SANTA ANA WATERSHED PROJECT AUTHORITY

SAWPA

Annual Comprehensive Financial Report

For Fiscal Years Ended June 30, 2024 and 2023

Riverside, California

Santa Ana Watershed Project Authority

Riverside, CA

Annual Comprehensive Financial Report

For the Fiscal Year

Ended June 30, 2024

Prepared by the

Finance Department

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INTRODUCTORY SECTION

Santa Ana Watershed Project Authority
Over 50 Years of Innovation, Vision, and Watershed Leadership
SAWPA

December 17, 2024

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, 2024.

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, 2024, 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, 2024, 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.

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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 53-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 and updated in 2018. 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.

In an extension of the foundational work of the OWOW Plan, SAWPA is developing a community-informed, stakeholder-driven, and implementation focused Climate Adaptation and Resilience Plan in support of funding regional planning and implementation projects that address the impacts of climate change risks in the Santa Ana River Watershed. The Authority received a grant from the Governor's Office of Land Use and Climate Innovation. The Integrated Climate Adaptation and Resilience Plan (ICARP) Regional Resilience Grant Program (RRGP) will help us develop a well-rounded and representative plan. The plan will be executed to capture three essential perspectives: public agency stakeholders, the community, and the Tribal Nations and their communities located within the Santa Ana River Watershed.

Roundtables

The Authority has taken the lead role in establishing effective regional partnerships with the Regional Water Quality Control Board (RWQCB) 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 prime location as a transportation hub, with close proximity to major ports, positions it for sustained growth in logistics and distribution. However, global economic uncertainties and the shifting dynamics of work in the post-pandemic era could pose challenges. To navigate these complexities and capitalize on emerging opportunities, collaboration among stakeholders—policymakers, businesses, and residents—will be essential for fostering sustainable economic development in the region. 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

The fiscal year ending 2024 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 a new grant project, developing the Santa Ana River Watershed Climate Adaptation and Resilience Plan. Some of the major accomplishments for fiscal year 2024 are listed on the following pages.

Brine Line Enterprise

Engineering

- Continued work on the Brine Line Master Plan including meeting with member and other agencies. The draft Master Plan is anticipated in August 2024.
- Completed the draft Reach IV-B condition assessment. The Final Report is anticipated in September 2024.
- Conducted the Reach IV condition assessment field inspection work and completed the draft Reach IV condition assessment report.
- Issued a Request for Proposal (RFP) and awarded contract for the Reach IV-D condition assessment. Conducted the field inspection work and completed the draft Reach IV-D condition assessment report.
- Completed construction of the Agua Mansa Lateral.
- Continued to implement the Pretreatment Program (PTP). Performed 64 on-site discharger inspections, 71 monitoring (or sampling) events at discharger locations, 60 monitoring (or sampling) events at the Santa Ana Regional Interceptor (SARI) Metering Station, issued 2 new permits, and reissued 27 existing permits. Issued 11 liquid waste hauler permit amendments and 1 discharger amendment.
- 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.
- Conducted and completed individual agency audits with no major findings identified.
- Approved a Discharger Lease Agreement with the City of Beaumont to lease 30,000 gallons per day of capacity.
- Continued to coordinate efforts that represent SAWPA's interests with OC San through the Joint Policy Committee and the Joint Operations Committee.

Operations

- Prepared an RFP and awarded contracts for on-call services for various activities for Brine Line operations.
- Updated the Sewer Emergency Response Plan (SERP) to meet the new Waste Discharge Requirements. Conducted a workshop with member agencies and the RWQCB to review the SERP.
- Issued an RFP for audit of Sewer System Management Plan (SSMP).
- Received and reviewed 1,778 USA Dig-Alert tickets.
- Installed 4 new frame and cover assemblies on Reach IV-A Upper.
- Installed 6 new frame and cover assemblies on Reach IV-D.
- Completed over 50,000 feet of right-of-way maintenance.
- Inspected 98 maintenance access structures (MAS) on Reach IV-B.
- Rehabilitated 8 MAS on Reach IV, IV-A Upper and IV-D.
- Maintained the Brine Line Operations Center (BLOC).
- Maintained 27 air release and vacuum valves on Reach IV-B and V.
- Completed inspection of 57,000 linear feet of pipeline.
- Completed line cleaning and inspection of 60,300 linear feet of pipeline.

OWOW Program

Project Agreement (PA) 22 Committee – Water Use Efficiency

- Worked with 8 retail water agencies to create efficiency budgets for dedicated irrigation meter customers through the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). Work was completed FYE 2024.
- Coordinated with Bureau of Reclamation (BOR) to successfully develop a process to identify and quantify outdoor landscape features using ESRI geographic information system (GIS) based deep learning tools and verify that these data meet or exceed the quality standards of the State's data.
- Worked with BOR to successfully complete efforts to analyze and model outdoor landscape features for Orange County retail water agencies using ESRI GIS-based deep learning tools and verify that these data meet or exceed the quality standards of the State's data.
- Coordinated with BOR staff to apply the ESRI GIS-based deep learning approach to analyze and model outdoor landscape features for upper watershed retail water agencies service areas.

Disadvantaged Community Involvement (DACI) Grant Program

- Coordinated with each of the project proponents on the implementation of projects funded through the Department of Water Resources (DWR) through the 2021 Urban and Multi-benefit Drought Relief Grant Program. 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 staff-level SARCCUP planning meetings.
- Worked with the SARCCUP planning managers to execute amendment number 4. This request included changes to the WMWD conjunctive use component, as well as changes to the SBVMWD Santa Ana sucker habitat component.

OWOW and Integrated Regional Watershed Management (IRWM) Support

- 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 Water Systems Consulting, Inc. completed tasks on time and within budget.

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.
- Managed a $861,400 grant under the Proposition 1 Round 2 Grant Program.

Box Springs Mutual Water Company Well Improvement Project

- Finalized three party grant project sub-agreement with California Rural Water Association (CRWA) and Box Springs Mutual Water Company for an award of $1.9 million in grant funding from the DWR through the Proposition 1 Round 2 Grant Program.
- Coordinated with CRWA staff on the implementation of the project.

Lake Elsinore Algae Harvesting and Nutrient Removal Pilot Project

- Prepared a draft three party grant project sub-agreement with the Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) and the City of Lake Elsinore for an award of $1.5 million in grant funding from the DWR through the Proposition 1 Round 2 Grant Program.

<u>Santa Ana River Watershed Climate Adaptation and Resilience Plan</u>

- Prepared and submitted grant application through Round 1 of the Regional Resilience Grant Program under the Governor's Office of Land Use and Climate Innovation (formerly the Office of Planning and Research), alongside the Soboba Band of Luiseno Indians and the Inland Southern California Climate Collective (ISC3) as co-applicants, to develop a community-informed Climate Adaptation and Resilience Plan for the Santa Ana River Watershed.
- Awarded funding of $644,190 for a planning grant to develop a plan.

Stakeholder Partnering (Roundtables)

<u>Santa Ana Fish Conservation Team</u>

- Conducted Riverwalk in Fall 2023 with approximately 35 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 Atlas to share the results of the data collected.
- 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. Submitted final mitigation report in Spring 2024.

<u>Water Energy Community Action Network (WECAN)</u>

- Executed an amendment for the grant agreement to expand the project area boundary and update the deliverables for the project.
- 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.

- Completed construction on 8 Riverside resident landscapes. A total of 14,221 square feet of lawn turf was replaced with California-friendly, drought-tolerant plants. These efforts estimate a total water savings of 625,724 gallons of water saved every year.

Basin Monitoring Program Task Force

- Managed consultant contract with CWE to monitor quarterly at three sites along the Santa Ana River.
- Developed the 2023 Data Gap Framework and submitted to the Regional Board in October 2024, 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 2023 Annual Report of Santa Ana River Water Quality for review by task force stakeholders and the Regional Board staff.
- Worked with scoping committee on the Reach 3 Special Study scope of work and request for proposals.

Southern California Salinity Coalition (SCSC)

- Attended quarterly Board meetings
- Attended Board meetings and the Multi-State Salinity Coalition Annual 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 2022-2023 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 2023 and May 2024 to reduce the phosphorus content, reduce algae, and help meet the TMDL targets for the lake.
- Prepared and approved the fiscal year 2024-2025 budget for the Lake Elsinore & Canyon Lake TMDL Task Force.
- Coordinated with Task Force consultants and stakeholders on the preparation and review of regulatory documents to update the LE&CL TMDLs.
- Coordinated with Lake Elsinore Aeration and Mixing System (LEAMS) Operators and their consultants on the LEAMS Alternatives Study.

Middle Santa Ana River (MSAR) TMDL Task Force

- Prepared and approved the fiscal year 2024-2025 budget for the task force.
- Completed the 2023-2024 MSAR TMDL compliance monitoring and submitted a final report to the Regional Board.
- Continued efforts to prepare for approval by the 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 Water Quality Monitoring Task Force

- Completed the Dry Weather monitoring component of the 2023 Santa Ana River Bacteria Water Quality Monitoring Program.
- Prepared and submitted the 2023-2024 Final Santa Ana River Bacteria Water Quality Monitoring Program to the Regional Board.

Emerging Constituents Program Task Force

- Tracked per and poly fluoroalkyl (PFAS) aquatic toxicology issues, microplastics regulatory developments at the State level, and microplastics research initiatives (shared by Southern California Coastal Water Research Project Authority).
- 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.
- Implemented the new task order with JPW Communications for fiscal years 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 the partnership with the agency regarding the Headwaters Resiliency Partnership Task Force. Worked with SBVMWD to draft programmatic goals and long-term objectives for the task force, which will eventually be included in a charter agreement.
- Worked with the Cleveland and San Bernardino National Forests to resign the Forest First Memorandum of Understanding (MOU); the document was re-signed in April 2024.
- Held quarterly meetings in the latter half of the fiscal year with the two national forests focused on their recent projects and funding needs.
- Worked with the California Wildfire Crisis Strategy Manager to assist on their Land Tender data layer which needs water utility information added. This is to ultimately assist with Forest Service's fire modeling and determining the impact from catastrophic wildfire to utilities (like water/energy).

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 two 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).

PFAS Regional Analysis Phase I

- Finalized the Phase 1 PFAS Regional Analysis for Upper Santa Ana River Watershed Report.

- Conducted stakeholder workshop to inform member agencies of the findings of the Phase 1 project.
- Coordinated with member agency staff and CDM Smith to develop the Phase 2 project scope of work, budget, and schedule.
- Finalized task order with CDM Smith to conduct Phase 2 of the PFAS Regional Analysis for Upper Santa Ana River Watershed Project. The goals of the Phase 2 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 2 scope of services included the following:
  - Extension of the surface water model simulation period,
  - Incorporation of PFAS into the surface water model,
  - Surface water model application and calibration,
  - Surface water model baseline PFAS application and load assessment,
  - Surface water model PFAS source sensitivity analysis,
  - Groundwater evaluation, and
  - Phase 3 scoping.

Technology

- Completed server hardware and software refresh – worked with Managed Services Provide (MSP) with design, testing, and implementation of new server hardware and operating systems.
- Submitted Cybersecurity Grant to California Governor's Office of Emergency Services (Cal OES) for our proposed project to improve our cybersecurity response.
- Managed new Great Plains (GP) support vendor Endeavor with desktop support and support for gathering information for new finance software recommendation.
- Upgraded Uninterrupted Power Supply (UPS) to a 10-to-15-minute uptime which will automatically notify the Information Technology (IT) Department of power level failures.
- Designed, installed, and configured a new BLOC connection allowing staff direct access to the Authority network.
- Managed, upgraded and installed a new internet connection to upgrade from 150 Megabits per second (Mbps) to 500 Mbps at a lower cost.
- Windows 11 migration ongoing effort – real world testing for end-of-life Windows 10 by October 2025.
- Improved network security by penetration tests and internal phishing campaigns.
- Continued to use KnowBe4 internal phishing campaigns to test staff on phishing.
- 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/storage array network (SAN) hardware, and
  - Upgraded active directory from 2012 to 2019 (or newer) for improved security and support.
- Provided the Planning Department with maps and data to support the various task force groups and projects.

- Supported the Finance Department through updates to GP financial accounting system and Journyx, the timekeeping system.
- Updated GIS server software.
- Upgraded the Dig-Alert application with new email reading software and improved Microsoft security protocols.
- Continue support for ArcGIS Online Dashboards, Maps, Field applications and Story Maps.
- Continue stabilizing and standardizing the IT Departments Policies and Procedures.

Administration

- Expanded the Authority's online reach through consistent, informative social media posts, engaging a broader audience.
- Updated the Authority's branding materials for consistency with the Authority's mission and visual identity.
- Supported the ICARP project by building relationships and working with Community-Based Organizations (CBOs) and key stakeholders.
- Worked with the Operations team to develop brochures, maps, and other collateral supporting the Authority's projects and programs to improve community understanding and engagement.
- Applied for and received the Association of California Water Agencies (ACWA) joint powers insurance authority (JPIA) Wellness Grant, supporting employee wellness initiatives.
- Completed a comprehensive study to ensure competitive and equitable compensation.
- Enhanced employee retirement savings options by introducing the Roth 457 plan.
- Supported professional growth by enrolling department heads in a Leadership program.
- Submitted and received Riverside Public Utilities rebates for heating, ventilation, and air conditioning (HVAC) tune-ups, mini-split units, and refrigerator upgrades, totaling $2,265.
- Coordinated lighting upgrades through the Small Business Direct Installation Program, valued at $5,000, at no cost to the Authority.
- Partnered with WMWD to host the Authority's first Women in Water event, promoting professional development and networking opportunities.
- Completed a refresh and irrigation replacement project to improve the facility environment.

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 Authority 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, 2023. This was the fifteenth 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, 2024, report to the GFOA to determine its eligibility for a certificate.

The GFOA awarded a Distinguished Budget Presentation Award to the Authority for the two-year budget beginning July 1, 2023. 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.

