



# SAWPA

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

Meeting Access Via Computer (Zoom):	Meeting Access Via Telephone:
<ul style="list-style-type: none"> <li><a href="https://sawpa.zoom.us/j/82860188591">https://sawpa.zoom.us/j/82860188591</a></li> </ul>	<ul style="list-style-type: none"> <li>1 (669) 900-6833</li> </ul>
<ul style="list-style-type: none"> <li>Meeting ID: 828 6018 8591</li> </ul>	<ul style="list-style-type: none"> <li>Meeting ID: 828 6018 8591</li> </ul>

This meeting will be conducted in person at the address listed above. As a convenience to the public, members of the public may also participate virtually using one of the options set forth above. Any member of the public may listen to the meeting or make comments to the Commission using the call-in number or Zoom link above. However, in the event there is a disruption of service which prevents the Authority from broadcasting the meeting to members of the public, the meeting will not be postponed or rescheduled but will continue without remote participation. The remote participation option is provided as a convenience to the public and is not required. Members of the public are welcome to attend the meeting in-person.

## REGULAR COMMISSION MEETING TUESDAY, DECEMBER 19, 2023 – 9:30 A.M.

### AGENDA

1. **CALL TO ORDER/PLEDGE OF ALLEGIANCE** (Bruce Whitaker, 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).

Members of the public may make comments in-person or electronically for the Commissions' consideration by sending them to [publiccomment@sawpa.org](mailto:publiccomment@sawpa.org) with the subject line "Public Comment". Submit your electronic comments by 5:00 p.m. on Monday, December 18, 2023. All public comments will be provided to the Chair and may be read into the record or compiled as part of the record. Individuals have a limit of three (3) minutes to make comments and will have the opportunity when called upon by the Commission.

4. **ITEMS TO BE ADDED OR DELETED**

Pursuant to Government Code §54954.2(b), items may be added on which there is a need to take immediate action and the need for action came to the attention of the SAWPA Commission subsequent to the posting of the agenda.

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 5, 2023** ..... 7  
**Recommendation:** Approve as posted.
- B. **TREASURER'S REPORT: NOVEMBER 2023**..... 11  
**Recommendation:** Approve as posted.
- C. **UPDATED TRAVEL AND EXPENSE POLICY (CM#2023.72)**..... 17  
**Recommendation:** Approve the Updated G&A103 Travel and Expense Policy.

**6. NEW BUSINESS**

- A. FISCAL YEAR 2022-2023 REPORT ON AUDIT (CM#2023.73)..... 25**  
**Presenter:** Karen Williams  
**Recommendation:** That the Commission receive and review the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2023, which includes the Report on Audit prepared by C.J. Brown & Company CPAs, then:
1. Accept the ACFR, including the Report on Audit as prepared by C.J. Brown & Company CPAs;
  2. Direct staff to file the Report with the respective government agencies as required by law; and,
  3. Direct staff to submit the ACFR, with any necessary changes, for the Certificate of Achievement for Excellence in Financial Reporting Award.
- B. IRRIGATION REPLACEMENT AND LANDSCAPE REFRESH PROJECT (CM#2023.74)..... 171**  
**Presenter:** David Ruhl  
**Recommendation:** That the Commission:
1. Reject all bids for the Irrigation Replacement and Landscape Refresh Project (Project), and direct the General Manager to re-issue a Notice Inviting Bids for the Construction of the Project;
  2. Authorize the General Manager to approve Task Order BGB100-03 in the amount of \$5,490 with BGB Design Group for permitting, bidding, and construction support for the Project; and
  3. Approve \$5,490 from the Building Reserve Fund for permitting, bidding, and construction support for the Project.
- C. SARCCUP WATER USE EFFICIENCY TASK BUDGET ADJUSTMENT (CM2023.75). 187**  
**Presenter:** Ian Achimore  
**Recommendation:** That the Commission approve to utilize the SARCCUP Water Use Efficiency's cost savings for:
1. Change Order No. 3 with Quantum Spatial (NV5) for \$19,599, to provide final deliverables to the City of Chino Hills, and
  2. Provide \$150,000 to Orange County Water District for approximately 600 additional water use efficiency budgets through their partnership with Municipal Water District of Orange County.

**7. INFORMATIONAL REPORTS**

**Recommendation:** Receive for information.

- A. CASH TRANSACTIONS REPORT – OCTOBER 2023..... 217**  
**Presenter:** Karen Williams
- B. INTER-FUND BORROWING – OCTOBER 2023 (CM#2023.76)..... 223**  
**Presenter:** Karen Williams
- C. PERFORMANCE INDICATORS/FINANCIAL REPORTING – OCTOBER 2023 (CM#2023.77) ..... 229**  
**Presenter:** Karen Williams
- D. PROJECT AGREEMENT 25 – OWOW FUND – FINANCIAL REPORT, OCTOBER 2023 ..... 251**  
**Presenter:** Karen Williams

**E. PROJECT AGREEMENT 26 – ROUNDTABLE FUND – FINANCIAL REPORT, OCTOBER 2023 ..... 255**  
**Presenter:** Karen Williams

**F. GENERAL MANAGER REPORT ..... 259**  
**Presenter:** Jeff Mosher

**G. STATE LEGISLATIVE REPORT ..... 265**  
**Presenter:** Jeff Mosher

**H. CHAIR’S COMMENTS/REPORT**

**I. COMMISSIONERS’ COMMENTS**

**J. 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](http://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 14, 2023, a copy of this agenda has been uploaded to the SAWPA website at [www.sawpa.org](http://www.sawpa.org) and posted at SAWPA’s office at 11615 Sterling Avenue, Riverside, California.

**2024 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.)

<b>January</b> 1/2/24    Commission Workshop [cancelled] 1/16/24    Regular Commission Meeting	<b>February</b> 2/6/24    Commission Workshop 2/20/24    Regular Commission Meeting
<b>March</b> 3/5/24    Commission Workshop 3/19/24    Regular Commission Meeting	<b>April</b> 4/2/24    Commission Workshop 4/16/24    Regular Commission Meeting
<b>May</b> 5/7/24    Commission Workshop 5/21/24    Regular Commission Meeting 5/7 – 5/9/24 ACWA Spring Conference, Sacramento, CA	<b>June</b> 6/4/24    Commission Workshop 6/18/24    Regular Commission Meeting
<b>July</b> 7/2/24    Commission Workshop 7/16/24    Regular Commission Meeting	<b>August</b> 8/6/24    Commission Workshop 8/20/24    Regular Commission Meeting
<b>September</b> 9/3/24    Commission Workshop 9/17/24    Regular Commission Meeting	<b>October</b> 10/1/24    Commission Workshop 10/15/24    Regular Commission Meeting
<b>November</b> 11/5/24    Commission Workshop 11/19/24    Regular Commission Meeting	<b>December</b> 12/3/24    Commission Workshop 12/17/24    Regular Commission Meeting 12/3 – 12/5/24 ACWA Fall Conference, Palm Springs, CA

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## SAWPA COMPENSABLE MEETINGS

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.gov/sawpa-calendar/>

### MONTH OF: DECEMBER 2023

DATE	TIME	MEETING DESCRIPTION	LOCATION
12/4/23	9:00 AM	Basin Monitoring Program Task Force Mtg	Virtual/Teleconference
12/5/23	8:30 AM	PA 23 Committee Mtg	CANCELLED
12/5/23	10:00 AM	PA 24 Committee Mtg	Hybrid (SAWPA & Virtual/Teleconference)
12/12/23	8:30 AM	PA 22 Committee Mtg	CANCELLED
12/21/23	4:00 PM	LESJWA Board of Directors Mtg	CANCELLED

### MONTH OF: JANUARY 2024

DATE	TIME	MEETING DESCRIPTION	LOCATION
1/2/24	10:00 AM	PA 24 Committee Mtg	CANCELLED
1/18/24	9:30 AM	Joint Regional Water Quality Monitoring/MSAR TMDL Task Force Mtg	Virtual/Teleconference
1/22/24	2:30 PM	Emerging Constituents Program Task Force Mtg	Virtual/Teleconference
1/25/24	11:00 AM	OWOW Steering Committee Mtg	Hybrid (SAWPA & Virtual/Teleconference)
1/29/24	9:00 AM	Basin Monitoring Program Task Force Mtg	Hybrid (SAWPA & Virtual/Teleconference)
1/30/24	9:00 AM	Lake Elsinore/Canyon Lake TMDL Task Force Mtg	Hybrid (SAWPA & 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 5, 2023**

**COMMISSIONERS PRESENT**

Bruce Whitaker, Chair, Orange County Water District  
Mike Gardner, Vice Chair, Western Municipal Water District  
T. Milford Harrison, Secretary-Treasurer, San Bernardino Valley  
Municipal Water District  
David J. Slawson, Eastern Municipal Water District [remote attendance]

**COMMISSIONERS ABSENT**

Jasmin A. Hall, Inland Empire Utilities Agency

**ALTERNATE COMMISSIONERS  
PRESENT; NON-VOTING**

Gil Botello, San Bernardino Valley Municipal Water District

**STAFF PRESENT**

Jeff Mosher, Edina Goode, Karen Williams, Rachel Gray, Melissa  
Bustamonte, Zyanya Ramirez, Sara Villa, John Leete

**OTHERS PRESENT**

Andrew Turner, Lagerlof, LLP; Nick Kanetis, Eastern Municipal  
Water District; Lisa Haney, Orange County Water District; Adekunle  
Ojo, San Bernardino Valley Municipal Water District; Mallory  
O'Connor, Western Municipal Water District; Dawn Coulson, Epps &  
Coulson, LLP; Michael Boccadoro, West Coast Advisors

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

**1. CALL TO ORDER**

**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 items to be added or deleted.

**5. CONSENT CALENDAR**

**A. APPROVAL OF MEETING MINUTES: NOVEMBER 21, 2023**

**Recommendation:** Approve as posted.

**B. INJURY AND ILLNESS PREVENTION PLAN UPDATE (CM#2023.69)**

**Recommendation:** That the Commission approve the addition of the Silica Exposure Control Program to SAWPA's Injury and Illness Prevention Plan (IIPP).

**MOVED,** to approve the Consent Calendar as posted.

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

## 6. NEW BUSINESS

### A. EXTENSION OF AGREEMENT WITH WEST COAST ADVISORS FOR LEGISLATIVE AFFAIRS SERVICES (CM#2023.70)

Jeff Mosher provided a verbal report to the Commission requesting approval to extend the West Coast Advisors' (WCA) Agreement to provide state legislative affairs services for an additional period of one (1) year for an amount not to exceed \$117,000.00. WCA has been SAWPA's legislative consultant for several years and their current contract expired December 2022; rather than going out for a Request for Proposal (RFP), it is requested that the agreement be extended for one year. Beth Olhasso and Michael Boccadoro of WCA host weekly legislative calls with member agency staff and provide an up-to-date view of what is going on in Sacramento, such as tracking things that are relevant to SAWPA, IRWM funding, budget, future bonds, and how the operations are working with the Department of Water Resources. It is a huge benefit for SAWPA to continue to have these services. Mr. Mosher noted WCA have not increased their rates and the current monthly rates equal \$117,000.00 and are consistent with their current contract. Michael Boccadoro noted he appreciates the opportunity and looks forward to a continued relationship.

**MOVED**, to authorize the General Manager to extend the West Coast Advisors' (WCA) Agreement to provide state legislative affairs services for an additional period of one (1) year for an amount not to exceed \$117,000.00.

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

### B. COMMISSIONER KELLY ROWE RESOLUTION (CM#2023.71)

Jeff Mosher provided a verbal report to the Commission requesting approval to adopt Resolution No. 2023-11 in memoriam of Commissioner Kelly Rowe for his many contributions and years of public service. Commissioners noted their appreciation for Mr. Rowe's years of service and will miss the opportunity to collaborate with him. He was a big supporter of SAWPA's Integrated Regional Water Management (IRWM) and the Santa Ana River Weather Modification Pilot Program, and his expertise and knowledge will be missed. The signed resolution will be framed and presented to his family.

**MOVED**, to adopt Resolution No. 2023-11 in memoriam of Commissioner Kelly Rowe for his many contributions and years of public service.

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

## 7. INFORMATIONAL REPORTS

Recommendation: Receive for Information.

### A. GENERAL MANAGER COMMENTS/REPORT

Jeff Mosher informed the Commission that the SAWPA Audit Report will be brought forward for review and approval at the December 19, 2023, meeting.

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

Chair Bruce Whitaker noted he attended the ACWA Conference and congratulated Kathy Green, OCWD's Board President for also leading ACWA as President. Ms. Green has taken a big interest in legislative matters and will be a good representative for all areas of California.

**C. COMMISSIONERS' COMMENTS**

There were no Commissioners' comments received.

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

There were no requests for future agenda items.

**8. CLOSED SESSION**

There was no closed session.

**9. ADJOURNMENT**

There being no further business for review, Chair Bruce Whitaker adjourned the meeting at 9:46 a.m. in memory of Commissioner Kelly Rowe.

**Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, December 19, 2023.**

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Bruce Whitaker, Chair

Attest:

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Sara Villa, Clerk of the Board

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*Santa Ana Watershed  
Project Authority*



Finance Department

Santa Ana Watershed Project Authority  
**TREASURER'S REPORT**

**November 2023**

During the month of November 2023, the Agency's actively managed temporary idle cash earned a return of 3.26%, representing interest earnings of \$36,847. Additionally, the Agency's position in overnight funds L.A.I.F. generated \$173,781 in interest, resulting in \$210,628 of interest income from all sources. Please note that this data represents monthly earnings only and does not indicate actual interest received. There were two (2) investment positions purchased, zero (0) positions sold, zero (0) position matured, and zero (0) positions were called.

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

December 7, 2023

Prepared and submitted by:

A handwritten signature in black ink that reads 'Karen Williams'.

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*Karen L. Williams, Deputy GM/Chief Financial Officer*

Santa Ana Watershed Project Authority

INVESTMENT PORTFOLIO - MARKED TO MARKET - UNREALIZED GAINS & LOSSES

November 30, 2023

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

Investment Type	Security Type	CUSIP	Dealer	Purchase Date	Maturity Date	Call Date (if appl)	Par Value	Yield To Maturity	Investment Cost	Market Value	Unrealized Gain / (Loss)	Coupon Rate	Interest Earned
Agency	FHLB	3130A3GE8	MBS	02-04-20	12-13-24	No Call	\$ 500,000.00	1.414%	\$ 531,250.00	\$ 487,813.49	\$ (43,437)	2.750%	\$ 581.14
Agency	FHLB	3130ASDS5	MBS	06-21-22	06-28-24	No Call	\$ 1,000,000.00	3.204%	\$ 991,130.00	\$ 985,353.75	\$ (5,776)	2.750%	\$ 2,633.31
Agency	FHLB	3130ASWPO	MBS	08-30-22	11-27-24	No Call	\$ 1,000,000.00	3.652%	\$ 1,000,000.00	\$ 985,779.09	\$ (14,221)	3.650%	\$ 3,001.64
Agency	FHLB	3130ATT31	MBS	10-28-22	10-03-24	No Call	\$ 1,000,000.00	4.500%	\$ 998,910.00	\$ 994,214.23	\$ (4,696)	4.500%	\$ 3,698.63
Agency	FHLB	3130ATHWC	WMS	11-04-22	09-10-27	No Call	\$ 1,000,000.00	4.125%	\$ 991,965.00	\$ 989,431.08	\$ (2,534)	4.125%	\$ 3,390.41
Agency	FHLB	3130ATUR6	MBS	06-06-23	12-13-24	No Call	\$ 500,000.00	4.629%	\$ 499,966.50	\$ 497,486.74	\$ (2,480)	4.625%	\$ 1,902.33
Agency	FHLB	3130AWC24	MBS	06-06-23	06-09-28	No Call	\$ 500,000.00	3.889%	\$ 502,505.00	\$ 493,142.38	\$ (9,363)	4.000%	\$ 1,278.58
Agency	FNMA	3135G0X24	MBS	02-04-20	01-07-25	No Call	\$ 500,000.00	1.398%	\$ 505,380.00	\$ 481,648.24	\$ (23,732)	1.625%	\$ 574.56
Agency	FNMA	3135G05X7	WMS	10-30-20	08-25-25	No Call	\$ 1,000,000.00	0.460%	\$ 995,952.00	\$ 927,218.07	\$ (68,734)	0.375%	\$ 378.08
Agency	USTN	91282CAZ4	WMS	04-19-21	11-30-25	No Call	\$ 1,000,000.00	0.761%	\$ 982,500.00	\$ 919,257.81	\$ (63,242)	0.375%	\$ 625.20
Agency	USTN	91282ZTO	WMS	09-15-21	05-31-25	No Call	\$ 1,000,000.00	0.530%	\$ 989,726.56	\$ 933,554.69	\$ (56,172)	0.250%	\$ 435.76
CD	American Express Natl Bank	02589ADS8	MBS	08-17-22	08-19-24	No Call	\$ 245,000.00	3.350%	\$ 245,000.00	\$ 241,294.85	\$ (3,705)	3.350%	\$ 674.59
CD	Beal Bank USA	07371DEV5	MBS	08-17-22	08-12-26	No Call	\$ 245,000.00	3.200%	\$ 245,000.00	\$ 232,934.97	\$ (12,065)	3.200%	\$ 644.38
CD	Synchrony Bank	87164XP34	MBS	08-12-22	08-12-25	No Call	\$ 245,000.00	3.350%	\$ 245,000.00	\$ 237,018.09	\$ (7,982)	3.350%	\$ 74.44
CD	Capital One Bank USA NA	14042TGJ0	MBS	05-25-22	05-25-27	No Call	\$ 246,000.00	3.200%	\$ 246,000.00	\$ 230,177.78	\$ (15,822)	3.200%	\$ 647.01
CD	Morgan Stanley Private Bank	61768UAT4	MBS	11-15-22	11-15-27	11-15-23	\$ 248,000.00	5.000%	\$ 248,000.00	\$ 244,931.67	\$ (3,068)	5.000%	\$ 1,019.18
CD	Prime Alliance Bank	74160NJF8	MBS	11-17-22	11-17-27	05-17-23	\$ 248,000.00	4.950%	\$ 248,000.00	\$ 244,521.94	\$ (3,478)	4.950%	\$ 1,008.99
CD	Cooperative Center FSU	21686MAA6	MBS	12-29-22	12-29-25	No Call	\$ 249,000.00	4.650%	\$ 249,000.00	\$ 246,140.95	\$ (2,859)	4.650%	\$ 951.66
CD	Affinity Bank	00833JAQ4	MBS	03-17-23	03-17-28	No Call	\$ 248,000.00	4.900%	\$ 248,000.00	\$ 243,806.28	\$ (4,194)	4.900%	\$ 998.79
CD	Discover Bank	2546732V7	MBS	03-22-23	03-23-27	No Call	\$ 243,000.00	5.050%	\$ 243,000.00	\$ 241,899.39	\$ (1,101)	5.050%	\$ 1,008.62
CD	Global Fed CR UN Alaska	37892MAF1	MBS	05-12-23	05-12-27	No Call	\$ 249,000.00	4.600%	\$ 249,000.00	\$ 244,100.65	\$ (4,899)	4.600%	\$ 941.42
CD	UBS Bank USA	90355GDJ2	MBS	05-17-23	05-17-27	No Call	\$ 249,000.00	4.550%	\$ 249,000.00	\$ 243,664.15	\$ (5,336)	4.550%	\$ 931.19
CD	BMW Bank of North Americ	05580A2G8	MBS	06-16-23	06-16-26	No Call	\$ 244,000.00	4.600%	\$ 244,000.00	\$ 240,570.47	\$ (3,430)	4.600%	\$ 922.52
CD	Barclays Bank Delaware	06740KRW9	MBS	07-26-23	07-28-25	No Call	\$ 243,000.00	5.100%	\$ 243,000.00	\$ 241,891.41	\$ (1,109)	5.100%	\$ 1,018.60
CD	Farmers Insurance Group	30960QAS6	MBS	07-26-23	07-27-26	No Call	\$ 248,000.00	5.100%	\$ 248,000.00	\$ 247,605.88	\$ (394)	5.100%	\$ 1,039.56
CD	Chartway Federal Credit Unio	16141BAQ4	MBS	09-08-23	09-08-27	No Call	\$ 248,000.00	5.000%	\$ 248,000.00	\$ 245,467.88	\$ (2,532)	5.000%	\$ 1,019.18
CD	Greenstate Credit Union	39573LEM6	MBS	09-26-23	09-26-28	No Call	\$ 248,000.00	5.000%	\$ 248,000.00	\$ 244,576.23	\$ (3,424)	5.000%	\$ 1,019.18
CD	Empower Fed Cedit Union	291916AA2	MBS	09-29-23	09-29-27	No Call	\$ 248,000.00	5.100%	\$ 248,000.00	\$ 246,178.43	\$ (1,822)	5.100%	\$ 1,039.56
CD	US Alliance Fed Credit Union	90352RDF9	MBS	09-29-23	09-29-28	No Call	\$ 248,000.00	5.100%	\$ 248,000.00	\$ 245,628.28	\$ (2,372)	5.100%	\$ 1,039.56
CD	Numerica Credit Union	67054NBN2	MBS	11-10-23	11-10-26	No Call	\$ 248,000.00	5.550%	\$ 248,000.00	\$ 250,867.28	\$ 2,867	5.550%	\$ 754.19
CD	Heritage Community Cr Un	42728MAB0	MBS	11-15-23	11-16-26	No Call	\$ 248,000.00	5.450%	\$ 248,000.00	\$ 250,248.50	\$ 2,249	5.450%	\$ 555.45
CD	Alliant Credit Union	01882MAD4	MBS	12-30-22	12-30-25	No Call	\$ 248,000.00	5.100%	\$ 248,000.00	\$ 247,286.92	\$ (713)	5.100%	\$ 1,039.56

<b>Total Actively Invested Funds</b>	<b>\$ 14,186,000.00</b>	<b>\$ 14,175,285.06</b>	<b>\$13,805,711.57</b>	<b>\$ (369,573)</b>	<b>3.260%</b>	<b>\$ 36,847.29</b>
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Total Local Agency Investment Fund \$ 54,989,176.01 3.845% \$173,780.86

<b>Total Invested Cash</b>	<b>\$ 14,186,000.00</b>	<b>\$ 69,164,461.07</b>	<b>3.727%</b>	<b>\$210,628.16</b>
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Key to Security Type:

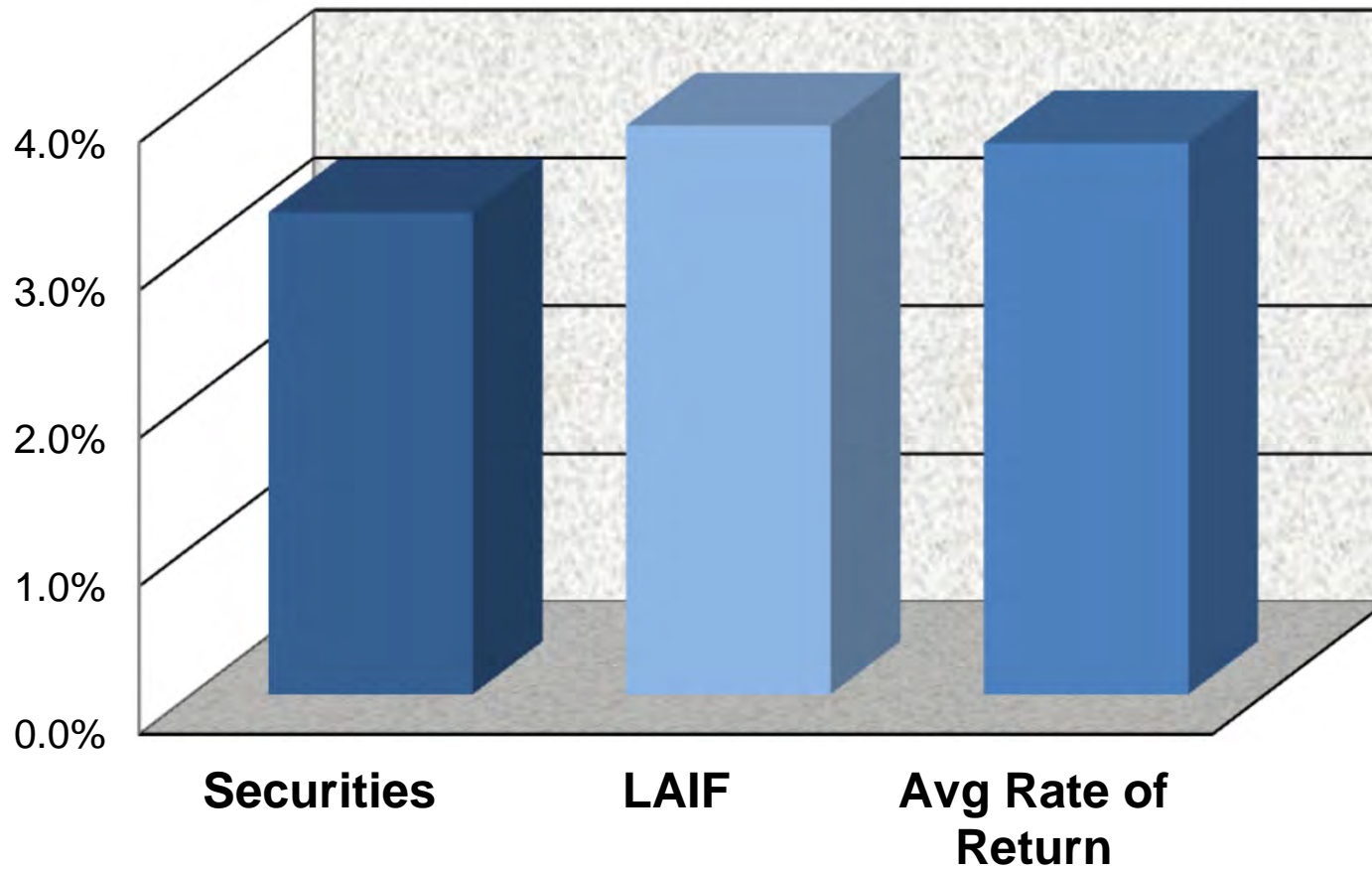
- FHLB = Federal Home Loan Bank
- FHLMC = Federal Home Loan Mortgage Corporation
- FNMA = Federal National Mortgage Association
- USTN = US Treasury Note
- CORP = Corporate Note
- CD = Certificate of Deposit
- GDB = Goldman Sachs Bank
- AEC = American Express Centurion

\$ 5,500,000.00 Key to Dealers:

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

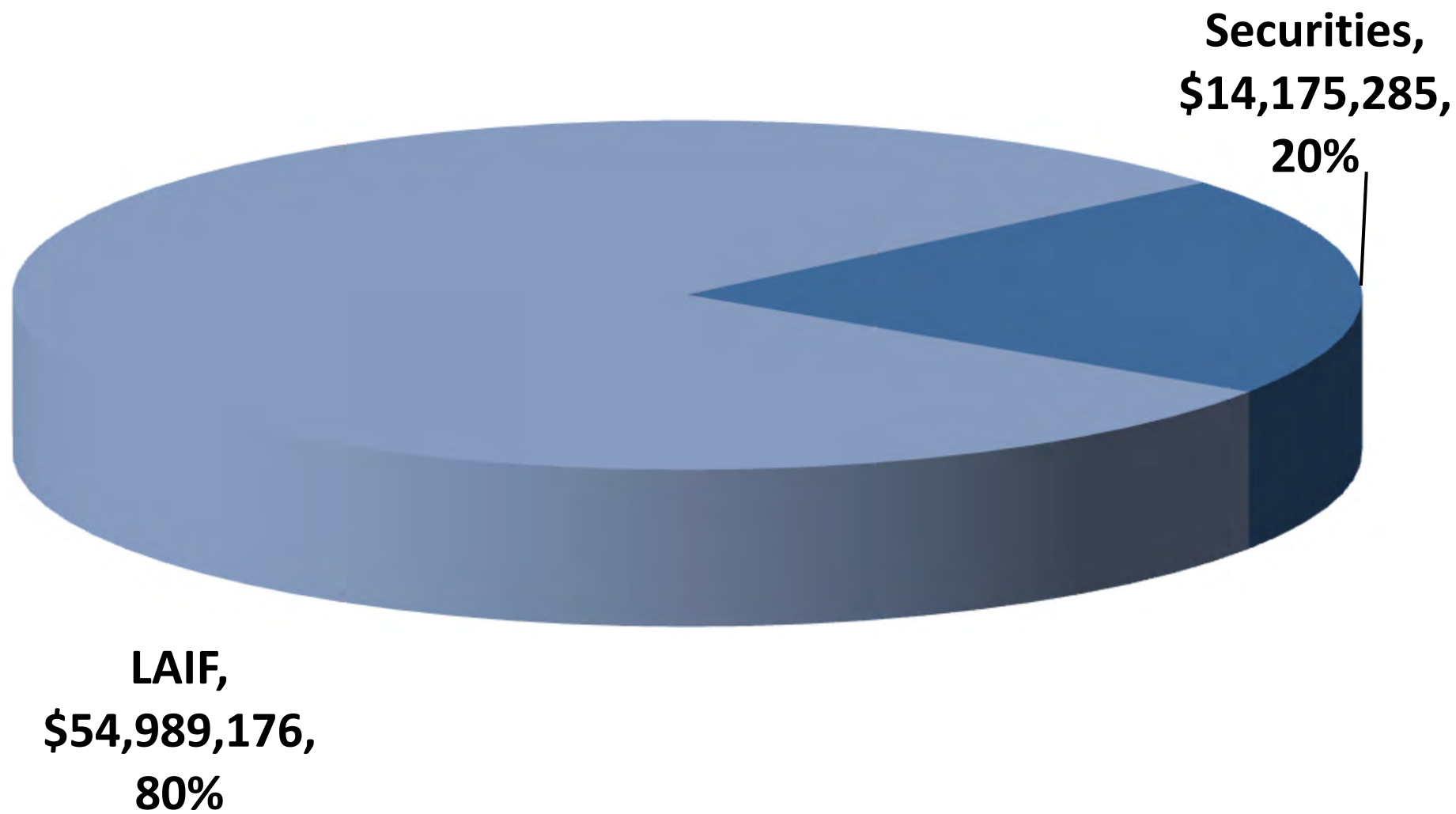


## Interest Rate Analysis

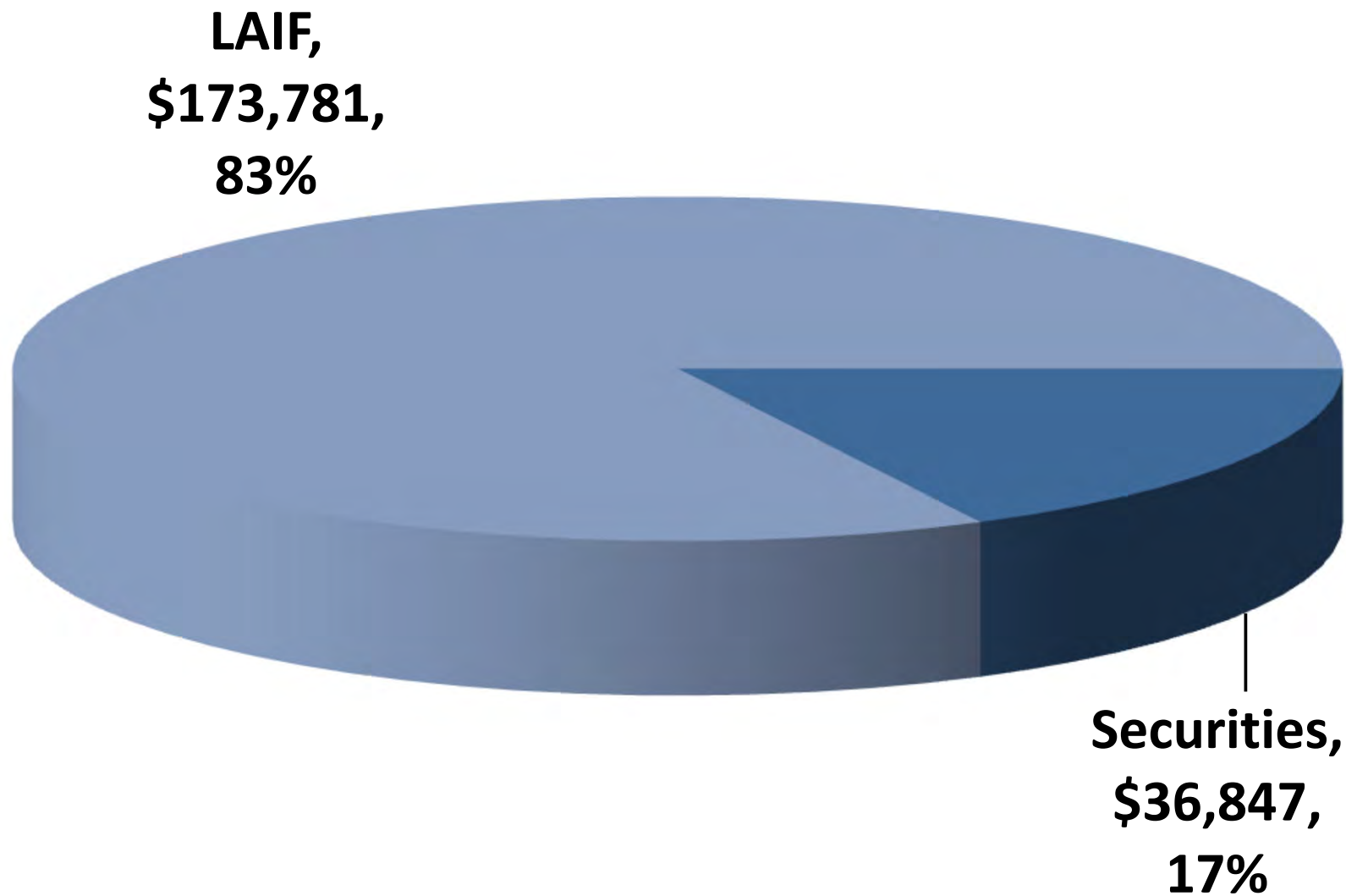


# Investments

**\$69,164,461**



**Interest**  
**\$210,628**



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**COMMISSION MEMORANDUM NO. 2023.72**

**DATE:** December 19, 2023  
**TO:** SAWPA Commission  
**SUBJECT:** Updated Travel and Expense Policy  
**PREPARED BY:** Karen Williams, DGM, CFO

**RECOMMENDATION**

It is recommended that the Commission approve the Updated G&A103 Travel and Expense Policy.

**DISCUSSION**

In February 2020, SAWPA legal counsel Lagerlof LLP reviewed and completely updated the Procurement Policy and the Travel and Expense Policy. Both policies require a periodic review by staff at an interval of not less than three years. In February 2023 the Procurement Policy was reviewed and updated. After a review of the Travel and Expense Policy, staff felt a change was needed to Section 5.0 Meals and Incidentals. Staff recommends that the table for meals and incidentals be removed and have an \$80.00 per day limit, without individual meal limitations.

**RESOURCE IMPACTS**

None

Attachments:

1. G&A Travel and Expense Policy (Revision 2)

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SOP # \_\_\_\_\_ Revision: \_\_\_\_\_  
Effective Date: December 19, 2023

Prepared by: \_\_\_\_\_  
Approved by: \_\_\_\_\_

**Title: G&A103 TRAVEL AND EXPENSE POLICY**

**Purpose:** The Agency recognizes the value of professional conferences, seminars, meetings and training. The Agency provides travel and expense funds for employees who attend any such approved events. The purpose of this policy is to ensure that payments made by the Agency are necessary to further the accomplishment of Agency goals and objectives.

**Policy:** This policy establishes that the Agency will authorize travel and reimburse expenses in accordance with the Accountable Plan requirements of the IRS rules which provide that all expenses must have a business purpose, that employees who travel and attend professional conferences on behalf of the Agency must account for all expenses, and that any excess reimbursement or allowance provided to employees for such purpose will be returned to the Agency.

**Scope:** This policy applies to all full-time, part-time, temporary or contracted staff traveling on official Agency business. This policy established the guidelines that employees must follow when representing the Agency and procedures for expense reimbursements. This policy shall also apply to any travel related charges using the Agency credit card.

**Procedure:**

**1.0 BUSINESS CONDUCT**

At all times Agency employees serve the public and must do so within the ethical and business performance standards expected of a public agency. Prudent judgment and compliance with all other Agency policies is required. If an employee plans to travel with a guest, the employee shall be responsible, at his/her sole cost and expense, for making all arrangements, reimbursements and payments in connection with that guest.

**2.0 AUTHORIZATION TO TRAVEL**

2.1 The General Manager may authorize himself and/or the Deputy General Manager to travel anywhere within the United States at any time on Agency business.

2.2 A Travel Authorization Form shall be completed by the employee and approved by the employee's Department Manager, and then authorized by the General Manager, or his designee. Travel authorization approval is required **prior** to booking any travel. The form should reflect estimates for airfare, lodging, meals, and conference registration, when known, as well as note any exceptions to the IRS guidelines, or other requirements that may be incurred.

2.3 All travel and business expenses under this policy are subject to a budgetary review by the responsible manager to ensure sufficient funds exist in the Operating budget to cover the expense. Before submitting or approving a travel request, employees and managers

should consider all other training opportunities that may be appropriate that cost less, may not require travel, and/or are available on-line.

- 2.4 Travel outside of the State of California requires written authorization, **prior** to booking any travel. Any employee traveling outside of the State of California, relating to a state reimbursable contract or grant must obtain a written authorization from the State's contract manager, as well as the SAWPA General Manager, or his designee, prior to booking travel.
- 2.5 Travel outside the continental US by the General Manager and all Agency employees requires approval by Commission action.

### **3.0 TRANSPORTATION**

When an employee travels on behalf of the Agency, the most economical mode and class of transportation shall be used. Transportation to and from an event shall be arranged, reimbursed, or paid based on the following guidelines:

#### **3.1 Air Travel**

When traveling requires air transportation the employee shall arrange for airfare as far in advance as possible to ensure the lowest price airfare. It is a goal of the Agency to obtain the least expensive airfare; however, it is understood that extenuating circumstances (e.g. tight timelines or connecting flights) may exist requiring modest airline upgrades (e.g. Early Bird Check-In). All such upgrades must be approved in advance by the General Manager or his designee. Changes to flight schedules made during travel are allowable provided they are in the best interest of the Agency.

#### **3.2 Car Rental/Taxi/Ride Share**

Car rental, taxi service or ride share are allowable modes of transportation. Agency employees shall utilize the service that is the most practical and safe form of transportation. When traveling together, employees should make an effort to share transportation whenever feasible.

#### **3.3 Personal Vehicles**

A personal vehicle may be used when necessary. Reimbursement for such use will be in accordance with the current IRS mileage rates. The mileage reimbursement rate is intended to cover the cost of operating a car for business purposes. These costs include standard maintenance, repairs, taxes, fuel, insurance and registration fees. Since the Agency utilizes the IRS mileage reimbursement rate, Agency employees shall not be reimbursed separately for these costs nor shall they use their Agency credit card to pay for these expenses.

Mileage for commuting is considered a personal expense pursuant to IRS requirements. Commuting is defined as travel between an Agency employees' residence and their regular work location. Agency employees will be reimbursed for actual miles driven to/from the event, less commuting miles when traveling directly to/from home.

Should an Agency Representative choose to use a personal vehicle in lieu of airline travel, mileage reimbursement is not to exceed the cost of coach round-trip airfare. Any



additional time off or lodging expenses related to this preferred method of travel will be at the employee's expense.

### 3.4 Parking Expenses

Employees should use good judgement when choosing parking. Long-term airport parking is preferred especially for travel exceeding 24 hours. Parking at a hotel or meeting/conference location should be restricted to normal parking fees (i.e. non-valet) unless no other parking option is available.

### 3.5 Toll Charges

Toll charges that are reasonable and necessary will be reimbursed.

## 4.0 **LODGING**

Actual lodging expenses will be reimbursed for authorized personnel only, and an employee shall be responsible for paying any cost differential that results from having a non-employee guest stay with the employee. The conference-sponsored hotel group rate shall be used if available. If the group rate is not available, other possible discounts (e.g. government rate) shall be requested. If lodging cannot be arranged at the conference-sponsored hotel, then the most reasonably priced lodging shall be used.

## 5.0 **MEALS AND INCIDENTALS**

5.1 Expenses for food shall be moderate and reasonable. Employees will be reimbursed for actual meal expenses, including all taxes and gratuities up to \$80 per day.

<del>M&amp;IE Total</del>	<del>Breakfast</del>	<del>Lunch</del>	<del>Dinner</del>	<del>Incidental Expenses</del>
\$80	\$16	\$20	\$34	\$10

Reimbursement for an amount which exceeds this daily maximum will only be paid upon the approval of the General Manager. If not approved, the employee is responsible for the overage.

5.2 When meals are included in the cost of the conference/seminar registration, employees are encouraged to take advantage of these meals. ~~and the per-day reimbursement shall be adjusted in accordance with good judgment and prudence.~~

5.3 Employees must submit the detailed, original receipt that indicates the meals and beverages ordered. The summary credit card receipt shall not be considered a valid receipt. Employees must indicate the name(s) and relationship of all parties associated with the charges included on the receipt. In no instance will an Agency employee be reimbursed for alcoholic beverages.

## 6.0 CONFERENCE AND SEMINAR REGISTRATION FEES

The cost of conference and seminar registration fees will be reimbursed for actual costs. All seminars and conferences attended should have a trip report prepared and submitted to the General Manager to determine the overall benefit to the Agency and the employee. Seminar participation is not restricted as long as it furthers the employees' duties, or is in the best interest of the Agency. An employee's attendance at a conference or seminar shall be approved in advance by the employee's Department Manager.

## 7.0 NON-REIMBURSABLE TRAVEL EXPENSES

Agency funds must only be used for authorized business of the Agency. Expenses that are deemed unnecessary, unrelated or otherwise excessive will not be reimbursed or paid. The following list is provided as a guidance of those expenses that will not be reimbursed.

- a. Personal portion of any travel.
- b. Family/companion expenses, including spouses' expenses when accompanying an employee. If concurrent travel arrangements are made by an employee for family/companion travel, the employee's personal credit card shall be used to make those travel arrangements.
- c. Entertainment expenses, including theater, movies, sporting events, gym, optional tours, golf-related expenses, or other cultural events.
- d. Alcoholic beverages.
- e. Personal automobile expenses, including fuel, repairs, traffic or parking fines, or auto insurance.
- f. Personal toiletry/sundry items, laundry or dry cleaning.
- g. Personal losses incurred while on Agency business.
- h. Gratuities or tips exceeding twenty percent (20%).
- i. Expenses that are reimbursed by another agency or organization.

## 8.0 COMPENSATION FOR TRAVEL TIME

All non-exempt employees will be compensated for all hours worked (E.g. attendance at a conference and travel time) as outlined in G&A114 Hours of Work, Attendance, and Overtime Policy. Travel time is considered compensable time, less the normal home-to-work commute. Travel time includes all necessary time spent driving, waiting to board a flight, time in flight and time commuting to the hotel. Any questions regarding this section or the FLSA should be referred to Human Resources.

## 9.0 CASH ADVANCES

Whenever possible expenses for transportation, lodging and registration fees are paid in advance directly by the Agency. For those employees who are not assigned a credit card, a cash-advance may be requested to cover expenses that cannot be prepaid, such as meals or mileage. Employees should indicate on the Travel Authorization Form if a cash advance is requested. Any unused cash advance must be returned to the Agency immediately upon return to the Agency during normal business hours.

## **10.0 EXPENSE REPORTS**

- 10.1 In accordance with the IRS Accountable Plan regulations, all travel-related expense shall be documented with a receipt. Upon return from an event, employees must fill out an Employee Expense Report form in OnBase and include their original receipts and other documentation. Employee Expense Reports should be submitted within five (5) working days after completing the trip.
- 10.2 All expenses reported on the Employee Expense Report form must comply with the Agency's policies relating to expenses. All Expense Reports will be approved by the appropriate manager and will undergo a Finance Review to ensure that the report is accurate, complete, justified with proper documentation, and coded to the correct account.
- 10.3 In the event that an employee has misplaced a travel receipt, efforts should be made to locate a duplicate copy with the merchant. In the event that a duplicate receipt cannot be located, the item will not be eligible for reimbursement. If the employee used the Agency credit card and lost the receipt, the employee shall complete the Missing Receipt Form.

## **11.0 POLICY REVIEW**

Employees should familiarize themselves with this policy and if any questions arise, they should seek clarification from their Department Manager.

More information is available from the following resources:

- G&A113 MILEAGE REIMBURSEMENT POLICY
- PRO104 CREDIT CARD POLICY AND PROCEDURES

**Revision History:**

<b>Revision</b>	<b>Date</b>	<b>Description of changes</b>	<b>Requested By</b>
0	02/18/2020	Initial Release	R Haller
1	12/19/2023	Remove M&IE Total Table Section 5.0	J Mosher

## COMMISSION MEMORANDUM NO. 2023.73

**DATE:** December 19, 2023  
**TO:** SAWPA Commission  
**SUBJECT:** Fiscal Year 2022-2023 Report on Audit  
**PREPARED BY:** Karen Williams, DGM/CFO

### RECOMMENDATION

It is recommended that the Commission receive and review the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2023, which includes the Report on Audit prepared by C.J. Brown & Company CPAs, then:

1. Accept the ACFR, including the Report on Audit as prepared by C.J. Brown & Company CPAs;
2. Direct staff to file the Report with the respective government agencies as required by law; and,
3. Direct staff to submit the ACFR, 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 ACFR for the award as well. The ACFR 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.

Christopher Brown (Audit Partner) will be available to answer questions regarding SAWPA's FY 2022-23 Report on Audit (financial statements).

### **RESOURCE IMPACTS**

The FY 2022-23 Audit contains no financial deficiencies to report.

#### Attachments:

1. FYE 2023 ACFR
2. Report on Internal Controls and Compliance
3. SAWPA Management Report June 30, 2023



**SANTA ANA WATERSHED  
PROJECT AUTHORITY**

# Annual Comprehensive Financial Report

For Fiscal Years Ended June 30, 2023 and 2022

**Riverside, California**

**Santa Ana Watershed Project Authority**  
**Riverside, CA**

**Annual Comprehensive Financial Report**

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**For the Fiscal Year Ended**  
**June 30, 2023**

Prepared by the  
Finance Department

11615 Sterling Avenue, Riverside California 92503

951.354.4220 [www.sawpa.org](http://www.sawpa.org)



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# INTRODUCTORY SECTION







# Santa Ana Watershed Project Authority

Over 50 Years of Innovation, Vision, and Watershed Leadership

December 19, 2023

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 (ACFR) for the fiscal year ended June 30, 2023.

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 C.J. Brown & Company CPAs, 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, 2023, 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, 2023, are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

Bruce Whitaker  
Chair  
Orange County  
Water District

Mike Gardner  
Vice Chair  
Western Municipal  
Water District

T. Milford Harrison  
Secretary-Treasurer  
San Bernardino Valley  
Municipal Water District

David J. Slawson  
Commissioner  
Eastern Municipal  
Water District

Jasmin A. Hall  
Commissioner  
Inland Empire  
Utilities Agency

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 52-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 (IRWP)

SAWPA has been involved in watershed and regional integrated water resource planning since its formation. The Santa Ana River Watershed Integrated Regional Water Management Plan (IRWMP) called the One Water One Watershed (OWOW) 2.0 Plan was adopted in February 2014. An update to the OWOW 2.0 plan, OWOW Plan Update 2018, was adopted by the SAWPA Commission on February 19, 2019. Using a decentralized stakeholder involvement process as well as involving experts from all fields and areas within the Watershed, an extraordinarily collaborative and visionary plan was prepared to address water challenges over the next two decades. The Plan addresses climate change; water supply reliability; water and land use; water quality improvement; flood control and storm water runoff; water use efficiency; water recycling; parks, recreation and open space; disadvantaged and tribal communities; 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

The economic outlook for the Inland Empire is posed for both challenges and opportunities in the coming year. With a diverse economic landscape encompassing industries such as logistics, manufacturing, healthcare, and technology, the region has shown resilience in the face of economic uncertainties. Factors such as population growth, housing trends, and the development of key infrastructure projects are likely to play crucial roles in shaping the economic trajectory. The Inland Empire's strategic location as a transportation hub and its proximity to major ports position it favorably for continued growth in logistics and distribution. However, potential headwinds, including global economic conditions and the evolving nature of work in the post-pandemic era, may introduce complexities. Stakeholders, including policymakers, businesses, and residents, will need to collaborate to navigate these challenges and leverage opportunities for sustainable economic development in the Inland Empire. Monitoring key indicators such as employment rates, real estate trends, and industry-specific developments will be essential for a comprehensive understanding of the region's economic outlook.

### 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 targets 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 ending 2023 was another busy year for the Authority. 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 the aftermath of a global pandemic. The Authority also began work on two new projects, Weather Modification and a PFAS Study. Some of the major accomplishments for fiscal year 2023 are listed on the following pages.

### **Brine Line Enterprise**

#### Engineering

- Updated the Brine Line Reserve Policy.
- Commenced work on the Brine Line Master Plan including meeting with member and other agencies.
- Commenced work on the Reach IV-B and Reach IV condition assessment. Conducted the Reach IV-B field inspection work.



- Completed work on modifying 14 maintenance access structures (MAS) within Prado Basin to be watertight.
- Completed design and received bids for the Agua Mansa Lateral Project.
- Continued to implement the Pretreatment Program (PTP). Performed 60 on-site discharger inspections, 92 monitoring (or sampling) events at discharger locations, 65 monitoring (or sampling) events at the Santa Ana Regional Interceptor (SARI) Metering Station, issued 1 new permit, and reissued 21 existing permits.
- Submitted 14 reports (Monthly, Quarterly, Semi-Annual and Annual) to Orange County Sanitation District (OC San) detailing, at a minimum, pretreatment program activities and industrial compliance.
- Coordinated with OC San, reviewed, and accepted the conceptual plan for the WRCRWA South Regional Pump Station to install backup bypass pumping to ensure flows are not diverted to the Brine Line without prior authorization.
- Prepared individual agency audits to be conducted in fiscal year 2024.
- Continued to coordinate efforts that represent SAWPA's interests with OC San through the Joint Policy Committee and the Joint Operations Committee.

