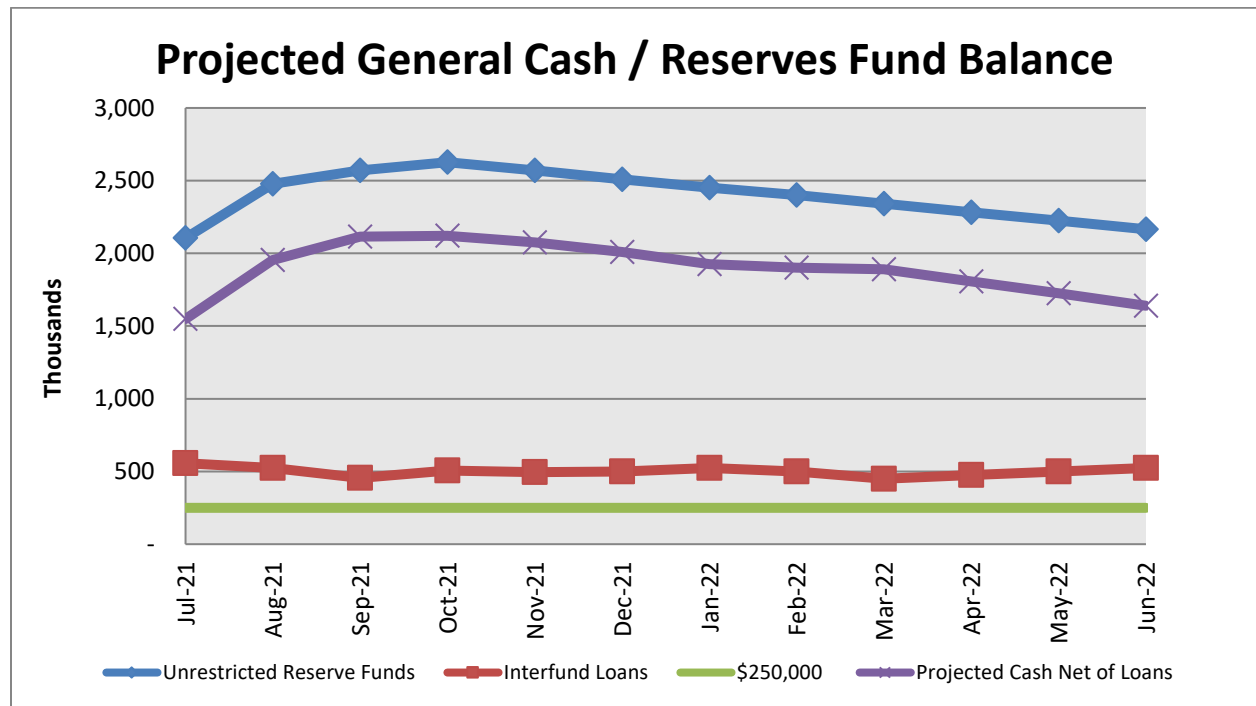
Fund 504

This fund is for the implementation of SARCCUP projects which are administered through PA22 and PA23.

The following graph shows the total budget, total project costs to date, and the amount remaining on each grant.

Fund	Fund Name	Total Budget	Costs Through 10/31/2021	Remaining Grant Budget
145	Proposition 84 Admin R4	3,213,384	(1,110,975)	2,102,409
150	Proposition 1 Admin	1,157,000	(112,850)	1,044,150
398	Proposition 1 – DACI Grant	6,300,000	(6,300,000)	-
504	Prop 84 – 2015 Round (SARCCUP)	1,543,810	(772,990)	770,820
Totals		\$12,214,194	(\$8,296,815)	\$3,917,379

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 2022. The projected loan balance is expected to remain over the \$250,000 aggregate limit through June 2022 because of Proposition 1 and 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 that interest is eligible for reimbursement. There is sufficient cash available to cover proposed borrowings and to pay budgeted expenditures for the General Fund.

Attachments:

1. Resolution No. 452 | Amending the Inter-Fund, Inter-Project and Inter-Agency Loan Policy

RESOLUTION NO. 452

A RESOLUTION OF THE COMMISSION OF THE SANTA ANA WATERSHED PROJECT AUTHORITY AMENDING THE INTER-FUND, INTER-PROJECT AND INTER-AGENCY LOAN POLICY

WHEREAS, the Commission of the Santa Ana Watershed Project Authority (hereafter "SAWPA") previously adopted, by minute action taken on August 3, 1996, an "Inter-Fund/Inter-Project Loan Policy" to regulate loans from one SAWPA Fund or Project to another SAWPA Fund or Project; and

WHEREAS, the Commission desires to amend the "Inter-Fund Fund/Project Loan Policy" by formally adopting such Policy, by way of this Resolution, regulating how and in what manner such inter-fund or inter-project loans are to take place and mandating that all such loans require Commission approval in advance as contemplated by the policy adopted on August 3, 1996.

NOW, THEREFORE, BE IT RESOLVED that the Commission of the Santa Ana Watershed Project Authority hereby amends the following Loan Policy for any loan from one SAWPA Fund or Project to another SAWPA Fund or Project:

1. Loans from any SAWPA Fund or Project to another SAWPA Fund, Project or another public agency shall be approved in advance by the SAWPA Commission. The approval shall be in written format and include documentation of the specifics of the transaction. The approval shall include a finding that the loan will not expose the lending SAWPA Fund or Project to significant financial or operational risk.
2. Unless otherwise provided for by the Commission, the borrowing Fund, Project or public agency shall be required to repay the loan within a specific period of time and at a rate of interest as determined by the Commission. For the purposes of this policy, SAWPA's calculated quarterly rate of return may be used as the basis for interest payable on the outstanding principal for any loan. The period for repayment of the loan shall be determined by the Commission, but shall be no longer than the life of the lending Fund or Project.
3. The borrowing Fund's, Project's or public agency's repayment source shall be identified and included in the approval action by the Commission and the "loan documentation". The "loan documentation" shall include a written agreement, resolution or other document approved by the Commission setting forth all of the foregoing terms and conditions.

4. Loans to reimbursable SAWPA grant contract projects and related efforts for short-term (i.e., current fiscal year) operating cash flow purposes may be borrowed from the SAWPA General Fund Reserve without prior Commission approval. But all such loans shall be reported to the Commission within 30 days of each such loan. Such loans shall be paid off on a continuous basis. The total funds loaned for all such grant contract projects and related efforts shall not exceed \$250,000.00 in the aggregate for each fiscal year, without prior written approval by the Commission. Payment of interest will be based on the actual interest that would have been earned by the SAWPA General Fund Reserve had those funds not been borrowed. Cash flow and receivables will be reported at least quarterly to forecast needs and demonstrate compliance.
5. Prior to June 30th of each year, staff shall provide to the Commission an annual written report of all such Inter-fund, Inter-project or Inter-agency loans, amounts repaid and any outstanding loan balances.

ADOPTED this 13th day of December 2005.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: *Mark W. Bulot*
Mark Bulot, Chair



COMMISSION MEMORANDUM NO. 2021.91

DATE: December 21, 2021
TO: SAWPA Commission
SUBJECT: Performance Indicators and Financial Reporting – October 2021
PREPARED BY: Karen Williams, DGM/CFO

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.
List of SAWPA Funds	Shows each SAWPA Fund with the fund description and fund group.
Debt Service Funding Analysis	Shows total annual income by source used to make debt service payments through debt maturity at FYE 2048.
Debt Service Payment Schedule	Shows total debt service interest and principal payments through debt maturity at FYE 2048.

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 Brine Line 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 Indirect Cost 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 Indirect Cost 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 | 10. Reserve Account Analysis |
| 2. Revenue & Expense by Fund Type | 11. Twelve-Month Maturity Schedule - Securities |
| 3. Accounts Receivable Aging Report | 12. Treasurer's Report |
| 4. Open Task Order Schedule | 13. Average Daily Flow by Month |
| 5. List of SAWPA Funds | 14. Summary of Labor Multipliers |
| 6. Debt Service Funding Analysis | 15. General Fund Costs |
| 7. Debt Service Payment Schedule | 16. Benefits |
| 8. Total Cash and Investments (chart) | 17. Labor Hours Budgeted vs. Actual |
| 9. Cash Balance & Source of Funds | |

Santa Ana Watershed Project Authority
Balance Sheet by Fund Type
For the Three Months Ending Thursday, September 30, 2021

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
Assets						
Current Assets						
Cash and Investments	\$3,315,220.68	\$51,872,929.93	(\$1,513.70)	\$2,133,032.76	\$3,127,020.19	\$60,446,689.86
Accounts Receivable	(96.00)	2,343,043.85	0.00	5,718,902.39	106,190.82	8,168,041.06
Prepays and Deposits	49,622.09	92,649.40	0.00	0.00	0.00	142,271.49
Total Current Assets	<u>3,364,746.77</u>	<u>54,308,623.18</u>	<u>(1,513.70)</u>	<u>7,851,935.15</u>	<u>3,233,211.01</u>	<u>68,757,002.41</u>
Fixed Assets						
Property, Plant & Equipment						
less accum depreciation	1,427,287.08	76,278,536.98	0.00	0.00	0.00	77,705,824.06
Work In Process	0.00	0.00	389,473.60	0.00	0.00	389,473.60
Total fixed assets	<u>1,427,287.08</u>	<u>76,278,536.98</u>	<u>389,473.60</u>	<u>0.00</u>	<u>0.00</u>	<u>78,095,297.66</u>
Other Assets						
Wastewater treatment/disposal						
rights, net of amortization	0.00	22,669,456.67	0.00	0.00	0.00	22,669,456.67
Inventory - Mitigation Credits	0.00	0.00	0.00	0.00	1,910,560.00	1,910,560.00
Total Other Assets	<u>0.00</u>	<u>22,669,456.67</u>	<u>0.00</u>	<u>0.00</u>	<u>1,910,560.00</u>	<u>24,580,016.67</u>
Total Assets	<u>\$4,792,033.85</u>	<u>\$153,256,616.83</u>	<u>\$387,959.90</u>	<u>\$7,851,935.15</u>	<u>\$5,143,771.01</u>	<u>\$171,432,316.74</u>
Liabilities and Fund Equity						
Current Liabilities						
Accounts Payable/Accrued Expenses	\$732,210.73	\$751,029.79	\$0.00	\$5,493,845.04	\$217,778.03	\$7,194,863.59
Accrued Interest Payable	0.00	221,831.90	0.00	0.00	0.00	221,831.90
Customer Deposits	0.00	17,856.22	0.00	0.00	467,078.81	484,935.03
Noncurrent Liabilities						
Long-term Debt	2,271,166.00	24,596,107.68	0.00	0.00	0.00	26,867,273.68
Deferred Revenue	0.00	62,678,671.50	0.00	0.00	0.00	62,678,671.50
Total Liabilities	<u>3,003,376.73</u>	<u>88,265,497.09</u>	<u>0.00</u>	<u>5,493,845.04</u>	<u>684,856.84</u>	<u>97,447,575.70</u>
Fund Equity						
Contributed Capital	0.00	20,920,507.03	0.00	0.00	0.00	20,920,507.03
Retained Earnings	2,305,948.25	43,842,307.95	389,473.60	2,071,139.48	3,797,623.73	52,406,493.01
Revenue Over/Under Expenditures	(517,291.13)	228,304.76	(1,513.70)	286,950.63	661,290.44	657,741.00
Total Fund Equity	<u>1,788,657.12</u>	<u>64,991,119.74</u>	<u>387,959.90</u>	<u>2,358,090.11</u>	<u>4,458,914.17</u>	<u>73,984,741.04</u>
Total Liabilities & Fund Equity	<u>\$4,792,033.85</u>	<u>\$153,256,616.83</u>	<u>\$387,959.90</u>	<u>\$7,851,935.15</u>	<u>\$5,143,771.01</u>	<u>\$171,432,316.74</u>

Santa Ana Watershed Project Authority
Revenue & Expenses by Fund Type
For the Three Months Ending Thursday, September 30, 2021

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
Operating Revenue						
Discharge Fees	\$0.00	\$3,385,974.68	\$0.00	\$0.00	\$0.00	\$3,385,974.68
Grant Proceeds	0.00	0.00	0.00	(2,753,679.90)	0.00	(2,753,679.90)
Financing Proceeds	0.00	0.00	0.00	0.00	47,390.62	47,390.62
Total Operating Revenue	0.00	3,385,974.68	0.00	(2,753,679.90)	47,390.62	679,685.40
Operating Expenses						
Labor	362,778.66	317,469.05	503.06	130,585.03	38,907.87	850,243.67
Benefits	106,774.17	125,717.73	199.21	51,711.66	15,407.52	299,810.29
Indirect Costs	0.00	512,077.57	811.43	210,633.66	62,758.40	786,281.06
Education & Training	2,450.62	89.12	0.00	0.00	0.00	2,539.74
Consulting & Professional Services	65,977.70	7,891.65	0.00	32,280.17	299,573.28	405,722.80
Operating Costs	622.87	717,738.25	0.00	0.00	0.00	718,361.12
Repair & Maintenance	17,232.32	30,282.74	0.00	0.00	0.00	47,515.06
Phone & Utilities	23,241.09	3,011.15	0.00	0.00	0.00	26,252.24
Equipment & Computers	76,092.27	37,836.29	0.00	49.47	0.00	113,978.03
Meeting & Travel	3,931.10	0.00	0.00	0.00	25.00	3,956.10
Other Administrative Costs	59,011.05	31,437.55	0.00	10,195.00	10,141.11	110,784.71
Indirect Costs Applied	(790,156.24)	0.00	0.00	0.00	0.00	(790,156.24)
Other Expenses	18,336.81	41,590.95	0.00	0.00	0.00	59,927.76
Construction	0.00	0.00	0.00	(2,748,611.54)	0.00	(2,748,611.54)
Total Operating Expenses	(53,707.58)	1,825,142.05	1,513.70	(2,313,156.55)	426,813.18	(113,395.20)
Operating Income (Loss)	53,707.58	1,560,832.63	(1,513.70)	(440,523.35)	(379,422.56)	793,080.60
Nonoperating Income (Expense)						
Member Contributions	716,845.00	0.00	0.00	845,000.00	20,000.00	1,581,845.00
Other Agency Contributions	0.00	0.00	0.00	67,900.00	1,020,713.00	1,088,613.00
Interest Income	0.00	70,766.99	0.00	0.00	0.00	70,766.99
Interest Expense - Debt Service	0.00	(23,101.45)	0.00	0.00	0.00	(23,101.45)
Other Income	323.03	233.68	0.00	0.00	0.00	556.71
Retiree Medical Benefits	(34,837.16)	0.00	0.00	0.00	0.00	(34,837.16)
Total Nonoperating Income (Expense)	682,330.87	47,899.22	0.00	912,900.00	1,040,713.00	2,683,843.09
Excess Rev over (under) Exp	\$736,038.45	\$1,608,731.85	(\$1,513.70)	\$472,376.65	\$661,290.44	\$3,476,923.69

Aging Report
Santa Ana Watershed Project Authority
Receivables as of October 31, 2021

Customer Name	Project	Total	0-30 Days	31-60 Days	61 and Over
Chino Basin Desalter Authority	Brine Line	162,925.51	163,345.01	161,725.51	1,200.00
Department of Water Resources	Prop 84, Prop 1	5,682,702.39			5,682,702.39
Eastern Municipal Water District	Brine Line	190,677.74	177,675.60	190,677.74	
Inland Empire Utilities Agency	Brine Line, Emerging Constituents, Prop 1 Local Cost Share	496,296.59	102,291.22	52,702.42	341,302.95
Orange County Flood Control District	RWQ Monitoring	9,007.00			9,007.00
Orange County Water District	Prop 1 Local Cost Share, SA Sucker Conservation	95,202.42	15,000.00	95,202.42	
Rialto BioEnergy	Brine Line	8,896.88		8,896.88	
Riverside, City of	Basin Monitoring, SA Sucker Conservation	15,641.50	4,000.00		11,641.50
RIX	Emerging Constituents, Basin Monitoring	31,976.00			31,976.00
San Bernardino Valley Municipal Water District	Brine Line, Prop 1 Local Cost Share	226,381.22	119,347.75	226,381.22	
San Diego, City of	Roundtable of Regions	2,600.00			2,600.00
Western Municipal Water District	Brine Line, Prop 1 Local Cost Share	967,110.55	480,185.49	483,726.49	3,198.57
Total Accounts Receivable		7,889,417.80	1,061,845.07	1,219,312.68	6,083,628.41

Santa Ana Watershed Project Authority
Open Task Orders Schedule
Oct-21
(Reflects Invoices Received as of 11/16/21)

