

ANNUAL REPORT

**State Fiscal Year 2019-20
(July 1, 2019 through June 30, 2020)**

The Drinking Water State Revolving Fund

and

**The Water Quality, Supply, and Infrastructure
Improvement Act of 2014
(Proposition 1)**

and

**The California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor
Access for All Act of 2018
(Proposition 68)**

**California State Water Resources Control Board
Division of Financial Assistance • 1001 I Street • Sacramento, CA 95814**

OUR VISION

A sustainable California made possible by clean water and water availability for both human uses and environmental resource protection.

OUR MISSION

To preserve, enhance, and restore the quality of California's water resources and drinking water for the protection of the environment, public health, and all beneficial uses, and to ensure proper water resource allocation and efficient use, for the benefit of present and future generations.



About the State and Regional Water Boards

The State Water Resources Control Board (State Water Board) was created in 1967. Its comprehensive authority over allocation, planning, and enforcement enables the State Water Board to protect California's water quality and drinking water.

The State Water Board consists of five full-time salaried members, each filling a different specialty position. Each Board member is appointed to a four-year term by the Governor and confirmed by the Senate. The State Water Board is also composed of six divisions that support its water quality missions, including the Division of Financial Assistance and the Division of Drinking Water.

There are also nine Regional Water Quality Control Boards (Regional Water Boards). The Regional Water Boards develop and enforce water quality objectives and implement plans that protect the beneficial uses of the state's waters, recognizing local differences in climate, topography, geology, and hydrology.

Each Regional Water Board has seven part-time members, also appointed by the Governor and confirmed by the Senate. Regional Water Boards develop "basin plans" for their hydrologic areas, issue waste discharge permits, take enforcement action against violators, and monitor water quality.

State Water Resources Control Board – Members and Executive Director

	<p>E. Joaquin Esquivel BOARD CHAIR</p> <p>E. Joaquin Esquivel was appointed to the State Water Resources Control Board by Governor Jerry Brown in March 2017 and designated as Chair by Governor Gavin Newsom in February 2019. Previously, he served as Assistant Secretary for federal water policy at the California Natural Resources Agency in Governor Brown’s Washington D.C. office where he facilitated the development of policy priorities between the Agency, the Governor’s Office, the California Congressional delegation, and federal stakeholder agencies in the district.</p> <p>Prior to his position with the Natural Resources Agency, Mr. Esquivel worked for U.S. Senator Barbara Boxer of California for eight and a half years and held various positions. His last position was as Senator Boxer’s Legislative Assistant covering agriculture, Native American, water, oceans, and nutrition portfolios, in addition to being the Director of Information and Technology.</p> <p>Mr. Esquivel is a graduate of the University of California, Santa Barbara with a Bachelor of Arts degree in English. He was born and raised in California’s Coachella Valley.</p>
	<p>Dorene D'Adamo BOARD VICE CHAIR</p> <p>Dorene D'Adamo was appointed to the State Water Resources Control Board by Governor Brown in 2013 and reappointed in 2018. She serves as the Vice-Chair and as the agriculture member of the Board. Ms. D'Adamo is on the Board of the California Partnership for the San Joaquin Valley and on the Board of the Pacific Forest and Watershed Lands Stewardship Council, and she also served on the Governor’s Drought Task Force. She was a member of the California Air Resources Board from 1999-2013 where she was instrumental in the board's air quality and climate change programs and regulations.</p> <p>Ms. D'Adamo served in various capacities for Members of Congress from the San Joaquin Valley for over a 20-year period, working primarily on environmental, water and agricultural legislative policy.</p>

	<p>Ms. D'Adamo earned a Bachelor of Arts degree from the University of California, Davis and a Juris Doctor from the University of the Pacific, McGeorge School of Law.</p>
	<p>Nichole Morgan BOARD MEMBER</p> <p>Nichole Morgan was appointed as the civil engineer to the State Water Resources Control Board by Governor Gavin Newsom in June 2021. Ms. Morgan most recently served as an Assistant Deputy Director in the State Water Resources Control Board's Division of Financial Assistance, where she worked on projects providing funding for drinking water, wastewater, storm water and groundwater infrastructure improvements. During this time Ms. Morgan also managed a variety of additional programs including the Lead in Child Care Centers, Fish Advisories, and Drinking Water and Wastewater Operator Certification programs.</p> <p>From 1999 to 2009 Ms. Morgan worked for public agencies and engineering consulting firms. Her responsibilities included planning, designing, and overseeing the construction of drinking water, wastewater and recycled water treatment and conveyance facilities throughout California. Ms. Morgan joined the State Water Resources Control Board in 2009 where she worked as staff in the Division of Financial Assistance, Delta Water Master's Office, and the Division of Water Rights. Ms. Morgan worked as a manager at the Central Valley Regional Water Board from 2012 to 2018, where she managed the region's NPDES program. She returned to the State Water Board in 2018 as the head of the Office of Sustainable Water Solutions and was promoted in 2019 to an Assistant Deputy Director with the Division of Financial Assistance.</p> <p>Ms. Morgan has a Bachelor of Science in Civil Engineering from California State University, Sacramento.</p>



Sean Maguire
BOARD MEMBER

Sean Maguire was appointed to the State Water Resources Control Board in December 2018 by Governor Brown and is a registered civil engineer. Mr. Maguire has had a diverse career in both public service and as an engineering consultant, which provides a valuable perspective on the administrative challenges facing a government agency and needs of a broad array of water interests.

From 2015 to 2018, Mr. Maguire worked for the State Water Resources Control Board as a manager of the Storm Water Grant Program in the Division of Financial Assistance, and later as a manager in the Division of Water Rights where he oversaw the administration of water right change petitions, licensing, and cannabis cultivation permitting. Prior to joining the Board, from 2003 to 2015, he worked for an engineering consulting firm serving a variety of municipalities and water agencies throughout the state, focused on water resources planning, drinking water, and wastewater infrastructure projects. Much of his work revolved around integrated water management and developing long term water supply solutions to meet the needs of both water users and the environment.

Mr. Maguire has a Bachelor of Science degree in Civil Engineering from California State University, Sacramento.



Laurel Firestone
BOARD MEMBER

Laurel Firestone was appointed to the State Water Resources Control Board by Governor Gavin Newsom in February 2019. Prior to joining the Board, Ms. Firestone co-founded and co-directed, from 2006-2019, the Community Water Center, a statewide non-profit environmental justice organization based in California's Central Valley and Central Coast. Her career has focused on ensuring all Californians have access to safe, clean, and affordable drinking water, and building increased diversity, equity, and inclusivity into water decision-making.

Ms. Firestone has received a variety of awards and recognition for her work, including the James Irvine Foundation's Leadership Award in 2018, and the Gary

	<p>Bellow Public Service Award by the Harvard Law School in 2013.</p> <p>Ms. Firestone served on the Tulare County Water Commission from 2007-2012, as well as a variety of state policy advisory committees. She has partnered with universities to develop research and clinical programs to further the human right to water, and written articles and publications related to drinking water and the environment.</p> <p>Ms. Firestone earned a Juris Doctor degree and graduated with honors from Harvard Law School. She holds a Bachelor of Arts degree in Environmental Studies, Magna Cum Laude, from Brown University.</p>
	<p>Eileen Sobeck EXECUTIVE DIRECTOR</p> <p>Eileen Sobeck was selected as Executive Director by the Board in August 2017. Ms. Sobeck has nearly 40 years of government service and more than two decades of executive and management experience leading professional staff in complex organizations. She has spent most of her career in federal agencies that touch on many of the same science-based, public resource challenges the State Water Resources Control Board faces.</p> <p>Ms. Sobeck previously worked as the Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration (NOAA) within the U.S. Department of Commerce from 2014 to 2017. Prior to her work at NOAA she worked as the Department of Interior’s Acting Assistant Secretary for Insular Affairs from 2012 to 2014 and as Deputy Assistant Secretary for Fish and Wildlife and Parks from 2009 to 2012. Ms. Sobeck is a lawyer by training and spent 25 years at the U.S. Department of Justice, ultimately serving as Deputy Assistant Attorney General for Environment and Natural Resources from 1999 to 2009.</p> <p>While Ms. Sobeck has spent her professional career in Washington, D.C., she has many ties to California. Ms. Sobeck earned a Juris Doctor degree from Stanford Law School and a Bachelor of Arts degree with distinction in Political Science from Stanford University. She grew up in Davis and has strong family connections to California.</p>

TABLE OF CONTENTS

I.	INTRODUCTION	8
II.	FINANCIAL RESULTS	9
A.	CUMULATIVE FINANCIAL ACTIVITY	9
B.	NET POSITION	10
C.	REVENUES AND CONTRIBUTIONS	11
D.	DISBURSEMENTS AND EXPENSES	11
E.	CREDIT RISK OF THE DWSRF	12
III.	PUBLIC HEALTH BENEFITS	14
A.	PROJECTS IN SFY 2019-20 WILL HELP ACHIEVE AND MAINTAIN SDWA GOALS	15
B.	DWSRF PROJECTS ACHIEVE MULTIPLE BENEFITS	15
IV.	PROGRAM HIGHLIGHTS AND UPDATES	16
A.	PROVIDING SAFE AND AFFORDABLE DRINKING WATER TO ALL CALIFORNIANS	16
B.	GRANTS AND PRINCIPAL FORGIVENESS FOR SWSS SERVING DACS	17
C.	UPDATED DWSRF SUSTAINABLE LEVERAGING CAPACITY	17
D.	NORMALIZING OPERATIONS	18
E.	COMPREHENSIVE AND FUNDABLE LISTS AND PROJECT BYPASS	18
F.	COVID-19 IMPACTS	19
G.	MARKETING UPDATES	19
H.	TECHNICAL ASSISTANCE	19
I.	SMALL COMMUNITY FUNDING PROGRAM	20
J.	SAFER UPDATE	20
K.	PROPOSITION 68 UPDATE	20
L.	CONSOLIDATION INCENTIVE PROGRAM	21
M.	DWSRF SOURCE WATER PROTECTION PROGRAM	21
V.	SET-ASIDES	22
A.	ADMINISTRATION SET-ASIDE	22
B.	SMALL WATER SYSTEM TECHNICAL ASSISTANCE SET-ASIDE	22
C.	LOCAL ASSISTANCE SET-ASIDE	23
D.	STATE PROGRAM MANAGEMENT SET-ASIDE	24
VI.	ACRONYMS	25
VII.	EXHIBITS	27
	EXHIBIT A: SFY 2019-20 DWSRF PROJECT FUNDING LIST	28
	EXHIBIT B: SFY 2019-20 EXTENDED TERM FINANCING PROJECTS	36
	EXHIBIT C: SFY 2019-20 SMALL COMMUNITY GRANT AND SADWF PROJECT FUNDING LIST	37
	EXHIBIT D: SFY 2019-20 NON-FUNDED PROJECTS	41
	EXHIBIT E: CUMULATIVE DWSRF SET-ASIDE EXPENDITURES	78
	EXHIBIT F: DISADVANTAGED BUSINESS ENTERPRISE REPORT	83
	EXHIBIT G: SFY 2019-20 DWSRF FFATA PROJECTS	84
VIII.	APPENDICES	85
	APPENDIX A: SHORT-TERM GOALS	1
	APPENDIX B: LONG-TERM GOALS	1
	APPENDIX C: OPERATING AGREEMENT AND CAPITALIZATION GRANT CONDITIONS	1

APPENDIX D: PERFORMANCE EVALUATION REPORT 1
APPENDIX E: SFY 2019-20 AUDITED FINANCIAL STATEMENT 1

I. INTRODUCTION

The California State Water Resources Control Board (State Water Board) and Division of Financial Assistance (DFA) presents the Drinking Water State Revolving Fund (DWSRF) annual report for State Fiscal Year (SFY) 2019-20. The State Water Board provided approximately \$147.4 million in new DWSRF financing for 34 planning and construction projects to address drinking water needs in California. This report describes how the State Water Board met the objectives for the DWSRF program identified in the [SFY 2019-20 DWSRF Intended Use Plan \(IUP\)](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/dwsrf/docs/dwsrf_iup_sfy2019_20_final.pdf) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/dwsrf/docs/dwsrf_iup_sfy2019_20_final.pdf).

The federal Safe Drinking Water Act (SDWA), as amended in 1996, created the national DWSRF program to help public water systems (PWSs) achieve or maintain compliance with SDWA requirements and protect public health by funding drinking water infrastructure projects. Section 1452 of the SDWA authorizes the United States Environmental Protection Agency (USEPA) to award capitalization grants to state DWSRF programs. The federal capitalization grants are combined with state matching funds to create a permanent source of funding for drinking water infrastructure projects.

The State Water Board has promoted and protected the health and safety of Californians through the DWSRF since July 1, 2014. Previously, the California Department of Public Health and California's Health and Human Services Agency administered the DWSRF program. Since the beginning of the program, PWSs have received DWSRF funding for drinking water infrastructure improvements via below-market financing and additional subsidy (i.e., principal forgiveness). More information about the DWSRF program is located on the State Water Board's DWSRF website at https://www.waterboards.ca.gov/drinking_water/services/funding/SRF.html.

DFA administers California's DWSRF program in coordination with Division of Drinking Water (DDW). It provides planning and construction financing through the DWSRF and several complementary fund sources to eligible applicants, which include publicly and privately-owned community and non-profit, non-community water systems. DWSRF financing is generally prioritized for "ready-to-proceed" eligible projects based on their public health benefits. Projects addressing acute and chronic primary drinking water standards are generally prioritized over projects addressing secondary drinking water standards and aging infrastructure.

II. FINANCIAL RESULTS

A. Cumulative Financial Activity

To satisfy federal requirements and ensure the accuracy of the State Water Board's financial management of the DWSRF, audited financial statements for the year ending June 30, 2020 were completed June 25, 2021, and are included as Appendix E in this report. This section provides important financial highlights about the DWSRF.

As of June 30, 2020:

- The cumulative DWSRF funds available for planning and construction financial assistance since inception was approximately \$3.09 billion.
- An additional \$297.2 million of cumulative DWSRF set-aside funds were available.
- The State Water Board, and preceding departments/agencies, had committed approximately 109 percent (109%) of available funds to planning and construction projects through binding commitments (executed financing agreements).
- The State Water Board, and preceding departments/agencies, had disbursed approximately 91 percent (91%) of available funds for planning and construction projects, as well as disbursed 96 percent (96%) of the available DWSRF set-aside funds.

Cumulative DWSRF program activity from inception through the end of SFY 2019-20 is further described in Table 1.

Table 1: Cumulative Program Activity¹

DWSRF Construction and Planning Funding

Activity	Life of Program
Number of Binding Commitments	504
Value of Binding Commitments	\$3,363 million
Disbursements and Expenditures	\$2,799 million ²
Balance of Funding Agreements	\$564 million

¹ Program activity includes all available DWSRF funds, including DWSRF set-aside funds and matching funds provided by funding recipients.

² Amount includes American Recovery and Reinvestment Act of 2009 (ARRA) funds and excludes set-aside funds (including Legal Entity Formation Assistance (LEFA) and a recent DWSRF set-aside grant to the American Water Association).

DWSRF Set-Aside Funding

DWSRF Set-Aside Amount	\$297.201 million
DWSRF Set-Aside Expenditures	\$276.415 million ³
Balance of Set-Asides	\$20.786 million

The State Water Board funded a variety of planning and construction projects through the DWSRF in SFY 2019-20 to address a range of public water system (PWS) and public health issues. Specifically, the State Water Board funded projects from the DWSRF for the benefit of both small water systems (SWSs) (populations less than 10,000 people) and large water systems (populations over 10,000 people). Table 2 below displays the number of small and large water system as well as the amount of funding for planning and construction in each category. See Exhibit A for a list of projects that received funding in SFY 2019-20.

Table 2: Water System Type

Water System Type	Project Type	No. of Water Systems	Total Population	Total Funding
Small	Planning	10	63,788	\$3,516,442
	Construction	19		\$40,598,390
Large	Planning	0	649,717	\$0
	Construction	5		\$103,237,534
Total		34	713,505	\$147,352,366

A greater number of small water system (SWS) projects received funding because of their urgent public health needs, while a greater amount of funding was provided to large water systems because of the larger scope and cost of these projects.

A greater number of construction projects received funding in SFY 2019-20 than recent historical averages because planning projects were generally funded with other, complementary funding sources. This helped maximize the DWSRF and its complementary funding sources so that both were used efficiently and expeditiously.

B. Net Position

Net assets of the DWSRF program are shown below:

³ Amount includes LEFA and a recent DWSRF set-aside grant to the American Water Association.

Table 3: DWSRF Statement of Net Position
(Dollars in Thousands)

Assets	June 30, 2020	June 30, 2019
Current Assets	\$373,134	\$368,551
Other Assets	\$1,593,859	\$1,484,933
Total Assets	\$2,080,903	\$2,001,922
Liabilities		
Current Liabilities	\$16,562	\$22,785
Non-Current Liabilities	\$87,737	\$95,233
Total Liabilities	\$104,299	\$118,018
Net Assets		
Restricted	\$158,074	\$160,534
Unrestricted	\$1,818,530	\$1,723,370
Total Net Assets	\$1,976,604	\$1,883,904

C. Revenues and Contributions

Revenue and Contributions for the DWSRF program are described in its Financial Statements. Revenues for SFY 2019-20 were \$152,425,000 and are shown in Table 4.

Table 4: SFY 2019-20 DWSRF Revenues & Contributions
(Dollars in Thousands)

Loan Interest Income	\$25,343
Net Investment Income	\$4,374
Capitalization Grant Contributions	\$102,063
Capitalization Grants Contributions – Principal Forgiveness	\$1,484
State Match Revenue – Loans	\$1,532
State Match Revenue – Principal Forgiveness	\$17,629

D. Disbursements and Expenses

Total disbursements are based on the Financial Statements and do not include matching funds provided by funding recipients. Disbursements for SFY 2019-20 totaled \$264,106,000, and were as follows:

Table 5: SFY 2019-20 DWSRF Disbursements and Expenses
(Dollars in Thousands)

DISBURSEMENTS	
Loan disbursements	\$229,388
Principal Forgiveness disbursements	\$34,718
EXPENSES	
Operating Expense - Personnel Services	\$14,141
Operating Expense - Other Expenses	\$9,138
Revenue Bond Interest Expense	\$1,727
Revenue Bond Issuance Cost	\$1

E. Credit Risk of the DWSRF

Each funding recipient must pledge or dedicate one or more sources of revenue toward the payment of its DWSRF repayable financing. For publicly owned entities, dedicated sources of revenue are generally water rate revenues, but may also be any number of revenue sources, special tax pledges, or other pledgeable income. For privately owned entities, the dedicated source of repayment is generally a Uniform Commercial Code (UCC)-1 security interest by the State Water Board on all the entity's revenues, fixtures, and equipment.

In SFY 2019-20, the State Water Board did not restructure any agreements.

In SFY 2019-20, there was no allowance for uncollectible accounts as all repayments remained current and all repayable financings were anticipated to be repaid in accordance with the financing terms. State Water Board staff continued to work diligently to ensure funding agreements were secure and that all payments were made on time and in full. Staff efforts included using a variety of analysis and monitoring measures to reduce the possibility of non-payment and continually evaluating additional steps to ensure full and timely payments.

1. Extended Term Financing and Reduced Interest Rate

In accordance with federal law, the State Water Board provided 40-year loan repayment terms to eligible funding applicants that served Disadvantaged Communities (DACs). (42 U.S.C. § 300j-12(f)(1)(C)(i); Health & Saf. Code, § 116760.40(a)(3).). In SFY 2019-20, one (1) project received \$9,452,000 in such extended term financing, as shown in Exhibit B.

Prior to 2015, state law permitted zero percent (0%) interest rate loans from the DWSRF if the funding applicant served a Disadvantaged Community (DAC), regardless of the water system size. In 2015, the California Legislature directed the State Water Board to provide zero percent (0%) interest rate financing if the

funding recipient served a DAC with financial hardship. The State Water Board's DWSRF Policy defines financial hardship to mean the funding applicant is a SWS that serves a DAC or Severely Disadvantaged Community (SDAC). In its IUPs beginning in SFY 2015-16, to ensure the long-term financial growth of the fund while considering the financial limitations of certain PWSs types, the State Water Board has mostly limited zero percent (0%) interest rate financing to eligible SWSs and Expanded Small Community Water Systems (ESCWSs) serving DACs and SDACs with high residential water rates, although zero percent financing has also been offered as a local match incentive or for consolidation projects.

III. PUBLIC HEALTH BENEFITS

The contributions of the DWSRF program to public health and drinking water quality are diverse. The program has the strength and versatility to address a wide range of drinking water issues. To the maximum extent possible, in SFY 2019-20, priority was given to projects that addressed the most serious risks to human health, were necessary to ensure compliance with SDWA requirements, and assisted water systems most in need on a per household basis. Projects were ranked by the categories below as defined in the DWSRF Policy, Section VI.B.2:

Public Health Category	Description
A	Immediate Health Risk
B	Untreated or At-Risk Sources
C	Compliance or Shortage Problems
D	Inadequate Reliability
E	Secondary Risks
F	Other Projects

Table 6 below shows the number of projects in each category.

Table 6: Water System Improvements by Public Health Category

Public Health Category	Number of Projects Financed	Population	Financed Amount	Principal Forgiveness and Estimated Interest Savings	
A	2	5,431	\$1,508,092	\$1,014,892	\$379,546
B	4	12,445	\$4,055,173	\$4,055,173	\$1,516,540
C	10	33,688	\$32,821,917	\$10,868,941	\$4,064,731
D	5	5,462	\$8,106,150	\$8,106,150	\$3,031,512
E	1	5,250	\$405,000	\$405,000	\$151,461
F	12	651,229	\$100,456,034	\$6,315,500	\$2,361,850
Total	34	713,505	\$147,352,366	\$30,765,656	\$11,505,640

The information below summarizes the public health benefits from DWSRF projects funded. The data supporting this summary was reported to the USEPA through the DWSRF Project Benefits Reporting (PBR) database.

A. Projects in SFY 2019-20 Will Help Achieve and Maintain SDWA Goals

1. There were 34 projects funded by the DWSRF program. Of these, 27 helped disadvantaged or severely disadvantaged communities least able to afford the cost of water on a per household basis.
2. An estimated 713,505 people are served by the projects funded.
3. An estimated \$30.8 million principal forgiveness was provided to these projects and an estimated \$11.5 million in interest savings were provided to projects.
4. 11 projects assisted small water systems correct violations and return to compliance. 4 projects funded were planning projects to create plans to help water systems return to compliance.

B. DWSRF Projects Achieve Multiple Benefits

DWSRF projects are multi-faceted, and each project typically provides multiple benefits to the water system completing the project. Table 7 below shows a breakdown of the many benefits provided by the DWSRF projects funded in SFY 2019-20. In particular it should be noted that \$5.9 million was provided for consolidation projects. Approximately seventy-three percent (73%) of the project costs, or \$108.1 million, was provided for drinking water source and storage projects.