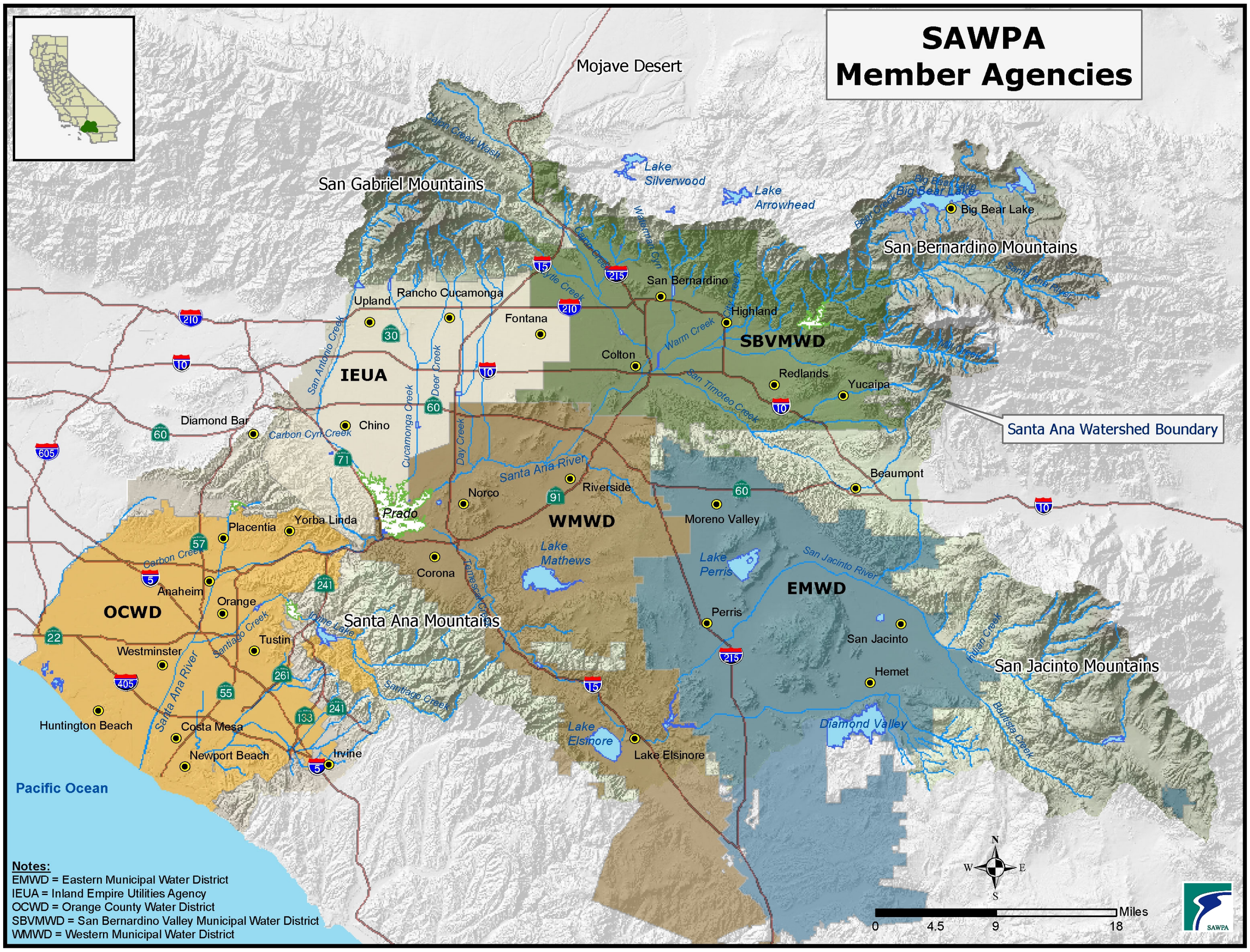
Additionally, we would like to acknowledge the Board of Commissioners for their continued support of the Authority's goal of sound accountable financial management, and for maintaining the highest standards of professionalism in the management of the Authority's finances. We truly appreciate their unfailing 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, 2023

Christopher P. Morrill

Executive Director/CEO

Santa Ana Watershed Project Authority
Authority Officials

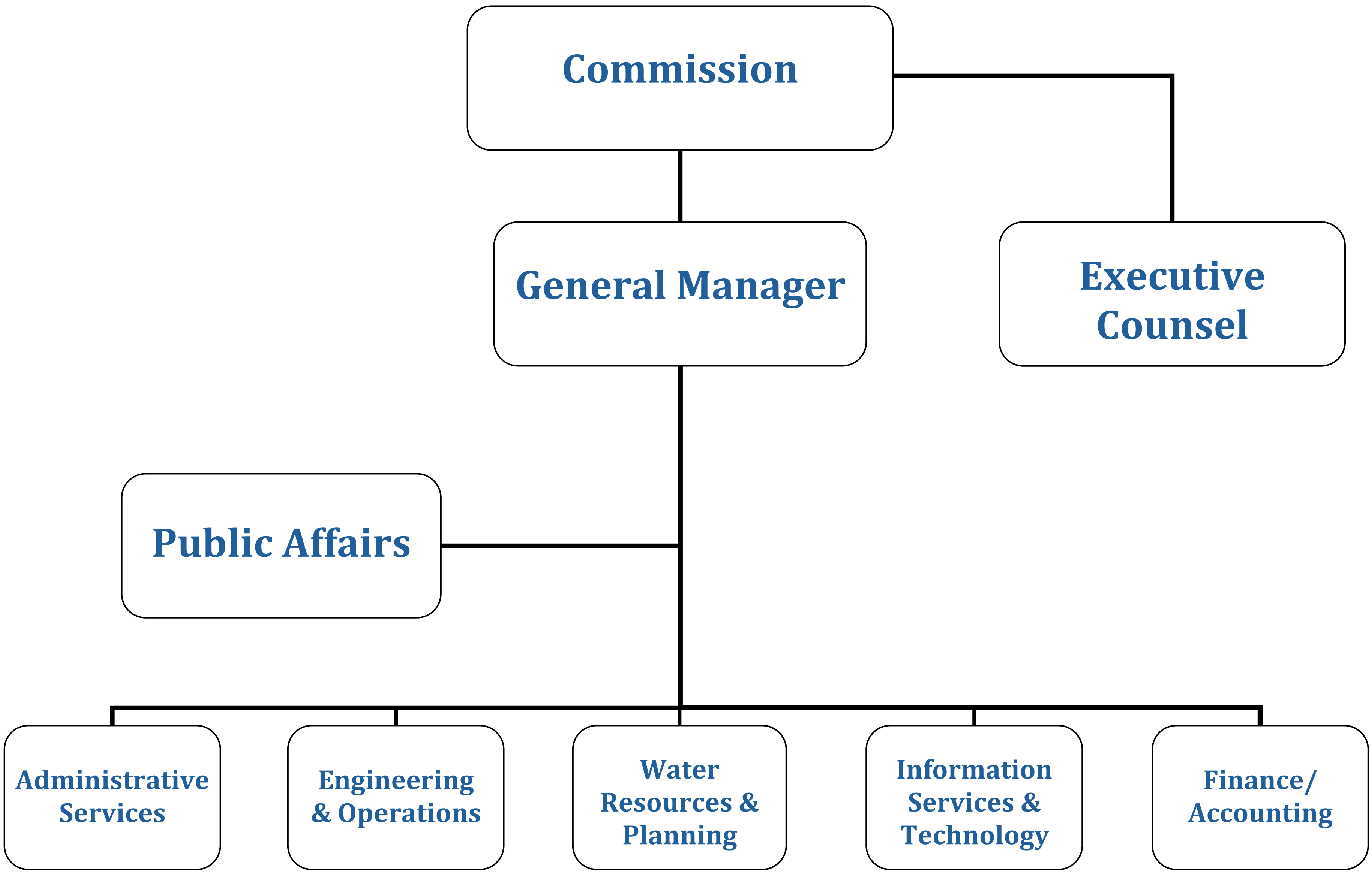
Board of Commissioners

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

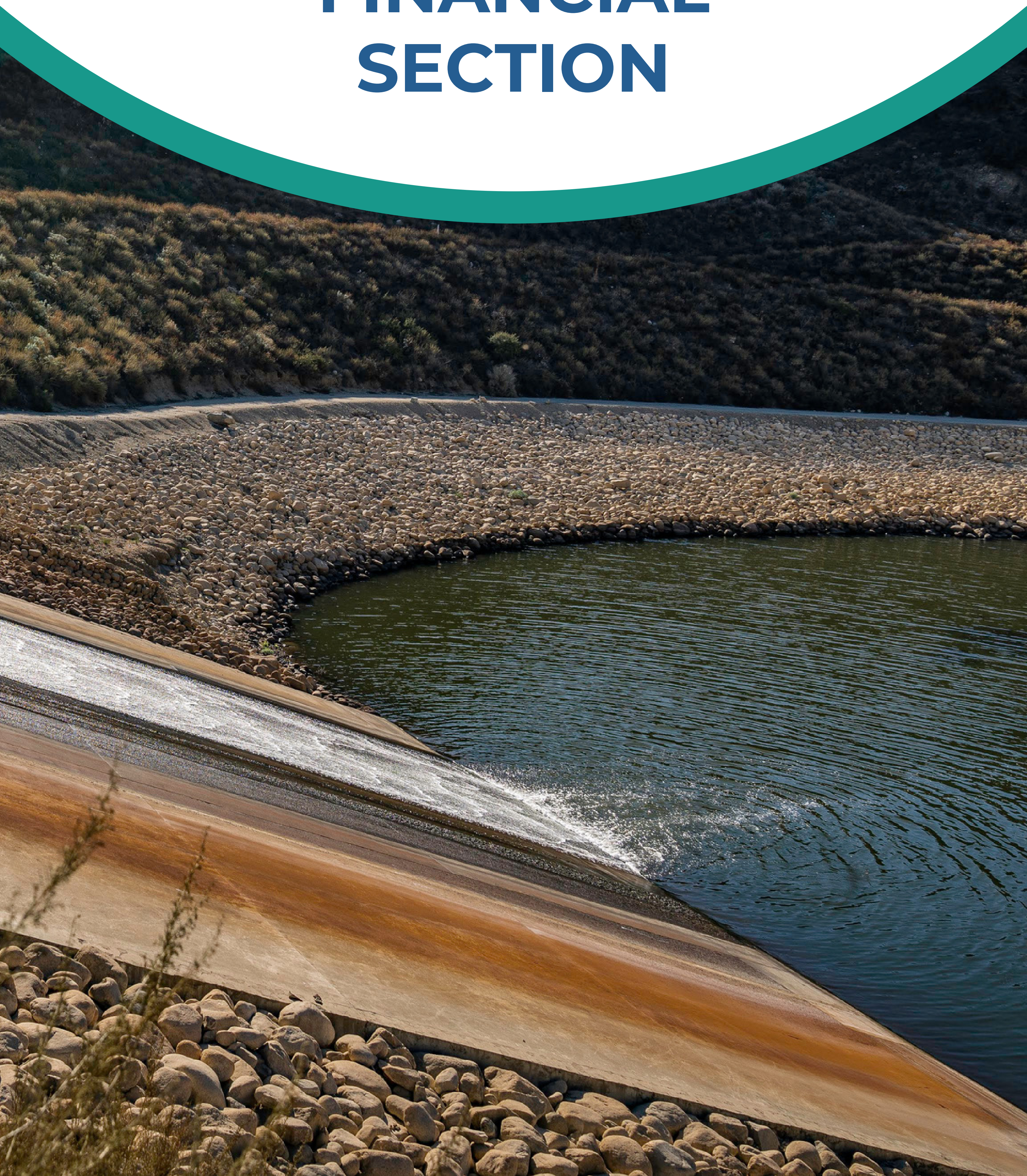
Management Staff

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

Santa Ana Watershed Project Authority
Organizational Chart



FINANCIAL SECTION



C.J. Brown & Company CPAs
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

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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, 2024 and 2023, 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, 2024 and 2023, 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2024, 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

C.J. Brown & Company, CPAs
Cypress, California
December 17, 2024

The intent of the Management Discussion and Analysis is to provide highlights of the financial activities for the fiscal year ended June 30, 2024, and 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

The Authority's financial operations remained sound during the fiscal year 2024. Sources of revenue were sufficient to cover combined operating and non-operating costs. 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 $87.6 million at June 30, 2024, by $80.0 million at June 30, 2023, and by $78.4 million at June 30, 2022.

Statements of Net Position

For the Fiscal Years Ended June 30, 2024, 2023, and 2022

	Fiscal Year End June 30,				
	2024	2023	Increase/ (Decrease)	2022	Increase/ (Decrease)
Assets					
Current	$83,217,581	$77,062,238	$6,155,343	$82,300,170	($5,237,932)
Non-current	369,212	824,407	(455,195)	1,293,019	(468,612)
Capital	92,521,424	93,314,330	(792,906)	96,912,667	(3,598,337)
Total assets	176,108,217	171,200,975	4,907,242	180,505,856	(9,304,881)
Deferred outflows	2,636,976	2,984,563	(347,587)	2,592,450	392,113
Liabilities					
Current	11,679,775	10,610,023	1,069,752	20,660,188	(10,050,165)
Non-current	78,627,738	83,297,932	(4,670,194)	82,891,595	406,337
Total liabilities	90,307,513	93,907,955	(3,600,442)	103,551,783	(9,643,828)
Deferred inflows	845,675	289,195	556,480	1,153,595	(864,400)
Net position					
Net investment in capital assets	71,336,614	70,815,204	521,410	73,427,321	(2,612,117)
Restricted	3,329,772	2,960,560	369,212	4,253,579	(1,293,019)
Unrestricted (Deficit)	12,925,619	6,212,624	6,712,995	712,028	5,500,596
Total net position	$87,592,005	$79,988,388	$7,603,617	$78,392,928	$1,595,460

The following denotes explanations on some of the changes between fiscal years 2024 and 2023, as compared in the table on the previous page.

- The $6.2 million increase in current assets is primarily due to an increase in investments and accounts receivable. The Authority had substantial interest earnings in the fiscal year 2024. These earnings along with the early repayment of the Agua Mansa Lateral loan increased the cash available for investment. Accounts receivables also increased due to a new grant, Proposition 1 Round II Capital Projects, and overall increases in other grants and Brine Line billings.

- The $0.5 million decrease in non-current assets is due to the Agua Mansa Lateral loan being paid off during fiscal year 2024 offset by an increase of $0.4 million in net OPEB asset as compared to the prior year.

- The $0.8 million decrease in capital assets is due to maturing depreciable/amortizable assets during fiscal year 2024 and the increase in Capital Assets not being depreciated for the Agua Mansa Lateral Project.

- The $1.1 million increase in current liabilities is due to increased accounts payable for Proposition I Round II Capital Projects and other grants.

- The $4.7 million decrease in non-current liabilities is due primarily to the amortization of pipeline and wastewater treatment rights and payment of the Agua Mansa Lateral loan combined with a decrease in long-term debt from scheduled debt service payments.

The following denotes explanations on some of the changes between fiscal years 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.