Task Order No. Project Contracts	Fund No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager	Comments
ACS100-23	100-00	Accent Computer Solutions	IT Services	10/01/2021	12/31/2022	\$ 107,375.00	\$ -	\$ 107,375.00	\$ 12,982.57	\$ 94,392.43	Dean Unger	
BGB100-01	100-00	BGB Design Group	SAWPA Building Landscaping Design	12/17/2020	12/31/2021	\$ 16,800.00	\$ -	\$ 16,800.00	\$ 12,850.00	\$ 3,950.00	David Ruhl	
GPA100-01	100-00	Gillis & Panichapan Architects	SAWPA Building Renovations	10/13/2020	06/30/2022	\$ 45,200.00	\$ -	\$ 45,200.00	\$ 27,566.76	\$ 17,633.24	David Ruhl	
INSOL100-17	100-00	Integrated Systems Solutions	Great Plains and Journyx Tech Support	07/01/2021	06/30/2022	\$ 4,750.00	\$ -	\$ 4,750.00	\$ 1,017.50	\$ 3,732.50	Dean Unger	
KON100-08	100-00	Konica Minolta	Copiers and Scanners Lease	01/15/2021	01/15/2025	\$ 29,040.00	\$ -	\$ 29,040.00	\$ 5,961.84	\$ 23,078.16	Dean Unger	
LSGK100-10	100-00	Lagerlof, LLP	Legal Services	07/01/2021	06/30/2022	\$ 99,830.00	\$ -	\$ 99,830.00	\$ 20,373.00	\$ 79,457.00	Jeff Mosher	
TEAM100-08	100-00	Teaman, Ramirez, & Smith	Auditing Services	02/16/2021	06/30/2022	\$ 23,750.00	\$ -	\$ 23,750.00	\$ 5,000.00	\$ 18,750.00	Karen Williams	
BMH100-01	100-03	Bell, McAndrews, & Hiltachk	FPPC Lobby Reporting	07/01/2021	06/30/2022	\$ 1,200.00	\$ -	\$ 1,200.00	\$ 667.00	\$ 533.00	Karen Williams	
JRE100-02	100-03	J. Richard Eichman	FPPC Reporting	01/01/2021	01/31/2022	\$ 12,600.00	\$ -	\$ 1,260.00	\$ 544.30	\$ 715.70	Karen Williams	
WCA100-03-04	100-03	West Coast Advisors	State Legislative Consulting	09/15/2020	12/21/2022	\$ 240,000.00	\$ -	\$ 240,000.00	\$ 107,250.00	\$ 132,750.00	Jeff Mosher	
WO2022-4	240	E S Babcock	Water Quality Analysis & Sampling	07/01/2021	06/30/2022	\$ 75,625.00	\$ -	\$ 75,625.00	\$ 20,287.55	\$ 55,337.45	David Ruhl	
WO2022-18	240	E S Babcock	PFAS Water Quality Analysis	07/01/2021	06/30/2022	\$ 8,460.00	\$ -	\$ 8,460.00	\$ 4,230.00	\$ 4,230.00	David Ruhl	
DOUG240-04	240	Douglas Environmental	On-Call Brine Line Flow Meter Calibration	07/01/2021	06/30/2023	\$ 24,575.00	\$ -	\$ 21,575.00	\$ -	\$ 21,575.00	David Ruhl	
DOW240-02	240	Downstream Services	Brine Line Pipe Cleaning Services	07/01/2020	06/30/2022	\$ 210,476.00	\$ -	\$ 210,476.00	\$ 32,175.00	\$ 178,301.00	David Ruhl	
HAZ240-11	240	Haz Mat Trans Inc	Line Draining & Emergency Response	07/01/2021	06/30/2023	\$ 139,360.00	\$ -	\$ 139,360.00	\$ -	\$ 139,360.00	David Ruhl	
HAZ240-12	240	Haz Mat Trans Inc	BL Debris Hauling & Disposal Services	07/01/2021	06/30/2023	\$ 63,990.00	\$ -	\$ 63,990.00	\$ -	\$ 63,990.00	David Ruhl	
WO2022-5	240	Inland Empire Utilities Agency	Reach 4A Upper - BL Maintenance	07/01/2021	06/30/2022	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	David Ruhl	
INN240-04	240	Innerline Engineering	Brine Line On-Call Inspection Services	07/01/2021	06/30/2023	\$ 99,050.00	\$ -	\$ 99,050.00	\$ -	\$ 99,050.00	David Ruhl	
RFC240-02	240	Raftelis Finacial Consulting	Inland Empire Brine Line Reserve Policy	11/01/2021	06/30/2022	\$ 50,895.00	\$ -	\$ 50,895.00	\$ -	\$ 50,895.00	David Ruhl	
TKE240-03	240	TKE Engineering & Planning	On-Call Brine Line Land Surveying	07/01/2021	06/30/2023	\$ 36,800.00	\$ -	\$ 36,800.00	\$ -	\$ 36,800.00	David Ruhl	
TRU240-25	240	Trussell Technologies	S-01 Solids Characterization	01/01/2021	12/31/2021	\$ 13,100.00	\$ -	\$ 13,100.00	\$ 9,501.91	\$ 3,598.09	David Ruhl	
TRU240-26	240	Trussell Technologies	Brine Line PFAS Assessment	05/11/2021	06/30/2022	\$ 15,560.00	\$ -	\$ 15,560.00	\$ 7,490.00	\$ 8,070.00	David Ruhl	
BLAIS370-02	370-01	Blais & Associates	Grant Needs Assessment & Grant Monitoring	10/01/2018	12/31/2021	\$ 24,700.00	\$ -	\$ 24,700.00	\$ 21,658.44	\$ 3,041.56	Ian Achimore	
NAWC370-02	370-01	North American Weather Consultants	Weather Modification Ground Seeding Site Analysis	05/05/2021	12/31/2021	\$ 14,500.00	\$ -	\$ 14,500.00	\$ 7,250.00	\$ 7,250.00	Mark Norton	
JMC373-03	373	JM Consultants	Roundtable of Regions Network Coordinator	07/01/2021	06/30/2022	\$ 72,900.00	\$ -	\$ 72,900.00	\$ 10,562.67	\$ 62,337.33	Ian Achimore	204
KSC374-02	374	Kahn, Soares, & Conway	Basin Monitoring TF Regulatory Support	07/01/2021	06/30/2023	\$ 116,000.00	\$ -	\$ 116,000.00	\$ 14,212.50	\$ 101,787.50	Mark Norton	

Santa Ana Watershed Project Authority
Open Task Orders Schedule
Oct-21
(Reflects Invoices Received as of 11/16/21)

Task Order No. Project Contracts	Fund No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager	Comments
WEST374-01	374	West Yost	Workplan for Basin Monitoring Program TF Planning	07/01/2021	06/30/2022	\$ 339,102.00	\$ -	\$ 339,102.00	\$ 39,147.50	\$ 299,954.50	Mark Norton	
SAWA381-01	381	Santa Ana Watershed Association	Van Buren Bridge Sucker Restoration	09/26/2018	12/31/2021	\$ 15,130.20	\$ 5,228.00	\$ 20,358.20	\$ 19,849.79	\$ 508.41	Ian Achimore	
KSC384-02	384-01	Kahn, Soares, & Conway	MSAR Pathogen TMDL TF Regulatory Support	07/01/2021	06/30/2023	\$ 149,750.00	\$ -	\$ 149,750.00	\$ 16,207.50	\$ 133,542.50	Mark Norton	
CDM386-15	386	CDM Smith	Regional Bacteria Monitoring Program	06/01/2020	09/30/2021	\$ 412,633.00	\$ 2,820.00	\$ 415,453.00	\$ 404,742.86	\$ 10,710.14	Rick Whetsel	Closed 9/30/21
CDM386-16	386	CDM Smith	Implementation of SAR Regional Bacteria Monitoring Program	01/01/2021	06/30/2024	\$ 1,070,535.00	\$ -	\$ 1,070,535.00	\$ 201,413.52	\$ 869,121.48	Rick Whetsel	
GEI386-01	386	GEI Consultants	Homeless Encampment - Phase 1A Water Quality Monitoring	07/01/2021	12/31/2022	\$ 119,514.00	\$ -	\$ 119,514.00	\$ 26,931.98	\$ 92,582.02	Rick Whetsel	
PRO387-01	387	Project Partners	Headwaters Project - Access to Parcels	12/01/2020	12/01/2021	\$ 23,800.00	\$ -	\$ 23,800.00	\$ 22,042.82	\$ 1,757.18	Ian Achimore	
JPW392-01	392	JPW Communications	Emerging Constituents Program Social Media Support	07/01/2020	06/30/2023	\$ 105,000.00	\$ -	\$ 105,000.00	\$ 46,291.55	\$ 58,708.45	Mark Norton	
KSC392-02	392	Kahn, Soares, & Conway	Emerging Constituents Program TF Regulatory Support	07/01/2021	06/30/2023	\$ 46,500.00	\$ -	\$ 46,500.00	\$ 2,567.50	\$ 43,932.50	Mark Norton	
QUAN504-01	504-04	Quantum Spatial, Inc.	Water Efficiency Budget Assistance	02/10/2021	02/28/2023	\$ 594,387.00	\$ -	\$ 594,387.00	\$ -	\$ 594,387.00	Ian Achimore	
RMC504-401-08	504-04	Woodard & Curran	SARCCUP Program Mgmt. Services	07/01/2021	06/30/2022	\$ 132,872.00	\$ -	\$ 132,872.00	\$ 22,461.25	\$ 110,410.75	Ian Achimore	
GEO505-01	505-00	Geophex, Ltd.	2021 Imagery Acquisition Project	04/27/2021	04/15/2022	\$ 210,353.00	\$ -	\$ 210,353.00	\$ 178,130.00	\$ 32,223.00	Rick Whetsel	

\$ 3,468,452.89

LIST OF SAWPA FUNDS

Fund No.	Fund Description	Fund Group
100-00	General Fund	General
100-03	State Outreach	General
100-04	Federal Outreach	General
100-05	Grant Applications	General
130	Proposition 84 – Program Management - Round 1	OWOW
135	Proposition 84 – Program Management – Round 2	OWOW
140	Proposition 84 – Program Management – Drought Round	OWOW
145	Proposition 84 – Program Management – 2015 Round	OWOW
150	Proposition 1 – Program Management	OWOW
240	Brine Line Enterprise	Brine Line
320-01	Brine Line Protection – Downstream Prado	Capital Projects
320-03	Brine Line Protection Above Prado	Capital Projects
320-04	Brine Line Protection D/S Prado in Riverside County	Capital Projects
327	Reach IV-D Corrosion Repair	Capital Projects
370-01	Basin Planning General	OWOW
370-02	USBR Partnership Studies	OWOW
372	Imported Water Recharge Work Group	Roundtable
373	Watershed Management (OWOW)	OWOW
374	Basin Monitoring Program Task Force	Roundtable
381	Santa Ana River Fish Conservation	Roundtable
384-01	MSAR TMDL Task Force	Roundtable
386	Regional Water Quality Monitoring Task Force	Roundtable
387	Arundo Management & Habitat Restoration	Roundtable
392	Emerging Constituents Task Force	Roundtable
397	Energy – Water DAC Grant Project	OWOW
398	Proposition 1 - DACI	OWOW
477	LESJWA Administration	Roundtable
504-01	Proposition 84 – Capital Projects Round 1 & 2	OWOW
504-00	Proposition 84 – Drought Capital Projects	OWOW
504-04	Proposition 84 – Final Round SARCCUP	OWOW
505-00	Proposition 1 – Capital Projects	OWOW

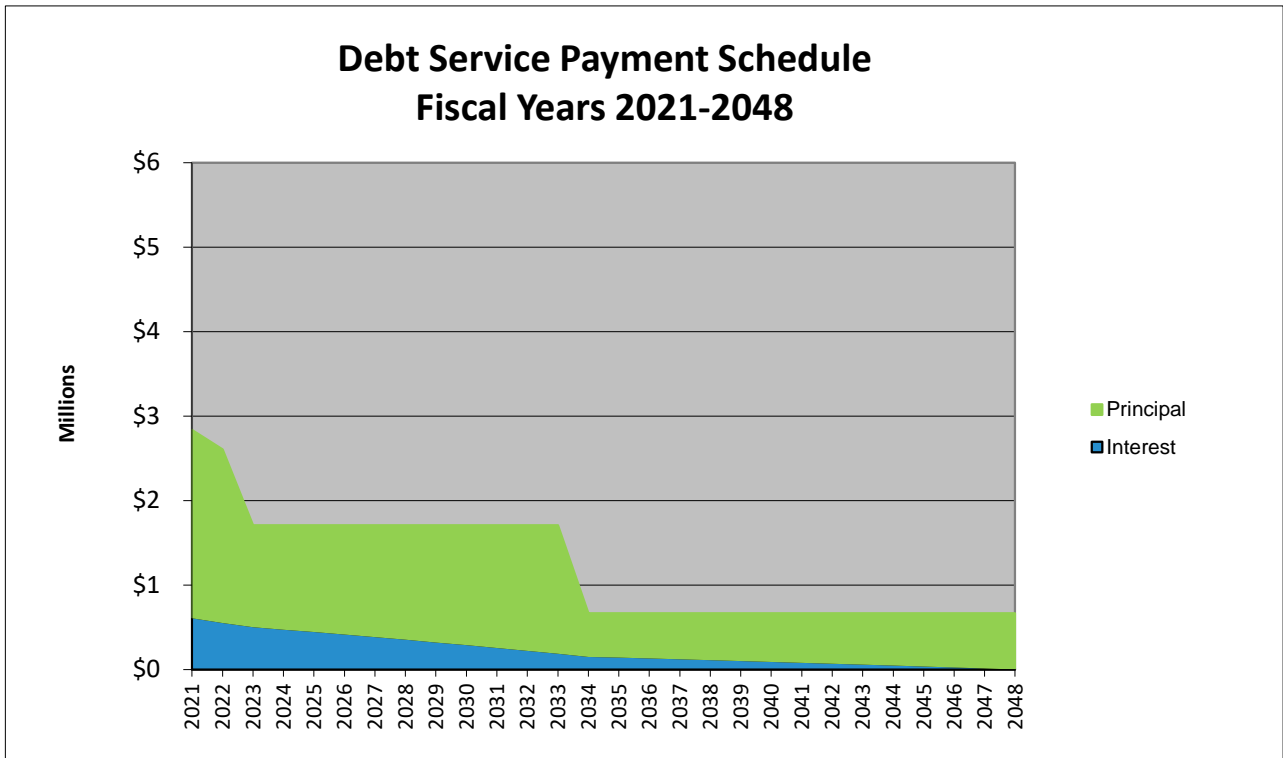
Santa Ana Watershed Project Authority
 Brine Line Debt Service Funding Analysis
 October 31, 2021

FYE	T-Strip Maturity	Capacity Loan Receipts	Rates	Loan Pymts	Interest Earned *	Excess Cash	Ending Cash Balance
	Beginning Balance						3,712,038
2022	-	-	1,709,476	(2,608,439)	74,241	(824,722)	2,887,316
2023	-	-	1,709,476	(1,709,476)	44,442	44,442	2,931,758
2024	-	-	1,709,476	(1,709,476)	45,331	45,331	2,977,089
2025	-	-	1,709,476	(1,709,476)	46,238	46,238	3,023,327
2026	-	-	1,709,476	(1,709,476)	47,162	47,162	3,070,489
2027	-	-	1,709,476	(1,709,476)	48,106	48,106	3,118,595
2028	-	-	1,709,476	(1,709,476)	49,068	49,068	3,167,663
2029	-	-	1,709,476	(1,709,476)	50,049	50,049	3,217,712
2030	-	-	1,709,476	(1,709,476)	51,050	51,050	3,268,762
2031	-	-	1,709,476	(1,709,476)	52,071	52,071	3,320,834
2032	-	-	1,709,476	(1,709,476)	53,113	53,113	3,373,946
2033	-	-	1,709,476	(1,709,476)	54,175	54,175	3,428,121
2034	-	-	665,203	(665,203)	55,258	55,258	3,483,379
2035	-	-	665,203	(665,203)	56,364	56,364	3,539,744
2036	-	-	665,203	(665,203)	57,491	57,491	3,597,234
2037	-	-	665,203	(665,203)	58,641	58,641	3,655,875
2038	-	-	665,203	(665,203)	59,813	59,813	3,715,688
2039	-	-	665,203	(665,203)	61,010	61,010	3,776,697
2040	-	-	665,203	(665,203)	62,230	62,230	3,838,927
2041	-	-	665,203	(665,203)	63,474	63,474	3,902,402
2042	-	-	665,203	(665,203)	64,744	64,744	3,967,146
2043	-	-	665,203	(665,203)	66,039	66,039	4,033,185
2044	-	-	665,203	(665,203)	67,360	67,360	4,100,544
2045	-	-	665,203	(665,203)	68,707	68,707	4,169,251
2046	-	-	665,203	(665,203)	70,081	70,081	4,239,332
2047	-	-	665,203	(665,203)	71,483	71,483	4,310,815
2048	-	-	665,203	(665,203)	72,912	72,912	4,383,727
	-	-	30,491,747	(31,390,710)	1,570,652	671,689	-