Table 7: Water System Improvements by Benefits

Benefits	Cost	# of Projects/Benefit⁴
MCL Compliance	\$3,516,422	10
Source, Quantity, and Reliability	\$60,314,003	7
Distribution Pipeline	\$20,895,902	13
Treatment Plant Improvements	\$6,449,599	6
Storage	\$47,789,249	8
Consolidation	\$5,895,389	4
Green Project Reserve	\$2,491,782	4
	\$147,352,366	

⁴ The total number of projects for all benefits is greater than the total number of projects funded because individual projects may benefit in multiple ways.

IV. PROGRAM HIGHLIGHTS AND UPDATES

In SFY 2019-20, the State Water Board continued to fund drinking water projects to provide safe and affordable drinking water for all Californians and continued to pair DWSRF financing with other funds appropriated to the State Water Board to achieve its drinking water objectives.

A. Providing Safe and Affordable Drinking Water to All Californians

Having clean and safe drinking water is a fundamental human right and is essential to health and well-being. The State Water Board's DDW, the Office of Public Participation (OPP), and DFA work together to protect California's drinking water and help ensure that all Californians have access to clean, safe, and affordable drinking water through several regulatory and financial assistance programs.

The DWSRF program, along with other sources of funds available to the State Water Board, helps improve drinking water infrastructure to mitigate drinking water risks and support the human right to water. A key element of DFA's effort to address safe and affordable drinking water in California is the Office of Sustainable Water Solutions (OSWS). The OSWS was created to focus on small SDACs and small DACs and the difficulties those communities have in providing safe and affordable drinking water to their residents.

In SFY 2018-19, the OSWS was re-organized to address the substantial demand from SDACs and DACs for affordable drinking water and wastewater funding. Although the reorganization had a positive effect, the Legislature took additional steps in 2019 to address the drinking water needs of disadvantaged Californians. Senate Bill (SB) 200 created the Safe and Affordable Drinking Water Fund (SADWF). The SADWF authorizes and continuously appropriates money to the State Water Board for grants, loans, contracts, or services to assist eligible recipients with the provision of an adequate supply of affordable and safe drinking water. Additional staffing is also authorized to implement the SADWF (including a new section within OSWS), and the added staffing will continue to strengthen and support the State Water Board's efforts to ensure that all Californians have access to safe and affordable drinking water. SB 200 and the new SADWF led to the creation of the State Water Board's Safe and Affordable Funding for Equity and Resilience (SAFER) Program. Note that the funding available for drinking water projects within the SAFER Program include the SADWF, DWSRF Principal Forgiveness, various General Fund allocations, and funds available from Proposition 1 (Prop 1) and Proposition 68 (Prop 68).

The State Water Board's joint management of the DWSRF, complementary bonds and the SADWF enables California to provide significant financial benefits to California's PWSs, especially those PWSs serving small SDACs and small DACs. The Deputy Director of DFA was authorized to provide, for good cause, up to \$45,000 per service connection in principal forgiveness/grant for a SWS that serves a DAC, and the SDWA

allows 40-year financing for DACs. These tools can be highly effective in providing safe and affordable drinking water to the neediest of communities.

B. Grants and Principal Forgiveness for SWSs Serving DACs

Demand and “ready-to-proceed” applications from SWSs serving SDACs and DACs for grants and DWSRF principal forgiveness continued to be high in SFY 2019-20. There was enough grant and/or principal forgiveness available to satisfy such “ready-to-proceed” demand. The FFY 2019 Capitalization Grant provided approximately \$53.4 million in principal forgiveness that was in addition to prior year available principal forgiveness allotments. A remaining amount of \$169 million in Prop 68 funds was also appropriated in FY 2019-20 for grants to eligible SWSs serving SDACs and DACs. The SADWF was also appropriated approximately \$130 million in funding for a variety of eligible purposes, including infrastructure grants for SWSs serving SDACs and DACs. Finally, a minor balance of Prop 1 Drinking Water funds was available for any costs increases on existing Prop 1 Drinking Water commitments. As demonstrated in Exhibit C, approximately \$50.7 million of grants and principal forgiveness was awarded to SWSs serving SDACs and DACs in FY 2019-20 for both planning and construction projects.

C. Updated DWSRF Sustainable Leveraging Capacity

The DWSRF’s Municipal Advisor, in cooperation with DFA staff, updated the DWSRF’s estimated lending capacity calculations for the SFY 2020-21 IUP. The Municipal Advisor’s calculations showed that the DWSRF can operate at an estimated sustainable loan level of approximately \$308 million per year for the next 20 years. The estimate is below the previously estimated \$420 million loan capacity used in the 2018-19 and 2019-20 IUPs. Stakeholders expressed concern during public comment on the 2020-21 IUP about the lower estimate given the sizeable demand for DWSRF funds. DFA staff are meeting with stakeholders to provide transparency on the capacity calculation process and to identify opportunities and actions that may increase the sustainable lending capacity of the program. Additional changes in policy or practice may be needed in the future to manage the program effectively and provide stakeholders and the State Water Board with the best possible results.

The DWSRF funding target for SFY 2019-20 was based on a 20-year capacity analysis in accordance with the Clean Water State Revolving Fund (CWSRF)/DWSRF Debt Management Policy to ensure that the DWSRF program does not become over-leveraged. The State Water Board last issued \$83.92 million in revenue bonds on April 24, 2019. Given the current Fundable List of DWSRF loan projects, it is likely that additional bonds will be issued in the future, although the timing and sizing of future bond sales have not been determined yet.

D. Normalizing Operations

The rollout of the FI\$Cal, the new statewide accounting, budget, cash management, and procurement system, resulted in a significantly lower number of new DWSRF agreements during SFY 2018-19; 15 DWSRF agreements were executed during SFY 2018-19. A significant number of new DWSRF agreements were executed during SFY 2019-20; a total of 34 projects received DWSRF in their financing agreements. Given the State Water Board's emphasis on fulfilling the Human Right to Water, the majority of these projects were for small SDAC and DAC communities. The increased number of DWSRF agreements executed in SFY 2019-20 is a positive indicator that DFA has adapted to FI\$Cal and that the pace of new financing agreements is returning to the pace of new agreements before the introduction of FI\$Cal.

There is a significant rollover, however, of loan projects for non-disadvantaged communities to the SFY 2020-21 Fundable List. In addition, the SDWA now allows 30-year financing for all publicly owned water systems, and this change appears to have generated additional demand for DWSRF repayable financing. The total amount committed to repayable financings in SFY 2019-20 was less than the funding target mainly due to the ongoing transition to FI\$Cal. DFA, however, continues to develop and review applications for repayable financing. The SFY 2020-21 Fundable List includes 39 applications requesting over \$2.0 billion in loan financing. DFA staff will continue to work with these applicants to develop complete applications that can be financed consistent with the priority system established in the DWSRF Policy and the State Water Board's Debt Management Policy for the SRF programs

E. Comprehensive and Fundable Lists and Project Bypass

The Comprehensive List identified projects potentially eligible for funding assistance from the DWSRF program. As DFA received applications, it assigned each project a priority category from Section VI.B.2 of the DWSRF Policy, then recommended that the Executive Director of the State Water Board, in consultation with DDW, either add the project to the Comprehensive List or update an existing project. The Executive Director updated the Comprehensive List two times during SFY 2019-20. DFA reviewed each project for eligibility and compliance with requirements before approving funding agreements. DWSRF funding was also prioritized for the highest ranked projects described in the IUP, to the extent such projects were ready to proceed to an agreement. Projects were also bypassed if not ready for an agreement or found ineligible for funding. The reasons for such projects not being funded are included in Exhibit D below.

There were 250 projects identified on the Fundable List in the SFY 2019-20 IUP. Of these, 84 were planning and 166 were construction projects. The DWSRF program awarded funding to 10 planning projects and 24 construction projects. SCG-DW funds were awarded to 16 additional projects. The remaining projects' statuses are noted in Exhibit D. Several of the projects not funded in SFY 2019-20 are anticipated to be funded in SFY 2020-21.

F. COVID-19 Impacts

The actions taken to address the COVID-19 pandemic have also affected SRF operations during the latter part of SFY 2019-20 and may have additional consequences for the program in the future. Although the State Water Board has received one request for DWSRF loan forbearance or modification, no loans pledged to the repayment of SRF bonds have requested forbearance or modification of their terms or payment schedules. The State Water Board's staff continues to monitor the impacts of COVID-19 on the revenues and expenses of agencies with outstanding DWSRF debt.

G. Marketing Updates

State Water Board staff continued to participate in the California Financing Coordinating Committee (CFCC) funding fairs during SFY 2019-20. The funding fairs provide members of the public and infrastructure development professionals current information on funding options available for different project types.

State Water Board staff also participated in a conference to provide updated information on the DWSRF Program. The conference was the League of California Cities 2019 Annual Expo Conference.

H. Technical Assistance

The DWSRF program budgeted two percent (2%) of the FFY 2019 Capitalization Grant along with prior year capitalization grants for Small Water System Technical Assistance (SWSTA). The primary goals of SWSTA are to reduce the instances of non-compliance with drinking water standards and requirements, establish and assure safe and dependable water supplies, improve operational capability, and establish or improve the technical, managerial, and financial (TMF) capacity of SWSs.

The SWSTA set-aside funded technical and administrative staff within DFA to provide technical assistance to SWSs. DFA staff helped SWSs identify drinking water problems and potential solutions, helped them prepare funding applications, reviewed TMF assessments, and evaluated potential funding eligibility. Staff also helped resolve ownership issues, right-of-way disputes, facilitated potential water interties and consolidation projects with adjacent water systems.

The SWSTA set-aside also provided partial funding for technical and administrative staff of the Proposition 84 (Prop 84) funding program. They prepared Prop 84 planning projects for SWSs that led to DWSRF construction funding.

The budget and expenditures of the SWSTA set-aside as of June 30, 2020 are shown in Exhibit E.

I. Small Community Funding Program

The State Water Board and DFA continued to implement and award funding to planning and construction projects using DWSRF and SCG-DW funds. Due to extensive coordination between funding sources, \$33.82 million of DWSRF funding was awarded to 26 planning and construction projects in SFY 2019-20. Nine of the projects received \$16.42 million in additional grant funding.

In SFY 2019-20, \$31.69 million of SCG-DW grant funds were also awarded to 16 planning and construction projects separately from the DWSRF. Exhibit C lists the 16 projects funded exclusively by SCG-DW in SFY 2019-20. In SFY 2019-20 42 small DAC projects were funded, 11 planning and 31 construction, for a total of \$81.92 million in grant or principal forgiveness.

The State Water Board's co-management of DWSRF and SCG-DW funds further enabled California to capitalize and maximize state match for the DWSRF while simultaneously providing financial benefits to California's SWSs, especially those PWSs serving small DACs. The funding provided to small communities through the DWSRF in SFY 2019-20 has also helped the State Water Board maintain a low and acceptable federal unliquidated obligation (ULO) balance.

J. SAFER Update

The State Water Board administers the SAFER Program primarily through its DDW, DFA, and OPP. In SFY 2019-20 the State Water Board was appropriated \$130 million for the SADWF to begin implementing Senate Bill (SB) 200. The SADWF complements the State Water Board's existing suite of financial assistance programs, which are generally limited to funding capital projects. The existing financial assistance programs for disadvantaged communities and the new SADWF constitute the funding component of the SAFER Program.

Of the \$130 million SADWF appropriation for SFY 2019-20, grant agreements were executed for nine construction projects and one technical assistance project for SWSs serving DACs/SDACs. Of those ten executed grant agreements, funding totaling \$3.9 million of DWSRF Principal Forgiveness was also provided to four of the construction projects. In addition, \$708,000 of SCG-Drinking Water grant was provided to five of the construction projects. A list of projects that received funding from the SADWF, and the complementary funding, can be found in Exhibit C.

K. Proposition 68 Update

On June 5, 2018, California voters approved Prop 68, the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Senate Bill 5, DeLeon), which provides general obligation bond funding to the State Water Board for various wastewater, drinking water, water recycling and other related projects that will complement the funding provided under the DWSRF. Prop 68 provided \$250 million for grants and loans for projects to improve access to safe drinking water (Prop 68

Drinking Water) and projects to improve water quality under the CWSRF Small Community Grant, with priority given to projects that help DACs. Prop 68 directed that Prop 68 Drinking Water funds be administered in accordance with the Prop 1 Drinking Water Program requirements. The DWSRF 2019-2020 IUP was adopted in June of 2019 and reaffirmed the Prop 1 Drinking Water guidelines, expanding them to incorporate Prop 68 Drinking Water conditions.

L. Consolidation Incentive Program

The DWSRF continued to offer the consolidation incentive identified in the IUP but did not receive any requests for the incentives during SFY 2019-20. The State Water Board will continue, however, to offer the incentives to potential consolidation projects. With the advent of the SADWF program, there may be additional demand for consolidation financing. DFA will continue to evaluate the terms associated with the incentives, and may recommend changing the incentives, including on a case-by-case basis, to the State Water Board.

M. DWSRF Source Water Protection Program

California established the DWSRF program with federal capitalization grants awarded by the USEPA. A portion of these funds was set-aside for source water protection (SWP) loans.

Funding for the SWP program provides loans to PWSs for the purchase of land or conservation easements. PWSs may only purchase land or a conservation easement from willing parties. The purchase must be for the purposes of protecting the system’s source water and ensuring compliance with national drinking water regulations. The DWSRF program evaluated all projects using the priority system described in the IUP in effect at the time the SWP loans were awarded.

As of SFY 2019-20, the program had set aside a total of \$24,889,390 from the FFY 2000-2005 Capitalization Grants for this program, but, due to lack of demand from PWSs, subsequent federal grant amendments returned \$22,889,390 from the FFY 2000-2005 Capitalization Grants to the DWSRF infrastructure loan fund. As shown in Table 8 below, \$2,000,000 has been committed and expended for SWP loans.

Table 8: Source Water Protection Loan Set-Asides

Funding Recipient	Project No.	Category	Population	Executed FA Date	Contract No.	Loan Amount	Grant Amount	Total Funding Assistance
Contra Costa WD	0710003-017	SWP	201,100	9/1/2003	2001SW P101	\$2,000,000	\$0	\$2,000,000

V. SET-ASIDES

The State Water Board used a percentage of the FFY 2019 federal capitalization grant in SFY 2019-20 to fund the administration of the DWSRF program and other activities critical to the success of California's drinking water program. The set-asides that were used included DWSRF Administration, SWSTA, State Program Management, and Local Assistance Special Programs. These set-asides helped with administering the DWSRF program or providing funding and technical assistance to PWSs. The State Water Board budgeted 26 percent (26%) of the FFY 2019 Capitalization Grant for all four (4) set-asides, totaling \$25,238,720. As of June 30, 2020, the State Water Board had expended \$832,712 of the funds budgeted for set-aside activities from the FFY 2019 Capitalization Grant.

A. Administration Set-Aside

The State Water Board budgeted four percent (4%) of the FFY 2019 Capitalization Grant, totaling \$3,882,880, along with prior years' DWSRF Administration set-aside funds in SFY 2019-20 for the management of the DWSRF program. The DWSRF Administration set-aside funded technical and administrative personnel within DFA who prepared construction and planning approvals and agreements, inspected and evaluated projects, and processed claims for reimbursement, and funded personnel activities associated with project tracking and reporting required by USEPA as well as other state and federal agencies. The Administration set-aside also funded legal activities within the State Water Board's Office of Chief Counsel related to reviewing agreements and advising on a variety of programmatic issues including the IUP, anticipated revenue bond requirements, and implementation of various State and federal requirements. Finally, the DWSRF Administration set-aside funded a variety of support activities conducted by Division of Administrative Services (DAS) and DIT, including accounting, human resources, and budget office support as well as Information Technology support.

A portion of the Administration set-aside also funded state procurement contracts with other entities, such as the accounting firm CliftonLarsonAllen. CliftonLarsonAllen completed the federal single-audit of the DWSRF program for SFY 2019-20 on June 25, 2021 and produced audited financials for the DWSRF program, which are included as Appendix E.

The budgeting and expenditures of the DWSRF Administration set-aside, as of June 30, 2020, are shown in Exhibit E.

B. Small Water System Technical Assistance Set-Aside

The State Water Board budgeted two percent (2%) of the FFY 2019 Capitalization Grant, totaling \$1,941,440, along with prior years' set-aside funds for SWSTA in SFY 2019-20. The SWSTA set-aside funded DFA staff to provide technical assistance to SWSs. The primary goal of DFA's SWSTA is to assist SWSs to become eligible for DWSRF financing to reduce the instances of non-compliance with drinking water

standards and requirements; establish and assure safe and dependable water supplies; improve operational capability and establish or improve their TMF capacities.

Assistance included helping SWSs identify drinking water problems and potential solutions, assisting in the preparation of funding applications, reviewing TMF assessments, and evaluating potential funding eligibility. Staff also helped resolve ownership issues, right-of-way disputes, as well as interceded and mediated with adjacent water systems regarding potential water interties and consolidation projects. The SWSTA also enabled DFA technical and administrative staff to assist third-party technical assistance providers and their suite of tasks further described below.

The budgeting and expenditures of the SWSTA Set-Aside as of June 30, 2020, are shown in Exhibit E.

C. Local Assistance Set-Aside

The State Water Board budgeted ten percent (10%) of the FFY 2019 Capitalization Grant along with prior years' capitalization grants in SFY 2019-20, for technical assistance to PWSs to support the State Water Board's TMF Capacity Development Strategy. A majority of the Local Assistance set-aside funds were expended for third-party technical assistance contracts with California Rural Water Association (CRWA), Rural Community Assistance Corporation (RCAC), and Self-Help Enterprises (SHE). CRWA, RCAC and SHE provided on-site technical assistance to 148 PWSs, including income surveys, water rate studies, and DWSRF application development. They also provided or participated in a variety of online and onsite workshops, symposiums and fairs, which benefited over 1832 PWSs in SFY 2019-20.

CRWA, RCAC, and SHE also provided TMF assistance in SFY 2019-20, including mutual water company board training, PWS operation training, and water system ownership research. The California-Nevada chapter of American Water Works Association helped validate water audits for urban water suppliers in support of the State Water Board's Capacity Development Strategy.

In addition, RCAC developed and conducted statewide onsite and online training workshops that focused on building the TMF capacity of PWSs. In SFY 2019-20, RCAC held two California Technical Assistance Provider (CalTAP) funding fairs. The fairs provided information on free services and materials available to the water systems and included two water symposia that focused on treatment certification and distribution. The CalTAP fairs averaged 34 attendees and the symposia averaged 51 attendees. In addition to the funding fairs, RCAC held 38 onsite and 66 online workshops. Board members, water system staff, and operators from more than 1832 individual water systems participated in the training events. RCAC utilized feedback from training and workshop attendees to improve its organizations' effectiveness in communicating with the public and ability to provide helpful information.

The remaining expenditures of Local Assistance set-aside in SFY 2019-20 were for DFA and DDW technical and administrative staff costs associated with providing

assistance to PWSs in support of the State Water Board's TMF Capacity Development Strategy. DFA staff oversaw and engaged third-party technical assistance contractors on the activities described above, as well as assisted funding applicants with achieving the TMF capacity necessary to be eligible for DWSRF funding; advised and reviewed proposed water system consolidations and interties; assisted and mediated in legal entity formation and water system ownership issues; and reviewed water rate studies. The Local Assistance set-aside also supported DDW's implementation of the Capacity Development Strategy by funding staff costs associated with SWS TMF assistance performed during their permitting, inspections, compliance and monitoring (PICM) activities.

The budgeting and expenditures of the DWSRF Local Assistance set-aside, as of June 30, 2020, are shown in Exhibit E.

D. State Program Management Set-Aside

The State Water Board budgeted ten percent (10%) of the FFY 2019 Capitalization Grant, along with prior years' Capitalization Grants, for the State Program Management set-aside in SFY 2019-20. This set-aside funded a portion of DDW's Public Water System Supervision (PWSS) regulatory program. In SFY 2019-20, the State Program Management set-aside subsidized a pro-rated portion of DDW's PICM activities as well as the general administration activities of DDW with the PWSS grant and California's safe drinking water cost-recovery account.

In general, DDW staff conducted inspections and surveys of both large and SWSs; evaluated treatment and infrastructure improvement needs; reviewed plans and specifications in relation to, and for conformance with, treatment requirements; and assisted PWSs with state and federal drinking water compliance issues. The State Program Management set-aside funds were used to enhance emergency preparedness and terrorism/disaster response preparedness of the PWSS program as well as California's PWSs. The DWSRF program also utilized this set-aside to enhance and manage its data reporting mechanisms, including the Safe Drinking Water Information System. The TMF capacity development activities inherent within the PICM activities of DDW were partially funded by the set-aside as well.

The budgeting and expenditures of the State Program Management set-aside as of June 30, 2020, are shown in Exhibit E.