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, 2024, 2023, and 2022, net investment in capital assets consisted of the following:

Net Investment in Capital Assets
(In Millions)

	2024	2023	2022
Property, plant & equipment	$160.1	$159.9	$159.7
Accumulated depreciation	(90.5)	(87.6)	(84.6)
Wastewater treatment and disposal rights	55.6	55.6	55.6
Accumulated amortization	(36.1)	(35.1)	(34.2)
Construction in process	3.4	0.5	0.4
Related payables and loans, net of discounts	(21.2)	(22.5)	(23.5)
Total	$71.3	$70.8	$73.4

Restricted

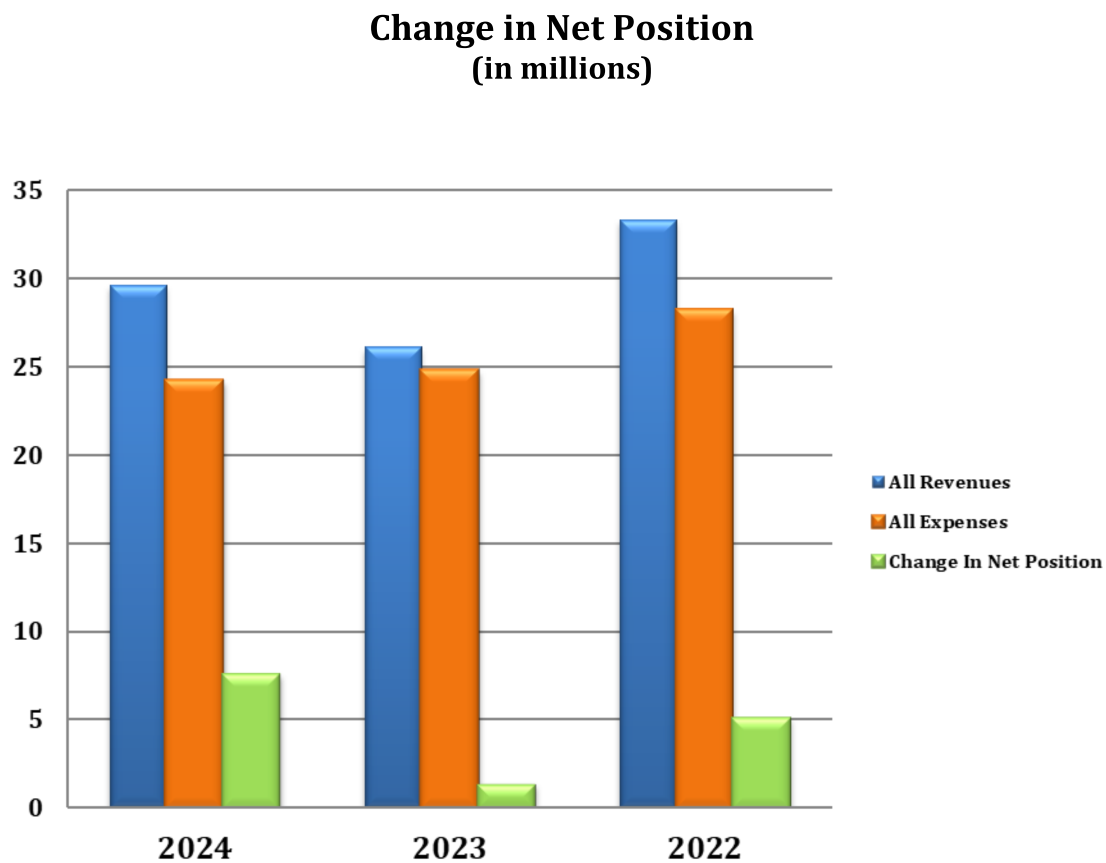
At June 30, 2024, restricted net position of $3.0 million is legally restricted by contract to fund additional Arundo Management and Habitat Restoration projects within the Santa Ana River Watershed and by the State Water Resources Control Board (SWRCB) for the State Revolving Fund (SRF) reserve requirement. Please see Note 11 of the Notes to Financial Statements for further information.

Unrestricted

At June 30, 2024, the Authority had an unrestricted net position of $12.9 million. The Authority possesses $55.2 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, 2024, net position increased by $7.6 million primarily due to an increase in Investment Earnings and payment of the Agua Mansa Lateral loan.


Change in Net Position
(in millions)
35
30
25
20
15
10
5
0
2024
2023
2022
All Revenues
All Expenses
Change In Net Position

Statements of Revenues, Expenses, and Changes in Net Position

For the Fiscal Years Ended June 30, 2024, 2023, and 2022

	Fiscal Year End June 30,				
	2024	2023	Increase/ (Decrease)	2022	Increase/ (Decrease)
Operating Revenues:					
WWT and disposal	$13,047,884	$12,319,657	$728,227	$12,040,521	$279,136
WWT and disposal capacity rights	2,510,154	2,510,154	-	2,510,154	-
Program administration	153,460	203,714	(50,254)	191,841	11,873
Other operating revenues	3,186	7,708	(4,522)	5,716	1,992
Total operating revenues	15,714,684	15,041,233	673,451	14,748,232	293,001
Non-operating revenues:					
Member contributions	2,308,275	2,069,760	238,515	1,581,845	487,915
Intergovernmental	7,903,442	10,525,569	(2,622,127)	13,673,784	(3,148,215)
Pension income – GASB 68	-	-	-	3,816,733	(3,816,733)
OPEB income – GASB 75	273,301	235,127	38,174	204,395	30,732
Investment earnings, net of fair value	3,438,677	1,134,643	2,304,034	(724,549)	1,859,192
Total non-operating revenues	13,923,695	13,965,099	(41,404)	18,552,208	(4,587,109)
Total revenues	29,638,379	29,006,332	632,047	33,300,440	(4,294,108)
Operating expenses:					
WWT and disposal	8,038,986	6,957,971	1,081,015	6,863,027	94,944
General, admin, and overhead	399,828	692,402	(292,574)	523,272	169,130
Studies and planning costs	3,104,665	3,405,256	(300,591)	2,578,723	826,533
Depreciation	3,085,805	3,069,476	16,329	3,693,764	(624,288)
Amortization of WWT and disposal rights	927,235	927,886	(651)	1,714,643	(786,757)
Total operating expenses	15,556,519	15,052,991	503,528	15,373,429	(320,438)
Non-operating expenses:					
Interest expense	479,119	503,989	(24,870)	537,720	(33,731)
Pension expense – GASB 68	1,271,247	2,912,634	(1,641,387)	-	2,912,634
Grant program expenses	6,893,893	9,201,690	(2,307,797)	12,321,868	(3,120,178)
Total non-operating expenses	8,644,259	12,618,313	(3,974,054)	12,859,588	(241,275)
Total expenses	24,200,778	27,671,304	(3,470,526)	28,233,017	(561,713)
Capital contributions	2,166,016	260,432	1,905,584	-	260,432
Change in net position	7,603,617	1,595,460	6,008,157	5,067,423	(3,471,963)
Beginning net position	79,988,388	78,392,928	1,595,460	73,325,505	5,067,423
Ending net position	$87,592,005	$79,988,388	$7,603,617	$78,392,928	$1,595,460

Revenues

Combined revenues for the fiscal year 2024 totaled $29.6 million, an increase of $0.6 million, or 2.2%, more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2024 and 2023.

- The $0.7 million increase in WWT and disposal is due to higher flow, BOD, and TSS concentrations in 2024 as well as higher rates over 2023.
- The $2.6 million decrease in intergovernmental is due to the majority of Proposition 1 Round I project construction costs being billed in fiscal year 2023. With most costs having been billed in 2023, there were not many invoices received in 2024. Proposition I Round II grant project agreements were completed late in fiscal year 2024 and have been slow in implementation.
- The $2.3 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 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 completion 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 was allocated proportionally across all agencies within 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.

Expenses

Combined expenses for the fiscal year 2024 totaled $24.2 million, a decrease of $3.5 million, or 12.5% more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2024 and 2023.

- The $1.1 million increase in WWT and disposal is due to increased flow, BOD, and TSS concentrations as well as rate increases for each component. The Authority is also working on a Brine Line Master Plan which has increased consulting costs for 2024.

- The $1.6 million decrease in pension expense – GASB 68 is due to the CalPERS pension fund cost sharing pools realized investment loss which was allocated proportionately across all agencies within the pool.

- The $2.3 million decrease in grant program expenses is due to the majority of Proposition 1 Round I project construction costs being billed in fiscal year 2023. With most costs having been billed in 2023, there were not many invoices received in 2024. Proposition I Round II grant project agreements were completed late in fiscal year 2024 and have been slow in implementation.

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 the new projects, Weather Modification, PFAS Study, and the DACI Drought Relief Grant.

- 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 was allocated proportionately across all agencies within the pool.

- The $0.6 million decrease in depreciation is due to the annual depreciation of capital assets.

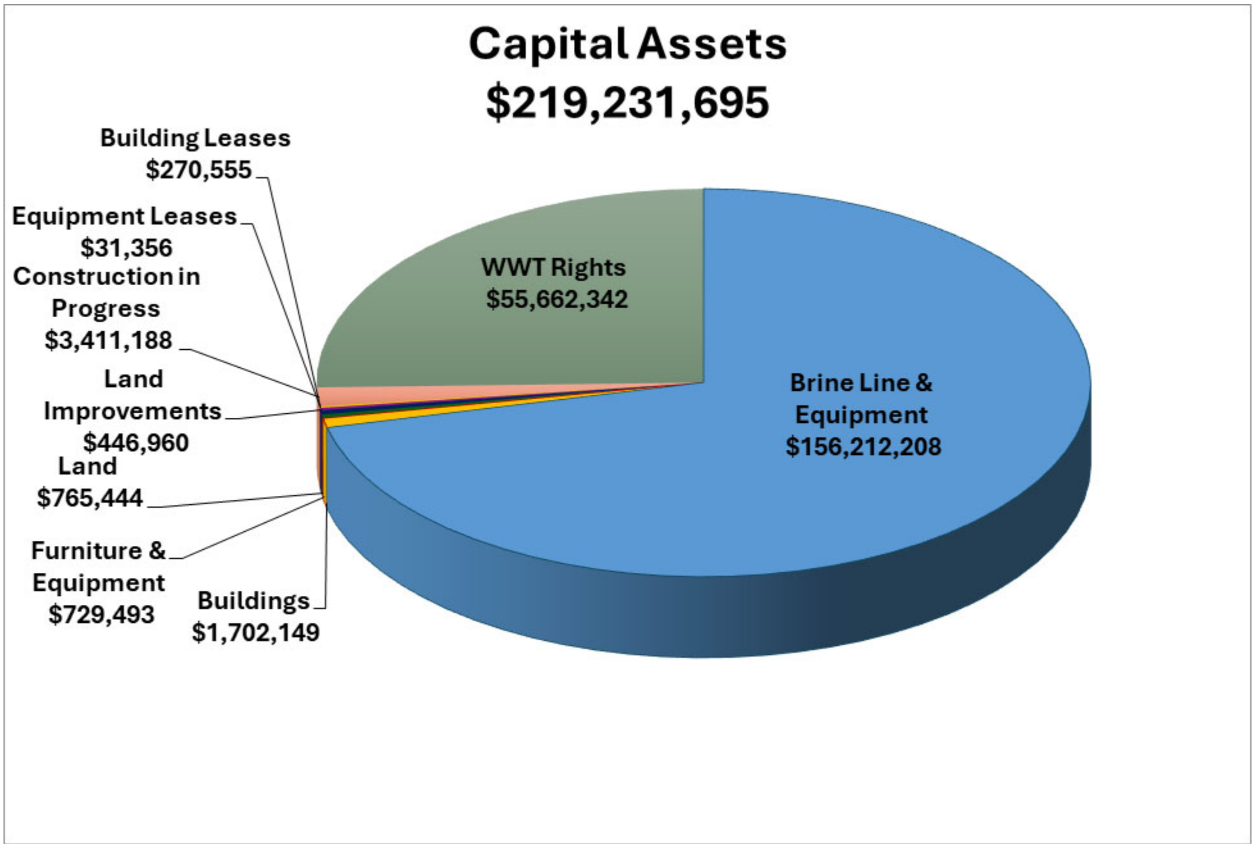
- The $0.8 million decrease in amortization is due to the annual amortization of pipeline and wastewater treatment rights.

- The $3.1 million decrease in grant program expenses is due to the completion of Proposition 84 Round II grant projects and slow implementation of Proposition 1 Round I and II grant projects.

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, 2024; additional information can be found in Note 5 of the Notes to Financial Statements.



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

Future Capital Improvements

The capital improvements program (CIP) includes annual capital repairs to correct pipeline and MAS defects identified during closed circuit television (CCTV) and direct visual inspection. The 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. A consultant was hired in September 2023 to conduct the mid-term recommended actions. The mid-term field investigation was completed in February 2024. The Mid-term Recommendation draft report was completed in June 2024. The Draft Report includes an evaluation of potential repair methods and near, mid-and long-term recommended actions to monitor the condition of the Brine Line. The near-term recommendations include minor repair work and CCTV inspections within 2 years. The mid-term recommended action included reinspection in 5 to 10 years. A phased approach to repair Reach IV-D was recommended for the long-term. The sections with the highest degree of deterioration would be addressed in Phase 1 with a timeline of 10 to 15 years. The remainder of the segments would be addressed in Phase 2 with a timeline of more than 20 years.

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. A consultant was hired in February 2023 to conduct a condition assessment on Reach IV-B. The field investigation work was completed in May 2023. The condition assessment final report was completed in June 2024. The Draft Report includes an evaluation of potential repair methods and near, mid-and long-term recommended actions to monitor the condition of the Brine Line. The near-term recommendations include minor repair work, CCTV inspections and the addition of new maintenance access structures to provide needed access to assist with cleaning and assessment. The mid-term recommended action included reinspection in the next 7 to 10 years. A long-term solution is anticipated in the next 10 to 20 years.

Long-Term Debt

The Authority's long-term debt consists of a loan 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, 2024, 2023, and 2022, the Authority made all of the scheduled principal payments on these debts as follows:

Debt Service	2024	2023	2022
SWRCB Reach V Line	$-	$-	$875,862
SWRCB Reach IV-A & IV-B	807,868	787,396	767,442
SWRCB Reach V Capital Repairs	415,527	407,779	400,176
Leases Payable	90,921	61,599	52,288

These payments decreased the outstanding balance in long-term debt by $1.3 million. For more detailed information refer to Note 7 of the Notes to Financial Statements.

Fiscal Year 2024-2025 Budget

<u>Economic and Financial Factors</u>

The Inland Empire's economy is poised for continued growth in 2024, supported by strong sectors like logistics, housing, and manufacturing. The region's strategic location for trade and distribution, coupled with a thriving residential market and recovering tourism industry, positions it for a robust year ahead. However, challenges such as rising interest rates, labor shortages, water scarcity, and escalating housing costs could temper some of this growth. To ensure sustained prosperity, the region will need to prioritize infrastructure investments, workforce development, and adaptability to economic and environmental changes.

The Authority's Commission and management have carefully considered these dynamics in preparing the Fiscal Year 2024 - 2025 Budget. Strategic goals and objectives have been central to the budgeting process, guiding projections, and resource allocation. In response to inflationary pressures, staff will focus on optimizing operational efficiency and implementing cost-cutting measures. These efforts aim to reduce overall expenses, with the goal of passing savings on to member agencies through lower fees and reduced 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 $367 million Capital Improvement Program spanning the next 40 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 additional information should be addressed to the Authority's Finance Department, 11615 Sterling Avenue, Riverside, CA 92503.