### Operations

- Prepared RFP and awarded contracts for on-call services for various activities on the Brine Line.
- Updated the Sewer Emergency Response Plan (SERP) to meet the new Waste Discharge Requirements. Conducted a workshop with member agencies and the Regional Water Quality Control Board to review the SERP.
- Received 2,675 USA Dig Alert tickets. Of those, 197 tickets were marked in the field. The remaining tickets were "no conflict" and did not require field markings.
- Installed five (5) new frame and cover assemblies on Reach IV-A Upper.
- Installed nine (9) new frame and cover assemblies on Reach IV-D.
- Installed two (2) new frame and cover assemblies on Reach V and replaced two (2) valve cans.
- Rehabilitated 3 MAS on Reach IV-A Upper to address corrosion issues.
- Completed 37,565 feet of right-of-way maintenance.
- Inspected 31 MAS on Reach IV-B.
- Inspected 15 MAS on Reach IV-A Upper.
- Inspected 18 MAS on Reach IV-A Lower.
- Inspected 14 MAS on Reach IV-D.
- Maintained Brine Line Operations Center (BLOC).
- Overhauled a total of 54 air release and vacuum valves.
- Completed inspection of 2,000 linear feet of pipeline on Reach IV-A Upper.
- Completed line cleaning and inspection of 8,000 linear feet of pipeline on Reach IV-B Lower.

### **OWOW Program**

#### Project Agreement (PA) 22 Committee – Water Use Efficiency

- Through the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP), worked with 8 retail water agencies to create efficiency budgets for dedicated irrigation meter customers. Work is scheduled for completion in FYE 2024.

- Completed updates to support Geographical Information Systems (GIS) data layers including meter service area boundaries for the Enhanced Landscape Measurement Tool.
- Initiated efforts to develop a process to validate the results of U.S. Bureau of Reclamation’s (Reclamation) landscape model and verify that these data meet or exceed the quality standards of the State’s data.
- Worked with Reclamation to complete efforts to automate landscape classification using area training data to model outdoor landscape features for Orange County using GIS-based deep learning tools. Reclamation began the process to apply this automated GIS-based landscape modeling process to retail water agency service areas in Orange County.

Disadvantaged Community Involvement (DACI) Grant Program

- Finalized Grant Agreement and grant sub-agreements with all project proponents for an award of \$5 million in grant funding from the Department of Water Resources (DWR) through the 2021 Urban and Multi-benefit Drought Relief Grant Program.
- Coordinated with each of the project proponents on the implementation of their projects. These include:
  - Box Springs Mutual Water Company - Reservoir Improvement Project,
  - City of Colton - Production Well Rehabilitation Project,
  - Devore Mutual Water Company - Booster Pump Station and Valve Vault Project,
  - Marygold Mutual Water Company - Well 7 Rehabilitation and Systems Upgrade Project, and
  - City of Fullerton - Well 6 Rehabilitation Project.

Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)

- Executed task order with Woodard & Curran for continued programmatic support of SARCCUP.
- Held PA 23 Committee meetings throughout the fiscal year, as well as bi-weekly staff-level SARCCUP planning meetings. Submitted amendment number 3 to DWR which moved the scheduled grant end date from December 2023 to July 2025.
- Worked with the SARCCUP planning managers to develop amendment number 4. This request included changes to the Western Municipal Water District conjunctive use component, as well as changes to the San Bernardino Valley Municipal Water District Santa Ana sucker habitat component.

OWOW and IRWM Support

- Held several participatory budgeting workshops for the Call for Projects for Proposition 1 Round 2 IRWM Implementation grant program.
- Submitted Proposition 1 Round 2 IRWM Implementation grant application.
- Received funding of \$29 million for 13 projects under Round 2 of Proposition 1 Implementation grant program.
- Managed Roundtable of Regions contract with WSC, Inc. 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 WSC, Inc. completed tasks on time and within budget.
- Engaged with DWR to influence future grant solicitation under Proposition 1 IRWM Implementation to best serve the OWOW Program and the watershed wide stakeholders.

### Proposition 1 IRWM Implementation Grants

#### *Santa Ana River Watershed Weather Modification (Cloud Seeding) Pilot Project*

- Awarded contract to North American Weather Consultants Inc. to conduct the Santa Ana River Watershed Weather Modification Pilot operations.
- Awarded contract to Board of Regents of the Nevada System of Higher Education on behalf of the Desert Research Institute (DRI) for the independent validation of the Santa Ana River Watershed Weather Modification Pilot Project.
- Completed site access agreements with 11 project sponsors to locate the 15 ground-based cloud seeding units.
- Received a \$861,400 grant under the Proposition 1 Round 2 Implementation Grant Program.

#### *Box Springs Mutual Water Company Well Improvement Project*

- Received confirmation of approval from DWR for 100% funding for the project from the funding available for disadvantaged communities.

#### *Lake Elsinore Algae Harvesting and Nutrient Removal Pilot Project*

- Received confirmation of approval from DWR for \$1.5M in funding for the project.

### **Stakeholder Partnering (Roundtables)**

#### Santa Ana Fish Conservation Team

- Conducted Riverwalk in November 2022 with approximately 40 volunteers. Riverwalk is the longest running voluntary annual habitat assessment conducted in Southern California for an aquatic species.
- Compiled and tabulated all historical Riverwalk data including an analysis of the past years' data sets. Worked on updating the Riverwalk ranking methodology that is used to score each of the Riverwalk data points' habitat quality.
- 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)

- Finalized an agreement with EcoTech for the WECAN Phase 3 Turf Removal and Replacement Project to implement the removal and replacement of up to 75,000 sq. ft. of turf grass from the Eastside Climate Collaborative project area located with the City of Riverside.
- Coordinated with EcoTech on the removal and replacement of turf grass for residents within the Eastside Climate Collaborative project area located with the City of Riverside.

#### Basin Monitoring Program Task Force

- Finalized the groundwater and surface water work plans in March 2023 to make any updates to the ambient groundwater calculations and surface water monitoring along the Santa Ana River.
- Submitted letter to the State Water Board describing the Task Force's concerns with some of the components of the Integrated Report, including the Chino Creek determination of impairment for the following constituents - chloride, sulfates, and total dissolved solids (TDS).

- Released a request for proposals and selected CWE to monitor quarterly at three sites along the Santa Ana River.
- Developed a data gap report, per the 2019 Recycled Water Policy, that included the following:
  - Identified the potential data gaps in each of the 35 groundwater management zones (GMZ),
  - Defined the criteria to prioritize the timeframe for resolving potential data gaps, and
  - Recommended the agencies to resolve potential gaps in each GMZ.
- Prepared the draft (and final) 2022 Annual Report of Santa Ana River Water Quality and sent the report to stakeholders and Regional Board staff.

#### Southern California Salinity Coalition (SCSC)

- Attended quarterly Board meetings, the One Water Salinity Innovation Summit, and the Multi-State Salinity Coalition Summit.
- Awarded fellowship grants for continued research on salinity management technologies as part of the SCSC student fellowship grant of \$10,000 per year.

#### Lake Elsinore and San Jacinto Watersheds Authority (LESJWA)

- Prepared and submitted the 2021-2022 Annual Lake Elsinore and Canyon Lakes (LE & CL) total maximum daily load (TMDL) Water Quality Monitoring Report to the Regional Board.
- Implemented successful alum application to Canyon Lake in October 2022 and March 2023 to reduce the phosphorus content, reduce algae, and help meet the TMDL targets for the lake.
- Prepared and approved the FY 2023-24 budget for the Lake Elsinore & Canyon Lake TMDL Task Force.
- Completed LESJWA grant application form for the Lake Elsinore Algae Harvesting and Nutrient Removal Pilot Project to secure 50% funding for the two-year pilot project to be conducted by AECOM. The project will be included among 12 other projects that will be submitted to DWR for grant funding under Proposition 1 Round 2 IRWM Implementation grant program.

#### Middle Santa Ana River (MSAR) TMDL Task Force

- Prepared and approved the FY 2023-24 budget for the Task Force.
- Completed FY 2022-23 MSAR TMDL Compliance monitoring and submitted a final report to Regional Board.
- Continued effort to prepare the 2023 MSAR Triennial Report, due to the Regional Board in February 2024.
- Initiated efforts to prepare for approval by Regional Board limited revisions to MSAR Basin Plan Amendment to update the MSAR TMDLs to extend the wet weather implementation due date, currently set as December 31, 2025.

#### Regional WQ Monitoring Task Force

- Completed the Dry Weather monitoring component of the 2022 Santa Ana River Bacteria Water Quality Monitoring Program.

- Prepared and submitted the 2022 Final Santa Ana River Bacteria Water Quality Monitoring Program to the Regional Board.

#### Emerging Constituents Program Task Force

- Tracked the State Water Board Constituents of Emerging Concern (CEC) Aquatic Ecosystems Panel and SAR Watershed CEC/Bioassay Study Status Report. Southern California Coastal Water Research Project's representative, Dr. Charles Wong, reported that the California Aquatic Ecosystems 2012 Report has been released. The report will be finalized in March 2023.
- Regulatory reports were provided quarterly by Tess Dunham of KSC, including items such as the State Water Board's policy handbook for testing of microplastics in drinking water. Ms. Dunham tracked legislative spot bills about microplastics, although none have been passed.
- Prepared and posted blog articles to the Your So Cal Tap Water website, as well as social media sites Facebook, Instagram, and Twitter.
- Executed a task order with JPW Communications for FYE 2024 and 2025. The task order included work to create videos and track social media metric.

#### Forest First

- Conferred with the US Forest Service hydrologist about a planned feasibility study to investigate weather augmentation of water supply through cloud seeding.
- Coordinated with SBVMWD on a partnership with the agency regarding the Headwaters Resiliency Partnership Task Force. SAWPA worked with SBVMWD to draft programmatic goals and long-term objectives for the task force.
- Worked with the Cleveland and San Bernardino National Forests to resign the Forest First Memorandum of Understanding (MOU).

#### Arundo Removal and Habitat Management

- Coordinated with Riverside County Regional Park and Open-Space District on exploring options to certify the Santa Ana River Mitigation Bank under the new California mitigation banking rules.
- Implemented year one of the five-year Inland Empire Resource Conservation District \$150,000 project to treat and remove Arundo Donax from various waterways in the upper Santa Ana River Watershed (Headwaters Project). 10,000 acres were surveyed in this first year, and Arundo removal was conducted in the Redlands and Yucaipa areas.

#### PFAS Regional Analysis Phase I

- Finalized task order with CDM Smith to conduct Phase 1 of the PFAS Regional Analysis for Upper Santa Ana River Watershed Project. The goals of the Phase 1 analysis were to:
  - Characterize and quantify PFAS in surface waters of the upper watershed,
  - Using predictive models, assess the potential impacts of PFAS surface water concentrations on the watershed, and
  - Develop Phase 2 Scope – Modify model and conduct scenario analysis.
- Key work tasks completed by CDM Smith through their Phase 1 scope of services included the following:
  - Development of a data inventory from multiple sources,
  - Mapping PFAS Sources,

- Development of a data library (for models),
- Assessment of available PFAS analytical data quality,
- Integration of available PFAS datasets into a project database,
- Identification, evaluation, and selection of a preferred surface water model, and
- Identification of gaps in the datasets to support model development.

## **Technology**

- Server hardware and software refresh – worked with Managed Services Provide (MSP) with design, testing, and implementation of new server hardware and operating systems.
- Designed and implementation of new core computing systems for the following:
  - Upgrading all server Operating Systems.
  - Calendar year-end update for all applications (Great Plains, OnBase, etc.) to most current, supported version.
  - Refreshing of servers/SAN hardware.
  - Upgraded Active Directory from 2012 to 2019 (or newer) for improved security and support.
- Improved SAWPA websites by upgrading to most current versions of software to increase security and editing abilities.
- Improved network security by penetration tests and internal phishing campaigns.
- Continued improvements in OnBase workflow by adding additional documents to support office efficiency.
- Provided Planning with maps and data to support the various task groups and projects.
- Supported Finance through updates to Great Plains (GP) financial accounting system and Journyx, the timekeeping system.
- Updated geographic information system (GIS) server software.
- Upgraded Dig-Alert app with new email reading software and improved Microsoft security protocols.
- Created an online map of Brine Line Dischargers to help Operations track contaminant spikes.
- Created and updated ArcGIS Online Dashboards, Maps, Field apps and Story Maps.
- Stabilized and standardized SAWPA's IT Policies and Procedures.

## **Administration**

- Completed implementation of Greenshades human resources information system (HRIS) software to replace manual human resources and payroll/accounting processes for employee onboarding, benefit administration, employee data and file management, and documentation workflow.
- Completed recruitment and onboarding for several full-time and part-time positions.
- Completed installation of an automated gate to improve the security and aesthetics of the SAWPA campus.
- Enrolled in the California DMV Employer Pull Notice Program for select employees.
- Hosted quarterly All-hands staff meetings and teambuilding events to promote communication and engagement throughout the agency.
- Implemented records destruction according to established policy.
- Executed multiple Communications events for Earth Day and to support WECAN grant program.
- Updated the Personnel Handbook to comply with new laws and policies.

- Began implementation of NEOGOV recruitment and applicant tracking software.
- Provided non-routine reports and analysis of Brine Line flows and water quality data to Engineering/Pretreatment.
- Prepared monthly flow data of Brine Line dischargers for billing purposes.
- Prepared, maintained, and reviewed data of water quality data from Brine Line dischargers.
- Provided administrative assistance during the Brine Line Audit.

## 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, C.J. Brown & Company CPAs, has conducted the audit of the Authority's financial statements. Their unmodified (clean) Independent Auditor's Report appears in the Financial Section.

## Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the fourteenth 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 program requirements and will submit our current June 30, 2023, 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, 2021. 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.

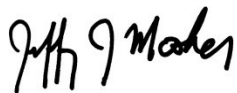
## Acknowledgements

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.

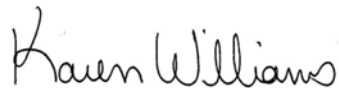
We further acknowledge the thorough and professional manner in which our auditors, C.J. Brown & Company CPAs, conducted the audit.

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

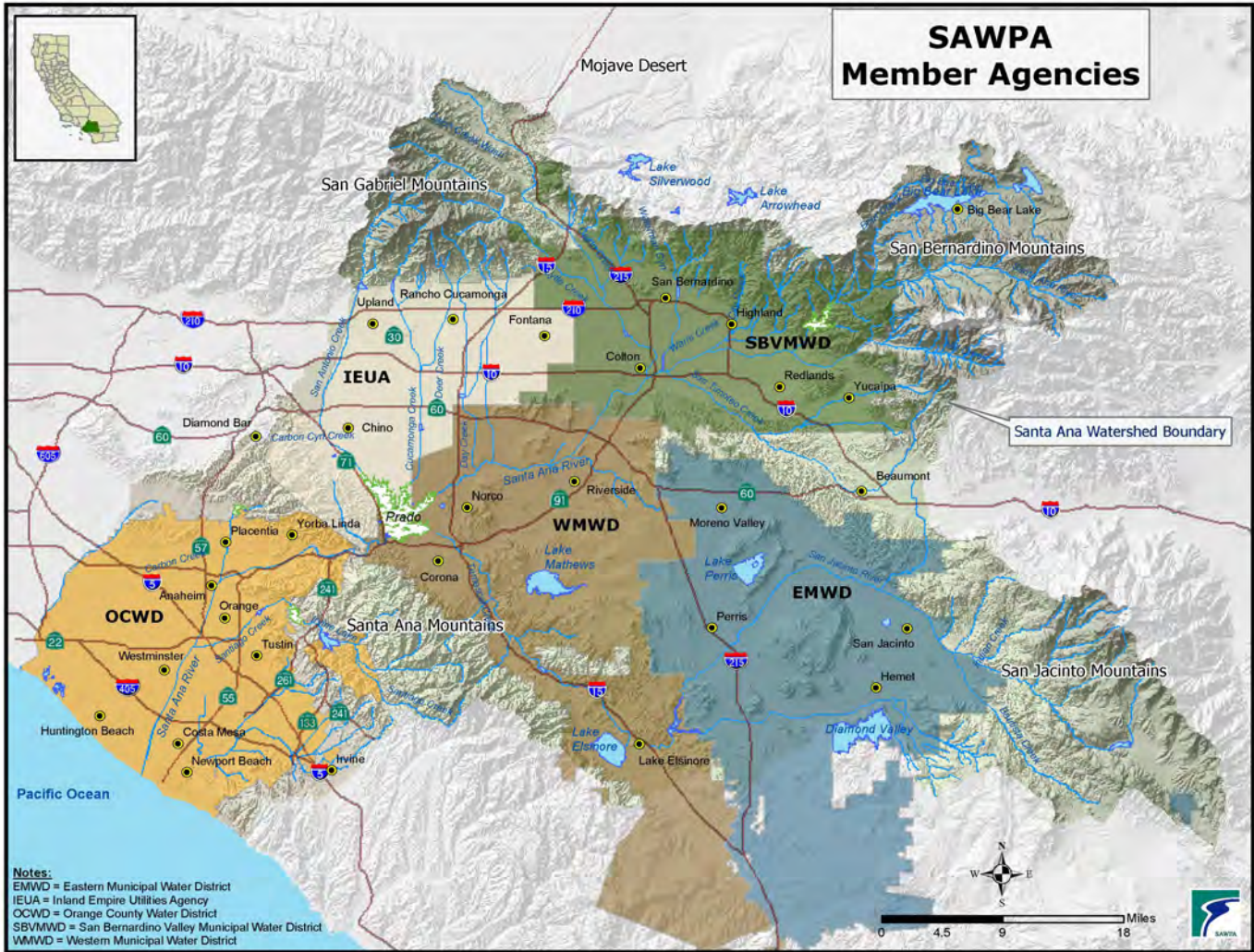


Karen Williams  
Deputy General Manager/Chief Financial Officer



# Santa Ana Watershed Project Authority

## Authority Service Area Map



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Santa Ana Watershed Project Authority  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# Santa Ana Watershed Project Authority

## Authority Officials

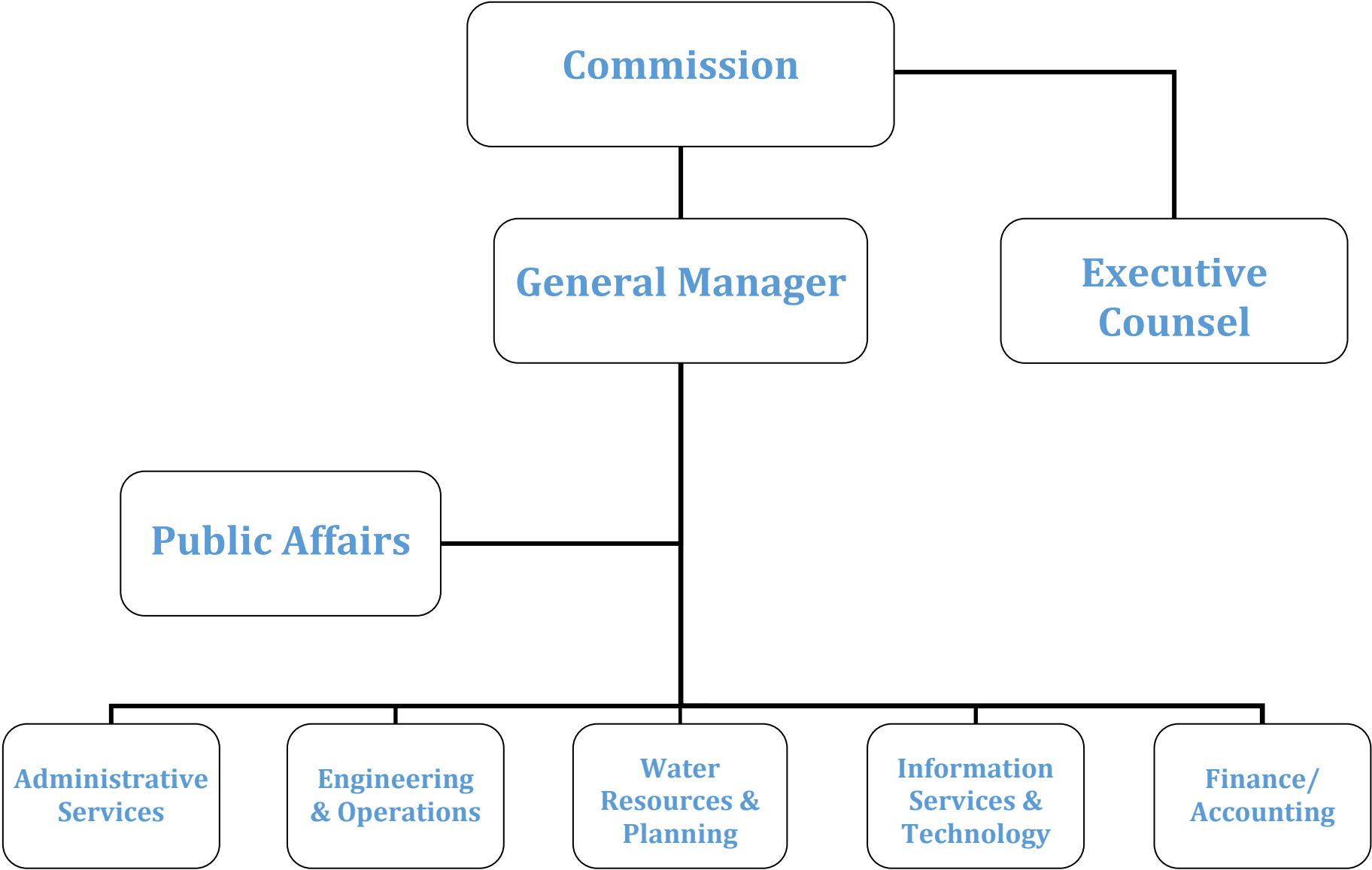
### Board of Commissioners

<b>Bruce Whitaker</b>	Chair	OCWD
<b>Mike Gardner</b>	Vice Chair	WMWD
<b>T. Milford Harrison</b>	Secretary/Treasurer	SBVMWD
<b>David J. Slawson</b>	Commission Member	EMWD
<b>Jasmin A. Hall</b>	Commission Member	IEUA

### Management Staff

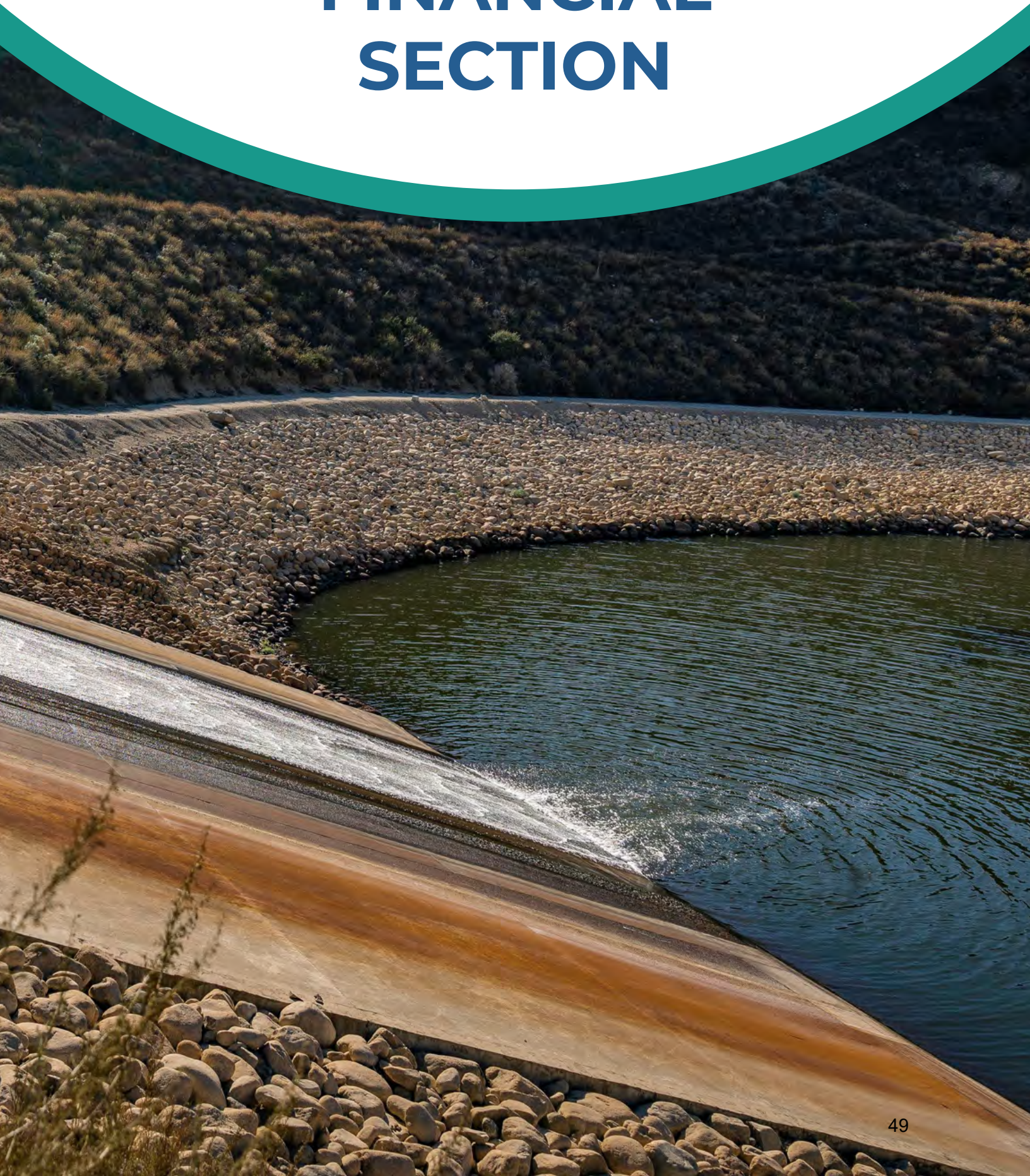
<b>Jeffrey Mosher</b>	General Manager
<b>Karen Williams</b>	Deputy General Manager/Chief Financial Officer
<b>David Ruhl</b>	Executive Manager of Engineering & Operations
<b>Rachel Gray</b>	Water Resources and Planning Manager
<b>Edina Goode</b>	Administrative Services Manager
<b>Dean Unger</b>	IS and Technology Manager
<b>Lagerlof LLP</b>	Executive Counsel

**Santa Ana Watershed Project Authority**  
**Organizational Chart**





# FINANCIAL SECTION





## **Independent Auditor's Report**

Board of Commissioners  
Santa Ana Watershed Project Authority  
Riverside, California

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Santa Ana Watershed Project Authority (Authority) as of and for the years ended June 30, 2023 and 2022, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Santa Ana Watershed Project Authority as of June 30, 2023 and 2022, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Authority's. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. We believe that our audit and the report of the other auditors provide a reasonable basis for our audit opinion.

#### ***Responsibilities of Management 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Independent Auditor's Report, continued

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Independent Auditor's Report, continued**

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

#### ***Supplementary Information***

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

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

#### ***Supplementary Information***

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.



## Independent Auditor's Report, continued

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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. This report can be found at the end of this report.

**C.J. Brown & Company CPAs**  
Cypress, California  
December 19, 2023

Working Draft Subject to Review

The intent of the Management Discussion and Analysis is to provide highlights of the financial activities for the fiscal year ended June 30, 2023, 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 2023 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 \$80.0 million at June 30, 2023, by \$78.4 million at June 30, 2022, and by \$73.3 million at June 30, 2021.

### Statements of Net Position

For the Fiscal Years Ended June 30, 2023, 2022, and 2021

	Fiscal Year End June 30,				
	2023	2022	Increase/ (Decrease)	As Restated 2021	Increase/ (Decrease)
<b>Assets</b>					
Current	\$77,062,2380	\$82,300,170	(\$5,237,932)	\$74,685,030	\$7,615,140
Non-current	824,407	1,293,019	(468,612)	-	1,293,019
Capital	93,314,330	96,912,667	(3,598,337)	102,321,074	(5,408,407)
<b>Total Assets</b>	<b>171,200,975</b>	<b>180,505,856</b>	<b>(9,304,881)</b>	<b>177,006,104</b>	<b>3,499,752</b>
<b>Deferred Outflows</b>	2,984,563	2,592,450	392,113	2,600,028	(7,578)
<b>Liabilities</b>					
Current	10,610,023	20,660,188	(10,050,165)	15,769,785	4,890,403
Non-current	83,297,932	82,891,595	406,337	88,892,726	(6,001,131)
<b>Total Liabilities</b>	<b>93,907,955</b>	<b>103,551,783</b>	<b>(9,643,828)</b>	<b>104,662,511</b>	<b>(1,110,728)</b>
<b>Deferred Inflows</b>	289,195	1,153,595	(864,400)	1,618,116	(464,521)
<b>Net Position</b>					
Net investment in capital assets	70,815,204	73,427,321	(2,612,117)	76,739,960	(3,312,639)
Restricted	2,960,560	4,253,579	(1,293,019)	2,960,560	1,293,019
Unrestricted (Deficit)	6,212,624	712,028	5,500,596	(6,375,015)	7,087,043
<b>Total Net Position</b>	<b>\$79,988,388</b>	<b>\$78,392,928</b>	<b>\$1,595,460</b>	<b>\$73,325,505</b>	<b>\$5,067,423</b>

The following denotes explanations on some of the changes between fiscal years 2023 and 2022, as compared in the table on the previous page.

- The \$5.2 million decrease in Current Assets is primarily due to a decrease in Accounts Receivable. In FYE 2023, many of the Proposition 84 Round II projects were completed and the retention for the projects was released by Department of Water Resources (DWR).
- The \$3.6 million decrease in Capital Assets is due to maturing depreciable/amortizable assets during fiscal year 2023.
- The \$10.1 million decrease in Current Liabilities is due to the payment of retention for Proposition 84 Round II projects.

The following denotes explanations on some of the changes between fiscal years 2022 and 2021, as compared in the table on the previous page.

- The \$7.6 million increase in Current Assets is primarily due to increases in cash and cash equivalents and accounts receivable grants. The increase in cash is primarily due to an increase in net position of \$5.1 million in 2022. The grant agreement for Proposition 1 Round I projects, which included eight projects, was signed at the end of fiscal year 2021. By fiscal year 2022 many of the projects were well under way and project proponents started invoicing for project costs.
- The \$1.3 million increase in Non-current Assets is due to current year changes in the pension and other post-employment benefit related to balances.
- The \$5.4 million decrease in Capital Assets is due to maturing depreciable/amortizable assets during fiscal year 2022.
- The \$4.9 million increase in Current Liabilities is due to program implementation of Proposition 1 Round I projects. With the grant agreement being signed at the end of fiscal year 2021, many of the eight new projects began construction and started billing those costs.
- The \$6.0 million decrease in Non-current 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, 2023, 2022, and 2021, Net Investment in Capital Assets consisted of the following:

**Net Investment in Capital Assets**  
(In Millions)

	2023	2022	As Restated 2021
Property, Plant & Equipment	\$159.9	\$159.7	\$159.7
Accumulated Depreciation	(87.6)	(84.6)	(81.0)
Wastewater Treatment & Disposal Rights	55.6	55.6	55.6
Accumulated Amortization	(35.1)	(34.2)	(32.4)
Construction in Process	0.5	0.4	0.4
Related Payables and Loans, Net of Discounts	(22.5)	(23.5)	(25.6)
<b>Total</b>	<b>\$70.8</b>	<b>\$73.4</b>	<b>\$76.7</b>

Restricted

At June 30, 2023, Restricted Net Position of \$3.0 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 State Revolving Fund (SRF) reserve requirement. Please see Note 10 of the Notes to Financial Statements for further information.

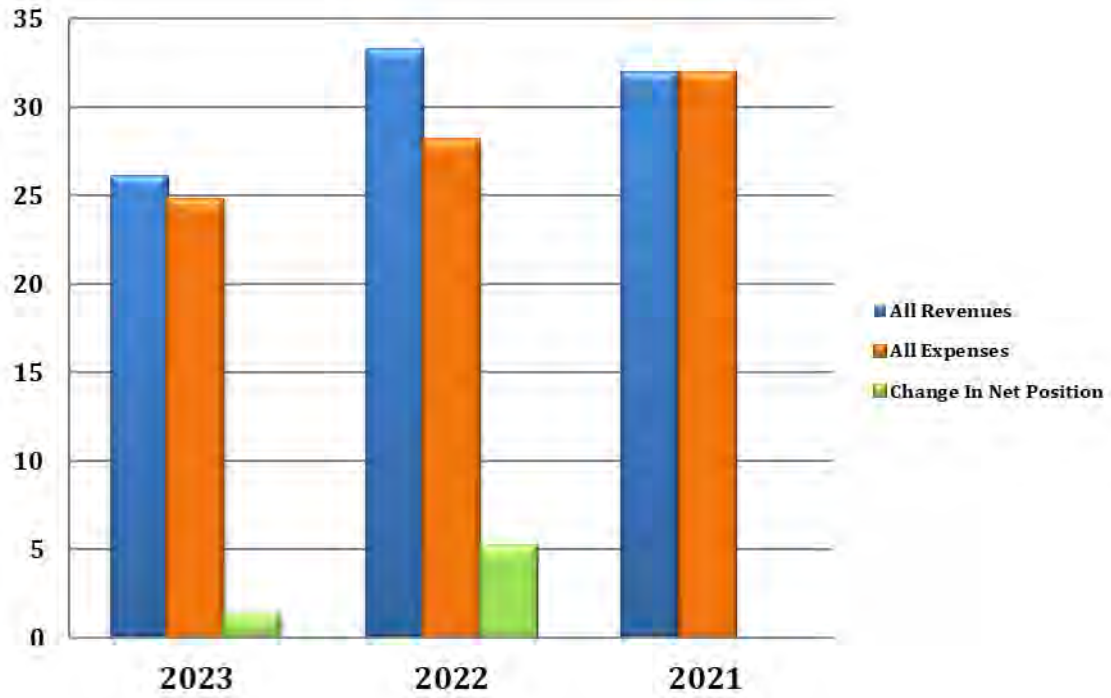
Unrestricted

At June 30, 2023, the Authority had an unrestricted net position of \$6.2 million. The Authority possesses \$59.0 million in unearned revenue being realized over a 50-year period of approximately \$2.5 million per year.

Change in Net Position

In the fiscal year ended June 30, 2023, net position increased by \$1.6 million primarily due to an increase in Investment Earnings.

### Change in Net Position (in millions)



**Statements of Revenues, Expenses, and Changes in Net Position**  
For the Fiscal Years Ended June 30, 2023, 2022, and 2021

Fiscal Year End June 30,					
	2023	2022	Increase/ (Decrease)	As Restated 2021	Increase/ (Decrease)
<b>Operating Revenues:</b>					
WWT & Disposal	\$12,319,657	\$12,040,521	\$279,136	\$12,476,856	(\$436,335)
WWT & Disposal Capacity Rights	2,510,154	2,510,154	-	2,510,154	-
Program Administration	203,714	191,841	11,873	201,354	(9,513)
Other Operating Revenues	7,708	5,716	1,992	3,832	1,884
<b>Total Operating Revenues</b>	<b>15,041,233</b>	<b>14,748,232</b>	<b>293,001</b>	<b>15,192,196</b>	<b>(443,964)</b>
<b>Non-operating Revenues:</b>					
Member Contributions	2,069,760	1,581,845	487,915	1,993,632	(411,787)
Intergovernmental	10,525,569	13,673,784	(3,148,215)	14,765,698	(1,091,914)
Pension Income - GASB 68	-	3,816,733	(3,816,733)	-	3,816,733
OPEB Income - GASB 75	235,127	204,395	30,732	-	204,395
Investment Earnings, net of fair value	1,134,643	(724,549)	1,859,192	73,038	(797,587)
<b>Total Non-operating Revenues</b>	<b>13,965,099</b>	<b>18,552,208</b>	<b>(4,587,109)</b>	<b>16,832,368</b>	<b>1,719,840</b>
<b>Total Revenues</b>	<b>29,006,332</b>	<b>33,300,440</b>	<b>(4,294,108)</b>	<b>32,024,564</b>	<b>1,275,876</b>
<b>Operating Expenses:</b>					
WWT and Disposal	6,957,971	6,863,027	94,944	7,055,339	(192,312)
General, Admin, and Overhead	692,402	523,272	169,130	762,713	(239,441)
Studies and Planning Costs	3,405,256	2,578,723	826,533	5,020,667	(2,441,944)
Depreciation	3,069,476	3,693,764	(624,288)	3,840,251	(146,487)
Amortization of WWT and Disposal Rights	927,886	1,714,643	(786,757)	1,556,010	158,633
<b>Total Operating Expenses</b>	<b>15,052,991</b>	<b>15,373,429</b>	<b>(320,438)</b>	<b>18,234,980</b>	<b>(2,861,551)</b>
<b>Non-operating Expenses:</b>					
Interest Expense	503,989	537,720	(33,731)	588,663	(50,943)
Pension Expense - GASB 68	2,912,634	-	2,912,634	-	-
Grant Program Expenses	9,201,690	12,321,868	(3,120,178)	13,201,124	(879,256)
<b>Total Non-operating Expenses</b>	<b>12,618,313</b>	<b>12,859,588</b>	<b>(241,275)</b>	<b>13,789,787</b>	<b>(930,199)</b>
<b>Total Expenses</b>	<b>27,671,304</b>	<b>28,233,017</b>	<b>(561,713)</b>	<b>32,024,767</b>	<b>(3,791,750)</b>
<b>Change in Net Positions</b>	<b>1,595,460</b>	<b>5,067,423</b>	<b>(3,471,963)</b>	<b>(203)</b>	<b>5,067,626</b>
<b>Beginning Net Position</b>	<b>78,392,928</b>	<b>73,325,505</b>	<b>5,067,423</b>	<b>73,325,708</b>	<b>(203)</b>
<b>Ending Net Position</b>	<b>\$79,988,388</b>	<b>\$78,392,928</b>	<b>\$1,595,460</b>	<b>\$73,325,505</b>	<b>\$5,067,423</b>

### Revenues

Combined revenues for the fiscal year 2023 totaled \$29.0 million, a decrease of \$4.3 million, or 12.9%, less than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2023 and 2022.

- The \$3.1 million decrease in Intergovernmental is due to the competition of Proposition 84 Round II grant projects and slow implementation of Proposition 1 Round I and II projects.
- The \$3.8 million decrease in Pension Income – GASB 68 is due to realized investment losses in the CalPERS pension fund cost-sharing pools which were allocated proportionally across the agencies in the Pool.
- The \$1.9 million increase in Investment Income is due to an increase in interest rates and the current unrealized market value of investments.

Combined revenues for the fiscal year 2022 totaled \$33.3 million, an increase of \$1.3 million, or 3.9%, more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2022 and 2021.

- The \$0.4 million decrease in Waste Water Treatment and Disposal is due to lower biochemical oxygen demand (BOD) and total suspended solids (TSS) concentrations which resulted in lower costs from the prior year.
- The \$1.1 million decrease in Intergovernmental is due to the Proposition 1 DACI grant and Proposition 84 Round II grant projects being completed in fiscal year 2021.
- The \$3.8 million increase in Pension Income – GASB 68 is due to realized investment gains in the CalPERS pension fund cost-sharing pools which were allocated proportionally across the agencies in the Pool.
- The \$0.8 million decrease in Investment Income is due to a decrease in the current unrealized market value of investments.

### Expenses

Combined expenses for the fiscal year 2023 totaled \$27.7 million, a decrease of \$0.6 million, or 2.0% less than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2023 and 2022.

- The \$0.8 million increase in Studies and Planning Costs is due to a the new projects, Weather Modification, PFAS Study, and the DACI Drought Relief Grant.



MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)

- The \$2.9 million increase in Pension Expense – GASB 68 is due to the realized investment losses in the CalPERS pension fund cost sharing pools and the decrease in the discount rate which were allocated proportionately across all agencies within the pool.
- The \$0.6 million decrease in Depreciation is due to the annual depreciation of capital assets.
- The \$0.8 million decrease in Amortization is due to the annual amortization of pipeline and wastewater treatment rights.
- The \$3.1 million decrease in Grant Program Expenses is due to the competition of Proposition 84 Round II grant projects and slow implementation of Proposition 1 Round I and II grant projects.

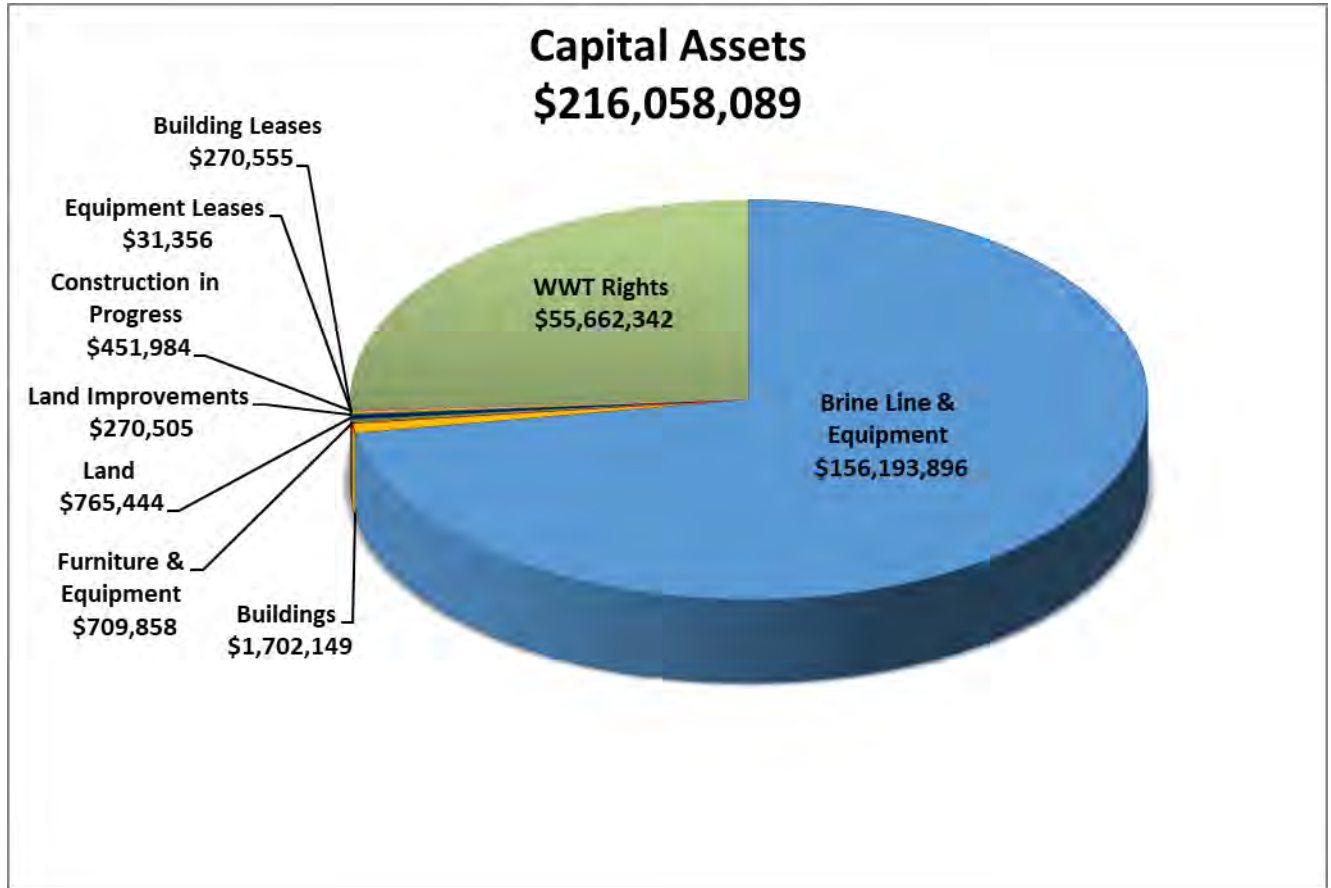
Combined expenses for the fiscal year 2022 totaled \$28.2 million, a decrease of \$3.8 million, or 11.8% less than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2022 and 2021.

- The \$2.4 million decrease in Studies and Planning Costs is due to the completion of the Rock Removal Project completed by Orange County Sanitation District in fiscal year 2021 and the completion of the Proposition DACI grant. Capital project costs for the Brine Line in fiscal year 2022 were minimal resulting in the difference between the two years.
- The \$0.9 million decrease in Grant Program Expenses is due to the Proposition 1 DACI Grant and Proposition 84 Round II grant projects being completed in fiscal year 2021.

## 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, 2023; 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 7 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.

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 7 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-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 fiscal year 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. An RFP for the mid-term recommended actions was issued in August 2023 and a contract to complete the work was issued in September 2023. The mid-term recommended field investigation is planned for February 2024. The Mid-Term Recommendation Final Report will be completed by the end of fiscal year 2024. The long-term solution is anticipated to begin around fiscal year 2027 through 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. An RFP for the Reach IV condition assessment was issued in November 2022 and a contract to complete the work was issued in February 2023. The field work and condition assessment report are anticipated to be complete in the fiscal year 2024.

A portion of Reach IV-B was constructed with 36-inch 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 IV-B. 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. An RFP for the Reach IV-B condition assessment was issued in November 2022 and a contract to complete the work was issued in February 2023. The field investigation work was completed in May 2023. The condition assessment final report will be completed in the fiscal year 2024.

The Agua Mansa Lateral is a 12-inch diameter pipeline located in the Cities of Rialto and Colton. The lateral connects to the existing Rialto Bioenergy Facility (RBF) pipeline and runs westerly along Agua Mansa Road approximately 4,550 feet and connects into Reach IV-E just east of Riverside Avenue. The Agua Mansa Lateral will allow RBF to connect to the Brine Line downstream of a long siphon, provide opportunities for future dischargers to connect to the Brine Line and other benefits to the operation and maintenance of the Brine Line, such as operational flexibility, avoided maintenance costs and increased reliability by minimizing disruptions to upstream dischargers during maintenance or emergency events. A notice inviting bids was issued in March 2023. A construction contract was awarded in August 2023. Construction commenced in September 2023. All construction work will be completed in the fiscal year 2024.

## 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, a loan from the SWRCB for the Reach V Capital Repairs project, and leases payable.

During the fiscal years ended June 30, 2023, 2022, and 2021, the Authority made all of the scheduled principal payments on these debts as follows:

Debt Service	2023	2022	As Restated 2021
SWRCB TVRI Line	\$-	\$875,862	\$1,074,263
SWRCB Reach IV-A & IV-B	787,396	767,442	747,995
SWRCB Reach V Capital Repairs	407,779	400,176	392,714
Leases Payable	61,599	52,288	43,631

These payments decreased the outstanding balance in long-term debt by \$1.3 million. For more detailed information refer to Note 6 of the Notes to Financial Statements.

## Fiscal Year 2023-2024 Budget

### Economic and Financial Factors

As the Inland Empire moves past the economic pressures brought on by the COVID-19 downturn, forecasts show that we are poised for steady economic growth in the coming years. As one of California’s fastest growing population and economic centers before the pandemic, the strength, resilience, and diversity of the regional economy helped avoid a far more serious recession. While there are still significant challenges ahead, there are also many opportunities. The strength of the logistics sector has and will continue to provide a

competitive advantage, with the surge in e-commerce and goods movement generally since the start of the pandemic. The sector continues to add thousands of jobs each year. The Inland Empire has outperformed all other regions in Southern California in adding jobs. The booming labor market is reflected in the relatively low employment rate for the region. Some of the challenges facing the region are high inflation, increases in interest rates, and housing shortages.

In preparing the fiscal year 2024 and 2025 budget, inflation has had an impact on costs. 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 approved budget is the Authority's ninth biennial budget and will help to continue the long-range planning effort for Agency operations. The total combined budget for both years is \$47.4 million, which consists of \$33.5 million or 71% for operating expenses, \$3.4 million or 7% for debt service, \$4.7 million or 10% for reserve contributions and \$5.8 million or 12% in Capital Program expenses. Available to cover those expenses are revenues of \$46.0 million and \$1.4 million from fund balances.

The Authority is confronted with a substantial \$70.0 million Capital Improvement Program spanning the next 25 years. To guarantee the availability of funds for program implementation, the Authority has undertaken a comprehensive long-term financial plan and rate model specifically tailored for the Brine Line. This model serves as a pivotal financial planning tool. Meticulously designed to ascertain that revenues are not only adequate for meeting day-to-day operational requirements but also for fulfilling capital needs. Furthermore, the model plays a crucial role in establishing a robust financial foundation for the creation and maintenance of a long-term capital repair and replacement reserve.

In essence, the financial plan and rate model serve as strategic instruments, aligning revenue generation with both immediate operational necessities and the imperative to accumulate funds for sustaining the integrity of the Brine Line infrastructure over an extended period. This proactive approach ensures that the Authority remains well-positioned to address not only current obligations but also future challenges, thereby fostering resilience and sustainability in the face of evolving capital demands.

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

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)

additional information should be addressed to the Authority's Finance Department, 11615 Sterling Avenue, Riverside, CA 92503.