VI. ACRONYMS

AIS	American Iron and Steel
ARRA	American Recovery and Reinvestment Act of 2009
ASAP	Automated Standard Application of Payments
CalTap	California Technical Assistance Provider
CFCC	California Financing Coordinating Committee
CRWA	California Rural Water Association
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DACs	Disadvantaged Communities
DAS	Division of Administrative Services
DBE	Disadvantaged Business Enterprise
DDW	Division of Drinking Water
DFA	Division of Financial Assistance
DIT	Division of Information Technology
DWSRF	Drinking Water State Revolving Fund
ETF	Extended Term Financing
ESCWSs	Expanded Small Community Water Systems
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FI\$Cal	Financial Information System for California
FRSR	Federal Funding Accountability and Transparency Act Subaward Reporting System
IUP	Intended Use Plan
LEFA	Legal Entity Formation Assistance
MCL	Maximum Contaminant Levels
MBE	Minority Owned Business Enterprise
OMB	Office of Management and Budget
OPP	Office of Public Participation
OSWS	Office of Sustainable Water Solutions
PICM	Permitting, Inspection, Compliance, Monitoring
PWS	Public Water System
PWSs	Public Water Systems
PWSS	Public Water System Supervision
RCAC	Rural Community Assistance Corporation
SADWF	Safe and Affordable Drinking Water Fund
SAFER	Safe and Affordable Funding for Equity and Resilience
SCG-DW	Small Community Grant Drinking Water
SCO	State Controller's Office

SDAC	Severely Disadvantaged Community
SDACs	Severely Disadvantaged Communities
SDWA	Safe Drinking Water Act
SERP	State Environmental Review Process
SFY	State Fiscal Year
SHE	Self-Help Enterprises
SWP	Source Water Protection
SWS	Small Water System
SWSs	Small Water Systems
SWSTA	Small Water System Technical Assistance
TMF	Technical, Managerial, Financial
ULO	Unliquidated Obligation
USEPA	United States Environmental Protection Agency
WBE	Women Owned Business Enterprise

VII. EXHIBITS

Exhibit A	SFY 2019-20 DWSRF Project Funding List
Exhibit B	SFY 2019-20 Extended Term Financing Projects
Exhibit C	SFY 2019-20 Small Community Grant Drinking and SADWF Project Funding List
Exhibit D	SFY 2019-20 Non-Funded Projects
Exhibit E	Cumulative DWSRF Set-Aside Expenditures
Exhibit F	Disadvantaged Business Enterprise Report
Exhibit G	SFY 2019-20 DWSRF FFATA Projects

EXHIBIT A: SFY 2019-20 DWSRF Project Funding List

Project Number	Funding Recipient	Project Name	Category	Population	Connections	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Green Project Reserve	Status
2000597-001P	Alview-Dairyland Union School District	Dairyland Elementary School New Well and Alview Elementary School Back-Up Source	D	450*	2	\$100,000	\$0.00	\$100,000	\$0.00	Small SDAC
2010003-003C	Bass Lake Water Company	Willow Creek Surface Water Treatment Plant	C	2800*	1007	\$0.00	\$4,611,800	\$4,611,800	\$0.00	Non DAC
4510003-001P	Burney Water District	Burney Water District Well 9 Planning Project	F	3000*	1377	\$500,000	\$0.00	\$500,000	\$0.00	Small SDAC
3310047-001P	Cabazon Water District	Well Improvements Project	F	2535*	907	\$42,000	\$0.00	\$42,000	\$0.00	Small DAC

Project Number	Funding Recipient	Project Name	Category	Population	Connections	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Green Project Reserve	Status
1710013-003C	Callayomi County Water District	Callayomi CWD Big Canyon Production Well Improvements	B	1700*	383	\$2,031,500	\$0.00	\$2,031,500	\$0.00	Small DAC
3301153-001C	Coachella Valley Unified School District	Consolidation/extension of service to Westside school-Coachella Valley USD	C	975*	1	\$445,800.00	\$0.00	\$445,800	\$0.00	Small SDAC
5400665-003C	Del Oro Water Company	River Island Water Treatment Plant	C	3396*	427	\$0.00	\$5,189,176	\$5,189,176	\$0.00	Non DAC
3610117-001P	Devore Water Company	Water System Improvements for Nitrate Exceedance	A	1600*	493	\$0.00	\$493,200	\$493,200	\$0.00	Non DAC
4710001-007C	Dorris, City of	Meter Installation and Water Main Replacement	D	887*	481	\$2,324,070	\$0.00	\$2,324,070	\$1,812,775	Small SDAC

Project Number	Funding Recipient	Project Name	Category	Population	Connections	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Green Project Reserve	Status
3710008-003C	Fallbrook Public Utility District	Santa Margarita Conjunctive Use Project	F	34096	8752	\$0.00	\$62,935,885	\$62,935,885	\$0.00	Non-DAC
1510007-001P	Frazier Park Public Utility District	Frazier Park/Lake of the Woods Regional Consolidation Planning Project	A	3831*	1,747	\$1,014,892	\$0.00	\$1,014,892	\$0.00	Small SDAC
1010007-032C	Fresno, City of	Fresno NE SWTF Finished Water Reservoir	F	520052	134665	\$0.00	\$14,000,000	\$14,000,000	\$0.00	DAC
1310005-006C	Holtville, City of	Holtville Water Tank & System Improvements	C	6032*	1,473	\$4,148,283	\$0.00	\$4,148,283	\$0.00	SDAC
1010044-001C	Huron, City of	Water Treatment Plant Improvement Project	C	7306*	879	\$5,000,000	\$2,700,000	\$7,700,000	\$0.00	Small SDAC

Project Number	Funding Recipient	Project Name	Category	Population	Connections	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Green Project Reserve	Status
3200510-002P	Indian Valley Community Services District	Crescent Mills Filters, PLC, & SCADA Rehabilitation	F	380*	85	\$124,000	\$0.00	\$124,000	\$0.00	SDAC
3700923-002C	Lake Morena's Oak Shores Mutual Water Company, Inc.	Eastside Pipeline Looping and Pipeline Abandonment Improvements	D	710*	191	\$756,500	\$0.00	\$756,500	\$0.00	Small SDAC
4500210-006C	Lassen Pines Mutual Water Company	Water Storage Improvements Project	F	600*	190	\$2,075,000	\$0.00	\$2,075,000	\$312,000	DAC
5410017-003C	London Community Services District	Water System Reliability Project	F	2138*	437	\$2,974,655	\$0.00	\$2,974,655	\$0.00	Small SDAC

Project Number	Funding Recipient	Project Name	Category	Population	Connections	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Green Project Reserve	Status
2000554-002C	Madera, County of	MD33 Fairmead - Drinking Water Construction Project	C	568*	165	\$11,658	\$0.00	\$11,658	\$0.00	Small SDAC
2010008-004P	Madera, County of (MD10A - Madera Ranchos)	MD #10A- Ranchos Pipe Replacement & Metering Planning Project	F	3039*	925	\$0.00	\$355,000	\$355,000	\$0.00	Non-DAC
0202504-002P	Markleeville Water Company	Markleeville Water Company System Improvement Project	C	25*	167	\$435,300	\$0.00	\$435,300	\$0.00	Small SDAC
1010021-001C	Mendota, City of	Mendota AMR	F	11104	2306	\$0.00	\$349,649	\$349,649	\$349,649	Small SDAC
5010013-001C	Newman, City of	Newman Well 10 Project	C	11165	3378	\$0.00	\$9,452,000	\$9,452,000	\$0.00	Non-DAC

Project Number	Funding Recipient	Project Name	Category	Population	Connections	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Green Project Reserve	Status
1710008-001C	Nice Mutual Water Company	Meter Renovation Project	D	2500*	1064	\$17,358.75	\$0.00	\$17,359	\$17,359	Severely DAC
0310005-001C	Pine Grove Community Services District	Water Tanks Replacement Project	F	900*	361	\$168,545	\$0.00	\$168,545	\$0.00	Small DAC
3110005-006C	Placer County Water Agency	Castle City Water System Consolidation Project	B	280*	200	\$1,768,423	\$0.00	\$1,768,423	\$0.00	Small DAC
5304501-006C	Salyer Mutual Water Company	Waterline Replacement	F	85*	58	\$431,300	\$0.00	\$431,300	\$0.00	Small SDAC
3600196-007C	San Bernardino, County of	CSA 70 W-4 Pioneertown & Hi Desert WD Interconnection Piping	C	625*	125	\$760,900	\$0.00	\$760,900	\$0.00	Small SDAC

Project Number	Funding Recipient	Project Name	Category	Population	Connections	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Green Project Reserve	Status
5400824-001C	Sultana Community Services District	Sultana - Monson Safe Drinking Water Project	D	915*	232	\$4,908,221	\$0.00	\$4,908,221	\$0.00	Small SDAC
5310002-002P	Trinity County Waterworks District #1	Planning/Design for Treatment Plant Upgrade	B	2700*	535	\$47,050	\$0.00	\$47,050	\$0.00	Small SDAC
3610050-001C	Upland, City of	Replacement of 7.5 MG Reservoir at 17th Street and Benson Avenue	F	73300	18271	\$0.00	\$16,500,000	\$16,500,000	\$0.00	Non-DAC
0610004-002P	Williams, City of	New Well No. 11	E	5250*	1324	\$405,000	\$0.00	\$405,000	\$0.00	Severely SDAC
2000567-002C	Yosemite Unified School District	Water System Upgrade Project	C	796*	1	\$67,000	\$0.00	\$67,000	\$0.00	Small SDAC

Project Number	Funding Recipient	Project Name	Category	Population	Connections	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Green Project Reserve	Status
4710011-001C	Yreka, City of	City of Yreka E. Lennox Street Water Line Replacement & WTP Filter Improvements	B	7765*	2876	\$208,200	\$0.00	\$208,200	\$0.00	Small SDAC
						\$30,765,655.75	\$116,586,710	\$147,352,366	\$2,491,783	

* Indicates small water system.

EXHIBIT B: SFY 2019-20 Extended Term Financing Projects

Funding Recipient	Project Number	Total SRF Funding	Loan Term
Newman, City of	5010013-001C	\$9,452,000.00	40

EXHIBIT C: SFY 2019-20 Small Community Grant and SADWF Project Funding List

Funding Recipient	Project Number	Project Description	Category	SADWF Grant	SCG-DW Grant	SRF PF	SRF Loan	Total Funding
Big Rock Community Services District	0800532-003C	Water Tank Replacement Project	C	\$0.00	\$1,112,781.00	\$0.00	\$0.00	\$1,112,781.00
Cabazon Water District	3310047-001P	Well Improvements Project	F	\$0.00	\$457,000.00	\$42,000.00	\$0.00	\$499,000.00
Caliente Union School District	1502607-001C	Fluoride Remediation Project	C	\$0.00	\$965,912.00	\$0.00	\$0.00	\$965,912.00
Caruthers Community Services District	1010039-002C	Installation of Arsenic Treatment Facility and Water Meters	C	\$0.00	\$4,311,120.00	\$0.00	\$0.00	\$4,311,120.00
Coachella Valley Water District	3310001-009C	Thermal MWC & Oasis Gardens Consolidation Project	C	\$2,255,985.00	\$208,000.00	\$0.00	\$0.00	\$2,463,985.00
Coachella Valley Water District	3301153-001C	Consolidation/extension of service to Westside school-Coachella Valley USD	C	\$434,355.00	\$0.00	\$445,800.00	\$0.00	\$880,155.00
Cobb Area County	1710012-002C	Summit Area Improvements	C	\$0.00	\$1,800,000.00	\$0.00	\$0.00	\$1,800,000.00

Funding Recipient	Project Number	Project Description	Category	SADWF Grant	SCG-DW Grant	SRF PF	SRF Loan	Total Funding
Water District								
Groveland Community Services District	5510009-003C	Big Creek and Second Garrotte Clearwell Rehabilitation	F	\$3,267,000.00	\$135,000.00	\$0.00	\$0.00	\$3,402,000.00
Konociti County Water District	1710006-005C	Water System Improvements Project	C	\$8,410,000.00	\$0.00	\$0.00	\$0.00	\$8,410,000.00
London Community Services District	5410017-003C	Water System Reliability Project	C	\$2,000,000.00	\$0.00	\$0.00	\$0.00	\$2,000,000.00
Lukins Brothers Water Company	0910007-002C	GAC Treatment Plant	C	\$0.00	\$0.00	\$2,974,655.00	\$0.00	\$2,974,655.00
Madera, County of	2000554-002C	MD33 Fairmead - Drinking Water Construction Project	C	\$0.00	\$1,549,823.00	\$11,658.00	\$0.00	\$1,561,481.00
Mendota, City of	1010021-001C	Automatic Meter Reading	F	\$2,524,912.00	\$200,000.00	\$0.00	\$349,649.00	\$3,074,561.00
Needles, City of	3610032-001C	Lilly Hill Booster Station Replacement/Relocation Project	F	\$1,172,584.00	\$15,000.00	\$0.00	\$0.00	\$1,187,584.00

Funding Recipient	Project Number	Project Description	Category	SADWF Grant	SCG-DW Grant	SRF PF	SRF Loan	Total Funding
Nice Mutual Water Company	1710008-001C	Meter Renovation Project	D	\$0.00	\$439,641.25	\$0.00	\$0.00	\$439,641.25
Pine Grove Community Services District	0310005-001C	Pine Grove Community Services District	F	\$2,331,455.00	\$0.00	\$168,545.00	\$0.00	\$2,500,000.00
San Bernardino, County of	3600196-007C	CSA 70 W-4 Pioneertown & Hi Desert WD Interconnection Piping	C	\$0.00	\$4,639,100.00	\$760,900.00	\$0.00	\$5,400,000.00
Shady Oak Mobile Home Park, LLC	2000828-002P	Uranium MCL Exceedance	C	\$0.00	\$390,000.00	\$0.00	\$0.00	\$390,000.00
Shasta, County of	4500015-001P	Castella Intake Replacement	D	\$0.00	\$500,000.00	\$0.00	\$0.00	\$500,000.00
Trinity County Waterworks District #1	5310002-002P	Planning/Design for Treatment Plant Upgrade	B	\$0.00	423450	\$47,050.00	\$0.00	\$470,500.00
Walnut Park Mutual Water Company	19100169-001C	Water Meter Replacement	D	\$1,465,109.00	\$150,000.00	\$0.00	\$0.00	\$1,615,109.00

Funding Recipient	Project Number	Project Description	Category	SADWF Grant	SCG-DW Grant	SRF PF	SRF Loan	Total Funding
Westley Community Services District	5000408-001C	District Metering Project	D	\$0.00	\$456,500.00	\$0.00	\$0.00	\$456,500.00
Winterhaven County Water District	1300009-001P	Water Treatment and Distribution Upgrades	E	\$0.00	\$500,000.00	\$0.00	\$0.00	\$500,000.00
Yosemite Unified School District	2000567-002C	Water System Upgrade Project	C	\$0.00	\$928,157.00	\$67,000.00	\$0.00	\$995,157.00
Yreka, City of	4710011-001C	City of Yreka E. Lennox Street Water Line Replacement & WTP Filter Improvements	B	\$0.00	\$2,926,800.00	\$208,200.00	\$0.00	\$3,135,000.00
	Total			\$23,861,400.00	\$22,108,284.25	\$4,725,808.00	\$349,649.00	\$51,045,141.25

EXHIBIT D: SFY 2019-20 Non-Funded Projects

Small Water Systems: Population <= 10,000 (Planning)

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Apple Valley View Mutual Water Company	C	3600012-002P	Planning	San Bernardino	\$5,000,000	Severely Disadvantaged	Fluoride Treatment Compliance Planning	275	94	applicant did not sign FA due to tax implications
Apple Valley View Mutual Water Company	C	3600012-002P	Planning	San Bernardino	\$5,000,000	Severely Disadvantaged	Fluoride Treatment Compliance Planning	275	94	applicant did not sign FA due to tax implications
Big Sandy Rancheria of Western Mono Indians of California	C	0600121-001P	Planning	Fresno	\$120,000	Severely Disadvantaged	Big Sandy Rancheria Water System Capital Improvement	235	55	incomplete application
Blue Lakes Improvement Club Water, Inc.	F	1700561-001P	Planning	Mendocino	\$90,000	Severely Disadvantaged	Blue Lakes Improvement Club Water System Improvements	150	43	incomplete application
Burney Water District	F	4510003-002P	Planning	Lassen	\$380,000	Severely Disadvantaged	Burney Water District Water Storage Planning Project	3000	1377	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
California Water Service Company	F	1710005-003P	Planning	Mendocino	\$385,936	Severely Disadvantaged	California Water Service - Intake Water Quality	2870	1280	under management discussion
Cascadel Mutual Water Co.	C	2000509-006P	Planning	Merced	\$300,000	Disadvantaged	Cascadel MWC Well Replacement Planning Project	396	120	pending funding agreement
Cedar Valley Development Mutual Water Company	C	2000538-001P	Planning	Merced	\$430,000	Severely Disadvantaged	Arsenic MCL Compliance Planning	137	65	incomplete application
Cedarville County Water District	F	2510002-001P	Planning	Klamath	\$490,000	Severely Disadvantaged	Cedarville Capital Improvements	500	265	pending funding agreement
Cedarville County Water District	F	2510002-001P	Planning	Klamath	\$490,000	Severely Disadvantaged	Cedarville Capital Improvements	500	265	pending funding agreement
Chico Unified School District	F	0400073-001P	Planning	Valley	\$306,170	Severely Disadvantaged	Nord Country New Well	66	5	P&S under review. Tech Clearance to follow. ERU and Credit clearances complete

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Clearlake Oaks County Water District	F	1710001-006P	Planning	Mendocino	\$500,000	Disadvantaged	Harvey Area Improvements and Access Road for CSA 16	2458	1667	applicant unresponsive
Clearlake Oaks County Water District	F	1710001-007P	Planning	Mendocino	\$500,000	Disadvantaged	Distribution System Improvements	2458	1667	applicant unresponsive
Clearlake Oaks County Water District	F	1710001-008P	Planning	Mendocino	\$500,000	Disadvantaged	Water Treatment Plant, Meter and Cross-Connection Control	2458	1667	applicant unresponsive
Cutler Public Utility District	C	5410001-004P	Planning	Tulare	\$406,900	Severely Disadvantaged	Water Supply Improvements Project	5175	1214	application on hold until Prop-84 construction project is complete
Davenport County Sanitation District	F	4400571-006P	Planning	Monterey	\$475,000	Disadvantaged	Davenport Diversion Facility Upgrade Feasibility Study	350	130	Water Rights issues needs to be resolved before moving forward

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Del Oro Water Company	A	5400666-004P	Planning	Visalia	\$350,000	Disadvantaged	Grandview Gardens & East Plano Consolidation with Porterville	373	113	pending funding agreement
Del Rio Mutual Water Company	D	1900130-001P	Planning	Metropolitan	\$180,000	Disadvantaged	Water System Capital Improvements	375	133	applicant unresponsive
Etna, City of	B	4710004-001P	Planning	Klamath	\$500,000	Severely Disadvantaged	City of Etna Surface Water Treatment Compliance Planning	769	383	pending funding agreement
Golden State Water Company - Clearlake System	E	1710002-001P	Planning	Mendocino	\$500,000	Severely Disadvantaged	Intake Treatment Planning Project	7544	2286	Management decision pending
Gonzales, City of	A	2710007-001P	Planning	Monterey	\$100,000	Severely Disadvantaged	Water Extension to Alpine Court Planning	8803	1894	FA issued with P1 and SAFER grant 6/16/2020
Grizzly Flats Community Services District	F	0910006-001P	Planning	Sacramento	\$385,000	Disadvantaged	Water System Improvement Planning Project	1300	609	waiting on revised scope of work from applicant

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Heather Glen Community Services District	F	3100038-001P	Planning	Lassen	\$434,350	Severely Disadvantaged	Water Treatment Plant Storage and Reliability Project	250	86	incomplete application
Highlands Water Company	F	1710003-001P	Planning	Mendocino	\$500,000	Severely Disadvantaged	Plant and Distribution Improvements	5300	2303	incomplete application
Home Garden Community Services District	F	1610007-003P	Planning	Visalia	\$350,000	Severely Disadvantaged	Home Garden System Deficiencies Planning Project	1750	453	incomplete application
Hornbrook Community Services District	F	4700513-004P	Planning	Klamath	\$497,000	Severely Disadvantaged	Water Treatment Plant Rehabilitation	280	141	incomplete application
Huron, City of	F	1010044-008P	Planning	Fresno	\$280,000	Severely Disadvantaged	Domestic Water Well Planning Project	7306	862	incomplete application
Hydesville County Water District	F	1210019-001P	Planning	Klamath	\$500,000	Disadvantaged	Hydesville County Water District Water System Improvements	1200	394	application under review, updated submittals in June 2020

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Knights Ferry Community Services District	A	5000008-001P	Planning	Stockton	\$290,000	Severely Disadvantaged	Water Supply Improvement Planning Project	85	62	project not needed anymore
Lake County Special Districts	F	1710018-002P	Planning	Mendocino	\$500,000	Severely Disadvantaged	Spring Valley Distribution System Upgrades	1018	420	incomplete Application
Lake Shastina Community Services District	F	4710013-001P	Planning	Klamath	\$500,000	Disadvantaged	Lake Shastina Drinking Water Rehabilitation and Upgrade Project	2400	1013	pending funding agreement
Lake Shastina Community Services District	F	4710013-001P	Planning	Klamath	\$500,000	Disadvantaged	Lake Shastina Drinking Water Rehabilitation and Upgrade Project	2400	1013	pending funding agreement
Le Grand Community Services District	F	2410011-001P	Planning	Merced	\$297,600	Disadvantaged	Le Grand Community Services District Well Site Seven	1700	433	incomplete application
London Community Services District	C	5410017-004P	Planning	Visalia	\$500,000	Severely Disadvantaged	1,2,3 TCP Compliance Improvements	2138	437	application withdrawn

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Lower Lake County Water District	C	1710010-001P	Planning	Mendocino	\$500,000	Severely Disadvantaged	Lower Lake CWD - Source Capacity & Treatment Plant	1902	851	incomplete application
Madera, County of (MD3 - Parksdale)	F	2010006-001P	Planning	Merced	\$480,500	Severely Disadvantaged	New Groundwater Supply Well and Residential Connections Planning	2198	2621	pending funding agreement
Madera, County of (MD36 - Eastin Arcola)	C	2000727-001P	Planning	Merced	\$500,000	Disadvantaged	New Groundwater Supply Well	80	16	pending funding agreement
Madera, County of (MD85 - Valeta)	C	2000511-001P	Planning	Merced	\$500,000	Disadvantaged	Water Supply Planning Project	45	20	pending funding agreement
Manzanita Elementary School District	C	0400063-001P	Planning	Valley	\$495,000	Severely Disadvantaged	Manzanita Well Replacement	225	2	pending funding agreement
Mecchi Water Company	F	4300912-001P	Planning	Santa Clara	\$19,372	Disadvantaged	Water System Improvements	104	26	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Meridian Elementary School District	F	5100141-001P	Planning	Tehama	\$192,000	Disadvantaged	Treatment Plant Improvement Planning Project	93	1	applicant not moving forward with application
Modesto, City of	F	5010033-001P	Planning	Stockton	\$500,000	Severely Disadvantaged	Grayson Community Water System Facilities	1100	275	processing application
Orange Cove, City of	F	1010023-006P	Planning	Fresno	\$481,000	Severely Disadvantaged	City of Orange Cove Water Supply Reliability Project	8500	1450	incomplete application
Orick Community Services District	C	1200701-001P	Planning	Klamath	\$374,000	Severely Disadvantaged	Water Tank Replacement Project	400	139	project in TA
Orland, City of	A	1110001-005P	Planning	Valley	\$245,000	Disadvantaged	Domestic well and ground storage tank	6525	2615	incomplete application
Palo Alto Park MWC	F	4110020-001P	Planning	Santa Clara	\$500,000	Severely Disadvantaged	PAPMWC Iron and Manganese Removal System	2500	652	CIP project, under management discussion

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Phillipsville Community Services District	B	1200541-003P	Planning	Klamath	\$267,720	Severely Disadvantaged	Treatment Deficiency Remediation	300	65	project in TA
Pinedale County Water District	E	1010026-001P	Planning	Visalia	\$500,000	Disadvantaged	Pinedale County Water District - Water Meter Project	8495	3370	incomplete application
Planada CSD	F	2410007-001P	Planning	Merced	\$500,000	Disadvantaged	Planada Community Services District Water Supply Project	4000	1095	pending funding agreement
Quincy Community Services District	F	3210004-004P	Planning	Lassen	\$500,000	Disadvantaged	Water System Improvement Project	1879	769	pending funding agreement
Reeds Creek Elementary School District	C	5200540-001P	Planning	Tehama	\$67,200	Severely Disadvantaged	Reeds Creek School CA5200540 Hexavalent Chromium Compliance Planning Project	180	3	pending Hexavalent Chromium MCL