Basic Financial Statements

Santa Ana Watershed Project Authority
Statements of Net Position – Proprietary Funds
June 30, 2024 and 2023

	Business-type Activities Enterprise Fund	
	2024	2023
Current assets:		
Cash and cash equivalents (note 2)	$ 50,625,527	50,268,261
Cash and cash equivalents – held for mitigation (note 2)	749,289	808,607
Investments (note 2)	15,920,557	12,218,364
Interest receivable	560,242	404,329
Accounts receivable	3,709,204	2,304,788
Accounts receivable – grants	9,297,920	8,443,639
Accounts receivable – other	12,109	28,638
Loan receivable (note 3)	-	260,432
Prepaid expenses and other assets	432,173	414,620
Mitigation credits (note 4)	1,910,560	1,910,560
Total current assets	83,217,581	77,062,238
Non-current assets:		
Loan receivable (note 3)	-	824,407
Capital assets not being depreciated (note 5)	4,176,632	1,217,428
Depreciable capital assets, net (note 5)	88,344,792	92,096,902
Net OPEB asset (note 8)	369,212	-
Total non-current assets	92,890,636	94,138,737
Total assets	176,108,217	171,200,975
Deferred outflows of resources:		
Deferred OPEB outflows of resources (note 8)	313,228	380,982
Deferred pension outflows of resources (note 9)	2,323,748	2,603,581
	$ 2,636,976	2,984,563

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, 2024 and 2023

	Business-type Activities Enterprise Fund	
	2024	2023
Current liabilities:		
Accounts payable and accrued expenses	$ 9,840,223	8,823,028
Accrued salaries and wages	106,304	81,966
Accrued interest payable	169,640	180,774
Customer deposits	667	14,385
Long-term liabilities – due within one year:		
Compensated absences (note 6)	222,681	196,543
Leases payable (note 7)	87,965	89,932
Loans payable (note 7)	1,252,295	1,223,395
Total current liabilities	11,679,775	10,610,023
Non-current liabilities:		
Unearned revenue (note 10)	55,159,506	59,012,531
Long-term liabilities due in more than one year:		
Compensated absences (note 6)	519,590	458,601
Leases payable (note 7)	86,926	175,880
Loans payable (note 7)	19,757,624	21,009,919
Net OPEB liability (note 8)	-	43,722
Net pension liability (note 9)	3,104,092	2,597,279
Total non-current liabilities	78,627,738	83,297,932
Total liabilities	90,307,513	93,907,955
Deferred inflows of resources:		
Deferred OPEB inflows of resources (note 8)	238,275	166,396
Deferred pension inflows of resources (note 9)	607,400	122,799
	845,675	289,195
Net position: (note 11)		
Net investment in capital assets	71,336,614	70,815,204
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	369,212	-
Unrestricted	12,925,619	6,212,624
Total net position	$ 87,592,005	79,988,388

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, 2024 and 2023

	Business-type Activities Enterprise Fund	
	2024	2023
Operating revenues:		
Wastewater treatment and disposal	$ 13,047,884	12,319,657
Wastewater treatment and disposal – capacity rights	2,510,154	2,510,154
Program administration	153,460	203,714
Other	3,186	7,708
Total operating revenues	15,714,684	15,041,233
Operating expenses:		
Wastewater treatment and disposal	8,038,986	6,957,971
General and administrative	399,828	692,402
Studies and planning costs	3,104,665	3,405,256
Total operating expenses:	11,543,479	11,055,629
Operating income before depreciation and amortization	4,171,205	3,985,604
Depreciation and amortization expense	(3,085,805)	(3,069,476)
Amortization of disposal rights	(927,235)	(927,886)
Total depreciation and amortization	(4,013,040)	(3,997,362)
Operating income (loss)	158,165	(11,758)
Non-operating revenues (expenses):		
Member contributions	2,308,275	2,069,760
Intergovernmental	7,903,442	10,525,569
Pension (expense) income – GASB 68 (note 8)	(1,271,247)	(2,912,634)
OPEB income – GASB 75 (note 9)	273,301	235,127
Investment earnings, net of fair value	3,438,677	1,134,643
Grant program expenses	(6,893,893)	(9,201,690)
Interest expense	(479,119)	(503,989)
Total non-operating revenues, net	5,279,436	1,346,786
Capital contributions:		
Rialto Bioenergy	1,389,215	260,432
San Bernardino Valley Municipal Water District	776,801	-
Total capital contributions	2,166,016	260,432
Change in net position	7,603,617	1,595,460
Net position – beginning of year	79,988,388	78,392,928
Net position – end of year	$ 87,592,005	79,988,388

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, 2024 and 2023

		Business-type Activities Enterprise Fund	
		2024	2023
Cash flows from operating activities:			
Cash received from customers	$	13,710,909	13,758,101
Cash payments to employees		(4,111,167)	(4,165,719)
Cash payments to suppliers		(8,574,114)	(14,297,367)
Cash provided by (used in) operating activities		1,025,628	(4,704,985)
Cash flows from non-capital financing activities:			
Member contributions		2,308,275	2,069,760
Other governments		7,049,161	19,003,816
Grant program expenses		(6,893,893)	(9,201,690)
Cash provided by non-capital financing activities		2,463,543	11,871,886
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(3,220,134)	(399,025)
Proceeds from capital contributions		776,801	260,432
Proceeds from acquisition of long-term debt		-	270,554
Principal payments on long-term debt		(1,314,316)	(1,256,774)
Interest paid on long-term debt		(490,253)	(516,185)
Cash used in capital and related financing activities		(4,247,902)	(1,640,998)
Cash flows from investing activities:			
Purchase of investments		(4,978,260)	(9,436,482)
Proceeds from sale of investments		1,667,336	990,727
Principal issued on loan receivable		-	(1,605,703)
Principal received on loan receivable		1,084,839	520,864
Interest received		3,282,764	827,188
Cash provided by (used in) investing activities		1,056,679	(8,703,406)
Net increase (decrease) in cash and cash equivalents		297,948	(3,177,503)
Cash and cash equivalent – beginning of year		51,076,868	54,254,371
Cash and cash equivalent – end of year	$	51,374,816	51,076,868
Reconciliation of cash and cash equivalents to the Statements of Net Position			
Cash and cash equivalents		50,625,527	50,268,261
Cash and cash equivalents – restricted		749,289	808,607
Total cash and cash equivalemts	$	51,374,816	51,076,868

Continued on next page

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, 2024 and 2023

		Business-type Activities Enterprise Fund	
		2024	2023
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating income (loss)	$	158,165	(11,758)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation and amortization		3,085,805	3,069,476
Amortization of disposal rights		927,235	927,886
Changes in assets and liabilities:			
(Increase) decrease in assets			
Accounts receivable		(1,404,416)	(97,837)
Accounts receivable – other		16,529	(19,169)
Prepaid expenses and other assets		(17,553)	35,323
Net OPEB asset		(369,212)	187,301
Net pension asset		-	1,105,718
(Increase) decrease in deferred OPEB outflows		67,754	(97,049)
(Increase) decrease in deferred pension outflows		279,833	(295,064)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses		1,017,195	(9,994,311)
Accrued salaries and wages		24,338	(113,431)
Customer deposits		(13,718)	(1,243)
Compensated absences		87,127	(12,545)
Unearned revenue		(3,853,025)	(1,164,883)
Net OPEB liability		(43,722)	43,722
Net pension liability		506,813	2,597,279
Increase (decrease) in deferred OPEB inflows		71,879	(369,101)
Increase (decrease) in deferred pension inflows		484,601	(495,299)
Cash provided by (used in) operating activities	$	1,025,628	(4,704,985)
Non-cash investing, capital, and financing transactions:			
Change in fair value of investments	$	(824,541)	320,764

See accompanying notes to the basic financial statements.

Santa Ana Watershed Project Authority
Statements of Fiduciary Net Position
Fiduciary Fund
June 30, 2024 and 2023

	Custodial Fund	
	Legal Defense Fund	
	2024	2023
Assets:		
Cash and cash equivalents	$ 507,122	482,135
Interest receivable	2,113	1,914
Total assets	509,235	484,049
Liabilities:		
Other liabilities	-	-
Total liabilities	-	-
Net position:		
Restricted for:		
Legal defense	509,235	484,049
Total net position	$ 509,235	484,049

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, 2024 and 2023

	Custodial Fund	
	Legal Defense Fund	
	2024	2023
Additions:		
Investment earnings	$ 25,186	16,448
Total additions	$ 25,186	16,448
Deductions:		
Administrative expenses	-	-
Total deductions	-	-
Net increase in fiduciary net position	25,186	16,448
Net position – beginning of year	484,049	467,601
Net position – end of year	$ 509,235	484,049

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, 2024 and 2023

(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.

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

B. Basis of Accounting and Measurement Focus

Proprietary and Fiduciary Funds

The Authority reports its activities as an enterprise fund. An enterprise fund 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. In the fund financial statements proprietary and all fiduciary funds are presented using the 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.

In the fund financial statements, proprietary and all fiduciary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the Statement of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives the Authority essentially equal values. Nonoperating revenues, such as investment income, gain or loss on sale of equipment, and miscellaneous revenues result from nonexchange transactions or ancillary activities. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses. The Authority's custodial funds are fiduciary funds and use the accrual basis of accounting.

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.

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

C. Financial Reporting, continued

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

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.

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.

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

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 100, continued

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.

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.

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

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

4. Fair Value Measurements, continued

- **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.

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 $10,000. 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.

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

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

9. Capital Assets, continued

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.

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 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.

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

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

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.

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, 2023 and 2021
- Measurement dates: June 30, 2023 and 2022
- Measurement periods: July 1, 2022 to June 30, 2023 and July 1, 2021 to June 30, 2022

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, 2022 and 2021
- Measurement Date: June 30, 2023 and 2022
- Measurement Period: July 1, 2022 to June 30, 2023 and July 1, 2021 to June 30, 2022

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

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

14. Unearned Revenue

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

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.
- 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.

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.

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

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

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.

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:

	2024	2023
Statements of Net Position:		
Cash and cash equivalents	$ 50,625,527	50,268,261
Cash and investments – restricted	749,289	808,607
Investments	15,920,557	12,218,364
Total cash and investments	$ 67,295,373	63,295,232
Statements of Fiduciary Net Position:		
Cash and investments	507,122	482,135
Total cash and investments	$ 67,802,495	63,777,367

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

	2024	2023
Cash on hand	$ 500	500
Deposits with financial institutions	2,678,559	1,213,736
Investments	65,123,436	62,563,131
Total cash and investments	$ 67,802,495	63,777,367

(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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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.

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.

(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:

(2) Cash and Investments, continued

Investment maturities as of June 30, 2024, were as follows:

		Remaining Maturity (in Months)			
Investment Types	Total	12 Months or Less	13 to 24 Months	25-60 Months	60 Months or More
U.S. Treasury Notes	$ 1,893,633	955,781	937,852	-	-
U.S. Government Sponsored Agency Securities	4,419,995	3,472,177	947,818	-	-
LAIF	49,202,880	49,202,880	-	-	-
Medium-Term Corporate Notes	-	-	-	-	-
Negotiable Certificates of Deposit	9,606,928	244,272	1,220,629	2,946,268	5,195,759
	$ 65,123,436	53,875,110	3,106,299	2,946,268	5,195,759

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

		Remaining Maturity (in Months)			
Investment Types	Total	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
	$ 62,563,131	51,815,945	4,571,049	2,776,347	3,399,790

Credit Risk

Generally, credit risk is the risk that the 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, 2024, were as follows:

		Minimum Legal	Rating as of Year End			Not
Investment Types	Total	Rating	AAA	AA+	A+	Rated
U.S. Treasury Notes	$ 1,893,633	N/A	-	-	-	1,893,633
U.S. Government Sponsored Agency Securities	4,419,995	N/A	4,419,995	-	-	-
LAIF	49,202,880	N/A	-	-	-	49,202,880
Negotiable Certificates of Deposit	9,606,928	AAA	-	-	-	9,606,928
	$ 65,123,436		4,419,995	-	-	60,703,441

(2) Cash and Investments, continued

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

Investment Types		Total	Minimum Legal Rating	Rating as of Year End AAA	AA+	A+	Not Rated
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
	$	62,563,131		6,782,574	-	497,326	55,283,231

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 76% and 80% as of June 30, 2024 and 2023, 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:

			Fair Value Measurement at Reporting Date Using:		
Investment Types		Total	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	$	1,893,633	1,893,633	-	-
U.S. Government Sponsored Agency Securities		4,419,995	-	4,419,995	-
Negotiable Certificates of Deposit		9,606,928	-	9,606,928	-
		15,920,556	1,893,633	14,026,923	-
Investments not subject to fair value hierarchy:					
Local Agency Investment Fund		49,202,880			
Total	$	65,123,436			

(2) Cash and Investments, continued

Fair Value Measurements, continued

The Authority has the following recurring fair value measurements as of June 30, 2024:

- U.S. treasury note securities of $1,893,633 are valued using quoted market prices (Level 1 inputs).
- U.S. governmental sponsored agency securities of $4,419,995 are valued using a matrix pricing model (Level 2 inputs).
- Negotiable certificates-of-deposit of $9,606,928 are valued using a matrix pricing model (Level 2 inputs).
- Local agency investment funds of $49,202,880 are valued at amortized cost and are not subject to fair value hierarchy.

			Fair Value Measurement at Reporting Date Using:		
Investment Types		Total	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	-
		12,218,364	1,816,797	10,401,567	-
Investments not subject to fair value hierarchy:					
Local Agency Investment Fund		50,344,767			
Total	$	62,563,131			

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.

(3) Loan Receivable

Changes in the loan receivable for the year ended June 30, 2024 was as follows:

		2023	Additions	Principal Pmts Amortization	2024
Loan Receivable:					
Rialto BioEnergy	$	1,084,839	-	(1,084,839)	-
Total loan receivable		1,084,839	-	(1,084,839)	-
Less: current portion		(260,432)			-
Long-term portion	$	824,407			-

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, 2024, the Authority had received $1,084,839 in principal and $23,439 in interest payments. As of June 30, 2024, the loan receivable was paid-in-full.

(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:

	Balance 2023	Additions	Deletions	Balance 2024
$	1,910,560	-	-	1,910,560

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

	Balance 2022	Additions	Deletions	Balance 2023
$	1,910,560	-	-	1,910,560

(5) Capital Assets

Changes in capital assets for 2024 were as follows:

	2023	Additions	Disposals	2024
Capital assets not being depreciated:				
Land	$ 765,444	-	-	765,444
Construction-in-progress	451,984	2,959,204	-	3,411,188
Total capital assets not being depreciated	1,217,428	2,959,204	-	4,176,632
Capital assets being depreciated and amortized:				
Land improvements	270,505	176,455	-	446,960
Buildings	1,702,149	-	-	1,702,149
Furniture and equipment	709,858	24,871	(5,236)	729,493
Brine Line and equipment	156,193,896	62,887	(44,575)	156,212,208
Wastewater treatment and disposal rights	55,662,342	-	-	55,662,342
Building leases	270,555	-	-	270,555
Equipment leases	31,356	-	-	31,356
Total capital assets being depreciated and amortized	214,840,661	264,213	(49,811)	215,055,063
Less accumulated depreciation and amortization:				
Land improvements	(145,565)	(22,413)	-	(167,978)
Buildings	(1,176,721)	(53,283)	-	(1,230,004)
Furniture and equipment	(495,774)	(65,881)	1,953	(559,702)
Brine Line and equipment	(85,759,352)	(2,852,511)	44,575	(88,567,288)
Wastewater treatment and disposal rights	(35,128,801)	(927,235)	-	(36,056,036)
Building leases	(19,908)	(83,878)	-	(103,786)
Equipment leases	(17,638)	(7,839)	-	(25,477)
Total accumulated depreciation and amortization	(122,743,759)	(4,013,040)	46,528	(126,710,271)
Depreciable capital assets, net	92,096,902	(3,748,827)	(3,283)	88,344,792
Total capital assets, net	$ 93,314,330	(789,623)	(3,283)	92,521,424

Major depreciable / amortizable capital asset additions during the fiscal year ending 2024 consist of additions to the following categories: construction-in-progress, land improvements, furniture and equipment, and Brine Line and equipment. The Authority's disposals consisted of furniture and equipment, Brine Line and equipment, and related depreciation. There were no transfers from construction-in-process for the year.