# Basic Financial Statements

Working Draft Subject to Review

**Santa Ana Watershed Project Authority**  
**Statements of Net Position – Proprietary Funds**  
**June 30, 2023 and 2022**

	Business-type Activities Enterprise Fund	
	2023	2022
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 50,268,261	53,398,185
Cash and cash equivalents – held for mitigation (note 2)	808,607	856,186
Investments (note 2)	12,218,364	6,450,116
Interest receivable	404,329	96,874
Accounts receivable	2,304,788	2,206,951
Accounts receivable – grants	8,443,639	16,921,886
Accounts receivable – other	28,638	9,469
Loan receivable (note 3)	260,432	-
Prepaid expenses and other assets	414,620	449,943
Mitigation credits (note 4)	1,910,560	1,910,560
Total current assets	<u>77,062,238</u>	<u>82,300,170</u>
<b>Non-current assets:</b>		
Loan receivable (note 3)	824,407	-
Capital assets not being depreciated (note 5)	1,217,428	1,154,918
Depreciable capital assets, net (note 5)	92,096,902	95,757,749
Net OPEB asset (note 8)	-	187,301
Net pension asset (note 9)	-	1,105,718
Total non-current assets	<u>94,138,737</u>	<u>98,205,686</u>
<b>Total assets</b>	<u>171,200,975</u>	<u>180,505,856</u>
<b>Deferred outflows of resources:</b>		
Deferred OPEB outflows of resources (note 8)	380,982	283,933
Deferred pension outflows of resources (note 9)	2,603,581	2,308,517
	<u>\$ 2,984,563</u>	<u>2,592,450</u>

Continued on next page

See accompanying notes to the basic financial statements.



**Santa Ana Watershed Project Authority**  
**Statements of Net Position – Proprietary Funds, continued**  
**June 30, 2023 and 2022**

	Business-type Activities Enterprise Fund	
	2023	2022
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 8,823,028	18,817,339
Accrued salaries and wages	81,966	195,397
Accrued interest payable	180,774	192,970
Customer deposits	14,385	15,628
Long-term liabilities – due within one year:		
Compensated absences (note 6)	196,543	200,307
Leases payable (note 7)	89,932	43,372
Loans payable (note 7)	1,223,395	1,195,175
Total current liabilities	10,610,023	20,660,188
<b>Non-current liabilities:</b>		
Unearned revenue (note 10)	59,012,531	60,177,414
Long-term liabilities due in more than one year:		
Compensated absences (note 6)	458,601	467,382
Leases payable (note 7)	175,880	13,485
Loans payable (note 7)	21,009,919	22,233,314
Net OPEB liability (note 8)	43,722	-
Net pension liability (note 9)	2,597,279	-
Total non-current liabilities	83,297,932	82,891,595
<b>Total liabilities</b>	93,907,955	103,551,783
<b>Deferred inflows of resources:</b>		
Deferred OPEB inflows of resources (note 8)	166,396	535,497
Deferred pension inflows of resources (note 9)	122,799	618,098
	289,195	1,153,595
<b>Net position: (note 11)</b>		
Net Investment in capital assets	70,815,204	73,427,321
Restricted for:		
SRF Reach IV-A & IV-B reserve requirement	1,050,000	1,050,000
Mitigation	1,910,560	1,910,560
Net OPEB asset	-	187,301
Net pension asset	-	1,105,718
Unrestricted	6,212,624	712,028
<b>Total net position</b>	\$ 79,988,388	78,392,928

See accompanying notes to the basic financial statements.

**Santa Ana Watershed Project Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position – Proprietary Funds**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

	Business-type Activities Enterprise Fund	
	2023	2022
<b>Operating revenues:</b>		
Wastewater treatment and disposal	\$ 12,319,657	12,040,521
Wastewater treatment and disposal – capacity rights	2,510,154	2,510,154
Program administration	203,714	191,841
Other	7,708	5,716
Total operating revenues	<u>15,041,233</u>	<u>14,748,232</u>
<b>Operating expenses:</b>		
Wastewater treatment and disposal	6,957,971	6,863,027
General and administrative	692,402	523,272
Studies and planning costs	3,405,256	2,578,723
Total operating expenses:	<u>11,055,629</u>	<u>9,965,022</u>
Operating income before depreciation and amortization	3,985,604	4,783,210
Depreciation and amortization expense	(3,069,476)	(3,693,764)
Amortization of disposal rights	(927,886)	(1,714,643)
Total depreciation and amortization	<u>(3,997,362)</u>	<u>(5,408,407)</u>
<b>Operating loss</b>	(11,758)	(625,197)
<b>Non-operating revenues (expenses):</b>		
Member contributions	2,069,760	1,581,845
Intergovernmental	10,525,569	13,673,784
Pension (expense) income – GASB 68 (note 8)	(2,912,634)	3,816,733
OPEB income – GASB 75 (note 9)	235,127	204,395
Investment (expense) earnings, net of fair value	1,134,643	(724,549)
Grant program expenses	(9,201,690)	(12,321,868)
Interest expense	(503,989)	(537,720)
Total non-operating revenues, net	<u>1,346,786</u>	<u>5,692,620</u>
<b>Capital contributions:</b>		
Rialto BioEnergy	260,432	-
Total capital contributions	<u>260,432</u>	<u>-</u>
Change in net position	1,595,460	5,067,423
<b>Net position – beginning of year, as restated – (note 12)</b>	<u>78,392,928</u>	<u>73,325,505</u>
<b>Net position – end of year</b>	<u>\$ 79,988,388</u>	<u>78,392,928</u>

See accompanying notes to the basic financial statements.

**Santa Ana Watershed Project Authority**  
**Statements of Cash Flows – Proprietary Funds**  
**For the Years Ended June 30, 2023 and 2022**

	Business-type Activities Enterprise Fund	
	2023	2022
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 13,758,101	12,231,113
Cash payments to employees	(4,165,719)	(3,407,764)
Cash payments to suppliers	(14,297,367)	(4,900,643)
Cash (used in) provided by operating activities	(4,704,985)	3,922,706
<b>Cash flows from non-capital financing activities:</b>		
Member contributions	2,069,760	1,581,845
Other governments	19,003,816	9,667,254
Grant program expenses	(9,201,690)	(12,321,868)
Cash provided by (used in) non-capital financing activities	11,871,886	(1,072,769)
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(399,025)	-
Proceeds from capital contributions	260,432	-
Proceeds from acquisition of long-term debt	270,554	-
Principal payments on long-term debt	(1,256,774)	(2,095,768)
Interest paid on long-term debt	(516,185)	(566,601)
Cash used in capital and related financing activities	(1,640,998)	(2,662,369)
<b>Cash flows from investing activities:</b>		
Purchase of investments	(9,436,482)	(2,226,857)
Proceeds from sale of investments	990,727	7,069,116
Principal issued on loan receivable	(1,605,703)	-
Principal received on loan receivable	520,864	-
Interest received	827,188	288,362
Cash (used in) provided by investing activities	(8,703,406)	5,130,621
Net (decrease) increase in cash and cash equivalents	(3,177,503)	5,318,189
Cash and cash equivalent – beginning of year	54,254,371	48,936,182
Cash and cash equivalent – end of year	\$ 51,076,868	54,254,371
<b>Reconciliation of cash and cash equivalents to the Statements of Net Position</b>		
Cash and cash equivalents	50,268,261	53,398,185
Cash and cash equivalents – restricted	808,607	856,186
Total cash and cash equivalents	\$ 51,076,868	54,254,371

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See accompanying notes to the basic financial statements.

**Santa Ana Watershed Project Authority**  
**Statements of Cash Flows – Proprietary Funds, continued**  
**For the Years Ended June 30, 2023 and 2022**

	Business-type Activities Enterprise Fund	
	2023	2022
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (11,758)	(625,197)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	3,069,476	3,693,764
Amortization of disposal rights	927,886	1,714,643
Changes in assets and liabilities:		
(Increase) decrease in assets		
Accounts receivable	(97,837)	(25,193)
Accounts receivable – other	(19,169)	2,600
Prepaid expenses and other assets	35,323	(101,870)
Net OPEB asset	187,301	(187,301)
Net pension asset	1,105,718	(1,105,718)
(Increase) decrease in deferred OPEB outflows	(97,049)	1,555
(Increase) decrease in deferred pension outflows	(295,064)	6,023
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(9,994,311)	5,728,775
Accrued salaries and wages	(113,431)	24,072
Customer deposits	(1,243)	15,628
Compensated absences	(12,545)	26,766
Unearned revenue	(1,164,883)	(2,510,154)
Net OPEB liability	43,722	(400,332)
Net pension liability	2,597,279	(1,870,834)
Increase (decrease) in deferred OPEB inflows	(369,101)	381,683
Increase (decrease) in deferred pension inflows	(495,299)	(846,204)
Cash (used in) provided by operating activities	\$ (4,704,985)	3,922,706
Non-cash investing, capital, and financing transactions:		
Change in fair value of investments	\$ 320,764	1,071,944

See accompanying notes to the basic financial statements.

**Santa Ana Watershed Project Authority**  
**Statements of Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2023 and 2022**

	Custodial Fund	
	Legal Defense Fund	
	2023	2022
<b>Assets:</b>		
Cash and cash equivalents	\$ 482,135	467,289
Interest receivable	1,914	312
<b>Total assets</b>	484,049	467,601
<b>Liabilities:</b>		
Other liabilities	-	-
<b>Total liabilities</b>	-	-
<b>Net position:</b>		
Restricted for:		
Legal defense	484,049	467,601
<b>Total net position</b>	\$ 484,049	467,601

Working Draft Subject to Review

See accompanying notes to the basic financial statements.

**Santa Ana Watershed Project Authority**  
**Statements of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

	Custodial Fund	
	Legal Defense Fund	
	2023	2022
<b>Additions:</b>		
Investment earnings	\$ 16,448	529
<b>Total additions</b>	<b>\$ 16,448</b>	<b>529</b>
<b>Deductions:</b>		
Administrative expenses	-	-
<b>Total deductions</b>	<b>-</b>	<b>-</b>
Net increase in fiduciary net position	16,448	529
<b>Net position – beginning of year</b>	<b>467,601</b>	<b>467,072</b>
<b>Net position – end of year</b>	<b>\$ 484,049</b>	<b>467,601</b>

Working Draft Subject to Review

See accompanying notes to the basic financial statements.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

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

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

The Authority's operations are accounted for on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, 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 Project Activities* – Record the activity of the various capital improvement projects undertaken by the Authority.

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

*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 Custodial 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.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**B. Basis of Accounting and Measurement Focus**

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. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

**C. Financial Reporting**

Operating revenues and expenses, 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. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses, such as grant funding, investment income, and interest expense, result from non-exchange transactions, in which, the Authority gives (receives) value without directly receiving (giving) value in exchange.

The Authority's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Authority's proprietary fund.

The Authority has adopted the following GASB pronouncements in the current year:

*Governmental Accounting Standards Board Statement No. 91*

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.



**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting**

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

*Governmental Accounting Standards Board Statement No. 93*

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting**

*Governmental Accounting Standards Board Statement No. 94*

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

*Governmental Accounting Standards Board Statement No. 96*

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting**

*Governmental Accounting Standards Board Statement No. 97*

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

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

**3. Investments and Investment Policy**

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

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

**4. Fair Value Measurements**

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity, and other assumptions that are internally generated and cannot be observed in the market.

**5. 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.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued**

**6. 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.

**7. Prepaid Expenses**

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

**8. Mitigation Credits**

Mitigation credits are purchased and used by those agencies or businesses needing habitat mitigation within the Watershed for specific development projects.

**9. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. Authority policy has set the capitalization threshold for capitalizing equipment purchases at \$5,000. Donated assets are recorded at acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- |                                  |               |
|----------------------------------|---------------|
| • Building and improvements      | 40 years      |
| • Land improvements              | 15 - 20 years |
| • Furniture and office equipment | 3 years       |
| • Brine Line and equipment       | 25 years      |

The Authority capitalizes a portion of general and administration expenses and interest expense relating to certain long-term projects.

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 right was acquired. The current contract expires April 26, 2046.

Leased building and equipment right-to-use assets are amortized on straight-line basis over the life of the lease term.

**10. Deferred Outflows of Resources**

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 an acquisition of net assets applicable to future periods and, therefore, will *not* be recognized as an outflow of resources (expenditure) until that time.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued**

**10. Deferred Outflows of Resources continued**

The Authority has the following items that qualify for reporting in this category:

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net OPEB liability. This amount will be amortized-in-full against the net OPEB liability in the next fiscal year.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with post-employment benefits.
- Deferred outflow for the net difference between the projected and actual earnings on investments of the other post-employment benefits plan's fiduciary net position. This amount is amortized over a five-year period.

*Pensions*

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.
- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.
- Deferred outflow for the net difference between the projected and actual earnings on investments of the pension plan's fiduciary net position. This amount is amortized over a five-year period.
- Deferred outflow as a result of the net change in proportions of the net pension liability which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.

**11. 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.



**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued**

**11. Compensated Absences, continued**

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 pro-rated basis based on the actual number of hours worked.

Authority policy requires employees to pass a probationary period prior to payment for accrued vacation hours. Employees cannot accrue more than 36 vacation days (324 hours) total.

**12. Postemployment Benefits Other than Pensions (OPEB)**

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

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation dates: June 30, 2021 and 2021
- Measurement dates: June 30, 2022 and 2021
- Measurement periods: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

**13. Pensions**

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2021 and 2020
- Measurement Date: June 30, 2022 and 2021
- Measurement Period: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

**14. Unearned Revenue**

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

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued**

**15. Leases Payable**

Leases payable are measured at the present value of payments expected to be paid during the lease term.

**16. Deferred Inflows of Resources**

The of statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of net assets applicable to future periods and, therefore, 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:

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred inflow for the net change in assumptions which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with post-employment benefits.

*Pensions*

- Deferred inflow for the net difference between actual contributions and the proportionate share of employer contribution which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.

**17. 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 non-capital assets are considered non-operating revenue.

**18. 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 statement of net position and as capital grant contribution or operating grant revenue, as appropriate, on the Statement of Revenues, Expenses, and Changes in Net Position.

**19. Budgetary Policies**

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



**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued**

**20. 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 do not meet the definition of *restricted* or *net investment in capital assets*.

**(2) Cash and Investments**

Cash and investments as of June 30 are classified in the Statements of Net Position as follows:

	<b>2023</b>	<b>2022</b>
Statements of Net Position:		
Cash and cash equivalents	\$ 50,268,261	53,398,185
Cash and investments – restricted	808,607	856,186
Investments	12,218,364	6,450,116
Total cash and investments	\$ 63,295,232	60,704,487
Statements of Fiduciary Net Position:		
Cash and investments	482,135	467,289
Total cash and investments	\$ 63,777,367	61,171,776

Cash and investments as of June 30 consist of the following:

	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 500	500
Deposits with financial institutions	1,213,736	3,656,761
Investments	62,563,131	57,514,515
Total cash and investments	\$ 63,777,367	61,171,776

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(2) Cash and Investments, continued**

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

The table below identifies the investment types that are authorized by the Authority in accordance with the California Government Code (or the Authority's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

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

N/A - Not applicable

\* 10% of outstanding paper of an issuing corporation.

***Investment in State Investment Pool***

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Amounts held with LAIF are highly liquid, as deposits can be converted to cash within a twenty-four-hour period without loss of accrued interest. LAIF detail may be obtained from the State of California Treasurer's website at [www.treasurer.ca.gov/pmia-laif/index.asp](http://www.treasurer.ca.gov/pmia-laif/index.asp).

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(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 do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), and, the Authority's investment policy that requires no more than two-thirds of the Authority's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by non-mortgage-backed securities.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Agency's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Pool).

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio matures, or comes close to maturity evenly over time, as necessary to provide requirements for cash flow and liquidity needed for operations.

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 bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Authority's name.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity date:

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(2) Cash and Investments, continued**

Investment maturities as of June 30, 2023, were as follows:

Investment Types	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25-60 Months	60 Months or More
U.S. Treasury Notes	\$ 1,816,797	-	914,609	902,188	-
U.S. Government Sponsored Agency Securities	6,782,574	973,852	3,417,110	909,511	1,482,101
LAIF	50,344,767	50,344,767	-	-	-
Medium-Term Corporate Notes	497,326	497,326	-	-	-
Negotiable Certificates of Deposit	3,121,667	-	239,330	964,648	1,917,689
	<u>\$ 62,563,131</u>	<u>51,815,945</u>	<u>4,571,049</u>	<u>2,776,347</u>	<u>3,399,790</u>

Investment maturities as of June 30, 2022, were as follows:

Investment Types	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25-60 Months	60 Months or More
U.S. Treasury Notes	\$ 1,829,571	-	-	919,805	909,766
U.S. Government Sponsored Agency Securities	2,884,103	-	992,026	976,707	915,370
LAIF	51,064,399	51,064,399	-	-	-
Medium-Term Corporate Notes	997,552	497,037	500,515	-	-
Negotiable Certificates of Deposit	738,890	495,549	-	-	243,341
	<u>\$ 57,514,515</u>	<u>52,056,985</u>	<u>1,492,541</u>	<u>1,896,512</u>	<u>2,068,477</u>

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Per the Authority's investment policy, credit risk is mitigated by investing in safe securities, and diversifying the investment portfolio so the failure of one issuer would not materially affect the Authority's cash flow. 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.

Credit ratings of investments as of June 30, 2023, were as follows:

Investment Types	Total	Minimum Legal Rating	Rating as of Year End			Not Rated
			AAA	AA+	A+	
U.S. Treasury Notes	\$ 1,816,797	N/A	-	-	-	1,816,797
U.S. Government Sponsored Agency Securities	6,782,574	N/A	6,782,574	-	-	-
LAIF	50,344,767	N/A	-	-	-	50,344,767
Medium-Term Corporate Notes	497,326	N/A	-	-	497,326	-
Negotiable Certificates of Deposit	3,121,667	AAA	-	-	-	3,121,667
	<u>\$ 62,563,131</u>		<u>6,782,574</u>	<u>-</u>	<u>497,326</u>	<u>55,283,231</u>

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(2) Cash and Investments, continued**

Credit ratings of investments as of June 30, 2022, were as follows:

Investment Types	Total	Minimum Legal Rating	Rating as of Year End			Not Rated
			AAA	AA+	A+	
U.S. Treasury Notes	\$ 1,829,571	N/A	-	-	-	1,829,571
U.S. Government Sponsored Agency Securities	2,884,103	N/A	2,884,103	-	-	-
LAIF	51,064,399	N/A	-	-	-	51,064,399
Medium-Term Corporate Notes	997,552	N/A	-	497,037	500,515	-
Negotiable Certificates of Deposit	738,890	AAA	-	-	-	738,890
	<u>\$ 57,514,515</u>		<u>2,884,103</u>	<u>497,037</u>	<u>500,515</u>	<u>53,632,860</u>

**Concentration of Credit Risk**

The Authority's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The Authority's deposit portfolio with governmental agencies, LAIF, is 80% and 89% as of June 30, 2023 and 2022, respectively, of the Authority's total depository and investment portfolio.

**Fair Value Measurements**

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

Investment Types	Total	Fair Value Measurement at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S. Treasury Notes	\$ 1,816,797	1,816,797	-	-
U.S. Government Sponsored Agency Securities	6,782,574	-	6,782,574	-
Medium-Term Corporate Notes	497,326	-	497,326	-
Negotiable Certificates of Deposit	3,121,667	-	3,121,667	-
	<u>12,218,364</u>	<u>1,816,797</u>	<u>10,401,567</u>	<u>-</u>
Investments not subject to fair value hierarchy:				
Local Agency Investment Fund	<u>50,344,767</u>			
Total	<u>\$ 62,563,131</u>			

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(2) Cash and Investments, continued**

***Fair Value Measurements, continued***

The Authority has the following recurring fair value measurements as of June 30, 2023:

- U.S. treasury note securities of \$1,816,797 are valued using quoted market prices (Level 1 inputs).
- U.S. governmental sponsored agency securities of \$6,782,574 are valued using a matrix pricing model (Level 2 inputs).
- Medium-term corporate note obligations of \$497,326 are valued using a matrix pricing model (Level 2 inputs).
- Negotiable certificates-of-deposit of \$3,121,667 are valued using a matrix pricing model (Level 2 inputs).
- Local agency investment funds of \$50,344,767 are valued at amortized cost and are not subject to fair value hierarchy.

Investment Types	Total	Fair Value Measurement at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S. Treasury Notes	\$ 1,829,571	1,829,571	-	-
U.S. Government Sponsored Agency Securities	2,884,103	-	2,884,103	-
Medium-Term Corporate Notes	997,552	-	997,552	-
Negotiable Certificates of Deposit	738,890	-	738,890	-
	<u>6,450,116</u>	<u>1,829,571</u>	<u>4,620,545</u>	<u>-</u>
Investments not subject to fair value hierarchy:				
Local Agency Investment Fund	51,064,399			
Total	<u>\$ 57,514,515</u>			

The Authority has the following recurring fair value measurements as of June 30, 2022:

- U.S. treasury note securities of \$1,829,571 are valued using quoted market prices (Level 1 inputs).
- U.S. governmental sponsored agency securities of \$2,884,103 are valued using a matrix pricing model (Level 2 inputs).
- Medium-term corporate note obligations of \$997,552 are valued using a matrix pricing model (Level 2 inputs).
- Negotiable certificates-of-deposit of \$738,890 are valued using a matrix pricing model (Level 2 inputs).
- Local agency investment funds of \$51,064,399 are valued at amortized cost and are not subject to fair value hierarchy.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(3) Loan Receivable**

Changes in the loan receivable for the year ended June 30, 2023 was as follows:

	<u>2022</u>	<u>Additions</u>	<u>Principal Pmts Amortization</u>	<u>2023</u>
Loan Receivable:				
Rialto BioEnergy	\$ -	1,605,703	(520,864)	1,084,839
Total loan receivable	-	<u>1,605,703</u>	<u>(520,864)</u>	1,084,839
Less: current portion	-			<u>(260,432)</u>
Long-term portion	\$ -			<u>824,407</u>

On June 23, 2022, the Authority entered into the Inland Empire Brine Line New Lateral Construction and Cost Share agreement with San Bernardino Valley Municipal Water District and Rialto BioEnergy Facility, LLC to fund the construction of brine line laterals.

The District provided funding to Rialto BioEnergy to finance the cost of construction of \$1,605,703. The loan bears an interest rate of 3.00% and matures on July 25, 2026. Principal and interest payments are due annually on July 25. At June 30, 2023, the Authority had received \$520,864 in principal and \$31,252 in interest payments.

Future payments to be received under the agreement as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 260,432	32,545	292,977
2025	260,432	24,732	285,164
2026	<u>563,975</u>	<u>16,919</u>	<u>580,894</u>
Total	1,084,839	<u>74,196</u>	<u>1,159,035</u>
Less current portion	<u>(260,432)</u>		
Total non-current	<u>\$ 824,407</u>		

**(4) 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 were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2023</u>
\$	<u>1,910,560</u>	<u>-</u>	<u>-</u>	<u>1,910,560</u>



**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(4) Mitigation Credits, continued**

The changes to mitigation credits at June 30 were as follows:

	<u>Balance</u> <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2022</u>
\$	<u>1,910,560</u>	<u>-</u>	<u>-</u>	<u>1,910,560</u>

**(5) Capital Assets**

Changes in capital assets for 2023 were as follows:

	<u>2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>2023</u>
Capital assets not being depreciated:				
Land	\$ 765,444	-	-	765,444
Construction-in-progress	389,474	62,510	-	451,984
Total capital assets not being depreciated	<u>1,154,918</u>	<u>62,510</u>	<u>-</u>	<u>1,217,428</u>
Capital assets being depreciated and amortized:				
Land improvements	212,139	58,366	-	270,505
Buildings	1,702,149	-	-	1,702,149
Furniture and equipment	709,858	-	-	709,858
Brine Line and equipment	156,186,303	7,593	-	156,193,896
Wastewater treatment and disposal rights	55,662,342	-	-	55,662,342
Building leases	148,632	270,556	(148,633)	270,555
Equipment leases	31,356	-	-	31,356
Total capital assets being depreciated and amortized	<u>214,652,779</u>	<u>336,515</u>	<u>(148,633)</u>	<u>214,840,661</u>
Less accumulated depreciation and amortization:				
Land improvements	(126,246)	(19,319)	-	(145,565)
Buildings	(1,123,438)	(53,283)	-	(1,176,721)
Furniture and equipment	(431,435)	(64,339)	-	(495,774)
Brine Line and equipment	(82,887,458)	(2,871,894)	-	(85,759,352)
Wastewater treatment and disposal rights	(34,200,915)	(927,886)	-	(35,128,801)
Building leases	(115,739)	(52,802)	148,633	(19,908)
Equipment leases	(9,799)	(7,839)	-	(17,638)
Total accumulated depreciation and amortization	<u>(118,895,030)</u>	<u>(3,997,362)</u>	<u>148,633</u>	<u>(122,743,759)</u>
Depreciable capital assets, net	<u>95,757,749</u>	<u>(3,660,847)</u>	<u>-</u>	<u>92,096,902</u>
Total capital assets, net	<u>\$ 96,912,667</u>	<u>(3,598,337)</u>	<u>-</u>	<u>93,314,330</u>

Major depreciable / amortizable capital asset additions during the fiscal year ended 2023 consist of additions to the following categories: construction-in-progress, land improvements, wastewater disposal rights. The Authority's disposals consisted of building leases and related amortization. There were no transfers from construction-in-process for the year.



**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(5) Capital Assets, continued**

Changes in capital assets for 2022 were as follows:

	<u>As Restated 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>2022</u>
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 and amortized:				
Land improvements	212,139	-	-	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
Building leases	148,632	-	-	148,632
Equipment leases	31,356	-	-	31,356
Total capital assets being depreciated and amortized	<u>214,652,779</u>	<u>-</u>	<u>-</u>	<u>214,652,779</u>
Less accumulated depreciation and amortization:				
Land improvements	(111,116)	(15,130)	-	(126,246)
Buildings	(1,070,155)	(53,283)	-	(1,123,438)
Furniture and equipment	(364,845)	(66,590)	-	(431,435)
Brine Line and equipment	(79,380,308)	(3,507,150)	-	(82,887,458)
Wastewater treatment and disposal rights	(32,486,272)	(1,714,643)	-	(34,200,915)
Building leases	(71,967)	(43,772)	-	(115,739)
Equipment leases	(1,960)	(7,839)	-	(9,799)
Total accumulated depreciation and amortization	<u>(113,486,623)</u>	<u>(5,408,407)</u>	<u>-</u>	<u>(118,895,030)</u>
Depreciable capital assets, net	<u>101,166,156</u>	<u>(5,408,407)</u>	<u>-</u>	<u>95,757,749</u>
Total capital assets, net	<u>\$ 102,321,074</u>	<u>(5,408,407)</u>	<u>-</u>	<u>96,912,667</u>

There were no major non-depreciable or depreciable / amortizable capital asset additions or deletions during the fiscal year ended 2022.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(6) Compensated Absences**

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

The changes to compensated absences balances at June 30 were as follows:

	<u>Balance 2022</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2023</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	667,689	523,715	(536,260)	655,144	196,543	458,601
	<u>Balance 2021</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2022</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	640,923	452,232	(425,466)	667,689	200,307	467,382

**(7) Long-term Debt**

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

	<u>2022</u>	<u>Additions</u>	<u>Principal Pmts Amortization</u>	<u>2023</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
State Revolving Fund Loan:						
Reach IV-A & IV-B	\$ 9,879,895	-	(787,396)	9,092,499	807,868	8,284,631
SWRCB Inland Empire Brine Line:						
Reach V Loans:						
Loan I	13,548,594	-	(407,779)	13,140,815	415,527	12,725,288
Total loans payable	23,428,489	-	(1,195,175)	22,233,314	1,223,395	21,009,919
Leases payable:						
Konica Minolta	21,285	-	(7,800)	13,485	7,950	5,535
Building 1	23,734	76,799	(23,734)	76,799	27,153	49,646
Building 2	11,838	107,621	(25,870)	93,589	29,184	64,405
Building 3	-	86,134	(4,195)	81,939	25,645	56,294
Total leases payable	56,857	270,554	(61,599)	265,812	89,932	175,880
Total long-term debt	\$ 23,485,346	270,554	(1,256,774)	22,499,126	1,313,327	21,185,799

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(7) Long-term Debt, continued**

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

	<u>As Restated 2021</u>	<u>Additions</u>	<u>Principal Pmts Amortization</u>	<u>2022</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
SWRCB Brine Line Reach V Loans:						
Loan I	\$ 329,048	-	(329,048)	-	-	-
Loan II & III	264,710	-	(264,710)	-	-	-
Loan V	282,104	-	(282,104)	-	-	-
Total SWRCB Brine Line Reach V Loans	<u>875,862</u>	<u>-</u>	<u>(875,862)</u>	<u>-</u>	<u>-</u>	<u>-</u>
State Revolving Fund Loan:						
Reach IV-A & IV-B	<u>10,647,337</u>	<u>-</u>	<u>(767,442)</u>	<u>9,879,895</u>	<u>787,396</u>	<u>9,092,499</u>
SWRCB Inland Empire Brine Line:						
Reach V Loans:						
Loan I	<u>13,948,770</u>	<u>-</u>	<u>(400,176)</u>	<u>13,548,594</u>	<u>407,779</u>	<u>13,140,815</u>
Total loans payable	<u>25,471,969</u>	<u>-</u>	<u>(2,043,480)</u>	<u>23,428,489</u>	<u>1,195,175</u>	<u>22,233,314</u>
Leases payable:						
Konica Minolta	\$ 28,939	-	(7,654)	21,285	7,800	13,485
Building 1	45,736	-	(22,002)	23,734	23,734	-
Building 2	<u>34,470</u>	<u>-</u>	<u>(22,632)</u>	<u>11,838</u>	<u>11,838</u>	<u>-</u>
Total leases payable	<u>109,145</u>	<u>-</u>	<u>(52,288)</u>	<u>56,857</u>	<u>43,372</u>	<u>13,485</u>
Total long-term debt	<u>\$ 25,581,114</u>	<u>-</u>	<u>(2,095,768)</u>	<u>23,485,346</u>	<u>1,238,547</u>	<u>22,246,799</u>

***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 matured on October 5, 2021. The loan was paid in full as of the end of fiscal year 2022.

***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 matured on October 5, 2021. The loan was paid in full as of the end of fiscal year 2022.

***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 matured on October 5, 2021. The loan was paid in full as of the end of fiscal year 2022.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(7) 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 matures on December 29, 2032.

Future principal and interest obligations on the loan as of June 30, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	872,535	171,739	1,044,274
2028	895,220	149,053	1,044,273
2029-2033	<u>4,837,579</u>	<u>383,786</u>	<u>5,221,365</u>
Total	9,092,499	<u>1,350,233</u>	<u>10,442,732</u>
Less current portion	<u>(807,868)</u>		
Total non-current \$	<u>8,284,631</u>		

***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 1.90%, and matures on March 31, 2048.

Future principal and interest obligations on the loan as of June 30, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 415,527	249,675	665,202
2025	423,422	241,780	665,202
2026	431,467	233,735	665,202
2027	439,665	225,538	665,203
2028	448,019	217,184	665,203
2029-2033	2,371,059	954,953	3,326,012
2034-2038	2,605,034	720,979	3,326,013
2039-2043	2,862,096	463,916	3,326,012
2044-2048	<u>3,144,526</u>	<u>181,487</u>	<u>3,326,013</u>
Total	13,140,815	<u>3,489,247</u>	<u>16,630,062</u>
Less current portion	<u>(415,527)</u>		
Total non-current \$	<u>12,725,288</u>		

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(7) Long-term Debt, continued**

***Konica Minolta Lease***

In January 2021, the Authority entered into an agreement with Konica Minolta, to lease copier equipment for use in the Authority's administrative office. Terms of the agreement commenced on January 1, 2021, for a period of 48 months, with rent due monthly at \$678 per month for the entire lease term.

Following the guidelines set forth by GASB Statement No. 87, the Authority has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 1.90%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease principal and interest obligations on the lease as of June 30, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 7,950	187	8,137
2025	5,535	41	5,576
Total	13,485	228	13,713
Less current portion	(7,950)		
Total non-current	\$ 5,535		

***Building 1 Lease***

In June 2023, the Authority renewed an agreement with Biltmore Riverside I, LLC to rent building space for the purpose of providing a headquarters building for Authority operations. Terms of the agreement commence on July 1, 2023, for a period of 36 months, with base rent due monthly at \$2,447 per month, for months 1-12, \$2,057 per month, for months 13-24, and \$2,165 for months 25-36.

Following the guidelines set forth by GASB Statement No. 87, the Authority has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 1.90%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease principal and interest obligations on the lease as of June 30, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 27,153	860	28,013
2025	23,944	508	24,452
2026	25,702	184	25,886
Total	76,799	1,552	78,351
Less current portion	(27,153)		
Total non-current	\$ 49,646		

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(7) Long-term Debt, continued**

***Building 2 Lease***

In January 2023, the Authority renewed an agreement with Biltmore Riverside I, LLC to rent building space for the purpose of providing a separate operations building. Terms of the agreement commence on January 1, 2023, for a period of 42 months, with base rent due monthly at \$2,500 per month, for months 1-12, \$2,619 per month, for months 13-24, \$2,738 for months 25-36, and \$2,857 for months 38-42.

Following the guidelines set forth by GASB Statement No. 87, the Authority has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 1.90%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease principal and interest obligations on the lease as of June 30, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 29,184	1,528	30,712
2025	31,183	957	32,140
2026	33,222	346	33,568
Total	93,589	2,831	96,420
Less current portion	(29,184)		
Total non-current	\$ 64,405		

***Building 3 Lease***

In May 2023, the Authority entered into an agreement with Biltmore Riverside I, LLC to rent building space for the purpose of providing a separate operations building. Terms of the agreement commence on May 1, 2023, for a period of 38 months, with base rent due monthly at \$2,232 per month, for months 1-12, \$2,328 per month, for months 13-24, \$2,425 for months 25-36 and \$2,521 for months 37-38.

Following the guidelines set forth by GASB Statement No. 87, the Authority has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 1.90%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease principal and interest obligations on the lease as of June 30, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 25,645	1,336	26,981
2025	27,303	834	28,137
2026	28,991	324	29,315
Total	81,939	2,494	84,433
Less current portion	(25,645)		
Total non-current	\$ 56,294		

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(8) Other Post-Employment Benefits (OPEB) Plan**

***Plan Description***

The Authority defined benefit post-employment healthcare plan, SAWPA Post Employment Healthcare Plan (SPHP), provides medical benefits to eligible retired Authority employees and spouses. 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 an Annual Comprehensive Financial Report (ACFR). The ACFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS ACFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

***Benefits Provided***

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.

***Funding Policy***

The contribution requirements of plan members and the Authority are established and may be amended by the Authority. The Authority contributes the entire premium cost up to a predetermined cap. The 2023 and 2022 monthly cap per retiree amounted to \$1,944, respectively. Employees hired on or after July 1, 2005, are not eligible to receive employer subsidized postemployment medical benefits.

***Employees Covered by Benefit Terms***

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

	<b>2023</b>	<b>2022</b>
Inactive employees or beneficiaries		
currently receiving benefit payments	7	7
Inactive employees entitled to but		
not yet receiving benefit payments	-	-
Active employees	7	7
Total plan membership	14	14

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

***Contributions***

The annual contribution is based on the actuarially determined contribution. For the fiscal years ended June 30, 2023 and 2022, the Authority's cash contributions were \$102,379 and \$46,871, respectively in payments to the trust.

As of the fiscal year ended June 30, the contributions were as follows:

	<b>2023</b>	<b>2022</b>
Contributions to trust by – employer	\$ 102,379	46,871
Total employer paid contributions	\$ 102,379	46,871

***Actuarial Assumptions and Other Inputs***

The net OPEB liability in the June 30, 2022 and 2021, actuarial valuations, which were measured at June 30, 2021 and 2020, respectively, were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.39 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	6.73 percent
Mortality Rate <sup>(1)</sup>	Derived using CalPERS Membership Data for all funds
Pre-Retirement Turnover <sup>(2)</sup>	Derived using CalPERS Membership Data for all funds
Healthcare cost trend rates	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](http://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](http://www.calpers.ca.gov) under Forms and Publications.



**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

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 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, 2022 and 2021:

<u>Asset class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	44.00%	4.84%
Fixed income	48.00%	2.54%
REITS	8.00%	5.34%
Total	<u>100.00%</u>	

**Discount Rate**

As of June 30, 2023 and 2022, the discount rate used to measure the net OPEB liability was 6.73 percent, respectively. 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.

**Changes in the Net OPEB Liability**

Changes in the net OPEB liability for the year ended June 30, were as follows:

	<u>Total OPEB (Asset) Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB (Asset) Liability</u>
Balance at June 30, 2022	\$ 1,891,606	2,078,907	(187,301)
Changes for the year:			
Service cost	16,098	-	16,098
Interest	124,628	-	124,628
Differences between expected and actual experience	(15,341)	-	(15,341)
Changes in assumptions or other inputs	-	-	-
Employer contributions	-	160,466	(160,466)
Net investment income	-	(265,576)	265,576
Benefit payments	(113,595)	(113,595)	-
Administrative expenses	-	(528)	528
	<u>11,790</u>	<u>(219,233)</u>	<u>231,023</u>
Balance at June 30, 2023	\$ <u>1,903,396</u>	<u>1,859,674</u>	<u>43,722</u>

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

***Changes in the Net OPEB Liability, continued***

Changes in the net OPEB liability for the year ended June 30, were as follows:

	<b>Total OPEB Liability (Asset)</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Asset)</b>
Balance at June 30, 2021	\$ 2,090,421	1,690,089	400,332
Changes for the year:			
Service cost	20,942	-	20,942
Interest	138,454	-	138,454
Differences between expected and actual experience	176,449	-	176,449
Changes in assumptions or other inputs	(424,697)	-	(424,697)
Employer contributions	-	164,101	(164,101)
Net investment income	-	335,301	(335,301)
Benefit payments	(109,963)	(109,963)	-
Administrative expenses	-	(621)	621
	<u>(198,815)</u>	<u>388,818</u>	<u>(587,633)</u>
Balance at June 30, 2022	\$ <u>1,891,606</u>	<u>2,078,907</u>	<u>(187,301)</u>

***Sensitivity of the net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB 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 discount rate:

As of June 30, 2023, the discount rate comparison was the following:

	<b>Discount Rate 1% Lower</b>	<b>Valuation Discount Rate</b>	<b>Discount Rate 1% Higher</b>
Net OPEB liability (asset)	\$ <u>283,667</u>	<u>43,722</u>	<u>(136,474)</u>

As of June 30, 2022, the discount rate comparison was the following:

	<b>Discount Rate 1% Lower</b>	<b>Valuation Discount Rate</b>	<b>Discount Rate 1% Higher</b>
Net OPEB liability (asset)	\$ <u>38,955</u>	<u>(187,301)</u>	<u>(376,192)</u>

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

***Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

As of June 30, 2023, the healthcare cost trend rate comparison was the following:

	<b>Trend 1% Lower</b>	<b>Valuation Trend</b>	<b>Trend 1% Higher</b>
Net OPEB liability (asset)	\$ (148,321)	43,722	299,050

As of June 30, 2022, the healthcare cost trend rate comparison was the following:

	<b>Trend 1% Lower</b>	<b>Valuation Trend</b>	<b>Trend 1% Higher</b>
Net OPEB liability (asset)	\$ (387,898)	(187,301)	54,155

For the year ended June 30, 2023 and 2022, the Authority recognized OPEB income of \$132,748 and \$157,524, respectively.

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

As of June 30, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Description</b>	<b>June 30, 2023</b>		<b>June 30, 2022</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to the measurement date	\$ 102,379	-	46,871	-
Change of assumptions	-	(166,396)	-	(371,565)
Difference between expected and actual experience	77,837	-	237,062	-
Net difference between projected and actual earnings on investments	200,766	-	-	(163,932)
Total	\$ 380,982	(166,396)	283,933	(535,497)

As of June 30, 2023 and 2022, employer OPEB contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$102,379 and \$46,871 will be/were recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2024 and 2023, respectively.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

As of June 30, 2023, there were amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB which are required to be recognized in OPEB expense over future periods, respectively. OPEB related amounts will be recognized as pension expense as follows.

<b>Fiscal Year Ending June 30,</b>	<b>Deferred Net Outflows(Inflows) of Resources</b>
2024	\$ (42,743)
2025	36,100
2026	37,445
2027	81,405

***Schedules of Changes in the Authority's Net OPEB Liability and Related Ratios***

***Schedules of Other Post-Employment Benefits Plan Contributions***

See the Required Supplementary Information section for the Required Supplementary Schedules.

**(8) Defined Benefit Pension Plan**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the Authority's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Classic Plan members are eligible for one-year final compensation and a 3.0% cost of living adjustment.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(9) Defined Benefit Pension Plan, continued**

***Benefits Provided, continued***

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Authority's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. All employees hired after January 1, 2013, are eligible for the Authority's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plans' provision and benefits in effect at June 30, 2023, are summarized as follows:

	<b>Miscellaneous</b>	
	<b>Classic</b>	<b>PEPRA</b>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 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	1.4% to 2.0%	1.0% to 2.0%
Required employee contribution rates	6.92%	7.25%
Required employer contribution rates	11.65%	7.65%

***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 the July 1, following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal years ended June 30, the contributions were as follows:

	<b>2023</b>	<b>2022</b>
Contributions – employer	\$ 622,000	567,850

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(9) Defined Benefit Pension Plan, continued**

***Net Pension Liability***

As of the fiscal year ended June 30, the Authority reported net pension liabilities for its proportionate share of the net pension liability of the Plan were as follows:

	<b>2023</b>	<b>2022</b>
Proportionate share of net pension (asset)	\$ 2,597,279	(1,105,718)

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022 and 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and 2020, rolled forward to June 30, 2022 and 2021, respectively, using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Authority's change in the proportionate share of the pension liability for the Plan as of the fiscal year end June 30, was as follows:

	<b>Proportionate Share</b>
Proportion – June 30, 2022	(0.02044) %
Change in proportion	0.06337
Proportion – June 30, 2023	0.04293 %
	<b>Proportionate Share</b>
Proportion – June 30, 2021	0.01719 %
Change in proportion	(0.03763)
Proportion – June 30, 2022	(0.02044) %

As a result of the adjustment for the GASB 68 pronouncement at June 30, 2023 and 2022, the Authority recognized pension expense and income of \$3,534,637 and \$3,248,883, respectively.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(9) Defined Benefit Pension Plan, continued**

***Deferred Pension Outflows (Inflows) of Resources***

At June 30, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date at June 30	\$ 622,000	-	567,850	-
Net, differences between actual and expected experience	17,225	-	-	(123,995)
Net, changes in assumptions	266,148	-	-	-
Net, differences between projected and actual earnings on plan investments	475,756	-	965,233	-
Net, differences between actual contributions and proportionate share of contributions	-	(122,799)	775,434	-
Net, change due to differences in proportion of net pension liability	1,222,452	-	-	(494,103)
Total	<u>\$ 2,603,581</u>	<u>(122,799)</u>	<u>2,308,517</u>	<u>(618,098)</u>

As of June 30, 2023 and 2022, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$622,000 and \$567,850 will be/were recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024 and 2023, respectively.

As a result of the current year actuarial valuation changes for GASB 68 at June 30, 2023, the Authority recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense (income) as follows.

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Deferred Net</u> <u>Outflows(Inflows)</u> <u>of Resources</u>
2024	\$ 730,899
2025	681,130
2026	507,927
2027	(61,174)

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(9) Defined Benefit Pension Plan, continued**

***Actuarial Assumptions***

The total pension liabilities were determined as of June 30, 2021 and 2020, which were rolled forward to June 30, 2022 and 2021, respectively, using the following actuarial assumptions:

Valuation dates	June 30, 2021 and 2020
Measurement dates	June 30, 2022 and 2021
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2022 - 6.90%
	2021 - 7.15%
Inflation	2022 - 2.30%
	2021 - 2.50%
Salary increase	Varies by Entry Age and Service
Investment Rate of Return	6.90 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience Survey assumptions were based	2022 and 2021 - 1997-2015
Post Retirement Benefit	2022 and 2021 - 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' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

***Discount Rate***

The discount rate used to measure the total pension liability was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.



**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(9) Defined Benefit Pension Plan, continued**

***Discount Rate, continued***

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 (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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.

As of June 30, 2023, the target allocation and the long-term expected real rate of return by asset class were as follows:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Real Return Years 1-10</b>
Global equity - cap-weighted	30.00 %	4.45 %
Global equity non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	-5.00	(0.59)
Total	100.00 %	

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(9) Defined Benefit Pension Plan, continued**

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

The following tables presents the Authority's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the Authority's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

As of June 30, 2023, the discount rate comparison was the following:

	<b>Discount Rate - 1% 5.90%</b>	<b>Current Discount Rate 6.90%</b>	<b>Discount Rate + 1% 7.90%</b>
Authority's net pension liability (asset)	\$ 6,013,398	2,597,279	(213,339)

As of June 30, 2022, the discount rate comparison was the following:

	<b>Discount Rate - 1% 6.15%</b>	<b>Current Discount Rate 7.15%</b>	<b>Discount Rate + 1% 8.15%</b>
Authority's net pension liability (asset)	\$ 1,958,829	(1,105,718)	(3,639,136)

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See the Required Supplementary Information section for the Required Supplementary Schedules.

***Payable to the Pension Plan***

As of June 30, 2023 and 2022, the Authority reported no payables for the outstanding amount of contribution to the pension plan, respectively.

**(10) Unearned Revenue**

The changes to deferred revenue at June 30 were as follows:

	<b>Balance 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 2023</b>
\$	60,177,414	-	(1,164,883)	59,012,531
	<b>Balance 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 2022</b>
\$	62,687,568	-	(2,510,154)	60,177,414

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(11) Net Position**

Calculation of net position as of June 30 was as follows:

	<u>2023</u>	<u>2022</u>
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 1,217,428	1,154,918
Depreciable capital assets, net	92,096,902	95,757,749
State Revolving Fund Reach IV-A & IV-B loan payable	(9,092,499)	(9,879,895)
SWRCB Brine Line Reach V Loans Payable	(13,140,815)	(13,548,594)
Konica Minolta	(13,485)	(21,285)
Building 1	(76,799)	(23,734)
Building 2	(93,589)	(11,838)
Building 3	(81,939)	-
Total net investment in capital assets	<u>70,815,204</u>	<u>73,427,321</u>
Restricted net position:		
SRF Reach IV-A & IV-B Reserve Requirement	1,050,000	1,050,000
Mitigation	1,910,560	1,910,560
Net OPEB asset	-	187,301
Net pension asset	-	1,105,718
Total net investment in capital assets	<u>2,960,560</u>	<u>4,253,579</u>
Unrestricted net position:	<u>6,212,624</u>	<u>712,028</u>
Total net position	<u>\$ 79,988,388</u>	<u>78,392,928</u>

**(12) Adjustments to Net Position**

In fiscal year 2022, the Authority implemented GASB Statement No. 87 to recognize its lessee arrangements. The Authority did not have any lessor arrangements which required restatement. As a result of the implementation, the Authority recognized the lease assets, lease payables, amortization expense, interest expense, and recorded prior period adjustments, an increase and decrease to net position, of \$602 and \$2,097 at July 1, 2020 and July 1, 2021, respectively.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(12) Adjustments to Net Position, continued**

The adjustments to net position are as follows:

	<u>Total</u>			<u>Total</u>
	<u>Capital Project</u>	<u>Internal</u>	<u>Brine Line</u>	<u>Enterprise</u>
	<u>Funds</u>	<u>Administration</u>	<u>Enterprise</u>	<u>Activities</u>
Net position at July 1, 2020	\$ 5,235,964	2,537,207	65,551,935	73,325,106
Effect of adjustment to establish right-to-use asset and lease payables as a result of GASB 87	-	-	602	602
Net position at July 1, 2020, as adjusted	<u>5,235,964</u>	<u>2,537,207</u>	<u>65,552,537</u>	<u>73,325,708</u>
Change in net position at June 30, 2021	990,282	(199,267)	(789,119)	1,896
Net position at July 1, 2021, as adjusted	<u>6,226,246</u>	<u>2,337,940</u>	<u>64,763,418</u>	<u>73,327,604</u>
Effect of adjustment for 2021 to remove previously recorded lease expense as a result of GASB 87	-	7,908	37,822	45,730
Effect of adjustment for 2021 to record interest expense – leases as a result of GASB 87	-	(414)	(1,683)	(2,097)
Effect of adjustment for 2021 to record lease amortization expense – leases as a result of GASB 87	-	(7,464)	(38,268)	(45,732)
Subtotal adjustments	<u>-</u>	<u>30</u>	<u>(2,129)</u>	<u>(2,099)</u>
Net position at June 30, 2021, as restated	\$ <u>6,226,246</u>	<u>2,337,970</u>	<u>64,761,289</u>	<u>73,325,505</u>

**(13) 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 years ended June 30, 2023, and 2022, administrative services provided to LESJWA totaled \$203,714 and \$191,841, respectively, which are included in operating revenue.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(13) Joint Ventures, continued**

The financial statements for LESJWA are available at the Authority.

	<b>2023</b>	<b>2022</b>
Total assets	\$ <u>317,315</u>	<u>307,760</u>
Total liabilities	\$ <u>161,977</u>	<u>171,182</u>
Total net position	\$ <u>155,338</u>	<u>136,578</u>

**(14) Risk Management**

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

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

**(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 99***

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 100***

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 101***

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**Santa Ana Watershed Project Authority**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 101, continued***

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**(16) Commitments and Contingencies**

***Grant Awards***

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

***Litigation***

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

***Other Commitments and Contingencies***

The Authority is contractually obligated to pay a pro-rata share of capital costs associated with the 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.

**(17) Subsequent Events**

Events occurring after June 30, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of December 19, 2023, which is the date the financial statements were available to be issued.