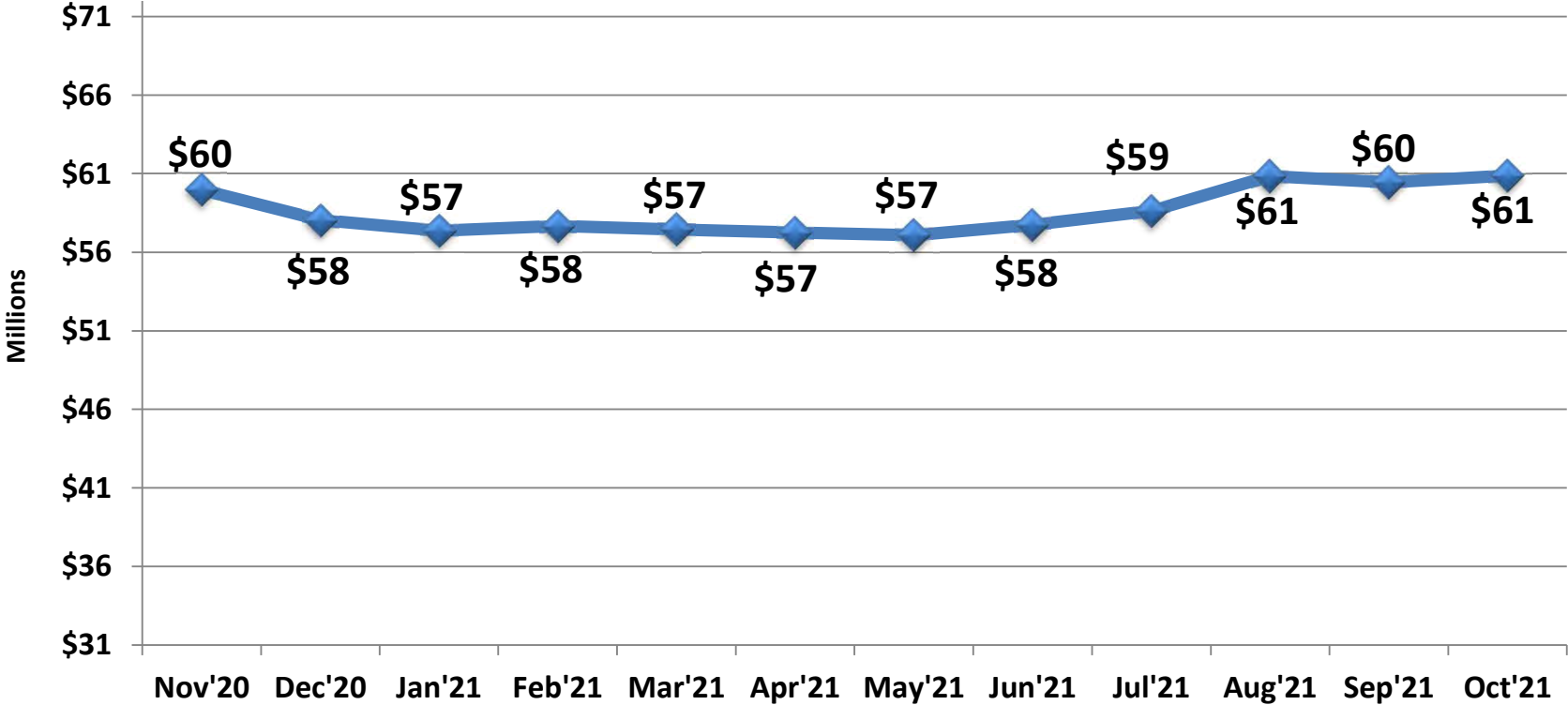
*Interest earned is based on a conservative 1.00% average return over the period

Santa Ana Watershed Project Authority
 Brine Line Debt Service Payment Schedule
 October 31, 2021

FYE	Interest	Principal	Total Payment	New SRF Loan	Remaining Principal
2021	620,782	2,214,971	2,835,753	-	25,471,969
2022	564,959	2,043,480	2,608,439	-	23,428,489
2023	514,301	1,195,175	1,709,476	-	22,233,314
2024	486,080	1,223,395	1,709,476	-	21,009,919
2025	457,181	1,252,295	1,709,476	-	19,757,624
2026	427,585	1,281,891	1,709,476	-	18,475,733
2027	397,276	1,312,199	1,709,476	-	17,163,534
2028	366,237	1,343,239	1,709,476	-	15,820,295
2029	334,449	1,375,027	1,709,476	-	14,445,268
2030	301,894	1,407,582	1,709,476	-	13,037,686
2031	268,553	1,440,923	1,709,476	-	11,596,763
2032	234,407	1,475,068	1,709,476	-	10,121,694
2033	199,437	1,510,039	1,709,476	-	8,611,656
2034	163,621	501,581	665,203	-	8,110,075
2035	154,091	511,111	665,203	-	7,598,964
2036	144,380	520,822	665,203	-	7,078,141
2037	134,485	530,718	665,203	-	6,547,424
2038	124,401	540,801	665,203	-	6,006,622
2039	114,126	551,077	665,203	-	5,455,545
2040	103,655	561,547	665,203	-	4,893,998
2041	92,986	572,217	665,203	-	4,321,782
2042	82,114	583,089	665,203	-	3,738,693
2043	71,035	594,167	665,203	-	3,144,526
2044	59,746	605,457	665,203	-	2,539,069
2045	48,242	616,960	665,203	-	1,922,109
2046	36,520	628,682	665,203	-	1,293,427
2047	24,575	640,627	665,203	-	652,799
2048	12,403	652,799	665,203	-	(0)



Total Cash & Investments





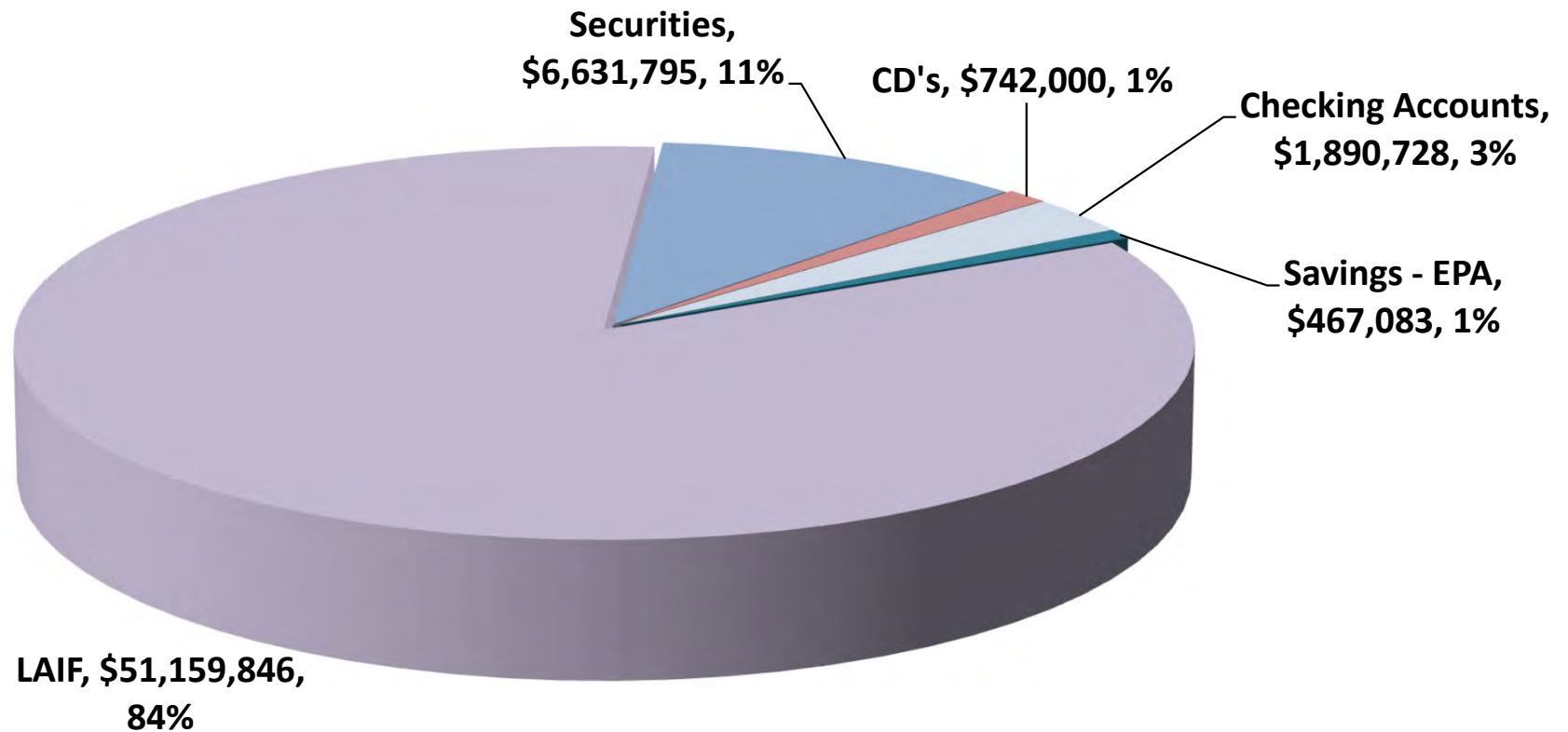
CASH BALANCE & SOURCE OF FUNDS

October 31, 2021

Reserve Accounts		Cash and Investments						
	Total	Checking (Cash)	LAIF Account	Savings EPA	Investment Securities	Certificates of Deposit	Total	
100	General Fund	\$ 2,120,707	1,890,728	229,979	-	-	\$ 2,120,707	
100	Building Reserve	\$ 745,362	-	745,362	-	-	\$ 745,362	
370	Basin Planning General	\$ 434,240	-	434,240	-	-	\$ 434,240	
370	USBR Partnership Studies	\$ 70,357	-	70,357	-	-	\$ 70,357	
373	Watershed Management Plan	\$ 745,508	-	745,508	-	-	\$ 745,508	
240	Self Insurance Reserve	\$ 4,508,045	-	4,508,045	-	-	\$ 4,508,045	
240	Brine Line Debt Retirement	\$ 2,824,145	-	2,824,145	-	-	\$ 2,824,145	
240	Brine Line - Pipeline Replacement	\$ 22,235,935	-	14,862,140	-	6,631,795	\$ 22,235,935	
240	Brine Line - OC San Rehabilitation	\$ 2,385,060	-	2,385,060	-	-	\$ 2,385,060	
240	Brine Line - Capacity Management	\$ 12,010,534	-	12,010,534	-	-	\$ 12,010,534	
240	Brine Line - OC San Future Capacity	\$ 1,838,852	-	1,838,852	-	-	\$ 1,838,852	
240	Brine Line - Flow Imbalance Reserve	\$ 83,936	-	83,936	-	-	\$ 83,936	
240	Brine Line - Rate Stabilization Reserve	\$ 1,030,442	-	1,030,442	-	-	\$ 1,030,442	
240	Brine Line - Operating Reserve	\$ 5,716,538	-	5,716,538	-	-	\$ 5,716,538	
401	Legal Defense Fund	\$ 467,083	-	-	467,083	-	\$ 467,083	
374	Basin Monitoring Program TF	\$ 604,396	-	604,396	-	-	\$ 604,396	
381	SAR Fish Conservation	\$ 104,992	-	104,992	-	-	\$ 104,992	
384	Middle SAR TMDL TF	\$ 417,009	-	417,009	-	-	\$ 417,009	
386	RWQ Monitoring TF	\$ 432,550	-	432,550	-	-	\$ 432,550	
387	Mitigation Bank Credits	\$ 882,920	-	882,920	-	-	\$ 882,920	
392	Emerging Constituents TF	\$ 139,658	-	139,658	-	-	\$ 139,658	
504	Prop 84 - SARCCUP Projects	\$ 992,910	-	992,910	-	-	\$ 992,910	
505	Prop 1 - Capital Projects	\$ 100,272	-	100,272	-	-	\$ 100,272	
		\$ 60,891,452	\$ 1,890,728	\$ 51,159,846	\$ 467,083	\$ 6,631,795	\$ 742,000	\$ 60,891,452

Cash & Investments - October 2021

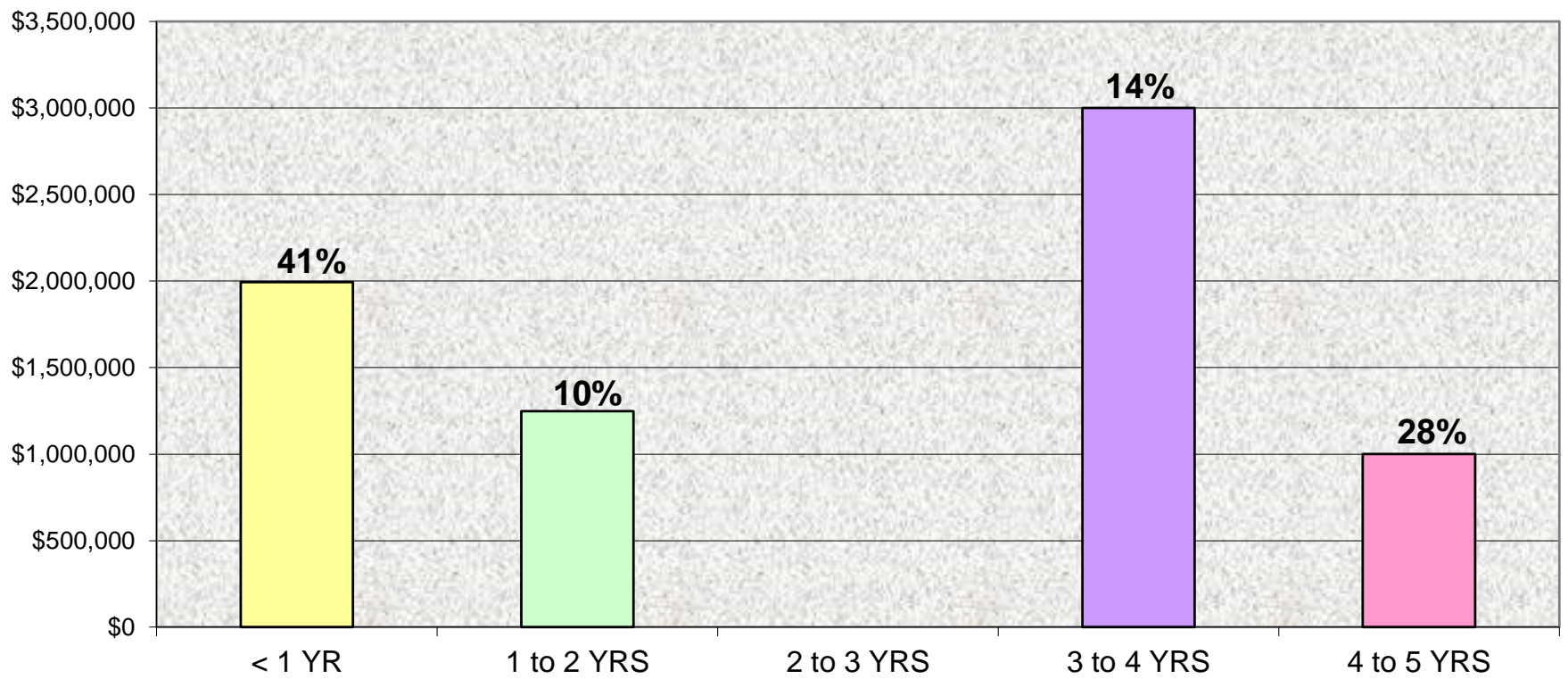
\$60,891,452



Santa Ana Watershed Project Authority
Reserve Account Analysis
October 31, 2021

Reserve Account	Balance @ 6/30/2021	Interest Earned	Fund Receipts/ Contributions	Debt Service Payments	Inter-Fund Loans	Fund Expenses	Balance @ 10/31/2021	Estimated Fund Changes	Balance @ 6/30/2022
Brine Line Operating Reserve	3,672,578	11,147	4,319,844			(2,287,030)	5,716,538	-	5,716,538
Flow Imbalance Reserve	83,681	255					83,937	-	83,937
OC San Future Capacity	1,833,264	5,587					1,838,851	-	1,838,851
Capacity Management	11,981,707	28,827					12,010,534	-	12,010,534
Rate Stabilization Reserve	1,027,311	3,131					1,030,442	-	1,030,442
Pipeline Replacement	21,889,082	38,773	309,594			(1,514)	22,235,935	(1,166,181)	21,069,754
OC San Rehabilitation	2,377,813	7,247					2,385,060	-	2,385,060
Debt Retirement	3,712,038	11,070		(898,963)			2,824,145	-	2,824,145
Self Insurance	4,494,364	13,681					4,508,045	-	4,508,045
General Fund	2,163,987	9,046	718,223		(506,131)	(264,418)	2,120,707	-	2,120,707
Building Reserve	643,260	2,102	100,000				745,362	-	745,362
	53,879,085	130,866	5,447,660	(898,963)	(506,131)	(2,552,962)	55,499,557	(1,166,181)	54,333,376