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Reeds Creek Elementary School District	C	5200540-001P	Planning	Tehama	\$67,200	Severely Disadvantaged	Reeds Creek School CA5200540 Hexavalent Chromium Compliance Planning Project	180	3	pending Hexavalent Chromium MCL
River Park Newman LLC	F	5000058-001P	Planning	Stockton	\$465,000	Severely Disadvantaged	Fisherman's Bend Mobile Home Park Drinking Water Project Hexavalent Chromium	150	46	incomplete application
San Joaquin River Club, Inc.	F	3910018-001P	Planning	Stockton	\$250,700	Disadvantaged	Chrome VI Compliance	600	400	incomplete application
San Joaquin River Club, Inc.	F	3910018-002P	Planning	Stockton	\$304,400	Disadvantaged	SJRC Water Distribution Improvement Project	600	400	incomplete application
Scotia Community Services District	F	1210010-001P	Planning	Klamath	\$500,000	Severely Disadvantaged	Scotia Water Treatment Facility Replacement	1000	309	incomplete Application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Sierraville Public Utility District	D	4600018-001P	Planning	Lassen	\$320,100	Severely Disadvantaged	New Water Source	200	102	project no longer needed
Smith River Community Services District	F	0810002-001P	Planning	Klamath	\$455,000	Disadvantaged	Smith River CSD Water Infrastructure Improvement Project	2568	508	incomplete application
South Cloverdale Water Corporation	D	4900510-001P	Planning	Sonoma	\$241,500	Disadvantaged	South Cloverdale Water Company Metering	90	38	project in TA
Tennant Community Services District	D	4700531-005P	Planning	Klamath	\$253,000	Disadvantaged	Water Distribution Replacement Project	94	94	pending funding agreement
Twain Harte Community Services District	D	5510005-001P	Planning	Merced	\$500,000	Disadvantaged	Twain Harte CSD Water System Evaluation and Modernization Project	2568	1562	incomplete application
Upper Lake County Water District	F	1710009-001P	Planning	Mendocino	\$100,000	Severely Disadvantaged	Cal 20 Consolidation	989	370	applicant unresponsive

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Reason why not funded in SFY 2019-20
Valley of Enchantment Mutual Water Company	F	3610051-001P	Planning	San Bernardino	\$500,000	Disadvantaged	Infrastructure Replacements, tanks, services lines, auto metering systems	1815	823	incomplete application
Valley View MWC	F	1910165-001P	Planning	Hollywood	\$391,210	Severely Disadvantaged	System Improvements Planning project	4584	1389	water system declined funding agreement
Westhaven Community Services District	F	1210024-004	Planning	Klamath	\$500,000	Disadvantaged	Disinfection Byproduct Reduction	490	213	under TA for planning
Willow County Water District	C	2310005-001P	Planning	Mendocino	\$220,000	Disadvantaged	Well Renovation Planning	3797	1051	incomplete application
Winterhaven County	E	1300009-001P	Planning	San Diego	\$500,000	Severely Disadvantaged	Water Treatment and Distribution Project	394	129	funding agreement executed
Yosemite Forks Estates Mutual Water Company	C	2000527-001P	Planning	Merced	\$430,000	Severely Disadvantaged	Arsenic MCL mitigation project	300	99	incomplete application

Small Water Systems: Population <= 10,000 (Construction)

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Anza Mutual Water Co., Inc.	F	3301180-001C	Construction	Riverside	\$5,000,000	Severely Disadvantaged	Anza Mutual Water System Improvements Project	224	85	incomplete application
Averydale Mutual Water Company	D	1910023-001C	Construction	Central	\$500,000	Severely Disadvantaged	Replace 292 meters in for Averydale MWC	964	293	application withdrawn
Biola Community Services District	E	1010049-008C	Construction	Fresno	\$474,000	Severely Disadvantaged	Biola CSD Water Distribution System Upgrades	1800	300	pending funding agreement
Borrego Water District	F	3710036-001C	Construction	San Diego	\$615,000	Severely Disadvantaged	Water Pump Diesel Engine Upgrade and Tank Rehabilitation	2535	2016	incomplete application
Burney Water District	E	4510003-003C	Construction	Lassen	\$5,135,000	Severely Disadvantaged	Burney Water District Water System Improvement Project	3000	1377	CIP project, under management discussion

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
California Water Service Company	C	1510033-001C	Construction	Tehachapi	\$1,000,000	Disadvantaged	Secondary Treatment at Kernville Surface Water Plant	5435	1914	incomplete application
Clear Creek Community Services District	C	1800512-001C	Construction	Lassen	\$4,996,800	Severely Disadvantaged	Drinking Water System Improvements	400	156	incomplete application
Clear Creek Community Services District	C	1800512-001C	Construction	Lassen	\$4,996,800	Severely Disadvantaged	Drinking Water System Improvements	400	156	incomplete application
Clear Water Mutual Water Company	D	1700546-001C	Construction	Mendocino	\$1,000,000	Severely Disadvantaged	Upper Storage Tank Replacement Project	250	93	processing application
Colusa, City of	C	0610002-001C	Construction	Valley	\$2,022,580	Severely Disadvantaged	Walnut Ranch Construction Project	5625	2126	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Colusa, City of	F	0610002-003C	Construction	Valley	\$1,409,506	Disadvantaged	Bridge Street Waterline Consolidation & Replacement Project	5625	2126	incomplete application
Cuyama Community Services District	D	4210009-001C	Construction	Santa Barbara	\$975,000	Disadvantaged	Well No. 4 Drilling and Equipping Project	700	254	incomplete application
Davenport County Sanitation District	D	4400571-005C	Construction	Monterey	\$240,066	Disadvantaged	Old Coast Water Line Extension	350	130	Water Rights issues needs to be resolved before moving forward
Del Rey Community Services District	D	1010035-005C	Construction	Fresno	\$905,472	Severely Disadvantaged	Water Meter Installation Project	1639	358	pending funding agreement
Downieville Public Utility District	F	4610002-003C	Construction	Lassen	\$709,500	Disadvantaged	Storage Tanks Replacement	391	224	processing application
Dunsmuir, City of	F	4710002-002C	Construction	Klamath	\$5,000,000	Severely Disadvantaged	Water Main Replacement Project	1923	1285	application withdrawn on 7/22/19

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Dunsmuir, City of	F	4710002-002C	Construction	Klamath	\$5,000,000	Severely Disadvantaged	Water Main Replacement Project	1923	1285	application withdrawn on 7/22/19
Dunsmuir, City of	C	4710002-001C	Construction	Klamath	\$3,406,000	Severely Disadvantaged	Downtown Tank Replacement Project	1923	1285	pending funding agreement
Dunsmuir, City of	C	4710002-001C	Construction	Klamath	\$3,406,000	Severely Disadvantaged	Downtown Tank Replacement Project	1923	1285	pending funding agreement
Fall River Valley Community Services District	D	4510008-001C	Construction	Lassen	\$1,696,250	Disadvantaged	Fall River Valley CSD - Water Tank and Booster Pump Station Project	1600	490	pending funding agreement
Firebaugh, City of	E	1010005-003C	Construction	Fresno	\$4,851,300	Disadvantaged	HUD Water Storage Tank Replacement	8330	1610	pending completion of technical assistant project
Floriston Property Owners Association, Inc.	A	2900502-002C	Construction	Valley	\$3,230,000	Disadvantaged	Spring Filtration Project	100	40	under TA rate study

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Grass Valley, City of	F	2910001-004C	Construction	Valley	\$5,000,000	Severely Disadvantaged	Water Distribution System Pipeline Repair and Replacement	5600	2328	CIP project, under management discussion
Grass Valley, City of	F	2910001-005C	Construction	Valley	\$5,000,000	Severely Disadvantaged	Water Treatment Plant Improvement Project	5600	2328	CIP project, under management discussion
Grass Valley, City of	F	2910001-006C	Construction	Valley	\$5,000,000	Severely Disadvantaged	Water Service, Earthquake Preparation, and Control Project	5600	2328	CIP project, under management discussion
Groveland Community Services District	F	5510009-002C	Construction	Merced	\$5,352,675	Disadvantaged	GCSD Water System Improvements	3400	3293	incomplete application
Hardwick Water Company	C	1600507-002C	Construction	Visalia	\$1,296,000	Severely Disadvantaged	Distribution System Replacement and New Residential Connections	69	21	pending funding agreement

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Herlong Public Utility District	D	1805007-001C	Construction	Lassen	\$2,398,128	Disadvantaged	West Patton Water System Project	1200	1	incomplete application
Hughson, City of	C	5010008-012C	Construction	Stockton	\$4,116,274	Severely Disadvantaged	Cobles Corner/County Villa Consolidation with City of Hughson	6082	1779	under TA for P&S
Joshua Basin Water District	F	3610025-002C	Construction	San Bernardino	\$3,721,500	Severely Disadvantaged	Saddleback Pipeline Replacement Project	9577	4782	application withdrawn
Jubilee Mutual Water Company	C	3600139-001C	Construction	San Bernardino	\$7,900,000	Severely Disadvantaged	Consolidation of Jubilee Mutual Water Company into Gordon Acres	855	206	pending funding agreement
Kern, County of	C	1502307-001C	Construction	Tehachapi	\$836,000	Severely Disadvantaged	Peak-to-Peak Mountain Charter School water system permanent source	75	17	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Keyes Community Services District	A	5010009-005C	Construction	Stockton	\$10,410,000	Disadvantaged	1,2,3-TCP Removal Treatment System	4575	1450	application incomplete
Kings Canyon Unified School District	C	1000577-001C	Construction	Fresno	\$1,636,000	Severely Disadvantaged	Dunlap Leadership Academy Water Supply Upgrade and Consolidation into Dunlap Elementary School	486	2	pending funding agreement
Lake, County of (CSA 20)	F	1710022-009C	Construction	Mendocino	\$5,000,000	Severely Disadvantaged	Soda Bay Water Treatment Plant Improvements	1342	596	unresponsive applicant
Lewiston Community Services District	F	5301002-003C	Construction	Klamath	\$674,000	Severely Disadvantaged	Lewiston CSD Well 8 Project	150	37	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Lewiston Community Services District	D	5301002-004C	Construction	Klamath	\$2,380,000	Severely Disadvantaged	Lewiston CSD Water Distribution System Replacement Project	150	37	pending funding agreement
Liberty Utilities (Apple Valley Ranchos Water) Co.	C	3610003-001C	Construction	San Bernardino	\$5,000,000	Severely Disadvantaged	Yermo Water System Rehabilitation	904	274	applicant did not sign FA due to tax implications
Los Angeles County Waterworks District 40	C	1910070-002C - (previously 1910005-004C)	Construction	Central	\$839,584	Severely Disadvantaged	Desert Palms Mobile Home Park Intertie Project	140	55	pending funding agreement
Lost Hills Utility District	F	1510046-008C	Construction	Visalia	\$1,732,039	Severely Disadvantaged	New Groundwater Supply Well	2412	396	incomplete application
Lukins Brothers Water Company	C	0910007-003C	Construction	Sacramento	\$1,500,000	Disadvantaged	Two Well Replacements	3168	968	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Lukins Brothers Water Company	D	0910007-004C	Construction	Sacramento	\$3,301,000	Disadvantaged	Lukins Brothers Water Company Inc. Meter Project	3168	968	incomplete application
Lukins Brothers Water Company	D	0910007-001C	Construction	Sacramento	\$1,330,000	Disadvantaged	Phase 2 Waterline Project - James Avenue	3168	968	pending funding agreement
Madera, County of (MD37 - La Vina)	D	2000728-001C	Construction	Merced	\$339,250	Disadvantaged	Water Meter Installation	350	99	pending funding agreement
Manila Community Services District	F	1210017-001C	Construction	Klamath	\$3,504,000	Disadvantaged	Manila CSD Drinking Water Infrastructure Improvement Project	1000	343	incomplete application
Mt. Shasta, City of	F	4710008-003C	Construction	Klamath	\$5,000,000	Severely Disadvantaged	Water Distribution System Improvements	3642	1675	incomplete application
Mt. Shasta, City of	F	4710008-003C	Construction	Klamath	\$5,000,000	Severely Disadvantaged	Water Distribution System Improvements	3642	1675	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Mt. Shasta, City of	C	4710008-001C	Construction	Klamath	\$5,000,000	Severely Disadvantaged	City of Mt. Shasta Tank 1 & Roseburg Water System Improvements	3642	1675	pending funding agreement
Mt. Shasta, City of	C	4710008-001C	Construction	Klamath	\$5,000,000	Severely Disadvantaged	City of Mt. Shasta Tank 1 & Roseburg Water System Improvements	3642	1675	pending funding agreement
Napa County Schools: Pope Valley	F	2800840-003C	Construction	Mendocino	\$57,000	Severely Disadvantaged	Pope Valley School Water Treatment	100	1	under TA for planning
New Auberry Water Association	B	1000063-005C	Construction	Fresno	\$3,131,200	Disadvantaged	Water System Capital Improvements	106	32	pending funding agreement
Nicasio School District	B	2100582-001C	Construction	Sonoma	\$55,000	Severely Disadvantaged	Nicasio School District Water System Upgrade	70	5	incomplete application
Orange Cove, City of	C	1010023-005C	Construction	Fresno	\$3,000,000	Severely Disadvantaged	Emergency Lining of Source Water Retention Basins	8500	1450	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Paskenta Community Services District	D	5200534-004C	Construction	Tehama	\$1,867,424	Severely Disadvantaged	Meters and Lines	120	67	incomplete application
Pine Grove Community Services District	D	0310005-002C	Construction	Stockton	\$2,725,000	Disadvantaged	Meter Replacement Project	900	361	pending funding agreement
Porterville, City of	C	5410010-018C	Construction	Tulare	\$4,787,664	Disadvantaged	Consolidate Akin/Central Water Systems into Porterville and a New Groundwater Supply Well	221	67	pending funding agreement
R.S. Mutual Water Company	C	1500458-002C	Construction	Tehachapi	\$538,000	Severely Disadvantaged	R.S. Mutual Water Company consolidation project	67	23	pending funding agreement
Rand Communities Water District	C	1510016-005C	Construction	Tehachapi	\$3,218,000	Severely Disadvantaged	Rand Communities Water District Water Supply Project	344	295	pending funding agreement

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
River Pines Public Utility District	F	0310006-002C	Construction	Stockton	\$5,000,000	Severely Disadvantaged	River Pines PUD Storage and Distribution Rehab Project	510	210	pending funding agreement
Rosamond Community Services District	C	1510018-016C	Construction	Tehachapi	\$9,713,700	Disadvantaged	Regional Consolidation Project to address Exceedances of Arsenic MCL	1469	572	pending funding agreement
San Bernardino, County of	C	3600226-001C	Construction	San Bernardino	\$455,000	Disadvantaged	CSA 70 F Morongo Uranium Treatment Facilities	277	86	TA assigned to complete application
San Bernardino, County of	C	3600114-003C	Construction	San Bernardino	\$56,000	Disadvantaged	CSA 70 W3 Hacienda Uranium Treatment Facilities	541	170	TA assigned to complete application
San Bernardino, County of	F	3600220-001C	Construction	San Bernardino	\$552,000	Severely Disadvantaged	CSA 42 Oro Grande Reservoir Rehabilitation/ Replacement Project	1000	136	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
San Joaquin, City of	E	1010034-004C	Construction	Fresno	\$3,000,000	Severely Disadvantaged	Well #3 and Well #5 Manganese Removal System	3870	944	incomplete application
Santa Nella County Water District	F	2410018-001C	Construction	Merced	\$8,649,961	Disadvantaged	Consolidate Volta CSD into Santa Nella CWD and System Improvements to Increase Capacity	200	44	pending funding agreement
Sierra Linda Mutual Water Company	D	2000506-001C	Construction	Merced	\$4,159,000	Severely Disadvantaged	Sierra Linda Mutual Water Company Consolidation, Metering, and Water Treatment	180	89	pending funding agreement
Terra Bella Irrigation District	B	5410038-004C	Construction	Visalia	\$1,186,200	Severely Disadvantaged	Disinfection Byproducts Compliance Project	2340	709	inactive

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Tokay Park Water Company	A	3400172-001C	Construction	Sacramento	\$462,000	Disadvantaged	New Production Well and Interconnection Project	525	190	incomplete application
Tranquillity Irrigation District	D	1010030-006C	Construction	Fresno	\$1,400,000	Severely Disadvantaged	Tranquillity Irrigation District Water Meters Project	820	326	incomplete application
Tranquillity Irrigation District	C	1010030-007C	Construction	Fresno	\$4,700,000	Severely Disadvantaged	TID Rural Water System Improvement Project	820	326	incomplete application
Tranquillity Irrigation District	D	1010030-008C	Construction	Fresno	\$4,237,000	Severely Disadvantaged	TID Ag Well 19B Treatment	820	326	incomplete application
Tulare, County of	C	5400550-002C	Construction	Tulare	\$7,878,776	Severely Disadvantaged	Phase 2 of the Yettem and Seville system Consolidation Project	691	163	incomplete application
Tuolumne Utilities District	F	5510013-010C	Construction	Merced	\$3,142,689	Severely Disadvantaged	Cuesta Heights Water System Improvement Project	4724	2105	pending funding agreement

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Valley Ford Water Association	A	4900568-001C	Construction	Sonoma	\$1,500,000	Severely Disadvantaged	VFWA New Well	40	16	incomplete application
Waterford, City of	D	5010026-001C	Construction	Stockton	\$2,350,000	Disadvantaged	Hickman Water System Improvements Construction Project	565	181	processing application
Weed, City of	F	4710009-003C	Construction	Klamath	\$1,000,000	Severely Disadvantaged	City of Weed Meter Replacement Project	2963	1042	application withdrawn on 11/1/19
Weed, City of	F	4710009-003C	Construction	Klamath	\$1,000,000	Severely Disadvantaged	City of Weed Meter Replacement Project	2963	1042	application withdrawn on 11/1/19
Weed, City of	C	4710009-002C	Construction	Klamath	\$5,000,000	Severely Disadvantaged	City of Weed Bypass Water Supply Pipeline Project	2963	1042	pending funding agreement
Weed, City of	C	4710009-002C	Construction	Klamath	\$5,000,000	Severely Disadvantaged	City of Weed Bypass Water Supply Pipeline Project	2963	1042	pending funding agreement

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Westmorland, City of	C	1310008-003C	Construction	San Diego	\$5,000,000	Severely Disadvantaged	Westmorland Water Treatment Plant Improvements	2300	562	incomplete application
Williams, City of	D	0610004-001C	Construction	Valley	\$4,996,000	Severely Disadvantaged	Manganese Filtration Treatment Installation, New Water Meters, and SCADA Improvements	5250	1324	pending funding agreement
Yreka, City of	C	4710011-003C	Construction	Klamath	\$4,360,000	Severely Disadvantaged	Water Supply and Storage Improvements	7290	2876	pending funding agreement

Large Water Systems: Population > 10,000 (Planning)

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Mendota, City of	E	1010021-002P	Planning	Fresno	\$500,000	Severely Disadvantaged	Water Supply Planning Project	11104	2306	pending funding agreement
Lamont Public Utility District	C	1510012-009P	Planning	Visalia	\$457,000	Severely Disadvantaged	Arsenic Treatment Compliance Planning	18290	3307	project to be completed by Technical Assistance
Twentynine Palms Water District	F	3610049-005P	Planning	San Bernardino	\$1,800,000	Large Disadvantaged	Potable Groundwater Management Project	17500	7704	applicant withdrawn from DWSRF

Large Water Systems: Population > 10,000 (Construction)

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Anderson, City of	F	4510001-001C	Construction	Lassen	\$2,250,000	Severely Disadvantaged	Anderson Heights Reservoir Replacement and Pressure Regulating Valve (PRV) Station Project	10050	3077	financial not met requirement
Parlier, City of	A	1010025-001C	Construction	Fresno	\$17,322,726	Severely Disadvantaged	1,2,3-TCP Removal Treatment Systems	12058	2329	incomplete application
Tuolumne Utilities District	A	5510033-001C	Construction	Merced	\$1,962,575	Severely Disadvantaged	Curtis Creek Elementary School Water System Consolidation Project	13663	5761	pending funding agreement

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Crescent City, City of	C	0810001-004C	Construction	Klamath	\$523,746	Severely Disadvantaged	West Park Properties Mobile Home Park Consolidation	14000	3416	incomplete application, need to determine amount of work on private property DFA will fund
Crescent City, City of	C	0810001-005C	Construction	Klamath	\$349,662	Severely Disadvantaged	Butte Court Mobile Home Park Consolidation	14000	3416	incomplete application, need to determine amount of work on private property DFA will fund
Red Bluff, City of	A	5210004-001C	Construction	Valley	\$354,000	Severely Disadvantaged	Gurnsey Avenue Mutual Water Company Consolidation	14005	4350	processing application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Arcata, City of	F	1210001-001C	Construction	Klamath	\$4,945,963	Severely Disadvantaged	Steel Water Line Replacement	16651	5278	incomplete application
Greenfield, City of	C	2710008-001C	Construction	Monterey	\$389,000	Severely Disadvantaged	Apple Avenue Water System Consolidation	17547	3469	incomplete application
Lamont Public Utility District	C	1510012-008C	Construction	Visalia	\$6,760,000	Severely Disadvantaged	Lamont PUD and El Adobe POA Consolidation Project	18290	3307	pending funding agreement
Arvin Community Services District	C	1510001-005C	Construction	Visalia	\$3,115,350	Severely Disadvantaged	123 TCP Treatment for Well No.8 and Well No. 13	21563	3776	application on hold until current project is complete
East Niles Community Services District	C	1510006-001C	Construction	Visalia	\$15,289,500	Severely Disadvantaged	North Weedpatch Water System Consolidation Project into East Niles CSD	31700	7835	pending funding agreement
Coachella, City of	C	3310007-002C	Construction	Riverside	\$937,000	Severely Disadvantaged	Mesquite Mutual Water Company Consolidation Project	38406	7460	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Yuba City, City of	C	5110002-016C	Construction	Tehama	\$2,383,651	Disadvantaged	Barry Elementary School Water Service	51504	13550	processing application
Tulare, City of	D	5410015-001C	Construction	Tulare	\$2,000,000	Severely Disadvantaged	Consolidation of City of Tulare, Pratt, and Soult's Mutual Water Systems	60300	17086	incomplete application
Castaic Lake Water Agency	A	1910017-001C	Construction	Los Angeles	\$2,771,489	Disadvantaged	LARC Ranch Water Pipeline and Consolidation	122998	29855	pending funding agreement
Stockton, City of	F	3910012-001C	Construction	Stockton	\$600,000	Disadvantaged	City of Stockton Consolidation Project	158113	46119	project in TA
Coachella Valley Water District	C	3310001-010C	Construction	Riverside	\$1,572,719	Disadvantaged	Galindo MHP Consolidation	244472	97789	incomplete application
Livingston, City of	C	2410004-004C	Construction	Santa Ana	\$12,000,000	Non Disadvantaged	Livingston 1,2,3-TCP Removal Treatment System Project	13795	2948	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Santa Ana, City of	F	3010038-001C	Construction	Santa Ana	\$10,800,000	Non Disadvantaged	Water Distribution System Improvements	353428	44610	incomplete application
Santa Ana, City of	F	3010038-002C	Construction	Santa Ana	\$13,700,000	Non Disadvantaged	Automated Meter Infrastructure	353428	44610	incomplete application
Santa Ana, City of	F	3010038-003C	Construction	San Diego	\$5,290,000	Non Disadvantaged	Well 32 Nitrate Treatment & Rehabilitation	353428	44610	incomplete application
South Coast Water District	F	3010055-001C	Construction	San Diego	\$102,056,000	Non Disadvantaged	Doheny Ocean Desalination	20500	5619	incomplete application
Hemet, City of	F	3310016-009C	Construction	San Diego	\$16,992,000	Non Disadvantaged	Water Distribution System Improvements	20047	8667	incomplete application
San Diego, City of	F	3710020-071C	Construction	San Diego	\$16,000,000	Non Disadvantaged	La Jolla View Reservoir	1266731	271962	incomplete application
San Diego, City of	F	3710020-077C	Construction	San Diego	\$38,180,000	Non Disadvantaged	Morena Pipeline	1266731	271962	incomplete application
Valley Center Municipal Water District	F	3710026-002C	Construction	San Diego	\$13,970,000	Non Disadvantaged	Pipeline Replacement	25572	9704	incomplete application