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# Required Supplementary Information

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**Santa Ana Watershed Project Authority**  
**Schedules of Changes in the Net OPEB Liability and Related Ratios**  
**As of June 30, 2023**  
**Last Ten Years\***

	Measurement Dates					
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability						
Service cost	\$ 16,098	20,942	19,944	28,540	27,181	26,828
Interest	124,628	138,454	135,129	127,527	122,126	108,355
Employer contributions	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(15,341)	176,449	(4,080)	298,861	(4,383)	22,281
Changes of assumptions or other inputs	-	(424,697)	-	(248,125)	-	103,114
Benefit payments	(113,595)	(109,963)	(95,452)	(75,336)	(57,035)	(55,611)
Net change in total OPEB liability	11,790	(198,815)	55,541	131,467	87,889	204,967
Total OPEB liability – beginning	1,891,606	2,090,421	2,034,880	1,903,413	1,815,524	1,610,557
Total OPEB liability – ending	1,903,396	1,891,606	2,090,421	2,034,880	1,903,413	1,815,524
Plan fiduciary net position						
Contribution – employer	160,466	164,101	169,930	149,059	129,352	121,424
Net investment income	(265,576)	335,301	84,799	100,148	73,974	79,164
Benefit payments	(113,595)	(109,963)	(95,452)	(75,336)	(57,035)	(55,611)
Administrative expense	(528)	(621)	(759)	(298)	(643)	(572)
Net change in plan fiduciary net position	(219,233)	388,818	158,518	173,573	145,648	144,405
Plan fiduciary net position – beginning	2,078,907	1,690,089	1,531,571	1,357,998	1,212,350	1,067,945
Plan fiduciary net position – ending	1,859,674	2,078,907	1,690,089	1,531,571	1,357,998	1,212,350
Net OPEB (asset) liability	\$ 43,722	(187,301)	400,332	503,309	545,415	603,174
Covered payroll	\$ 977,174	1,182,249	1,379,767	1,336,336	1,238,555	1,156,128
Total OPEB liability as a percentage of covered payroll	4.47%	-15.84%	29.01%	37.66%	44.04%	52.17%

**Notes to Schedule**

Valuation dates June 30, 2021 June 30, 2021 June 30, 2021 June 30, 2019 June 30, 2017 June 30, 2017

Methods and assumptions used to determine contribution rates:

	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value
Inflation	2.39%	2.39%	2.39%	2.26%	2.26%	2.25%
Salary increases	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Investment rate of return	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%
Mortality, retirement, disability						
Termination	(3)	(3)	(3)	(3)	(2)	(2)
Other information	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed 30 year period.

(2) Pre-retirement mortality based on CalPERS 2014 Employee Mortality Tables, Post-retirement mortality rates based on CalPERS 2014 Employee Mortality Tables.

(3) Pre-retirement mortality probability based on 2017 CalPERS Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

(4) N/A

\*The Authority has presented information for those years for which information is available until a full 10-year trend is compiled.

**Santa Ana Watershed Project Authority  
Schedules of OPEB Plan Contributions  
As of June 30, 2023  
Last Ten Years\***

<b>Description</b>	<b>Fiscal Years Ended</b>					
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 88,991	99,262	60,264	73,723	72,317	65,813
Contributions in relation to the actuarially determined contribution	<u>(113,595)</u>	<u>(109,963)</u>	<u>(169,930)</u>	<u>(149,059)</u>	<u>(129,352)</u>	<u>(121,424)</u>
Contribution deficiency(excess)	\$ <u>(24,604)</u>	<u>(10,701)</u>	<u>(109,666)</u>	<u>(75,336)</u>	<u>(57,035)</u>	<u>(55,611)</u>
District's covered payroll	\$ <u>977,174</u>	<u>1,217,716</u>	<u>1,182,249</u>	<u>1,379,767</u>	<u>1,336,336</u>	<u>1,238,555</u>
Contribution's as a percentage of covered payroll	<u>11.62%</u>	<u>9.03%</u>	<u>14.37%</u>	<u>10.80%</u>	<u>9.68%</u>	<u>9.80%</u>

Working Draft Subject to Review

**Santa Ana Watershed Project Authority**  
**Schedules of Proportionate Share of the Net Pension Liability**  
**As of June 30, 2023**  
**Last Ten Years\***

Description	Measurement Dates								
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Authority's proportion of the net pension liability	0.04293%	-0.02044%	0.01719%	0.03983%	0.03788%	0.03755%	0.03588%	0.03274%	0.03487%
Authority's proportionate share of the net pension liability (asset)	\$ 2,597,279	(1,105,718)	1,870,834	4,081,229	3,649,848	3,724,430	3,104,742	2,247,501	2,169,716
Authority's covered payroll	\$ 3,177,937	3,244,053	3,277,860	3,166,203	3,065,932	3,098,371	2,795,885	2,560,510	2,294,398
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	81.73%	-34.08%	57.07%	128.90%	119.05%	120.21%	111.05%	87.78%	94.57%
Plan's fiduciary net position as a percentage of the total pension liability	89.64%	104.76%	77.71%	77.73%	75.26%	73.31%	74.06%	78.40%	79.82%

**Notes to schedule:**

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

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

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%

From fiscal year June 30, 2018 to June 30, 2019:

The inflation rate was reduced from 2.75% to 2.50%

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%

The inflation rate was reduced from 2.50% to 2.30%

\* The Authority has presented information for those years for which information is available until a full 10-year trend is compiled.

**Santa Ana Watershed Project Authority  
Schedules of Pension Plan Contributions  
As of June 30, 2023  
Last Ten Years\***

Description	Fiscal Years Ended									
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ 529,378	486,186	618,033	552,495	485,329	422,430	388,896	339,020	273,547	
Contributions in relation to the actuarially determined contribution	(529,378)	(486,186)	(618,033)	(3,104,168)	(485,329)	(422,430)	(388,896)	(339,020)	(273,547)	
Contribution deficiency(excess)	\$ -	-	-	(2,551,673)	-	-	-	-	-	
Authority's covered payroll	\$ 3,043,474	3,177,937	3,244,053	3,277,860	3,166,203	3,065,932	3,098,371	2,795,885	2,560,510	
Contribution's as a percentage of covered payroll	17.39%	15.30%	19.05%	94.70%	15.33%	13.78%	12.55%	12.13%	10.68%	
Notes to schedule:										
Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 year Smoothed Market Method
Inflation	2.30%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	7.15% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage payroll, closed.

(2) Depending on age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\* The Authority has presented information for those years for which information is available until a full 10-year trend is compiled.

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# **Supplemental Information**

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**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position**  
**Enterprise Funds**  
**June 30, 2023**

*with Comparative Information for the Fiscal Year Ended June 30, 2022*

	Capital Project Activities	Internal Administration	Enterprise Activities	Totals	
				2023	2022
<b>Current assets:</b>					
Cash and cash equivalents	\$ 3,042,978	2,233,757	44,991,526	50,268,261	53,398,185
Cash and cash equivalents – restricted	808,607	-	-	808,607	856,186
Investments	-	-	12,218,364	12,218,364	6,450,116
Interest receivable	21,354	32,233	350,742	404,329	96,874
Accounts receivable	-	3,268	2,301,520	2,304,788	2,206,951
Accounts receivable – grants	7,777,993	665,646	-	8,443,639	16,921,886
Accounts receivable – other	28,638	-	-	28,638	9,469
Loan receivable – current portion	-	-	260,432	260,432	-
Prepaid expenses and other assets	-	169,401	245,219	414,620	449,943
Mitigation credits	1,910,560	-	-	1,910,560	1,910,560
Due from other funds	-	83,012	-	83,012	12,072
<b>Total current assets</b>	<b>13,590,130</b>	<b>3,187,317</b>	<b>60,367,803</b>	<b>77,145,250</b>	<b>82,312,242</b>
<b>Non-current assets:</b>					
Loan receivable	-	-	824,407	824,407	-
Capital assets not being depreciated	432,430	464,990	320,008	1,217,428	1,154,918
Depreciable capital assets, net	-	839,911	91,256,991	92,096,902	95,757,749
Net OPEB asset	-	-	-	-	187,301
Net pension asset	-	-	-	-	1,105,718
<b>Total non-current assets</b>	<b>432,430</b>	<b>1,304,901</b>	<b>92,401,406</b>	<b>94,138,737</b>	<b>98,205,686</b>
<b>Total assets</b>	<b>14,022,560</b>	<b>4,492,218</b>	<b>152,769,209</b>	<b>171,283,987</b>	<b>180,517,928</b>
<b>Deferred outflows of resources:</b>					
Deferred OPEB outflows of resources	-	380,982	-	380,982	283,933
Deferred pension outflows of resources	-	2,603,581	-	2,603,581	2,308,517
	\$ -	2,984,563	-	2,984,563	2,592,450

Continued on next page.

See accompanying notes to the basic financial statements

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position - Continued**  
**Enterprise Funds**  
**June 30, 2023**

*with Comparative Information for the Fiscal Year Ended June 30, 2022*

	Capital Project Activities	Internal Administration	Enterprise Activities	Totals	
				2023	2022
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	\$ 7,945,534	41,998	835,496	8,823,028	18,817,339
Accrued salaries and wages	-	81,966	-	81,966	195,397
Accrued interest payable	-	-	180,774	180,774	192,970
Customer deposits	-	-	14,385	14,385	15,628
Due to other funds	83,012	-	-	83,012	12,072
Long-term liabilities – due within one year:					
Compensated absences	-	196,543	-	196,543	200,307
Leases payable	-	14,930	75,002	89,932	43,372
Loans payable	-	-	1,223,395	1,223,395	1,195,175
Total current liabilities	<u>8,028,546</u>	<u>335,437</u>	<u>2,329,052</u>	<u>10,693,035</u>	<u>20,672,260</u>
<b>Non-current liabilities:</b>					
Unearned revenue	-	-	59,012,531	59,012,531	60,177,414
Long-term liabilities due in more than one year:					
Compensated absences	-	458,601	-	458,601	467,382
Leases payable	-	20,881	154,999	175,880	13,485
Loans payable	-	-	21,009,919	21,009,919	22,233,314
Net OPEB liability	-	43,722	-	43,722	-
Net pension liability	-	2,597,279	-	2,597,279	-
Total non-current liabilities	<u>-</u>	<u>3,120,483</u>	<u>80,177,449</u>	<u>83,297,932</u>	<u>82,891,595</u>
<b>Deferred inflows of resources:</b>					
Deferred OPEB inflows of resources	-	166,396	-	166,396	535,497
Deferred pension inflows of resources	-	122,799	-	122,799	618,098
	<u>-</u>	<u>289,195</u>	<u>-</u>	<u>289,195</u>	<u>1,153,595</u>
<b>Net position:</b>					
Net investment in capital assets	432,430	1,269,090	69,113,684	70,815,204	73,427,321
Restricted for:					
SRF Reach IV-A & IV-B reserve requirement	-	-	1,050,000	1,050,000	1,050,000
Mitigation	1,910,560	-	-	1,910,560	1,910,560
Net OPEB asset	-	-	-	-	187,301
Net pension asset	-	-	-	-	1,105,718
Unrestricted	<u>3,651,024</u>	<u>2,462,576</u>	<u>99,024</u>	<u>6,212,624</u>	<u>712,028</u>
<b>Total net position</b>	<u>\$ 5,994,014</u>	<u>3,731,666</u>	<u>70,262,708</u>	<u>79,988,388</u>	<u>78,392,928</u>

See accompanying notes to the basic financial statements

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2023**  
*with Comparative Information for the Fiscal Year Ended June 30, 2022*

	Capital Project	Internal	Enterprise	Totals	
	Activities	Administration	Activities	2023	2022
<b>Operating revenues:</b>					
Wastewater treatment and disposal	\$ -	-	12,319,657	12,319,657	12,040,521
Wastewater treatment and disposal - capacity rights	-	-	2,510,154	2,510,154	2,510,154
Program administration	203,714	-	-	203,714	191,841
Other	-	7,708	-	7,708	5,716
<b>Total operating revenues</b>	<b>203,714</b>	<b>7,708</b>	<b>14,829,811</b>	<b>15,041,233</b>	<b>14,748,232</b>
<b>Operating expenses:</b>					
Wastewater treatment and disposal	-	-	6,957,971	6,957,971	6,863,027
General and administrative and overhead	-	692,402	-	692,402	523,272
Studies and planning costs	3,405,256	-	-	3,405,256	2,578,723
<b>Total operating expenses:</b>	<b>3,405,256</b>	<b>692,402</b>	<b>6,957,971</b>	<b>11,055,629</b>	<b>9,965,022</b>
Operating (loss) income before depreciation and amortization	(3,201,542)	(684,694)	7,871,840	3,985,604	4,783,210
Depreciation and amortization	-	(154,555)	(2,914,921)	(3,069,476)	(3,693,764)
Amortization – disposal rights	-	-	(927,886)	(927,886)	(1,714,643)
<b>Net (loss) income</b>	<b>(3,201,542)</b>	<b>(839,249)</b>	<b>4,029,033</b>	<b>(11,758)</b>	<b>(625,197)</b>
<b>Non-operating revenues (expenses):</b>					
Member contributions	1,344,325	725,435	-	2,069,760	1,581,845
Intergovernmental	9,858,978	666,591	-	10,525,569	13,673,784
Pension (expense) income – GASB 68	-	(2,912,634)	-	(2,912,634)	3,816,733
OPEB income – GASB 75	-	235,127	-	235,127	204,395
Investment earnings (expense), net of fair value	68,250	91,492	974,901	1,134,643	(724,549)
Grant program expenditures	(8,535,119)	(666,571)	-	(9,201,690)	(12,321,868)
Interest expense	-	(397)	(503,592)	(503,989)	(537,720)
Other	-	-	-	-	-
<b>Total non-operating (expense) revenues, net</b>	<b>2,736,434</b>	<b>(1,860,957)</b>	<b>471,309</b>	<b>1,346,786</b>	<b>5,692,620</b>
<b>Capital contributions:</b>					
Rialto BioEnergy	-	-	260,432	260,432	-
<b>Total capital contributions</b>	<b>-</b>	<b>-</b>	<b>260,432</b>	<b>260,432</b>	<b>-</b>
<b>Total (loss) income before transfers</b>	<b>(465,108)</b>	<b>(2,700,206)</b>	<b>4,760,774</b>	<b>1,595,460</b>	<b>5,067,423</b>
<b>Transfers</b>	<b>212,742</b>	<b>-</b>	<b>(212,742)</b>	<b>-</b>	<b>-</b>
Change in net position	(252,366)	(2,700,206)	4,548,032	1,595,460	5,067,423
<b>Net position – beginning of year, as restated – (note 12)</b>	<b>6,246,380</b>	<b>6,431,872</b>	<b>65,714,676</b>	<b>78,392,928</b>	<b>73,325,505</b>
<b>Net position – end of year, as restated</b>	<b>\$ 5,994,014</b>	<b>3,731,666</b>	<b>70,262,708</b>	<b>79,988,388</b>	<b>78,392,928</b>

See accompanying notes to the basic financial statements

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position**  
**Capital Projects Activities**  
**June 30, 2023**

	Brine Line Protection Project	Reach IV-D Corrosion Repair	Aqua Mansa Lateral Project	Basin Planning
<b>Current assets:</b>				
Cash and cash equivalents	\$ -	-	-	144,133
Cash and cash equivalents – restricted	-	-	-	-
Interest receivable	-	-	-	1,444
Accounts receivable – member contributions	-	-	-	-
Accounts receivable – grants	-	-	-	-
Accounts receivable – other	-	-	-	-
Mitigation credits	-	-	-	-
<b>Total current assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,577</u>
<b>Non-current assets:</b>				
Capital assets not being depreciated	-	389,474	42,956	-
<b>Total assets</b>	<u>-</u>	<u>389,474</u>	<u>42,956</u>	<u>145,577</u>
<b>Current liabilities:</b>				
Accounts payable	113,878	-	29,822	-
Accrued interest payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>113,878</u>	<u>-</u>	<u>29,822</u>	<u>-</u>
<b>Net position:</b>				
Net investment in capital assets	-	389,474	42,956	-
Restricted	-	-	-	-
Unrestricted	(113,878)	-	(29,822)	145,577
<b>Total net position</b>	<u>\$ (113,878)</u>	<u>389,474</u>	<u>13,134</u>	<u>145,577</u>

Continued on next page.

See accompanying notes to the basic financial statements

<u>Watershed Management Plan</u>	<u>Basin Monitoring Program Task Force</u>	<u>PFAS Study</u>	<u>Weather Modification</u>	<u>Santa Ana River Fish Conservation</u>	<u>MSAR TMDL Task Force</u>
224,429	490,180	2,033	64,193	105,493	289,054
-	-	-	-	-	-
2,520	4,420	104	601	871	2,442
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,000	-	-
-	-	-	-	-	-
<u>226,949</u>	<u>494,600</u>	<u>2,137</u>	<u>69,794</u>	<u>106,364</u>	<u>291,496</u>
-	-	-	-	-	-
<u>226,949</u>	<u>494,600</u>	<u>2,137</u>	<u>69,794</u>	<u>106,364</u>	<u>291,496</u>
27,151	113,232	14,336	2,855	739	3,733
-	-	-	-	-	-
-	-	-	-	-	-
<u>27,151</u>	<u>113,232</u>	<u>14,336</u>	<u>2,855</u>	<u>739</u>	<u>3,733</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>199,798</u>	<u>381,368</u>	<u>(12,199)</u>	<u>66,939</u>	<u>105,625</u>	<u>287,763</u>
<u>199,798</u>	<u>381,368</u>	<u>(12,199)</u>	<u>66,939</u>	<u>105,625</u>	<u>287,763</u>

Continued on next page.

See accompanying notes to the basic financial statements

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position - Continued**  
**Capital Project Activities**  
**June 30, 2023**

	Regional Water Quality Monitoring Task Force	Arundo Management & Habitat Restoration	Emerging Constituents Task Force	Energy Water DAC Grant Project
<b>Current assets:</b>				
Cash and cash equivalents	\$ 149,352	-	137,246	-
Cash and cash equivalents – restricted	-	808,607	-	-
Interest receivable	1,246	6,539	1,167	-
Accounts receivable – member contributions	-	-	-	-
Accounts receivable – grants	-	-	-	76,837
Accounts receivable – other	-	-	-	-
Mitigation credits	-	1,910,560	-	-
<b>Total current assets</b>	<u>150,598</u>	<u>2,725,706</u>	<u>138,413</u>	<u>76,837</u>
<b>Non-current assets:</b>				
Capital assets not being depreciated	-	-	-	-
<b>Total assets</b>	<u>150,598</u>	<u>2,725,706</u>	<u>138,413</u>	<u>76,837</u>
<b>Current liabilities:</b>				
Accounts payable	80,190	532	2,917	7,518
Accrued interest payable	-	-	-	-
Due to other funds	-	-	-	43,504
<b>Total liabilities</b>	<u>80,190</u>	<u>532</u>	<u>2,917</u>	<u>51,022</u>
<b>Net position:</b>				
Net investment in capital assets	-	-	-	-
Restricted	-	1,910,560	-	-
Unrestricted	70,408	814,614	135,496	25,815
<b>Total net position</b>	<u>\$ 70,408</u>	<u>2,725,174</u>	<u>135,496</u>	<u>25,815</u>

Continued on next page.

See accompanying notes to the basic financial statements

Prop 1 DACI Grant	Lake Elsinore Management	Prop 84 Grant Projects	Prop 1 Grant Projects	Total	
				2023	2022
-	-	1,346,837	90,028	\$ 3,042,978	4,938,503
-	-	-	-	808,607	856,186
-	-	-	-	21,354	5,765
-	-	-	-	-	-
208,884	-	5,607,644	1,884,628	7,777,993	16,259,113
-	23,638	-	-	28,638	9,469
-	-	-	-	1,910,560	1,910,560
<u>208,884</u>	<u>23,638</u>	<u>6,954,481</u>	<u>1,974,656</u>	<u>13,590,130</u>	<u>23,979,596</u>
-	-	-	-	432,430	389,474
<u>208,884</u>	<u>23,638</u>	<u>6,954,481</u>	<u>1,974,656</u>	<u>14,022,560</u>	<u>24,369,070</u>
191,508	176	5,488,624	1,868,323	7,945,534	18,110,618
-	-	-	-	-	-
<u>17,376</u>	<u>22,132</u>	<u>-</u>	<u>-</u>	<u>83,012</u>	<u>12,072</u>
<u>208,884</u>	<u>22,308</u>	<u>5,488,624</u>	<u>1,868,323</u>	<u>8,028,546</u>	<u>18,122,690</u>
-	-	-	-	432,430	389,474
-	-	-	-	1,910,560	1,910,560
-	1,330	1,465,857	106,333	3,651,024	3,946,346
<u>-</u>	<u>1,330</u>	<u>1,465,857</u>	<u>106,333</u>	<u>\$ 5,994,014</u>	<u>6,246,380</u>

See accompanying notes to the basic financial statements

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Capital Project Activities**  
**For the Fiscal Year Ended June 30, 2023**

	Brine Line Protection Project	Reach IV-D Corrosion Repair	Aqua Mansa Lateral Project	Basin Planning
<b>Operating revenues:</b>				
Other	-	-	-	-
<b>Total operating revenues</b>	-	-	-	-
<b>Operating expenses:</b>				
Studies and planning costs	313,486	-	-	471,557
<b>Total operating expenses</b>	313,486	-	-	471,557
<b>Net income (loss)</b>	(313,486)	-	-	(471,557)
<b>Non-operating revenues (expenses):</b>				
Member contributions	-	-	-	420,000
Intergovernmental	-	-	-	-
Investment earnings, net of fair value	-	-	-	6,823
Grant program expenditures	-	-	-	-
<b>Total non-operating revenues (expense)</b>	-	-	-	426,823
Total income (loss) before transfers	(313,486)	-	-	(44,734)
<b>Transfers</b>	199,608	-	13,134	-
<b>Changes in net position</b>	(113,878)	-	13,134	(44,734)
<b>Net position - beginning of year</b>	-	389,474	-	190,311
<b>Net position - end of year</b>	\$ (113,878)	389,474	13,134	145,577

Continued on next page.

See accompanying notes to the basic financial statements



<u>Watershed Management Plan</u>	<u>Basin Monitoring Program Task Force</u>	<u>PFAS Study</u>	<u>Weather Modification</u>	<u>Santa Ana River Fish Conservation</u>	<u>MSAR TMDL Task Force</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>628,549</u>	<u>460,876</u>	<u>377,857</u>	<u>136,221</u>	<u>34,747</u>	<u>175,716</u>
<u>628,549</u>	<u>460,876</u>	<u>377,857</u>	<u>136,221</u>	<u>34,747</u>	<u>175,716</u>
<u>(628,549)</u>	<u>(460,876)</u>	<u>(377,857)</u>	<u>(136,221)</u>	<u>(34,747)</u>	<u>(175,716)</u>
400,000	-	363,825	140,500	10,000	-
82,900	500,017	-	61,000	19,000	227,903
9,961	13,570	1,944	1,955	2,391	7,419
-	-	-	-	-	-
<u>492,861</u>	<u>513,587</u>	<u>365,769</u>	<u>203,455</u>	<u>31,391</u>	<u>235,322</u>
(135,688)	52,711	(12,088)	67,234	(3,356)	59,606
-	-	-	-	-	(145,964)
<u>(135,688)</u>	<u>52,711</u>	<u>(12,088)</u>	<u>67,234</u>	<u>(3,356)</u>	<u>(86,358)</u>
<u>335,486</u>	<u>328,657</u>	<u>(111)</u>	<u>(295)</u>	<u>108,981</u>	<u>374,121</u>
<u>199,798</u>	<u>381,368</u>	<u>(12,199)</u>	<u>66,939</u>	<u>105,625</u>	<u>287,763</u>

Continued on next page.

See accompanying notes to the basic financial statements

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position - Continued**  
**Capital Project Activities**  
**For the Fiscal Year Ended June 30, 2023**

	Regional Water Quality Monitoring Task Force	Arundo Management & Habitat Restoration	Emerging Constituents Task Force	Energy Water DAC Grant Project
<b>Operating revenues:</b>				
Other	\$ -	-	-	-
<b>Total operating revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating expenses:</b>				
Studies and planning costs	387,641	61,957	64,793	58,746
<b>Total operating expenses</b>	<u>387,641</u>	<u>61,957</u>	<u>64,793</u>	<u>58,746</u>
<b>Net income (loss)</b>	(387,641)	(61,957)	(64,793)	(58,746)
<b>Non-operating revenues (expenses):</b>				
Member contributions	-	-	-	-
Intergovernmental	278,226	-	113,009	84,561
Investment earnings, net of fair value	2,194	18,591	3,402	-
Grant program expenditures	-	-	-	-
<b>Total non-operating revenues (expense)</b>	<u>280,420</u>	<u>18,591</u>	<u>116,411</u>	<u>84,561</u>
Total income (loss) before transfers	(107,221)	(43,366)	51,618	25,815
<b>Transfers</b>	<u>145,964</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Changes in net position</b>	38,743	(43,366)	51,618	25,815
<b>Net position - beginning of year</b>	<u>31,665</u>	<u>2,768,540</u>	<u>83,878</u>	<u>-</u>
<b>Net position - end of year</b>	<u>\$ 70,408</u>	<u>2,725,174</u>	<u>135,496</u>	<u>25,815</u>

Continued on next page.

See accompanying notes to the basic financial statements

Prop 1 DACI Grant	Lake Elsinore Management	Prop 84 Grant Projects	Prop 1 Grant Projects	Total	
				2023	2022
-	203,714	-	-	203,714	191,841
-	203,714	-	-	203,714	191,841
19,395	213,715	-	-	3,405,256	2,578,723
19,395	213,715	-	-	3,405,256	2,578,723
(19,395)	(10,001)	-	-	(3,201,542)	(2,386,882)
-	10,000	-	-	1,344,325	865,000
300,749	-	2,257,594	5,934,019	9,858,978	13,087,951
-	-	-	-	68,250	18,463
(281,354)	-	(2,319,747)	(5,934,018)	(8,535,119)	(11,736,023)
19,395	10,000	(62,153)	1	2,736,434	2,235,391
-	(1)	(62,153)	1	(465,108)	(151,491)
-	-	-	-	212,742	171,625
-	(1)	(62,153)	1	(252,366)	20,134
-	1,331	1,528,010	106,332	6,246,380	6,226,246
-	1,330	1,465,857	106,333	5,994,014	6,246,380

See accompanying notes to the basic financial statements



# STATISTICAL SECTION





# Statistical Section

This part of the Authority’s annual comprehensive 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.

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<b>Financial Trends .....</b>	<b>77 - 78</b>
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These schedules contain information to help the reader understand how the Authority’s financial performance and well-being have changed over time.

<b>Revenue Capacity .....</b>	<b>79 - 84</b>
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These schedules contain information to help the reader assess the factors affecting the Authority’s ability to generate revenues.

<b>Debt Capacity .....</b>	<b>85 - 89</b>
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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.

<b>Demographic and Economic Information .....</b>	<b>90</b>
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This schedule offers demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place.

<b>Operating Information .....</b>	<b>91 - 92</b>
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This schedule contains 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**

	2023	2022	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	2019	2018	2017	2016	2015	2014
<b>Net Investment in Capital Assets</b>	\$70,815,204	\$73,427,321	\$76,739,960	\$79,824,095	\$82,216,012	\$85,226,499	\$90,622,870	\$84,798,833	\$82,709,425	\$80,456,568
<b>Restricted</b>	2,960,560	4,253,579	2,960,560	2,960,560	2,960,560	2,960,560	3,921,155	3,923,403	3,969,074	4,167,861
<b>Unrestricted</b>	6,212,624	712,028	(6,375,015)	(9,458,946)	(13,617,096)	(19,510,100)	(24,155,787)	(21,554,491)	(21,643,941)	(20,734,190)
<b>Total Net Position</b>	\$79,988,388	\$78,392,928	\$73,325,505	\$73,325,708	\$71,559,476	\$68,676,959	\$70,388,238	\$67,167,745	\$65,034,558	\$63,890,239

*(1) As restated for GASB Statement No. 87 Leases.*

*Source: Santa Ana Watershed Project Authority*

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

Fiscal Year	Operating Revenue <sup>(2)</sup>	Operating Expense <sup>(3)</sup>	Operating Income/(Loss)	Total Non-Operating Revenue/(Expense)	Income/(Loss) Before Capital Contributions	Special Items <sup>(4)(5)</sup>	Capital Contributions	Change in Net Position
2023	\$15,041,233	\$15,052,991	(\$11,758)	\$4,024,293	\$4,012,535	(\$2,677,507)	\$260,432	\$1,595,460
2022	14,748,232	15,373,429	(625,197)	1,671,492	1,046,295	4,021,128	-	5,067,423
2021 <sup>(1)</sup>	15,192,196	18,234,980	(3,042,784)	3,042,581	(203)	-	-	(203)
2020 <sup>(2)</sup>	14,251,066	17,228,552	(2,977,486)	4,743,719	1,766,233	-	-	1,766,233
2019	15,050,312	17,097,853	(2,047,541)	4,930,058	2,882,517	-	-	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	-	-	3,220,493
2016	12,049,027	12,762,714	(713,687)	2,846,874	2,133,187	-	-	2,133,187
2015	11,731,196	13,057,424	(1,326,228)	2,470,547	1,144,319	-	-	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)

(1) As restated for GASB Statement No. 87 Leases.

(2) See Table III for details of revenues.

(3) See Table IV for details of expenses.

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

(5) Pension and Other Post-Employment Benefits related adjustments sourcing from current year valuations prepared by CalPERS and the Authority's OPEB actuaries and are due to CalPERS realized gains on investments and actuarial determined changes which affected the pension cost share pool and CERBT OPEB trust participants.

Source: Santa Ana Watershed Project Authority

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

Operating Revenues					Non-Operating Revenues						
Fiscal Year	WWT & Disposal	WWT & Disposal Capacity Rights	Other Operating	Total Operating Revenue	Member Contributions	Inter Governmental	Pension/OPEB Income	Investment Income/Expense, net of fair value	Gain on Disposal of Asset	Total Non-Operating Income	Combined Revenue
2023	\$12,319,657	\$2,510,154	\$211,422	\$15,041,233	\$2,069,760	\$10,525,569	\$235,127	\$1,134,643	\$-	\$13,965,099	\$29,006,332
2022	12,040,521	2,510,154	197,557	14,748,232	1,581,845	13,673,784	4,021,128	(724,549)	-	18,552,208	33,300,440
2021 <sup>(1)</sup>	12,476,856	2,510,154	205,186	15,192,196	1,993,632	14,765,698	-	73,038	-	16,832,368	32,024,564
2020 <sup>(1)</sup>	11,547,220	2,510,154	193,692	14,251,066	2,105,955	9,466,587	-	1,496,354	-	13,068,896	27,319,962
2019 <sup>(2)</sup>	12,334,346	2,510,154	205,812	15,050,312	1,909,415	29,011,794	-	1,660,061	-	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	-	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	-	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

(1) As Restated for GASB Statement No. 87 Leases.

(2) GASB Statement 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**

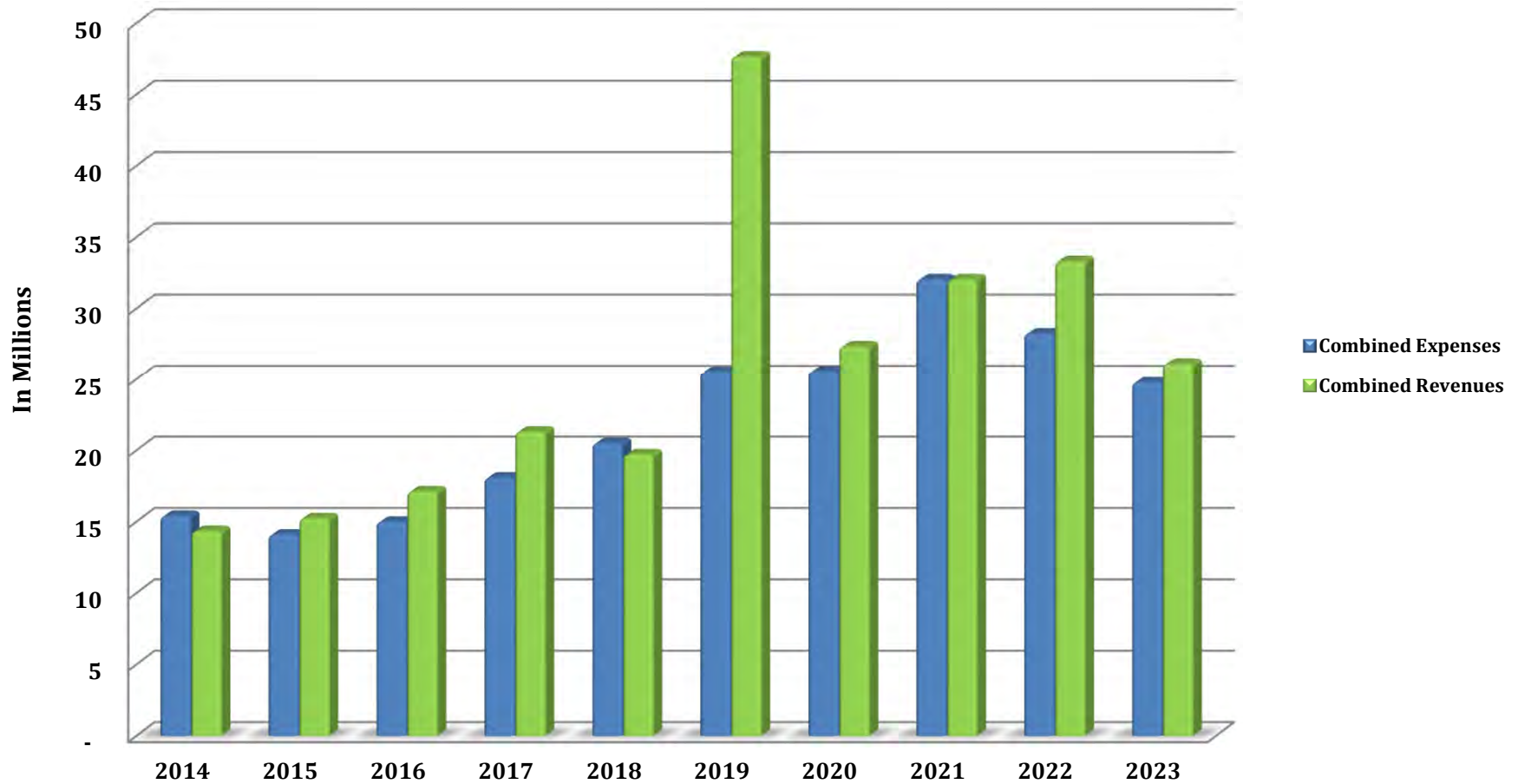
Operating Expenses								
Fiscal Year	WWT & Disposal	General & Admin	Studies & Planning Costs	Depreciation	Amortization of WWT Rights	Total Operating Expenses	Total Non-Operating Expenses	Combined Expenses
2023	\$6,957,971	\$692,402	\$3,405,256	\$3,069,476	\$927,886	\$15,052,991	\$12,618,313	\$27,671,304
2022	6,863,027	523,272	2,578,723	3,693,764	1,714,643	15,373,429	12,859,588	28,233,017
2021 <sup>(1)(2)</sup>	7,055,339	762,713	5,020,667	3,840,251	1,556,010	18,234,980	13,789,787	32,024,767
2020 <sup>(1)(2)</sup>	6,670,902	989,568	4,396,714	3,770,450	1,400,918	17,228,552	8,325,177	25,553,729
2019 <sup>(2)</sup>	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

*(1) As restated for GASB Statement No. 87 Leases.*

*(2) GASB Statement 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



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

Discharge Type	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Industrial *	205.6453	222.0080	187.3816	181.3119	146.2297	142.6609	182.3629	176.0173	149.1266	149.7733
Domestic *	390.9324	459.4311	372.6175	345.2252	365.5703	571.6977	605.6648	539.1186	686.9780	817.2502
Power Plant *	143.2049	136.2439	159.5573	174.6108	182.3315	168.1869	211.0939	203.7717	255.9079	238.1875
Water Supply/Desalter *	3,742.1344	3,169.4397	3,206.6906	3,286.5031	2,977.7296	2,862.8002	2,832.6086	2,789.4969	2,894.5452	2,698.2170
Temp/Emergency *	1.6801	1.5160	2.4556	5.4886	13.8265	0.0000	12.9104	4.7210	6.9285	10.6266
Truck Discharge *	43.4240	46.6620	40.6385	31.8486	32.1043	36.2431	29.9249	34.3066	27.2869	23.3557
<b>Total</b>	<b>4,527.0211</b>	<b>4,035.3007</b>	<b>3,969.3411</b>	<b>4,024.9882</b>	<b>3,717.7919</b>	<b>3,781.5888</b>	<b>3,874.5655</b>	<b>3,747.4321</b>	<b>4,020.7731</b>	<b>3,937.4103</b>

\* 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)
2023	\$1,049	\$353	\$520	\$150	\$6,654	\$13,505	(1)	n/a	n/a	n/a	\$0.016
2022	1,018	329	460	150	6,654	13,505	(2)	n/a	n/a	n/a	\$0.016
2021 <sup>(3)</sup>	1,018	329	460	150	6,654	13,505	(5)	n/a	n/a	n/a	\$0.016
2021 <sup>(4)</sup>	979	316	442	150	6,398	12,985	(6)	n/a	n/a	n/a	0.015
2020	979	316	442	150	6,398	12,985	(7)	n/a	n/a	n/a	0.015
2019	946	307	429	150	6,217	12,607	(7)	n/a	n/a	n/a	0.015
2018	901	307	429	150	5,921	12,007	(8)	0.017	0.035	(9)	0.012
2017	858	307	429	150	5,639	11,433	(8)	0.016	0.033	(10)	0.011
2016	817	301	420	150	5,370	10,888	(8)	0.015	0.032	(11)	0.010
2015	777	295	411	150	5,114	10,369	(8)	0.015	0.031	(12)	0.010
2014	736	266	395	150	4,870	9,875	(8)	0.015	0.031	(13)	0.010

\* MGD – million gallons per day

- 1) Fiscal year 2023 rates from July 1, 2022 through June 30, 2023. 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.
- 2) Fiscal year 2022 rates from July 1, 2021 through June 30, 2022. 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.
- 3) Fiscal year 2021 rates from January 1, 2021 through June 30, 2021.
- 4) Fiscal year 2021 rates from July 1, 2020 through December 31, 2020.
- 5) Fiscal year 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.
- 6) Fiscal year 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.
- 7) Fiscal year 2019 and fiscal year 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.
- 8) 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.
- 9) Fiscal year 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.
- 10) Fiscal year 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.
- 11) Fiscal year 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.
- 12) Fiscal year 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.
- 13) Fiscal year 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.

Source: Santa Ana Watershed Project Authority

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

Fiscal Year 2022-23

Customer Name	Discharge in MG <sup>(1)</sup>	Percentage of Total Discharge
Chino Desalter I	835.6691	18.5%
Temescal Desalter	640.4150	14.1%
Perris Desalter II	513.0777	11.3%
Perris Desalter I	472.9036	10.4%
Chino Desalter II	428.1382	9.5%
Menifee Desalter	285.6575	6.3%
JCSD - Etiwanda <sup>(2)</sup>	273.8720	6.0%
Arlington Desalter	250.9074	5.5%
Yucaipa Valley Water District	194.2179	4.3%
Mountainview Power Plant	135.3919	3.0%
<b>Total Principal Customers</b>	<b>4,030.2503</b>	<b>89.0%</b>
<b>Other Customers</b>	<b>496.7708</b>	<b>11.0%</b>
<b>Total Discharge</b>	<b>4,527.0211</b>	<b>100.0%</b>

Fiscal Year 2013-14

Customer Name	Discharge in MG <sup>(1)</sup>	Percentage of Total Discharge
Chino Desalter I	700.0474	17.8%
Temescal Desalter	593.7199	15.1%
Chino Desalter II	468.1660	11.9%
Arlington Desalter	411.6732	10.5
Perris Desalter	309.5459	7.9%
JCSD - Etiwanda <sup>(2)</sup>	286.3833	7.3%
Menifee Desalter	201.9270	5.1%
Mountainview Power Plant	155.0744	3.9%
Chino Institute for Women	154.0242	3.9%
California Rehabilitation Center	150.3972	3.8%
<b>Total Principal Customers</b>	<b>3,430.9585</b>	<b>87.1%</b>
<b>Other Customers</b>	<b>506.4518</b>	<b>12.9%</b>
<b>Total Discharge</b>	<b>3,937.4103</b>	<b>100.00%</b>

(1) MG – million gallons

(2) 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 <sup>(3)</sup>	Member Loans <sup>(4)</sup>	Leases Payable <sup>(1)</sup>	Total Debt	
2023	\$27,671,304	\$1,709,476	\$-	\$265,812	\$1,975,288	7.1%
2022	28,233,017	2,608,439	-	56,857	2,661,673	9.4%
2021 <sup>(1)(2)</sup>	32,024,767	2,835,753	-	53,601	2,889,354	9.0%
2020 <sup>(1)(2)</sup>	25,553,729	2,835,753	-	28,957	2,864,710	11.2%
2019 <sup>(1)</sup>	25,521,179	2,835,753	-	-	2,835,753	11.1%
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%

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:*

- (1) As restated for GASB Statement No. 87 Leases.*
- (2) GASB Statement 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.*
- (3) State Revolving Fund (SRF) Loans for construction of the Brine Line.*
- (4) Repurchase of Pipeline Capacity from Orange County Water District.*

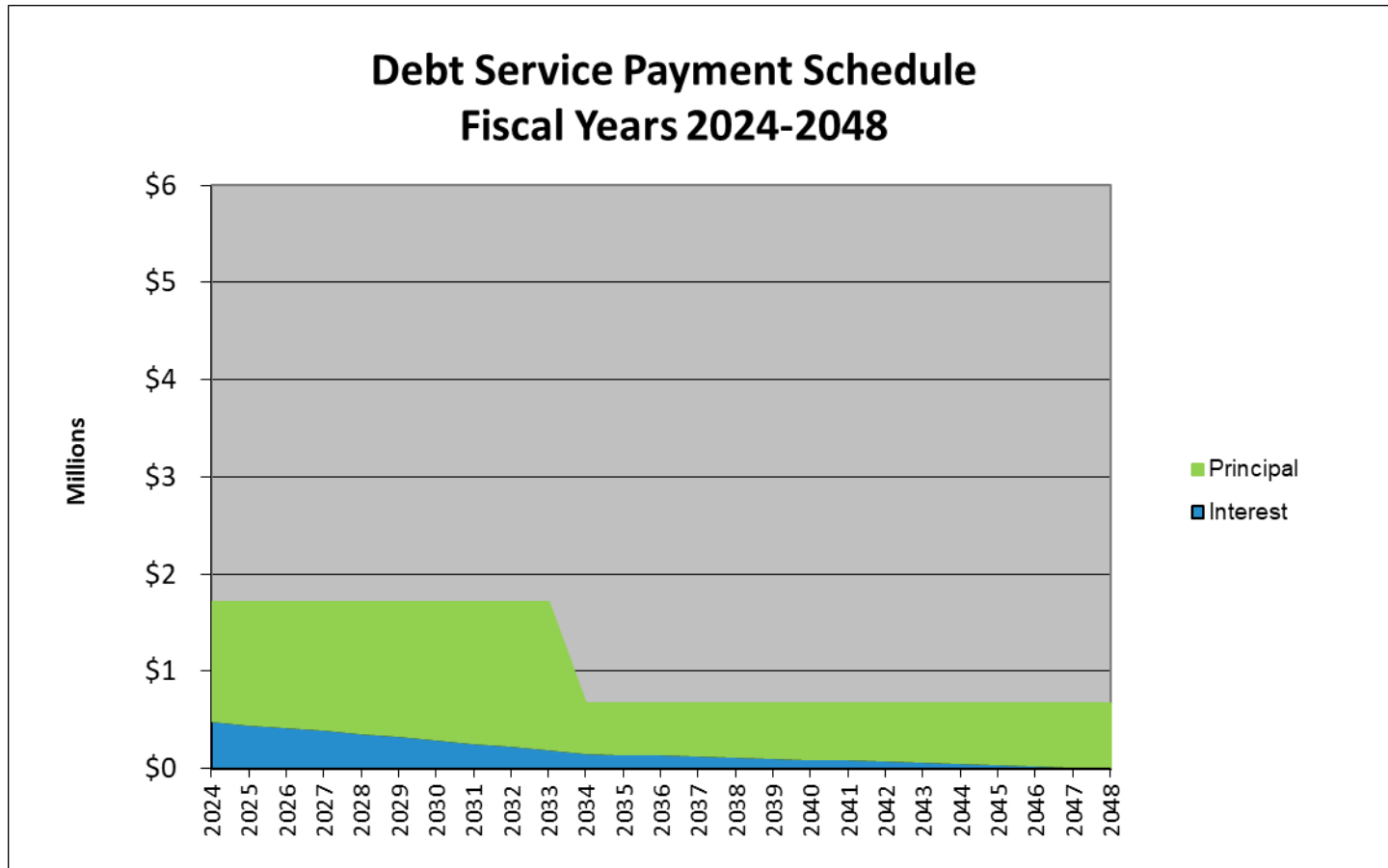
*Source: Santa Ana Watershed Project Authority*

**Table IX - Debt Service Payment Schedule  
Fiscal Years 2024 – 2048**

<b>Fiscal Year</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>	<b>Remaining Principal</b>
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

*Does not include future lease payments.  
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	Leases Payable <sup>(1)</sup>	Total Debt	Percentage of Personal Income <sup>(2)</sup>	Debt Per Capita <sup>(3)</sup>
2023	\$22,233,314	\$-	\$265,812	\$22,499,126	0.35%	\$9.22
2022	23,428,489	-	56,857	23,485,346	0.38%	9.64
2021 <sup>(1)</sup>	25,471,969	-	109,145	25,581,114	0.42%	10.42
2020 <sup>(1)</sup>	27,686,941	-	55,379	27,742,320	0.47%	11.36
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

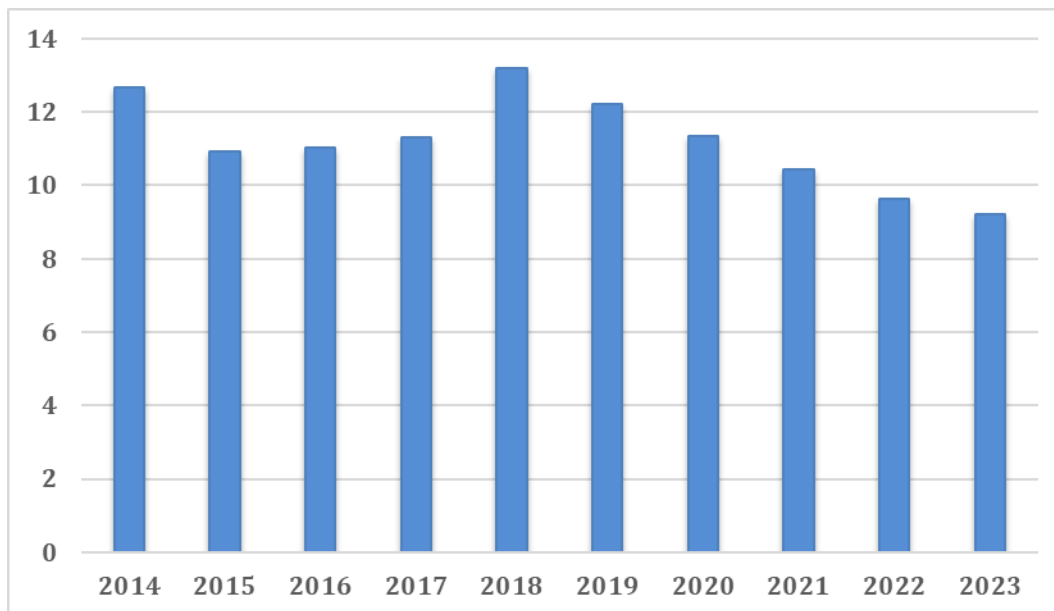
*(1) As restated for GASB Statement No. 87 Leases.*

*(2) Based upon Riverside County personal income amounts.*

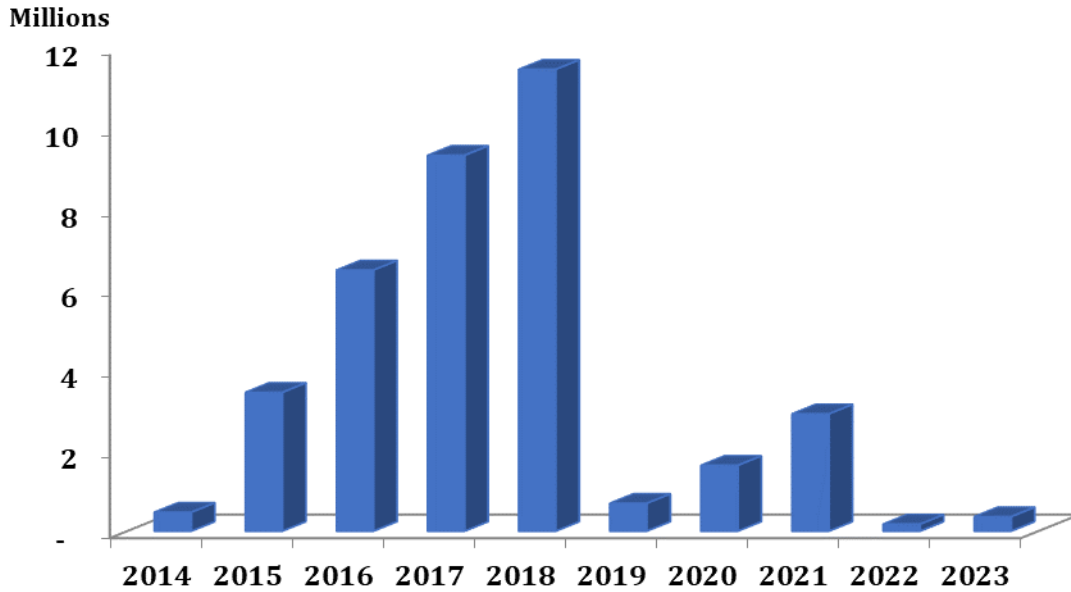
*See the personal income amounts on the Demographics and Economic Statistics schedule. Amounts for prior years are updated with the most recent available information.*

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

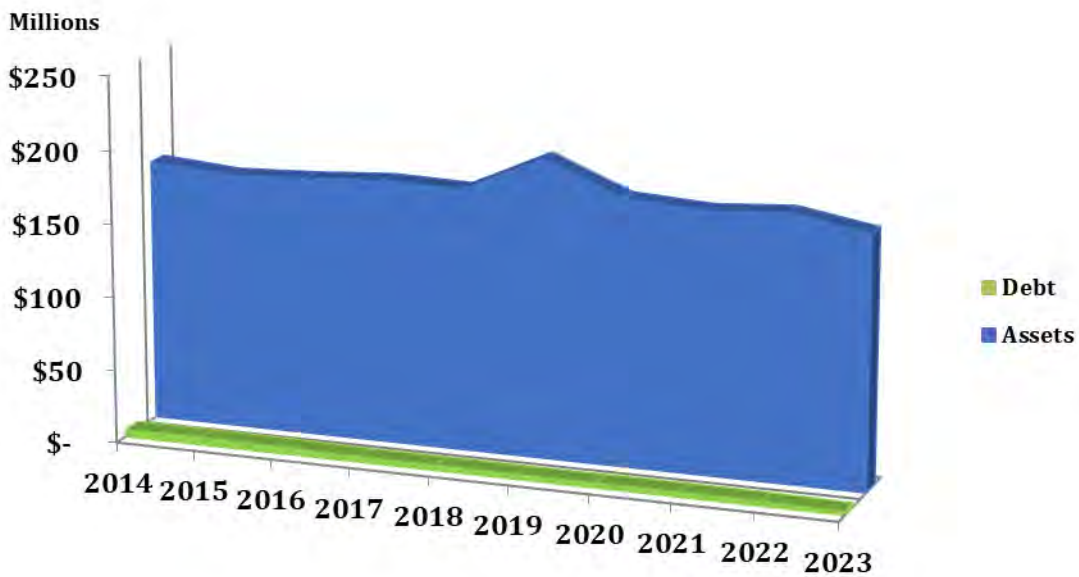
**Chart III – Outstanding Debt Per Capita  
Last Ten Fiscal Years**



### 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) <sup>4</sup>	
				County	State
2023	2,439,234	\$6,364,055,714	\$40,769 (2)	5.0%	4.9%
2022	2,435,525	6,224,569,480	39,850 (2)	4.0%	4.0%
2021	2,454,453	6,089,509,285	38,822 (5)	7.9%	8.0%
2020	2,442,304	5,905,881,400	37,951 (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%

(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 2023.