Twelve Month Maturity Schedule Securities

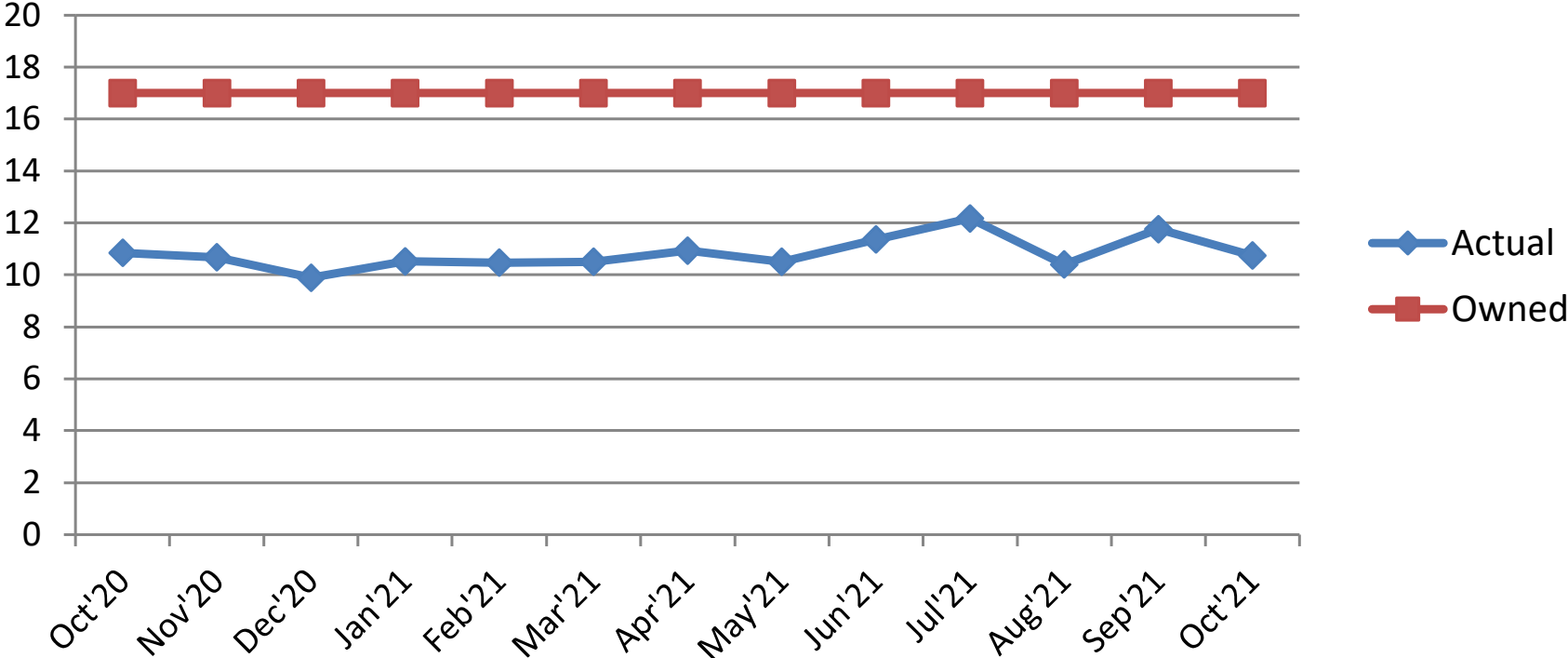


SAWPA
TREASURER'S REPORT
As of October 31, 2021

Investment Commercial
Safekeeping US Bank

Type	Security	Purchase Date	Maturity Date	Unit Cost	Cost	Principal	Current Value	Market Value	Interest Rate
Agency	FHLMC	4/17/2017	1/13/2022	102.55	\$ 512,767.00	\$ 500,000.00	\$ 500,000.00	502,361.50	2.375%
Agency	FHLB	12/14/2017	6/10/2022	99.89	\$ 998,930.00	\$ 1,000,000.00	\$ 1,000,000.00	1,012,460.00	2.125%
Agency	FHLB	2/4/2020	12/13/2024	106.25	\$ 531,250.00	\$ 500,000.00	\$ 500,000.00	529,597.00	2.750%
Agency	FNMA	2/4/2020	1/7/2025	101.08	\$ 505,380.00	\$ 500,000.00	\$ 500,000.00	512,054.50	1.625%
Agency	FNMA	10/30/2020	8/25/2025	99.53	\$ 995,952.00	\$ 1,000,000.00	\$ 1,000,000.00	976,615.00	0.375%
Agency	USTN	4/19/2021	11/30/2025	98.25	\$ 982,500.00	\$ 1,000,000.00	\$ 1,000,000.00	972,656.00	0.375%
Agency	USTN	9/15/2021	5/31/2025	99.58	\$ 989,726.56	\$ 1,000,000.00	\$ 1,000,000.00	975,586.00	0.250%
CORP	Apple Inc.	10/15/2018	5/3/2023	95.98	\$ 479,898.50	\$ 500,000.00	\$ 500,000.00	514,038.00	2.400%
CORP	Toyota Motor Credit Corp.	10/15/2018	9/20/2023	99.55	\$ 497,747.50	\$ 500,000.00	\$ 500,000.00	527,219.00	3.450%
CD	Sallie Mae BK SLT	7/1/2019	6/27/2022	100.00	\$ 247,000.00	\$ 247,000.00	\$ 247,000.00	247,000.00	2.250%
CD	Morgan Stanley Bank NA	7/5/2019	7/5/2022	100.00	\$ 247,000.00	\$ 247,000.00	\$ 247,000.00	247,000.00	2.200%
CD	Goldman Sachs Bank USA	12/20/2017	12/20/2022	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	2.500%
					\$ 7,236,151.56	\$ 7,242,000.00	\$ 7,242,000.00	7,264,587.00	1.890%

Average Daily Flow by Month





SUMMARY OF LABOR MULTIPLIERS

		Benefit Rate
Total Employee Benefits	416,604	0.322
Total Payroll	1,295,679	
Gross Indirect Costs	1,031,432	
Less: Member Contributions & Other Revenue	(158,333)	
Indirect Costs for Distribution	873,099	
		Indirect Rate
Direct Labor	822,611	1.061
Indirect Costs	873,099	
FY 2021-22 Labor multiplier - thru 10/31/21		1.383
FY 2021-22 Budgeted Labor multiplier		<u>2.009</u>
FY 2020-21 Labor multiplier		<u>1.724</u>
FY 2019-20 Labor multiplier		<u>2.309</u>
FY 2018-19 Labor multiplier		<u>2.059</u>



BENEFITS SUMMARY

(Distributed based on Actual Labor)

<u>G/L Acct</u>	<u>Description</u>		<u>Budget</u>		<u>Actual @ 10/31/21</u>		<u>Projected FYE 2022</u>
70101	FICA Expense	\$	195,806	\$	48,789	\$	180,000
70102	Medicare Expense	\$	55,500	\$	14,927	\$	50,000
70103	State Unemployment Insurance	\$	4,284	\$	350	\$	3,600
70104	Worker's Compensation Insurance	\$	48,726	\$	15,187	\$	45,000
70105	State Disability Insurance	\$	35,108	\$	7,628	\$	32,000
70106	PERS Pension Plan	\$	481,931	\$	154,344	\$	450,000
70111	Medical Expense	\$	557,223	\$	142,909	\$	510,000
70112	Dental Expense	\$	28,794	\$	7,417	\$	25,000
70113	Vision Insurance	\$	7,801	\$	2,129	\$	7,000
70114	Life Insurance Expense	\$	15,229	\$	4,326	\$	14,500
70115	Long Term Disability	\$	17,702	\$	4,889	\$	15,000
70116	Wellness Program Expense	\$	4,050	\$	211	\$	4,050
70120	Car Allowance	\$	45,000	\$	13,500	\$	54,000
	Total Benefits	\$	1,497,154	\$	416,604	\$	1,390,150
	Total Payroll	\$	3,782,588	\$	1,295,679	\$	3,500,000
	Benefits Rate		39.6%		32.2%		39.7%



INDIRECT COSTS

(to be Distributed)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru 10/31/21</u>
51000	Salaries - Regular	\$ 473,069
52000	Benefits	\$ 187,335
60111	Tuition Reimbursement	\$ -
60112	Training	\$ 639
60113	Education	\$ 1,071
60114	Other Training & Education	\$ 862
60120	Audit Fees	\$ 5,000
60121	Consulting	\$ 42,026
60126	Temporary Services	\$ -
60128	Other Professional Services	\$ 700
60129	Other Contract Services	\$ -
60130	Legal Fees	\$ 11,988
60133	Employment Recruitment	\$ -
60153	Materials & Supplies	\$ -
60154	Safety	\$ 623
60155	Security	\$ 584
60156	Custodial Contract Services	\$ 6,790
60157	Landscaping Maintenance	\$ 4,135
60158	HVAC	\$ 6,640
60159	Facility Repair & Maintenance	\$ 4,443
60160	Telephone	\$ 15,984
60161	Cellular Services	\$ 1,905
60163	Electricity	\$ 7,214
60164	Water Services	\$ 1,769
60170	Equipment Expensed	\$ 1,638
60171	Equipment Rented	\$ 4,256

(Continued - next column)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru 10/31/21</u>
60172	Equipment Repair / Maintenance	\$ 118
60180	Computer Hardware	\$ 1,181
60181	Computer Software	\$ 63,369
60182	Internet Services	\$ 7,986
60183	Computer Supplies	\$ 135
60184	Computer Repair/Maint	\$ -
60185	Cloud Storage	\$ 5,618
60190	Offsite Meeting/Travel Expense	\$ 1,065
60191	In House Meetings	\$ -
60192	Conference Expense	\$ 2,866
60193	Car, Repair, Maintenance	\$ -
60200	Dues	\$ 31,110
60202	Subscriptions	\$ 6,138
60203	Contributions	\$ 10,499
60210	Bank Charges	\$ 738
60211	Shipping/Postage	\$ 1,214
60212	Office Supplies	\$ 1,735
48000	Commission Fees	\$ 15,870
60221	Commission Mileage Reimb.	\$ 84
60222	Other Commission Expense	\$ 65
60230	Other Expense	\$ 1,146
60240	Building Lease	\$ 2,363
81010	Retiree Medical Expense	\$ 41,753
80001	Insurance Expense	\$ 24,376
80000	Building Repair/Replacement Reserve	\$ 33,333
80000	Fixed Assets	\$ -

Total Costs \$ 1,031,432

Direct Costs Paid by Projects	\$ 1,021,294
Member Contribution Offset	\$ 158,333
	\$ 1,179,627

Over (Under) Allocation %	12.5%
Over (Under) Allocation of General Fund Costs	\$ 148,195

Santa Ana Watershed Project Authority
 Labor Hours Budget vs Actual
 Month Ending October 31, 2021

	Fund	Budget	Actual	%
100	General Fund	27,979	6,671	23.84%
135	Prop 84 - Round I Program Mgmt	46	81	175.00%
145	Prop 84 - 2015 Program Mgmt	885	688	77.74%
150	Prop1 - Program Management	1,095	206	18.84%
240	Brine Line Enterprise	20,485	6,888	33.62%
320	Brine Line Protection	575	5	0.91%
327	Reach IV-D Corrosion Repairs	60	-	0.00%
370-01	Basin Planning General	1,605	536	33.36%
370-02	USBR Partnership Studies	116	18	15.73%
373	Watershed Management (OWOW)	2,275	613	26.95%
374	Basin Monitoring Program TF	660	180	27.20%
381	SAR Fish Conservation	251	52	20.72%
384-01	MSAR TMDL TF	135	93	68.70%
386MONIT	RWQ Monitoring TF	204	61	29.90%
387	Arundo Removal & Habitat Restoration	225	68	30.00%
392	Emerging Constituents TF	245	73	29.69%
397ADMIN	WECAN Riverside	140	10	6.79%
398ADMIN	Prop 1 - DACI	130	151	115.96%
477-02	LESJWA - Administration	358	132	36.73%
477TMDL	LESJWA - TMDL Task Force	486	202	41.56%
504-401IMPLE	Prop 84 - Final Round Implementation	110	11	10.00%
504-401PA23	Prop 84 - Final Round PA23 Admin	240	59	24.48%
504-402PA22	Prop84 - Final Round PA22 Admin	145	139	95.52%
504-402RATES	Prop 84 - Final Round Water Rates	50	43	85.00%
504-402SMART	Prop 84 - Final Round SmartScape	50	-	0.00%
505-00	Prop1 - Capital Projects	540	50	9.26%
		59,090	17,025	28.81%

Note: Should be at 33.33% of budget for 4 months

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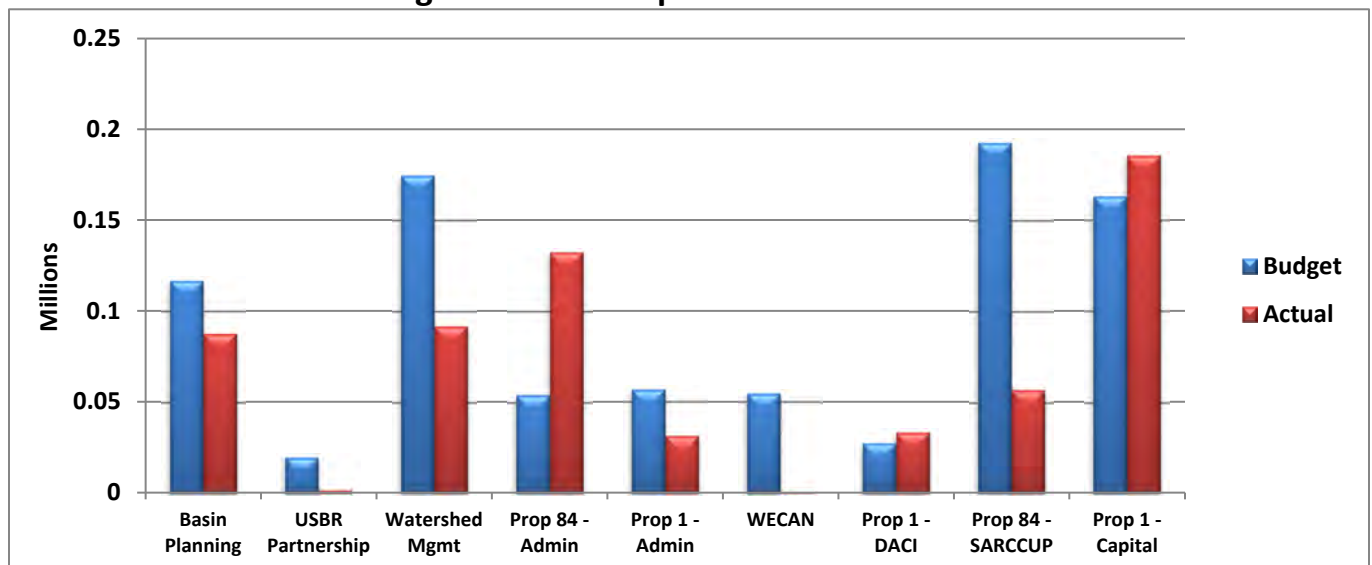
**Santa Ana Watershed Project Authority
PA25 - OWOW Fund - Financial Report
September 2021**

Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through September 2021 unless otherwise noted.
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Budget to Actual Expenses - OWOW	✔ Favorable			
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Planning General	\$466,563	\$116,641	\$87,509	\$29,132
USBR Partnership Studies	76,713	19,178	1,953	17,226
Watershed Mgmt. (OWOW)	697,817	174,454	91,735	82,720
Prop 84 - Administration	192,188	54,017	132,297	(78,280)
Prop 1 – Administration	225,808	56,452	31,214	25,238
WECAN - Riverside	217,336	54,334	723	53,611
Prop 1 – DACI	27,206	27,206	33,245	(6,039)
Prop 84 – SARCCUP & Other	770,825	192,706	56,778	135,928
Prop 1 – Capital Projects	651,608	162,902	185,426	(22,524)
Total	\$3,326,064	\$857,890	\$620,880	\$237,010