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
Paradise Irrigation District	F	0410007-002C	Construction	Valley	\$15,500,000	Disadvantaged	Reservoir "B" Replacement Construction Project	26299	10063	incomplete application
Antioch, City of	F	0710001-002C	Construction	San Francisco	\$55,000,000	Non Disadvantaged	Brackish Water Desalination Construction Project	100945	31058	incomplete application
Santa Cruz, City of	F	4410010-001C	Construction	Valley	\$30,000,000	Non Disadvantaged	Graham Hill WTP Storage Tank Replacement	90000	24228	incomplete application
San Diego, City of	F	8419-110	Construction	San Diego	\$287,000,000	Non Disadvantaged	Pure Water North City Morena Blvd Pump Station & Pipeline (Wastewater Portion)	1266731	271962	pending funding agreement
San Diego, City of	F	8419-210	Construction	San Diego	\$176,000,000	Non Disadvantaged	Pure Water North City Water Reclamation Plant Expansion	1266731	271962	pending funding agreement

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
San Diego, City of	F	8419-310	Construction	San Diego	\$45,000,000	Non Disadvantaged	Pure Water North City Metropolitan BioSolids Center Improvements	1266731	271962	pending funding agreement
San Diego, City of	F	8419-410	Construction	San Diego	\$40,000,000	Non Disadvantaged	Pure Water North City Water Reclamation Plant Expansion and Influent Conveyance	1266731	271962	pending funding agreement
San Diego, City of	F	8419-510	Construction	San Diego	\$17,000,000	Non Disadvantaged	Pure Water North City Pure Water Pump Station	1266731	271962	pending funding agreement
San Diego, City of	F	8419-610	Construction	San Diego	\$108,000,000	Non Disadvantaged	Pure Water North City Pure Water Pipeline	1266731	271962	pending funding agreement
San Diego, City of	F	8419-710	Construction	San Diego	\$553,000,000	Non Disadvantaged	Pure Water North City Pure Water Facility	1266731	271962	pending funding agreement

Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2019-20
San Diego, City of	F	8419-810	Construction	San Diego	\$41,000,000	Non Disadvantaged	Pure Water North City Morena Blvd Pump Station & Pipeline (Water Portion)	1266731	271962	pending funding agreement
South Tahoe Public Utility District	F	0910002-028C	Construction	Sacramento	\$5,504,500	Non Disadvantaged	Keller Heavenly Water System Improvements Project	60000	13635	waiting on US Forest service environmental clearance.
Big Bear City CSD	F	3610008-012C	Construction	San Bernardino	\$2,500,000	Large Disadvantaged	Well 8 Replacement	12500	6356	pending funding agreement
Torrance, City of	F	1910213-010C	Construction	Metropolitan	\$16,700,000	Non Disadvantaged	Torrance Van Ness Well Field	113136	26461	pending funding agreement
Stanislaus Regional Water Authority	F	5010043-001C	Construction	San Francisco	\$200,000,000	Non Disadvantaged	Stanislaus Regional Water Authority Surface Water Supply	118032	30332	application being processed

EXHIBIT E: Cumulative DWSRF Set-Aside Expenditures

DWSRF Administrative Set-Aside

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$3,027,304	\$0	\$3,027,304	\$0
1998	\$77,108,200	\$3,084,328	\$0	\$3,084,328	\$0
1999	\$80,816,700	\$3,232,668	\$0	\$3,232,668	\$0
2000	\$83,993,100	\$0	\$0	\$0	\$0
2001	\$84,340,000	\$3,373,600	\$0	\$3,373,600	\$0
2002	\$82,460,900	\$3,298,436	\$68,553	\$3,229,883	\$0
2003	\$81,966,200	\$3,278,648	\$0	\$3,278,648	\$0
2004	\$85,027,600	\$6,679,752	\$70,000	\$6,609,752	\$0
2005	\$84,847,500	\$2,781,076	\$0	\$2,781,076	\$0
2006	\$67,153,678	\$2,684,166	\$30,000	\$2,654,166	\$0
2007	\$67,105,000	\$2,684,200	\$0	\$2,684,200	\$0
ARRA 2009	\$159,008,000	\$5,364,472	\$0	\$5,364,472	\$0
2008	\$66,424,000	\$2,656,960	\$0	\$2,656,960	\$0
2009	\$66,424,000	\$2,656,960	\$0	\$2,656,960	\$0
2010	\$126,958,000	\$5,078,320	\$0	\$5,078,320	\$0
2011	\$86,698,000	\$3,467,920	\$0	\$3,467,920	\$0
2012	\$85,358,000	\$3,414,320	\$300,000	\$3,114,320	\$0
2013	\$78,770,000	\$3,150,800	\$426,867	\$2,723,933	\$0
2014	\$83,221,000	\$3,328,840	\$0	\$3,328,840	\$0
2015	\$82,674,000	\$3,306,960	\$395,000	\$2,911,960	\$0
2016	\$78,215,000	\$3,128,600	\$75,000	\$3,053,600	\$0
2017	\$77,545,000	\$3,101,800	\$0	\$2,060,271	\$1,041,529

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
2018	\$97,991,000	\$3,919,640	\$0	\$154,401	\$3,765,239
2019	\$97,072,000	\$3,882,880	\$0	\$0	\$3,882,880
Total	\$2,056,742,585	\$80,582,650	\$1,365,420	\$70,527,582	\$8,689,648

Small Water Technical Assistance Set-Aside

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$68,245	\$0	\$68,245	\$0
1998	\$77,108,200	\$1,542,164	\$0	\$1,542,164	\$0
1999	\$80,816,700	\$1,616,334	\$0	\$1,616,334	\$0
2000	\$83,993,100	\$0	\$0	\$0	\$0
2001	\$84,340,000	\$1,686,800	\$0	\$1,686,800	\$0
2002	\$82,460,900	\$1,649,218	\$0	\$1,649,218	\$0
2003	\$81,966,200	\$1,639,324	\$0	\$1,639,324	\$0
2004	\$85,027,600	\$3,339,876	\$0	\$3,339,876	\$0
2005	\$84,847,500	\$1,390,538	\$0	\$1,390,538	\$0
2006	\$67,153,678	\$1,342,083	\$0	\$1,342,083	\$0
2007	\$67,105,000	\$1,342,100	\$0	\$1,342,100	\$0
ARRA 2009	\$159,008,000	\$2,787,147	\$0	\$2,787,147	\$0
2008	\$66,424,000	\$1,328,480	\$0	\$1,328,480	\$0
2009	\$66,424,000	\$1,328,480	\$0	\$1,328,480	\$0
2010	\$126,958,000	\$2,539,160	\$0	\$2,539,160	\$0
2011	\$86,698,000	\$1,733,960	\$0	\$1,733,960	\$0
2012	\$85,358,000	\$1,707,160	\$0	\$1,707,160	\$0
2013	\$78,770,000	\$1,575,400	\$0	\$1,575,400	\$0

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
2014	\$83,221,000	\$1,664,420	\$0	\$1,664,420	\$0
2015	\$82,674,000	\$1,653,480	\$0	\$1,653,480	\$0
2016	\$78,215,000	\$1,564,300	\$0	\$1,564,300	\$0
2017	\$77,545,000	\$1,550,900	\$0	\$494,414	\$1,056,486
2018	\$97,991,000	\$1,959,820	\$0	\$0	\$1,959,820
2019	\$97,072,000	\$1,941,440	\$0	\$0	\$1,941,440
Total	\$2,056,742,585	\$38,950,829	\$0	\$33,993,083	\$4,957,746

State Program Management Set-Aside

FFY	Final Cap Grant Amount (in-kind included)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$4,157	\$0	\$4,157	\$0
1998	\$77,108,200	\$308,433	\$0	\$308,433	\$0
1999	\$80,816,700	\$323,267	\$0	\$323,267	\$0
2000	\$83,993,100	\$0	\$0	\$0	\$0
2001	\$84,340,000	\$2,000,000	\$0	\$2,000,000	\$0
2002	\$82,460,900	\$2,000,000	\$0	\$2,000,000	\$0
2003	\$81,966,200	\$2,000,000	\$0	\$2,000,000	\$0
2004	\$85,027,600	\$2,400,000	\$0	\$2,400,000	\$0
2005	\$84,847,500	\$4,077,000	\$0	\$4,077,000	\$0
2006	\$67,153,678	\$4,704,000	\$0	\$4,704,000	\$0
2007	\$67,105,000	\$4,934,400	\$0	\$4,934,400	\$0
ARRA 2009	\$159,008,000	\$0	\$0	\$0	\$0
2008	\$66,424,000	\$4,882,164	\$0	\$4,882,164	\$0

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
2009	\$66,424,000	\$4,882,164	\$0	\$4,882,164	\$0
2010	\$126,958,000	\$9,318,717	\$0	\$9,318,717	\$0
2011	\$86,698,000	\$8,669,800	\$0	\$8,669,800	\$0
2012	\$85,358,000	\$8,535,800	\$0	\$8,535,800	\$0
2013	\$78,770,000	\$7,089,300	\$0	\$7,089,300	\$0
2014	\$83,221,000	\$8,322,100	\$300,000	\$8,022,100	\$0
2015	\$82,674,000	\$8,267,400	\$0	\$8,267,400	\$0
2016	\$78,215,000	\$7,821,500	\$0	\$7,821,500	\$0
2017	\$77,545,000	\$7,754,500	\$0	\$7,754,500	\$0
2018	\$97,991,000	\$9,799,100	\$0	\$1,496,410	\$8,302,690
2019	\$97,072,000	\$9,707,200	\$0	\$0	\$9,707,200
Total	\$2,056,742,585	\$117,801,002	\$300,000	\$99,491,112	\$18,009,890

Local Assistance Set-Aside

FFY	Final Cap Grant Amount (in-kind included)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$6,831,577	\$0	\$6,831,577	\$0
1998	\$77,108,200	\$0	\$0	\$0	\$0
1999	\$80,816,700	\$0	\$0	\$0	\$0
2000	\$83,993,100	\$2,000,000	\$0	\$2,000,000	\$0
2001	\$84,340,000	\$0	\$0	\$0	\$0
2002	\$82,460,900	\$0	\$0	\$0	\$0
2003	\$81,966,200	\$0	\$0	\$0	\$0
2004	\$85,027,600	\$0	\$0	\$0	\$0
2005	\$84,847,500	\$0	\$0	\$0	\$0

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
2006	\$67,153,678	\$0	\$0	\$0	\$0
2007	\$67,105,000	\$0	\$0	\$0	\$0
ARRA 2009	\$159,008,000	\$0	\$0	\$0	\$0
2008	\$66,424,000	\$0	\$0	\$0	\$0
2009	\$66,424,000	\$0	\$0	\$0	\$0
2010	\$126,958,000	\$0	\$0	\$0	\$0
2011	\$86,698,000	\$2,600,940	\$0	\$2,600,940	\$0
2012	\$85,358,000	\$4,267,900	\$0	\$4,267,900	\$0
2013	\$78,770,000	\$2,507,007	\$0	\$2,507,007	\$0
2014	\$83,221,000	\$4,993,260	\$0	\$4,993,260	\$0
2015	\$82,674,000	\$8,267,400	\$0	\$8,267,400	\$0
2016	\$78,215,000	\$7,821,500	\$0	\$7,821,500	\$0
2017	\$77,545,000	\$5,428,150	\$0	\$4,110,189	\$1,317,961
2018	\$97,991,000	\$9,799,100	\$0	\$4,926	\$9,794,174
2019	\$97,072,000	\$9,707,200	\$0	\$0	\$9,707,200
Total	\$2,056,742,585	\$64,224,034	\$0	\$43,404,699	\$20,819,335

EXHIBIT F: Disadvantaged Business Enterprise Report

	MBE	WBE	TOTAL
Annual Disbursements by Category	\$3,336,884	\$259,651	\$3,596,535
Total Disbursements			\$266,910,705
Percentage to Total Disbursements	1.25%	.10%	1.35%

Note: Percentage of DBE participation is determined by taking the funds disbursed to MBE and WBE compared to the total disbursements for the period October 1, 2018 through September 30, 2019. DBE reports are collected annually based on the FFY.

EXHIBIT G: SFY 2019-20 DWSRF FFATA Projects

Funding Recipient	Project Number	Agreement Date	FFATA Reporting Due	Actual Date Reported	FFATA Reporting Amount
Fresno, City of	1010007-032C	12/17/2019	1/31/2020	1/9/2020	\$14,000,000
Upland, City of	3610050-001C	12/11/2019	1/31/2020	1/9/2020	\$16,500,000
				Total:	\$30,500,000

Note: For FFY 2019 Capitalization Grant of \$97,072,000, DFA anticipates executing additional projects by September 30, 2020 and will report the amount to FFATA as well as in the annual report for SFY 2020-2021.

VIII. APPENDICES

Appendix A	Short-Term Goals
Appendix B	Long-Term Goals
Appendix C	Operating Agreement and Capitalization Grant Conditions
Appendix D	Performance Evaluation Report
Appendix E	Audited Financial Statements

APPENDIX A: Short-Term Goals

This section describes the State Water Board’s efforts to meet the following short-term goals established in the SFY 2019-20 DWSRF IUP. These goals provided the framework for the State Water Board’s decision-making, maximization, and prioritization of staff and funding sources.

	Short-Term Goal	Comments
1	Identify public health issues and evaluate solutions for SWSs, including technical assistance and consolidation where feasible.	<ul style="list-style-type: none"> • DFA coordinated with DDW and Local Primacy Agencies to ensure that available drinking water funding sources are targeted to expeditiously address the most significant public health and compliance issues. The State Water Board maintains a list of systems in violation of their water permits and staff regularly meet to determine if there are additional steps that can be taken to assist these systems with returning to compliance. DFA prioritizes financing for TA, planning and construction that address public health issues. • In September 2019, the DDW entered into a service contract with the University of California, Los Angeles (UCLA) and multiple subcontractors to do the following: <ul style="list-style-type: none"> • Identify Public Water Systems in Violation or At-Risk of failure focused primarily on developing and evaluating risk indicators for drinking water community water systems up to 3,300 connections and non-transient non-community water systems; • Develop a cost analysis for interim and long-term solutions to estimate costs related to both necessary interim and/or emergency measures and longer-term solutions to bring systems into compliance and address the challenges faced by At-Risk systems; and • Develop an interactive financial capacity tool for small water systems between 500 – 3,300 connections. <p>The contractor completed the project on schedule and submitted all deliverables by March 31, 2021. The 2021 Drinking Water Needs Assessment summarizes the risk indicators developed for identification of Public Water Systems in Violation or At-Risk of failure and the cost analysis for interim and long-term solutions. The California Small Water Systems Rates Dashboard is an interactive financial capacity tool for small water systems between 500 – 3,300 connections.</p>

2	Ensure that the maximum principal forgiveness allowable from the FFY 2019 Capitalization Grant is provided to eligible recipients ⁵ .	<ul style="list-style-type: none"> The maximum allowable principal forgiveness from the FFY 2019 Capitalization Grant was 55% of the Grant or approximately \$53.4 million. As of June 30, 2020, the State Water Board had provided 0 percent (0%) of the FFY 2019 Capitalization Grant as principal forgiveness to new binding commitments and amendments of prior years' binding commitments. The State Water Board anticipates awarding the remaining 2019 principal forgiveness in SFY 2020-21.
3	Prioritize available funding for PWSs serving fewer than 10,000 people to the maximum extent practicable and consistent with other governing federal and state authorities.	<ul style="list-style-type: none"> The State Water Board continued to prioritize DWSRF funding for PWSs serving less than 10,000 people in SFY 2019-20. As a result, the DWSRF provided \$44 million to 29 SWSs in SFY 2019-20 (Exhibit A). The total amount of DWSRF funding provided over the life of the program is over \$512 million, 15% of the total DWSRF funding and the total number of SWS projects over the life of the program is over 347, 69 percent (69%) of the total DWSRF funded projects. The SFY 2019-20 IUP also made subsidized construction financing available for PWSs serving SDACs greater than 10,000 people but less than 20,000 people. The IUP defines these PWSs as "Expanded Small Community Water Systems" that serve a Severely Disadvantaged Community (SDAC). In SFY 2019-20, no principal forgiveness was provided ESCWSs serving a SDAC.

⁵ USEPA requirements also allow for the FFY 2019 Capitalization Grant principal forgiveness to be awarded for the purchase, refinance, or restructuring of debt obligations where the debt was incurred after February 15, 2019.

4	Reduce instances of noncompliance with drinking water standards by providing technical and consolidation assistance to SWSs with significant SDWA violations, including those PWSs that are violating the arsenic maximum contaminant level (MCL).	<ul style="list-style-type: none"> • The State Water Board continued to provide a suite of technical assistance in SFY 2019-20 to SWSs, especially those with significant SDWA violations. Specifically, the DWSRF set-asides funded third-party contractors that provided a variety of TMF capacity development assistance to SWSs. See Section IV.H for more information on DWSRF technical assistance. • DFA also continued to fund technical assistance for a variety of projects using Prop 1. • DFA and DDW provided direct technical assistance to SWSs with significant SDWA violations. Examples of direct technical assistance included: (a) meeting with DDW Consolidation Specialists and applicants to discuss project concepts before applications were submitted; (b) reviewing applications with minimal material submitted and guiding applicants to complete additional application packages; and (c) helping funding recipients properly prepare and submit reimbursement claims.
5	Continue to require PWSs requesting assistance to complete a TMF assessment to improve sustainability and resiliency.	<ul style="list-style-type: none"> • During SFY 2019-20, all DWSRF construction applicants were required to include a TMF assessment in their applications, and DFA's Project Managers also continued to evaluate these assessments as part of reviewing the DWSRF applications. As further described in Section IV.H, DWSRF applicants that lacked TMF capacity were offered technical assistance by the State Water Board to help them resolve their TMF deficiencies.
6	Develop criteria and procedures for evaluating financial capacity of water systems.	<ul style="list-style-type: none"> • DFA-OSWS continued to coordinate with DDW in developing additional criteria and procedures for evaluating financial capacity of water systems. The additional criteria and procedures were incorporated into the State Water Board's more comprehensive plan for implementing its Safe and Affordable Drinking Water Fund.
7	Identify climate change vulnerabilities of proposed projects as well as mitigate the impacts that facilities may have on the climate.	<ul style="list-style-type: none"> • DFA staff developed a climate change worksheet that was incorporated into the DWSRF financing application. All applicants will be required to complete the worksheet as part of their DWSRF funding applications. The climate change worksheet considers vulnerabilities of proposed projects as well as the impacts of climate change on projects being considered for DWSRF funding.
8	Continue marketing and outreach efforts to PWSs, including application status	<ul style="list-style-type: none"> • DFA continued to participate in various PWS marketing and outreach efforts in SFY 2019-20. Specifically, DFA marketed the DWSRF program at the California Financing Coordinating Committee funding fairs, CalTAP fairs, symposia (treatment certification and distribution)

	reports, Spanish translation services, newsletters, and social media to advertise the availability of technical assistance to assist small, and disadvantaged communities as well as large PWSs.	that focused on treatment certification and distribution, as well as other online and onsite workshops and outreach events.
9	Continue regular staff level finance/audit coordination meetings to ensure the immediate and long-term financial health of the DWSRF.	<ul style="list-style-type: none"> DFA and DAS staff conducted regular finance/audit coordination meetings on September 27, 2019, January 24, 2020, April 3, 2020, and July 10, 2020 to ensure oversight of the DWSRF's finances. Standing topics at finance/audit coordination meetings included (a) reviewing cash flow of projects under contract, short and long-term cash flow projections, and cash flow needs for upcoming projects; (b) comparing actual performance with target performance measures; and (c) reviewing audit issues, program control issues, tax compliance issues, and planning for upcoming audits.
10	Continue to maximize all available DWSRF state match sources, including DWSRF Local Match financing options.	<ul style="list-style-type: none"> DFA continued to employ Prop 1 Drinking Water funds as State Match for DWSRF and has additional Prop 1 Drinking Water Funds for future State Match needs. In SFY 19-20, DFA again elected not to use Prop 68 Drinking Water Funds as State Match for the DWSRF so that they could be used as additional complementary grants. However, DFA continued to investigate and plan for future General Obligation bond State Match options as well as short-term State Match bonds once the bank of Prop 1 Drinking Water State Match funds is exhausted,
11	Apply for and accept the FFY 2019 Capitalization Grant; commit the FFY 2019 Capitalization Grant, including the associated state match, by June 30,	<ul style="list-style-type: none"> The State Water Board finalized its FFY 2019 Capitalization Grant application in June 2019. USEPA awarded the FFY 2019 Grant on July 31, 2019 in the amount of \$97,072,000. The State Water Board will provide \$19,414,400 in matching funds through Prop 1 Drinking Water funds to satisfy the state match requirement. With a total commitment of approximately \$147.4 million in SFY 2019-20 to a combination of planning and

	2020, so that federal funds are used efficiently and timely in accordance with 40 CFR §35.3550(c).	construction projects, DFA obligated the FFY 2019 Capitalization Grant, with the exception of set-aside funds, before June 30, 2020. The commitment, along with previous commitments, has enabled the State Water Board to liquidate all federal funds from the 2018 and earlier Capitalization Grants during SFY 2019-20. SFY 2019 Capitalization Grant funds are anticipated to be fully disbursed during SFY 2020-21.
12	Liquidate DWSRF capitalization grants within 2 to 3 years of their award.	<ul style="list-style-type: none"> The State Water Board maintained a DWSRF federal ULO balance in SFY 2019-20 less than the sum of the two most recent Capitalization Grants consistent with USEPA's DWSRF ULO Reductions Strategy. Specifically, California's DWSRF federal ULO was \$33.28 million as of June 30, 2020, \$161.72 million less than the maximum \$195 million.
13	Review cash forecasts of existing and potential commitments to ensure that DWSRF can satisfy its obligations timely and to also evaluate the need for leveraging or other actions to regulate cash outflows.	<ul style="list-style-type: none"> State Water Board staff regularly reviewed the DWSRF's cash balances to ensure that sufficient cash would be available to meet all disbursement requests. Staff evaluated the cash flow impact of each new project during the financing approval process.