(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, 2022 (1)			June 30, 2013 (1)		
Employer	No of Employees	% of Total Labor Force	Employer	No of Employees	% of Total Labor Force
County of Riverside	23,772	2.1%	County of Riverside	18,728	2.2%
Amazon	14,500	1.3%	March Air Reserve Base	9,000	1.1%
March Air Reserve Base	9,600	0.9%	Stater Brothers Markets	6,900	0.8%
University of California, Riverside	8,593	0.8%	Wal-Mart	5,681	0.7%
Moreno Valley Unified School District	6,020	0.5%	University of California Riverside	5,497	0.7%
Kaiser Permanente	5,817	0.5%	Riverside Unified School District	5,000	0.6%
Corona-Norco Unified School District	5,478	0.5%	Corona-Norco Unified School District	4,633	0.5%
Riverside Unified School District	5,431	0.5%	Kaiser Permanente	4,500	0.5%
Stater Bros	4,699	0.4%	Moreno Valley Unified School District	3,355	0.4%
Mt. San Jacinto Community College District	4,638	0.4%	Hemet Unified School District	3,270	0.4%
<b>Total</b>	<b>88,548</b>	<b>7.9%</b>	<b>Total</b>	<b>66,564</b>	<b>7.9%</b>

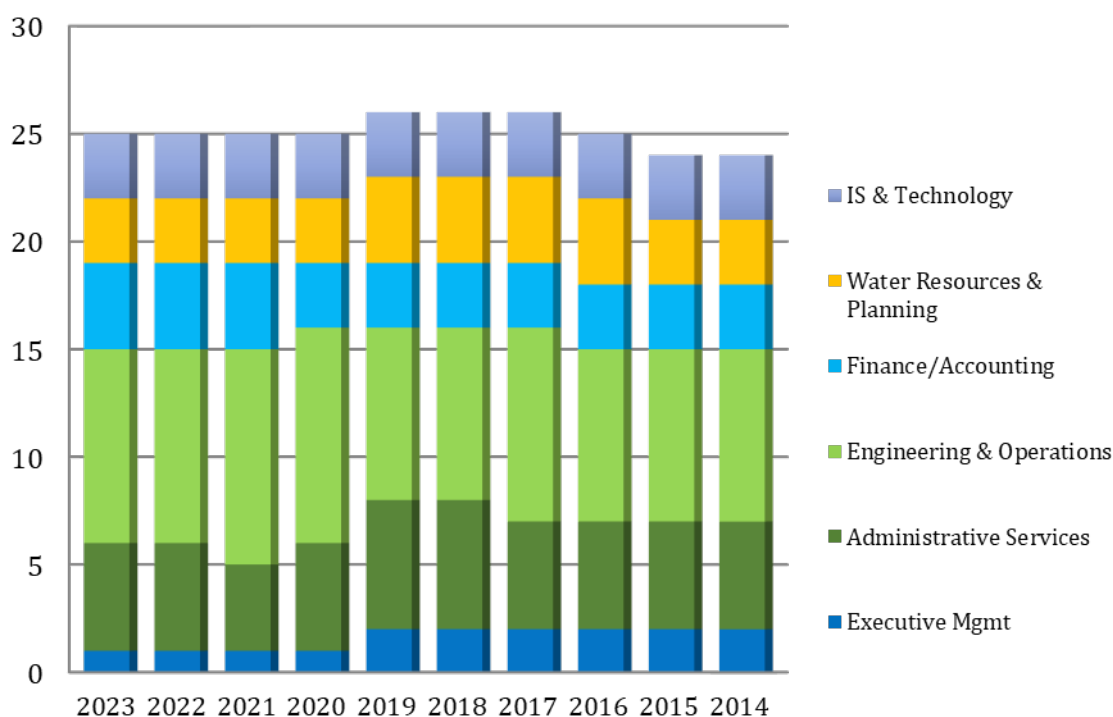
Sources: (1) County of Riverside Annual Consolidated Financial Report. Data presented is the most current available at the time of preparation of this report.

Table XIII - Number of Employees  
Last Ten Fiscal Years

Department	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Executive Management	1	1	1	1	2	2	2	2	2	2
Administrative Services	5	5	4	5	6	6	5	5	5	5
Engineering & Operations	9	9	10	10	8	8	9	8	8	8
Finance/Accounting	4	4	4	3	3	3	3	3	3	3
Water Resources & Planning	3	3	3	3	4	4	4	4	3	3
Information Systems & Technology	3	3	3	3	3	3	3	3	3	3
<b>Total</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>25</b>	<b>24</b>	<b>24</b>

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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Meter Connections</b>	43	43	43	43	40	41	51	48	48	50
<b>Number of Air Release Valves</b>	63	63	63	63	63	63	63	65	65	65
<b>Miles of Sewer Lines</b>	73	73	73	73	73	73	73	73	73	73
<b>Total Flows for Fiscal Years (MG)</b>	4,527.0211	4,035.30	3,969.34	4,024.99	3,717.79	3,781.59	3,874.56	3,747.43	4,020.77	3,937.41
<b>Owned Treatment Capacity (MGs)</b>	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*





**SANTA ANA WATERSHED  
PROJECT AUTHORITY**

**11615 Sterling Avenue  
Riverside, CA 92503**

**(951)354-4220**

**[www.sawpa.gov](http://www.sawpa.gov)**



# **Report on Internal Controls and Compliance**

Working Draft Subject to Review



**Independent Auditor's 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 (Authority) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises the Authority's basic financial statements, and have issued our report thereon dated December 19, 2023.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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*.



**Independent Auditor's 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*, continued**

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**C.J. Brown & Company CPAs**  
Cypress, California  
December 19, 2023

Working Draft Subject to Review

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**Santa Ana Watershed Project Authority**

**Management Report**

**June 30, 2023**

Working Draft Subject to Review

**Santa Ana Watershed Project Authority**

**Management Report**

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Working Draft Subject to Review

Board of Commissioners  
Santa Ana Watershed Project Authority  
Riverside, California

**Dear Members of the Board:**

In planning and performing our audit of the financial statements of the Santa Ana Watershed Project Authority (Authority ) as of and for the year ended June 30, 2023, 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, we considered the Authority 's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority 's internal control over financial reporting.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

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

**Current Year Comment and Recommendation**

***Disclosure of Audit Adjustments and Reclassifications***

As your external auditor, we assume that the books and records of the Authority are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the Authority 's financial statements in conformity with accounting principles generally accepted in the United States of America. For the Board of Commissioners to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board.

**Current Year Comment and Recommendation, continued**

***Management's Response***

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the Authority's accounting system to close-out the Authority's year-end trial balance as of June 30, 2023.

**Prior Year Comment and Recommendation**

***Disclosure of Audit Adjustments and Reclassifications***

As your external auditor, we assume that the books and records of the Authority are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America. For the Board of Commissioners to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board.

***Management's Response***

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the Authority's accounting system to close-out the Authority's year-end trial balance as of June 30, 2022.

\*\*\*\*\*

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the Authority, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

**C.J. Brown & Company CPAs**  
Cypress, California  
December 19, 2023

**APPENDIX**

**Santa Ana Watershed Project Authority**

**Finance Committee Letter**

**June 30, 2023**

Working Draft Subject to Review

Board of Commissioners  
Santa Ana Watershed Project Authority  
Riverside, California

We have audited the financial statements of the business-type activities of the Santa Ana Watershed Project Authority (Authority) for the year ended June 30, 2023, and have issued our report thereon dated December 19, 2023. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated May 11, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 19, 2023.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.



### **Required Risk Assessment Procedures per Auditing Standards:**

As auditors of the Authority, we are required per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit", to "ordinarily" presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

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 cash and 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 expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefit plan's deferred outflows of resources, net OPEB liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the Authority to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the Authority to determine that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to:

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

The disclosure of capital assets, net in Note 4 to the financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the Authority's other post-employment benefit plan in Note 8 to the financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosure of the Authority's defined benefit pension plan in Note 9 to the financial statements is based on actuarial assumptions which could differ from actual costs.

### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

#### **Identified or Suspected Fraud**

We have not identified or have not obtained information that indicates that fraud may have occurred.

#### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on pages 6 through 7 discloses all material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated December 19, 2023.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Authority's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

We applied certain limited procedures to the management discussion and analysis, schedules of changes in the Authority's net OPEB liability and related ratios, schedules of the Authority's proportionate share of net pension liability, and the schedule of pension plan contributions, 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 combining schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical information sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Conclusion**

We appreciate the cooperation extended to us by Jeff Mosher, General Manager, Karen Williams, Deputy General Manager and Chief Financial Officer, and the rest of the Authority staff in the performance of our audit testwork. We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Authority.

This report is intended solely for the information and 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 the specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

**C.J. Brown & Company CPAs**  
Cypress, California  
December 19, 2023

Working Draft Subject to Review

**Santa Ana Watershed Project Authority**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2023**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
CPE - To record TCC Grant with City of Riverside for April 2023 and June 2023.			
397-00-11021-00	Accrued Accounts Receivable	36,789.55	
397-00-40103-00	Other Grant Proceeds		36,789.55
<b>Total</b>		<b><u>36,789.55</u></b>	<b><u>36,789.55</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
GASB 68 Entry #1 - To reclassify 2022 contributions to NPL at June 30, 2023.			
100-00-20700-00	Net Pension Liability	567,850.00	
100-00-98000-00	Deferred Outflows of Resources - Actuarial		567,850.00
<b>Total</b>		<b><u>567,850.00</u></b>	<b><u>567,850.00</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
GASB 68 Entry #2 - To reclassify 2023 contributions to Deferred Outflows of Resources at June 30, 2023.			
100-00-98000-00	Deferred Outflows of Resources - Actuarial	622,000.00	
100-00-70106-01	Contra PERS Pension Plan		622,000.00
<b>Total</b>		<b><u>622,000.00</u></b>	<b><u>622,000.00</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
GASB 68 Entry #3 - To record changes in pension liability during FY21/22 at June 30, 2023. Note: Entries are summarized.			
100-00-70106-01	Contra PERS Pension Plan	2,789,018.00	
100-00-98000-00	Deferred Outflows of Resources - Actuarial	685,601.00	
100-00-98000-00	Deferred Outflows of Resources - Actuarial	1.00	
100-00-99000-00	Deferred Inflows of Resources - Actuarial	796,225.00	
100-00-99000-00	Deferred Inflows of Resources - Actuarial	2.00	
100-00-20700-00	Net Pension Liability		4,270,847.00
<b>Total</b>		<b><u>4,270,847.00</u></b>	<b><u>4,270,847.00</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY21/22 at June 30, 2023. Note: Entries are summarized.			
100-00-70106-01	Contra PERS Pension Plan	745,616.00	
100-00-98000-00	Deferred Outflows of Resources - Actuarial		444,688.00
100-00-99000-00	Deferred Inflows of Resources - Actuarial		300,928.00
<b>Total</b>		<b><u>745,616.00</u></b>	<b><u>745,616.00</u></b>
<b>Adjusting Journal Entries JE # 6</b>			
GASB 75 Entry #1 - To reclassify 2022 contributions made during the measurement period as of June 30, 2022 to Net OPEB Liability.			
100-00-20705-00	Net OPEB Liability	46,871.00	
100-00-98100-00	Deferred Outflows of Resources - OPEB		46,871.00
<b>Total</b>		<b><u>46,871.00</u></b>	<b><u>46,871.00</u></b>

**Santa Ana Watershed Project Authority**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2023**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 7</b>			
GASB 75 Entry #2 - To defer the FY 2023 OPEB contributions to Deferred Outflows of Resources at June 30, 2023 (NOTE: These OPEB Contributions will be used to reduce Net OPEB Liability at June 30, 2023).			
100-00-98100-00	Deferred Outflows of Resources - OPEB	102,379.00	
100-00-81010-00	Retiree Medical Expense		102,379.00
<b>Total</b>		<b><u>102,379.00</u></b>	<b><u>102,379.00</u></b>
<b>Adjusting Journal Entries JE # 8</b>			
GASB 75 Entry #3 - To record changes in OPEB liability during FY21/22 at June 30, 2023.			
100-00-98100-00	Deferred Outflows of Resources - OPEB	407,021.00	
100-00-99100-00	Deferred Inflows of Resources - OPEB	163,932.00	
100-00-20705-00	Net OPEB Liability		277,894.00
100-00-81010-00	Retiree Medical Expense		113,786.00
100-00-98100-00	Deferred Outflows of Resources - OPEB		15,341.00
100-00-98100-00	Deferred Outflows of Resources - OPEB		163,932.00
<b>Total</b>		<b><u>570,953.00</u></b>	<b><u>570,953.00</u></b>
<b>Adjusting Journal Entries JE # 9</b>			
GASB 75 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY21/22 at June 30, 2023.			
100-00-99100-00	Deferred Inflows of Resources - OPEB	205,169.00	
100-00-81010-00	Retiree Medical Expense		18,962.00
100-00-98100-00	Deferred Outflows of Resources - OPEB		143,884.00
100-00-98100-00	Deferred Outflows of Resources - OPEB		42,323.00
<b>Total</b>		<b><u>205,169.00</u></b>	<b><u>205,169.00</u></b>
<b>Total Adjusting Journal Entries</b>		<b><u>7,168,474.55</u></b>	<b><u>7,168,474.55</u></b>
<b>Total All Journal Entries</b>		<b><u>7,168,474.55</u></b>	<b><u>7,168,474.55</u></b>

**Legend:**

CPE	Client Prepared Adjusting Journal Entry
GASB 68 Entry	GASB 68 Pension Adjusting Journal Entry
GASB 75 Entry	GASB 75 OPEB Adjusting Journal Entry

**COMMISSION MEMORANDUM NO. 2023.74**

**DATE:** December 19, 2023  
**TO:** SAWPA Commission  
**SUBJECT:** Irrigation Replacement and Landscape Refresh Project  
**PREPARED BY:** David Ruhl, Executive Manager of Engineering and Operations

**RECOMMENDATION**  
That the Commission:

1. Reject all bids for the Irrigation Replacement and Landscape Refresh Project (Project), and direct the General Manager to re-issue a Notice Inviting Bids for the Construction of the Project;
2. Authorize the General Manager to approve Task Order BGB100-03 in the amount of \$5,490 with BGB Design Group for permitting, bidding, and construction support for the Project; and
3. Approve \$5,490 from the Building Reserve Fund for permitting, bidding and construction support for the Project.

**DISCUSSION**

In November 2023, the Commission directed staff to issue a Notice Inviting Bids for the Project. A pre-bid meeting was held on November 14, 2023. Construction bids were received and opened on December 7, 2023 during which time one bid was received as follows:

<u>Bidder (1)</u>	<u>Bid Amount</u>
Marina Landscape	\$212,118.44

- (1) One bid was not accepted because it was not submitted at the proper time and place identified in the contract documents.

The bid received was deemed non-responsive due to omission of several documents defined in the Contract Documents for submission with the Bid. Due to receiving only one non-responsive bid it is recommended to reject the bid and re-issue the Noticing Inviting Bids for the Project.

Construction Cost Estimate

The estimate of construction cost for the Irrigation Replacement and Landscape Refresh Project is \$170,203. As of September 30, 2023, the Building Reserve fund has \$843,603 available. Two Task Orders were issued to BGB Design for design and bidding of the project for a total amount of \$23,320. A new Task Order in the amount of \$5,490 is necessary for permitting, support for rebidding the project and support during construction, see attached Task Order.

<b>Schedule of Critical Activities</b>	
Commission Approval – Notice Inviting Bids	December 19, 2023
Issue Notice Inviting Bids	December 20, 2023
Commission Approval – Award Contract	February 6, 2023
Construction	March – May 2024

CEQA Notice of Exemption

The project is categorically exempt from CEQA under the Public Resources Code Section 15301(a).

**RESOURCE IMPACTS**

Sufficient funds are available in the Building Reserve Fund to cover the design, construction and construction management costs for the Project.

Attachments:

1. Task Order BGB100-03
2. PowerPoint





**SANTA ANA WATERSHED PROJECT AUTHORITY  
TASK ORDER NO. BGB100-03**

**CONSULTANT:** BGB Design Group **VENDOR NO.:** 2280  
 3185-C1 Airway Avenue  
 Costa Mesa, CA 92626

**COST:** **\$5,490.00**

**PAYMENT:** Upon Receipt of Proper Invoice

**REQUESTED BY:** Edina Goode, Administrative Services Manager December 19, 2023

**FINANCE:** \_\_\_\_\_  
Karen Williams, Deputy GM/CFO Date

**FINANCING SOURCE:** Acct. Coding: 100-00-13100-00  
 Acct. Description: Assets Clearing Account

**COMMISSION AUTHORIZATION REQUIRED FOR THIS TASK ORDER:** YES (X) NO ( )  
 Authorization: December 19, 2023; CM#2023.74

This Task Order is issued upon approval and acceptance by the Santa Ana Watershed Project Authority (SAWPA) and BGB Design Group (Consultant) pursuant to the Agreement for Services between SAWPA and Consultant, entered into on May 16, 2023, expiring December 31, 2026.

**I. PROJECT NAME OR DESCRIPTION**

SAWPA Irrigation Replacement and Landscape Refresh

**II. SCOPE OF WORK / TASKS TO BE PERFORMED**

Consultant shall provide all labor, materials, and equipment for the permitting support, bidding administration, and construction support for SAWPA's Irrigation Replacement and Landscape Refresh.

**III. PERFORMANCE TIME FRAME**

Consultant began work December 1, 2023, and shall complete performance of such services by **June 30, 2024**.

**IV. SAWPA LIAISON**

Edina Goode and David Ruhl shall serve as liaison between SAWPA and Consultant.

**V. COMPENSATION**

For all services rendered by Consultant pursuant to this Task Order, Consultant shall receive a total not-to-exceed sum of **\$5,490.00**. Payment for such services shall be made monthly upon receipt of timely and proper invoices from Consultant, as required by the above-mentioned Agreement. Each such invoice shall be provided to SAWPA by Consultant within 15 days after the end of the month in which the services were performed.



December 4, 2023

Edina Goode  
**Santa Ana Watershed Project Authority (“SAWPA”)**  
11615 Sterling Ave.  
Riverside, CA 92522

Subject: Add Service for Permitting Coordination and Construction Support for SAWPA  
Irrigation Replacement and Landscape Refresh

Dear Ms. Goode:

BGB Design Group (“BGB”) shall provide the following Permitting Coordination and Construction Support for the SAWPA renovation project.

### **SCOPE OF ADD SERVICE**

It is understood that SAWPA will be initiating solicitation for bid in early November. Following initial permitting coordination, the City subsequently removed the permitting requirements. Permitting coordination shall be billed on an hourly basis.

#### **1.0 PERMITTING / BIDDING ADMINISTRATION**

- 1.1 Submit plans to the City of Riverside Planning Department.
- 1.2 Address corrections as required and provide re-submission if needed.
- 1.3 Planning Department fees shall be paid directly by SAWPA.
- 1.4 Coordination with SAWPA staff to draft addenda and provide drawing updates.

#### **2.0 CONSTRUCTION SUPPORT PHASE**

Due to the nature of this project which contains varied conditions that may be difficult to describe within the Bid Documents, it is advised that the Landscape Architect be retained during this phase of work to provide periodic site visits for communication of project goals to the Contractor.

- 2.1 Attend Pre-Construction meeting.
- 2.2 Provide necessary prints to all parties at the City's request. The cost of all printing shall be reimbursed to consultant at cost to the City.

Add Service for Permitting Coordination and Construction Support - SAWPA Refresh Project  
December 4, 2023

- 2.3 Answer contractor questions, administer any addenda, clarifications, or submittal reviews necessary.
- 2.4 Provide periodic field observation services that may include; review of grub and clearing, rough grade and alignment of rock mulch layout, review of decomposed granite trail improvements, plant placement, tree trimming direction, irrigation intent review and final punch list.
- 2.5 Preparation of Record Drawings from Contractor As-Built irrigation plans. Contractor shall provide BGB with accurate notated field drawings which BGB will update CAD files. Contractor will use CAD as-built files to prepare colored controller charts per specifications.

3.0 FEES

The fee for Landscape Architectural services as outlined above will be performed on a time and materials basis at our standard rates.

Permitting (Hourly Not to Exceed):

3 hrs. @ \$180 (Principal)	\$ 540.
6 hrs. @ \$135 (CAD Drafting)	810.

Construction Support Phase (Hourly Not to Exceed)

20 hrs. @ \$180	3,600
4 hrs. @ \$135 (CAD Record Drawing Drafting)	540.

Total Hourly Not to Exceed Service Fee: \$ 5,490.

Submitted By,

Approved By,

BGB Design Group:

SAWPA Representative:



Arthur D. Guy, ASLA  
President

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



# SAWPA Building Irrigation Replacement and Landscaping Refresh

December 19, 2023

Item No. 6.B

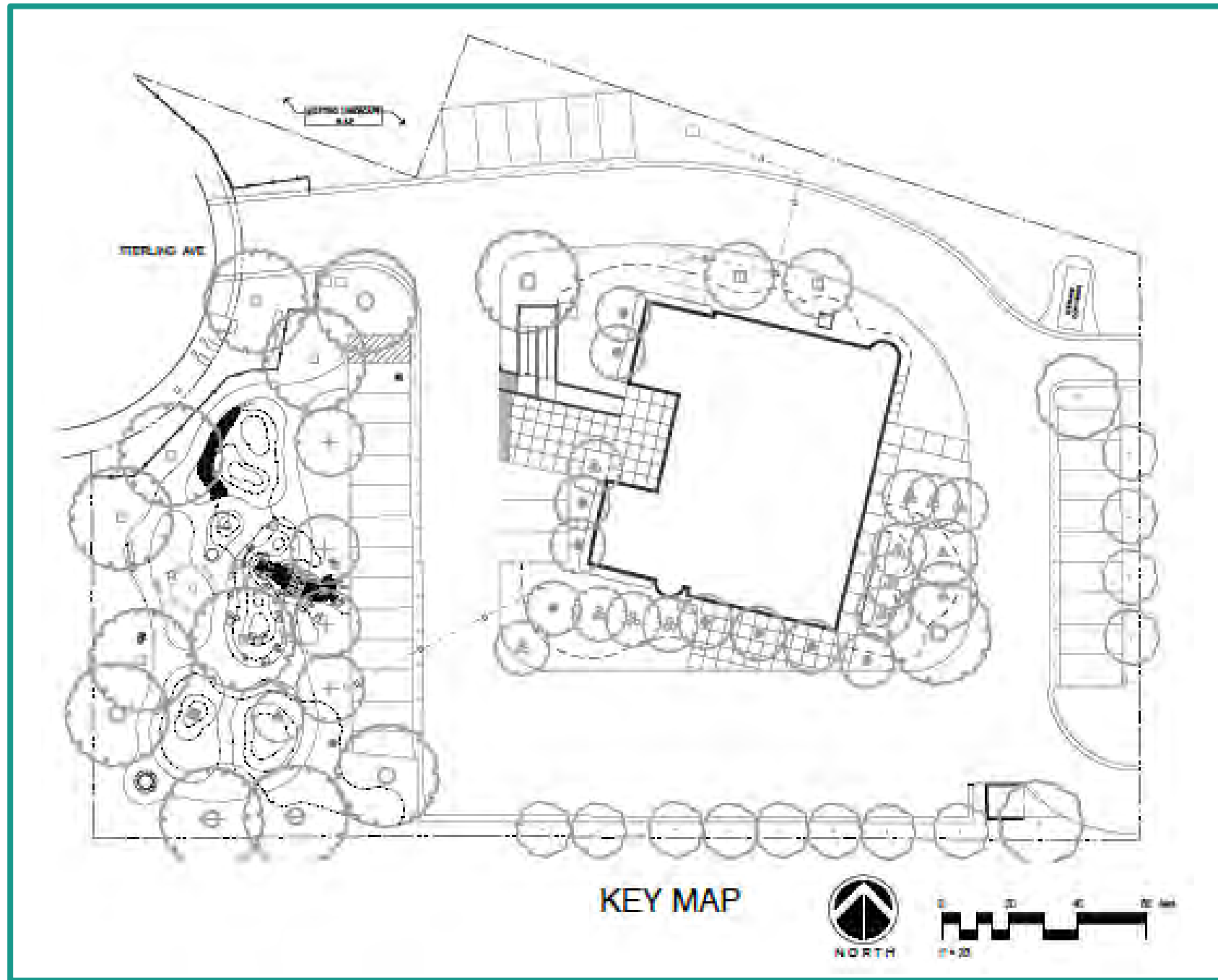
David Ruhl

Executive Manager of Engineering and Operations

# Recommendation

- Reject all bids for the Irrigation Replacement and Landscape Refresh Project (Project) and direct the GM to re-issue a Notice Inviting Bids for the Construction of the Project;
- Authorize the General Manager to approve a Task Order BGB100-03 for \$5,490 with BGB Design Group for permitting, bidding, and construction support for the project; and
- Approve \$5,490 from the Building Reserve Fund

# Irrigation Replacement and Landscape Refresh



- Refresh plantings and SAWPA building grounds with new landscape
- Replace irrigation system

# Summary of Bids

- Pre-bid meeting November 14<sup>th</sup>
- Bids Received December 7<sup>th</sup>
- One bid received

## Bidder (1)

- Marina Landscape
- Estimate of Construction Costs

## Bid Amount

\$212,118.44  
\$170,203.00

- (1) One bid was not accepted because it was not submitted at the proper time and place identified in the contract documents
- Bid received was deemed non-responsive due to omission of several documents defined in the contract documents



# Permitting, Bidding, and Construction Support

---

- BGD Design Group prepared the landscape plans and specifications (\$23,320)
- Additional work necessary for permitting, bidding and support during construction (\$5,490)
- Funding from the Building Reserve Fund

# SCHEDULE

Commission Approval –Notice Inviting Bids	December 19, 2023
Issue Notice Inviting Bids	December 20, 2023
Commission Approval – Award Construction Contract	February 6, 2024
Construction	February – May 2024

# Recommendation

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- Reject all bids for the Irrigation Replacement and Landscape Refresh Project (Project) and direct the General Manager to re-issue a Notice Inviting Bids for the Construction of the Project;
- Authorize the General Manager to approve Task Order BGB100-03 for \$5,490 with BGB Design Group for permitting, bidding, and construction support for the project; and
- Approve \$5,490 from the Building Reserve Fund

Questions?

# Thank You

---

David Ruhl  
Santa Ana Watershed Project Authority  
Office (951) 354-4220  
druhl@sawpa.org  
sawpa.org



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## **SAWPA COMMISSION MEMORANDUM NO. 2023.75**

**DATE:** December 19, 2023  
**TO:** SAWPA Commission  
**SUBJECT:** SARCCUP Water Use Efficiency Task Budget Adjustment  
**PREPARED BY:** Ian Achimore, Senior Watershed Manager

### **RECOMMENDATION**

That the Commission approve to Utilize the SARCCUP Water Use Efficiency's cost savings for:

1. Change Order No. 3 with Quantum Spatial (NV5) for \$19,599, to provide final deliverables to the City of Chino Hills, and
2. Provide \$150,000 to Orange County Water District for approximately 600 additional water use efficiency budgets through their partnership with Municipal Water District of Orange County.

### **DISCUSSION**

Through the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP), SAWPA is the lead for implementing the SARCCUP Water Use Efficiency Task which includes the following scope:

- SAWPA works with up to ten retail water agencies in the watershed to create efficiency-based water budgets.
- Efficiency budgets provide 1,200 acre-feet (AF) over a three-year period (i.e. 400 AFY).

The task is implemented through the following components:

- SAWPA and consultant, NV5, are working with eight upper watershed retail water agencies.
- Municipal Water District of Orange County (MWDOC) is working with several retail water agencies in northern Orange County.
  - SAWPA and Orange County Water District have sub-agreement to fund MWDOC's efforts.

The combined cost for the NV5 Change Order (\$19,599) and MWDOC/OCWD (\$150,000) is \$169,599. There is approximately \$290,000 in cost savings through SARCCUP's Water Use Efficiency Task budget. The process to develop the recommendation of utilizing the \$290,000 in cost savings for the Change Order and MWDOC/OCWD was shared with the PA 22 Advisory Workgroup (composed of staff from the SAWPA member agencies and MWDOC) on October 16<sup>th</sup>, and the SAWPA member agency planning department managers on November 9<sup>th</sup> and December 14<sup>th</sup>. No concerns with this recommended approach were raised.

### **RESOURCE IMPACTS**

The combined cost for the NV5 Change Order (\$19,599) and MWDOC/OCWD (\$150,000) is \$169,599. There is approximately \$290,000 in cost savings through SARCCUP's Water Use Efficiency Task budget. The total budget approved by the PA 22 and PA 23 Committees is \$1,652,000. This amount is composed of \$504,000 in grant and \$1,148,000 in match. The match is provided by the five SAWPA member agencies (they each share this 1/5 each). The

match has been fully invoiced and paid for by the SAWPA member agencies (i.e. no further invoicing to the SAWPA member agencies is required).

Attachments:

1. PowerPoint Presentation
2. Change Order No. 3 with NV5
3. General Services Agreement with NV5





SANTA ANA WATERSHED  
PROJECT AUTHORITY

# SARCCUP Water Use Efficiency Task Budget Adjustment

SAWPA Commission  
Item No. 6.C  
Ian Achimore  
Senior Watershed Manager  
December 19, 2023

# Recommendation

Utilize SARCCUP Water Use Efficiencies cost savings for:

- 1) Change Order No. 3 with Quantum Spatial (NV5) for \$19,599 to provide final deliverables to the City of Chino Hills, and
- 2) Provide \$150,000 to Orange County Water District for approximately 600 additional water use efficiency budgets through their partnership with Municipal Water District of Orange County.

Note: This recommended option for funding to be provided to OCWD/MWDOC was reviewed by the PA 22 Advisory Workgroup.

# About Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)

- SARCCUP is funded by a Proposition 84 Department of Water Resources (DWR) Integrated Regional Water Management grant through the SAWPA One Water One Watershed Program and local match from the member agencies.
- Total grant is \$55,000,000; Total match is \$94,000,000
  - Total cost is \$149,000,000
- SARCCUP scope is composed of conjunctive use, native fish habitat, Arundo Donax removal, project management, and water use efficiency tasks.
- Total SARCCUP Water Use Efficiency Task budget is \$1,652,000
  - \$504,000 is grant; \$1,148,000 is match
  - Today's action does not require further invoicing for match to the member agencies.





# Purpose of SARCCUP Water Use Efficiency Task

## Dedicated Irrigation Meter (DIM) Customer Example

### High-level Scope of work from DWR grant agreement:

- SAWPA works with **up to ten retail water agencies** in the watershed to create efficiency-based water budgets.
- Efficiency budgets provide **1,200 acre-feet** over a three-year period (i.e. 400 AFY).

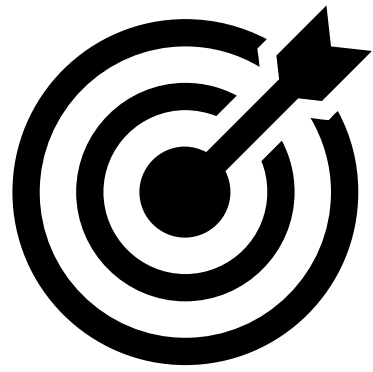
### How task is implemented:

- SAWPA and consultant, NV5, are working with eight upper watershed retail water agencies.
- Municipal Water District of Orange County is working with several retail water agencies in northern OC.
  - SAWPA and OCWD have a sub-agreement to fund MWDDOC.



Meter service  
area (MSA)

# State Water Board Water Conservation Rulemaking



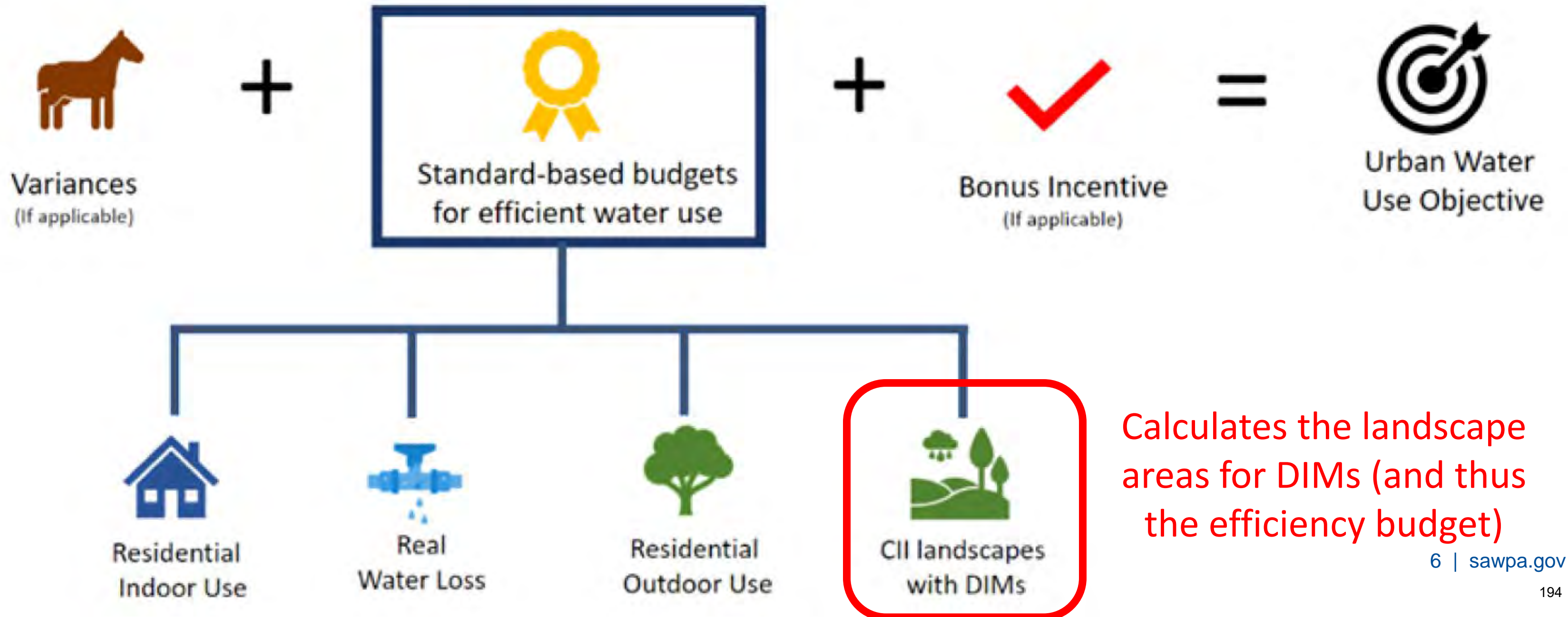
- Due to AB 1668 and SB 606, known collectively as “Making Water Conservation a California Way of Life”, most California retail water agencies that submit urban water management plans will have to develop service area water budgets.
- These budgets are known as “urban water use objectives”
- AB 1668/SB 606 direct the Water Board to adopt long-term volumetric standards for the efficient use of water and performance measures for commercial, industrial, and institutional water use.
- The rulemaking water use objective rulemaking’s comment period closed on October 17, 2023, and the board considers adoption in Summer 2024. The rule will become effective, if adopted, on October 1, 2024.





# Connection to State Water Board Rulemaking

Figure 1: How a supplier calculates its urban water use objective



# Connection to Landscape Area Measurement

Figure 4: How a supplier would calculate its Outdoor Budget for CII landscapes with DIMs



N|V|5  
GEOSPATIAL

This SARCCUP task is focused on determining this variable for a retail partner's DIMs

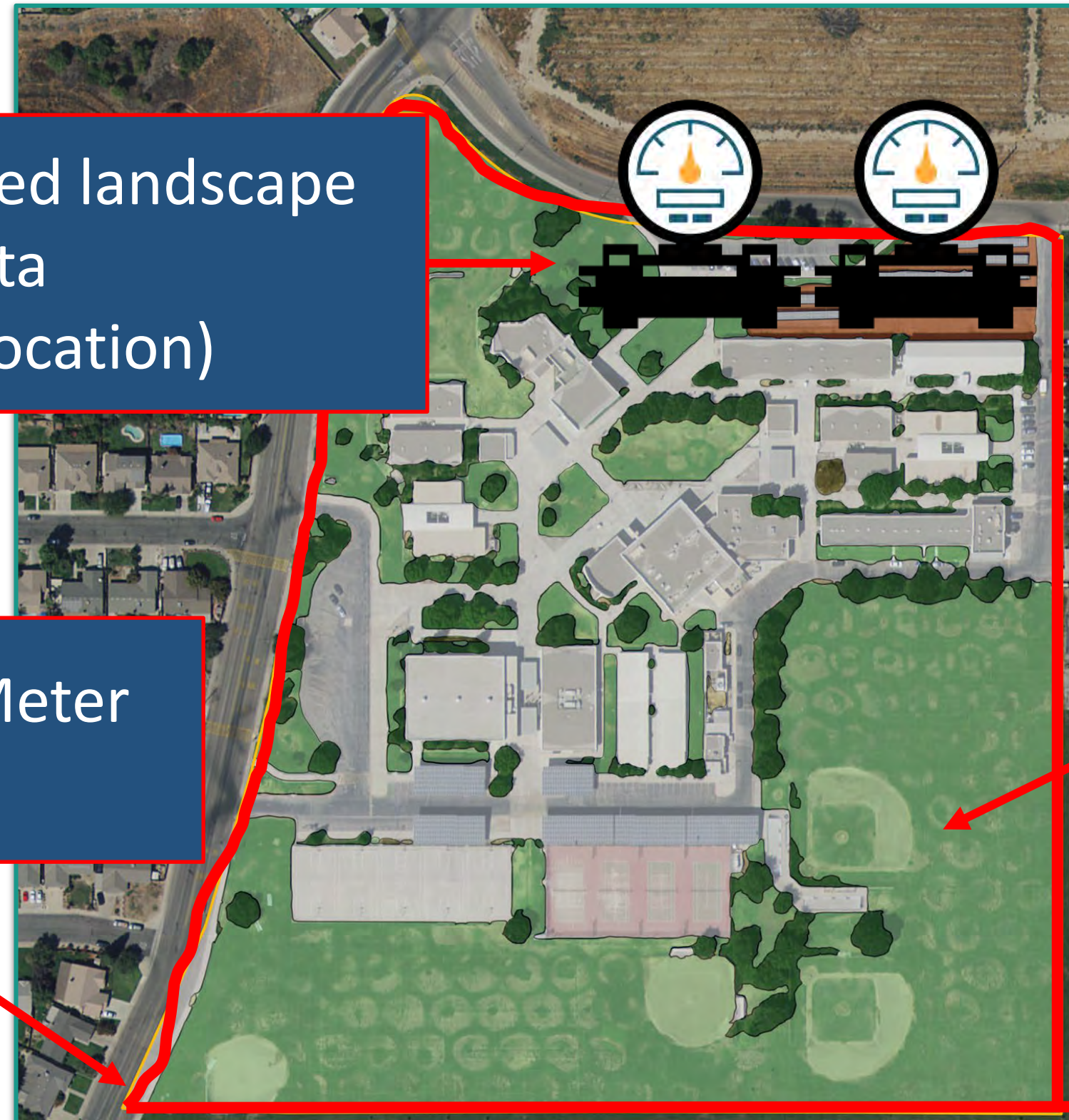


# Steps to Create Water Budgets for DIMs

NV5 analyze dedicated landscape meter data (i.e. customer location)

NV5 determines Meter Service Area

NV5 analyzes landscapes within the Meter Service Area in GIS



NV5  
GEOSPATIAL



# Upper Watershed Retail Partner Status

Member Agency	Retail Partner	Status Update
EMWD	✓ City of Hemet	Complete - the final efficiency budgets and web database* has been delivered to the District.
EMWD	City of Perris	City staff is reviewing landscape areas with slopes and recreation features.
IEUA	✓ Monte Vista WD	Complete - the final efficiency budgets and web database has been delivered to the District.
IEUA	Chino Hills	Change order considered by PA 22 Committee.
SBVMWD	San Bernardino	SAWPA has QA/QC'd the final deliverables. NV5 to package them soon for delivery to the City.
SBVMWD	✓ Loma Linda	Complete - the final efficiency budgets and web database has been delivered to the City.
WMWD	✓ Riverside	Complete - the final efficiency budgets and web database has been delivered to the City.
WMWD	✓ Jurupa CSD	Complete - the final efficiency budgets and web database has been delivered to the District.

\*Retail partners get access to a web-based database provided by NV5's sub-contractor Eagle Aerial Solutions.

# Reason for SAWPA/NV5 Change Order



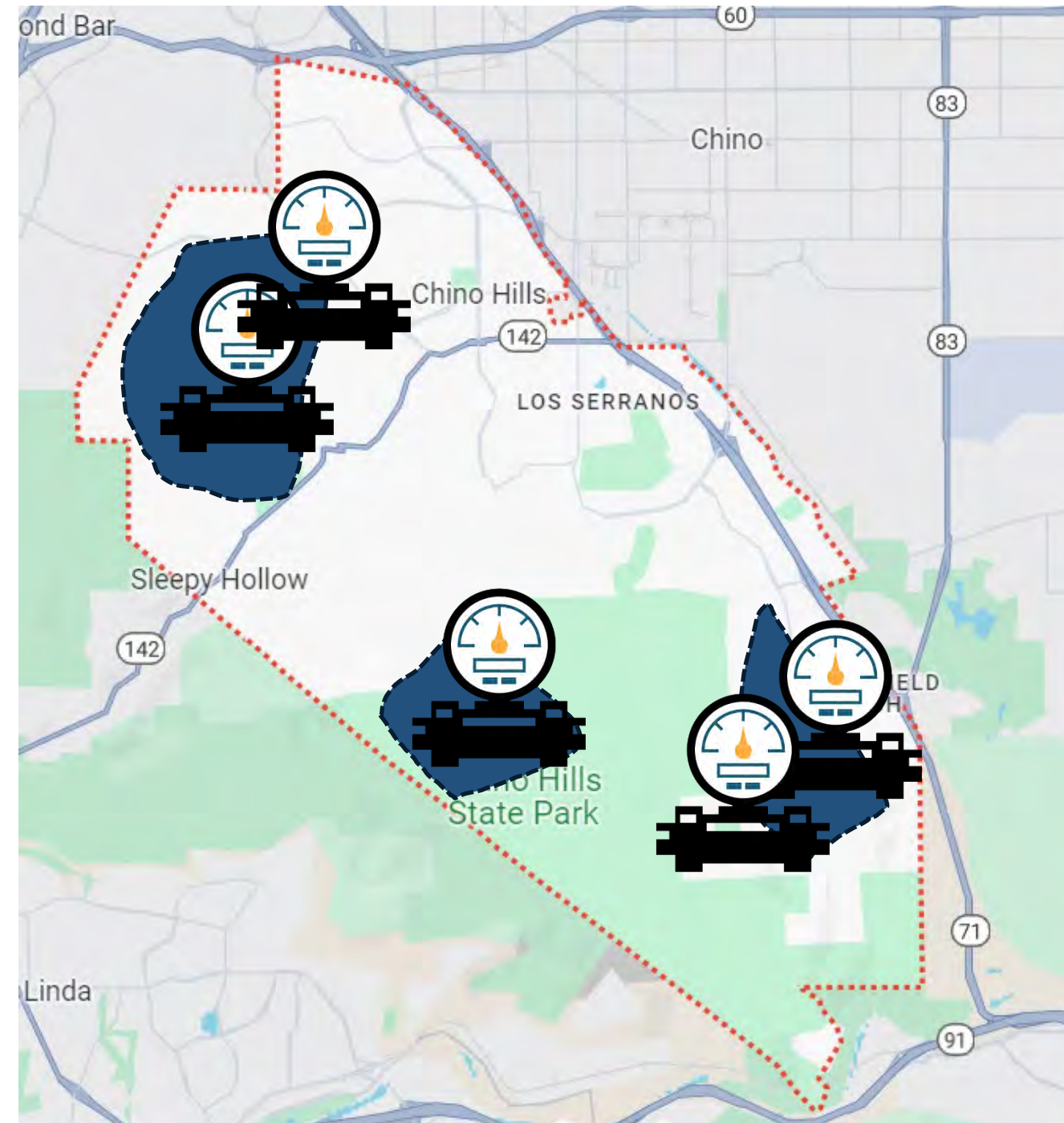
- 135 dedicated irrigation meter (DIM) customer meter data were originally received from the City of Chino Hills in February 2022.
  - From that DIM data, the SAWPA Consultant NV5 developed 90 Meter Service Areas (MSAs) billed at the current rate in Task Order.



- When reviewing the 90 MSAs product from NV5 in Fall 2023, City staff noticed they had not provided all DIM customer data initially in February 2022. They discovered they had 206 additional DIMs (for a total of 341). The initial meters were missed due to City staff changes.

- NV5 needs to re-analyze the 135 DIMs in the context of the additional 206 DIMs.
  - Some of the 135 meters are located in close proximity to the 206 DIMs and may ultimately represent the same MSA.
  - The work to create final budgets will cost \$19,599.

# Illustrating the Reason for Re-Analysis of Data



Dedicated Irrigation  
Meter:



Meter Service Area:



# Change Order Overview

Task Order Section	Customer Meters Covered	Associated MSAs Covered	Cost for this Scope
Meter Service Area Creation And Web-Based Database	135	90	Covered in existing Task Order
Meter Service Area Creation	206	~103*	\$16,200
Web-Based Database			\$3,399
<b>Total</b>	<b>341</b>	<b>~193</b>	<b>\$19,599</b>

\*\*Since the amount of meter service areas (MSAs) won't be known until the 206 meters are analyzed, approximately MSAs 103 is estimated. Although 103 is estimated, the price for this work is capped at \$16,200 and \$3,399 for this change order scope.

# MWDOC Partners

1. Brea
2. Fountain Valley
3. Fullerton
4. Garden Grove
5. La Habra
6. Newport Beach
7. Orange
8. Santa Ana
9. Seal Beach
10. Tustin
11. Yorba Linda Water District



Note: Buena Park has not signed up yet but likely will soon; Westminster, La Palma, Mesa may be joining as well.



- In June 2021, the PA 22 Committee approved an initial sub-agreement amendment with OCWD to provide OCWD with \$118k in grant funding for this task,
  - OCWD also agreed to execute an agreement with MWDOC to transfer this \$118k to them on an invoice-for-work basis,
  - This was done again in September 2022 through another PA 22-approved amendment to transfer an additional \$100,000 to OCWD/MWDOC.

Approval by PA 22	Amendment	Amount	Meter Service Area Budgets*
June 2021	No. 2	\$118,000	217
Sept 2022	No. 3	\$100,000	1,158
<b>Dec 2023</b>	<b>No. 4</b>	<b>\$150,000</b>	<b>600</b>
<b>Total</b>		<b>\$368,000</b>	<b>1,975</b>

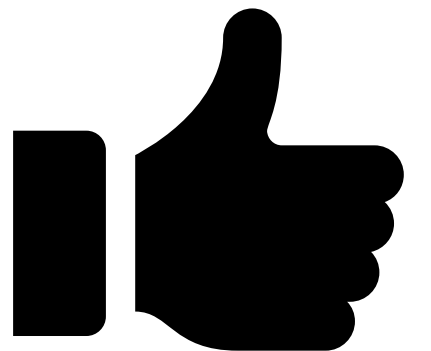
\*The amount of meter service area (MSAs) efficiency budgets fluctuates (i.e. not the same ratio of \$:MSAs) as the scope in Orange County is paid by the DWR grant, MWDOC funds, and retailer funds.