Budget to Actual Expenses - OWOW



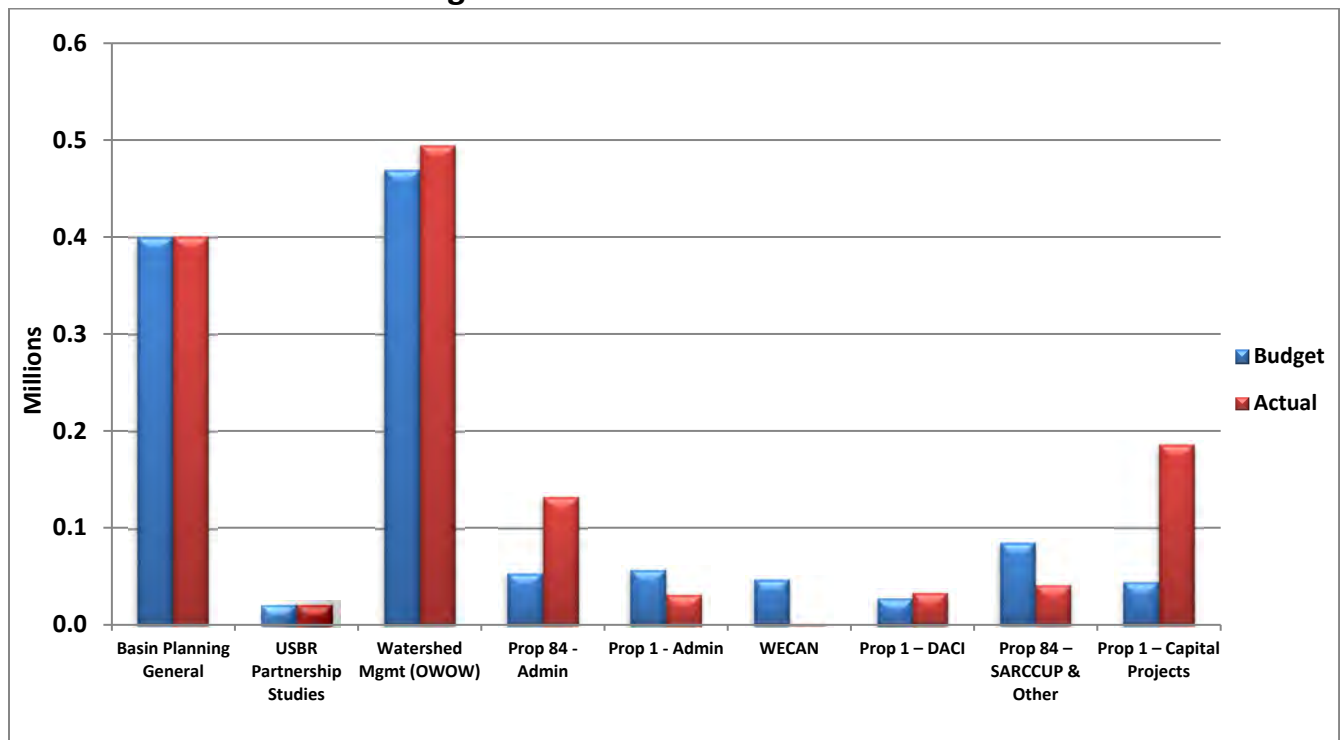
Budget to Actual Revenues - OWOW



Favorable

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Planning General	\$400,000	\$400,000	\$400,642	\$ 642
USBR Partnership Studies	70,000	20,000	20,118	118
Watershed Mgmt. (OWOW)	468,700	468,700	493,998	25,298
Prop 84 - Administration	192,188	54,017	132,297	78,280
Prop 1 – Administration	225,808	56,452	31,214	(25,238)
WECAN - Riverside	217,336	46,834	723	(46,111)
Prop 1 – DACI	27,206	27,206	33,245	6,039
Prop 84 – SARCCUP & Other	770,825	84,328	41,168	(43,160)
Prop 1 – Capital Projects	651,608	44,846	185,426	140,580
Total	\$3,023,671	\$1,202,383	\$1,338,831	\$136,448

Budget to Actual Revenues - OWOW







Reserve Fund Balance - September

	Amount
Basin Planning General	\$458,185
USBR Partnership Studies	73,104
Watershed Management (OWOW)	756,576
Proposition 84 – SARCCUP & Other	1,016,129
Proposition 1 – Capital Projects	265,194
Total Reserves	\$2,569,188

Legend

Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.


- 1) Both expenses and revenues are on track with the budget.

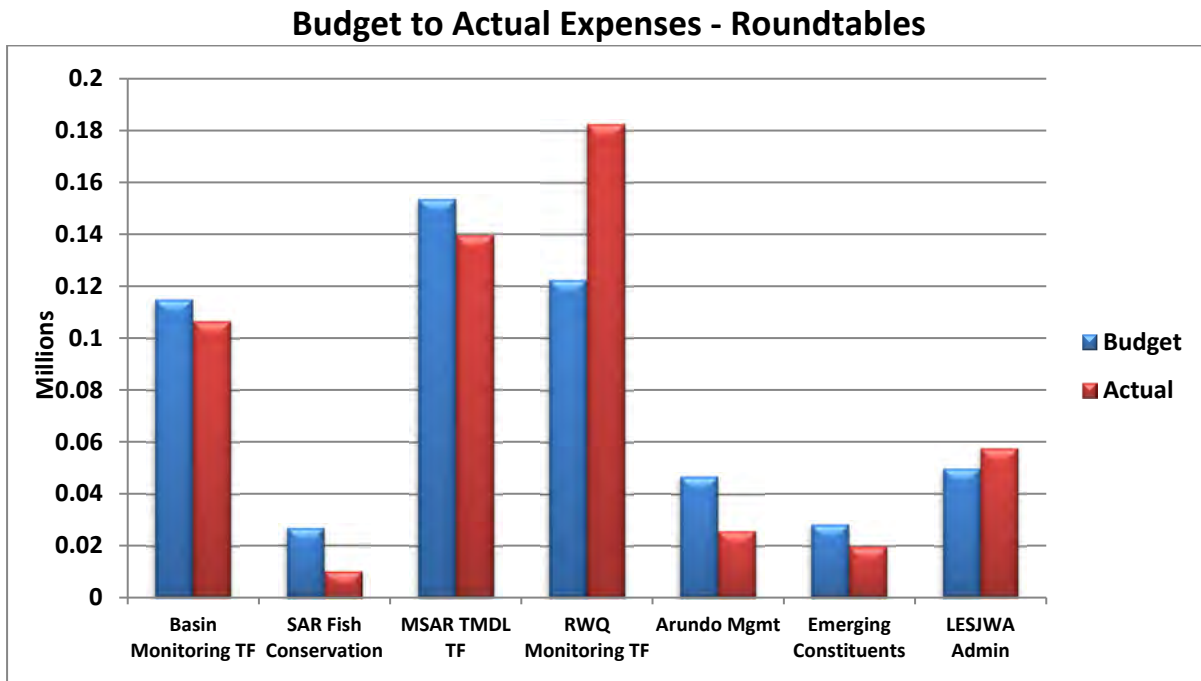
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**Santa Ana Watershed Project Authority
PA26 - Roundtable Fund - Financial Report
September 2021**

Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through September 2021 unless otherwise noted.
-----------------	--

Budget to Actual Expenses - Roundtables				 On Track
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Monitoring TF	\$459,678	\$114,920	\$106,481	\$8,439
SAR Fish Conservation	106,692	26,673	10,186	16,487
MSAR TMDL TF	269,968	153,463	139,468	13,994
RWQ Monitoring TF	489,750	122,438	182,569	(60,131)
Arundo Mgmt.	186,981	46,745	25,700	21,046
Emerging Constituents	112,964	28,241	19,619	8,622
LESJWA Admin	198,633	49,658	57,416	(7,756)
Total	\$1,824,666	\$542,138	\$541,439	\$699



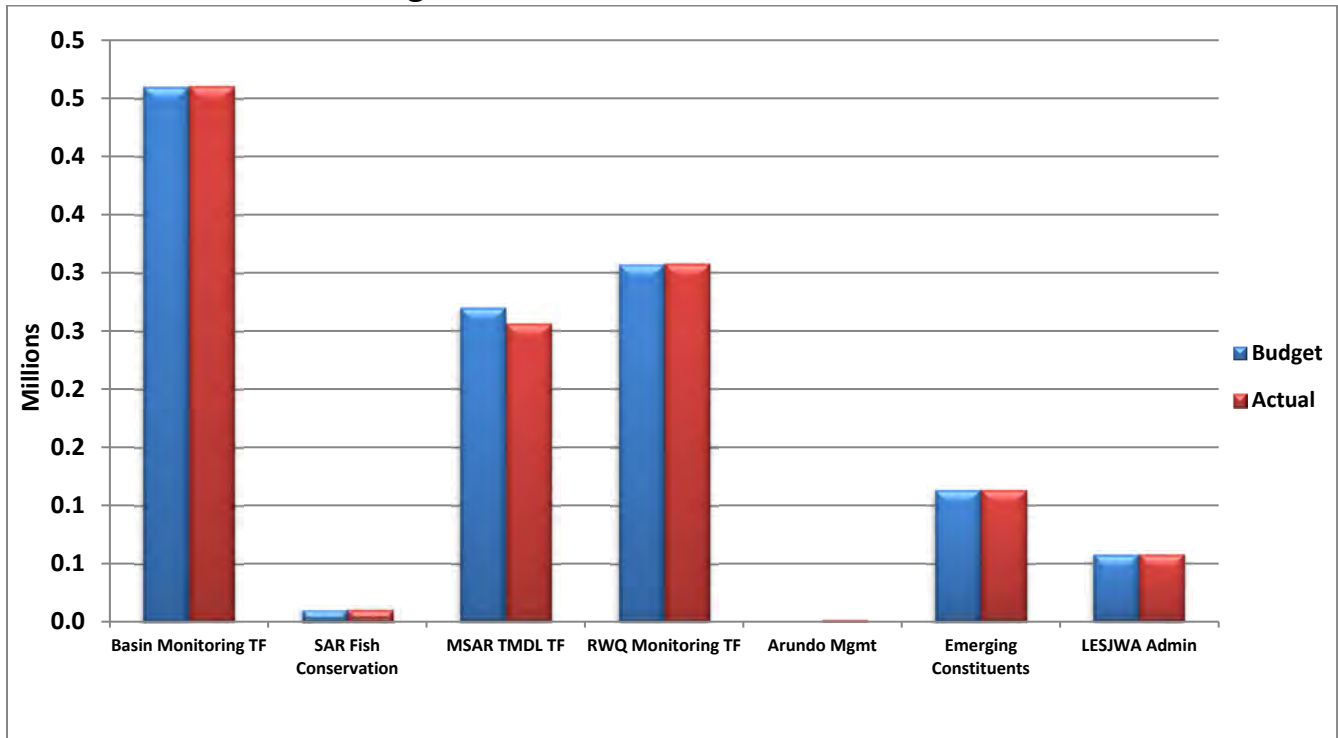
Budget to Actual Revenues - Roundtables



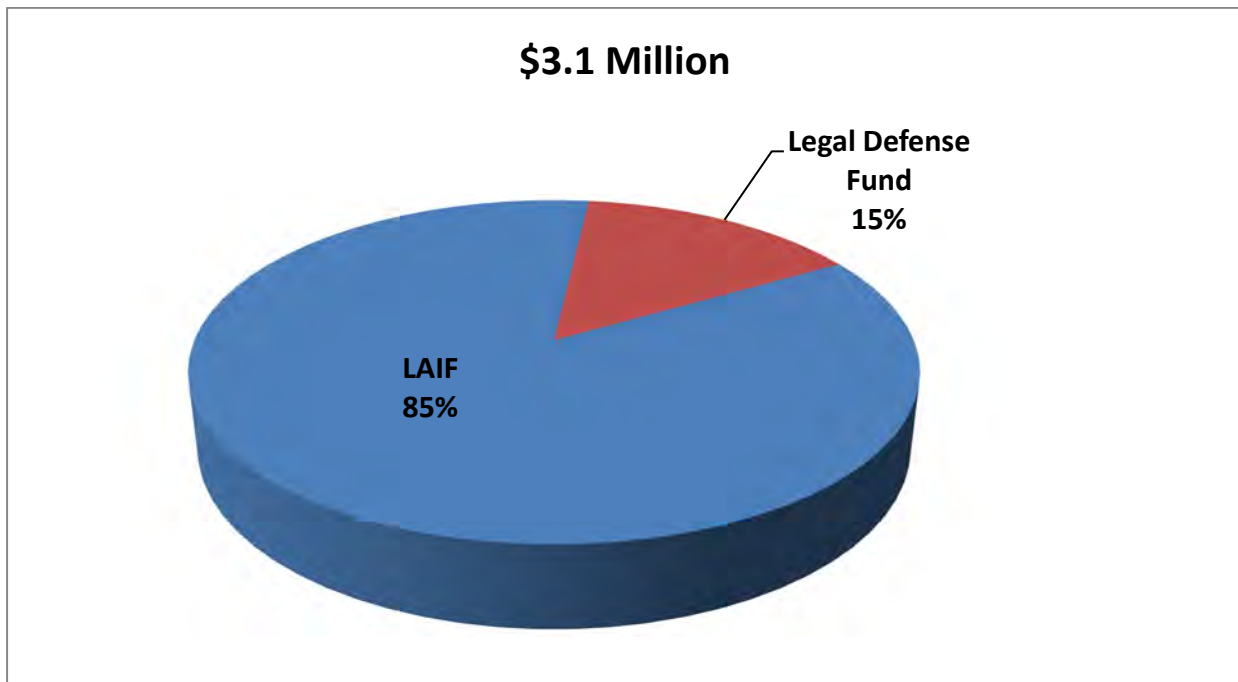
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Monitoring TF	\$459,998	\$459,998	\$460,839	\$841
SAR Fish Conservation	29,000	10,000	10,197	197
MSAR TMDL TF	269,625	269,625	255,991	(13,634)
RWQ Monitoring TF	306,845	306,845	307,521	676
Arundo Mgmt.	-	-	1,594	1,594
Emerging Constituents	113,000	113,000	113,186	186
LESJWA Admin	198,633	57,158	57,391	233
Total	\$1,377,101	\$1,216,626	\$1,206,719	(\$9,907)

Budget to Actual Revenues - Roundtables



Total Cash & Investments - September







Reserve Fund Balance – September

	Amount
Basin Monitoring Task Force	\$625,178
SAR Fish Conservation	108,967
Middle SAR TMDL Task Force	415,584
Regional Water Quality Monitoring Task Force	494,540
Arundo Management & Habitat	890,836
Emerging Constituents Task Force	145,096
Legal Defense Fund	467,081
Total Reserves	\$3,147,282

Legend

Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

- 1) Both expenses and revenues are on track with the budget.

COMMISSION MEMORANDUM NO. 2021.92

DATE: December 21, 2021
TO: SAWPA Commission
SUBJECT: Budget vs. Actual Variance Report
FYE 2022 First Quarter – September 30, 2021
PREPARED BY: Karen Williams, DGM/CFO

RECOMMENDATION

It is recommended that the Commission receive and file the informational report on FYE 2022 First Quarter Budget vs. Actual Variance Report.

DISCUSSION

Staff has developed a Budget vs. Actual Variance Report and presents this report on a quarterly basis. Attached is the FYE 2022 Budget vs. Actual Variance Report through September 30, 2021. The Agency's net revenue was \$2,545,924, which was \$1,311,248 more favorable than budgeted. Several significant items comprise the majority of this favorable variance:

Operating Revenue was \$372,557 more than budgeted. This favorable variance is due to higher BOD, TSS and truck discharges than budgeted.

Operating Expense was \$1,228,407 less than budgeted. This favorable variance is due to higher BOD and TSS charges, a slow start to CIP projects. Proposition 1 and 84 projects, and OWOW related projects.

Non-Operating Revenue/Expense was \$289,716 less than budgeted. This favorable variance is due a slow start on CIP projects and Proposition 1 and 84 projects.

Favorable Revenue Variances

Listed below are explanations of favorable variances of \$150,000 or more for individual revenue categories:

Discharge Fees – The 12% variance of \$372,557 is due to higher BOD and TSS concentrations and higher flows for the truck dischargers than what was budgeted.

Unfavorable Revenue Variances

Listed below are explanations of unfavorable variances of \$150,000 or more for individual revenue categories:

Use of Reserves – The 99% variance of \$445,207 is due to a slow start on budgeted CIP projects.

Favorable Expense Variances

Listed below are explanations of favorable variances of \$150,000 or more for individual expense categories:

Consulting & Professional Services – The 37% variance of \$343,821 is due to a slow start on budgeted CIP projects and other OWOW related consulting costs.