(5) Capital Assets, continued

Changes in capital assets for 2023 were as follows:

	2022	Additions	Disposals	2023
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	1,154,918	62,510	-	1,217,428
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	214,652,779	336,515	(148,633)	214,840,661
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	(118,895,030)	(3,997,362)	148,633	(122,743,759)
Depreciable capital assets, net	95,757,749	(3,660,847)	-	92,096,902
Total capital assets, net	$ 96,912,667	(3,598,337)	-	93,314,330

Major depreciable / amortizable capital asset additions during the fiscal year ending 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.

(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:

Balance 2023	Earned	Taken	Balance 2024	Current Portion	Long-term Portion
$ 655,144	497,900	(410,773)	742,271	222,681	519,590

Balance 2022	Earned	Taken	Balance 2023	Current Portion	Long-term Portion
$ 667,689	523,715	(536,260)	655,144	196,543	458,601

(7) Long-term Debt

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

	2023	Additions	Principal Pmts Amortization	2024	Current Portion	Long-Term Portion
State Revolving Fund Loan:						
Reach IV-A & IV-B	$ 9,092,499	-	(807,868)	8,284,631	828,873	7,455,758
SWRCB Inland Empire Brine Line:						
Reach V Loans:						
Loan I	13,140,815	-	(415,527)	12,725,288	423,422	12,301,866
Total loans payable	22,233,314	-	(1,223,395)	21,009,919	1,252,295	19,757,624
Leases payable:						
Konica Minolta	13,485	-	(7,950)	5,535	5,535	-
Building 1	76,799	-	(28,142)	48,657	23,944	24,713
Building 2	93,589	-	(29,184)	64,405	31,183	33,222
Building 3	81,939	-	(25,645)	56,294	27,303	28,991
Total leases payable	265,812	-	(90,921)	174,891	87,965	86,926
Total long-term debt	$ 22,499,126	-	(1,314,316)	21,184,810	1,340,260	19,844,550

(7) Long-term Debt, continued

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

	2022	Additions	Principal Pmts Amortization	2023	Current Portion	Long-Term Portion
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

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:

Fiscal Year	Principal	Interest	Total
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	918,496	48,376	966,872
2030-2033	3,919,083	99,233	4,018,316
Total	8,284,631	877,651	9,162,282
Less current portion	(828,873)		
Total non-current	$ 7,455,758		

(7) Long-term Debt, continued

SWRCB Inland Empire Brine Line Reach V Loans - Loan 1

On May 14, 2014, the Authority entered into a loan agreement to receive up to $15,000,000 from the California State Water Resources Control Board to repair the existing brine disposal pipeline to extend the useful life of the Inland Empire Brine Line. Terms of the loan call for annual principal and interest payments of $665,202 commencing on March 31, 2019, at the rate of 1.90%, and matures on March 31, 2048.

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

Fiscal Year	Principal	Interest	Total
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	456,531	208,672	665,203
2030-2034	2,416,109	909,903	3,326,012
2035-2039	2,654,529	671,483	3,326,012
20240-2044	2,916,476	409,536	3,326,012
2045-2048	2,539,070	121,741	2,660,811
Total	12,725,288	3,239,572	15,964,860
Less current portion	(423,422)		
Total non-current	$ 12,301,866		

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:

Fiscal Year	Principal	Interest	Total
2025	$ 5,535	41	5,576
Total	5,535	41	5,576
Less current portion	(5,535)		
Total non-current	$ -		

(7) Long-term Debt, continued

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:

Fiscal Year		Principal	Interest	Total
2025	$	23,944	508	24,452
2026		24,713	184	24,897
Total		48,657	692	49,349
Less current portion		(23,944)		
Total non-current	$	24,713		

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:

Fiscal Year		Principal	Interest	Total
2025	$	31,183	957	32,140
2026		33,222	346	33,568
Total		64,405	1,303	65,708
Less current portion		(31,183)		
Total non-current	$	33,222		

(7) Long-term Debt, continued

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:

Fiscal Year		Principal	Interest	Total
2025	$	27,303	834	28,137
2026		28,991	324	29,315
Total		56,294	1,158	57,452
Less current portion		(27,303)		
Total non-current	$	28,991		

(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.

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

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 2024 and 2023 monthly cap per retiree amounted to $2,058 and $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:

	2024	2023
Inactive employees or beneficiaries currently receiving benefit payments	14	8
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	4	6
Total plan membership	18	14

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal years ended June 30, 2024 and 2023, the Authority's cash contributions were $105,323 and $102,379, respectively in payments to the trust.

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

	2024	2023
Contributions to trust by – employer	$ 105,323	102,379
Total employer paid contributions	$ 105,323	102,379

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

Actuarial Assumptions and Other Inputs

The net OPEB liability in the June 30, 2023 and 2021, actuarial valuations, which were measured at June 30, 2023 and 2022, respectively, were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2024 – 2.62 percent 2023 – 2.39 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	2024 – 5.50 percent 2023 – 6.73 percent
Mortality Rate[1]	Derived using CalPERS Membership Data for all funds
Pre-Retirement Turnover[2]	Derived using CalPERS Membership Data for all funds
Healthcare cost trend rates	

Initial Trend Rate	2024 - (MD 2023)	2023 - (MD2022)
Pre-65	7.66%	6.95%
Post-65	4.85%	5.45%
Ultimate Rate	4.50%	4.00%
Year Ultimate Rate is Reached	2052	2069

Notes:

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage 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 table on the following page for measurement periods June 30, 2023 and 2022:

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

Actuarial Assumptions and Other Inputs, continued

Asset class	Target Allocation	Long-term Expected Real Rate of Return
Equity	34.00%	7.12%
Fixed income	41.00%	2.06%
REITS	22.00%	4.53%
Others	3.00%	1.98%
Total	100.00%	

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:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2023	$ 1,903,396	1,859,674	43,722
Changes for the year:			
Service cost	16,903	-	16,903
Interest	126,398	-	126,398
Differences between expected and actual experience	(181,272)	-	(181,272)
Changes in assumptions or other inputs	(206,702)	-	(206,702)
Employer contributions	-	102,379	(102,379)
Net investment income	-	66,415	(66,415)
Benefit payments	(84,339)	(84,339)	-
Administrative expenses	-	(533)	533
Net changes	(329,012)	83,922	(412,934)
Balance at June 30, 2024	$ 1,574,384	1,943,596	(369,212)

(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:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB (Asset) Liability
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
Net changes	11,790	(219,233)	231,023
Balance at June 30, 2023	$ 1,903,396	1,859,674	43,722

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, 2024, the discount rate comparison was the following:

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB liability (asset)	$ (174,578)	(369,212)	(531,691)

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

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB liability (asset)	$ 283,667	43,722	(136,474)

(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, 2024, the healthcare cost trend rate comparison was the following:

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB liability (asset)	$ (542,986)	(369,212)	(159,028)

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

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

For the year ended June 30, 2024 and 2023, the Authority recognized OPEB income of $167,978 and $132,748, 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:

	June 30, 2024		June 30, 2023	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
OPEB contributions subsequent to the measurement date	$ 105,323	-	102,379	-
Change of assumptions	-	(124,021)	-	(166,396)
Difference between expected and actual experience	-	(114,254)	77,837	-
Net difference between projected and actual earnings on investments	207,905	-	200,766	-
Total	$ 313,228	(238,275)	380,982	(166,396)

As of June 30, 2024 and 2023, employer OPEB contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $105,323 and $102,379 will be/were recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2025 and 2024, respectively.

(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.

Fiscal Year Ending June 30,	Deferred Net Outflows(Inflows) of Resources
2025	$ (107,224)
2026	(28,283)
2027	93,271
2028	11,866

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.

(9) 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.

(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, 2024, are summarized as follows:

	Miscellaneous	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
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%	8.00%
Required employer contribution rates	13.00%	7.91%

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:

	2024	2023
Contributions – employer	$ 378,165	622,000

(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:

		2024	2023
Proportionate share of net pension liability	$	3,104,092	2,597,279

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, 2023 and 2022, 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, 2022 and 2021, rolled forward to June 30, 2023 and 2022, 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:

	Proportionate Share	
Proportion – June 30, 2023	0.02249	%
Change in proportion	0.00239	
Proportion – June 30, 2024	0.02488	%

	Proportionate Share	
Proportion – June 30, 2022	(0.02044)	%
Change in proportion	0.04293	
Proportion – June 30, 2023	0.02249	%

As a result of the adjustment for the GASB 68 pronouncement at June 30, 2024 and 2023, the Authority recognized pension expense of $1,649,412 and $3,534,637, respectively.

(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:

	June 30, 2024		June 30, 2023	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension contributions subsequent to measurement date at June 30	$ 378,165	-	622,000	-
Net, differences between actual and expected experience	133,977	-	17,225	-
Net, changes in assumptions	187,410	-	266,148	-
Net, differences between projected and actual earnings on plan investments	502,586	-	475,756	-
Net, differences between actual contributions and proportionate share of contributions	-	(607,400)	-	(122,799)
Net, change due to differences in proportion of net pension liability	1,121,610	-	1,222,452	-
Total	$ 2,323,748	(607,400)	2,603,581	(122,799)

As of June 30, 2024 and 2023, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $378,165 and $622,000 will be/were recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025 and 2024, respectively.

As a result of the current year actuarial valuation changes for GASB 68 at June 30, 2024, 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.

Fiscal Year Ending June 30,	Deferred Net Outflows(Inflows) of Resources
2025	$ 733,689
2026	560,486
2027	(8,603)
2028	52,611

(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, 2022 and 2021
Measurement dates	June 30, 2023 and 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2023 – 6.90% 2022 – 6.90%
Inflation	2023 – 2.30% 2022 – 2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% 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.

(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:

Asset Class	Target Allocation	Real Return Years 1-10
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 %	

(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, 2024, the discount rate comparison was the following:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Authority's net pension liability	$ 6,734,925	3,104,092	115,605

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

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

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, 2024 and 2023, 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:

	Balance 2023	Additions	Deletions	Balance 2024
$	59,012,531	11,297	(3,864,322)	55,159,506

	Balance 2022	Additions	Deletions	Balance 2023
$	60,177,414	-	(1,164,883)	59,012,531

(11) Net Position

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

		2024	2023
Net investment in capital assets:			
Capital assets – not being depreciated	$	4,176,632	1,217,428
Depreciable capital assets, net		88,344,792	92,096,902
State Revolving Fund Reach IV-A & IV-B loan payable		(8,284,631)	(9,092,499)
SWRCB Brine Line Reach V Loans Payable		(12,725,288)	(13,140,815)
Konica Minolta		(5,535)	(13,485)
Building 1		(48,657)	(76,799)
Building 2		(64,405)	(93,589)
Building 3		(56,294)	(81,939)
Total net investment in capital assets		71,336,614	70,815,204
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		369,212	-
Total restricted net position		3,329,772	2,960,560
Unrestricted net position:		12,925,619	6,212,624
Total net position	$	87,592,005	79,988,388

(12) 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, 2024, and 2023, administrative services provided to LESJWA totaled $153,460 and $203,714, respectively, which are included in operating revenue.

The financial statements for LESJWA are available at the Authority.

		2024	2023
Total assets	$	406,644	317,315
Total liabilities	$	222,666	161,977
Total net position	$	183,978	155,338

(13) 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.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2024, that have effective dates that may impact future financial presentations.

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.

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.

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

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

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements.* The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

(15) Commitments and Contingencies

Grant Awards

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

(15) Commitments and Contingencies, continued

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.

(16) Subsequent Events

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of December 17, 2024, which is the date the financial statements were available to be issued.

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Required Supplementary Information

Santa Ana Watershed Project Authority
Schedules of Changes in the Net OPEB Liability and Related Ratios
As of June 30, 2024
Last Ten Years*

	Measurement Dates						
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability							
Service cost	$ 16,903	16,098	20,942	19,944	28,540	27,181	26,828
Interest	126,398	124,628	138,454	135,129	127,527	122,126	108,355
Employer contributions	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(181,272)	(15,341)	176,449	(4,080)	298,861	(4,383)	22,281
Changes of assumptions or other inputs	(206,702)	-	(424,697)	-	(248,125)	-	103,114
Benefit payments	(84,339)	(113,595)	(109,963)	(95,452)	(75,336)	(57,035)	(55,611)
Net change in total OPEB liability	(329,012)	11,790	(198,815)	55,541	131,467	87,889	204,967
Total OPEB liability – beginning	1,903,396	1,891,606	2,090,421	2,034,880	1,903,413	1,815,524	1,610,557
Total OPEB liability – ending	1,574,384	1,903,396	1,891,606	2,090,421	2,034,880	1,903,413	1,815,524
Plan fiduciary net position							
Contribution – employer	102,379	160,466	164,101	169,930	149,059	129,352	121,424
Net investment income	66,415	(265,576)	335,301	84,799	100,148	73,974	79,164
Benefit payments	(84,339)	(113,595)	(109,963)	(95,452)	(75,336)	(57,035)	(55,611)
Administrative expense	(533)	(528)	(621)	(759)	(298)	(643)	(572)
Net change in plan fiduciary net position	83,922	(219,233)	388,818	158,518	173,573	145,648	144,405
Plan fiduciary net position – beginning	1,859,674	2,078,907	1,690,089	1,531,571	1,357,998	1,212,350	1,067,945
Plan fiduciary net position – ending	1,943,596	1,859,674	2,078,907	1,690,089	1,531,571	1,357,998	1,212,350
Net OPEB (asset) liability	$ (369,212)	43,722	(187,301)	400,332	503,309	545,415	603,174
Covered payroll	$ 810,757	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	-45.54%	4.47%	-15.84%	29.01%	37.66%	44.04%	52.17%

Notes to Schedule

Valuation dates	June 30, 2022	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:							
Single and agent employers	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value	Market value
Inflation	2.62%	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%	3.25%
Investment rate of return	5.50%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%
Mortality, retirement, disability Termination	(3)	(3)	(3)	(3)	(3)	(2)	(2)
Other information	(4)	(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 Mortailty 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, 2024
Last Ten Years*

Description		Fiscal Years Ended June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	$	97,672	88,991	99,262	60,264	73,723	72,317	65,813
Contributions in relation to the actuarially determined contribution		(97,672)	(84,339)	(109,963)	(169,930)	(149,059)	(129,352)	(121,424)
Contribution deficiency(excess)	$	-	4,652	(10,701)	(109,666)	(75,336)	(57,035)	(55,611)
District's covered payroll	$	810,757	977,174	1,217,716	1,182,249	1,379,767	1,336,336	1,238,555
Contribution's as a percentage of covered payroll		12.05%	8.63%	9.03%	14.37%	10.80%	9.68%	9.80%

*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 Proportionate Share of the Net Pension Liability
As of June 30, 2024
Last Ten Years*

	Measurement Dates									
Description	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
Authority's proportion of the net pension liability	0.02488%	0.02490%	-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)	$ 3,104,092	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	$ 3,043,474	3,177,937	3,244,053	3,277,860	3,166,203	3,065,932	3,098,371	2,795,885	2,560,510	2,294,398
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	101.99%	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	88.44%	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 adminsitrative 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%

From fiscal year June 30, 2023 to June 30, 2024:

There were no changes in assumptions.