# Benefits to North Orange County

# Benefits of Additional Funding to Orange County

- Continues to streamline SARCCUP water use efficiency task implementation in Orange County -
  - MWDDOC already working with NV5 consultant under their own contract,
  - Reduces SAWPA's project management costs as less retailers are managed under the SAWPA-led upper watershed effort, and
  - SAWPA would still be able to claim benefits to DWR because grant/match would go toward MWDDOC/OCWD retail water agencies in the Santa Ana River Watershed.
- This recommended option for funding to be provided to OCWD/MWDDOC was reviewed by the PA 22 Advisory Workgroup.



# SARCCUP Water Use Efficiency Task Costs

## Existing Costs

Cost Category	Cost
SAWPA Staff Project Management	\$100,000
Existing Contract with NV5	\$614,387
Existing OCWD/MWDOC Costs	\$218,877
Smartscape Program	\$428,542
<b>Total</b>	<b>\$1,361,807</b>
Remaining	\$290,193

## With Additional Costs (In Yellow)

Cost Category	Cost
SAWPA Staff Project Management	\$100,000
Existing Contract with NV5	\$614,387
<b>Change Order with NV5</b>	<b>\$19,599</b>
Existing OCWD/MWDOC Costs	\$218,877
<b>New OCWD/MWDOC Costs</b>	<b>\$150,000</b>
Smartscape Program	\$428,542
<b>Total</b>	<b>\$1,531,406</b>
Remaining	\$120,594

Total SARCCUP Water Use Efficiency Budget is \$1,652,000  
 (\$504,000 is grant; \$1,148,00 is match)



# Recommendation

Utilize SARCCUP Water Use Efficiencies cost savings for:

- 1) Change Order No. 3 with Quantum Spatial (NV5) for \$19,599 to provide final deliverables to the City of Chino Hills, and
- 2) Provide \$150,000 to Orange County Water District for approximately 600 additional water use efficiency budgets through their partnership with Municipal Water District of Orange County.

# Thank You

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**Ian Achimore**  
Santa Ana Watershed Project Authority  
(951) 354-4233  
iachimore@sawpa.gov  
sawpa.gov





**SANTA ANA WATERSHED PROJECT AUTHORITY  
CHANGE ORDER NO. 3  
TO TASK ORDER NO. QUAN504-01**

**CONSULTANT:** Quantum Spatial, Inc. **VENDOR NO.:** 2284  
1100 NE Circle Boulevard, Suite 126  
Corvallis, OR 97330

**PROJECT:** Water Efficiency Budget Assistance

**COST:** \$19,599.00

**REQUESTED BY:** Ian Achimore, Senior Watershed Manager December 19, 2023

**FINANCE:** \_\_\_\_\_  
Karen Williams, Deputy GM/CFO Date

**FINANCING SOURCE:** Acct. Coding: 504-402RATES-6113-01  
Acct. Description: General Consulting

**COMMISSION AUTHORIZATION REQUIRED FOR THIS CHANGE:** YES (X) NO ( )  
Authorization: December 19, 2023; CM#2023.75

**DESCRIPTION / JUSTIFICATION OF CHANGE:** The purpose of this change order is to extend the time of the task order to April 2025 to allow sufficient time for the one-year for the Task 6 Database for Calculating Water Budgets for the various retail water agency partners as described in the attached scope of work.

**CHANGE IN CONTRACT TIME:** April 30, 2025

<b>CHANGE IN TASK ORDER PRICE:</b>	Original Task Order Amount:	\$	594,387.00
	Change Order No. 1 Amount:	\$	20,000.00
	Change Order No. 2 Amount:	\$	0 (term extension)
	Change Order No. 3 Amount:	\$	<u>19,599.00</u>
	Contract Total:	\$	633,986.00

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

**SANTA ANA WATERSHED PROJECT AUTHORITY**

\_\_\_\_\_  
Jeffrey J. Mosher, General Manager Date

**QUANTUM SPATIAL, INC.**

\_\_\_\_\_  
(Signature) Date Type/Print Name and Title 207

CHANGE ORDER NO. 3 SCOPE OF WORK EXHIBIT

**SCOPE OF WORK – City of Chino Hills**

Meter Service Area Creation (Database Analysis and Measurement Analysis)

135 customer meter data were originally received from the City of Chino Hills, and from that data the Consultant developed 90 Meter Service Areas (MSAs), also known as “premises”, billed at the current rate in Task Order QUAN504-01

In addition to completing the existing scope of work Task Order QUAN504-01 scope for *Task 3 Database Analysis* and *Task 4 Measurement Analysis*, the Consultant shall utilize the City of Chino Hills additional customer meter data (approximately 206 customer meter data) to complete the Task Order’s deliverables such as georeferenced polygons that represent irrigable MSAs.

To create final MSA deliverables for the 135 and the additional 206 meters (341 total), the Consultant can utilize some of the existing work done for Chino Hills. But to create final MSA deliverables for the total 341, the Consultant needs to re-analyze the 135 meters in the context of the additional 206 meters. This is because some of the 135 meters are located in close proximity to the 206 meters and may ultimately represent the same MSAs. This work will cost \$16,200 as shown in Table 1 below.

Web-Based Database

As the City of Chino Hills will want to utilize the web-based application described in *Task 6 Database for Calculating Water Budgets* (i.e. WaterView CII), the change order scope presents an additional charge of \$3,399 for these additional 206 meters as shown in Table 1. The amount of MSAs associated with these 206 meters is estimated at approximately 103 for planning purposes.

**Table 1: Change Order Scope and Budgeting**

<b>Task Order Section</b>	<b>Tasks Task Order</b>	<b>Customer Meters Covered</b>	<b>Associated MSAs Covered</b>	<b>Cost for this Scope</b>
Meter Service Area Creation And Web-Based Databased	3, 4 and 6	135	90	Covered in existing Task Order
Meter Service Area Creation	3 and 4	206	~103*	\$16,200
Web-Based Databased	6			\$3,399
<b>Total</b>	<b>NA</b>	<b>341</b>	<b>~193</b>	<b>\$19,599</b>

\*Since the amount of MSAs won't be known until the 206 meters are analyzed as part of Task 3 and 4, approximately MSAs 103 is estimated. Although 103 is estimated, the price for this work is capped at \$16,200 and \$3,399 for this change order scope.

Schedule for Work Covered in Change Order

The final deliverables will be provided to SAWPA and Chino Hills within two months of the execution of this Change Order. The web-based database is available to seven retail water agency partners (including Chino Hills) for one year after the final MSA and water efficiency budget data is fully ready and provided to the individual retail agency contacts. To account for this year-long period for the individual retail water agency partners, this Change Order includes an increase to April 30, 2025.



**SANTA ANA WATERSHED PROJECT AUTHORITY**  
**GENERAL SERVICES AGREEMENT FOR SERVICES BY INDEPENDENT CONSULTANT**

This Agreement is made this **12<sup>th</sup> day of December, 2023** by and between the Santa Ana Watershed Project Authority ("SAWPA") located at 11615 Sterling Avenue, Riverside, CA 92503 and Quantum Spatial, Inc. ("Consultant") whose address is 1100 NE Circle Boulevard, Suite 126, Corvallis, OR 97330.

**RECITALS**

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the parties to this Agreement:

- SAWPA desires to engage the professional services of Consultant to perform such professional consulting services as may be assigned, from time to time, by SAWPA in writing;
- Consultant agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement and has represented and warrants to SAWPA that Consultant possesses the necessary skills, qualifications, personnel, and equipment to provide such services; and
- The services to be performed by Consultant shall be specifically described in one or more written Task Orders issued by SAWPA to Consultant pursuant to this Agreement.

**AGREEMENT**

Now, therefore, in consideration of the foregoing Recitals and mutual covenants contained herein, SAWPA and Consultant agree to the following:

**ARTICLE I**

**TERM OF AGREEMENT**

**1.01** This agreement shall become effective on the date first above written and shall continue until **December 31, 2026**, unless extended or sooner terminated as provided for herein.

**ARTICLE II**

**SERVICES TO BE PERFORMED**

**2.01** Consultant agrees to provide such professional consulting services as may be assigned, from time to time, in writing by the Commission and the General Manager of SAWPA. Each assignment shall be made in the form of a written Task Order. Each such Task Order shall include, but shall not be limited to, a description of the nature and scope of the services to be performed by Consultant, the amount of compensation to be paid, and the expected time of completion.

**2.02** Consultant may at Consultant's sole cost and expense, employ such competent and qualified independent professional associates, subcontractors, and consultants as Consultant deems necessary to perform each assignment; provided that Consultant shall not subcontract any work to be performed without the prior written consent of SAWPA.

**ARTICLE III**

**COMPENSATION**

**3.01** In consideration for the services to be performed by Consultant, SAWPA agrees to pay Consultant as provided for in each Task Order.

**3.02** Each Task Order shall specify a total not-to-exceed sum of money and shall be based upon the regular hourly rates customarily charged by Consultant to its clients.

**3.03** Consultant shall not be compensated for any services rendered nor reimbursed for any expenses incurred in excess of those authorized in any Task Order unless approved in advance by the Commission and General Manager of SAWPA, in writing.

**3.04** Unless otherwise provided for in any Task Order issued pursuant to this Agreement, payment of compensation earned shall be made in monthly installments after receipt from Consultant of a timely, detailed, corrected, written invoice by SAWPA's Project Manager, describing, without limitation, the services performed, when such services were performed, the time spent performing such services, the hourly rate charged therefore, and the identity of individuals performing such services for the benefit of SAWPA. Such invoices shall also include a detailed itemization of expenses incurred. Upon approval by an authorized SAWPA employee, SAWPA will pay within 30 days after receipt of a valid invoice from Consultant.

#### **ARTICLE IV**

#### **CONSULTANT OBLIGATIONS**

**4.01** Consultant agrees to perform all assigned services in accordance with the terms and conditions of this Agreement including those specified in each Task Order. In performing the services required by this Agreement and any related Task Order Consultant shall comply with all local, state and federal laws, rules and regulations. Consultant shall also obtain and pay for any permits required for the services it performs under this Agreement and any related Task Order.

**4.02** Except as otherwise provided for in each Task Order, Consultant will supply all personnel and equipment required to perform the assigned services.

**4.03** Consultant shall be solely responsible for the health and safety of its employees, agents and subcontractors in performing the services assigned by SAWPA.

**4.04** Insurance Coverage: Consultant shall procure and maintain for the duration of this Agreement insurance against claims for injuries or death to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Consultant, its agents, representatives, employees or sub-contractors.

**4.04(a) Coverage** - Coverage shall be at least as broad as the following:

- 1. Commercial General Liability (CGL)** - Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury with limit of at least two million dollars (\$2,000,000) per occurrence or the full per occurrence limits of the policies available, whichever is greater. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (coverage as broad as the ISO CG 25 03, or ISO CG 25 04 endorsement provided to SAWPA) or the general aggregate limit shall be twice the required occurrence limit.
- 2. Automobile Liability** – (if necessary) Insurance Services Office (ISO) Business Auto Coverage (Form CA 00 01), covering Symbol 1 (any auto) or if Consultant has no owned autos, Symbol 8 (hired) and 9 (non-owned) with limit of one million dollars (\$1,000,000) for bodily injury and property damage each accident.
- 3. Workers' Compensation Insurance** - as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
- 4. Professional Liability** - (Also known as Errors & Omission) Insurance appropriate to the Consultant profession, with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.
- 5. Cyber Liability Insurance (Technology Professional Liability – Errors and Omissions)** – If Consultant will be providing technology services, limits not less than \$2,000,000 per occurrence or claim, and \$2,000,000 aggregate or the full per occurrence limits of the policies available, whichever is greater. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Consultant in this Agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress,

invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, SAWPA requires and shall be entitled to the broader coverage and/or higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to SAWPA.

**4.04(b) If Claims Made Policies:**

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided **for at least five (5) years after completion of the contract of work.**
3. If coverage is canceled or non-renewed, and not **replaced with another claims-made policy form with a Retroactive Date** prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of **five (5) years** after completion of contract work.

**4.04(c) Waiver of Subrogation:** The insurer(s) named above agree to waive all rights of subrogation against SAWPA, its elected or appointed officers, officials, agents, authorized volunteers and employees for losses paid under the terms of this policy which arise from work performed by the Named Insured for the Agency; but this provision applies regardless of whether or not SAWPA has received a waiver of subrogation from the insurer.

**4.04(d) Other Required Provisions -** The general liability policy must contain, or be endorsed to contain, the following provisions:

1. **Additional Insured Status:** SAWPA, its directors, officers, employees, and authorized volunteers are to be given insured status (at least as broad as ISO Form CG 20 10 10 01), with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations.
2. **Primary Coverage:** For any claims related to this project, the Consultant's insurance coverage shall be primary at least as broad as ISO CG 20 01 04 13 as respects to SAWPA, its directors, officers, employees and authorized volunteers. Any insurance or self-insurance maintained by the Member Water Agency its directors, officers, employees and authorized volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

**4.04(e) Notice of Cancellation:** Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to SAWPA.

**4.04(f) Self-Insured Retentions -** Self-insured retentions must be declared to and approved by SAWPA. SAWPA may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or SAWPA.

**4.04(g) Acceptability of Insurers -** Insurance is to be placed with insurers having a current A.M. Best rating of no less than A: VII or as otherwise approved by SAWPA.

**4.04(h) Verification of Coverage –** Consultant shall furnish SAWPA with certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by SAWPA before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. SAWPA reserves the right to require complete, certified copies of all required insurance policies, including policy Declaration pages and Endorsement pages.



**4.04(i) Subcontractors** - Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that SAWPA, its directors, officers, employees and authorized volunteers are additional insureds on Commercial General Liability Coverage.

**4.05** Consultant hereby covenants and agrees that SAWPA, its officers, employees, and agents shall not be liable for any claims, liabilities, penalties, fines or any damage to property, whether real or personal, nor for any personal injury or death caused by, or resulting from, or claimed to have been caused by or resulting from, any negligence, recklessness, or willful misconduct of Consultant. To the extent permitted by law, Consultant shall hold harmless, defend at its own expense, and indemnify SAWPA, its directors, officers, employees, and authorized volunteers, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees and costs, arising from all acts or omissions of Consultant or its officers, agents, or employees in rendering services under this Agreement and any Task Order issued hereunder; excluding, however, such liability, claims, losses, damages or expenses arising from SAWPA's sole negligence or willful acts.

**4.06** In the event that SAWPA requests that specific employees or agents of Consultant supervise or otherwise perform the services specified in each Task Order, Consultant shall ensure that such individual(s) shall be appointed and assigned the responsibility of performing the services.

**4.07** In the event Consultant is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished with a registered professional engineer's number and shall conform to local, state and federal laws, rules and regulations. Consultant shall obtain all necessary permits and approvals in connection with this Agreement, any Task Order or Change Order. However, in the event SAWPA is required to obtain such an approval or permit from another governmental entity, Consultant shall provide all necessary supporting documents to be filed with such entity, and shall facilitate the acquisition of such approval or permit.

**4.08** Consultant shall comply with all local, state and federal laws, rules and regulations including those regarding nondiscrimination and the payment of prevailing wages, if required by law.

## **ARTICLE V**

### **SAWPA OBLIGATIONS**

**5.01** SAWPA shall:

**5.01a** Furnish all existing studies, reports and other available data pertinent to each Task Order that are in SAWPA's possession;

**5.01b** Designate a person to act as liaison between Consultant and the General Manager and Commission of SAWPA.

## **ARTICLE VI**

### **ADDITIONAL SERVICES, CHANGES AND DELETIONS**

**6.01** During the term of this Agreement, the Commission of SAWPA may, from time to time and without affecting the validity of this Agreement or any Task Order issued pursuant thereto, order changes, deletions, and additional services by the issuance of written Change Orders authorized and approved by the Commission of SAWPA.

**6.02** In the event Consultant performs additional or different services than those described in any Task Order or authorized Change Order without the prior written approval of the Commission of SAWPA, Consultant shall not be compensated for such services.

**6.03** Consultant shall promptly advise SAWPA as soon as reasonably practicable upon gaining knowledge of a condition, event, or accumulation of events, which may affect the scope and/or cost of services to be provided pursuant to this Agreement. All proposed changes, modifications, deletions, and/or requests for additional services shall be reduced to writing for review and approval or rejection by the Commission of SAWPA.

**6.04** In the event that SAWPA orders services deleted or reduced, compensation shall be deleted or reduced by a comparable amount as determined by SAWPA and Consultant shall only be compensated for services actually performed. In the event additional services are properly authorized, payment for the same shall be made as provided in Article III above.

## **ARTICLE VII**

### **CONSTRUCTION PROJECTS: CONSULTANT CHANGE ORDERS**

**7.01** In the event SAWPA authorizes Consultant to perform construction management services for SAWPA, Consultant may determine, in the course of providing such services, that a Change Order should be issued to the construction contractor, or Consultant may receive a request for a Change Order from the construction contractor. Consultant shall, upon receipt of any requested Change Order or upon gaining knowledge of any condition, event, or accumulation of events, which may necessitate issuing a Change Order to the construction contractor, promptly consult with the liaison, General Manager and Commission of SAWPA. No Change Order shall be issued or executed without the prior approval of the Commission of SAWPA.

## **ARTICLE VIII**

### **TERMINATION OF AGREEMENT**

**8.01** In the event the time specified for completion of an assigned task in a Task Order exceeds the term of this Agreement, the term of this Agreement shall be automatically extended for such additional time as is necessary to complete such Task Order and thereupon this Agreement shall automatically terminate without further notice.

**8.02** Notwithstanding any other provision of this Agreement, SAWPA, at its sole option, may terminate this Agreement at any time by giving 10 day written notice to Consultant, whether or not a Task Order has been issued to Consultant.

**8.03** In the event of termination, the payment of monies due Consultant for work performed prior to the effective date of such termination shall be paid after receipt of an invoice as provided in this Agreement.

## **ARTICLE IX**

### **CONSULTANT STATUS**

**9.01** Consultant shall perform the services assigned by SAWPA in Consultant's own way as an independent contractor, in pursuit of Consultant's independent calling and not as an employee of SAWPA. Consultant shall be under the control of SAWPA only as to the result to be accomplished and the personnel assigned to perform services. However, Consultant shall regularly confer with SAWPA's liaison, General Manager, and Commission as provided for in this Agreement.

**9.02** Consultant hereby specifically represents and warrants to SAWPA that the services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional consulting organization rendering the same or similar services. Furthermore, Consultant represents and warrants that the individual signing this Agreement on behalf of Consultant has the full authority to bind Consultant to this Agreement.

## **ARTICLE X**

### **AUDIT AND OWNERSHIP OF DOCUMENTS**

**10.01** All draft and final reports, plans, drawings, specifications, data, notes, and all other documents of any kind or nature prepared or developed by Consultant in connection with the performance of services assigned to it by SAWPA are the sole property of SAWPA, and Consultant shall promptly deliver all such materials to SAWPA. Consultant may retain copies of the original documents, at its option and expense. Use of such documents by SAWPA for project(s) not the subject of this Agreement shall be at SAWPA's sole risk without legal liability or exposure to Consultant. SAWPA agrees to not release any software "code" without prior written approval from the Consultant.

**10.02** Consultant shall retain and maintain, for a period not less than four years following termination of this Agreement, all time records, accounting records, and vouchers and all other records with respect to all matters concerning services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as SAWPA may deem necessary, Consultant shall make available to SAWPA's agents for examination of all such records and will permit SAWPA's agents to audit, examine and reproduce such records.

## **ARTICLE XI**

### **MISCELLANEOUS PROVISIONS**

**11.01** This Agreement supersedes any and all previous agreements, either oral or written, between the parties hereto with respect to the rendering of services by Consultant for SAWPA and contains all of the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

**11.02** Consultant shall not assign or otherwise transfer any rights or interest in this Agreement without the prior written consent of SAWPA. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

**11.03** In the event Consultant is an individual person and dies prior to completion of this Agreement or any Task Order issued hereunder, any monies earned that may be due Consultant from SAWPA as of the date of death will be paid to Consultant's estate.

**11.04** Time is of the essence in the performance of services required hereunder. Extensions of time within which to perform services may be granted by SAWPA if requested by Consultant and agreed to in writing by SAWPA. All such requests must be documented and substantiated and will only be granted as the result of unforeseeable and unavoidable delays not caused by the lack of foresight on the part of Consultant.

**11.05** SAWPA expects that Consultant will devote its full energies, interest, abilities and productive time to the performance of its duties and obligations under this Agreement, and shall not engage in any other consulting activity that would interfere with the performance of Consultant's duties under this Agreement or create any conflicts of interest. If required by law, Consultant shall file a Conflict of Interest Statement with SAWPA.

**11.06** Any dispute which may arise by and between SAWPA and the Consultant, including the Consultants, its employees, agents and subcontractors, shall be submitted to binding arbitration. Arbitration shall be conducted by a neutral, impartial arbitration service that the parties mutually agree upon, in accordance with its rules and procedures. The arbitrator must decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. Unless the parties stipulate to the contrary prior to the appointment of the arbitrator, all disputes shall first be submitted to non-binding mediation conducted by a neutral, impartial mediation service that the parties mutually agree upon, in accordance with its rules and procedures.

**11.07** During the performance of the Agreement, Consultant and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status and denial of family care leave. Consultant and its subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Consultant and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12290 et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 et seq., set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Consultant and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Consultant shall include the



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Santa Ana Watershed Project Authority  
Cash Transaction Report  
Month of October 2023

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	\$ 2,683,472.47
Net Investment Transfers	(2,967,944.41)
Cash Disbursements	<u>(1,651,621.74)</u>
Net Change for Month	\$ (1,936,093.68)
Balance at Beginning of Month	<u>3,128,396.34</u>
Balance at End of Month per General Ledger	<u><b>\$ 1,192,302.66</b></u>
Collected Balance per Bank Statement	<u><u>\$ 1,209,213.81</u></u>

**ACCOUNTS PAYABLE RECONCILIATION**

Accounts Payable Balance @ 09/30/2023	\$ 7,370,719.18
Invoices Received for October 2023	1,281,664.57
Invoices Paid by check/wire during October 2023 (see attached register)	<u>(1,365,885.59)</u>
Accounts Payable Balance @ 10/31/2023	<u><u>\$ 7,286,498.16</u></u>

### CASH RECEIPTS

Brine Line Operating Revenues	\$ 1,471,093.69
Participant Fees	169,689.12
LESJWA Admin Reimbursement	12,202.57
Grant Proceeds - Drought Relief Grant	126,289.46
Grant Proceeds - Prop 1	68,813.20
Grant Proceeds - Prop 1 Pass-throughs	835,319.45
Other	<u>64.98</u>
Total Receipts and Deposits	\$ 2,683,472.47

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### INVESTMENT TRANSFERS

Transfer of Funds:	
From (to) US Bank	\$ -
From (to) LAIF	(3,000,000.00)
From (to) Legal Defense Fund	-
From (to) LESJWA	-
From (to) Investments	<u>32,055.59</u>
Total Investment Transfers	\$ (2,967,944.41)

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### CASH DISBURSEMENTS

By Check or ACH:	
Payroll	\$ -
Operations	<u>1,365,885.59</u>
Total Checks Drawn	\$ 1,365,885.59
By Cash Transfer:	
Payroll	\$ 194,987.37
Payroll Taxes	<u>90,748.78</u>
Total Cash Transfers	\$ 285,736.15
Total Cash Disbursements	<u>\$ 1,651,621.74</u>

**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Oct-23**

Category	Check #	Check Date	Type	Vendor	Check Amount
398 Program Expenses	5664	10/5/2023	CHK	City of Fullerton	\$ 6,893.28
398 Program Expenses	EFT05562	10/5/2023	CHK	California Rural Water Association	\$ 112,896.25
<b>398 Program Expenses Total</b>					<b>\$ 119,789.53</b>
Asset	EFT05608	10/26/2023	CHK	Gillis & Panichapan Architects	\$ 6,565.00
Asset	EFT05613	10/26/2023	CHK	Magnolia Heating and Cooling	\$ 14,390.00
<b>Asset Total</b>					<b>\$ 20,955.00</b>
Audit Fees	EFT05558	10/5/2023	CHK	C.J. Brown & Company CPAs	\$ 7,972.00
<b>Audit Fees Total</b>					<b>\$ 7,972.00</b>
Auto Expense	5669	10/19/2023	CHK	County of Riverside	\$ 1,443.29
Auto Expense	EFT05602	10/26/2023	CHK	Riverside Transmission Center	\$ 468.70
<b>Auto Expense Total</b>					<b>\$ 1,911.99</b>
Benefits	5670	10/19/2023	CHK	Mutual Of Omaha	\$ 3,363.35
Benefits	EFT05552	10/5/2023	CHK	MissionSquare	\$ 4,077.50
Benefits	EFT05556	10/5/2023	CHK	MissionSquare	\$ 447.26
Benefits	EFT05579	10/19/2023	CHK	ACWA JPIA	\$ 47,537.92
Benefits	EFT05581	10/19/2023	CHK	Aflac	\$ 362.66
Benefits	P045572	10/5/2023	WDL	CalPERS Supplemental Income	\$ 4,784.69
Benefits	P045573	10/5/2023	WDL	Public Employees' Retirement	\$ 24,781.37
Benefits	P045635	10/19/2023	WDL	MissionSquare	\$ 4,077.50
Benefits	P045636	10/19/2023	WDL	MissionSquare	\$ 447.26
Benefits	P045637	10/19/2023	WDL	CalPERS Supplemental Income	\$ 4,784.69
Benefits	P045638	10/19/2023	WDL	Public Employees' Retirement	\$ 23,598.88
Benefits	WDL000006260	10/2/2023	WDL	WageWorks	\$ 20.00
Benefits	WDL000006265	10/17/2023	WDL	WageWorks	\$ 600.00
Benefits	WDL000006275	10/24/2023	WDL	WageWorks	\$ 20.00
Benefits	WDL000006276	10/24/2023	WDL	WageWorks	\$ 15.00
Benefits	WDL000006277	10/26/2023	WDL	WageWorks	\$ 73.00
Benefits	WDL000006281	10/30/2023	WDL	WageWorks	\$ 101.12
Benefits	WDL000006286	10/31/2023	WDL	WageWorks	\$ 5.00
<b>Benefits Total</b>					<b>\$ 119,097.20</b>
Building Lease	5674	10/26/2023	CHK	Wilson Property Services, Inc	\$ 2,448.00
Building Lease	5675	10/26/2023	CHK	Wilson Property Services, Inc	\$ 2,499.84
Building Lease	5676	10/26/2023	CHK	Wilson Property Services, Inc	\$ 2,232.34
<b>Building Lease Total</b>					<b>\$ 7,180.18</b>
CEQA	EFT05564	10/5/2023	CHK	Catalyst Environmental Solutions	\$ 6,516.50
CEQA	EFT05611	10/26/2023	CHK	Catalyst Environmental Solutions	\$ 3,424.50
<b>CEQA Total</b>					<b>\$ 9,941.00</b>
Cloud Storage	EFT05573	10/12/2023	CHK	VC3, Inc.	\$ 1,965.86
<b>Cloud Storage Total</b>					<b>\$ 1,965.86</b>
Computer Hardware	EFT05596	10/26/2023	CHK	West Coast Cable, Inc	\$ 1,161.00
Computer Hardware	EFT05601	10/26/2023	CHK	VC3, Inc.	\$ 6,868.75
<b>Computer Hardware Total</b>					<b>\$ 8,029.75</b>
Construction	EFT05559	10/5/2023	CHK	Dudek	\$ 1,740.00
<b>Construction Total</b>					<b>\$ 1,740.00</b>
Consulting	EFT05559	10/5/2023	CHK	Dudek	\$ 18,331.25
Consulting	EFT05560	10/5/2023	CHK	Woodard & Curran Inc.	\$ 9,202.50
Consulting	EFT05566	10/5/2023	CHK	Rincon Consultants, Inc.	\$ 2,892.00
Consulting	EFT05572	10/12/2023	CHK	Integrated Systems Solutions	\$ 3,515.00
Consulting	EFT05573	10/12/2023	CHK	VC3, Inc.	\$ 3,170.60
Consulting	EFT05576	10/12/2023	CHK	Kahn Soares & Conway	\$ 11,800.00
Consulting	EFT05585	10/19/2023	CHK	Integrated Systems Solutions	\$ 518.00
Consulting	EFT05598	10/26/2023	CHK	West Coast Advisors	\$ 9,750.00
Consulting	EFT05600	10/26/2023	CHK	CDM Smith, Inc.	\$ 46,978.72
Consulting	EFT05601	10/26/2023	CHK	VC3, Inc.	\$ 112.50
Consulting	EFT05607	10/26/2023	CHK	JPW Communications	\$ 5,968.67
Consulting	EFT05609	10/26/2023	CHK	West Yost & Associates, Inc.	\$ 43,213.75
<b>Consulting Total</b>					<b>\$ 155,452.99</b>
Credit Cards	P045713	10/10/2023	WDL	US Bank	\$ 10,224.46
Credit Cards	P045759	10/10/2023	WDL	US Bank	\$ 10,224.46
Credit Cards	VOID	VOID	VOID	US Bank	\$ (10,224.46)
<b>Credit Cards Total</b>					<b>\$ 10,224.46</b>
Director Costs	EFT05582	10/19/2023	CHK	Eastern Municipal Water District	\$ 549.78
Director Costs	EFT05586	10/19/2023	CHK	Jasmin Hall	\$ 68.12



**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Oct-23**

Category	Check #	Check Date	Type	Vendor	Check Amount
Director Costs	EFT05588	10/19/2023	CHK	Bruce Whitaker	\$ 78.60
Director Costs	EFT05589	10/19/2023	CHK	T. Milford Harrison	\$ 57.64
Director Costs	EFT05591	10/19/2023	CHK	Kelly Rowe	\$ 50.44
Director Costs	EFT05597	10/26/2023	CHK	Western Municipal Water District	\$ 262.51
<b>Director Costs Total</b>					<b>\$ 1,067.09</b>
Dues	EFT05570	10/12/2023	CHK	WateReuse Association	\$ 5,407.50
Dues	EFT05595	10/26/2023	CHK	California Special Districts	\$ 1,975.00
<b>Dues Total</b>					<b>\$ 7,382.50</b>
Employee Reimbursement	EFT05574	10/12/2023	CHK	Alison L Lewis	\$ 1,092.78
Employee Reimbursement	EFT05578	10/12/2023	CHK	Melissa Bustamonte	\$ 24.89
Employee Reimbursement	EFT05592	10/19/2023	CHK	Edina Goode	\$ 150.00
Employee Reimbursement	EFT05606	10/26/2023	CHK	Bonnie Gallagher	\$ 150.00
<b>Employee Reimbursement Total</b>					<b>\$ 1,417.67</b>
Equipment Rented	EFT05553	10/5/2023	CHK	Konica Minolta - Rental	\$ 678.07
<b>Equipment Rented Total</b>					<b>\$ 678.07</b>
Facility Repair & Maintenance	EFT05557	10/5/2023	CHK	TNT Elevator Inc	\$ 280.00
Facility Repair & Maintenance	EFT05563	10/5/2023	CHK	Riverside Cleaning Systems	\$ 1,700.00
Facility Repair & Maintenance	EFT05587	10/19/2023	CHK	Douglas Environmental Group	\$ 1,140.00
Facility Repair & Maintenance	EFT05596	10/26/2023	CHK	West Coast Cable, Inc	\$ 9,538.00
Facility Repair & Maintenance	EFT05612	10/26/2023	CHK	Pacific Shore Pest Control	\$ 135.00
<b>Facility Repair &amp; Maintenance Total</b>					<b>\$ 12,793.00</b>
Insurance Expense	EFT05575	10/12/2023	CHK	Zenith Insurance Company	\$ 4,658.00
<b>Insurance Expense Total</b>					<b>\$ 4,658.00</b>
Lab Costs	EFT05555	10/5/2023	CHK	E. S. Babcock & Sons, Inc.	\$ 4,037.92
Lab Costs	EFT05584	10/19/2023	CHK	E. S. Babcock & Sons, Inc.	\$ 2,914.00
<b>Lab Costs Total</b>					<b>\$ 6,951.92</b>
Landscape Maintenance	EFT05599	10/26/2023	CHK	Green Meadows Landscape	\$ 801.00
<b>Landscape Maintenance Total</b>					<b>\$ 801.00</b>
Legal Fees	EFT05590	10/19/2023	CHK	Lagerlof, LLP	\$ 2,893.00
Legal Fees	EFT05593	10/19/2023	CHK	Epps & Coulson, LLP	\$ 2,749.50
<b>Legal Fees Total</b>					<b>\$ 5,642.50</b>
Office Expense	5662	10/5/2023	CHK	Staples Business Credit	\$ 612.35
Office Expense	EFT05549	10/5/2023	CHK	Aramark Refreshment Services	\$ 312.15
Office Expense	EFT05565	10/5/2023	CHK	Konica Minolta Business Solutions	\$ 334.40
<b>Office Expense Total</b>					<b>\$ 1,258.90</b>
Other Contract Services	EFT05561	10/5/2023	CHK	EcoTech Services Inc	\$ 3,360.72
<b>Other Contract Services Total</b>					<b>\$ 3,360.72</b>
Other Expense	5667	10/12/2023	CHK	Daily Journal Corporation	\$ 6,366.74
Other Expense	EFT05567	10/5/2023	CHK	Signs By Tomorrow	\$ 1,691.21
Other Expense	EFT05568	10/5/2023	CHK	The Walking Man, Inc.	\$ 775.00
<b>Other Expense Total</b>					<b>\$ 8,832.95</b>
Payroll	WDL000006248	10/6/2023	WDL	Direct Deposit 10/6/2023	\$ 94,323.22
Payroll	WDL000006253	10/6/2023	WDL	PR Tax - Federal	\$ 35,564.80
Payroll	WDL000006254	10/6/2023	WDL	PR Tax - State	\$ 8,426.98
Payroll	WDL000006255	10/6/2023	WDL	PR Tax - State AZ	\$ 101.79
Payroll	WDL000006259	10/20/2023	WDL	Direct Deposit 10/20/2023	\$ 100,664.15
Payroll	WDL000006270	10/13/2023	WDL	PR Tax - State	\$ 197.27
Payroll	WDL000006271	10/20/2023	WDL	PR Tax - Federal	\$ 37,584.44
Payroll	WDL000006272	10/20/2023	WDL	PR Tax - State	\$ 8,771.71
Payroll	WDL000006273	10/20/2023	WDL	PR Tax - State AZ	\$ 101.79
<b>Payroll Total</b>					<b>\$ 285,736.15</b>
Prop 1	5666	10/12/2023	CHK	Big Bear Area Regional Wastewater	\$ 279,447.74
Prop 1	EFT05571	10/12/2023	CHK	Municipal Water District of Orange County	\$ 12,410.72
Prop 1	EFT05577	10/12/2023	CHK	City of Santa Ana	\$ 200,338.49
Prop 1	EFT05610	10/26/2023	CHK	Monte Vista Water District	\$ 343,122.50
<b>Prop 1 Total</b>					<b>\$ 835,319.45</b>
Safety	5673	10/26/2023	CHK	City of Riverside	\$ 108.00
Safety	EFT05554	10/5/2023	CHK	Underground Service Alert	\$ 228.37
<b>Safety Total</b>					<b>\$ 336.37</b>
Shipping/Postage	EFT05551	10/5/2023	CHK	General Logistics Systems US	\$ 20.04
Shipping/Postage	EFT05583	10/19/2023	CHK	General Logistics Systems US	\$ 14.08

**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Oct-23**

Category	Check #	Check Date	Type	Vendor	Check Amount
<b>Shipping/Postage Total</b>					<b>\$ 34.12</b>
Software	5677	10/26/2023	CHK	Sensaphone	\$ 299.40
Software	EFT05573	10/12/2023	CHK	VC3, Inc.	\$ 1,622.75
<b>Software Total</b>					<b>\$ 1,922.15</b>
Temporary Services	EFT05550	10/5/2023	CHK	AppleOne, Inc.	\$ 274.68
Temporary Services	EFT05569	10/12/2023	CHK	AppleOne, Inc.	\$ 335.72
Temporary Services	EFT05580	10/19/2023	CHK	AppleOne, Inc.	\$ 335.72
Temporary Services	EFT05594	10/26/2023	CHK	AppleOne, Inc.	\$ 335.72
<b>Temporary Services Total</b>					<b>\$ 1,281.84</b>
Utilities	5659	10/5/2023	CHK	Riverside Public Utilities	\$ 215.39
Utilities	5660	10/5/2023	CHK	AT&T	\$ 209.10
Utilities	5661	10/5/2023	CHK	Southern California Edison	\$ 152.01
Utilities	5663	10/5/2023	CHK	Burrtec Waste Industries, Inc	\$ 211.50
Utilities	5665	10/12/2023	CHK	Riverside Public Utilities	\$ 2,675.77
Utilities	5668	10/19/2023	CHK	AT&T	\$ 967.97
Utilities	5671	10/26/2023	CHK	AT&T	\$ 893.79
Utilities	5672	10/26/2023	CHK	AT&T	\$ 1,007.38
Utilities	EFT05603	10/26/2023	CHK	Verizon Wireless Services LLC	\$ 48.06
Utilities	EFT05604	10/26/2023	CHK	Verizon Wireless Services LLC	\$ 1,007.87
Utilities	EFT05605	10/26/2023	CHK	Verizon Wireless Services LLC	\$ 498.54
<b>Utilities Total</b>					<b>\$ 7,887.38</b>
<b>Grand Total</b>					<b>\$ 1,651,621.74</b>
		Accounts Payable			
	Checks	\$	1,292,352.62		
	Wire Transfers	\$	73,532.97		
		\$	1,365,885.59		
	Other	\$	-		
	Payroll	\$	285,736.15		
Total Disbursements for October 2023		\$	<u>1,651,621.74</u>		

Santa Ana Watershed Project Authority  
Consulting  
*Oct-23*

Check #	Check Date	Task #	Task Description	Vendor Name	Total Contract	Check Amount	Remaining Contract Amount	Notes/Comments	
EFT05600	10/26/2023	CDM386-16	Implementation of SAR regional Bacteria Monitoring Program	CDM Smith	\$ 1,126,600.00	\$ 46,978.72	\$ 198,875.61		
EFT05559	10/5/2023	DUDK240-07	Inland Empire Brine Line Master Plan	Dudek	\$ 399,980.00	\$ 18,331.25	\$ 237,459.59		
EFT05572	10/12/2023	INSOL100-23	Great Plains and Jourmyx Support	Integrated Systems Solutions	\$ 8,000.00	\$ 3,515.00	\$ 2,024.50		
EFT05585	10/19/2023	INSOL100-23	Great Plains and Jourmyx Support	Integrated Systems Solutions	\$ 8,000.00	\$ 518.00	\$ 2,024.50		
EFT05607	10/26/2023	JPW392-02	Emerging Constituents Program Public Relations Consultant Report	JPW Communications	\$ 114,954.00	\$ 5,968.67	\$ 95,284.84		
EFT05576	10/12/2023	KSC374-03	Basin Monitoring Program TF Regulatory Support	Kahn, Soares, & Conway	\$ 133,000.00	\$ 11,600.00	\$ 103,190.00		
EFT05576	10/12/2023	KSC384-03	MSAR Pathogen TMDL TF Regulatory Support	Kahn, Soares, & Conway	\$ 148,500.00	\$ 200.00	\$ 144,780.00		
EFT05566	10/5/2023	RINC373-01	ICARP RRGF Strategic Planning and Grant Assistance	Rincon Consultants	\$ 49,632.00	\$ 2,892.00	\$ 82.25		
EFT05573	10/12/2023	ACS100-26	IT Services	VC3, Inc.	\$ 288,000.00	\$ 3,170.60	\$ 218,817.83		
EFT05601	10/26/2023	ACS100-26	IT Services	VC3, Inc.	\$ 288,000.00	\$ 112.50	\$ 218,817.83		
EFT05598	10/26/2023	WCA100-03-05	State Legislative Consulting Services	West Coast Advisors	\$ 117,000.00	\$ 9,750.00	\$ 9,750.00		
EFT05609	10/26/2023	WEST374-01	Workplan for Basin Monitoring Program TF Regulatory Support	West Yost & Associates	\$ 427,207.00	\$ 7,964.25	\$ 3,937.02		
EFT05609	10/26/2023	WEST374-02	Ambient Water Quality Pilot Study for Nitrogen and TDS	West Yost & Associates	\$ 339,960.00	\$ 35,249.50	\$ 72,044.55		
EFT05560	10/5/2023	RMC504-401-10	SARCCUP Program Mgmt Services	Woodard & Curran	\$ 60,906.00	\$ 9,202.50	\$ 43,876.00		
					<b><u>\$ 155,452.99</u></b>				

## COMMISSION MEMORANDUM NO. 2023.76

**DATE:** December 19, 2023  
**TO:** SAWPA Commission  
**SUBJECT:** Inter-Fund Borrowing – October 2023  
**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 2023. 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	09/30/2023 Balance	Loan Receipts	New Charges	10/31/2023 Balance
135	Proposition 84 Admin R2	\$76,959.54	(\$0.00)	\$0.00	\$76,959.54
145	Proposition 84 Admin R4	610,724.45	(0.00)	35,783.54	646,507.99
150	Proposition 1 R1 – Admin	145,501.17	(65,078.70)	27,005.98	107,428.45
155	Proposition 1 R2 - Admin	6,016.75	(0.00)	2,776.26	8,793.01
398	DCI 2021 Drought Relief	11,557.19	(6,499.93)	2,473.27	7,530.53
477	LESJWA Administration	10,871.48	(12,202.57)	12,797.34	11,466.25
	Total Funds Borrowed	\$861,630.58	(\$83,781.20)	\$80,836.39	\$858,685.77
	General Fund Reserves Balance		\$2,930,623.03		
	Less Amount Borrowed		<u>858,685.77</u>		
	Balance of General Fund Reserves		\$2,071,937.26		

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**

<b>Fund No.</b>	<b>Source of Funding</b>	<b>Billing Frequency</b>	<b>Projected Payment Time</b>
135, 145,150, 155 – 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 – DCI 2021 Drought Relief	DWR – 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 Round I grant funds. Once the contract has been signed by DWR these funds will be billed quarterly and 10% will be withheld for retention.

**Fund 155**

This fund is for the administration of Proposition 1 Round II 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 DCI 2021 Drought Relief Grant. 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.

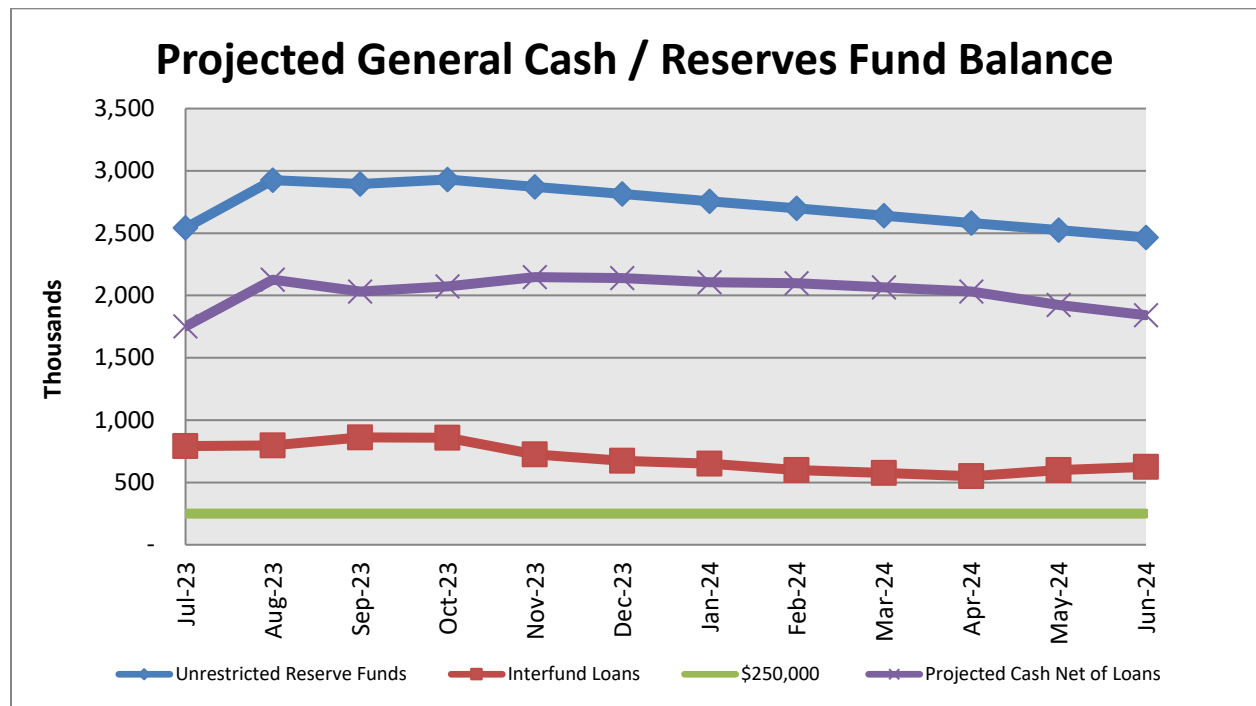
**Fund 504**

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 10/31/2023	Remaining Grant Budget
145	Proposition 84 Admin R4	\$3,213,384	(\$2,020,024)	\$1,193,360
150	Proposition 1 R1 Admin	1,157,000	(574,281)	582,719
155	Proposition 1 R2 Admin	1,352,928	(8,793)	1,344,135
378	Weather Modification – Prop 1 Grant	861,400	(54,430)	806,970
397	WECAN – City of Riverside	592,417	(129,148)	463,269
398	DCI 2021 Drought Grant	5,000,000	(116,806)	4,883,194
504	Prop 84 – 2015 Round (SARCCUP)	1,543,810	(954,630)	589,180
505	Prop 1 – Round 1 Capital Projects	500,000	(382,005)	117,995
Totals		\$14,220,939	(\$4,240,117)	\$9,980,822

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 2024. The projected loan balance is expected to remain over the \$250,000 aggregate limit through June 2024 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 contract 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

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## 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 30<sup>th</sup> 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. 2023.77

**DATE:** December 19, 2023  
**TO:** SAWPA Commission  
**SUBJECT:** Performance Indicators and Financial Reporting – October 2023  
**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 Saturday, September 30, 2023

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Investments	\$3,737,423.75	\$59,434,726.15	(\$189,880.79)	\$2,289,582.67	\$3,079,385.97	\$68,351,237.75
Accounts Receivable	54.24	2,674,893.74	0.00	8,143,969.71	236,299.38	11,055,217.07
Installment Notes Receivable	0.00	1,084,839.00	0.00	0.00	0.00	1,084,839.00
Prepays and Deposits	54,742.21	155,735.48	0.00	0.00	0.00	210,477.69
<b>Total Current Assets</b>	<b>3,792,220.20</b>	<b>63,350,194.37</b>	<b>(189,880.79)</b>	<b>10,433,552.38</b>	<b>3,315,685.35</b>	<b>80,701,771.51</b>
<b>Fixed Assets</b>						
Property, Plant & Equipment						
less accum depreciation	1,272,795.75	70,098,921.54	0.00	0.00	0.00	71,371,717.29
Work In Process	0.00	0.00	470,167.14	0.00	0.00	470,167.14
<b>Total fixed assets</b>	<b>1,272,795.75</b>	<b>70,098,921.54</b>	<b>470,167.14</b>	<b>0.00</b>	<b>0.00</b>	<b>71,841,884.43</b>
<b>Other Assets</b>						
Wastewater treatment/disposal rights, net of amortization	0.00	20,301,732.30	0.00	0.00	0.00	20,301,732.30
Inventory - Mitigation Credits	0.00	0.00	0.00	0.00	1,910,560.00	1,910,560.00
Leased Assets, net of amortization	36,044.25	228,320.24	0.00	0.00	0.00	264,364.49
<b>Total Other Assets</b>	<b>36,044.25</b>	<b>20,530,052.54</b>	<b>0.00</b>	<b>0.00</b>	<b>1,910,560.00</b>	<b>22,476,656.79</b>
<b>Total Assets</b>	<b>\$5,101,060.20</b>	<b>\$153,979,168...</b>	<b>\$280,286.35</b>	<b>\$10,433,552.38</b>	<b>\$5,226,245.35</b>	<b>\$175,020,312.73</b>
<b>Liabilities and Fund Equity</b>						
<b>Current Liabilities</b>						
Accounts Payable/Accrued Expenses	\$3,518,621.84	\$885,222.24	\$36,673.88	\$7,167,917.45	\$184,955.80	\$11,793,391.21
Accrued Interest Payable	0.00	180,774.19	0.00	0.00	0.00	180,774.19
Customer Deposits	0.00	14,385.42	0.00	0.00	0.00	14,385.42
<b>Noncurrent Liabilities</b>						
Long-term Debt	0.00	22,233,314.18	0.00	0.00	0.00	22,233,314.18
Lease Liability	35,811.27	230,000.68	0.00	0.00	0.00	265,811.95
Deferred Revenue	0.00	58,752,099.38	0.00	0.00	0.00	58,752,099.38
<b>Total Liabilities</b>	<b>3,554,433.11</b>	<b>82,295,796.09</b>	<b>36,673.88</b>	<b>7,167,917.45</b>	<b>184,955.80</b>	<b>93,239,776.33</b>
<b>Fund Equity</b>						
Contributed Capital	0.00	20,920,507.03	0.00	0.00	0.00	20,920,507.03
Retained Earnings	3,731,026.81	49,342,199.08	288,729.11	1,984,453.92	4,191,215.43	59,537,624.35
Revenue Over/Under Expenditures	(2,184,399.72)	1,420,666.25	(45,116.64)	1,281,181.01	850,074.12	1,322,405.02
<b>Total Fund Equity</b>	<b>1,546,627.09</b>	<b>71,683,372.36</b>	<b>243,612.47</b>	<b>3,265,634.93</b>	<b>5,041,289.55</b>	<b>81,780,536.40</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$5,101,060.20</b>	<b>\$153,979,168...</b>	<b>\$280,286.35</b>	<b>\$10,433,552.38</b>	<b>\$5,226,245.35</b>	<b>\$175,020,312.73</b>