Operating Costs – The 25% variance of \$241,040 is due to not performing brine line maintenance activities until later in the year.

Program Expense – The 100% variance of \$158,761 is due to the delay of receiving invoices for Proposition 1 and 84 projects from the project proponents.

Construction – The 100% variance of \$225,000 is due to a slow start on budgeted CIP projects.

Unfavorable Expense Variances

There are no unfavorable expenses variance of \$150,000 or more.

RESOURCE IMPACTS

None.

Attachment:

1. Variance Report

Santa Ana Watershed Project Authority
 FYE 2021 Budget vs. Actual
 for the Period Ending September 30, 2022

Consolidated

	FYE 2022 Budget	3-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
Operating Revenue					
Discharge Fees	\$12,192,272	\$3,049,005	\$3,421,562	\$372,557	12.22%
Total Operating Revenue	12,192,272	3,049,005	3,421,562	372,557	12.22%
Operating Expenses					
Labor	3,782,588	945,647	852,646	93,001	9.83%
Benefits	1,497,154	374,289	337,648	36,641	9.79%
Education & Training	61,000	15,250	2,540	12,710	83.35%
Consulting & Professional Services	3,710,963	927,741	583,920	343,821	37.06%
Operating Costs	3,839,940	959,985	718,945	241,040	25.11%
Repair & Maintenance	586,000	146,500	46,931	99,569	67.97%
Phone & Utilities	99,350	24,838	26,252	-1,415	-5.70%
Equipment & Computers	394,533	98,633	113,978	-15,345	-15.56%
Meeting & Travel	123,350	30,838	3,956	26,881	87.17%
Other Administrative Costs	271,169	75,292	95,765	-20,473	-27.19%
Other Expense	412,650	103,163	74,948	28,215	27.35%
Program Expenses	559,547	158,761	0	158,761	100.00%
Construction	900,000	225,000	0	225,000	100.00%
Operating Transfers	114,625	114,625	114,625	0	0.00%
Indirect Costs	0	0	0	0	0.00%
Total Operating Expenses	16,352,869	4,200,561	2,972,154	1,228,407	29.24%
Net Operating Revenue / (Deficit)	-4,160,597	-1,151,556	449,408	-855,849	74.32%
Non-Operating Revenue (Expense)					
Member Agency Contributions	1,556,847	1,556,847	1,581,845	24,998	1.61%
Participant Fees	2,058,279	1,103,543	1,088,613	-14,930	-1.35%
Grant Proceeds	1,199,235	313,683	424,073	110,390	35.19%
Debt Service	-2,608,439	-899,989	-898,963	1,026	0.11%
Interest & Investments	325,000	81,250	103,894	22,644	27.87%
Other Income	188,633	47,158	47,947	789	1.67%
Contributions to Reserves	-1,210,423	-377,606	-367,032	10,573	2.80%
Operating Transfers	114,625	114,625	114,625	0	0.00%
Use of Reserves	1,786,882	446,721	1,514	-445,207	-99.66%
Net Non-Operating Revenue / (Deficit)	3,410,639	2,386,232	2,096,516	-289,716	-12.14%
Net Revenue / (Deficit)	-\$749,958	\$1,234,677	\$2,545,924	\$1,311,248	

Santa Ana Watershed Project Authority
 FYE 2022 Budget vs. Actual
 for the Period Ending September 30, 2022

General Fund

	FYE 2022 Budget	3-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
Operating Revenue					
Total Operating Revenue	\$0	\$0	\$0	\$0	0.00%
Operating Expenses					
Labor	1,778,647	444,662	362,779	81,883	18.41%
Benefits	703,990	175,998	143,660	32,337	18.37%
Education & Training	46,500	11,625	2,451	9,174	78.92%
Consulting & Professional Services	430,250	107,563	65,978	41,585	38.66%
Operating Costs	6,400	1,600	1,207	393	24.56%
Repair & Maintenance	106,000	26,500	16,648	9,852	37.18%
Phone & Utilities	89,150	22,288	23,241	-954	-4.28%
Equipment & Computers	170,000	42,500	76,092	-33,592	-79.04%
Meeting & Travel	79,000	19,750	3,931	15,819	80.10%
Other Administrative Costs	153,319	38,330	57,121	-18,791	-49.03%
Other Expense	104,178	26,045	20,227	5,818	22.34%
Indirect Costs	-3,232,229	-808,057	-790,156	-17,901	2.22%
Total Operating Expenses	435,205	108,799	-16,821	125,623	115.46%
Net Operating Revenue / (Deficit)	-435,205	-108,799	16,821	-125,623	115.46%
Non-Operating Revenue (Expense)					
Member Agency Contributions	716,847	716,847	716,845	-2	0.00%
Interest & Investments	0	0	6,771	6,771	100.00%
Other Income	0	0	323	323	100.00%
Building Reserve	-100,000	-100,000	-100,000	0	0.00%
Retiree Medical Reserve	-181,642	-45,411	-34,837	10,573	23.28%
Net Non-Operating Revenue / (Deficit)	435,205	571,437	589,101	17,665	3.09%
Net Revenue / (Deficit)	\$0	\$462,637	\$605,923	\$143,286	

Santa Ana Watershed Project Authority
 FYE 2022 Budget vs. Actual
 for the Period Ending September 30, 2021

Brine Line Enterprise Fund

	FYE 2022 Budget	3-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
Operating Revenue					
Discharge Fees	\$12,192,272	\$3,049,005	\$3,421,562	\$372,557	12.22%
Total Operating Revenue	12,192,272	3,049,005	3,421,562	372,557	12.22%
Operating Expenses					
Labor	1,227,239	306,810	317,469	-10,659	-3.47%
Benefits	485,743	121,436	125,718	-4,282	-3.53%
Education & Training	14,500	3,625	89	3,536	97.54%
Consulting & Professional Services	322,000	80,500	7,892	72,608	90.20%
Operating Costs	3,833,540	958,385	717,738	240,647	25.11%
Repair & Maintenance	480,000	120,000	30,283	89,717	74.76%
Phone & Utilities	10,200	2,550	3,011	-461	-18.08%
Equipment & Computers	218,000	54,500	37,836	16,664	30.58%
Meeting & Travel	10,000	2,500	0	2,500	100.00%
Other Administrative Costs	90,900	22,725	18,308	4,417	19.44%
Other Expense	308,472	77,118	54,721	22,397	29.04%
Indirect Costs	1,979,458	494,865	512,078	-17,213	-3.48%
Total Operating Expenses	8,980,052	2,245,014	1,825,143	419,871	18.70%
Net Operating Revenue / (Deficit)	3,212,220	803,991	1,596,419	-792,428	-98.56%
Non-Operating Revenue (Expense)					
Interest & Investments	325,000	81,250	91,276	10,026	12.34%
Other Income	0	0	234	234	100.00%
Debt Service	-2,608,439	-899,989	-898,963	1,026	0.11%
Contributions to Reserves	-928,781	-232,195	-232,195	0	0.00%
Net Non-Operating Revenue / (Deficit)	-3,212,220	-1,050,934	-1,039,649	11,285	-1.07%
Net Revenue / (Deficit)	\$0	-\$246,943	\$556,770	\$803,713	

Santa Ana Watershed Project Authority
 FYE 2022 Budget vs. Actual
 for the Period Ending September 30, 2021

OWOW Fund

	FYE 2022 Budget	3-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
Operating Revenue					
Total Operating Revenue	\$0	\$0	\$0	\$0	0.00%
Operating Expenses					
Labor	542,171	135,543	132,988	2,555	1.89%
Benefits	214,592	53,648	52,663	985	1.84%
Consulting & Professional Services	1,192,568	298,142	210,477	87,665	29.40%
Equipment & Computers	0	0	49	-49	-100.00%
Meeting & Travel	32,100	8,025	0	8,025	100.00%
Other Administrative Costs	10,600	10,150	10,195	-45	-0.44%
Program Expenses	459,547	133,761	0	133,761	100.00%
Indirect Costs	874,486	218,622	214,509	4,113	1.88%
Total Operating Expenses	3,326,064	857,890	620,880	237,010	27.63%
Net Operating Revenue / (Deficit)	-3,326,064	-857,890	-620,880	-237,010	27.63%
Non-Operating Revenue (Expense)					
Member Agency Contributions	820,000	820,000	845,000	25,000	-3.05%
Participant Fees	1,004,436	68,700	67,900	-800	-1.16%
Grant Proceeds	1,199,235	313,683	424,073	110,390	35.19%
Interest & Investments	0	0	1,858	1,858	100.00%
Net Non-Operating Revenue / (Deficit)	3,023,671	1,202,383	1,338,831	136,448	11.35%
Net Revenue / (Deficit)	-\$302,393	\$344,493	\$717,951	\$373,458	
Project Reimbursement (Prop 84 Capital)	\$22,873,806	\$5,718,452	\$0	\$22,873,806	

Santa Ana Watershed Project Authority
 FYE 2022 Budget vs. Actual
 for the Period Ending September 30, 2021

Roundtables Fund

	FYE 2022 Budget	3-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
Operating Revenue					
Total Operating Revenue	\$0	\$0	\$0	\$0	0.00%
Operating Expenses					
Labor	175,743	43,936	38,908	5,028	11.44%
Benefits	69,560	17,390	15,408	1,982	11.40%
Consulting & Professional Services	1,061,145	265,286	299,573	-34,287	-12.92%
Equipment & Computers	6,533	1,633	0	1,633	100.00%
Meeting & Travel	2,250	563	25	538	95.56%
Other Administrative Costs	11,350	2,838	10,141	-7,304	-257.40%
Program Expenses	100,000	25,000	0	25,000	100.00%
Operating Transfer	114,625	114,625	114,625	0	0.00%
Indirect Costs	283,460	70,865	62,758	8,107	11.44%
Total Operating Expenses	1,824,666	542,138	541,439	699	0.13%
Net Operating Revenue / (Deficit)	-1,824,666	-542,138	-541,439	-699	0.13%
Non-Operating Revenue (Expense)					
Member Agency Contributions	20,000	20,000	20,000	0	0.00%
Participant Fees	1,053,843	1,034,843	1,020,713	-14,130	-1.37%
Other Income	188,633	47,158	47,391	232	0.49%
Operating Transfer	114,625	114,625	114,625	0	0.00%
Interest & Investments	0	0	3,990	3,990	100.00%
Net Non-Operating Revenue / (Deficit)	1,377,101	1,216,626	1,206,719	-9,908	-0.81%
Net Revenue / (Deficit)	-\$447,565	\$674,488	\$665,280	-\$9,208	

Santa Ana Watershed Project Authority
 FYE 2022 Budget vs. Actual
 for the Period Ending September 30, 2021

Capital Projects Fund

	FYE 2022 Budget	3-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
Operating Revenue					
Total Operating Revenue	\$0	\$0	\$0	\$0	0.00%
Operating Expenses					
Labor	58,789	14,697	503	14,194	96.58%
Benefits	23,269	5,817	199	5,618	96.58%
Consulting & Professional Services	705,000	176,250	0	176,250	100.00%
Other Administrative Costs	5,000	1,250	0	1,250	100.00%
Construction	900,000	225,000	0	225,000	100.00%
Indirect Costs	94,827	23,707	811	22,895	96.58%
Total Operating Expenses	1,786,882	446,721	1,514	445,207	99.66%
Net Operating Revenue / (Deficit)	-1,786,882	-446,721	-1,514	-445,207	99.66%
Non-Operating Revenue (Expense)					
Use of Reserves	1,786,882	446,721	1,514	-445,207	-99.66%
Net Non-Operating Revenue / (Deficit)	1,786,882	446,721	1,514	-445,207	-99.66%
Net Revenue / (Deficit)	\$0	\$0	\$0	\$0	

The background of the slide is a collage of financial documents and charts. It includes a bar chart with blue bars, a line graph, a pie chart, and various tables with columns for 'DR', 'CR', and 'PAGE 1'. The text 'WORLD MARKET SALES IN BILLIONS' is visible on one of the documents.

Santa Ana Watershed Project Authority

Financial Report for the 1st Quarter Ending September 30, 2021

1

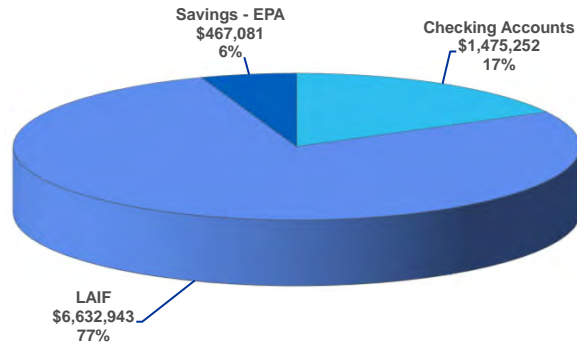
Agenda

- Cash & Investments
- Fund Overview
- General Fund
- OWOW Funds
- Roundtable Funds

2

Cash & Investments

\$8,575,276



3

Cash & Investments

Total by Fund

General Fund	\$2,858,806
OWOW Fund	2,569,188
Roundtable Fund	2,680,201
Fiduciary Fund	467,081
Total	\$8,575,276

4

Cash & Investments

General Funds

Fund	Checking (Cash)	LAIF Account	Total
General Fund	\$1,475,252	\$639,458	\$2,114,710
Building Reserve	0	744,096	744,096
Total	\$1,475,252	\$1,383,554	\$2,858,806

5

Cash & Investments

OWOW Funds

Fund	LAIF Account
General Basin Planning	\$458,185
USBR Partnership Studies	73,104
Watershed Mgmt Plan	756,576
Prop 84 SARCCUP Projects	1,016,129
Prop 1 Capital Projects	265,194
Total	\$2,569,188

6

Cash & Investments

Roundtable Funds

Fund	LAIF Account
Basin Monitoring	\$625,178
RWQ Monitoring TF	494,540
SAR Fish Conservation	108,967
Middle SAR TMDL TF	415,584
Emerging Constituents TF	145,096
Mitigation Banking	890,836
Total	\$2,680,201