Santa Ana Watershed Project Authority
Schedules of Pension Plan Contributions
As of June 30, 2024
Last Ten Years*

Description		Fiscal Years Ended									
		June 30, 2024	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
Actuarially determined contribution	$	355,437	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		(355,437)	(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	$	3,147,488	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		11.29%	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, 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	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%	2.30%	2.50%	2.50%	2.50%	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)	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)
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.

Supplemental Information

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Santa Ana Watershed Project Authority
Combining Schedule of Net Position
Enterprise Funds
June 30, 2024
with Comparative Information for the Fiscal Year Ended June 30, 2023

	Capital Project Activities	Internal Administration	Enterprise Activities	Totals 2024	Totals 2023
Current assets:					
Cash and cash equivalents	$ 2,898,434	2,569,877	45,157,216	50,625,527	50,268,261
Cash and cash equivalents – restricted	749,289	-	-	749,289	808,607
Investments	-	-	15,920,557	15,920,557	12,218,364
Interest receivable	33,829	36,921	489,492	560,242	404,329
Accounts receivable	-	1,233	3,707,971	3,709,204	2,304,788
Accounts receivable – grants	8,592,692	705,228	-	9,297,920	8,443,639
Accounts receivable – other	11,903	206	-	12,109	28,638
Loan receivable – current portion	-	-	-	-	260,432
Prepaid expenses and other assets	8,200	188,668	235,305	432,173	414,620
Mitigation credits	1,910,560	-	-	1,910,560	1,910,560
Due from other funds	-	56,107	-	56,107	83,012
Total current assets	14,204,907	3,558,240	65,510,541	83,273,688	77,145,250
Non-current assets:					
Loan receivable	-	-	-	-	-
Loan receivable	-	-	-	-	824,407
Capital assets not being depreciated	3,356,735	499,889	320,008	4,176,632	1,217,428
Depreciable capital assets, net	-	898,039	87,446,753	88,344,792	92,096,902
Net OPEB asset	-	369,212	-	369,212	-
Total non-current assets	3,356,735	1,767,140	87,766,761	92,890,636	94,138,737
Total assets	17,561,642	5,325,380	153,277,302	176,164,324	171,283,987
Deferred outflows of resources:					
Deferred OPEB outflows of resources	-	313,228	-	313,228	380,982
Deferred pension outflows of resources	-	2,323,748	-	2,323,748	2,603,581
	$ -	2,636,976	-	2,636,976	2,984,563

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, 2024
with Comparative Information for the Fiscal Year Ended June 30, 2023

	Capital Project Activities	Internal Administration	Enterprise Activities	Totals 2024	Totals 2023
Current liabilities:					
Accounts payable and accrued expenses	$ 8,602,542	103,609	1,134,072	9,840,223	8,823,028
Accrued salaries and wages	-	106,304	-	106,304	81,966
Accrued interest payable	113	-	169,527	169,640	180,774
Customer deposits	-	-	667	667	14,385
Due to other funds	56,107	-	-	56,107	83,012
Long-term liabilities – due within one year:					
Compensated absences	-	222,681	-	222,681	196,543
Leases payable	-	12,978	74,987	87,965	89,932
Loans payable	-	-	1,252,295	1,252,295	1,223,395
Total current liabilities	8,658,762	445,572	2,631,548	11,735,882	10,693,035
Non-current liabilities:					
Unearned revenue	-	-	55,159,506	55,159,506	59,012,531
Long-term liabilities due in more than one year:					
Compensated absences	-	519,590	-	519,590	458,601
Leases payable	-	7,903	79,023	86,926	175,880
Loans payable	-	-	19,757,624	19,757,624	21,009,919
Net OPEB liability	-	-	-	-	43,722
Net pension liability	-	3,104,092	-	3,104,092	2,597,279
Total non-current liabilities	-	3,631,585	74,996,153	78,627,738	83,297,932
Total liabilities	8,658,762	4,077,157	77,627,701	90,363,620	93,990,967
Deferred inflows of resources:					
Deferred OPEB inflows of resources	-	238,275	-	238,275	166,396
Deferred pension inflows of resources	-	607,400	-	607,400	122,799
	-	845,675	-	845,675	289,195
Net position:					
Net investment in capital assets	3,356,735	1,377,047	66,602,832	71,336,614	70,815,204
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	-	369,212	-	369,212	-
Unrestricted	3,635,585	1,293,265	7,996,769	12,925,619	6,212,624
Total net position	$ 8,902,880	3,039,524	75,649,601	87,592,005	79,988,388

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, 2024
with Comparative Information for the Fiscal Year Ended June 30, 2023

		Capital Project Activities	Internal Administration	Enterprise Activities	Totals 2024	Totals 2023
Operating revenues:						
Wastewater treatment and disposal	$	-	-	13,047,884	13,047,884	12,319,657
Wastewater treatment and disposal - capacity rights		-	-	2,510,154	2,510,154	2,510,154
Program administration		153,460	-	-	153,460	203,714
Other		-	3,186	-	3,186	7,708
Total operating revenues		153,460	3,186	15,558,038	15,714,684	15,041,233
Operating expenses:						
Wastewater treatment and disposal		-	-	8,038,986	8,038,986	6,957,971
General and administrative and overhead		-	399,828	-	399,828	692,402
Studies and planning costs		3,104,665	-	-	3,104,665	3,405,256
Total operating expenses:		3,104,665	399,828	8,038,986	11,543,479	11,055,629
Operating (loss) income before depreciation and amortization		(2,951,205)	(396,642)	7,519,052	4,171,205	3,985,604
Depreciation and amortization		-	(143,199)	(2,942,606)	(3,085,805)	(3,069,476)
Amortization – disposal rights		-	-	(927,235)	(927,235)	(927,886)
Net (loss) income		(2,951,205)	(539,841)	3,649,211	158,165	(11,758)
Non-operating revenues (expenses):						
Member contributions		1,612,000	696,275	-	2,308,275	2,069,760
Intergovernmental		7,044,996	858,446	-	7,903,442	10,525,569
Pension (expense) income – GASB 68		-	(1,271,247)	-	(1,271,247)	(2,912,634)
OPEB income – GASB 75		-	273,301	-	273,301	235,127
Investment earnings, net of fair value		137,433	148,885	3,152,359	3,438,677	1,134,643
Grant program expenditures		(6,043,200)	(857,410)	6,717	(6,893,893)	(9,201,690)
Interest expense		-	(551)	(478,568)	(479,119)	(503,989)
Total non-operating (expense) revenues, net		2,751,229	(152,301)	2,680,508	5,279,436	1,346,786
Capital contributions:						
Rialto Bioenergy		-	-	1,389,215	1,389,215	260,432
San Bernardino Valley Municipal Water District		-	-	776,801	776,801	-
Total capital contributions		-	-	2,166,016	2,166,016	260,432
Total (loss) income before transfers		(199,976)	(692,142)	8,495,735	7,603,617	1,595,460
Transfers		3,108,842	-	(3,108,842)	-	-
Change in net position		2,908,866	(692,142)	5,386,893	7,603,617	1,595,460
Net position – beginning of year, as restated – (note 12)		5,994,014	3,731,666	70,262,708	79,988,388	78,392,928
Net position – end of year, as restated	$	8,902,880	3,039,524	75,649,601	87,592,005	79,988,388

See accompanying notes to the basic financial statements

Santa Ana Watershed Project Authority
Combining Schedule of Net Position
Capital Project Activities
June 30, 2024

		Brine Line Protection Project	Reach IV-D Corrosion Repair	Aqua Mansa Lateral Project	Basin Planning
Current assets:					
Cash and cash equivalents	$	-	-	-	75,546
Cash and cash equivalents – restricted		-	-	-	-
Interest receivable		-	-	-	1,414
Accounts receivable – grants		-	-	-	-
Accounts receivable – other		-	-	-	-
Prepaid expenses and other assets		-	-	-	-
Mitigation credits		-	-	-	-
Total current assets		-	-	-	76,960
Non-current assets:					
Capital assets not being depreciated		-	694,966	2,661,769	-
Total assets		-	694,966	2,661,769	76,960
Current liabilities:					
Accounts payable		12,849	26,267	123,703	567
Accrued interest payable		-	-	-	-
Due to other funds		-	-	-	-
Total liabilities		12,849	26,267	123,703	567
Net position:					
Net investment in capital assets		-	694,966	2,661,769	-
Restricted		-	-	-	-
Unrestricted		(12,849)	(26,267)	(123,703)	76,393
Total net position	$	(12,849)	668,699	2,538,066	76,393

Continued on next page.

See accompanying notes to the basic financial statements

Watershed Management Plan	Basin Monitoring Program Task Force	PFAS Study	Weather Modification	Santa Ana River Fish Conservation	MSAR TMDL Task Force
145,809	662,642	390,461	-	110,081	361,675
-	-	-	-	-	-
2,284	7,389	5,117	435	1,231	3,964
7,000	-	-	174,998	-	-
-	-	-	-	-	-
8,200	-	-	-	-	-
-	-	-	-	-	-
163,293	670,031	395,578	175,433	111,312	365,639
-	-	-	-	-	-
163,293	670,031	395,578	175,433	111,312	365,639
12,356	-	49,430	41,803	-	2,270
-	-	-	-	-	-
-	-	-	9,163	-	-
12,356	-	49,430	50,966	-	2,270
-	-	-	-	-	-
-	-	-	-	-	-
150,937	670,031	346,148	124,467	111,312	363,369
150,937	670,031	346,148	124,467	111,312	363,369

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, 2024

		Regional Water Quality Monitoring Task Force	Arundo Management & Habitat Restoration	Emerging Constituents Task Force	Energy Water DAC Grant Project
Current assets:					
Cash and cash equivalents	$	118,707	-	167,571	-
Cash and cash equivalents – restricted		-	749,289	-	-
Interest receivable		1,962	8,128	1,905	-
Accounts receivable – grants		-	-	-	44,054
Accounts receivable – other		-	-	-	-
Prepaid expenses and other assets		-	-	-	-
Mitigation credits		-	1,910,560	-	-
Total current assets		120,669	2,667,977	169,476	44,054
Non-current assets:					
Capital assets not being depreciated		-	-	-	-
Total assets		120,669	2,667,977	169,476	44,054
Current liabilities:					
Accounts payable		78,449	5,051	8,866	636
Accrued interest payable		-	-	-	-
Due to other funds		-	-	-	21,113
Total liabilities		78,449	5,051	8,866	21,749
Net position:					
Net investment in capital assets		-	-	-	-
Restricted		-	1,910,560	-	-
Unrestricted		42,220	752,366	160,610	22,305
Total net position	$	42,220	2,662,926	160,610	22,305

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 2024	Total 2023
-	-	773,812	92,130	$ 2,898,434	3,042,978
-	-	-	-	749,289	808,607
-	-	-	-	33,829	21,354
44,272	-	6,066,903	2,255,465	8,592,692	7,777,993
-	11,903	-	-	11,903	28,638
-	-	-	-	8,200	-
-	-	-	-	1,910,560	1,910,560
44,272	11,903	6,840,715	2,347,595	14,204,907	13,590,130
-	-	-	-	3,356,735	432,430
44,272	11,903	6,840,715	2,347,595	17,561,642	14,022,560
28,901	-	5,970,132	2,241,262	8,602,542	7,945,534
-	113	-	-	113	-
15,371	10,460	-	-	56,107	83,012
44,272	10,573	5,970,132	2,241,262	8,658,762	8,028,546
-	-	-	-	3,356,735	432,430
-	-	-	-	1,910,560	1,910,560
-	1,330	870,583	106,333	3,635,585	3,651,024
-	1,330	870,583	106,333	$ 8,902,880	5,994,014

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, 2024

		Brine Line Protection Project	Reach IV-D Corrosion Repair	Aqua Mansa Lateral Project	Basin Planning
Operating revenues:					
Other		-	-	-	-
Total operating revenues		-	-	-	-
Operating expenses:					
Studies and planning costs		203,656	-	-	499,647
Total operating expenses		203,656	-	-	499,647
Net income (loss)		(203,656)	-	-	(499,647)
Non-operating revenues (expenses):					
Member contributions		-	-	-	420,000
Intergovernmental		-	-	-	-
Investment earnings, net of fair value		-	-	-	10,463
Grant program expenditures		-	-	-	-
Total non-operating revenues (expense)		-	-	-	430,463
Total income (loss) before transfers		(203,656)	-	-	(69,184)
Transfers		304,685	279,225	2,524,932	-
Changes in net position		101,029	279,225	2,524,932	(69,184)
Net position – beginning of year		(113,878)	389,474	13,134	145,577
Net position – end of year	$	(12,849)	668,699	2,538,066	76,393

Continued on next page.

See accompanying notes to the basic financial statements

Watershed Management Plan	Basin Monitoring Program Task Force	PFAS Study	Weather Modification	Santa Ana River Fish Conservation	MSAR TMDL Task Force
-	-	-	-	-	-
-	-	-	-	-	-
529,334	310,125	209,766	356,303	27,537	47,559
529,334	310,125	209,766	356,303	27,537	47,559
(529,334)	(310,125)	(209,766)	(356,303)	(27,537)	(47,559)
400,000	-	550,000	222,000	10,000	-
67,900	572,019	-	185,998	19,000	233,923
12,573	26,769	18,113	5,833	4,224	13,407
-	-	-	-	-	-
480,473	598,788	568,113	413,831	33,224	247,330
(48,861)	288,663	358,347	57,528	5,687	199,771
-	-	-	-	-	(124,165)
(48,861)	288,663	358,347	57,528	5,687	75,606
199,798	381,368	(12,199)	66,939	105,625	287,763
150,937	670,031	346,148	124,467	111,312	363,369

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, 2024

		Regional Water Quality Monitoring Task Force	Arundo Management & Habitat Restoration	Emerging Constituents Task Force	Energy Water DAC Grant Project
Operating revenues:					
Other	$	-	-	-	-
Total operating revenues		-	-	-	-
Operating expenses:					
Studies and planning costs		440,357	92,107	95,625	108,760
Total operating expenses		440,357	92,107	95,625	108,760
Net income (loss)		(440,357)	(92,107)	(95,625)	(108,760)
Non-operating revenues (expenses):					
Member contributions		-	-	-	-
Intergovernmental		278,551	-	114,000	105,250
Investment earnings, net of fair value		9,453	29,859	6,739	-
Grant program expenditures		-	-	-	-
Total non-operating revenues (expense)		288,004	29,859	120,739	105,250
Total income (loss) before transfers		(152,353)	(62,248)	25,114	(3,510)
Transfers		124,165	-	-	-
Changes in net position		(28,188)	(62,248)	25,114	(3,510)
Net position – beginning of year		70,408	2,725,174	135,496	25,815
Net position – end of year	$	42,220	2,662,926	160,610	22,305

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 2024	Total 2023
-	153,460	-	-	153,460	203,714
-	153,460	-	-	153,460	203,714
20,429	163,460	-	-	3,104,665	3,405,256
20,429	163,460	-	-	3,104,665	3,405,256
(20,429)	(10,000)	-	-	(2,951,205)	(3,201,542)
-	10,000	-	-	1,612,000	1,344,325
125,992	-	2,029,006	3,313,357	7,044,996	9,858,978
-	-	-	-	137,433	68,250
(105,563)	-	(2,624,280)	(3,313,357)	(6,043,200)	(8,535,119)
20,429	10,000	(595,274)	-	2,751,229	2,736,434
-	-	(595,274)	-	(199,976)	(465,108)
-	-	-	-	3,108,842	212,742
-	-	(595,274)	-	2,908,866	(252,366)
-	1,330	1,465,857	106,333	5,994,014	6,246,380
-	1,330	870,583	106,333	8,902,880	5,994,014

See accompanying notes to the basic financial statements

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Report on Internal Controls and Compliance

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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, 2024, 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 17, 2024.