Santa Ana Watershed Project Authority  
Revenue & Expenses by Fund Type  
For the Three Months Ending Saturday, September 30, 2023

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
<b>Operating Revenue</b>						
Discharge Fees	\$0.00	\$3,201,232.41	\$0.00	\$0.00	\$0.00	\$3,201,232.41
Grant Proceeds	1,040.00	0.00	0.00	265,991.94	0.00	267,031.94
Financing Proceeds	0.00	0.00	0.00	0.00	47,587.97	47,587.97
Total Operating Revenue	<u>1,040.00</u>	<u>3,201,232.41</u>	<u>0.00</u>	<u>265,991.94</u>	<u>47,587.97</u>	<u>3,515,852.32</u>
<b>Operating Expenses</b>						
Labor	544,008.17	316,805.07	189.38	178,694.98	33,795.98	1,073,493.58
Benefits	135,927.38	116,267.44	69.50	65,581.07	12,403.13	330,248.52
Indirect Costs	0.00	536,034.19	320.43	302,351.90	57,182.80	895,889.32
Education & Training	19,366.19	0.00	0.00	0.00	0.00	19,366.19
Consulting & Professional Services	78,697.31	82,099.70	44,537.33	116,227.28	325,674.73	647,236.35
Operating Costs	668.28	809,220.62	0.00	233.00	0.00	810,121.90
Repair & Maintenance	26,295.46	38,900.16	0.00	0.00	0.00	65,195.62
Phone & Utilities	25,271.46	2,448.28	0.00	0.00	0.00	27,719.74
Equipment & Computers	188,399.14	37,678.17	0.00	0.00	0.00	226,077.31
Meeting & Travel	6,884.51	19.65	0.00	7,419.73	57.38	14,381.27
Other Administrative Costs	35,773.80	36,862.75	0.00	14,036.30	10,000.00	96,672.85
Indirect Costs Applied	(906,014.94)	0.00	0.00	0.00	0.00	(906,014.94)
Other Expenses	11,806.43	47,116.34	0.00	0.00	0.00	58,922.77
Total Operating Expenses	<u>167,083.19</u>	<u>2,023,452.37</u>	<u>45,116.64</u>	<u>684,544.26</u>	<u>439,114.02</u>	<u>3,359,310.48</u>
Operating Income (Loss)	(166,043.19)	1,177,780.04	(45,116.64)	(418,552.32)	(391,526.05)	156,541.84
<b>Nonoperating Income (Expense)</b>						
Member Contributions	696,275.00	0.00	0.00	1,592,000.00	20,000.00	2,308,275.00
Participant Fees	0.00	0.00	0.00	107,733.33	1,217,492.99	1,325,226.32
Interest Income	0.00	850,306.78	0.00	0.00	0.00	850,306.78
Capital Contributions - RBF	0.00	260,432.00	0.00	0.00	0.00	260,432.00
Other Income	55.13	100.14	0.00	0.00	0.00	155.27
Retiree Medical Benefits	(21,471.86)	0.00	0.00	0.00	0.00	(21,471.86)
Total Nonoperating Income (Expense)	<u>674,858.27</u>	<u>1,110,838.92</u>	<u>0.00</u>	<u>1,699,733.33</u>	<u>1,237,492.99</u>	<u>4,722,923.51</u>
Excess Rev over (under) Exp	<u>\$508,815.08</u>	<u>\$2,288,618.96</u>	<u>(\$45,116.64)</u>	<u>\$1,281,181.01</u>	<u>\$845,966.94</u>	<u>\$4,879,465.35</u>

Aging Report  
 Santa Ana Watershed Project Authority  
 Receivables as of October 31, 2023

Customer Name	Project	Total	0-30 Days	31-60 Days	61 and Over
Chino Basin Desalter Authority	Brine Line	197,271.71		197,271.71	
Chino Basin Watermaster	MSAR TMDL	9,357.00			9,357.00
Corona, City of	Emerging Constituents	8,769.23			8,769.23
Department of Water Resources	Prop 84, Prop 1	6,523,261.00		252,203.12	6,271,057.88
Eastern Municipal Water District	Brine Line	248,466.71	17,793.75	230,672.96	
Greater Los Angeles County IRWM	Roundtable of Regions	10,300.00		10,300.00	
Orange County Water District	SA Sucker	15,000.00			15,000.00
Rialto BioEnergy	Brine Line	26,690.64	8,896.88		17,793.76
Riverside, City of	WECAN	7,557.10			7,557.10
Santa Barbara County IRWM	Roundtable of Regions	3,000.00		3,000.00	
San Bernardino Valley Municipal Water District	Brine Line	144,802.59		144,802.59	
SB Industrial Vacuum Services	Brine Line	250.00			250.00
Santa Clara Valley Water District	Roundtable of Regions	10,300.00		10,300.00	
University of California, Riverside	MSAR TMDL	12,476.00			12,476.00
Upper Kings Basin IRWM	Roundtable of Regions	5,100.00		5,100.00	
Total Accounts Receivable		7,222,601.98	26,690.63	853,650.38	6,342,260.97

Santa Ana Watershed Project Authority  
Open Task Orders Schedule  
Oct-23  
(Reflects Invoices Received as of 11/14/2023)

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
BGB100-02	100-00	BGB Design Group	SAWPA Irrigation Replacement and Landscape Refresh	05/16/2023	06/30/2024	\$ 6,520.00	\$ -	\$ 6,520.00	\$ 6,005.00	\$ 515.00	Edina Goode	
FEBR100-01	100-00	Fedak & Brown, LLP	Professional Audit Services	04/19/2022	06/30/2025	\$ 78,980.00	\$ -	\$ 78,980.00	\$ 36,194.00	\$ 42,786.00	Karen Williams	
FOST100-01	100-00	Foster & Foster	GASB 68 Cost-Sharing Risk Pool Plan for 2023	03/01/2023	06/30/2024	\$ 1,600.00	\$ -	\$ 1,600.00	\$ 1,600.00	\$ -	Karen Williams	
GPA100-01	100-00	Gillis & Panichapan Architects	SAWPA Building Renovations	10/13/2020	12/31/2023	\$ 45,200.00	\$ 27,500.00	\$ 72,700.00	\$ 64,941.65	\$ 7,758.35	Edina Goode	
GPA100-02	100-00	Gillis & Panichapan Architects	Lobby Security Improvements - Bid Documents and Support	04/19/2023	04/18/2024	\$ 74,600.00	\$ -	\$ 74,600.00	\$ 39,570.00	\$ 35,030.00	Edina Goode	
INSOL100-19	100-00	Integrated Systems Solutions	HRIS - Greenshades	03/01/2022	12/31/2023	\$ 17,294.06	\$ 11,323.30	\$ 28,617.36	\$ 23,279.02	\$ 5,338.34	Edina Goode	
INSOL100-23	100-00	Integrated Systems Solutions	Great Plains and Journyx Support	07/01/2023	06/30/2024	\$ 5,000.00	\$ 3,000.00	\$ 8,000.00	\$ 5,975.50	\$ 2,024.50	Dean Unger	
KON100-08	100-00	Konica Minolta - Rental	Copiers and Scanners Lease	01/15/2021	01/15/2025	\$ 29,040.00	\$ -	\$ 29,040.00	\$ 22,235.52	\$ 6,804.48	Dean Unger	
KON100-11	100-00	Konica Minolta Business Solutions	OnBase Technical Support Hours	11/15/2023	06/30/2024	\$ 12,500.00	\$ -	\$ 12,500.00	\$ -	\$ 12,500.00	Dean Unger	
LSGK100-12	100-00	Lagerlof, LLP	Legal Services	07/01/2023	06/30/2024	\$ 94,720.00	\$ -	\$ 94,720.00	\$ 9,085.50	\$ 85,634.50	Jeff Mosher	
NEO100-01	100-00	NEOGOV	NEOGOV and Governmentjobs.com	05/17/2023	06/30/2025	\$ 13,527.00	\$ -	\$ 13,527.00	\$ -	\$ 13,527.00	Edina Goode	
NICO100-09	100-00	Nicolay Consulting Group	GASB 75 Interim Valuation	05/22/2023	06/01/2024	\$ 2,500.00	\$ -	\$ 2,500.00	\$ -	\$ 2,500.00	Karen Williams	
NICO100-10	100-00	Nicolay Consulting Group	Actuarial Valuation for Adding Retiree Medical Benefits	06/19/2023	06/30/2024	\$ 4,500.00	\$ -	\$ 4,500.00	\$ 2,500.00	\$ 2,000.00	Karen Williams	
NSL100-01	100-00	Nate Sassaman Leadership	SAWPA Leadership Services	07/01/2023	06/30/2024	\$ 24,000.00	\$ -	\$ 24,000.00	\$ 8,000.00	\$ 16,000.00	Edina Goode	
NSL100-02	100-00	Nate Sassaman Leadership	Women in Water Keynote Speaker	09/26/2023	12/14/2023	\$ 1,500.00	\$ -	\$ 1,500.00	\$ -	\$ 1,500.00	Edina Goode	
QOVO100-01	100-00	QOVO Solutions	Security Camera System	07/01/2023	06/30/2024	\$ 28,962.87	\$ -	\$ 28,962.87	\$ -	\$ 28,962.87	Dean Unger	
SOL100-15	100-00	Sol Media	Website Related Changes	07/01/2023	06/30/2024	\$ 17,280.00	\$ -	\$ 17,280.00	\$ 8,940.00	\$ 8,340.00	Dean Unger	
ACS100-26	100-00	VC3, Inc.	IT Services	01/01/2023	12/31/2026	\$ 288,000.00	\$ -	\$ 288,000.00	\$ 69,182.17	\$ 218,817.83	Dean Unger	
ACS100-27	100-00	VC3, Inc.	Server Replacement Project	08/01/2023	06/30/2024	\$ 66,000.00	\$ -	\$ 66,000.00	\$ 43,799.57	\$ 22,200.43	Dean Unger	
ACS100-28	100-00	VC3, Inc.	SAWPA.gov Transition	10/06/2023	12/15/2023	\$ 2,100.00	\$ -	\$ 2,100.00	\$ -	\$ 2,100.00	Dean Unger	
BMH100-03	100-03	Bell, McAndrews, & Hiltachk	FPPC Lobby Reporting	07/01/2022	06/30/2024	\$ 1,320.00	\$ -	\$ 1,320.00	\$ 710.50	\$ 609.50	Karen Williams	
WCA100-03-05	100-03	West Coast Advisors	State Legislative Consulting Services	01/01/2023	12/31/2023	\$ 117,000.00	\$ -	\$ 117,000.00	\$ 107,250.00	\$ 9,750.00	Jeff Mosher	
WO2024-1	240	E S Babcock	Wastewater Sample Collection and Analysis	07/01/2023	06/30/2024	\$ 88,295.50	\$ -	\$ 88,295.50	\$ 18,859.05	\$ 69,436.45	David Ruhl	
WO2024-2	240	E S Babcock	Special Events Sample Collection and Analysis	07/01/2023	06/30/2024	\$ 20,000.00	\$ -	\$ 20,000.00	\$ 76.00	\$ 19,924.00	David Ruhl	
DOUG240-04	240	Douglas Environmental	On-Call Brine Line Flow Meter Calibration	07/01/2021	06/30/2024	\$ 21,575.00	\$ 7,147.50	\$ 28,722.50	\$ 20,215.00	\$ 8,507.50	Daniel Vasquez	
DUDK240-07	240	Dudek	Inland Empire Brine Line Master Plan	11/01/2022	12/31/2023	\$ 399,980.00	\$ -	\$ 399,980.00	\$ 162,520.41	\$ 237,459.59	David Ruhl	
DUDK240-08	240	Dudek	Hydraulic Modeling Assistance	03/27/2023	06/30/2024	\$ 20,000.00	\$ -	\$ 20,000.00	\$ 18,270.00	\$ 1,730.00	David Ruhl	
DUDK240-09	240	Dudek	Inland Empire Brine Line Engineering Services	07/01/2023	06/30/2024	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 1,960.00	\$ 13,040.00	David Ruhl	
GIS240-01	240	GIS Surveying	On-Call Surveying Services	07/01/2023	06/30/2025	\$ 22,402.50	\$ -	\$ 22,402.50	\$ -	\$ 22,402.50	Daniel Vasquez	234
INN240-04	240	Innerline Engineering	Brine Line On-Call Inspection Services	07/01/2021	06/30/2024	\$ 99,050.00	\$ -	\$ 99,050.00	\$ 15,616.38	\$ 83,433.62	Daniel Vasquez	

Santa Ana Watershed Project Authority  
Open Task Orders Schedule  
Oct-23  
(Reflects Invoices Received as of 11/14/2023)

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
INN240-05	240	Innerline Engineering	Brine Line Pipeline Cleaning Services	07/01/2022	06/30/2024	\$ 264,880.00	\$ -	\$ 264,880.00	\$ 47,910.00	\$ 216,970.00	Daniel Vasquez	
PAT240-01	240	Patriot Environmental Services	On-Call Draining and Emergency Response	07/01/2023	06/30/2025	\$ 121,760.00	\$ -	\$ 121,760.00	\$ -	\$ 121,760.00	Daniel Vasquez	
W&C320-01	320-03	Woodard & Curran	Reach IV & IV-B DIP Condition Assessment	02/01/2023	11/22/2023	\$ 392,356.00	\$ -	\$ 392,356.00	\$ 198,165.19	\$ 194,190.81	Daniel Vasquez	
W&C327-03	327	Woodard & Curran	IEBL Reach IV-D Rehabilitation Work Plan Mid-Term Recommendations	09/05/2023	06/30/2024	\$ 247,174.00	\$ -	\$ 247,174.00	\$ -	\$ 247,174.00	Daniel Vasquez	
DUDK328-01	328	Dudek	Agua Mansa Lateral Bidding Services	03/27/2023	12/31/2023	\$ 38,450.00	\$ -	\$ 38,450.00	\$ 31,562.50	\$ 6,887.50	David Ruhl	
DUDK328-02	328	Dudek	Agua Mansa Lateral Engineering Services During Construction	05/01/2023	06/30/2024	\$ 52,670.00	\$ -	\$ 52,670.00	\$ 13,820.00	\$ 38,850.00	David Ruhl	
FALC328-01	328	Falcon Engineering	Agua Mansa Lateral Project Construction Management & Inspection Services	08/14/2023	06/30/2024	\$ 78,922.00	\$ -	\$ 78,922.00	\$ 8,712.00	\$ 70,210.00	David Ruhl	
CES370-01	370-01	Catalyst Environmental Solutions	SAR Watershed Weather Modification Pilot Program CEQA	07/01/2021	11/15/2023	\$ 63,271.58	\$ 16,348.00	\$ 79,619.58	\$ 75,429.49	\$ 4,190.09	Rachel Gray	
DUDK373-07	373	Dudek	Grant Application Support for IRWM Program	10/01/2022	10/31/2023	\$ 80,830.00	\$ -	\$ 80,830.00	\$ 54,783.75	\$ 26,046.25	Rachel Gray	
WSC373-02	373	Water Systems Consulting	FYE 2024 Roundtable of Regions Network Coordinator	07/01/2023	06/30/2024	\$ 72,900.00	\$ -	\$ 72,900.00	\$ 15,141.03	\$ 57,758.97	Ian Achimore	
KSC374-03	374	Kahn, Soares, & Conway	Basin Monitoring TF Regulatory Support	07/01/2023	06/30/2025	\$ 133,000.00	\$ -	\$ 133,000.00	\$ 29,810.00	\$ 103,190.00	Rachel Gray	
WEST374-01	374	West Yost	Workplan for Basin Monitoring Program TF Planning	07/01/2021	03/30/2024	\$ 339,102.00	\$ 88,105.00	\$ 427,207.00	\$ 423,269.98	\$ 3,937.02	Rachel Gray	
WEST374-02	374	West Yost	Ambient Water Quality Pilot Study for Nitrogen and TDS	01/01/2023	12/31/2023	\$ 339,960.00	\$ -	\$ 339,960.00	\$ 267,915.45	\$ 72,044.55	Rachel Gray	
CDM377-01	377-01	CDM Smith	PFAS Regional Analysis for Upper Santa Ana River Watershed	07/01/2022	12/31/2023	\$ 323,825.00	\$ 23,375.00	\$ 347,200.00	\$ 323,825.00	\$ 23,375.00	Rachel Gray	
DRI378-01	378	Board of Regents of the Nevada System of Higher Education	Weather Modification Pilot Validation	10/26/2022	10/17/2027	\$ 155,000.00	\$ -	\$ 155,000.00	\$ 8,528.35	\$ 146,471.65	Rachel Gray	
NAWC370-03	378	North American Weather Consultants	SAR Weather Modification Pilot Operations	07/01/2022	06/30/2026	\$ 1,061,912.00	\$ -	\$ 1,061,912.00	\$ 109,697.20	\$ 952,214.80	Rachel Gray	
SAWA381-01	381	Santa Ana Watershed Association	Van Buren Bridge Sucker Restoration	09/26/2018	10/31/2023	\$15,130.20	\$21,967.36	\$37,097.56	\$35,354.29	\$1,743.27	Ian Achimore	
GEI384-02	384-01	GEI Consultants	MSAR TMDL - Limited Basin Plan Amendment Revisions	07/01/2022	06/30/2024	\$ 67,000.00	\$ -	\$ 67,000.00	\$ 40,226.25	\$ 26,773.75	Rick Whetsel	
KSC384-03	384-01	Kahn, Soares, & Conway	MSAR Pathogen TMDL TF Regulatory Support	07/01/2023	06/30/2025	\$ 148,500.00	\$ -	\$ 148,500.00	\$ 3,720.00	\$ 144,780.00	Rick Whetsel	
CDM386-16	386	CDM Smith	Implementation of SAR Regional Bacteria Monitoring Program	01/01/2021	09/30/2024	\$ 1,070,535.00	\$ 56,065.00	\$ 1,126,600.00	\$ 927,724.39	\$ 198,875.61	Rick Whetsel	
IERC387-01	387	Inland Empire Resource Conservation District	Arundo Donax Removal in the SAR Basin Headwaters	07/19/2022	12/31/2027	\$ 147,777.07	\$ -	\$ 147,777.07	\$ 41,499.63	\$ 106,277.44	Ian Achimore	
JPW392-02	392	JPW Communications	Emerging Constituents Program Public Relations Support	07/01/2023	06/30/2025	\$ 114,954.00	\$ -	\$ 114,954.00	\$ 19,669.16	\$ 95,284.84	Rachel Gray	
KSC392-03	392	Kahn, Soares, & Conway	Emerging Constituents Program TF Regulatory Support	07/01/2023	06/30/2025	\$ 48,000.00	\$ -	\$ 48,000.00	\$ 3,760.00	\$ 44,240.00	Rachel Gray	
ECOT397-04	397	EcoTech Services	WECAN Riverside Eastside Climate Collaborative Landscaping	07/19/2022	12/31/2025	\$ 567,150.00	\$ -	\$ 567,150.00	\$ 84,304.18	\$ 482,845.82	Rick Whetsel	
QUAN504-01	504-04	Quantum Spatial, Inc.	Water Efficiency Budget Assistance	02/10/2021	01/15/2024	\$ 594,387.00	\$ 20,000.00	\$ 614,387.00	\$ -	\$ 614,387.00	Ian Achimore	
RMC504-401-10	504-04	Woodard & Curran	SARCCUP Program Mgmt. Services	07/01/2023	06/30/2024	\$ 60,906.00	\$ -	\$ 60,906.00	\$ 17,030.00	\$ 43,876.00	Ian Achimore	

\$ 5,024,986.83



## LIST OF SAWPA FUNDS

<b>Fund No.</b>	<b>Fund Description</b>	<b>Fund Group</b>
100-00	General Fund	General
100-03	State Legislative/Regulatory Outreach	General
100-04	Federal Legislative/Regulatory Outreach	General
145	Proposition 84 – Program Management – 2015 Round	OWOW
150	Proposition 1 – R1 Program Management	OWOW
155	Proposition 1 – R2 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
328	Aqua Mansa Lateral Project	Capital Projects
370-01	Basin Planning General	OWOW
370-02	USBR Partnership Studies	OWOW
373	Watershed Management (OWOW)	OWOW
374	Basin Monitoring Program Task Force	Roundtable
377	PFAS Study	OWOW
378	Weather Modification	OWOW
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	DCI 2021 Drought Relief Grant	OWOW
477	LESJWA Administration	Roundtable
504-01	Proposition 84 – Capital Projects Round 1 & 2	OWOW
504-04	Proposition 84 – Final Round SARCCUP	OWOW
505-00	Proposition 1 – SAWPA Capital Projects	OWOW
505-01	Proposition 1 – Round I Capital Projects	OWOW
505-02	Proposition 1 – Round II Capital Projects	OWOW

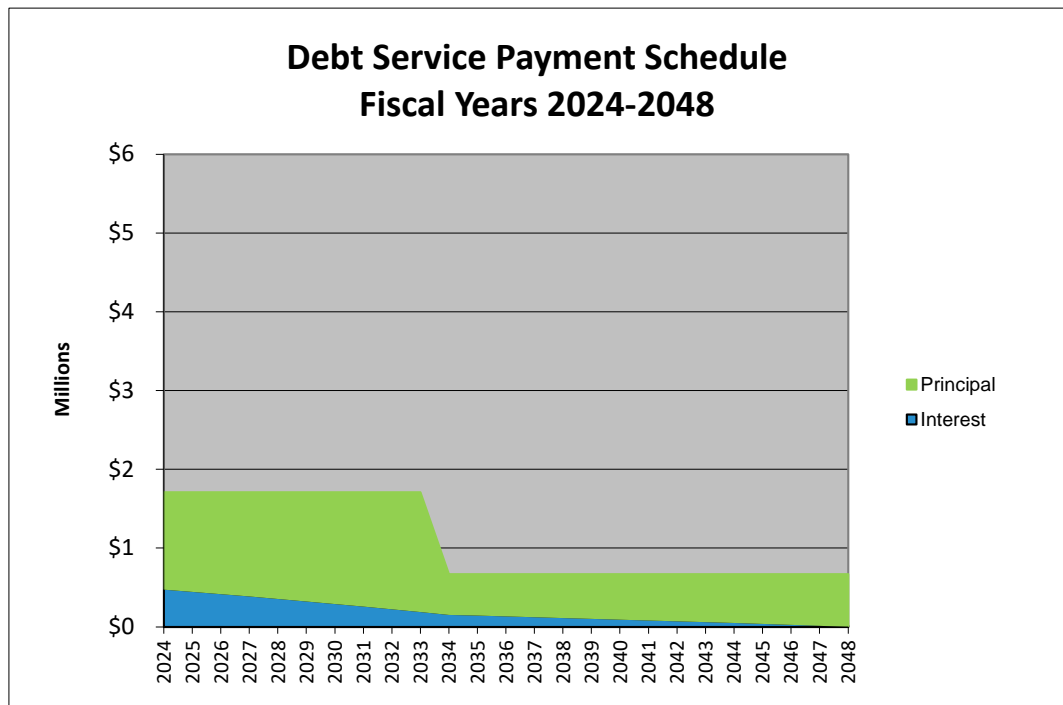
Santa Ana Watershed Project Authority  
 Brine Line Debt Service Funding Analysis  
 October 31, 2023

FYE	Rates	Loan Pymts	Interest Earned *	Excess Cash	Ending Cash Balance
Beginning Balance					2,899,430
2024	1,709,476	(1,709,476)	57,989	57,989	3,015,407
2025	1,709,476	(1,709,476)	60,308	60,308	3,075,715
2026	1,709,476	(1,709,476)	61,514	61,514	3,137,230
2027	1,709,476	(1,709,476)	62,745	62,745	3,199,974
2028	1,709,476	(1,709,476)	63,999	63,999	3,263,974
2029	1,709,476	(1,709,476)	65,279	65,279	3,329,253
2030	1,709,476	(1,709,476)	66,585	66,585	3,395,838
2031	1,709,476	(1,709,476)	67,917	67,917	3,463,755
2032	1,709,476	(1,709,476)	69,275	69,275	3,533,030
2033	1,709,476	(1,709,476)	70,661	70,661	3,603,691
2034	665,203	(665,203)	72,074	72,074	3,675,765
2035	665,203	(665,203)	73,515	73,515	3,749,281
2036	665,203	(665,203)	74,986	74,986	3,824,265
2037	665,203	(665,203)	76,485	76,485	3,900,752
2038	665,203	(665,203)	78,015	78,015	3,978,766
2039	665,203	(665,203)	79,575	79,575	4,058,341
2040	665,203	(665,203)	81,167	81,167	4,139,508
2041	665,203	(665,203)	82,790	82,790	4,222,298
2042	665,203	(665,203)	84,446	84,446	4,306,744
2043	665,203	(665,203)	86,135	86,135	4,392,879
2044	665,203	(665,203)	87,858	87,858	4,480,737
2045	665,203	(665,203)	89,615	89,615	4,570,351
2046	665,203	(665,203)	91,407	91,407	4,661,758
2047	665,203	(665,203)	93,235	93,235	4,754,993
2048	665,203	(665,203)	95,100	95,100	4,850,093
	27,072,795	(27,072,795)	1,892,675	1,892,675	-

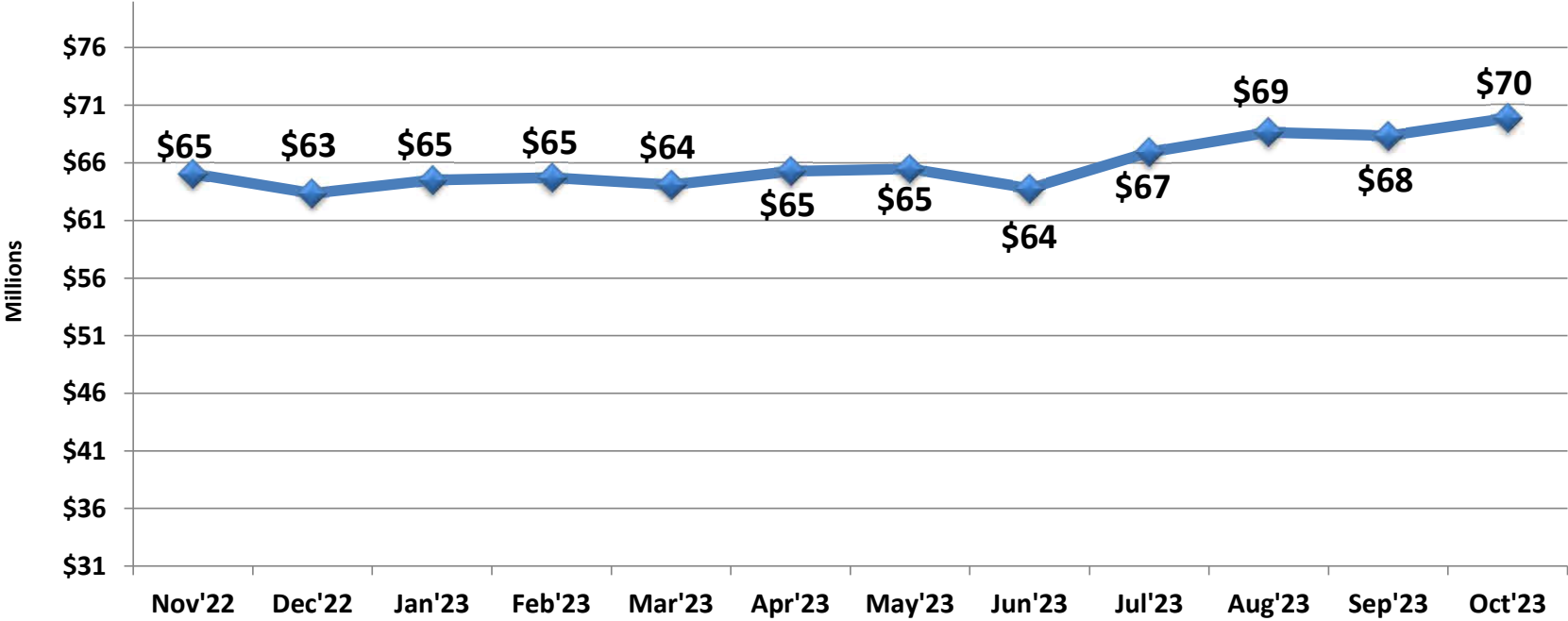
\*Interest earned is based on a conservative 2.00% average return over the period

Santa Ana Watershed Project Authority  
 Brine Line Debt Service Payment Schedule  
 October 31, 2023

FYE	Interest	Principal	Total Payment	Remaining Principal
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





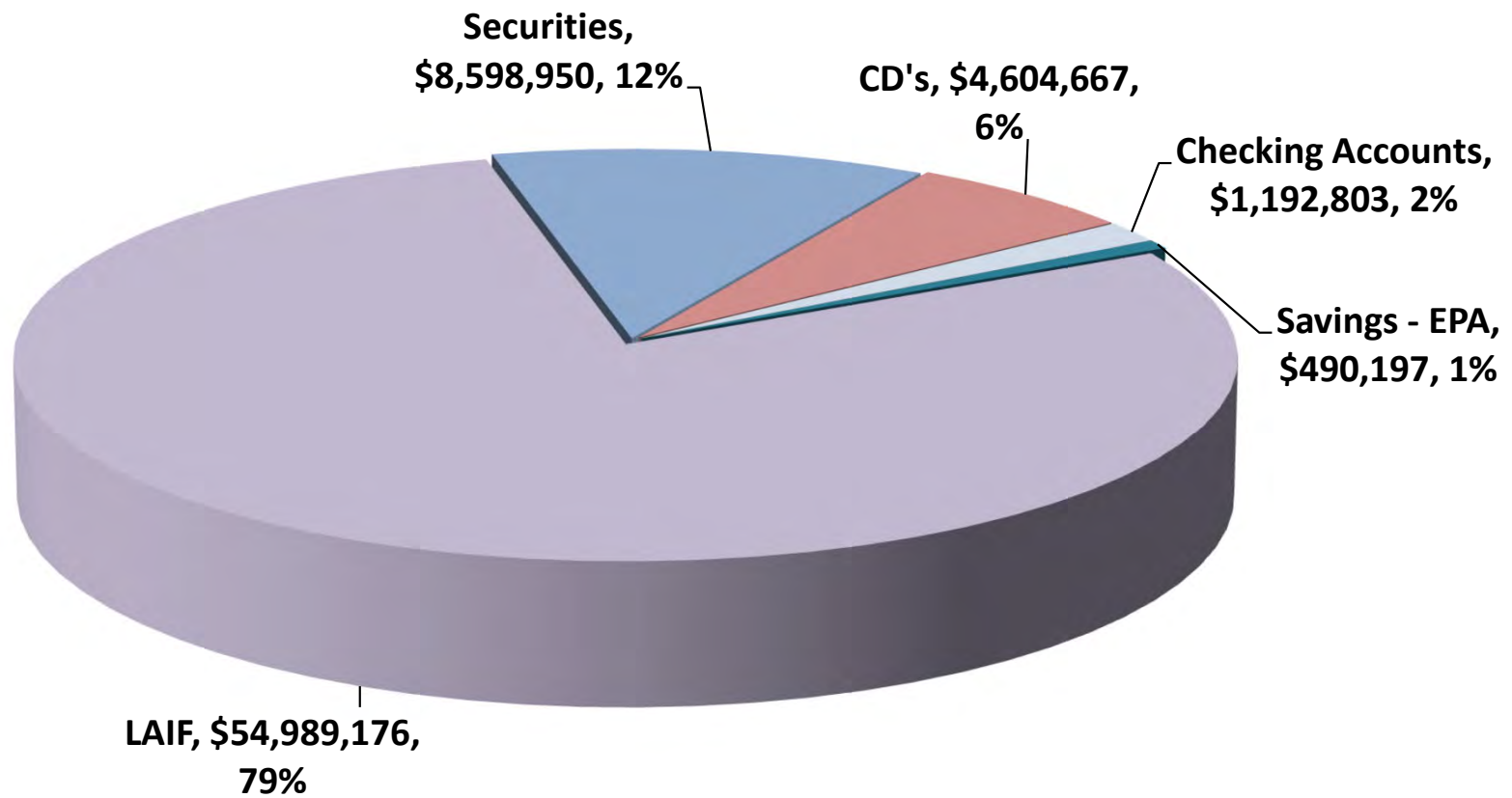
# CASH BALANCE & SOURCE OF FUNDS

October 31, 2023

Fund Accounts		Cash and Investments						Total
		Total	Checking (Cash)	LAIF Account	Savings EPA	Investment Securities	Certificates of Deposit	
100	General Fund	\$ 2,071,937	1,192,803	879,134	-	-	-	\$ 2,071,937
100	Building Reserve	\$ 850,237	-	850,237	-	-	-	\$ 850,237
370	Basin Planning General	\$ 350,057	-	350,057	-	-	-	\$ 350,057
370	USBR Partnership Studies	\$ 46,288	-	46,288	-	-	-	\$ 46,288
373	Watershed Management Plan	\$ 436,402	-	436,402	-	-	-	\$ 436,402
240	Brine Line Debt Retirement	\$ 2,922,922	-	2,922,922	-	-	-	\$ 2,922,922
240	Brine Line - Pipeline Replacement & Capital Improvement	\$ 34,856,447	-	21,652,830	-	8,598,950	4,604,667	\$ 34,856,447
240	Brine Line - OC San Pipeline Rehabilitation	\$ 2,795,769	-	2,795,769	-	-	-	\$ 2,795,769
240	Brine Line - Pipeline Capacity Management	\$ 12,430,612	-	12,430,612	-	-	-	\$ 12,430,612
240	Brine Line - OC San Future Treatment & Disposal Capacity	\$ 1,903,167	-	1,903,167	-	-	-	\$ 1,903,167
240	Brine Line - Operating Reserve	\$ 2,197,891	-	2,197,891	-	-	-	\$ 2,197,891
240	Brine Line - Operating Cash	\$ 3,694,962	-	3,694,962	-	-	-	\$ 3,694,962
401	Legal Defense Fund	\$ 490,197	-	-	490,197	-	-	\$ 490,197
374	Basin Monitoring Program TF	\$ 818,501	-	818,501	-	-	-	\$ 818,501
377	PFAS Study	\$ 530,629	-	530,629	-	-	-	\$ 530,629
378	Weather Modification	\$ 247,115	-	247,115	-	-	-	\$ 247,115
381	SAR Fish Conservation	\$ 105,023	-	105,023	-	-	-	\$ 105,023
384	Middle SAR TMDL TF	\$ 362,734	-	362,734	-	-	-	\$ 362,734
386	RWQ Monitoring TF	\$ 319,016	-	319,016	-	-	-	\$ 319,016
387	Mitigation Bank Credits	\$ 808,313	-	808,313	-	-	-	\$ 808,313
392	Emerging Constituents TF	\$ 203,298	-	203,298	-	-	-	\$ 203,298
397	WECAN - City of Riverside	\$ 38,228	-	38,228	-	-	-	\$ 38,228
504	Prop 84 - SARCCUP Projects	\$ 1,309,134	-	1,309,134	-	-	-	\$ 1,309,134
505	Prop 1 - Capital Projects	\$ 86,913	-	86,913	-	-	-	\$ 86,913
		\$ 69,875,793	\$ 1,192,803	\$ 54,989,176	\$ 490,197	\$ 8,598,950	\$ 4,604,667	\$ 69,875,793

# Cash & Investments - October 2023

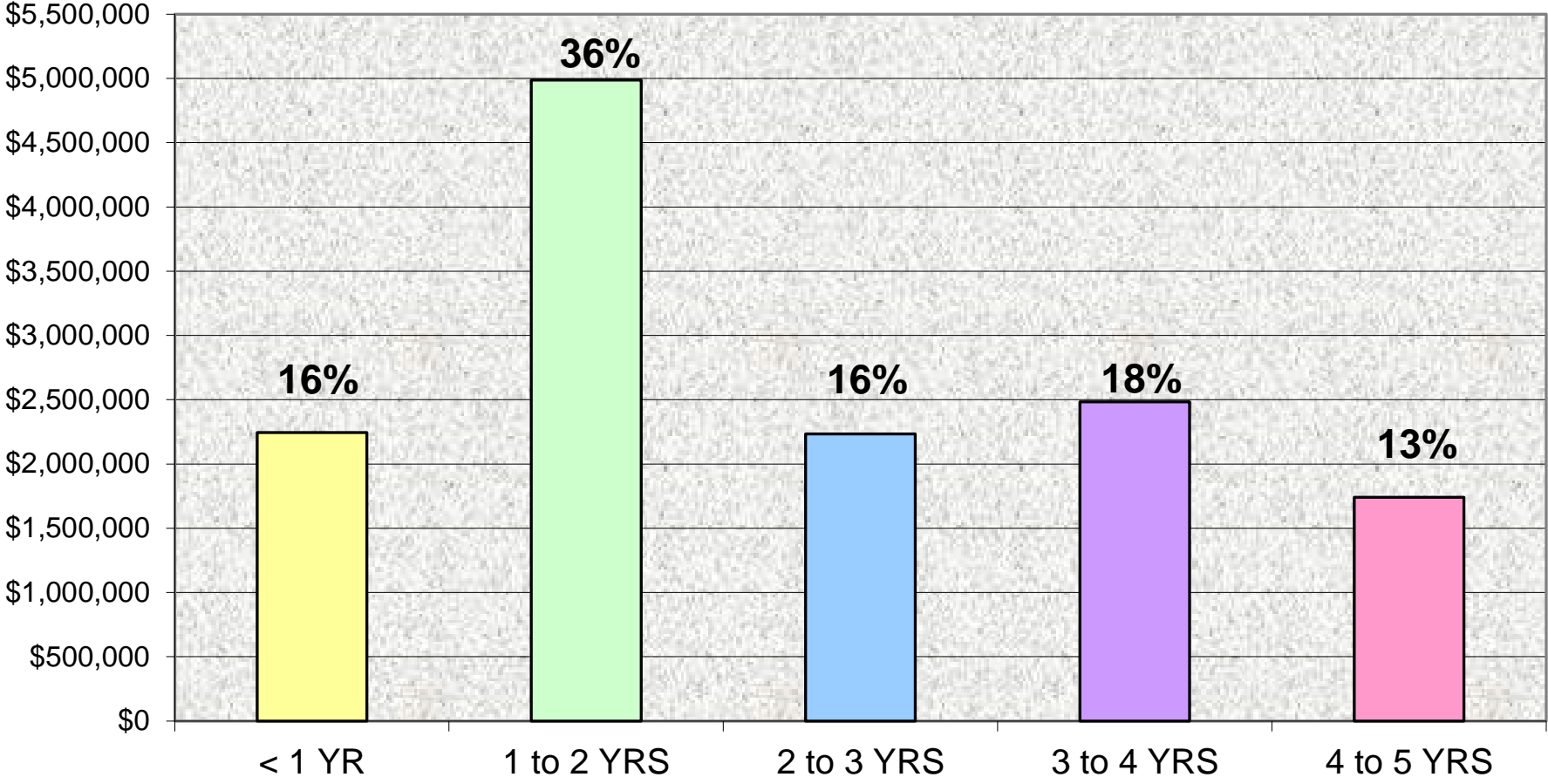
## \$69,875,793



Santa Ana Watershed Project Authority  
Reserve Account Analysis  
October 31, 2023

Reserve Account	Balance @ 8/31/2023	Interest Earned	Fund Receipts/ Contributions	Inter-Fund Loans	Fund Expenses	Balance @ 10/31/2023	Estimated Fund Changes	Balance @ 6/30/2024
Brine Line Operating Cash	3,191,159	56,178	4,094,379		(3,646,754)	3,694,962		3,694,962
Brine Line Operating Reserve	2,302,489	36,761			(141,358)	2,197,891		2,197,891
OC San Future Treatment & Disposal Capacity	1,872,799	30,367				1,903,166		1,903,166
Pipeline Capacity Management	12,232,268	198,344				12,430,612		12,430,612
Pipeline Replacement & Capital Investment	32,305,799	450,230	2,301,790		(201,373)	34,856,447	(2,237,608)	32,618,839
OC San Pipeline Rehabilitation	2,429,092	41,368	325,309			2,795,769		2,795,769
Debt Retirement	2,876,283	46,638				2,922,922		2,922,922
General Fund	1,496,265	52,962	704,548	(858,686)	676,848	2,071,937		2,071,937
Building Reserve	737,493	12,744	100,000			850,237		850,237
	59,443,647	925,593	7,526,026	(858,686)	(3,312,637)	63,723,943	(2,237,608)	61,486,335

# Twelve Month Maturity Schedule Securities



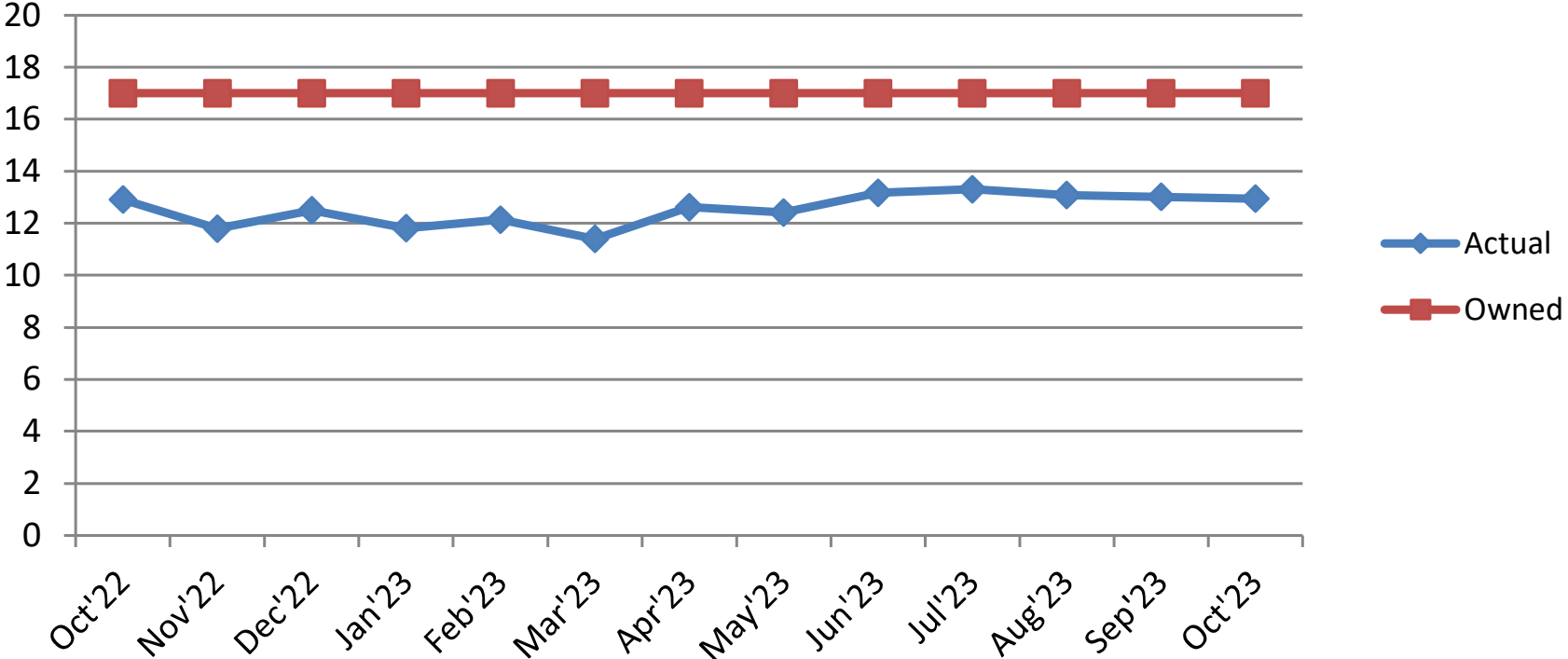


**SAWPA**  
**TREASURER'S REPORT**  
As of October 31, 2023

Investment Commercial  
Safekeeping US Bank

Type	Security	Purchase Date	Maturity Date	Unit Cost	Cost	Principal	Current Value	Market Value	Interest Rate
Agency	FHLB	2/4/2020	12/13/2024	106.25	\$ 531,250.00	\$ 500,000.00	\$ 500,000.00	485,141.11	2.750%
Agency	FHLB	6/21/2022	6/28/2024	99.11	\$ 991,130.00	\$ 1,000,000.00	\$ 1,000,000.00	981,849.62	2.750%
Agency	FHLB	8/30/2022	11/27/2024	100.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	981,333.05	3.650%
Agency	FHLB	10/28/2022	10/3/2024	99.89	\$ 998,910.00	\$ 1,000,000.00	\$ 1,000,000.00	991,360.92	4.500%
Agency	FHLB	11/4/2022	9/10/2027	99.20	\$ 991,965.00	\$ 1,000,000.00	\$ 1,000,000.00	973,055.38	4.125%
Agency	FHLB	6/6/2023	12/13/2024	99.99	\$ 499,966.50	\$ 500,000.00	\$ 500,000.00	495,600.68	4.625%
Agency	FHLB	6/6/2023	6/9/2028	100.50	\$ 502,505.00	\$ 500,000.00	\$ 500,000.00	481,042.00	4.000%
Agency	FNMA	2/4/2020	1/7/2025	101.08	\$ 505,380.00	\$ 500,000.00	\$ 500,000.00	479,099.70	1.625%
Agency	FNMA	10/30/2020	8/25/2025	99.53	\$ 995,952.00	\$ 1,000,000.00	\$ 1,000,000.00	917,175.01	0.375%
Agency	USTN	4/19/2021	11/30/2025	98.25	\$ 982,500.00	\$ 1,000,000.00	\$ 1,000,000.00	908,906.25	0.375%
Agency	USTN	9/15/2021	5/31/2025	99.58	\$ 989,726.56	\$ 1,000,000.00	\$ 1,000,000.00	925,703.12	0.250%
CD	American Express Natl Bank	8/17/2022	8/19/2024	100.00	\$ 245,000.00	\$ 245,000.00	\$ 245,000.00	240,551.40	3.350%
CD	Beal Bank USA	8/17/2022	8/12/2026	100.00	\$ 245,000.00	\$ 245,000.00	\$ 245,000.00	231,753.56	3.200%
CD	Synchrony Bank	8/12/2022	8/12/2025	100.00	\$ 245,000.00	\$ 245,000.00	\$ 245,000.00	235,376.74	3.350%
CD	Capital One Bank USA	5/25/2022	5/25/2027	100.00	\$ 246,000.00	\$ 246,000.00	\$ 246,000.00	229,044.17	3.200%
CD	Morgan Stanley Private Bank	11/15/2022	11/15/2027	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	244,024.78	5.000%
CD	Prime Alliance Bank	11/17/2022	11/17/2027	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	243,644.11	4.950%
CD	Cooperative Center FSU	12/29/2022	12/29/2025	100.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	244,309.26	4.650%
CD	Affinity Bank	3/17/2023	3/17/2028	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	243,014.30	4.900%
CD	Discover Bank	3/22/2023	3/23/2027	100.00	\$ 243,000.00	\$ 243,000.00	\$ 243,000.00	241,134.21	5.050%
CD	Global Fed CR UN - Alaska	5/12/2023	5/12/2027	100.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	243,164.91	4.600%
CD	UBS Bank USA	5/17/2023	5/17/2027	100.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	242,717.35	4.550%
CD	BMW Bank of North America	6/16/2023	6/16/2026	100.00	\$ 244,000.00	\$ 244,000.00	\$ 244,000.00	239,360.48	4.600%
CD	Farmers Insurance Group	7/26/2023	7/27/2026	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	246,601.18	5.100%
CD	Barclays Bank Delaware	7/26/2023	7/28/2025	100.00	\$ 243,000.00	\$ 243,000.00	\$ 243,000.00	240,624.38	5.100%
CD	Chartway Federal Credit Uni	9/8/2023	9/8/2027	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	244,513.20	5.000%
CD	Greenstate Credit Union	9/26/2023	9/26/2028	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	243,859.18	5.000%
CD	Empower Fed Credit Union	9/29/2023	9/29/2027	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	245,223.31	5.100%
CD	US Alliance Fed Credit Union	9/29/2023	9/29/2028	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	244,961.17	5.100%
CD	Alliant Credit Union	12/30/2022	12/30/2025	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	245,608.26	5.100%
					\$13,679,285.06	\$ 13,690,000.00	\$13,690,000.00	13,209,752.79	3.864%

# Average Daily Flow by Month





## SUMMARY OF LABOR MULTIPLIERS

		Benefit Rate
Total Employee Benefits	394,917	0.285
Total Payroll	1,387,662	
Gross Indirect Costs	1,496,358	
Less: Member Contributions & Other Revenue	(484,625)	
Indirect Costs for Distribution	1,011,733	
		Indirect Rate
Direct Labor	718,596	1.408
Indirect Costs	1,011,733	
<b>FY 2023-24 Labor multiplier - thru 10/31/23</b>		<b>1.693</b>
FY 2022-23 Budgeted Labor multiplier		<u>2.040</u>
FY 2022-23 Labor multiplier		<u>1.984</u>
FY 2021-22 Labor multiplier		<u>1.993</u>
FY 2020-21 Labor multiplier		<u>1.724</u>



## INDIRECT COSTS

*( to be Distributed)*

G/L Acct.	Description	Actual thru 10/31/23
51000	Salaries - Regular	\$ 669,067
52000	Benefits	\$ 245,547
60111	Tuition Reimbursement	\$ 2,703
60112	Training	\$ 5,294
60113	Education	\$ 330
60114	Other Training & Education	\$ 11,173
60120	Audit Fees	\$ 15,394
60121	Consulting	\$ 27,321
60126	Temporary Services	\$ 4,957
60128	Other Professional Services	\$ 700
60129	Other Contract Services	\$ -
60130	Legal Fees	\$ 2,938
60133	Employment Recruitment	\$ -
60153	Materials & Supplies	\$ -
60154	Safety	\$ 668
60155	Security	\$ 11,277
60156	Custodial Contract Services	\$ 9,631
60157	Landscaping Maintenance	\$ 3,974
60158	HVAC	\$ 1,601
60159	Facility Repair & Maintenance	\$ 15,831
60160	Telephone	\$ 16,054
60161	Cellular Services	\$ 2,821
60163	Electricity	\$ 7,726
60164	Water Services	\$ 2,841
60170	Equipment Expensed	\$ 926
60171	Equipment Rented	\$ 4,667