APPENDIX B: Long-Term Goals

	Long-Term Goal	Comments
1	Address Significant Risks to Public Health	<ul style="list-style-type: none"> • The State Water Board helped PWSs address significant public health risks in SFY 2019-20 by funding construction and planning as well as technical assistance. • More than 50 percent (50%) of the projects funded by the DWSRF and its complementary funding sources addressed primary drinking water standards. This result was attributable to close coordination between DFA and DDW. OSWS staff met regularly with DDW District staff and management to prioritize funding for small DACs and the technical assistance needed by PWSs to obtain DWSRF and complementary funding. • DFA also updated DDW staff monthly on the status of applications for projects to address arsenic violations, including outstanding application items; the progress of technical assistance; recently executed funding agreements; and anticipated compliance dates.
2	Promote SDWA Compliance	<ul style="list-style-type: none"> • DFA continued to coordinate with DDW to prioritize DWSRF and complementary funding for projects that reestablish compliance or prevent non-compliance. • DFA staff continued to make technical assistance available to help SWSs apply for planning and construction funding. • DDW also continued its permitting, inspection, monitoring and enforcement activities for compliance with the SDWA.
3	Improve Affordability and Sustainability	<ul style="list-style-type: none"> • The State Water Board continued to provide below market financing and principal forgiveness in SFY 2019-20 to make funding affordable for communities throughout California. The average interest rate for SFY 2019-20 was one and six and a half-tenth of one percent (1.65%), below market rates. DWSRF principal forgiveness was combined with other drinking water grant funding in certain cases to further reduce costs for California's small DACs. • Approximately \$81.92 million in DWSRF principal forgiveness and grant funds were awarded to small DACs in SFY 2019-20.

4	Use revenue and capital effectively	<ul style="list-style-type: none"> • DFA continued to monitor cash and financing forecasts to determine whether additional capital would be needed. DFA determined that additional capital was not needed during SFY 2019-20 for the DWSRF program, and the State Water Board did not issue revenue bonds or other debt in SFY 2019-20.
5	Maintain financial integrity	<ul style="list-style-type: none"> • State Water Board staff analyzed the creditworthiness of all applicants to ensure DWSRF loans are repaid on time and in full and imposed special conditions where appropriate on applicants to lower the credit risk. • Approvals and transactions associated with individual DWSRF projects were documented in each project's file. In general, a hard-copy file was established and maintained for each project, and duplicate electronic records were also maintained for each project in the "Loans and Grants Tracking System," the DWSRF's data management system. • Each approval and transaction in SFY 2019-20 required multiple reviews and sign-offs from staff and management to ensure accuracy and validity. Written internal procedures for the DWSRF program were also maintained. • State Water Board staff also surveilled financing recipients with outstanding obligations. Recipients are generally required to provide ongoing financial information after loan closing or to complete public outreach if there was significant public disapproval during their rate setting process. • DFA staff maintained its "watch list" of financing recipients and potential applicants that show signs of financial weakness. Financial weakness was assessed using the financing recipients' annual financial statements, a variety of news outlets, and periodic interactions with applicants, the DDW District Offices, and the public. • DFA staff monitored payments of all outstanding agreements in SFY 2019-20 to identify late payments and prevent delinquent payments, that is payments greater than 10 days past the payment due date, especially payments on agreements that have been pledged to repay DWSRF revenue bonds. • State Water Board staff prepared financial statements for the DWSRF, and the financial statements were audited by an independent auditor in accordance with Government Auditing Standards. A copy of the audited

		<p>financial statements is included in this report (Appendix E) and is posted on the State Water Board's DWSRF website.</p> <ul style="list-style-type: none"> • Designated State Water Board supervisors and managers were required to file an annual "Statement of Economic Interest" with the California Fair Political Practices Commission. In addition, State Water Board supervisors and managers completed conflict of interest training and are required to complete ethics training biennially.
6	Provide good customer service with a special emphasis on assisting SDACs and DACs.	<ul style="list-style-type: none"> • The OSWS continued to focus its efforts on small SDACs and small DACs, and to provide grant funds to those communities in SFY 2019-20 for safe and affordable drinking water projects.
7	Ensure the timely commitment and disbursement of DWSRF funds.	<ul style="list-style-type: none"> • The State Water Board prioritized staff and financial resources to the maximum extent possible to ensure that it can quickly and fully disburse DWSRF funds to existing obligations. • The State Water Board redirected DWSRF Program staff to complete the FI\$Cal transition. Although the FI\$Cal transition affected the commitment and disbursement of DWSRF funds, the second half of SFY 2019-20 was indicative of the commitment and disbursement pace before the introduction of FI\$Cal. • The State Water Board also managed its staff to ensure that new obligations will be made to eligible projects so that future commitments and disbursements are timely
8	Maximize cash flow and the disbursement of funds	<ul style="list-style-type: none"> • The State Water Board continued to commit DWSRF funds based on its cash-flow model. Commitments were made based on future disbursements being made with future repayments, Capitalization Grants, or other sources, including bonds or loans secured with future revenues. • DFA also focused on recipients that were "ready to proceed" to both a funding agreement and construction. Because the State Water Board focused on "ready-to-proceed" projects that addressed public health priorities, the State Water Board successfully managed the DWSRF's finances to ensure compliance with USEPA's ULO reduction strategy. • The DWSRF set-asides were also employed in SFY 2019-20 for the administration of the DWSRF and the State Water Board's PWSS program managed by DDW,

		as well as provide for TMF and SWS technical assistance.
--	--	--

APPENDIX C: Operating Agreement and Capitalization Grant Conditions

The State Water Board agreed to meet a number of conditions described in the DWSRF Operating Agreement and Federal capitalization grant agreements. These conditions were met as described below.

1. Assistance Activities

The State Water Board continued to provide DWSRF funding to eligible PWSs in SFY 2019-20 for projects needed to achieve or maintain compliance with safe drinking water standards. All activities funded were eligible under Section 35.3520 of Title 40 of Code of Federal Regulations. A total of \$147.352 million in new DWSRF funding was awarded to thirty-four (34) projects in SFY 2019-20. DWSRF funds were provided to eligible recipients to enhance drinking water treatment, distribution, storage, installation of meters, as well as ensure water system reliability through the installation of interties and the consolidation of PWSs. Water quality issues such as arsenic and nitrate contamination, as well as groundwater under direct influence, and disinfection by-product formation continued to be addressed in SFY 2019-20. Eligible recipients included privately and publicly owned community and non-profit non-community PWSs. The projects and PWSs funded in SFY 2019-20 are further detailed in Exhibit A.

The SFY 2019-20 DWSRF IUP Fundable List, consisting of two hundred and fifty (250) projects, included projects that might be funded by the DWSRF or from other complementary funding sources. However, many projects listed in the SFY 2019-20 DWSRF Fundable List were not funded by the DWSRF during the SFY 2019-20 for various reasons as noted in Exhibit D, including options for other funding from Prop 1 Drinking Water. The high demand for drinking water improvement funding in California required the State Water Board to prioritize projects based upon their public health benefits as well as the recipient's readiness to proceed to a funding agreement.

2. Eligible Categories of Projects and Financing Terms

The State Water Board continued to provide below-market financing and additional subsidy in SFY 2019-20 for projects ranked in Categories A-F of the DWSRF public health prioritization scheme. The State Water Board also generally prioritized higher ranked public health categories and projects benefiting small DACs in SFY 2019-20. Types of assistance included loans and installment sale agreements for the planning, design, and construction of drinking water infrastructure projects.

Principal forgiveness was provided to SWSs that served DACs and SDACs and was available to eligible ESCWSs serving SDACs. SWSs serving DACs and eligible ESCWSs serving SDACs generally received zero percent (0%) interest rates on DWSRF repayable financing. The standard interest rate for all other repayable financing averaged one and six and a half-tenth of one percent (1.65%), which was one-half the state's average general obligation rate in the previous year. Standard repayable financing for construction projects for publicly and privately owned PWSs and PWSs serving DACs was amortized over a 30- or 40-year period.

3. Provide a State Match

The State Water Board demonstrated the source of its twenty percent (20%) state match requirement (\$19.4 million) for the FFY 2019 Capitalization Grant (\$97.072 million) in SFY 2019-20 through appropriations provided under Chapter 5, Section 79724 of Prop 1 Drinking Water. As of June 30, 2020, approximately \$102 million of Prop 1 Drinking Water funds had been appropriated and encumbered as State Match. In total, as of June 30, 2020, California had disbursed approximately \$417.3 million in cumulative state match funds to the DWSRF program through a combination of state general fund and general obligation bond proceeds/appropriation, local match, and short-term financings with the IBank.

4. Binding Commitments Within One Year

The State Water Board continued to commit DWSRF funding to projects in an amount equal to or greater than one hundred and twenty percent (120%) of each federal payment within one year of receipt of that payment. As of June 30, 2020, executed funding agreements totaled approximately \$3.350 billion, or 180 percent (180%) of the approximately \$1.863 billion in federal payments received for DWSRF loans.

5. Expeditious and Timely Expenditure

The State Water Board continued to make timely and expeditious use of DWSRF funds, especially federal capitalization grant funds in accordance with USEPA's ULO reduction strategy. USEPA's ULO reduction strategy generally requires that no more than two federal capitalization grants remain undisbursed at any one time. As of June 30, 2020, the State Water Board had only \$33.282 million in undisbursed FFY 2018 and FFY 2019 Capitalization Grant funds, of which approximately 62 percent (62%) were predominantly set-aside funds already allocated for eligible uses.

This timely and expeditious use of federal capitalization grant funds was substantially achieved through cash-flow modeling and the over-commitment of DWSRF funds in SFY 2019-20 and prior fiscal years. In SFY 2019-20, there was no minimum funding agreement amount to ensure optimal use of DWSRF funds

without leveraging. Therefore, the State Water Board exceeded the minimum commitment amount by awarding approximately \$147.35 million in DWSRF funds by June 30, 2020. As described in the SFY 2019-20 IUP, the minimum commitment amount depended upon projected funding disbursements relative to existing fund balances and projected future revenues such that the DWSRF fund balance did not substantially decrease below \$100 million.

The timely and expeditious use of DWSRF funds was also satisfied through the prompt and efficient processing of DWSRF reimbursement claims, albeit the DWSRF disbursement rate was below average in SFY 2019-20 due to the State Water Board's ongoing implementation of FI\$Cal. To ensure timely reimbursement, DWSRF claims were generally reviewed and paid within 45 days from receipt of a complete claim. This period, however, was somewhat longer in the last few months of the fiscal year due to the longer year end transition period associated with FI\$Cal. Prior to FI\$Cal implementation, DFA staff reviewed and approved complete disbursement claims generally within 25 days, and then routed the requests to DAS for processing. DAS generally processed requests within eight calendar days of receiving the claim, and the State Controller's Office (SCO) generally issued a check (warrant) within seven calendar days to the funding recipient. The implantation of FI\$Cal has added additional processing time to the disbursement of funds within DFA, DAS and the SCO. This change in claims processing times is expected to normalize in SFY 2020-21 but remain longer than historical averages for the foreseeable future.

The State Water Board continued to draw federal funds in SFY 2019-20 from the United States Treasury via the Automated Standard Application for Payments (ASAP) system as warrants are issued by SCO. ASAP is a request and delivery system of federal funds developed by the Financial Management Service of the United States Treasury and the Federal Reserve Bank. By using ASAP, the State Water Board draws funds from USEPA for expenditures incurred by the DWSRF program in an expeditious and timely manner. Draw requests are made within one week of an issued warrant. Requested funds are also deposited electronically the next business day to account(s) specified by the State Water Board. For the DWSRF set-aside accounts, federal draws are typically requested through ASAP on a monthly basis for the prior month's costs.

To further enable the timely and expeditious use of DWSRF funds, the State Water Board encumbered most loan balances to DWSRF federal funds to ensure the prompt liquidation of federal capitalization grants as claims for reimbursement were processed. As of June 30, 2020, approximately \$177.197 million of DWSRF financings had been encumbered, but not yet liquidated, to available DWSRF federal funds (\$33.282 million), constituting a 5:1 ratio.

6. Disadvantaged Business Enterprise (DBE) Objectives, Davis-Bacon, American Iron and Steel (AIS) Requirements, and Other Federal Cross-Cutting Authorities

The State Water Board negotiated a total fair share DBE objective with the USEPA for the DWSRF Program. The objective is two percent (2%) for the Minority Owned Business Enterprises (MBE) and one percent (1%) for Women Owned Business Enterprises (WBE) participation for a combined three percent (3%) goal. Funding recipients for SFY 2019-20 reported participation as 1.25 percent for MBE and 0.10 percent for WBE. The overall DBE participation was 1.35 percent. Exhibit F provides a detailed analysis of DBE participation. The State Water Board will continue to monitor participation to ensure that the “positive effort process” is followed by funding recipients.

All DWSRF funded projects were required to comply with Davis-Bacon prevailing wage requirements in SFY 2019-20. Each funding agreement included provisions requiring applicants to follow Davis-Bacon requirements. DFA conducted a variety of surveillance activities throughout SFY 2019-20 to ensure each recipient’s compliance with Davis-Bacon requirements. Such surveillance activities included (1) reviewing recipient and sub-recipient reports and compliance certifications; (2) tracking compliance with federal annual monitoring requirements; and (3) annually reviewing quarterly site inspection reports to verify the adequacy of site inspections and other control activities.

DWSRF funding recipients were also required to use [American Iron and Steel](#) (AIS) products in SFY 2019-20 pursuant to USEPA guidelines for projects involving the construction, alteration, maintenance, or repair of a PWS or public treatment works. DWSRF funding recipients were only exempt from this AIS requirement if the project qualified under a national or product specific project AIS waiver from USEPA. To ensure compliance with AIS requirements, the AIS provisions were included in DWSRF financing agreements and DFA examined recipient records for AIS certifications and/or any AIS waivers.

Finally, all DWSRF funding recipients were required to comply with a list of other cross-cutting federal authorities, including but not limited to non-discrimination requirements, USEPA general terms and conditions, the requirements to use generally accepted accounting principles, requirements for disclosure of conflicts of interest, prohibitions on use of disqualified contractors, and a number of other requirements specified by USEPA.

7. Additional Subsidy and Green Requirements

The State Water Board continued to provide the maximum amount of available additional subsidy in the form of principal forgiveness in SFY 2019-20 for the benefit of SWSs serving DACs as well as ESCWSs serving SDACs. Since the inception of the DWSRF program, federal regulations have allowed for up to thirty percent (30%) of a capitalization grant to be provided as additional subsidy

(i.e., principal forgiveness) to DACs, regardless of the size of the PWS. However, in 2019, this additional subsidy to DACs increased to thirty five percent (35%). In 2016, Congress added a twenty percent (20%) additional subsidy allotment, separate from the thirty percent (35%) additional subsidy allocation for DACs.

The State Water Board's SFY 2019-20 IUP directed that the maximum amount of additional subsidy allowed under federal rules and regulations be awarded to SWSs serving DACs and ESCWSs serving SDACs in the form of principal forgiveness. Table 9 shows the amounts necessary for compliance with rules governing the allotment and use of DWSRF principal forgiveness. Exhibit A identifies 8 additional subsidy projects funded in SFY 2019-20.

Besides additional subsidy, the State Water Board may also allocate a portion of a capitalization grant to projects with "green" benefits (Green Project Reserve). In SFY 2019-20, Green Project Reserve funding was not awarded to any projects using the FFY 2019 Cap Grant. Table 10 shows the amount of DWSRF funding assigned to current and prior year capitalization grants to satisfy the optional DWSRF Green Project Reserve.

Table 9: Additional Subsidization Funding

FFY Grant	SFY	Grant Award Amount	Minimum Subsidy Amount by FFY Grant⁶	Maximum Subsidy by FFY Grant	Committed Subsidy Amount by FFY Grant Assignment⁷	Uncommitted Subsidy Amount by FFY Grant Assignment⁸	Disbursed Subsidy Amount by SFY⁹	Undisbursed Subsidy Amount by SFY¹⁰
2010	10-11	\$126,958,000	\$38,087,400	\$38,087,400	\$38,087,400	\$0	\$475,501	\$0
2011	11-12	\$86,698,000	\$26,009,400	\$26,009,400	\$25,966,771	\$42,629	\$6,383,940	\$0
2012	12-13	\$85,358,000	\$17,071,600	\$25,607,400	\$25,380,903	\$226,497	\$9,295,931	\$0
2013	13-14	\$78,770,000	\$15,754,000	\$23,631,000	\$23,338,993	\$292,007	\$12,426,984	\$0
2014	14-15	\$83,221,000	\$16,644,200	\$24,966,300	\$24,966,300	\$0	\$15,920,688	\$0
2015	15-16	\$83,674,000	\$16,534,800	\$24,802,200	\$24,802,200	\$0	\$29,462,657	\$0
2016	16-17	\$78,215,000	\$15,643,000	\$39,107,500	\$39,107,500	\$0	\$30,975,876	\$0
2017	17-18	\$77,545,000	\$15,509,000	\$38,772,500	\$38,772,500	\$0	\$22,826,548	\$0
2018	18-19	\$97,991,000	\$19,598,200	\$48,995,500	\$5,085,152	\$43,910,348	\$23,956,538	\$0
2019	19-20	\$97,072,000	\$19,414,400	\$48,536,000	\$0	\$48,536,000	\$27,623,332	\$159,167,206
Totals		\$895,502,000	\$200,266,000	\$338,515,200	\$245,507,719	\$93,007,481	\$179,347,994	\$159,167,206

⁶ USEPA and the State Water Board have authorized a minimum amount of a DWSRF capitalization grant be awarded to recipients as “additional subsidy” (i.e. principal forgiveness) per governing State and federal rules.

⁷ In accordance with USEPA procedures, these amounts represent the additional subsidy committed to eligible DWSRF projects and assigned under the additional subsidy authority of the respective DWSRF capitalization grant as of 6/30/2020.

⁸ In accordance with USEPA procedures, these amounts represent the additional subsidy balances under the maximum authority of the respective DWSRF capitalization grant that had not been committed to eligible DWSRF projects as of 6/30/2020.

⁹ These amounts represent the additional subsidy disbursements of the assigned projects per SFY. In accordance with USEPA Policy, the additional subsidy is encumbered and expended from any available funding sources within the DWSRF (i.e. federal capitalization grants, state match, repayment funds).

¹⁰ This amount represents the total encumbering balance as well as the additional subsidy authority not yet encumbered as of 6/30/2020.

Table 10: Green Project Reserve Funding

FFY Grant	SFY	Grant Award Amount	Minimum Green Project Reserve Amount by FFY Grant¹¹	Committed Green Project Reserve Amount Per FFY Grant Assignment¹²	Disbursed Green Project Reserve Amount by SFY¹³	Undisbursed Green Project Reserve Amount by SFY¹⁴
2010	10-11	\$126,958,000	\$25,391,600	\$25,391,600	\$0	\$0
2011	11-12	\$86,698,000	\$17,339,600	\$26,013,832	\$12,457,278	\$0
2012	12-13	\$85,358,000	\$0	\$7,231,611	\$31,910,690	\$0
2013	13-14	\$78,770,000	\$0	\$1,193,050	\$7,037,464	\$0
2014	14-15	\$83,221,000	\$0	\$0	\$2,242,734	\$0
2015	15-16	\$83,674,000	\$0	\$476,717	\$2,715,139	\$0
2016	16-17	\$78,215,000	\$0	\$1,098,593	\$2,203,628	\$0
2017	17-18	\$77,545,000	\$0	\$33,115,699	\$5,940,768	\$0
2018	18-19	\$97,991,000	\$0	\$0	\$14,729,081	\$0
2019	19-20	\$97,072,000	\$0	\$0	\$12,715,905	\$2,568,415
Totals		\$895,502,000	\$42,731,200	\$94,521,102	\$91,952,687	\$2,568,415

¹¹ USEPA required the State Water Board to commit and expend a minimum amount of DWSRF capitalization grant to projects that qualify under the rules and requirements of USEPA’s “Green Project Reserve.”

¹² In accordance with USEPA procedures, these amounts represent the DWSRF project amounts committed and assigned under the Green Project Reserve authority of the respective DWSRF capitalization grant as of 6/30/2020.

¹³ These amounts represent the Green Project Reserve disbursements for each respective SFY. Per USEPA policy, the Green Project Reserve funding is not necessarily encumbered and liquidated from DWSRF capitalization grants.

¹⁴ This amount represents the total encumbering balance of Green Project Reserve funding as well as the minimum Green Project Reserve Authority not yet encumbered as of 6/30/2020.

8. Federal Funding Accountability and Transparency Act

The State Water Board reported two (2) projects totaling \$30,500,000 into the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) in SFY 2019-20 to satisfy the FFATA reporting requirements for the FFY 2019 Capitalization Grant. The FFATA, along with associated Office of Management and Budget (OMB) directives, and interpretive guidance from USEPA, requires the State Water Board to report sub-recipient information on the use of capitalization grants awarded after October 1, 2010. The DWSRF program began reporting FFATA data in FFY 2011 on an equivalency basis, by choosing loans that equaled the total DWSRF grant amount received from the USEPA. The DWSRF program continues to report FFATA loan data on an equivalency basis to the FSRS (Exhibit G).

9. Environmental Federal Cross-Cutters

The State Water Board Staff updated the [State Environmental Review Process](#) (SERP), and the USEPA Region 9 Administrator approved it on July 24, 2020. The State Water Board Staff reviewed DWSRF projects consistent with the approved SERP. While the SERP generally follows the requirements of the California Environmental Quality Act, each applicant was also required to complete and submit an [Evaluation Form for Federal Environmental Coordination](#) (Evaluation Form) along with relevant supporting federal environmental cross-cutters documents. The State Water Board Staff reviewed the completed Evaluation Form and the supporting federal environmental cross-cutters documents to assure compliance with the federal environmental cross-cutters requirements. Staff coordinated with the USEPA, Region 9 to initiate consultations with relevant federal agencies on projects with known (or suspected) effects under federal environmental regulations, consistent with the SERP approved by the USEPA.