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

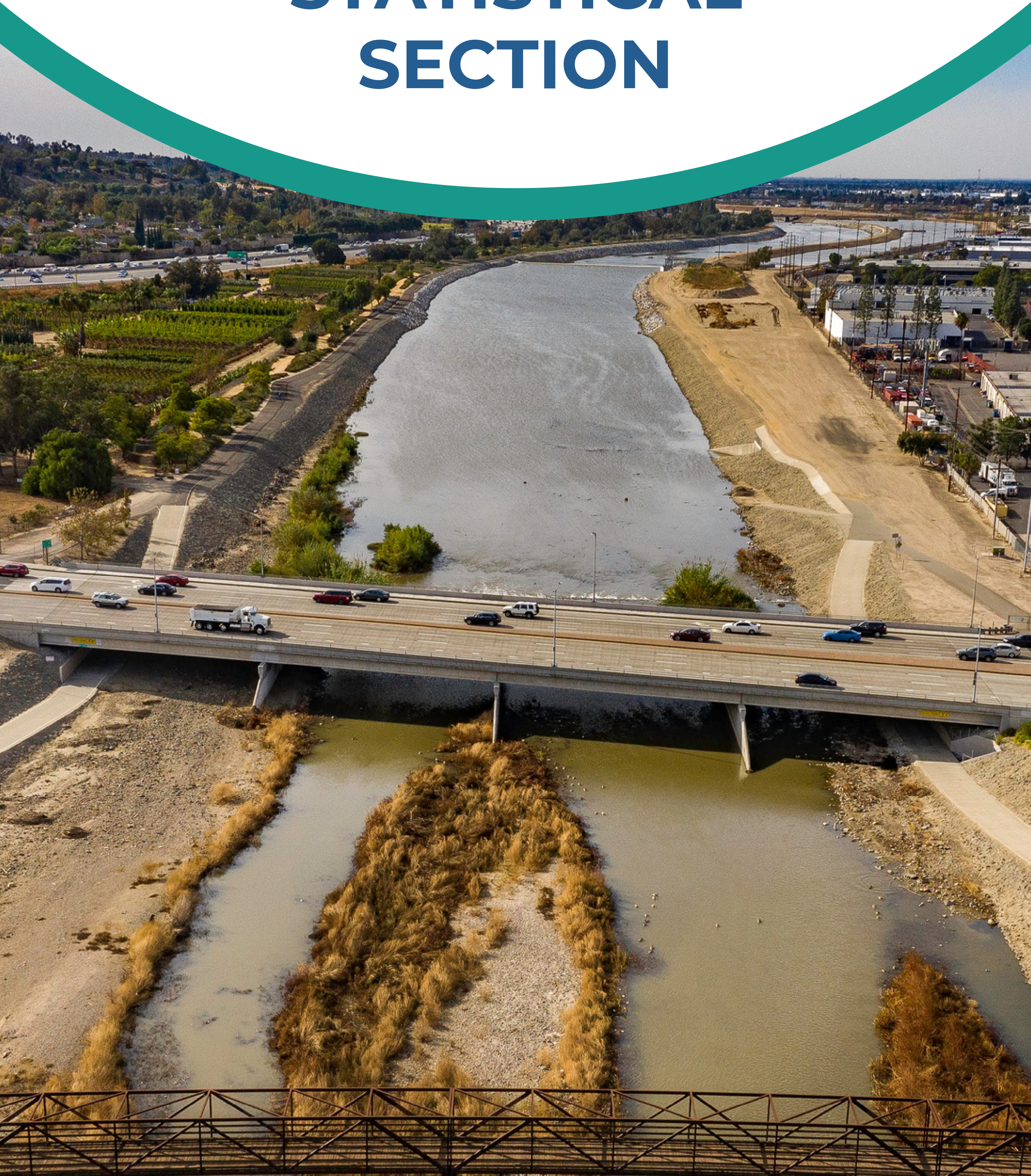
Purpose of this Report

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

C.J. Brown & Company, CPAs
Cypress, California
December 17, 2024

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.

Contents | **Page No.**

Financial Trends 89-90

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

Revenue Capacity 91-96

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

Debt Capacity 85-101

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

Demographic and Economic Information 102

This schedule offers demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information 103-104

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

	2024	2023	2022	2021[1]	2020[1]	2019	2018	2017	2016	2015
Net Investment in Capital Assets	$71,336,614	$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
Restricted	3,329,772	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
Unrestricted	12,925,619	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)
Total Net Position	$87,592,005	$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

(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 (2)	Operating Expense (3)	Operating Income/(Loss)	Total Non-Operating Revenue/ (Expense)	Income/(Loss) Before Capital Contributions	Special Items (4)(5)	Capital Contributions	Change in Net Position
2024	$15,714,684	$15,556,519	$158,165	$6,277,382	$6,435,547	($997,946)	$2,166,016	$7,603,617
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(1)	15,192,196	18,234,980	(3,042,784)	3,042,581	(203)	-	-	(203)
2020(1)	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

(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
2024	$13,047,884	$2,510,154	$156,646	$15,714,684	$2,308,275	$7,903,442	$273,301	$3,438,677	$-	$13,923,695	$29,638,379
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(1)	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(1)	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(2)	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

(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

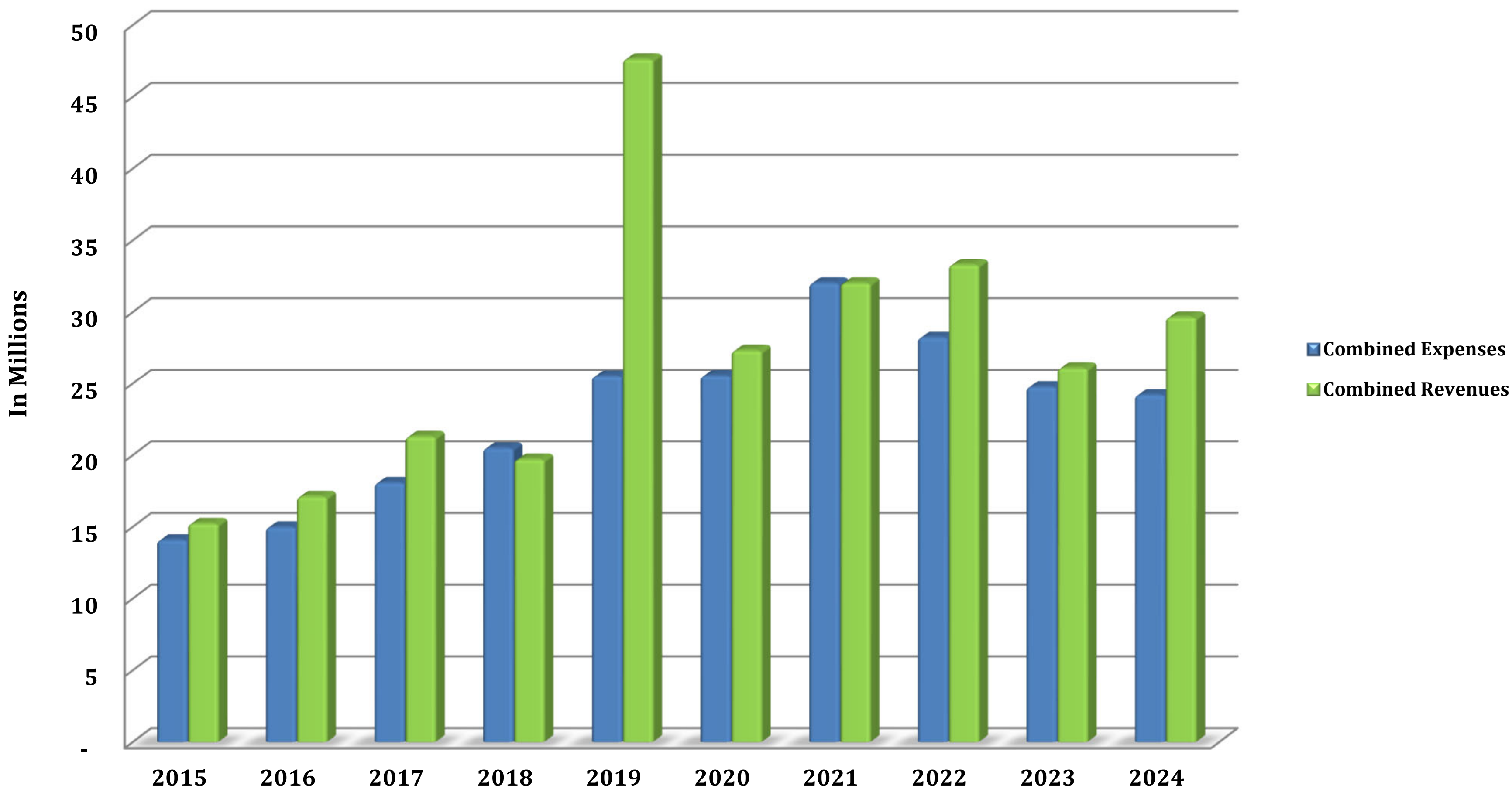
Table IV – Expenses by Function
Last Ten Fiscal Years

	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
2024	$8,038,986	$399,828	$3,104,667	$3,085,805	$927,235	$15,556,611	$8,644,258	$24,200,869
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(1)(2)	7,055,339	762,713	5,020,667	3,840,251	1,556,010	18,234,980	13,789,787	32,024,767
2020(1)(2)	6,670,902	989,568	4,396,714	3,770,450	1,400,918	17,228,552	8,325,177	25,553,729
2019(2)	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

(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



Source: Santa Ana Watershed Project Authority

Table V - Wastewater Discharge by Type
Last Ten Fiscal Years

Discharge Type	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Industrial *	213.0132	205.6453	222.0080	187.3816	181.3119	146.2297	142.6609	182.3629	176.0173	149.1266
Domestic *	397.4078	390.9324	459.4311	372.6175	345.2252	365.5703	571.6977	605.6648	539.1186	686.9780
Power Plant *	160.7403	143.2049	136.2439	159.5573	174.6108	182.3315	168.1869	211.0939	203.7717	255.9079
Water Supply/Desalter *	3,761.3052	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
Temp/Emergency *	7.4148	1.6801	1.5160	2.4556	5.4886	13.8265	0.0000	12.9104	4.7210	6.9285
Truck Discharge *	38.9906	43.4240	46.6620	40.6385	31.8486	32.1043	36.2431	29.9249	34.3066	27.2869
Total	4,578.8719	4,527.0211	4,035.3007	3,969.3411	4,024.9882	3,717.7919	3,781.5888	3,874.5655	3,747.4321	4,020.7731

* 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)
2024	$1,073	$394	$494	$150	$6,654	$13,505	(1)	n/a	n/a	n/a	$0.016
2023	1,049	353	520	150	6,654	13,505	(2)	n/a	n/a	n/a	$0.016
2022	1,018	329	460	150	6,654	13,505	(3)	n/a	n/a	n/a	$0.016
2021 (4)	1,018	329	460	150	6,654	13,505	(6)	n/a	n/a	n/a	$0.016
2021 (5)	979	316	442	150	6,398	12,985	(7)	n/a	n/a	n/a	0.015
2020	979	316	442	150	6,398	12,985	(8)	n/a	n/a	n/a	0.015
2019	946	307	429	150	6,217	12,607	(8)	n/a	n/a	n/a	0.015
2018	901	307	429	150	5,921	12,007	(9)	0.017	0.035	(10)	0.012
2017	858	307	429	150	5,639	11,433	(9)	0.016	0.033	(11)	0.011
2016	817	301	420	150	5,370	10,888	(9)	0.015	0.032	(12)	0.010
2015	777	295	411	150	5,114	10,369	(9)	0.015	0.031	(13)	0.010

* MGD – million gallons per day

1) ***Fiscal year 2024 rates from July 1, 2023 through June 30, 2024. 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 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.*
3) *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.*
4) *Fiscal year 2021 rates from January 1, 2021 through June 30, 2021.*
5) *Fiscal year 2021 rates from July 1, 2020 through December 31, 2020.*
6) *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.*
7) *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.*
8) *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.*
9) *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.*
10) *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.*
11) *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.*
12) *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.*
13) *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.*

Source: Santa Ana Watershed Project Authority

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

Fiscal Year 2023-24

Customer Name	Discharge in MG (1)	Percentage of Total Discharge
Chino Desalter I	816.7083	17.8%
Temescal Desalter	644.9604	14.1%
Perris Desalter I	506.7756	11.1%
Perris Desalter II	457.3456	10.0%
Chino Desalter II	447.3944	9.8%
JCSD – Etiwanda (2)	290.0447	6.3%
Menifee Desalter	279.3420	6.1%
Arlington Desalter	239.6499	5.2%
City of Beaumont	156.2469	4.3%
Yucaipa Valley Water District	153.7410	3.4%
Total Principal Customers	4,034.3436	88.1%
Other Customers	544.5283	11.9%
Total Discharge	4,578.8719	100.0%

Fiscal Year 2014-15

Customer Name	Discharge in MG (1)	Percentage of Total Discharge
Chino Desalter I	713.3451	17.7%
Temescal Desalter	583.8838	14.5%
Chino Desalter II	535.9877	13.3%
Perris Desalter I	465.5934	11.6%
Arlington Desalter	375.4273	9.3%
Menifee Desalter	280.8020	7.0%
JCSD – Etiwanda (2)	274.3058	6.8%
Mountainview Power Plant	170.4159	4.2%
Chino Institute for Women	133.6226	3.3%
Bonview	133.6226	3.0%
Total Principal Customers	3,656.0090	90.9%
Other Customers	364.7641	9.1%
Total Discharge	4,020.7731	100.00%

(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	Combined Expenses	Debt Service Requirements				Debt to Expense Ratio
		SRF Loans (3)	Member Loans (4)	Leases Payable (1)	Total Debt	
2024	$24,200,869	$1,709,476	$-	$174,892	$1,884,368	7.8%
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(1)(2)	32,024,767	2,835,753	-	53,601	2,889,354	9.0%
2020(1)(2)	25,553,729	2,835,753	-	28,957	2,864,710	11.2%
2019(1)	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%

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.