(Continued - next column)

G/L Acct.	Description	Actual thru 10/31/23
60172	Equipment Repair / Maintenance	\$ 124
60180	Computer Hardware	\$ 110,586
60181	Computer Software	\$ 67,655
60182	Internet Services	\$ 7,901
60183	Computer Supplies	\$ 612
60184	Computer Repair/Maint	\$ -
60185	Cloud Storage	\$ 7,901
60190	Offsite Meeting/Travel Expense	\$ 750
60191	In House Meetings	\$ 195
60192	Conference Expense	\$ 7,177
60193	Car, Repair, Maintenance	\$ -
60200	Dues	\$ 32,757
60202	Subscriptions	\$ 1,861
60203	Contributions	\$ 15,000
60210	Bank Charges	\$ -
60211	Shipping/Postage	\$ 1,180
60212	Office Supplies	\$ 1,697
48000	Commission Fees	\$ 15,500
60221	Commission Mileage Reimb.	\$ 708
60222	Other Commission Expense	\$ -
60230	Other Expense	\$ 360
60240	Building Lease	\$ 3,060
81010	Retiree Medical Expense	\$ 27,176
80001	Insurance Expense	\$ 16,328
80000	Building Repair/Replacement Reserve	\$ 100,000
80000	Fixed Assets	\$ 14,390

**Total Costs**      \$ 1,496,358

Direct Costs Paid by Projects	\$ 1,192,408
Member Contribution Offset	\$ 450,000
Interest & Other Revenue Offset	\$ 34,625
	\$ 1,677,034

Over (Under) Allocation %      11.8%  
Over (Under) Allocation of General Fund Costs      \$ 180,675



## BENEFITS SUMMARY

*(Distributed based on Actual Labor)*

<u>G/L Acct</u>	<u>Description</u>		<u>Budget</u>		<u>Actual @ 10/31/23</u>		<u>Projected FYE 2024</u>
70101	FICA Expense	\$	211,101	\$	60,006	\$	180,019
70102	Medicare Expense	\$	59,818	\$	17,222	\$	51,667
70103	State Unemployment Insurance	\$	3,906	\$	140	\$	3,000
70104	Worker's Compensation Insurance	\$	72,456	\$	10,993	\$	55,000
70105	State Disability Insurance	\$	39,569	\$	7,675	\$	35,000
70106	PERS Pension Plan	\$	487,199	\$	108,380	\$	325,139
70111	Medical Expense	\$	511,245	\$	153,731	\$	461,194
70112	Dental Expense	\$	28,657	\$	8,678	\$	26,035
70113	Vision Insurance	\$	7,751	\$	2,390	\$	7,169
70114	Life Insurance Expense	\$	15,940	\$	5,103	\$	15,310
70115	Long Term Disability	\$	18,593	\$	5,908	\$	17,724
70116	Wellness Program Expense	\$	3,900	\$	890	\$	2,670
70120	Car Allowance	\$	39,000	\$	13,800	\$	41,400
	<b>Total Benefits</b>	\$	1,499,135	\$	394,917	\$	1,221,328
	<b>Total Payroll</b>	\$	4,086,368	\$	1,387,662	\$	4,086,368
	<b>Benefits Rate</b>		36.7%		28.5%		29.9%

Santa Ana Watershed Project Authority  
Labor Hours Budget vs Actual  
Month Ending October 31, 2023

	Fund	Budget	Actual	%
100	General Fund	27,297	7,579	27.76%
145	Prop 84 - 2015 Program Mgmt	2,140	699	32.66%
150	Prop1 - Program Management	1,135	438	38.55%
155	Prop1 Round 2	-	37	-100.00%
240	Brine Line Enterprise	19,253	6,055	31.45%
320	Brine Line Protection	633	6	0.87%
327	Reach IV-D Corrosion Repairs	10	16	162.50%
328	Agua Mansa Lateral Construction	110	45	40.45%
370-01	Basin Planning General	1,830	557	30.41%
370-02	USBR Partnership Studies	85	1	0.59%
373	Watershed Management (OWOW)	2,140	718	33.56%
374	Basin Monitoring Program TF	620	180	29.07%
377	PFAS Study	220	44	19.77%
378	Weather Modification	215	201	93.26%
381	SAR Fish Conservation	185	74	40.00%
384-01	MSAR TMDL TF	155	42	26.77%
386MONIT	RWQ Monitoring TF	115	28	24.13%
387	Arundo Removal & Habitat Restoration	235	48	20.32%
392	Emerging Constituents TF	220	53	24.20%
397ADMIN	WECAN Riverside	137	69	50.36%
398RELIE	DACI	155	29	18.55%
477-02	LESJWA - Administration	455	150	32.97%
477TMDL	LESJWA - TMDL Task Force	375	158	42.00%
504-401IMPLE	Prop 84 - Final Round Implementation	65	-	0.00%
504-401PA23	Prop 84 - Final Round PA23 Admin	170	9	5.15%
504-402PA22	Prop84 - Final Round PA22 Admin	240	5	2.08%
504-402RATES	Prop 84 - Final Round Water Rates	145	48	32.93%
505-00	Prop1 - Capital Projects	540	84	15.60%
		58,880	17,369	29.50%


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

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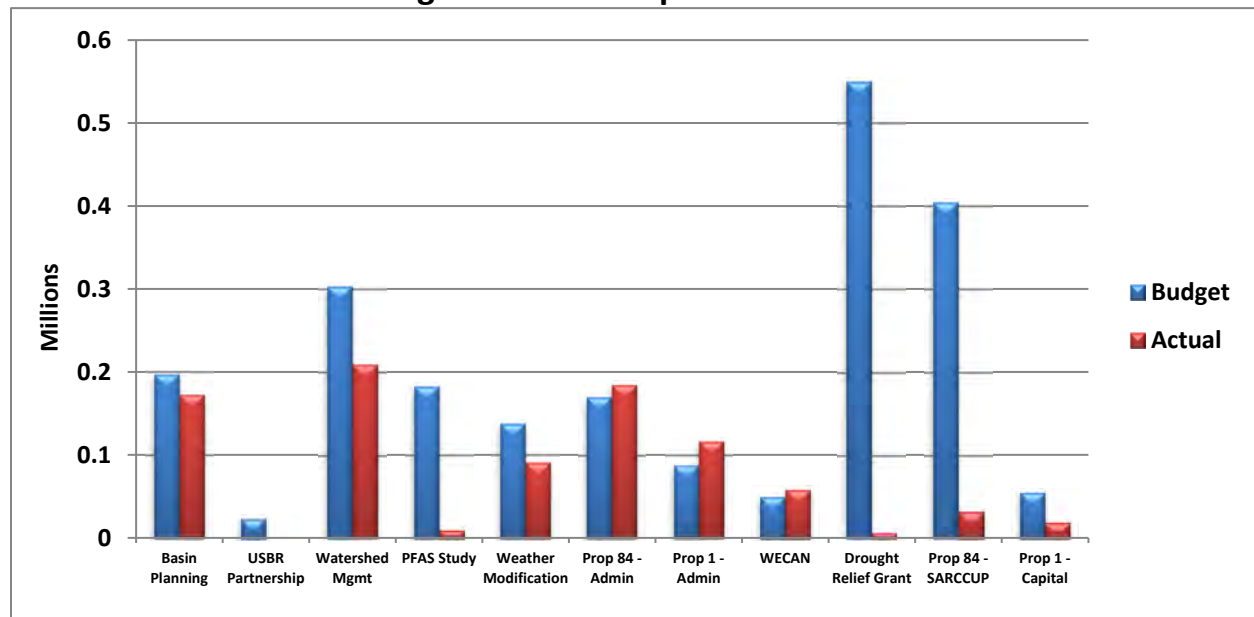
**Santa Ana Watershed Project Authority  
PA25 - OWOW Fund - Financial Report  
October 2023**

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

<b>Overview</b>	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through October 2023 unless otherwise noted.
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<b>Budget to Actual Expenses - OWOW</b>				 <b>Favorable</b>
	<b>Annual Budget</b>	<b>FYTD Budget</b>	<b>FYTD Actual</b>	<b>Favorable (Unfavorable) Variance</b>
Basin Planning General	\$589,459	\$196,486	\$172,115	\$24,371
USBR Partnership Studies	68,859	22,953	133	22,820
Watershed Mgmt. (OWOW)	908,756	302,919	208,904	94,015
PFAS Study	547,652	182,551	10,111	172,400
Weather Modification	410,911	136,970	90,704	46,266
Prop 84 - Administration	508,900	169,633	184,514	(14,881)
Prop 1 – Administration	262,343	87,448	116,234	(28,786)
WECAN - Riverside	147,679	49,226	57,563	(8,337)
Drought Relief Grant DACI	1,649,378	549,793	7,531	542,262
Prop 84 – SARCCUP & Other	1,212,085	404,028	32,399	371,629
Prop 1 – Capital Projects	163,313	54,438	19,420	35,018
<b>Total</b>	<b>\$6,469,335</b>	<b>\$2,156,445</b>	<b>\$899,628</b>	<b>\$1,256,817</b>

**Budget to Actual Expenses - OWOW**





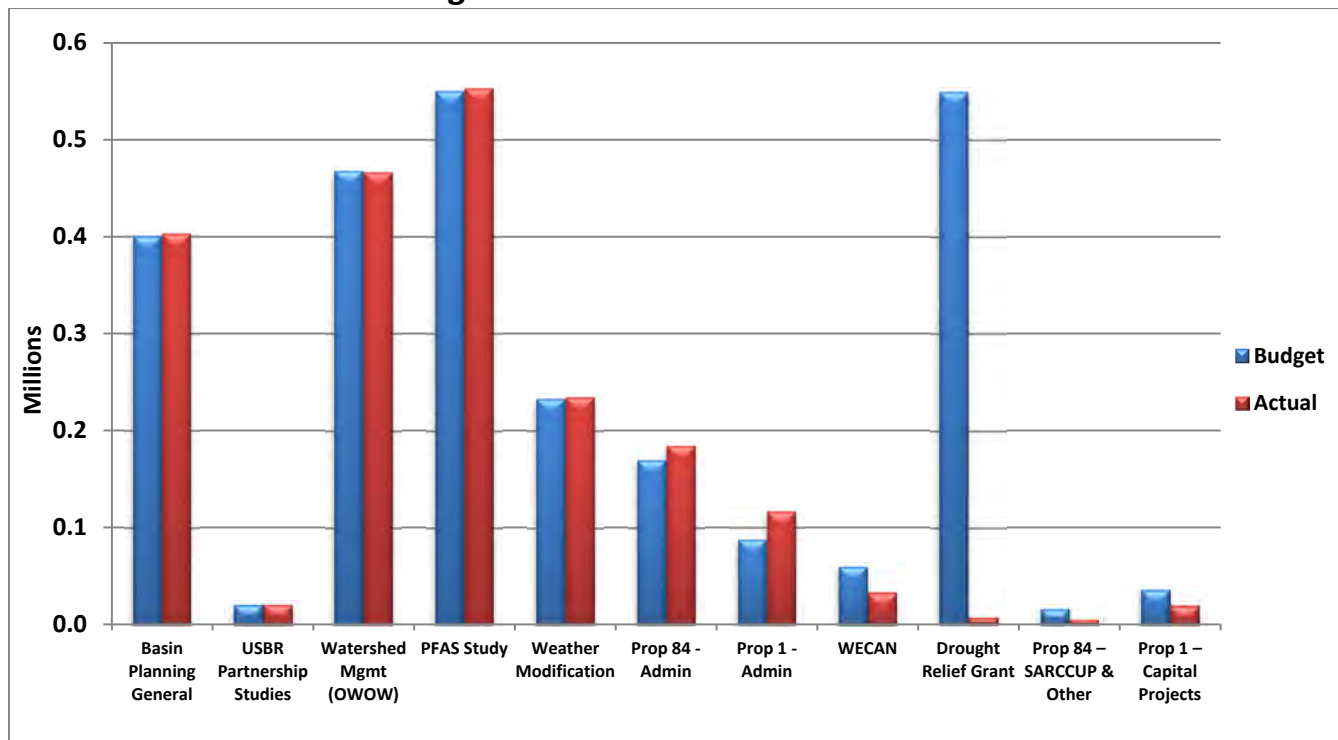
## Budget to Actual Revenues - OWOW



Concern

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Planning General	\$500,000	\$400,000	\$402,699	\$2,699
USBR Partnership Studies	70,000	20,000	20,316	316
Watershed Mgmt. (OWOW)	767,900	467,900	466,565	(1,335)
PFAS Study	550,000	550,000	552,838	2,838
Weather Modification	434,500	233,000	234,557	1,557
Prop 84 - Administration	508,900	169,633	184,514	14,881
Prop 1 – Administration	262,343	87,448	116,234	28,786
WECAN - Riverside	147,679	60,018	33,340	(26,678)
Drought Relief Grant - DACI	1,649,378	549,793	7,531	(542,262)
Prop 84 – SARCCUP & Other	47,584	15,861	5,306	(10,555)
Prop 1 – Capital Projects	105,951	35,317	19,420	(15,897)
<b>Total</b>	<b>\$5,044,235</b>	<b>\$2,588,970</b>	<b>\$2,043,320</b>	<b>(\$545,650)</b>

## Budget to Actual Revenues - OWOW







## Reserve Fund Balance

	Amount
Basin Planning General	\$350,057
USBR Partnership Studies	46,288
Watershed Management (OWOW)	436,402
PFAS Study	530,629
Weather Modification	247,115
WECAN	38,228
Proposition 84 – SARCCUP & Other	1,309,134
Proposition 1 – Capital Projects	86,913
<b>Total Reserves</b>	<b>\$3,044,766</b>

### 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) Revenues are 21.1% under the budget. It is expected they will be on track with the budget by the end of the year. Expenses are 58.2% under budget.

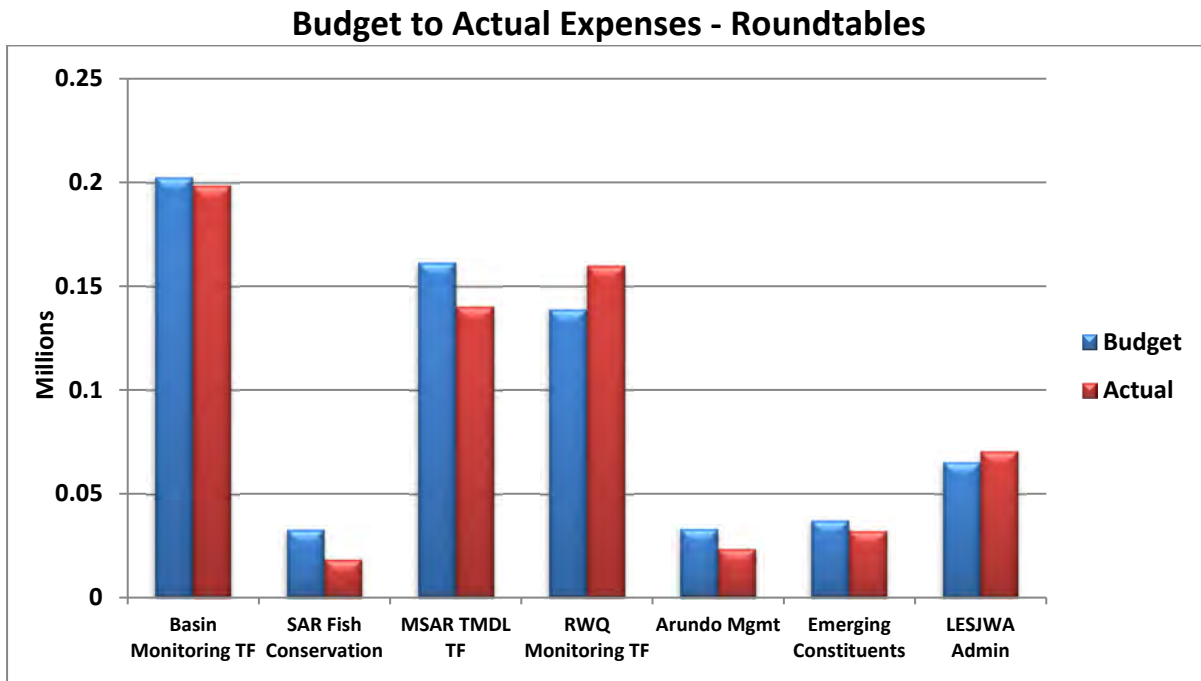
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**Santa Ana Watershed Project Authority  
PA26 - Roundtable Fund - Financial Report  
October 2023**

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

<b>Overview</b>	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through October 2023 unless otherwise noted.
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Budget to Actual Expenses - Roundtables				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Monitoring TF	\$607,712	\$202,571	\$198,661	\$3,910
SAR Fish Conservation	97,457	32,486	18,221	14,265
MSAR TMDL TF	236,146	161,492	140,193	21,299
RWQ Monitoring TF	416,225	138,742	159,894	(21,152)
Arundo Mgmt.	99,252	33,084	23,378	9,706
Emerging Constituents	111,706	37,235	32,134	5,101
LESJWA Admin	195,857	65,286	70,605	(5,319)
Total	\$1,764,355	\$670,896	\$643,086	\$27,810



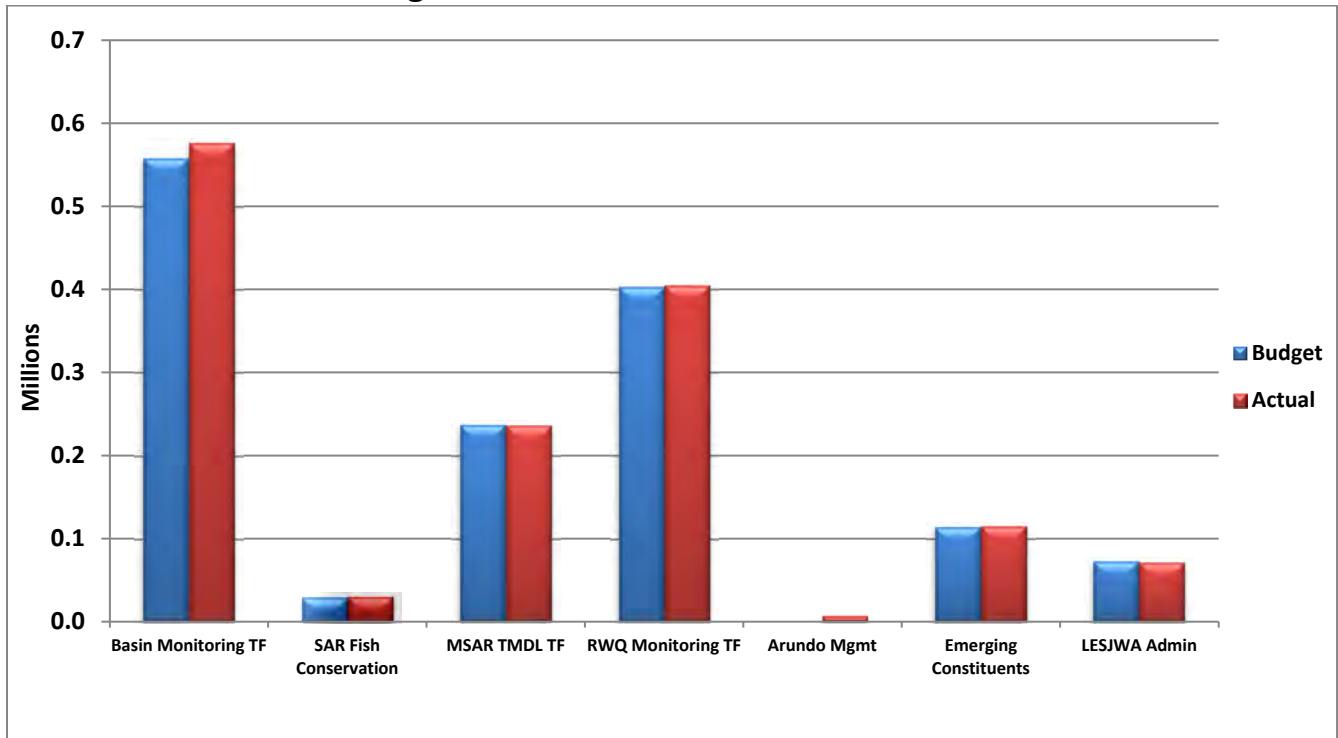
## Budget to Actual Revenues - Roundtables



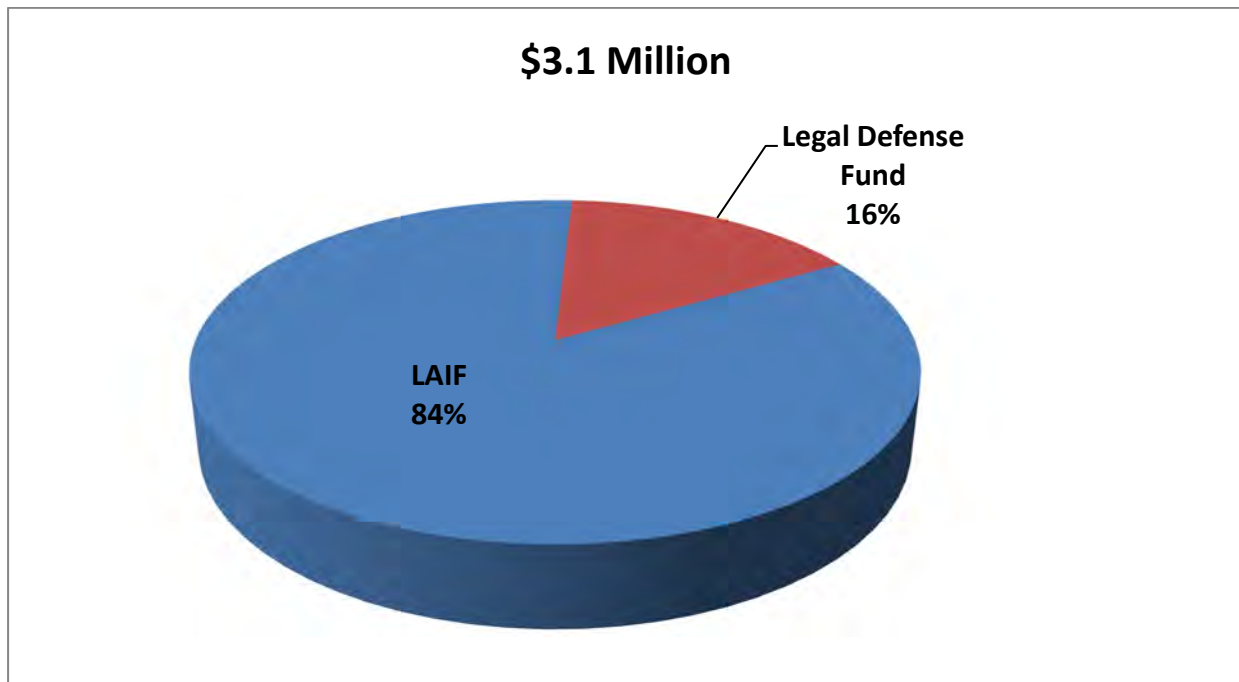
**On Track**

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Monitoring TF	\$558,000	\$558,000	\$576,796	\$18,796
SAR Fish Conservation	29,000	29,000	29,903	903
MSAR TMDL TF	237,040	237,040	236,296	(744)
RWQ Monitoring TF	402,716	402,716	404,559	1,843
Arundo Mgmt.	-	-	6,565	6,565
Emerging Constituents	114,000	114,000	115,076	1,076
LESJWA Admin	195,857	71,952	70,538	(1,414)
<b>Total</b>	<b>\$1,536,613</b>	<b>\$1,412,708</b>	<b>\$1,439,733</b>	<b>\$27,025</b>

## Budget to Actual Revenues - Roundtables



## Total Cash & Investments







## Reserve Fund Balance

	Amount
Basin Monitoring Task Force	\$818,501
SAR Fish Conservation	105,023
Middle SAR TMDL Task Force	362,734
Regional Water Quality Monitoring Task Force	319,016
Arundo Management & Habitat	808,313
Emerging Constituents Task Force	203,298
Legal Defense Fund	490,197
<b>Total Reserves</b>	<b>\$3,107,082</b>

## 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 Revenues and Expenses are on track with the budget.



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

## 1 Agency Email Transition to .gov Underway

### Agency Email Transition to .gov Underway

SAWPA is elated to announce that the agency's email transition from .org to .gov is well underway and has been successfully active since Friday, December 1. This transition marks an important step in aligning the organization with government standards and enhancing SAWPA's credibility.

## 2 SAWPA Remembers Commissioner Kelly Rowe

During this transition, all emails sent to SAWPA's previous .org addresses will be automatically redirected to the new .gov email accounts.

## 3 SAWPA Team Volunteers at Feeding America Food Bank

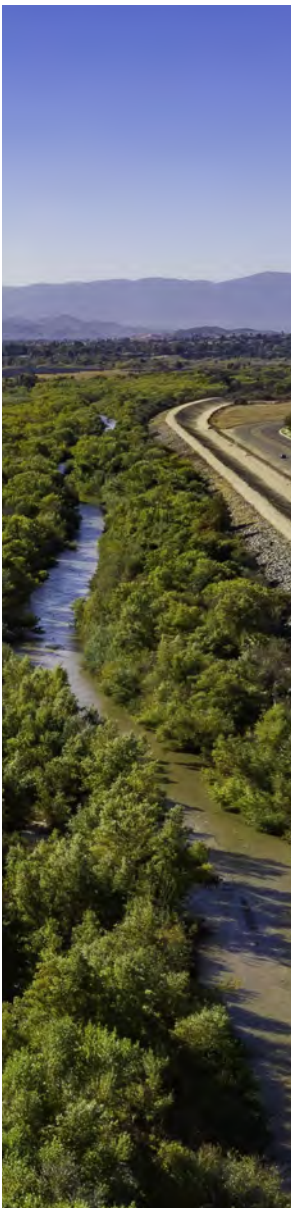
### SAWPA Remembers Commissioner Kelly Rowe

SAWPA is deeply saddened by the unexpected passing of Kelly Rowe, SAWPA's Alternate Commissioner representing the Orange County Water District (OCWD). Mr. Rowe played a vital role in supporting SAWPA's efforts in the Santa Ana Watershed. His support for SAWPA's Integrated Regional Water Management (IRWM) initiative exemplifies his dedication to advancing innovative approaches for water capture, water conservation, and progressive methods, such as weather modification.

Kelly's sudden departure is an immense loss to SAWPA and the Santa Ana River Watershed community. His dedication and commitment to the Santa Ana Watershed will be remembered and cherished by all who had the privilege of working alongside him.

### SAWPA Team Volunteers at Feeding America Food Bank

On Wednesday, November 29, the SAWPA staff came together to volunteer at the Feeding America food bank in Riverside. This internal initiative was taken to strengthen teamwork and collaboration across departments. The team sorted and packed food items, ensuring that they were ready to be distributed to those in need. We are proud of our team for coming together and making a difference, and we look forward to future opportunities to serve our community.





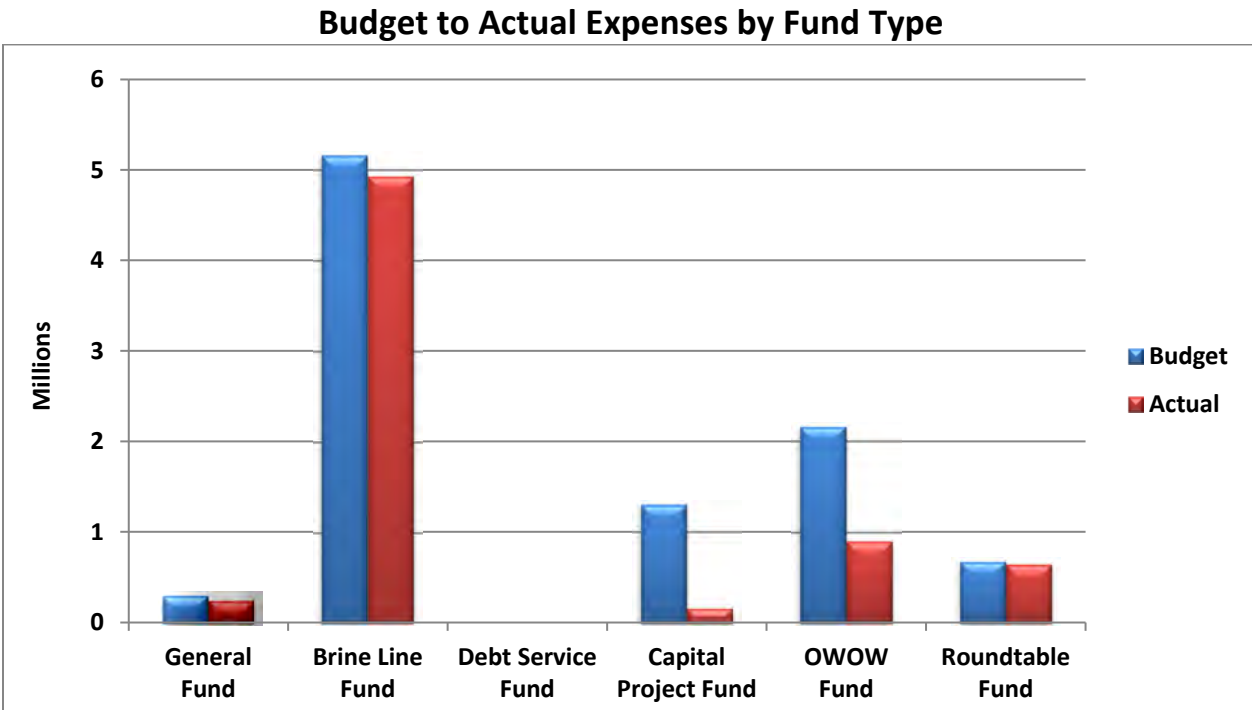
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**Santa Ana Watershed Project Authority  
Executive Financial Information Report  
October 2023**

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

<b>Overview</b>	This report highlights the agency’s key financial indicators for the Fiscal Year-to-Date (FYTD) October 2023 unless otherwise noted.
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Budget to Actual Expenses by Fund Type	<b>Favorable</b>			
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
General Fund	\$696,275	\$298,758	\$243,097	\$55,661
Brine Line Enterprise	11,022,144	5,157,591	4,926,838	230,753
Debt Service Fund	1,709,476	-	-	-
Capital Project Fund	3,893,137	1,297,713	163,345	1,134,368
OWOW Fund	6,469,335	2,156,445	899,628	1,256,817
Roundtable Fund	1,764,355	670,896	643,086	27,810
<b>Total</b>	<b>\$25,554,722</b>	<b>\$9,581,403</b>	<b>\$6,875,994</b>	<b>\$2,705,409</b>



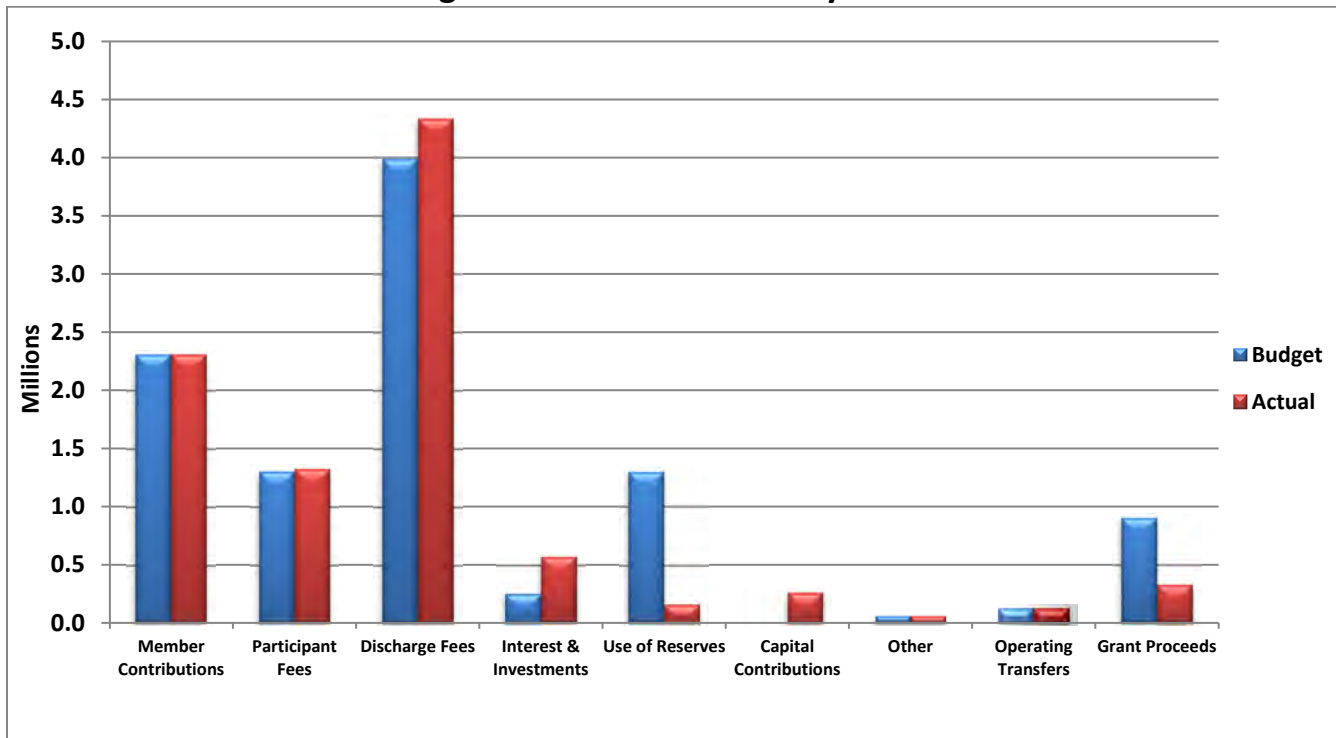
## Budget to Actual Revenues by Source



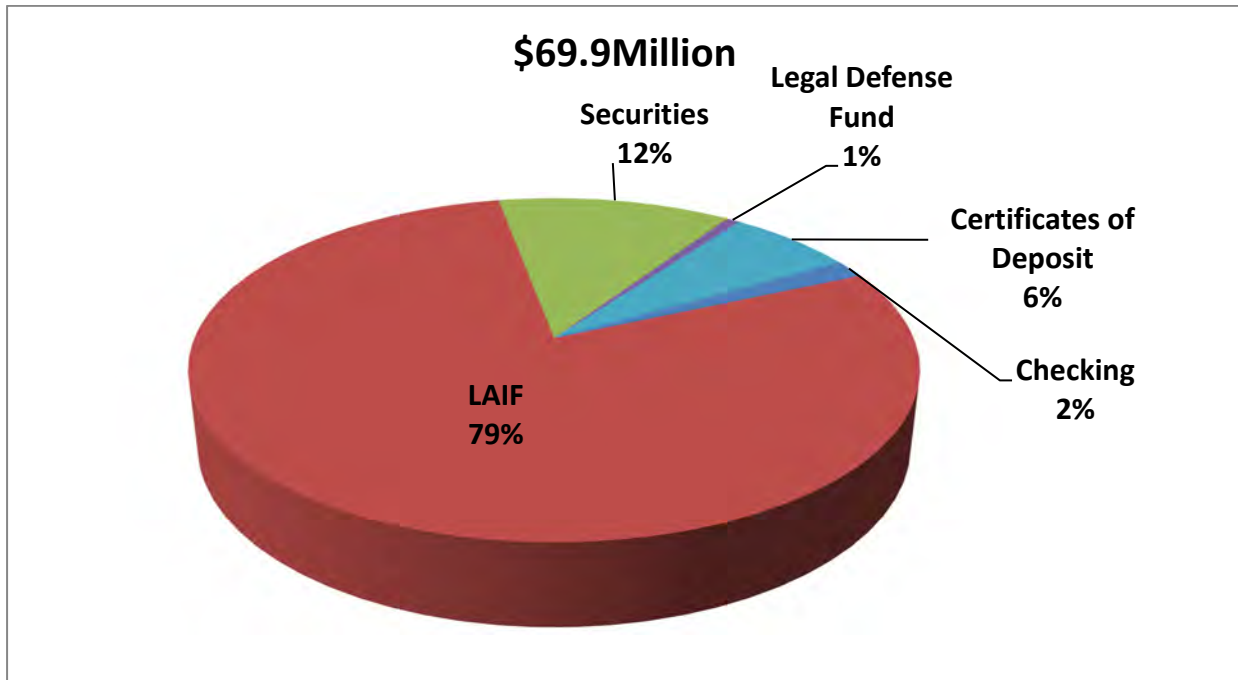
Concern

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Member Contributions	\$2,308,275	\$2,308,275	\$2,308,275	\$-
Participant Fees	1,301,678	1,301,678	1,325,226	23,548
Discharge Fees	11,961,620	3,987,207	4,330,709	343,502
Interest & Investments	770,000	256,667	571,535	314,868
Use of Reserves	3,893,137	1,297,713	163,345	(1,134,368)
Capital Contributions – RBF	-	-	260,432	260,432
Other	185,857	61,952	60,784	(1,168)
Operating Transfers	124,165	124,165	124,165	-
Grant Proceeds	3,357,148	901,883	334,052	(567,831)
<b>Total</b>	<b>\$23,901,880</b>	<b>\$10,239,540</b>	<b>\$9,478,523</b>	<b>(\$761,017)</b>

### Budget to Actual Revenues by Source



## Total Cash & Investments







## Reserve Fund Balance

	Amount
General Fund	\$2,071,937
Building Fund	850,237
OWOW Fund	3,044,766
Roundtable Fund	3,107,082
Debt Retirement	2,922,922
Pipeline Replacement & Capital Investment	34,856,447
OC San Pipeline Rehabilitation	2,795,769
Pipeline Capacity Management	12,430,612
OC San Future Treatment & Disposal Capacity	1,903,167
Brine Line Operating Reserve	2,197,891
Brine Line Operating Cash	3,694,962
<b>Total Reserves</b>	<b>\$69,875,793</b>

## 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 7% and expenses are 28% below budget. It is anticipated that they both will be on track with the budget by the end of the year.

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**December 8, 2023**

**To:** Santa Ana Watershed Project Authority

**From:** Michael Boccadoro  
Beth Olhasso

**RE:** November Report

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Overview:

As we conclude November the new water year offers increased hope for water managers. Water storage numbers continue to be very strong and a growing consensus is forecasting a strong El Niño pattern for California and the west.

The Department of Water Resources released the 2023 Draft Update of the California Water Plan (Update 2023). Not surprising given the focus of the Newsom Administration, Update 2023 focuses heavily on watershed adaptation to a changing climate and support for disadvantaged communities.

The Division of Financial Assistance at the State Water Resources Control Board has released a pre-draft of their Policy Amendments to the Clean and Drinking Water State Revolving Fund program. The pre-draft, which CASA, WaterReuse & ACWA all commented on, is intended to solicit informal input before the official draft is released in January. DFA is proposing to make changes to expedite the process of getting projects on and off the revolving fund list in a timely manner. Additionally, they propose to expand eligibility for several new project types.

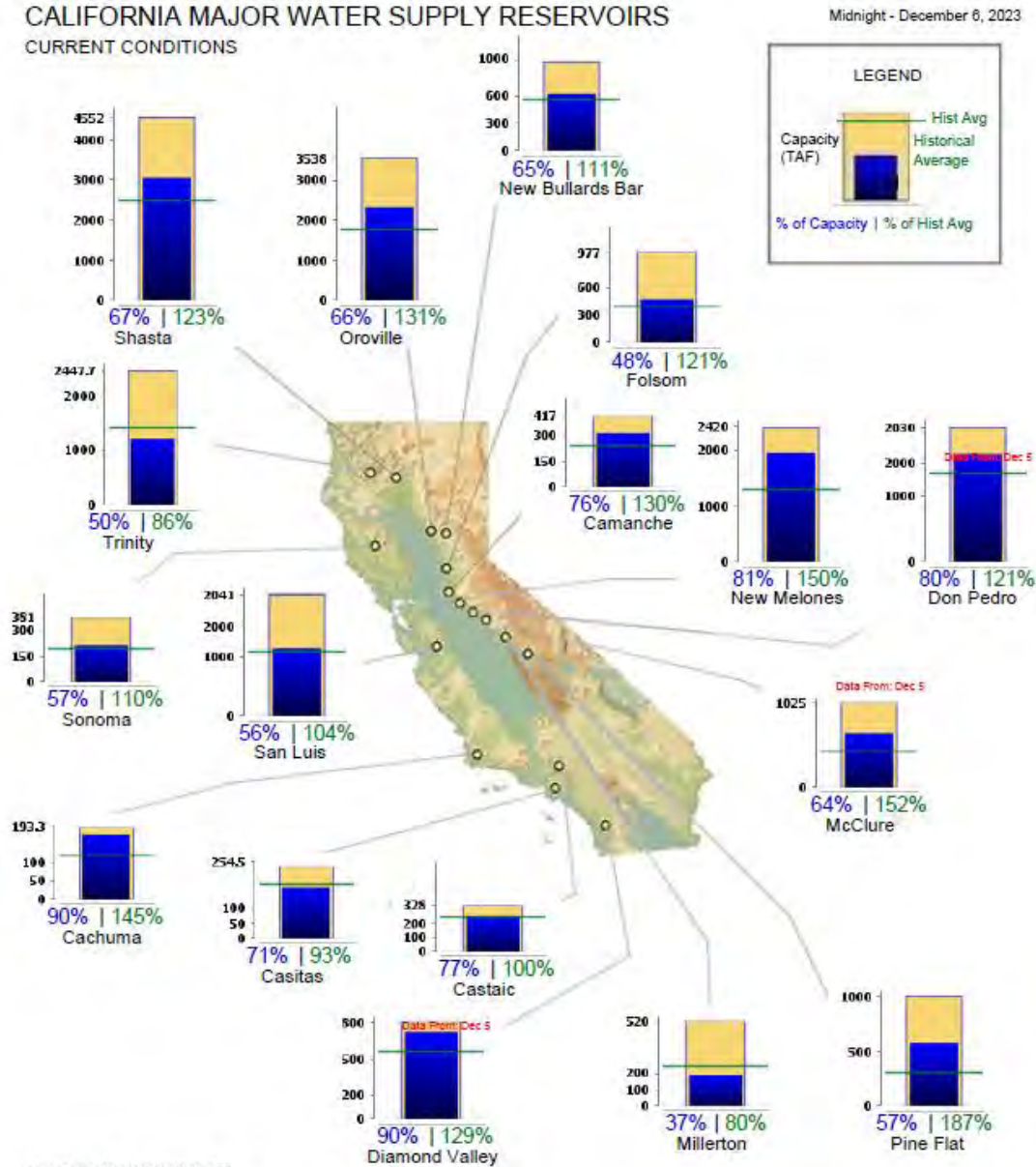
The SWRCB released the application for the extended water and wastewater arrearage program. Per budget trailer bill language, the program now covers the period March 3, 2020-December 31, 2022 (originally the coverage period ended June 31, 2021). Agencies have until December 31, 2023 to apply.

The Legislature will return January 3 to begin the second year of the two-year session. So far, there haven't been any legislative proposals from the water community that address major water policy. Both MWD and ACWA have proposals that are more-or-less cleanup bills.

# Santa Ana Watershed Project Authority Status Report – November 2023

## Water Supply Conditions

### CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS CURRENT CONDITIONS



While winter storms are slowly trickling into the state, Lake Oroville is sitting at 131 percent of historical average and 66 percent capacity. San Luis Reservoir, the main south-of-Delta storage facility for the State Water Project, is at 104 percent of average for this time of the year and 56 percent capacity. State Water Project water continues to flow into Diamond Valley Lake, which is now at 90 percent capacity.



### California Water Plan Update 2023

DWR recently released its 2023 Update of the California Water Plan. The Plan, which is updated every five years, is the State’s strategic plan for sustainably and equitable managing, developing, and stewarding water resources. It presents the status and trends of CA’s water-dependent natural resources, water supplies and agricultural, urban and environmental water demands for a range of plausible future scenarios.



Update 2023 focuses in several key areas:

- **Addressing Climate Urgency:** understanding the challenges brought by a changing climate and bolstering the adaptive capacity of California’s water systems.
- **Strengthening Watershed Resilience:** watersheds are at the forefront of the impacts of climate change with each watershed experiencing the effects of climate change in ways unique to its geography, hydrology, socioeconomic, land use patterns and built infrastructure. Effective climate adaptation strategies will vary between watersheds. Update 2023 underscores the importance of watershed-specific climate vulnerability analyses and adaptation plans followed by investments in multi-sector collaborations and solutions at the watershed and regional-scale.
- **Achieving Equity:** climate change continues to exacerbate long-standing inequities in CA water management. Implementing climate adaptation strategies provides new opportunities to modernize aging infrastructure and ensure that systems work better for all Californians.

In support of the 2023 Update, DWR recently released [From Climate Traces to Climate Insights: Future Scenarios Analysis for the California Central Valley \(Analysis\)](#). The analysis is intended to provide a more robust assessment of future vulnerabilities to climate change. It uses decision-scaling to quantify potential vulnerability at the regional and statewide scales and identify areas



for more in-depth analysis. Decision-scaling is intended to provide a “stress test” of a water system in response to a wide range of future climate impacts which would gather new insights into system performance and vulnerabilities to extreme climatic conditions. These more robust assessments could later be used to make better investment decisions.

### ***State Revolving Fund Policy Amendment***

After the SWRCB adopted the 2023-24 Clean Water State Revolving Fund Intended Use Plan in September, they initiated a process to update the overall SRF Policy, the first since 2019. The intent is to update scoring criteria and other details regarding the implementation of the SRF program.

As discussed in previous reports, the SRF fund is struggling to maintain funding levels. With new State Board scrutiny of the “sustainable lending capacity” of the fund and Congress using state SRF allocations for “Congressionally Directed Spending” (otherwise known as earmarks), the SRF program is currently lending only a fraction of the money awarded in the past. The program is even taking a “pause” for the 2025-26 year and will not fund any new projects, hoping that the year pause will allow the backlog of projects to execute their funding agreements before the fund resumes with new projects in FY 2026-27.

## **Current CWSRF Loan Demand**



In the interim, the Division of Financial Assistance is working on the Policy Amendment Update to the CWSRF program. They have provided a preview of amendments they intend to formally propose in January, and have given stakeholders the opportunity to informally comment, before the official draft is released. DFA staff seem to be looking for ways to move projects onto and off of the “fundable list” in a more expeditious manner. Some of the proposals include, but are not limited to:

- Increased project readiness to get onto the list.
- Extra points for projects taking a “standard contract” agreement.
- New powers for the deputy director to remove projects from the list without further review or appeal.

- Allowing for septic to sewer conversion of private sewer laterals and tanks to become eligible for funding.
- Giving extra points to nutrient removal projects.

CASA, WateReuse and ACWA have all submitted initial comments.

### ***Water/Wastewater Arrearages Program Extended***

The SWRCB recently released applications for the expansion of the Arrearages Program. The program is intended to provide relief to community water and wastewater systems for unpaid bills related to the pandemic.

Arrearages Timeline:

- \$985 million in federal funding allocated by the legislature for the California Water and Wastewater Arrearages Payment Program for debt between March 4, 2020 and June 15, 2021.
- Application period ended on April 1, 2022
- State Water Board disbursed over \$385 million to water and wastewater systems for residential and commercial arrearages.
- July 10, 2023, Governor Newsom signed a budget trailer bill expanding the Arrearages Program.
  - This new Extended Water and Wastewater Arrearage Payment Program extends the COVID Relief Period to December 31, 2022, with the state legislature allocating the remaining \$600 million in federal funding for this Program.
- Application period open until December 31, 2023
  - Late applications accepted until January 31, 2024, but funding not guaranteed.

### ***Legislative Shake-up***

California Assembly Speaker Robert Rivas (D-Hollister) announced new legislative leadership, a key decision heading into the 2024 legislative year. The new appointments will help shape policy in the lower house and what ultimately becomes law in the nation's most populous state.

Among the most significant changes is the announcement of a new Majority Leader, Assemblymember Cecilia Aguiar Curry (D-Davis). She replaces Isaac Bryan (D-Los Angeles), who now becomes chair of the natural resources committee, a key panel on environmental policy.

Committee chairs have significant power to determine which bills live or die at the Capitol. Other new influential committee chairs include assemblymember Buffy Wicks (D-Oakland) who will chair the powerful Appropriations committee and Jesse Gabriel (D-Encino) who will chair the Budget committee. Both are close allies of Rivas.

Other significant assignments include Diane Papan (D-San Mateo) as chair of Water, Parks & Wildlife committee, and Assemblymen Miguel Santiago (D-Los Angeles) as Assistant Majority Leader.

### ***Legislative Update***

As reported last month, the Governor has taken the final action on legislation for the 2023 legislative session. Focus now turns to proposals for 2024. So far, there haven't been any proposals

from the water community that look to be terribly controversial, but there is plenty of time for new ideas to crop up before the February 16 bill introduction deadline. As discussed at the November 7 Community and Legislative Affairs Committee Meeting only ACWA and MWD have legislative proposals under consideration.

#### MWD

MWD is proposing to remove the sunset date on MWD exception to the Surface Mining and Reclamation Act on the CRA. Without the exemption, MWD has to secure several burdensome permits. The proposal is likely to be non-controversial.

#### ACWA

ACWA is proposing cleanup language on SB 3 (Dodd) “Water Shutoff Protection Act” The language was negotiated with Attorney General, Leadership Council for Justice & Accountability & Senator Dodd in 2023, but there wasn’t time to get amendments in on the Assembly Floor.

#### CASA & WateReuse

CASA’s legislative planning meeting is on December 8, and they have not yet released proposals. WateReuse does not have any legislative proposals at this time.

Look Ahead: Next month we will revisit “two-year bills,” or bills that were not passed in 2023 that will be active in 2024.