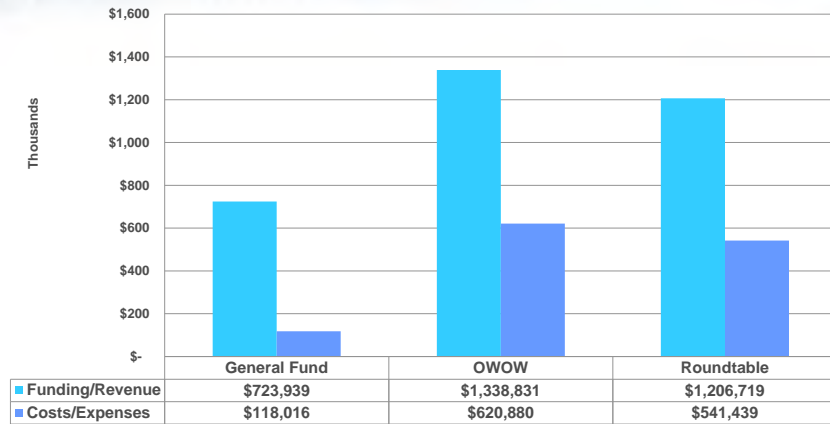
Cash & Investments

Fiduciary Funds

Fund	Savings EPA
Legal Defense Fund	\$467,081
Total	\$467,081

Analysis by Fund Type

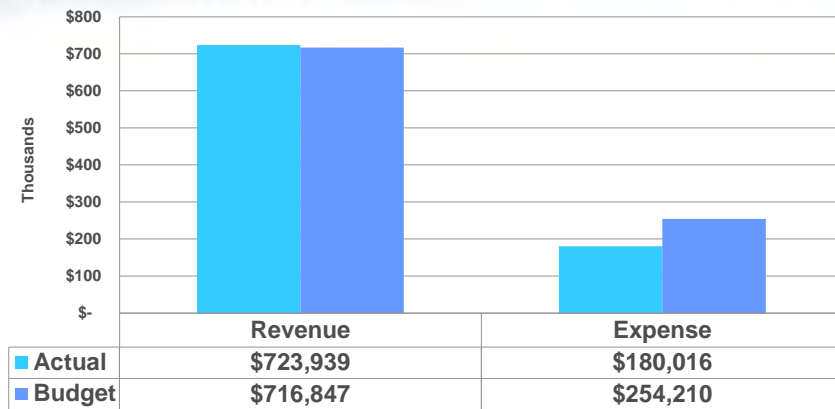
Revenues and Expenses



11

General Fund

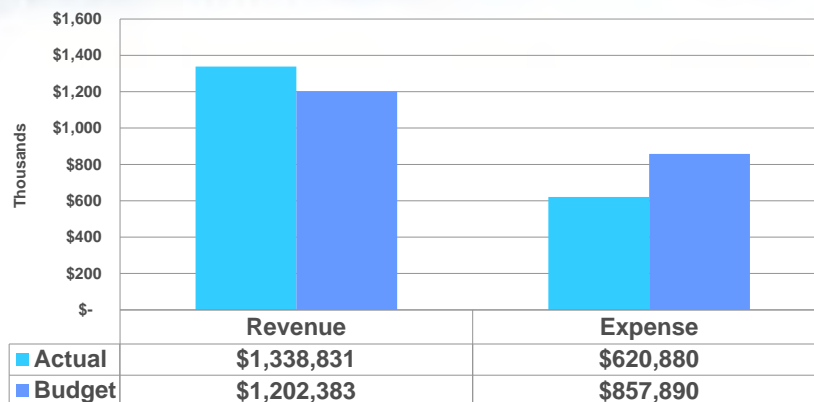
Budget vs. Actual



12

OWOW Funds

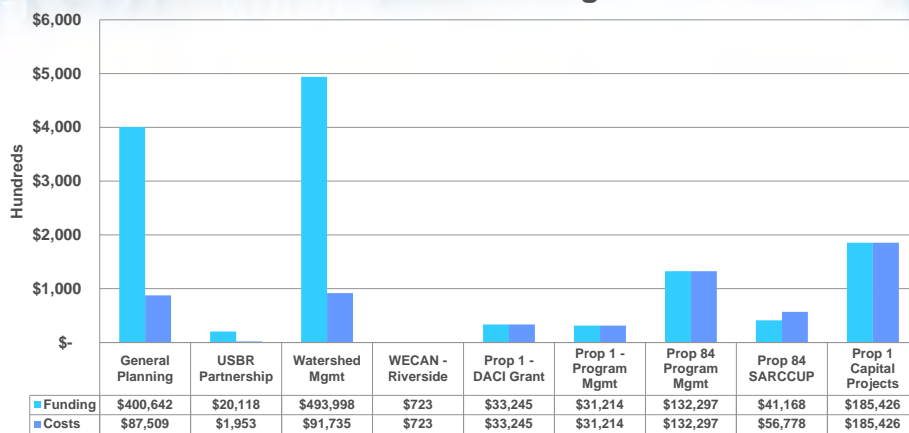
Budget vs. Actual



13

OWOW Funds

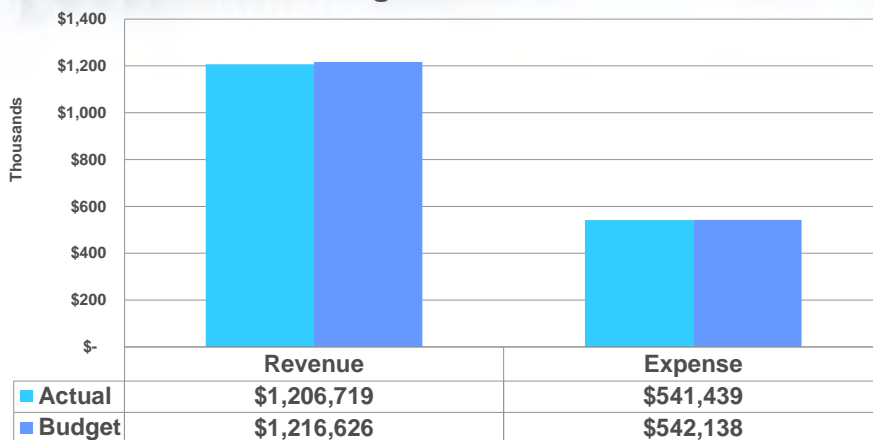
Costs vs. Funding



14

Roundtable Funds

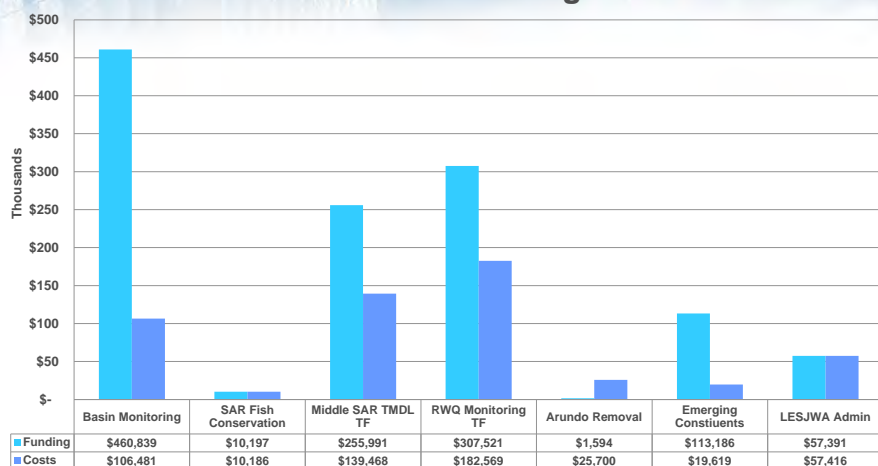
Budget vs. Actual



15

Roundtable Funds

Costs vs. Funding



16



17

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Santa Ana Watershed Project Authority
 General Manager - Expense Report
 1st Quarter FYE 2022

Staff	Mosher
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Sum of Amount		Expn Type					Grand Total
Posting Date	Activity	Airfare	Hotel	Meals	Parking	Registration	Grand Total
07/31/2021	WateReuse Conference					575.00	575.00
09/30/21 Total						575.00	575.00
08/31/2021	ASBCSD Monthly Dinner			37.00			37.00
	EPA Stormwater Capture and Use Workshop	1,038.96					1,038.96
	Lunch with Mike Gardner WMWD			27.38			27.38
	Water Policy Dinner			90.00			90.00
09/30/21 Total		1,038.96		154.38			1,193.34
09/30/2021	EPA Stormwater Capture and Use Workshop				80.00		80.00
	EPA Stormwater Capture and Use Workshop - Flight Change Credit	(208.00)					(208.00)
	Urban Water Institute Conference				20.00	325.00	345.00
	WateReuse Conference		753.80				753.80
	WEFTEC	366.96					366.96
09/30/21 Total		158.96	753.80		100.00	325.00	1,337.76
Grand Total		1,197.92	753.80	154.38	100.00	900.00	3,106.10



Santa Ana Watershed Project Authority
 Staff - Expense Report
 1st Quarter FYE 2022

Sum of Amount			Expn Type		
Staff	Posting Date	Activity	Misc	Registration	Grand Total
Mullay	07/31/21	Southern CA Water Conference for Rick Whetsel		125.00	125.00
	08/31/21	BIA SoCal Water Conference		125.00	125.00
Mullay Total				250.00	250.00
Norton	09/30/21	State of the City - Lake Elsinore	25.00		25.00
Norton Total			25.00		25.00
Villa	09/30/21	CSDA Board Clerk Conference		575.00	575.00
Villa Total				575.00	575.00
Grand Total			25.00	825.00	850.00



General Manager's Report

December 2021

Santa Ana Watershed Project Authority | 11615 Sterling Avenue, Riverside, CA 92503 | www.sawpa.org

INSIDE THE DECEMBER REPORT

- 1** Reserve Policy Review
- 2** Prado Maintenance Access Structure Modifications
- 3** Funding Support Opportunities for Under Represented and Disadvantaged Communities
- 4** DWR's Urban and Multibenefit Drought Relief Grant Program
- 5** Canyon Lake Alum Application Services
- 6** SAWPA Holiday Closure

Reserve Policy Review

SAWPA's consultant, Raftelis has commenced work on the Reserve Policy review. The work includes a review of SAWPA's reserve policies and recommendations on changes to reserve targets, including setting maximum levels and combining reserves as needed to ensure sound reserve policies and adequate reserves. A workshop with Member Agency staff is anticipated in January 2022.

Prado Maintenance Access Structure Modifications

As part of the Santa Ana River Mainstem project the Army Corps of Engineers will raise the Prado Dam Spillway by approximately 20 feet. All Brine Line structures will need to be watertight up to the flood storage elevation of 566'. There are 14 structures that need to be modified to be watertight. SAWPA operations staff will be completing the work along with specialty contractors for lining and traffic control. SAWPA staff is working on obtaining an encroachment permit from the City of Chino and Caltrans. Work is anticipated to begin in February 2022.



Funding Support Opportunities for Under Represented and Disadvantaged Communities

SAWPA staff continues to explore funding support opportunities to assist under represented and disadvantaged communities in the watershed.

SAWPA staff contacted Ms. Toby Roy of the Rural Community Assistance Corporation (RCAC), a 501c3 non-

profit organization, who is currently working primarily in the San Diego County area with San Diego County Water Authority and provides technical assistance for small water and wastewater systems serving disadvantaged and under represented communities. Their support is very similar to the technical assistance that SAWPA has contracted with California Rural Water Association (CRWA). The SWRCB also provides similar technical assistance statewide through their Safe and Affordable Funding for Equity and Resilience Program (SAFER). The involvement and support of CRWA with SAWPA has been very positive and will continue, however, it is good to know of other similar non-profits that can render such technical assistance through partnerships with public water agencies.



RCAC
www.rcac.org

DWR's Urban and Multibenefit Drought Relief Grant Program

LESJWA staff is working to prepare two applications for DWR's Urban and Multibenefit Drought Relief Grant program. This is to support the development of oxygenation and algal removal systems in Lake Elsinore, which are critical to address water quality issues in the Lake exacerbated by drought.

Lake Elsinore & San Jacinto Watersheds Authority



City of Lake Elsinore • City of Canyon Lake • County of Riverside
Elsinore Valley Municipal Water District • Santa Ana Watershed Project Authority

Canyon Lake Alum Application Services

LESJWA issued a RFP for Canyon Lake Alum application services. Two proposals were received. Consultant interviews will be conducted in early January 2022, with a recommendation to the LESJWA Board of Directors in February 2022.



SAWPA Office Holiday Closure

SAWPA will be closed from Thursday, December 23, 2021 through Friday, December 31, 2021. SAWPA staff will commence work on Monday, January 3, 2022.


The Brine Line emergency telephone line will be available 24/7 through the holiday closure: (951) 324-8680.

Happy Holidays!

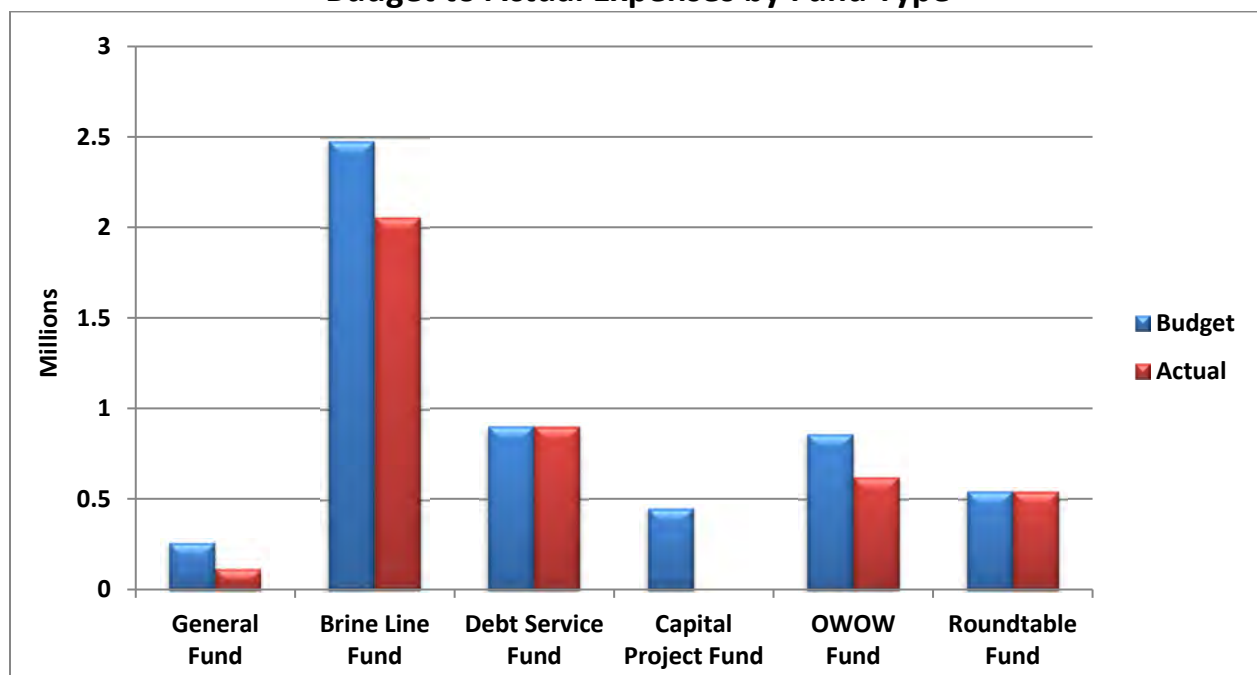
**Santa Ana Watershed Project Authority
Executive Financial Information Report
September 2021**

Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) September 2021 unless otherwise noted.
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Budget to Actual Expenses by Fund Type				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
General Fund	\$716,847	\$254,210	\$118,016	\$136,194
Brine Line Enterprise	9,908,833	2,477,209	2,057,338	419,871
Debt Service Fund	2,608,439	899,989	898,963	1,026
Capital Project Fund	1,786,882	446,721	1,514	445,207
OWOW Fund	3,326,064	857,890	620,880	237,010
Roundtable Fund	1,824,666	542,138	541,439	699
Total	\$20,171,731	\$5,478,157	\$4,238,150	\$1,240,007