10. Single Audit Act

The State Water Board continued to require recipients receiving an executed agreement in SFY 2019-20 to comply with applicable provisions of the federal Single Audit Act of 1984 and 2 CFR Part 200, subpart F, and updates or revisions, thereto. The State Water Board included the applicable Single Audit Act requirements in all DWSRF financial assistance agreements executed in SFY 2019-20 and required reporting by funding recipients if the recipient received more than \$750,000 in combined federal funds for a given fiscal year. DAS also issued to DWSRF recipients in the Summer of 2019 a summary of federal funds disbursed to those recipients in SFY 2018-19. DFA and DAS assisted the State Treasurer's Office in securing any required SFY 2018-19 Single Audit Act reports from DWSRF funding recipients by the deadline of March 2020. DFA and DAS also coordinated with DWSRF funding recipients and the State Treasurer's Office on any compliance concerns with the use of DWSRF federal funds disclosed in a Single Audit Act report

APPENDIX D: Performance Evaluation Report

On December 9, 2020, the USEPA presented the State Water Board a combined [Program Evaluation Report \(PER\)](#) for the CWSRF and DWSRF programs for SFY 2018-19. The PER addressed California's performance and compliance as it pertains to the requirements of the base program elements. USEPA did not identify any problems requiring follow-up action.

APPENDIX E: SFY 2019-20 Audited Financial Statement

**CALIFORNIA STATE WATER RESOURCES
CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
Sacramento, California**

**FINANCIAL STATEMENTS
and SINGLE AUDIT REPORTS**

June 30, 2020 and 2019

Table of Contents

	PAGE
INDEPENDENT AUDITORS' REPORT	I
MANAGEMENT'S DISCUSSION AND ANALYSIS	IV
BASIC FINANCIAL STATEMENTS	
Statements of Net Position.....	1
Statements of Revenues, Expenses and Changes in Net Position	2
Statements of Cash Flows	3
Notes to Financial Statements	4
SINGLE AUDIT REPORTS	15
Schedule of Expenditures of Federal Awards	16
Notes to the Schedule of Expenditures of Federal Awards.....	17
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	20
Schedule of Findings and Questioned Costs	21
Summary Schedule of Prior Year Audit Findings.....	22



INDEPENDENT AUDITORS' REPORT

Board of Directors
California State Water Resources Control Board
Safe Drinking Water Revolving Fund
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the California State Water Resources Control Board, Safe Drinking Water Revolving Fund (Safe Drinking Water Revolving Fund), a governmental fund of the State of California, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Board of Directors
California State Water Resources Control Board
Safe Drinking Water Revolving Fund

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the California State Water Resources Control Board, Safe Drinking Water Revolving Fund as of June 30, 2020 and 2019, and the respective changes in financial and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 1 – Definition of Reporting Entity, the basic financial statements of the Safe Drinking Water Revolving Fund are intended to present the financial position, changes in financial position and cash flows of only that portion of the financial reporting entity of the California State Water Resources Control Board that is attributable to the transactions of the Safe Drinking Water Revolving Fund. They do not purport to, and do not, present fairly the financial position of the California State Water Resources Control Board or the State of California as of June 30, 2020 and 2019, and the changes in their financial position and their cash flows, where applicable, for the years then ended, in conformity with the accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV through X 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Safe Drinking Water Revolving Fund's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Board of Directors
California State Water Resources Control Board
Safe Drinking Water Revolving Fund

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 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 our report dated June 25, 2021, on our consideration of the Safe Drinking Water Revolving Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Safe Drinking Water Revolving Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Safe Drinking Water Revolving Fund's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
June 25, 2021

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND**

MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis is a required supplement to the California State Water Resources Control Board's (State Water Board), Safe Drinking Water State Revolving Fund (Drinking Water State Revolving Fund program) (DWSRF) financial statements. It describes and analyzes the financial position of the DWSRF providing an overview of the DWSRF's activities for the years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with information that is in the financial statements and notes, which follow this section.

Financial Highlights

- Net position increased by \$92.7 million to a total of \$1.98 billion in 2020, which was \$18.2 million more than the increase of \$74.5 million in 2019. The larger increase in net position is primarily due to higher capital contributions for loan disbursements during the year from the U.S. Environmental Protection Agency (EPA).
- Capital contributions increased by \$30.9 million to \$122.7 million as compared to \$91.8 million in 2019. The increase in capital contributions was mostly a result of capital available for loan disbursements from EPA capitalization grants. Capital contributions from EPA capitalization grant funds that were forgiven decreased by \$0.5 million to \$1.5 million as compared to \$2 million in 2019.
- Cash and cash equivalents decreased by \$44.4 million in 2020 as compared to an increase of \$54.9 million in 2019. The decrease in 2020 was mostly the result of an increase in loan disbursements.
- Loans receivable increased by \$130.1 million to \$1.8 billion in 2020 and increased by \$116.8 million in 2019. The increase in 2020 mostly reflects the continued steady rate of loan disbursements.
- Restricted portion of net position decreased by \$2.5 million to \$158 million in 2020 as compared to an increase of \$160.5 million 2019. The decrease in 2020 reflects the decrease in notes receivables for loans pledged to the Series 2019 Revenue Bonds as a result of repayments received and the related det service payments. The increase in 2019 reflects the creation of the pledged loan requirements of the Series 2019 Revenue Bonds.

Using this Annual Financial Report

The financial statements included in this annual financial report are those of the DWSRF. As discussed in Note 1, Definition of Reporting Entity, the basic financial statements of the DWSRF are intended to present the financial position, changes in financial position, and cash flows of only that portion of the financial reporting entity of the State Water Board that is attributable to the transactions of the DWSRF. They do not purport to present the financial position of the State Water Board or the State of California (State) as of June 30, 2020 and 2019 and the change in their financial positions and their cash flows for the years then ended.

Overview of Financial Statements

This discussion and analysis is an introduction to the DWSRF financial statements and accompanying notes to financial statements. This report also contains required supplementary information and other supplementary information.

The financial statements of the DWSRF are presented as a special purpose government engaged only in business type activities - providing loans to other governmental entities. The statements provide both short-term and long-term information about the DWSRF's financial position, which assists the reader in assessing the DWSRF's economic condition at the end of the fiscal year. These statements are prepared using the accrual basis of accounting. The financial statements include the following three statements:

- The *Statements of Net Position* present information on all of the DWSRF's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position are expected to serve as a useful indicator of whether the financial position of the DWSRF is improving or deteriorating.
- The *Statements of Revenues, Expenses, and Changes in Net Position* present information which reflects how the DWSRF's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statements of Cash Flows* report the DWSRF's cash flows from operating activities, noncapital financing activities, and investing activities.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes can be found immediately following the financial statements.

Net Position

In 2020, the DWSRF's net position continued to strengthen increasing by \$92.7 million, or 4.9%, to \$1.98 billion at June 30, 2020 as compared to an increase of \$74.5 million, or 4.1% the previous year. The increase in net position was \$18.2 million higher than in the previous year, mostly reflecting the higher level of capital contributions for loan disbursements from EPA capitalization grants.

The current portion of the DWSRF's liabilities was \$16.6 million in 2020 and \$22.8 million in 2019. Current liabilities primarily correspond to administrative expenses, which include employee salary and benefits and principal payments for the Series 2019 Revenue Bond. Noncurrent liabilities decreased by \$7.5 million in 2020 as compared to an increase of \$95.2 million in 2019. The decrease in 2020 is a result of ongoing principal payments of the Series 2019 Revenue bonds, while the increase in 2019 is the result of the issuance of the Series 2019 Revenue Bond.

A segment of the DWSRF's net position is subject to external restriction due to the debt service requirements of the Series 2019 Revenue Bond. The net position that is restricted decreased in 2020 by \$2.5 million to \$158 million, or 1.5%, as compared to an increase of \$160.5 million in 2019. The decrease in 2020 was primarily due to ongoing debt service payments. The increase in 2019 was primarily due to the increase in pledged loan receivables to secure the issuance of the Series 2019 Revenue Bond.

Of the total restricted net position, \$140.1 million in 2020 and \$159.6 million in 2019 represent the balance of outstanding loans that were pledged as security to the Series 2019 Revenue Bond debt service. The principal and interest received during the fiscal year from these loans is used to make the semi-annual debt service payments of the revenue bonds.

The DWSRF received total payments on pledged loans of \$23.8 million (\$19.6 million of principal and \$4.2 million of interest) in 2020 of which the debt service payment was \$6.7 million (\$3.1 million of principal and \$3.6 million of interest). In 2019, the DWSRF received total payments on pledged loans of \$0.6 million (\$0.5 million of principal and \$0.1 million of interest, of which the debt service payment was \$-0-).

The remaining \$18 million of restricted net position in 2020 and \$0.9 million in 2019 represent pledged loan repayments, which are restricted for future loan disbursements and/or debt service payments. Any excess of principal and interest received over the required debt service may be used for future loan disbursements and/or released from restriction in the event that certain criteria are met.

Table 1

Net Position (in thousands)	June 30,		
	2020	2019	2018
ASSETS			
Cash and cash equivalents	\$ 229,322	\$ 273,681	\$ 218,760
Loans receivable	1,832,421	1,702,335	1,585,511
All other assets	19,160	25,906	14,032
Total assets	2,080,903	2,001,922	1,818,303
LIABILITIES			
Current liabilities	16,562	22,785	8,919
Noncurrent liabilities	87,737	95,233	-
Total liabilities	104,299	118,018	8,919
NET POSITION			
Restricted			
Debt Service	17,981	887	-
Security for revenue Bonds	140,093	159,647	-
Subtotal restricted assets	158,074	160,534	-
Unrestricted	1,818,530	1,723,370	1,809,384
Total net position	\$ 1,976,604	\$ 1,883,904	\$ 1,809,384

Changes in Net Position

Program revenue for the DWSRF in 2020 was \$25.3 million of which \$3.7 million is restricted for debt service. Program revenue in 2019 was \$22.5 million of which \$1.7 million was restricted for debt service. In 2020 program revenue increased by \$2.9 million or 12.8% and in 2019 increased by \$2.2 million or 10.8%. In 2020 and 2019, program revenue reflects an increase in outstanding receivables and the interest earned year over year on those receivables.

In 2020, general revenue was \$4.4 million, which was an increase of \$1.1 million or 33%, when compared to \$3.3 million in 2019. In 2019, general revenue increased \$0.9 million or 37% when compared to \$2.4 million in 2018. The increase in investment income during 2020 and 2019 mostly reflects increased earnings that resulted from more cash on deposit.

Total expenses increased by \$16.7 million in 2020 as compared to a decrease of \$3.3 million in 2019. The increase in 2020 was primarily due to an increase in administrative and principal forgiveness expenses while the decrease in 2019 was primarily due to a decrease in administrative expenses.

Administrative expenses increased by \$5.1 million to \$23.3 million in 2020 compared to 2019. Administrative expenses decreased by \$5.4 million to \$18.2 million in 2019 compared to 2018. The increase of administrative expenses charged to the DWSRF during 2020 primarily reflects an increase in capital available from EPA capitalization grants for administrative activities. The decrease in 2019 primarily reflects a decrease in capital available from EPA capitalization grants for administrative activities.

Capital contributions to the DWSRF increased by \$30.9 million or 33.6% in 2020 when compared to 2019. The increase in 2020 was due to an increase in capital contributions for loan disbursements from EPA capitalization grants. In 2019, capital contributions decreased by \$12.4 million or 11.9% when compared to 2018. The decrease in 2019 was primarily due to a decrease in capital contributions available for loan disbursements from EPA capitalization grants.

In 2020, the DWSRF received principal forgiveness funds from EPA capitalization grants and Proposition 1 State Match funding of \$1.5 million and \$17.6 million, respectively. In 2019, the DWSRF received principal forgiveness funds from EPA capitalization grants and Proposition 1 State Match funding of \$2 million and \$21.3 million, respectively. The loans made with these funds were forgiven as disbursed and must be repaid if certain loan conditions are not met.

Table 2**Changes in Net Position
(in thousands)**

	Year Ended June 30,		
	2020	2019	2018
Revenues			
Program revenues:			
Loan interest income	\$ 25,343	\$ 22,477	\$ 20,278
General revenues:			
Investment income	4,374	3,285	2,397
Total revenues	29,717	25,762	22,675
Expenses			
Program expenses:			
Administrative expenses	23,281	18,225	23,638
Principal Forgiveness expense	34,718	23,694	22,768
Revenue Bond Interest expense	1,727	366	-
Revenue Bond issuance costs	(1)	780	-
Total expenses	59,725	43,065	46,406
Decrease in net position before contributions	(30,008)	(17,303)	(23,731)
Capital contributions:			
EPA capitalization grant	102,063	67,720	82,017
EPA capitalization grant Principal Forgiveness	1,484	2,047	1,331
State and other contributions	1,532	727	3,887
State and other contributions Principal Forgiveness	17,629	21,329	17,005
Subtotal capital contributions	122,708	91,823	104,240
Change in net position	92,700	74,520	80,509
Net position - beginning of year	1,883,904	1,809,384	1,728,875
Net position - end of year	\$ 1,976,604	\$ 1,883,904	\$ 1,809,384

Budgetary Information

Under the California constitution, money may only be drawn from the treasury by a legal appropriation. The State Legislature authorized the DWSRF to operate under a continuous appropriation. Continuous appropriation authority means that no further appropriations are necessary to expend all funds deposited into the DWSRF. This has the effect of allowing funds to be expended as soon as they are deposited into the DWSRF rather than waiting for appropriation authority. Since the funds in the DWSRF can only be used for limited purposes, the continuous appropriation authority allows for expeditious expenditure of funds and maximizes the benefits to local entities.

Debt Administration

The State Water Board administers a leveraged DWSRF program. The State Water Board maintains high bond ratings from Fitch Ratings (AAA), Moody's Investors Service (Aaa), and Standard and Poor's Global Ratings Services (AAA) on the DWSRF Series 2019 Revenue Bond. In 2019, the DWSRF issued its first Series 2019 Revenue Bond for \$83.9 million at a premium of \$16.9 million. The Series 2019 Revenue Bonds were issued for the purpose of making financial assistance available to recipients for eligible projects.

As of June 30, 2020, outstanding bonds totaled \$97.3 million, a decrease of \$3.5 million compared to \$100.8 million in 2019 as shown in Table 3. The decrease in 2020 was due primarily to the ongoing principal payments for the Series 2019 Revenue Bond. The increase in 2019 was due to the issuance of the Series 2019 Revenue Bonds. The revenue bonds are backed by a pledge of specific revenue for which the annual collections are generally predictable.

Additional information on the DWSRF long-term debt can be found in Note 5, Long-Term Debt.

Table 3

Outstanding Long-term Debt
(in thousands)

	June 30,		
	2020	2019	2018
Revenue bonds			
Bond principal	\$ 80,855	\$ 83,920	\$ -
Bond premium	16,464	16,886	-
Total revenue bonds	\$ 97,319	\$ 100,806	\$ -

Economic Conditions and Outlook

In 2020, new binding loan commitments (encumbrances) were \$218.9 million, which is a 718.1% increase when compared to new commitments made in 2019. The increase in 2020 financing activity indicates a normalization of lending after implementation of California's new Financial Information System, Fi\$Cal. There continues to be a steady demand for DWSRF financing which reflects the need for additional infrastructure improvements and the generally positive capacity of water agencies to finance those improvements. A steady demand for DWSRF financing activity is anticipated in the near term.

Capitalization grant funds from EPA continue to be an important component of cash flows for financing activities. For the grant year 2020, the EPA allocated \$97 million to the DWSRF which was equal to the 2019 grant allocation. Presently available information indicates that the 2021 grant will be approximately equal to the 2020 grant, but this amount could change as a result of ongoing congressional budget negotiations.

Additionally, the DWSRF continues to maintain a large loan portfolio that generates additional program revenues for financing activity. DWSRF program staff and its financial advisors continuously monitor the demand for new loans and market conditions in order to determine the likely effect of those on the DWSRF and to be prepared to quickly sell a revenue bond if needed to meet required cash flows and to ensure sufficient encumbrances and disbursement rates to maintain acceptable liquidation of federal funds.

Economic conditions changed during 2020 due to the impacts associated with the COVID-19 virus. The DWSRF continues to monitor these impacts on the local entities revenues and to diligently work with and surveil loan recipients to ensure full repayment of all loans.

Requests for Information

This financial report is designed to provide interested parties with a general overview of the DWSRF finances. Questions concerning the information provided in this report or requests for additional information should be addressed to Ms. Heather Bell, Manager, Accounting Branch, Division of Administrative Services, P.O. Box 100, Sacramento, California 95812 or Heather.Bell@waterboards.ca.gov.

BASIC FINANCIAL STATEMENTS

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
STATEMENTS OF NET POSITION
June 30, 2020 and 2019
(in thousands)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 211,341	\$ 272,794
Cash and cash equivalents - Restricted	17,981	887
Receivables:		
Loan interest	6,386	7,762
Investment interest	676	1,236
Due from other funds and other governments	12,098	16,908
Loans receivable:		
Current portion	98,469	57,755
Current portion - Restricted	26,183	11,209
Total current assets	373,134	368,551
OTHER ASSETS		
Loans receivable:		
Noncurrent	1,593,859	1,484,933
Noncurrent - Restricted	113,910	148,438
Total other assets	1,707,769	1,633,371
TOTAL ASSETS	2,080,903	2,001,922
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Revenue bond interest payable	997	805
Due to other funds	8,064	16,596
Due to other governments	5	-
Revenue bond cost of issuance payable	-	250
Revenue bond payable	7,496	5,134
Total current liabilities	16,562	22,785
NONCURRENT LIABILITIES		
Revenue bonds payable	87,737	95,233
Total noncurrent liabilities	87,737	95,233
Total liabilities	104,299	118,018
NET POSITION		
Restricted for:		
Debt Service	17,981	887
Security for revenue bonds	140,093	159,647
Unrestricted	1,818,530	1,723,370
Total net position	\$ 1,976,604	\$ 1,883,904

The accompanying notes are an integral part of the financial statements.

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2020 and 2019
(in thousands)

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE		
Loan interest income	\$ 25,343	\$ 22,477
Total operating revenue	<u>25,343</u>	<u>22,477</u>
OPERATING EXPENSES		
Principal Forgiveness	34,718	23,694
Personnel services	14,141	11,421
Other expenses	9,138	6,804
Total operating expenses	<u>57,997</u>	<u>41,919</u>
(LOSS) FROM OPERATIONS	<u>(32,654)</u>	<u>(19,442)</u>
NONOPERATING REVENUE (EXPENSE)		
Net investment income	4,374	3,285
Revenue bond interest expense	(1,727)	(366)
Revenue bond fees	(2)	-
Revenue bond issuance costs	1	(780)
Total nonoperating revenue (expense)	<u>2,646</u>	<u>2,139</u>
(LOSS) BEFORE CONTRIBUTIONS	<u>(30,008)</u>	<u>(17,303)</u>
CONTRIBUTIONS		
EPA capitalization grant	102,063	67,720
EPA capitalization grant - Principal Forgiveness	1,484	2,047
State match revenue	1,532	727
State match revenue-Principal Forgiveness	17,629	21,329
Total contributions	<u>122,708</u>	<u>91,823</u>
CHANGE IN NET POSITION	92,700	74,520
NET POSITION - BEGINNING OF YEAR	<u>1,883,904</u>	<u>1,809,384</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,976,604</u></u>	<u><u>\$ 1,883,904</u></u>

The accompanying notes are an integral part of the financial statements.

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019
(in thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash paid to employees and vendors	\$ (31,812)	\$ (10,547)
Cash flows (required) by operating activities	(31,812)	(10,547)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Funds received from EPA capitalization grant	108,356	61,568
Funds received from the State of California	19,162	22,056
Proceeds from revenue bond issuance	-	100,806
Revenue bond issuance costs paid	(249)	(530)
Revenue bond fees paid	(2)	-
Principal paid on revenue bonds	(3,065)	-
Interest paid on revenue bonds	(3,604)	-
Cash flows provided by noncapital financing activities	120,598	183,900
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest on loans	26,721	19,485
Loans disbursed	(229,388)	(177,288)
Principal forgiveness disbursed	(34,718)	(23,694)
Principal received on loans receivable	99,302	60,464
Due to other governments	5	-
Net investment income received	4,933	2,601
Net cash (required) by investing activities	(133,145)	(118,432)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(44,359)	54,921
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	273,681	218,760
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 229,322	\$ 273,681
Reconciliation of operating income to net cash (required) by operating activities		
Loss from operations	\$ (32,654)	\$ (19,442)
Adjustments to reconcile income from operations to net cash required by operating activities		
Cash received from interest on loans	(26,721)	(19,485)
Loans disbursed	229,388	177,288
Principal forgiveness disbursed	34,718	23,694
Principal received on loans receivable	(99,302)	(60,464)
Effect of changes in operating assets and liabilities:		
Loans receivable	(130,086)	(116,824)
Loan interest receivable	1,377	(2,991)
Due to other funds	(8,532)	7,677
Net cash (required) by operating activities	\$ (31,812)	\$ (10,547)

The accompanying notes are an integral part of the financial statements.

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 1 - DEFINITION OF REPORTING ENTITY

The California State Water Resources Control Board, Safe Drinking Water State Revolving Fund (Fund) was established pursuant to the Federal Safe Drinking Water Act of 1974 (Act) as amended in 1996. The 1996 amendment to the Act established the Drinking Water State Revolving Fund (DWSRF) program for the purposes of providing low interest financing and/or subsidies, in the form of grants and loan principal forgiveness, to public water systems for drinking water infrastructure projects necessary to establish and/or maintain compliance with safe drinking water standards. Standard construction financing has repayment terms of up to 30 years, not to exceed the useful life of the facilities. Public water systems that serve “disadvantaged” communities can have repayment terms up to 40 years, not to exceed the useful life of the facilities. Standard planning financing has repayment terms of 5-years. Both planning and construction financing have a standard interest rate that is half of the State of California’s (State) general obligation bond rate from the prior calendar year. Public water systems that serve “disadvantaged” communities and have financial hardship may be eligible for 0% interest rate financing. All repayments, including interest and principal, must remain in the Fund.

Since 1997, the Fund has been capitalized by a series of grants from the U.S Environmental Protection Agency (EPA). States are required to provide matching funds equal to 20% of the Federal capitalization grant amount in order to receive the grants from the EPA. States may elect to use up to 31% of each grant for other eligible activities, such as DWSRF administration, other local assistance and special programs, small water system-technical assistance, and the State program management of its public water system supervision/capacity development programs. These other eligible activities under a DWSRF capitalization grant are accounted in separate funds, known as Set-asides. An additional 1:1 in matching funds must be provided by the State for the amount budgeted and expended under the State Program Management Set-aside for the 1997 thru 2017 EPA capitalization grants. As such, the State has provided \$90,540 in 1:1 matching funds as of June 30, 2017. As of June 30, 2020 and 2019, the EPA has awarded cumulative capitalization grant funding of \$1,897,735 and \$1,800,663, respectively to the State of California (State), for which the State is required to provide \$379,547 and \$360,133, respectively, of cumulative match funding to the Fund. As of June 30, 2020 and 2019, the Fund has designated \$297,201 and \$271,963, respectively, of the cumulative capitalization grant for Set-aside funding. In addition, in June 2009, the EPA awarded \$159,008 in ARRA grant funding, including \$8,152 of Set-aside funding, for which there is no State Match requirement.