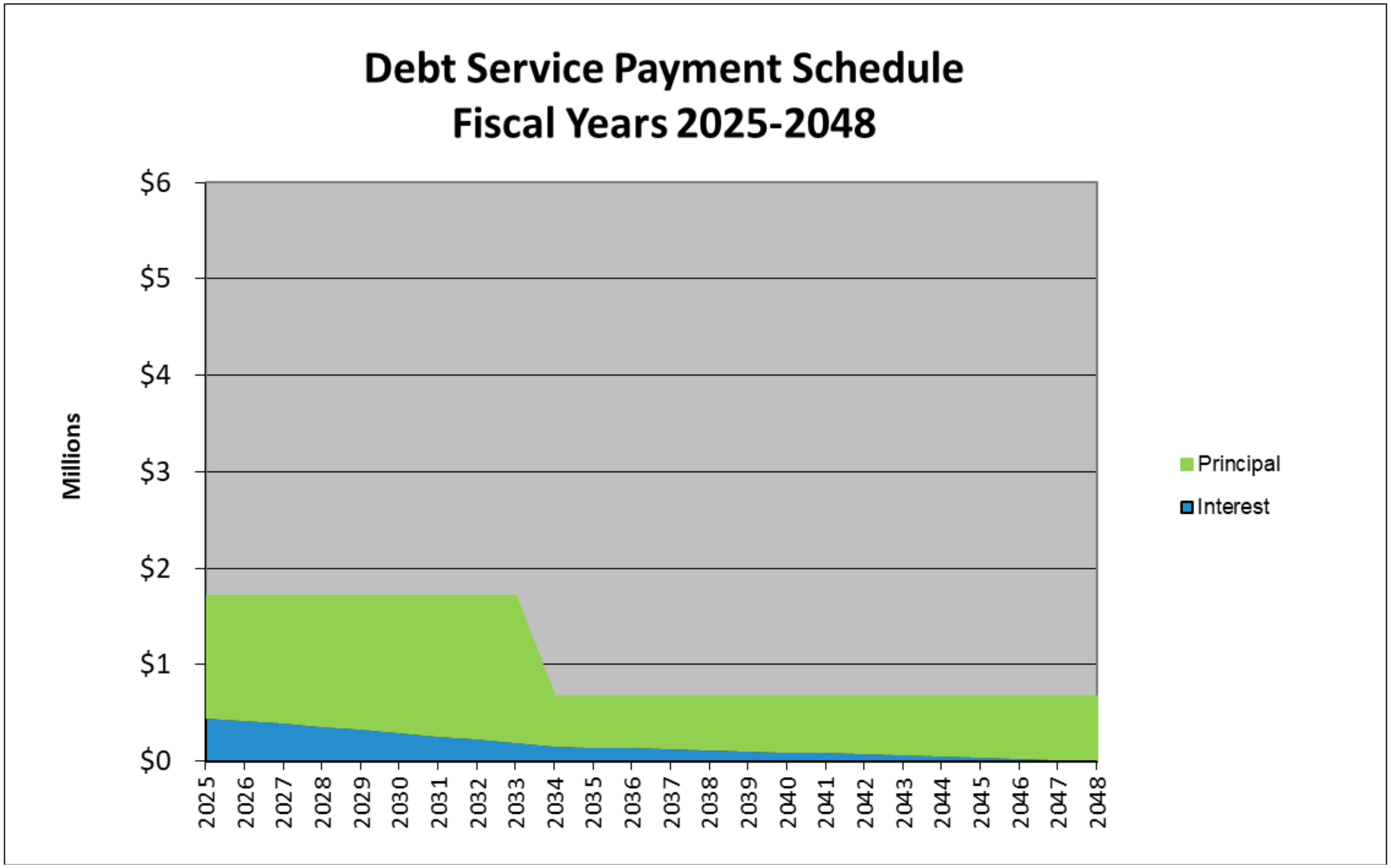
Source: Santa Ana Watershed Project Authority

Table IX - Debt Service Payment Schedule
Fiscal Years 2025 – 2048

Fiscal Year	Interest	Principal	Total Payment	Remaining Principal
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 (1)	Total Debt	Percentage of Personal Income (2)	Debt Per Capita (3)
2024	$21,009,919	$-	$174,892	$21,184,811	0.33%	$8.67
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 (1)	25,471,969	-	109,145	25,581,114	0.42%	10.42
2020 (1)	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

(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

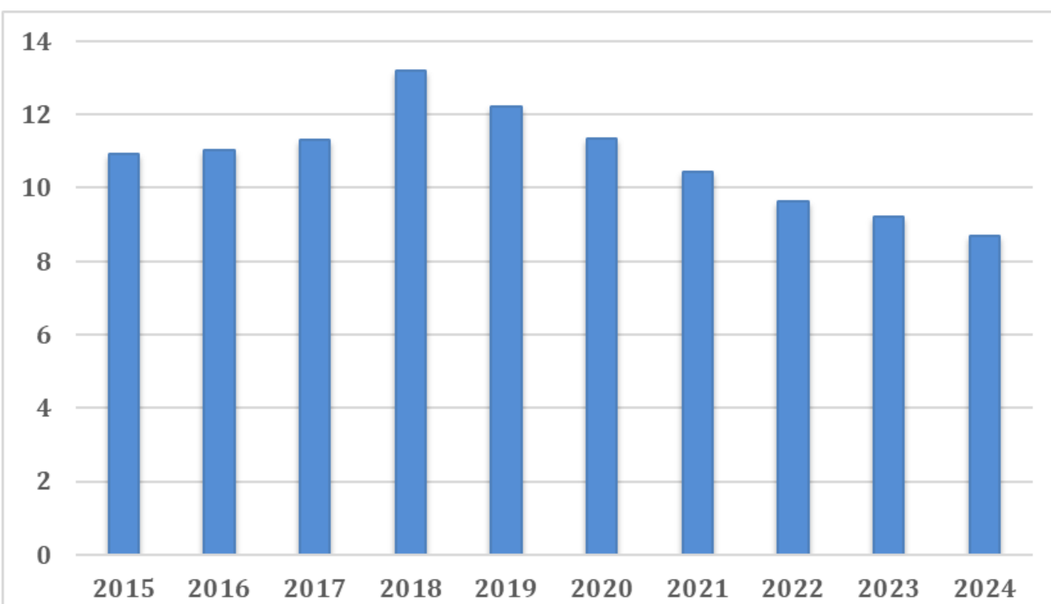


Chart IV – Capital Spending
Last Ten Fiscal Years

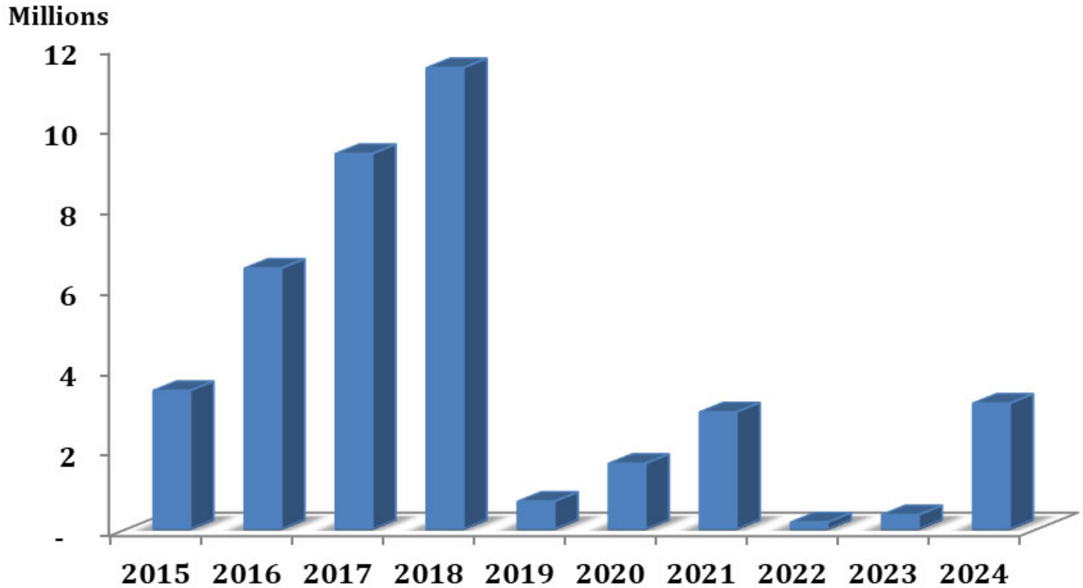
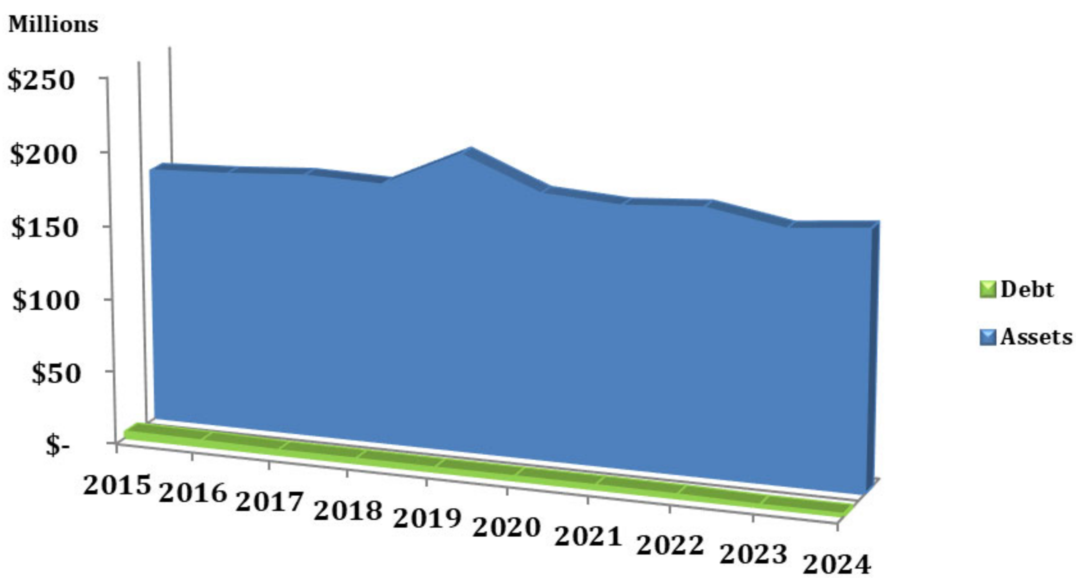


Chart V – Total Debt to Assets
Last Ten Fiscal Years



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)*4* County	State
2024	2,442,378	$6,503,033,177	$41,606 *(2)*	5.4%	5.3%
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%

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

Table XII - Principal Employers
Current Fiscal Year and Nine Years Prior

June 30, 2023 *(1)* Employer	No of Employees	% of Total Labor Force	June 30, 2014 *(1)* Employer	No of Employees	% of Total Labor Force
County of Riverside	25,366	2.4%	**County of Riverside**	19,916	2.3%
Amazon	14,317	1.3%	**March Air Reserve Base**	8,500	1.0%
March Air Reserve Base	9,600	0.9%	**Stater Brothers**	6,900	0.8%
Nestle UA	8,874	0.8%	**University of California Riverside**	5,514	0.6%
University of California Riverside	8,623	0.8%	**Kaiser Permanente**	5,270	0.6%
State of California	8,383	0.8%	**Pechanga Resort & Casino**	4,500	0.5%
Wal-Mart	7,494	0.7%	**Corona-Norco Unified School District**	4,300	0.5%
Moreno Valley Unified School District	6,020	0.6%	**Wal-Mart**	4,068	0.5%
Kaiser Permanente	5,817	0.5%	**Riverside Unified School District**	4,000	0.5%
Corona-Norco Unified School District	5,478	0.5%	**Hemet Unified School District**	3,572	0.4%
Total	99,972	9.3%	**Total**	66,540	7.7%

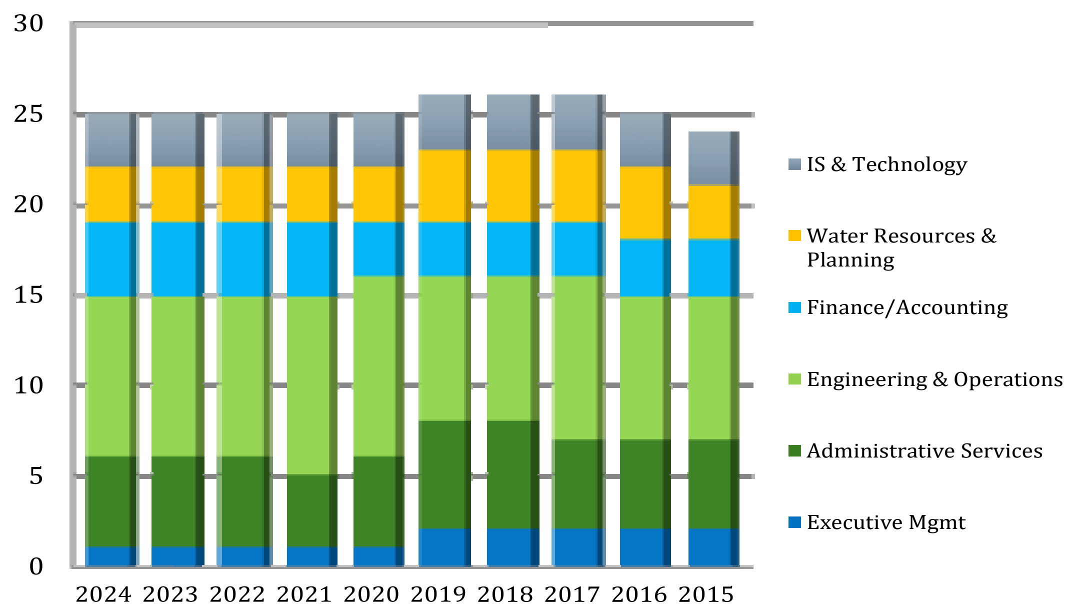
Sources: (1) County of Riverside Annual Comprehensive Financial Report. Data presented is the most current available at the time of preparation of this report.

Table XIII - Number of Employees
Last Ten Fiscal Years

Department	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Executive Management	1	1	1	1	1	2	2	2	2	2
Administrative Services	5	5	5	4	5	6	6	5	5	5
Engineering & Operations	9	9	9	10	10	8	8	9	8	8
Finance/Accounting	4	4	4	4	3	3	3	3	3	3
Water Resources & Planning	3	3	3	3	3	4	4	4	4	3
Information Systems & Technology	3	3	3	3	3	3	3	3	3	3
Total	25	25	25	25	25	26	26	26	25	24

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Meter Connections	43	43	43	43	43	40	41	51	48	48
Number of Air Release Valves	65	63	63	63	63	63	63	63	65	65
Miles of Sewer Lines	73	73	73	73	73	73	73	73	73	73
Total Flows for Fiscal Years (MG)	4,578.8719	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
Owned Treatment Capacity (MGs)	17	17	17	17	17	17	17	17	17	17

Miscellaneous Statistics

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

Source: Santa Ana Watershed Project Authority

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SANTA ANA WATERSHED PROJECT AUTHORITY

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