Budget to Actual Expenses by Fund Type



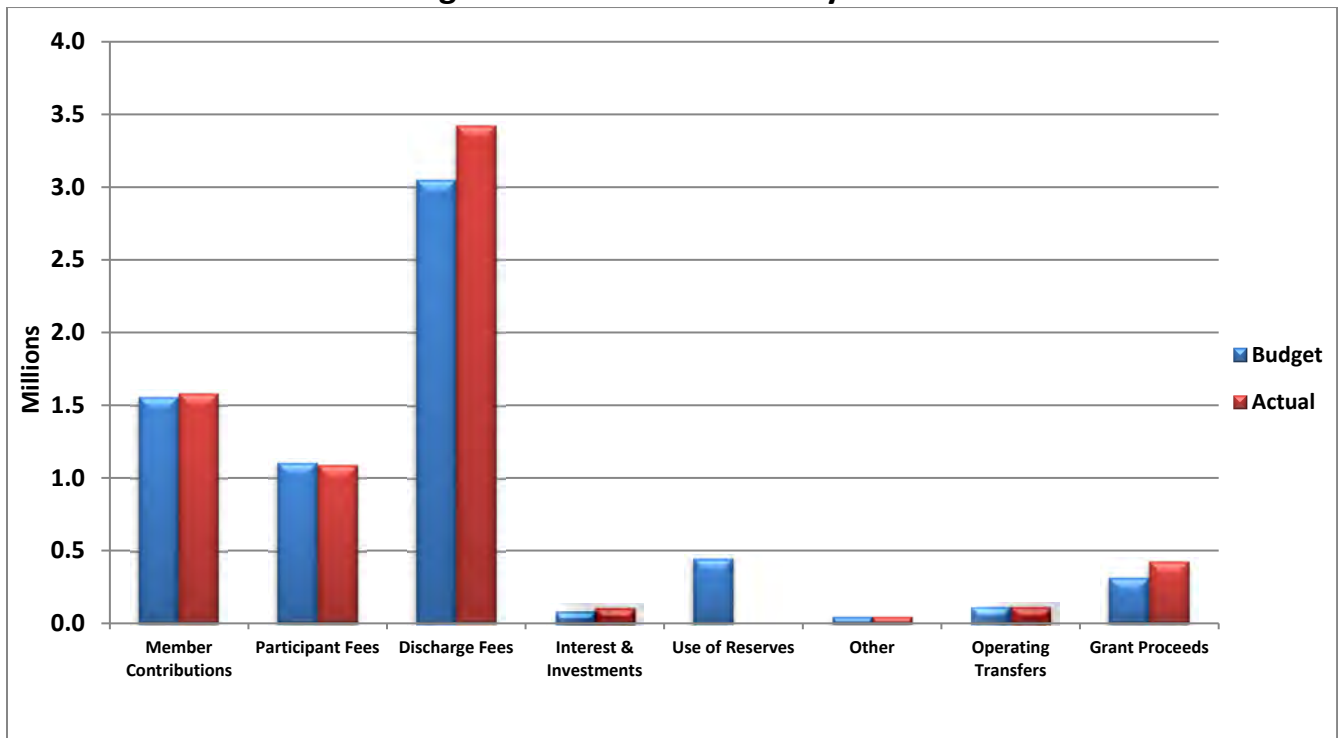
Budget to Actual Revenues by Source



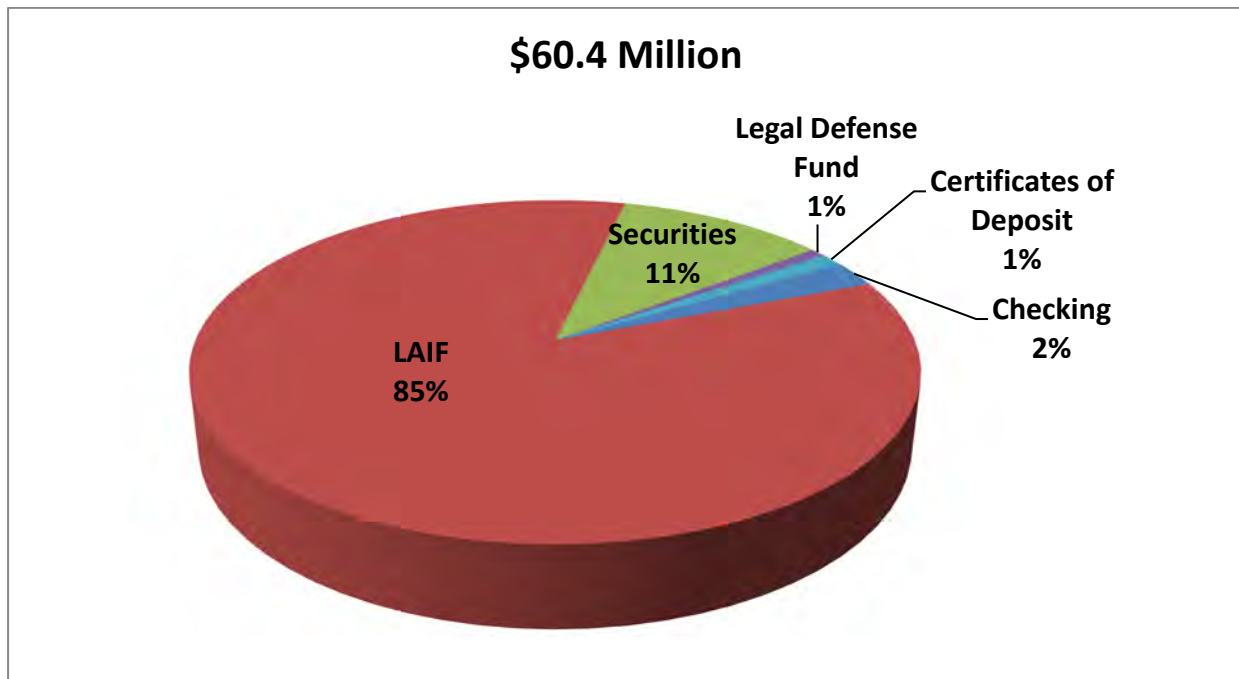
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Member Contributions	\$1,556,847	\$1,556,845	\$1,581,845	\$24,998
Participant Fees	2,058,279	1,103,543	1,088,613	(14,930)
Discharge Fees	12,192,272	3,049,005	3,421,562	372,557
Interest & Investments	325,000	81,250	103,894	22,644
Use of Reserves	1,786,882	446,721	1,514	(445,207)
Other	188,633	47,158	47,947	789
Operating Transfers	114,625	114,625	114,625	-
Grant Proceeds	1,199,235	313,683	424,073	110,390
Total	\$19,421,773	\$6,712,832	\$6,784,073	\$71,241

Budget to Actual Revenues by Source



Total Cash & Investments - September







Reserve Fund Balance – September

	Amount
General Fund	\$2,114,710
Building Fund	744,096
OWOW Fund	2,569,188
Roundtable Fund	3,147,282
Self Insurance	4,500,118
Debt Retirement	2,817,994
Pipeline Replacement	22,119,764
OC San Rehabilitation	2,380,866
Capacity Management	11,989,412
Future Capacity	1,835,618
Rate Stabilization	1,028,630
Flow Imbalance	83,789
Brine Line Operating	5,115,225
Total Reserves	\$60,446,692

Legend

Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

Revenues are on budget and expenses are 23% below budget. It is expected that both will be on track with the budget by the end of the year.



December 10, 2021

To: Santa Ana Watershed Project Authority

From: Michael Boccadoro
Beth Olhasso

RE: November Report

Overview:

While the October bomb cyclone that hit Northern California brought some much-needed precipitation, dry conditions have returned to the state. Water managers are still hoping for some more strong storms as the winter progresses to help replenish critically low storage. The State Water Resources Control Board recently released a proposed set of water conservation actions they look to adopt in January.

The State Water Resources Control Board recently released a proposed maximum contaminant level (MCL) for hexavalent chromium (chrom-6) in drinking water provided by public water systems in California ranging from .01-.15 mg/L.

State officials CAL EPA Secretary Jared Blumenfeld and Natural resources Secretary Wade Crowfoot, recently announced that they are rejecting the proposed Voluntary Agreement on the San Joaquin River and urge the water board to resume direct regulation of San Joaquin river flows. The letter states that the voluntary actions proposed by water agencies fall short of needed flow and habitat improvements. The Voluntary Agreement on the Sacramento River is moving forward towards final adoption.

A new statewide initiative was filed with the Secretary of State recently. The “Water Infrastructure Funding Act of 2022” would allocate two percent of the state general fund, about \$4 billion per year, for projects to expand water supplies including new dams, reservoirs, desalination plants, recycled water and other projects that would upgrade existing infrastructure.

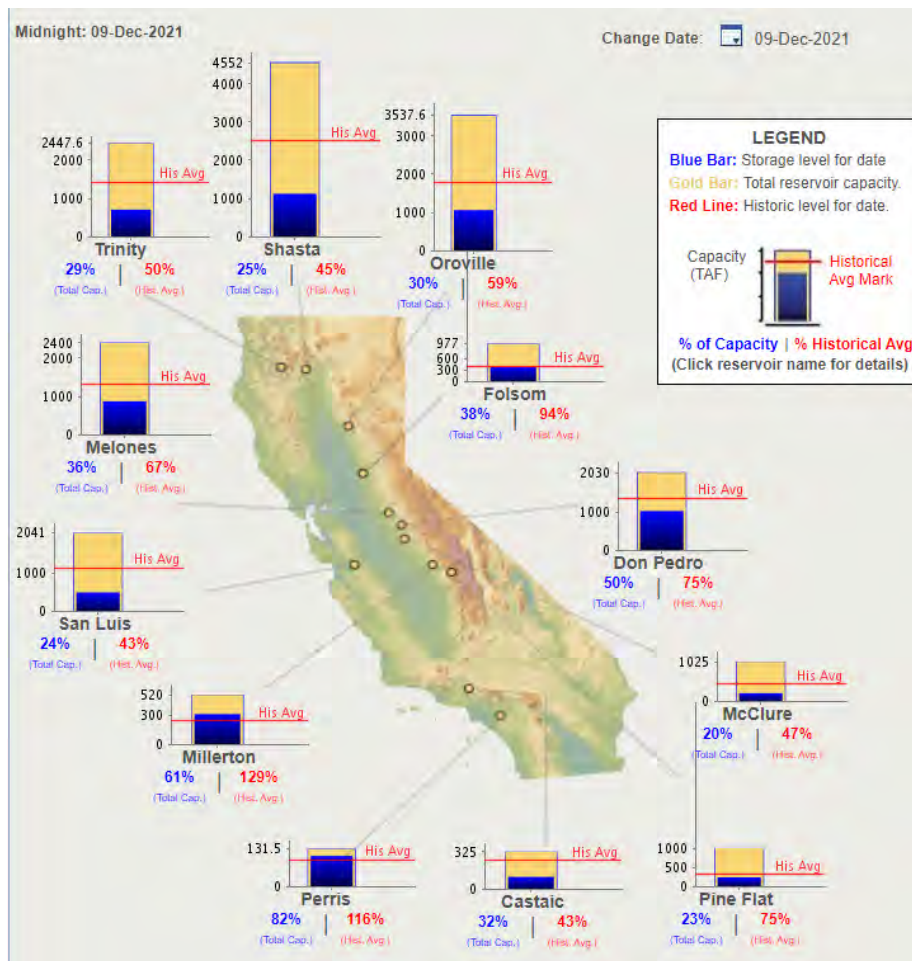
The Legislature remained quiet in October, with members working from their district offices. The big news coming out of Sacramento is the \$32 billion surplus predicted by the Legislative Analyst Office and the Department of Finance. Legislators will return January 3 to begin the second year of the two-year session. The Governor will release his proposed budget by January 10, kicking off the months-long process to set the state’s fiscal plan for the 2022-23 budget year.

Santa Ana Watershed Project Authority Status Report – November 2021

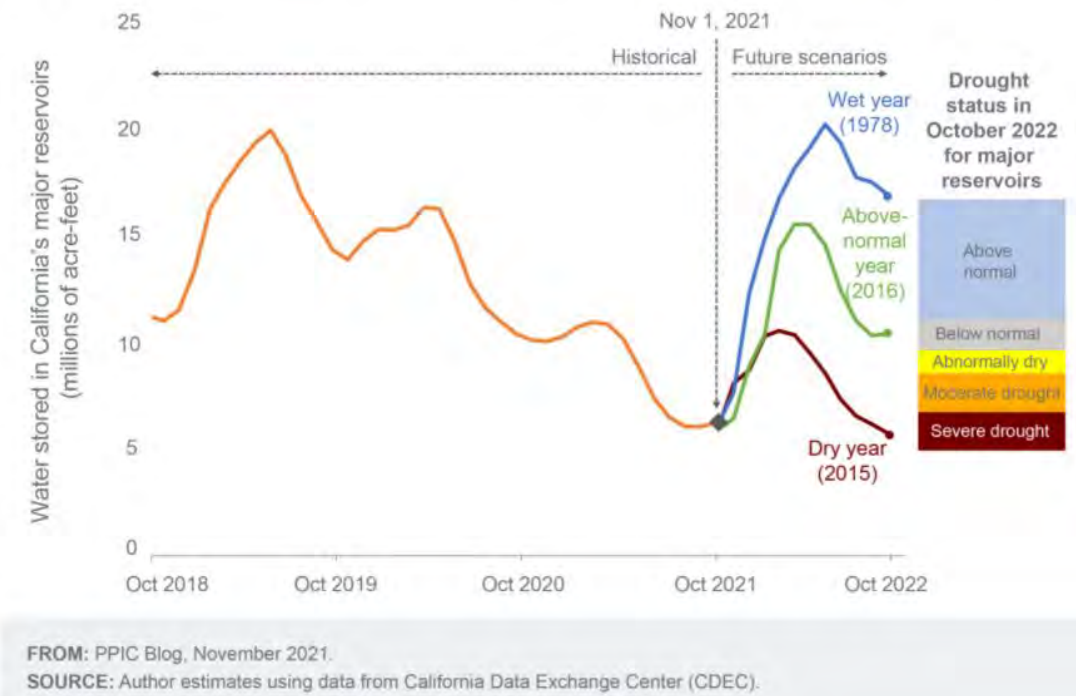
Water Supply Conditions

While the October bomb cyclone that hit Northern California brought some much-needed precipitation, dry conditions have returned to the state. What snow fell has largely melted, leaving water managers still concerned about water supplies for 2022. Lake Oroville got a boost from the storm and is sitting at 59 percent of historical average and 30 percent capacity. San Luis Reservoir, the main south-of-Delta storage facility for the State Water Project, also saw a boost from the storm and is at 43 percent of average for this time of the year and 24 percent capacity.

The State Water Resources Control Board recently released a proposed set of actions aiming to conserve water throughout the state. These actions are considered the “low hanging fruit” of water conservation including prohibiting using power washers to wash sidewalks, requiring a shutoff nozzle on hoses when washing cars, prohibiting irrigation for 48 hours after measurable rainfall and other common sense conservation measures. There seems to be little controversy with these proposed actions and the board will take them up in January. There is still concern that if more rain and snow doesn’t materialize the SWRCB will take more drastic action including mandatory conservation measures.



Only a wet year will take California's reservoirs out of drought conditions



State Water Board Starts Process for Chrom-6 MCL

The State Water Resources Control Board recently released a proposed maximum contaminant level (MCL) for hexavalent chromium (chrom-6) in drinking water provided by public water systems in California. The process for a chrom-6 MCL has been long and controversial. In late 2013 CA Department of Public Health proposed an MCL of 0.010 milligram per liter, which was adopted and effective in July of 2014. In 2017 the Superior Court of Sacramento County issued a judgment invalidating the chrom-6 MCL for drinking water stating that the State Board failed to comply with one of the requirements of the Safe Drinking Water Act for adopting an MCL. In particular, the department “Failed to properly consider the economic feasibility of complying with the MCL.” The Court did not decide whether the MCL was economically feasible, if the MCL adequately protected public health nor did it reach a conclusion about whether the MCL was too high or too low. The State Board decided it was more expedient to begin the process of adopting a new MCL than to appeal the Court’s decision.

The draft MCL also includes methods for compliance by identifying three treatment technologies identified as “best available technology:” ion exchange, reduction-coagulation/filtration and reverse osmosis. In addition the MCL also considers non treatment alternatives including removing contaminated wells from production, blending, new well construction, switching water sources, or consolidation with another water system that meets the MCL.

The recent release from the State Board indicates they are considering 17 possible MCLs .01-.15 mg/l, .20 and .25 mg/l.

Voluntary Agreement and Other Delta News Update

State officials, CAL EPA Secretary Jared Blumendelf and Natural resources Secretary Wade Crowfoot, recently announced that they are rejecting the proposed Voluntary Agreement on the San Joaquin River and urge the water board to resume direct regulation of San Joaquin river flows. The letter states that the voluntary actions proposed by water agencies fall short of needed flow and habitat improvements.

Now the state board will resume the proceeding to implement flow objectives established by the 2018 Bay-Delta Plan for the Lower San Joaquin River and its three major tributaries, the Stanislaus, Toulumne and Merced Rivers. There is still opportunity for the VA process to resume, if there is a new proposal for “necessary levels of additional water flows and habitat.”

There is a strong likelihood that there will be a prolonged and contentious legal battle in the coming months over the flow requirements on the San Joaquin River.

There is good news concerning the Sacramento River Voluntary Agreement, the major source of water for MWD. The draft agreement is moving toward final approval, which would avoid the mandatory flows requirement that was proposed by the SWRCB in 2018.

The Delta Stewardship Council recently released their Draft 2022-2026 Science Action Agenda (SAA). The SAA is a focused science agenda for the Delta that prioritizes and aligns science actions to inform management decisions, identifies major gaps in knowledge, and promotes collaborative science. It also establishes a foundation for funding critical science investigations.

The six Management Needs are:

1. Improve coordination and integration of large-scale experiments, data collection, and evaluation across regions and institutions.
 2. Enhance monitoring and model interoperability, integration and forecasting.
 3. Expand multi-benefit approaches to managing the delta as a social-ecological system.
 4. Build and integrate knowledge on social process and behavior of Delta communities and residents to support effective and equitable management.
 5. Acquire the new knowledge and synthesize existing knowledge of interacting stressors to support species recovery and ecosystem health.
 6. Assess and anticipate climate change impacts to support successful adaptation strategies.
- Once finalized, the SSA will be used to guide competitive and non-competitive science funding for the DSC and its partners.

Ballot Initiative Filed

A new statewide initiative was filed with the Secretary of State recently. The “Water Infrastructure Funding Act of 2022” would allocate two percent of the state general fund, about \$4 billion per year, for projects to expand water supplies including new dams, reservoirs, desalination plants, recycled water and other projects that would upgrade existing infrastructure.

The pipeline of funding would continue until five million acre-feet of new water is created, a 13 percent increase in water supplies. The Legislative Analyst Office estimates it could take several decades and about \$100 billion to reach the five million acre-feet goals.

In addition to the funding allocations, the initiative would ease CEQA and Coastal Commission review for all projects funded through the new program—a provision vigorously opposed by the environmental community.

The proponents need to collect close to one million valid signatures by April 29 in order to qualify for the November ballot.

Legislative Update

The Legislature remained quiet in October, with members working from their district offices. The big news coming out of Sacramento is the \$32 billion surplus predicted by the Legislative Analyst Office and the Department of Finance. With required school spending and the “State Appropriations Limit,” it is estimated that the Governor and the Legislature have between \$3 and \$8 billion in “discretionary” funds they can allocate in the 2022-2023 fiscal year. The Governor’s proposed budget will be released by January 10 and the Legislature until June 15 to pass a budget. Of course, the 2021-2022 budget surplus wasn’t totally allocated by the legislature until September, so the timeline of when the surplus will be allocated is rather unpredictable.

The Legislature will return on January 3 to begin the second year of the two-year session.