Initially, the Fund was administered by the California Department of Health Services (CDHS) and then administered by the California Department of Public Health (CDPH) under the Division of Drinking Water after a restructure of CDHS by the State in July 2007. The Division of Drinking Water within CDPH managed both the DWSRF program and the State’s Public Water System Supervision program (PWSS) implementing the primacy authority in CDPH under USEPA to enforce the Safe Drinking Water Act.

As of July 1, 2014, the DWSRF program is administered by the California State Water Resources Control Board (Board), a part of the California Environmental Protection Agency, through the Division of Financial Assistance. The Division of Drinking Water, also under the Board, is focused primarily on the State’s PWSS and Capacity Development programs under the primacy authority now delegated to the Board by USEPA.

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

The Board's primary responsibilities with the DWSRF include obtaining capitalization grants from the EPA, soliciting potential applicants, negotiating loan agreements with local communities, reviewing and approving disbursement requests from loan recipients, managing the loan repayments, and conducting inspection and engineering reviews to ensure compliance with all applicable laws, regulations, and program requirements. The Board's primary responsibilities with the State's PWSS program include technical assistance and enforcement of the requirements of the Act as well as other governing State drinking water requirements. The Board consists of five member positions, which are appointed by the Governor and confirmed by the Senate.

The Board administers the DWSRF program by charging the Fund for time spent on DWSRF activities by employees of the Board, and the Fund reimburses the State for such costs in the following month. The charges include the salaries and benefits of the employees, as well as indirect costs allocated to the Fund based on direct salary costs. Employees charging time to the Fund are covered by the benefits available to State employees. The Fund is also charged indirect costs through the cost allocation plan for general State expenses.

Reporting Entity

The Fund follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The activities of the Fund and the five Set-aside funds are included in the State's Comprehensive Annual Financial Report as a governmental fund using the accrual basis of accounting. The Set-aside funds are the: (1) Administration Account, (2) Water System Reliability Account, (3) Source Protection Account, (4) Small System Technical Assistance Account, and (5) Public Water System, Safe Drinking Water Revolving Fund. The Fund is engaged only in business-type activities and therefore is required to present financial statements as a proprietary enterprise fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fund conform to generally accepted accounting principles as applicable to a governmental unit accounted for as a proprietary enterprise fund. The enterprise fund is used since the Fund's powers are related to those operated in a manner similar to a for profit business where an increase in net position is an appropriate determination of accountability.

Basis of Accounting

The Fund's records are maintained on the accrual basis of accounting. Under the accrual basis of accounting revenue is recognized when earned and expenses are recognized when the liability is incurred. Assets and liabilities associated with the operations of the Fund are included in the Statements of Net Position.

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

The Fund distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from carrying out the purpose of the Fund of providing low interest loans to communities and providing assistance for prevention programs and administration. Operating revenues consist of loan interest repayments from borrowers. Operating expenses include principal forgiveness, direct salary costs and benefits expenses, and allocated indirect costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

In accordance with generally accepted accounting principles, monies received from the EPA and the State are recorded as capital contributions.

When both restricted and unrestricted resources are available for use, it is the Fund's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

Under the California constitution, money may only be drawn from the Treasury by legal appropriation. The State Legislature authorized the DWSRF to operate under a continuous appropriation. Continuous appropriation authority means that no further appropriations are necessary to expend all funds deposited into the DWSRF. Therefore, the Fund operations are not included in California's annual budget.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Nearly all monies of the Fund are deposited with the California State Treasurer's office, which is responsible for maintaining these deposits in accordance with California State law. The Fund considers all such deposits to be cash equivalents. According to State law, the Treasurer is responsible for maintaining the cash balances and investing excess cash of the Fund, as discussed in Note 3. Consequently, management of the Fund does not have any control over the investment of the excess cash. Investment earnings on these deposits are received quarterly. The statement of cash flows considers all funds deposited with the Treasurer to be cash or cash equivalents, regardless of actual maturities of the underlying investments.

Loans Receivable

Loans are funded by capitalization grants from the EPA, State matching funds, short term state matching loans, loan repayments and fund earnings. Loans are advanced to local agencies on a cost reimbursement basis. Interest is calculated from the date that funds are advanced. Standard construction loans are amortized over periods up to 30 years, and not to exceed the useful life of the

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

facilities, while construction loans for public water systems that serve “disadvantaged” communities are amortized over periods up to 40 years, also not to exceed the useful life of the facilities. Planning loans are amortized over periods up to 5-years. Interest only repayments begin within 6 months of the first disbursement with principal repayments beginning within 6 months after planning and/or construction completion date and are made on a semi-annual basis.

DWSRF loans funded by principal forgiveness are advanced to local agencies on a cost reimbursement basis and forgiven as each disbursement occurs. Loan agreements require repayment of the forgiven loan if all program requirements are not met.

Allowance for Bad Debts

There is no allowance for uncollectible accounts, as all repayments are current and management believes all loans will be repaid according to the loan terms. There have been no loan defaults in the program since its inception.

Due to Other Funds

Due to other funds represents amounts payable to other funds reported within the California State Water Resources Control Board that are not included in these financial statements.

Revenue Bond Issue Costs and Original Issue Premium

In accordance with GASB 65, revenue bond issue costs are expensed when incurred. Revenue bond original issue premium is being amortized over the term of the bonds using the effective interest method.

NOTE 3 - CASH AND CASH EQUIVALENTS

The California State Treasurer’s Office administers a pooled investment program for the State. This program enables the State Treasurer’s Office to combine available cash from all funds and to invest cash that exceeds current needs. The necessary disclosures for the State’s pooled investment program are included in the Comprehensive Annual Financial Report of the State of California.

Nearly all monies of the Fund are deposited with the State Treasurer’s Office and are considered to be cash equivalents. The Treasurer is responsible for maintaining the cash balances in accordance with California laws, and excess cash is invested in California’s Surplus Money Investment Fund, which is part of the Pooled Money Investment Account. The Treasurer is required to maintain a mix of investment portfolios in order to allow funds to be withdrawn at any time to meet normal operating needs, without prior notice or penalty.

The investments allowed by State statute, bond resolutions and investment policy resolutions restrict investments of the pooled investment program to investments in U.S. Government securities, negotiable certificates of deposit, bankers’ acceptances, commercial paper, corporate bonds, bank notes, mortgage loans and notes, other debt securities, repurchase agreements, reverse repurchase agreements, equity securities, real estate, mutual funds, and other investments. The Fund’s proportionate share of the investment income, based on the average daily balance for the period, is credited to the Fund quarterly. The Treasurer charges all funds of the State an administrative fee,

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

which reduces the interest earned by each fund. All cash and investments are stated at fair value. Details of the investments can be obtained from the State Treasurer's Office.

At June 30, 2020 and 2019, the Fund's cash deposits had a carrying balance of \$9,472 and \$7,710, respectively.

Investments held by the State Treasurer are stated at fair value.

<u>Investments</u>	<u>2020</u>	<u>2019</u>
Treasury/Trust Portfolio	<u>\$ 219,850</u>	<u>\$ 265,971</u>
Total cash deposits and investments	<u>\$ 229,322</u>	<u>\$ 273,681</u>

The State Treasurer is responsible for investing funds of the Treasury/Trust Portfolio and managing the credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency credit risk of the Portfolio. Refer to the State's Pooled Investments disclosure in the June 30, 2020 and 2019, Comprehensive Annual Financial Reports for disclosure related to the risks applicable to the Portfolio.

Cash deposits and cash equivalents are reflected on the June 30, 2020 and 2019 statements of net position as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 211,341	\$ 272,794
Cash and cash equivalents - Restricted	17,981	887
Total cash deposits and cash equivalents	<u>\$ 229,322</u>	<u>\$ 273,681</u>

Cash and investments in the amount of \$17,981 and \$887 representing various reserve accounts required by the revenue bonds, at June 30, 2020 and 2019, respectively, were restricted for future loan disbursements and debt service.

NOTE 4 - LOANS RECEIVABLE

Loans are made to qualified agencies for projects that meet the eligibility requirements of the Federal Safe Drinking Water Act of 1974 and any subsequent amendments. Loans are financed with capitalization grants, State match, short term state matching loans, revenue bond proceeds and revolving loan funds. Interest rates vary between 0.0% and 4.0% and loans are repaid over 30 years or less for standard construction or 40 years or less for disadvantaged communities, starting with interest only repayments within 6 months of the first disbursement and principal repayments beginning within 6 months after planning and/or construction completion date. Interest rates are established in the original loan agreements and are generally 50% of the State's General Obligation Bond Rate at the time the loan agreement is prepared. Certain communities are offered special interest rates as low as 0.0%. Interest earned during the construction period is calculated from the date funds are disbursed until the planning and/or construction is completed.

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

As of June 30, 2020 and 2019, the Fund had total binding commitments of \$3,491,654 and \$3,272,787, respectively, since program inception. As of June 30, 2020, the remaining commitment on these loans amounted to \$659,993, of which \$177,197 is federal funds. The federal loan commitments included capitalization funds of \$17,501 which will be forgiven. As of June 30, 2019, the remaining commitment on these loans amounted to \$705,232, of which \$262,918 is federal funds. The federal loan commitments included capitalization funds of \$19,755 which will be forgiven. Principal forgiveness loans are forgiven as disbursed, but must be repaid if the recipient fails to meet the program requirements.

At June 30, 2020 and 2019 the unpaid balance on all loans receivable outstanding amounted to \$1,832,421 and \$1,702,335, respectively.

Estimated maturities of the loans receivable and interest payments thereon, at June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2021	\$ 18,722	\$ 124,652	\$ 143,374
2022	23,391	81,829	105,220
2023	22,219	85,664	107,883
2024	20,997	86,441	107,438
2025	19,754	86,381	106,135
2026-2030	80,058	420,739	500,797
2031-2035	52,294	357,967	410,261
2036-2040	30,882	262,134	293,016
2041-2045	16,544	190,255	206,799
2046-2050	5,274	125,997	131,271
2051-2055	175	10,362	10,537
Total	<u>\$ 290,310</u>	<u>1,832,421</u>	<u>\$ 2,122,731</u>
Loans not yet in repayment		-	
Total loans receivable		<u>\$ 1,832,421</u>	

Restricted Loans Receivable

At June 30, 2020 and 2019, \$140,093 and \$159,647, respectively, of loans receivable were pledged as security for the revenue bonds outstanding (see Note 5). The principal and interest received during the fiscal year from these loans is to be used to make the annual debt service payments on the revenue bonds. During the year ended June 30, 2020, the Fund received \$19,554 and \$4,239 of principal and interest, respectively, on these loans. During the year ended June 30, 2019, the Fund received \$515 and \$96 of principal and interest, respectively, on these loans. Any excess of the principal and interest received over debt service payments required may be used for future loan disbursements and/or released from restriction upon approval by the Trustee in the event certain requirements are met.

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

Loans to Major Local Agencies

The Fund has made loans to the following major local agencies. The aggregate outstanding loan balances for each of these agencies exceeds 5% of total loans receivable. The combined outstanding loan balances at June 30, 2020 and 2019 of these major local agencies represent approximately 69.7 and 69.7% of the total loans receivable.

<u>Borrower</u>	<u>Loan Amount</u>	<u>Loan Balance</u>
Los Angeles, City of (acting by and through the Department of Water & Power)	\$ 1,028,587	\$ 749,095
Fresno, City of	418,382	338,986
Santa Barbara, City of	115,454	94,389
Woodland-Davis Clean Water Agency	103,295	94,533
Total	\$ 1,665,718	\$ 1,277,003

<u>Borrower</u>	2019	
	<u>Authorized Loan Amount</u>	<u>Outstanding Loan Balance</u>
Los Angeles, City of (acting by and through the Department of Water & Power)	\$ 991,270	\$ 658,393
Fresno, City of	418,382	338,900
Santa Barbara, City of	124,515	90,857
Woodland-Davis Clean Water Agency	103,295	98,949
Total	\$ 1,637,462	\$ 1,187,099

NOTE 5 - LONG-TERM DEBT

On May 9, 2019, the Fund issued \$83,920 of California Infrastructure and Economic Development Bank, Drinking Water State Revolving Fund Revenue Bonds, Series 2019, dated April 1, 2019 with coupon rates of 5% at a yield of 1.67%. These serial bonds are due annually in varying amounts through 2035. The interest on the bonds is due semi-annually on April 1 and October 1. The bonds maturing on or after October 1, 2029 are subject to redemption prior to their respective stated maturities at the option of the Fund on any date on or after October 1, 2028. The bonds were issued to provide funding for the issuance of additional revolving fund loans by the Fund.

At the time of issuance of the Series 2019 Revenue Bonds, the Fund pledged \$159,647 of the Fund's outstanding loans as security for all outstanding bonds. The principal and interest received during the fiscal year from these loans is to be used to make annual debt service payments on the revenue bonds. Any excess principal and interest received over the debt service payments required may be used for future loan disbursements and/or release from restriction upon approval by the Trustee in the event that certain requirements are met. The pledged loans are part of the April 1, 2019 Amended and Restated Master Payment and Pledge Agreement. This pledge agreement includes pledged outstanding loans from both DWSRF and Californial State Water Resources Control Board Water Pollution Control

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Revolving Fund (CWSRF) in regards to their respective bond issuances. DWSRF would only be obligated for CWSRF bond payments in the event that CWSRF would not be able to make their bond payments.

The Fund's long-term debt will mature as follows:

Series 2019

Year Ending June 30,

	Principal	Interest	Total
2021	\$ 5,410	\$ 3,880	\$ 9,290
2022	5,690	3,630	9,320
2023	6,040	3,337	9,377
2024	6,410	3,026	9,436
2025	6,395	2,705	9,100
2026-2030	32,225	8,751	40,976
2031-2035	17,355	2,009	19,364
2036-2040	1,330	33	1,363
Total	\$ 80,855	\$ 27,371	\$ 108,226

The detail of the Fund's long-term debt for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Issuances	Retirements	Balance June 30, 2020	Due Within One Year
Series 2019 Revenue Bonds:					
Bond principal	\$ 83,920	\$ -	\$ 3,065	\$ 80,855	\$ 5,410
Bond premium	16,447	-	2,069	14,378	2,086
Total	100,367	\$ -	\$ 5,134	95,233	\$ 7,496
Less current portion:					
Bond principal	(3,065)			(5,410)	
Bond premium amortization	(2,069)			(2,086)	
Long-term portion	\$ 95,233			\$ 87,737	

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The detail of the Fund's long term debt for the year ended June 30, 2019 is as follows:

	<u>Balance June 30, 2018</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Series 2019 Revenue Bonds:					
Bond principal	\$ -	\$ 83,920	\$ -	\$ 83,920	\$ 3,065
Bond premium	-	16,886	439	16,447	2,069
Total	<u>-</u>	<u>\$ 100,806</u>	<u>\$ 439</u>	100,367	<u>\$ 5,134</u>
Less current portion:					
Bond principal				(3,065)	
Bond premium amortization	-			(2,069)	
Long-term portion	<u>\$ -</u>			<u>\$ 95,233</u>	

NOTE 6 - CAPITAL CONTRIBUTIONS

The Fund is capitalized by annual grants from the EPA. The State must also contribute an amount equal to 20% of the federal capitalization amount. The State's matching contribution has been provided through the appropriation of State resources. As of June 30, 2020 and 2019 the EPA has awarded to the State cumulative capitalization grants, including in-kind of, \$1,897,735 and \$1,800,663, respectively. As of June 30, 2020 and 2019, the State has drawn, cumulatively \$1,864,453 and \$1,760,906, respectively, for loans, and administrative expenses. The State has provided matching funds of \$418,419 and \$399,258, respectively.

In addition, as of June 30, 2020, the EPA has awarded the ARRA grant of \$159,008 to the fund for which there is no State matching requirements. As of June 30, 2020 \$159,008 has been drawn, cumulatively, for loans and administrative expenses, of which \$121,290 was for principal forgiveness (See Note 4). There were no State matching requirements for the grant which was fully drawn as of June 30, 2015.

Table 1 summarizes the EPA capitalization grants awarded, amounts drawn on each grant as of June 30, 2020 and 2019, and balances available for future loans as of June 30, 2020. Table 2 summarizes the state match amounts paid by the state as of June 30, 2020 and 2019. As of June 30, 2020 and 2019, the state match required is \$372,890 and \$352,181, respectively. As of June 30, 2020 and 2019, the state match available for potential future state match is \$45,529 and \$47,076, respectively.

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 6 - CAPITAL CONTRIBUTIONS (CONTINUED)

Year	Grant Award	Funds Drawn As of June 30, 2018	Funds Drawn During Year Ended June 30, 2019	Funds Drawn As of June 30, 2019	Funds Drawn During Year Ended June 30, 2020	Funds Drawn As of June 30, 2020	Available for Loans and Setasides as of June 30, 2020
1997-2014	\$1,463,042	\$1,463,042	\$ -	\$1,463,042	\$ -	\$1,463,042	\$ -
2015	82,279	81,230	1,049	82,279	-	82,279	-
2016	78,140	77,842	298	78,140	-	78,140	-
2017	77,545	67,359	8,440	75,799	1,746	77,545	-
2018	97,991	-	59,980	59,980	36,060	96,040	1,951
2019	97,072	-	-	-	65,741	65,741	31,331
Total	\$1,896,069	\$1,689,473	\$ 69,767	\$1,759,240	\$ 103,547	\$1,862,787	\$ 33,282
In-kind (Direct Payment)							
Made by EPA	\$ 1,666	\$ 1,666	\$ -	\$ 1,666	\$ -	\$ 1,666	\$ -
Total	\$1,897,735	\$1,691,139	\$ 69,767	\$1,760,906	\$ 103,547	\$1,864,453	\$ 33,282
2008-ARRA	\$ 159,008	\$ 159,008	\$ -	\$ 159,008	\$ -	\$ 159,008	\$ -
Total	\$2,056,743	\$1,850,147	\$ 69,767	\$1,919,914	\$ 103,547	\$2,023,461	\$ 33,282

TABLE 2

	State Match Paid As of June 30, 2018	State Match Paid During Year Ended June 30, 2019	State Match Paid As of June 30, 2019	State Match Paid During Year Ended June 30, 2020	State Match Paid As of June 30, 2020
State Disbursed	\$ 288,252	\$ 22,056	\$ 310,308	\$ 19,161	\$ 329,469
State Interest Disbursed	88,950	-	88,950	-	88,950
Total	\$ 377,202	\$ 22,056	\$ 399,258	\$ 19,161	\$ 418,419

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Dollar Amounts Expressed in Thousands)

NOTE 7 - RISK MANAGEMENT

The Fund participates in the State of California's Risk Management Program. The State has elected, with a few exceptions, to be self-insured against loss or liability. There have been no significant reductions in insurance coverage from the prior year. In addition, settled claims have not exceeded insurance coverage in the last three fiscal years. Refer to the State's Risk Management disclosure in the June 30, 2020 and 2019, Comprehensive Annual Financial Reports.

NOTE 8 - NET POSITION

Governmental Accounting Standards Board Statement provides for three components of net position: net investment in capital assets, restricted and unrestricted. As of June 30, 2020 and 2019 the Fund had no net position invested in capital assets.

Restricted net position includes net position that is restricted for use, either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. At June 30, 2020 and 2019 the Fund had restricted net position of \$17,981 and \$887, respectively, representing amounts received from borrower loan repayments on pledged loans. As of June 30, 2020 and 2019 pledged loans restricted for future bond debt service payments were \$140,093 and \$159,647, respectively, representing loans receivable pledged as security for the revenue bond (see Note 5).

Unrestricted net position consists of net position that does not meet the definition of invested in capital assets or restricted. Although the Fund reports unrestricted net position on the face of the statements of net position, unrestricted net position is to be used by the Fund for the payment of obligations incurred by the Fund in carrying out its statutory powers and duties and is to remain in the Fund.

This information is an integral part of the accompanying financial statements.

SINGLE AUDIT REPORTS

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020**

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
<u>U.S. Environmental Protection Agency</u>			
Direct Programs:			
Capitalization Grants for State Revolving Funds	66.468	\$ 103,546,219 (*)	\$ 80,264,080
Total		<u>\$ 103,546,219</u>	<u>\$ 80,264,080</u>

(*) Tested as a Major Program

See notes to schedule of expenditures of federal awards

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER STATE REVOLVING FUND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the California State Water Resources Control Board, Safe Drinking Water State Revolving Fund under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Safe Drinking Water State Revolving Fund of the California State Water Resources Control Board has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – DISBURSEMENTS TO SUBRECIPIENTS

Capitalization Grants for Safe Drinking Water State Revolving Fund CFDA# 66.468 include \$80,264,080 of expenditures that were disbursed as loan awards, which includes \$1,483,618 of principal forgiveness loans and \$-0- of expenditures that were disbursed as grant awards to qualifying subrecipients.



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

Board of Directors
California State Water Resources Control Board
Safe Drinking Water Revolving Fund
Sacramento, 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 California State Water Resources Control Board, Safe Drinking Water Revolving Fund (Safe Drinking Water Revolving Fund), a governmental fund of the State of California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Safe Drinking Water Revolving Fund's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Safe Drinking Water Revolving Fund internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Safe Drinking Water Revolving Fund internal control. Accordingly, we do not express an opinion on the effectiveness of Safe Drinking Water Revolving Fund 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 Safe Drinking Water Revolving Fund 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
June 25, 2021



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
California State Water Resources Control Board
Safe Drinking Water Revolving Fund
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited California State Water Resources Control Board, Safe Drinking Water revolving Fund's (Safe Drinking Water Revolving Fund) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Safe Drinking Water Revolving Fund's major federal programs for the year ended June 30, 2020. Safe Drinking Water Revolving Fund's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Safe Drinking Water Revolving Fund's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Safe Drinking Water Revolving Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Safe Drinking Water Revolving Fund's compliance.

Opinion on Each Major Federal Program

In our opinion, Safe Drinking Water Revolving Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Safe Drinking Water Revolving Fund is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Safe Drinking Water Revolving Fund's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Safe Drinking Water Revolving Fund's internal control over compliance.

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

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

Board of Directors
California State Water Resources Control Board
Safe Drinking Water Revolving Fund

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
June 25, 2021

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER REVOLVING FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020**

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? _____ yes no

Significant deficiency(ies) identified
 not considered to be material weaknesses? _____ yes none reported

Noncompliance material to financial statements
 noted? _____ yes no

Federal Awards

Internal control over major program:
 Material weakness(es) identified? _____ yes no

Significant deficiency(ies) identified
 not considered to be material weaknesses? _____ yes none reported

Type of auditor's report issued on compliance
 for major program: Unmodified

Any audit findings disclosed that are required
 to be reported in accordance with
 2 CFR 200.516(a)? _____ yes no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
66.468	Capitalization Grants for State Revolving Funds

Dollar threshold used to distinguish between
 Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? yes _____ no

PART II - FINDINGS RELATED TO FINANCIAL STATEMENTS

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

PART III - FINDINGS RELATED TO FEDERAL AWARDS

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
SAFE DRINKING WATER REVOLVING FUND
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2020**

PART IV - PRIOR YEAR FINDINGS

There were no findings in the prior year that are required to be reported.