



# CLEAN WATER STATE REVOLVING FUND

Clean Water State Revolving Fund and the Water Quality, Supply, and Infrastructure Improvement Act of 2014

Annual Report | State Fiscal Year 2016-2017  
(July 1, 2016 through June 30, 2017)



State Water Resources Control Board

Division of Financial Assistance

1001 I Street - Sacramento - CA - 95814



## OUR VISION

**A** bundant clean water for human uses and environmental protection to sustain California's future.

## OUR MISSION

**T**o 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.



**T**he 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.

There are 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.

## **ABOUT THE STATE AND REGIONAL WATER BOARDS**

# State Water Resources Control Board

## MEMBERS AND EXECUTIVE DIRECTOR



### FELICIA MARCUS

BOARD CHAIR

Felicia Marcus was appointed by Governor Jerry Brown to the State Water Resources Control Board in 2012, and designated by the Governor as Chair in April of 2013. Prior to her appointment to the Water Board, she served in positions in government, the non-profit world, and the private sector. She served as the Regional Administrator of the USEPA Region IX and headed the LA Department of Public Works. Chair Marcus was also the Western Director for the Natural Resources Defense Council (NRDC) and was the Executive VP/COO of the Trust for Public Land. She serves or has served on many non-profit boards and Advisory Councils including the Delta Stewardship Council, Public Policy Institute of California Statewide Leadership Council, Sustainable Conservation, USC-Kesten Institute for Public Finance and Infrastructure Policy, and the Center for Diversity and the Environment. She is also currently serving on the Commission for Environmental Cooperation-Joint Public Advisory Council (US, Mexico, Canada).



### STEVEN MOORE

BOARD VICE-CHAIR

Steven Moore was appointed to the State Water Resources Control Board in 2012, reappointed in 2016, and elected as Vice Chair in 2017. He previously served on the San Francisco Bay Regional Water Board from 2008-2012 and held staff positions at the Regional Water Board at various times between 1992 and 2006. Vice Chair Moore has worked over 10 years as an engineer and consultant on a wide variety of water infrastructure projects, including sewer reconstruction, recycled water, stormwater, water supply, stream and wetland restoration, and Environmental Impact Reports throughout California. He has experience both obtaining and issuing discharge permits, wetland permits, and in clean water grants and loans. He led Basin Planning for the Regional Water Board from 2002 to 2006.



### TAM M. DODUC

BOARD MEMBER

Tam Doduc was reappointed to the State Water Resources Control Board in 2017, where she has served since 2005. Ms. Doduc previously served as Deputy Secretary at the California Environmental Protection Agency (Cal/EPA), where she directed the agency's environmental justice and external scientific peer review activities. She also coordinated various environmental quality initiatives, and provided general oversight of children's environmental health programs. Ms. Doduc began her career as an environmental consultant. She then joined the staff of the State Water Resources Control Board, and later, the California Air Resources Board. From 1998-2002, Ms. Doduc provided technical and business assistance to environmental technology developers and manufacturers, serving in the Office of Environmental Technology, and later, as Cal/EPA's Assistant Secretary for Technology Certification. From 2002-2004, Ms. Doduc served as Cal/EPA's Assistant Secretary for Agriculture, Air and Chemical Programs. She has been a registered professional civil engineer since 1995.



### DORENE D'ADAMO

BOARD MEMBER

Dorene D'Adamo was appointed to the State Water Resources Control Board in 2013. She previously served on the California Air Resources Board where she was instrumental in the board's air quality and climate change programs and regulations. Ms. D'Adamo served in various capacities for Members of Congress from the San Joaquin Valley, working primarily on environmental, water, and agricultural legislative policy. She served on the Governor's Drought Task Force and currently serves on the board of the California Partnership for the San Joaquin Valley.



### E. JOAQUIN ESQUIVEL

BOARD MEMBER

E. Joaquin Esquivel was appointed to the State Water Resources Control Board in 2017. Mr. Esquivel previously served as Assistant Secretary for Federal Water Policy at the California Natural Resources Agency. Working in Governor Brown's Washington D.C. office, Mr. Esquivel represented the interests of the Natural Resource Agency and its departments and facilitated communication, outreach, coordination, and the development of policy priorities between the Agency, the Governor's Office, the California Congressional delegation, and federal stakeholder agencies in the nation's capital.



### EILEEN SOBECK

EXECUTIVE DIRECTOR

Eileen Sobeck was selected Executive Director of the State Water Resources Control Board in 2017. Most recently, Ms. Sobeck headed the National Oceanic and Atmospheric Administration (NOAA) Fisheries as the Assistant Administrator at the Department of Commerce. Prior to her work at NOAA she was the Department of Interior's Acting Assistant Secretary for Insular Affairs, and Deputy Assistant Secretary for Fish, Wildlife and Parks. Ms. Sobeck is a lawyer by training and spent 25 years at the US Department of Justice, ultimately serving as Deputy Assistant Attorney General for Environment and Natural Resources.

2017

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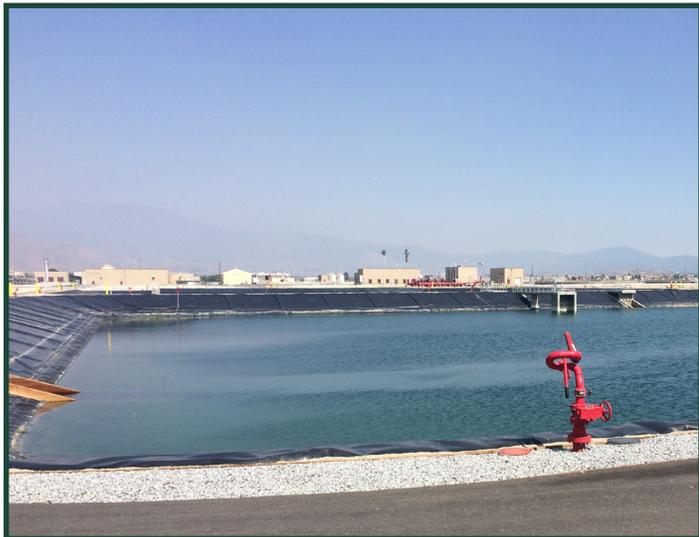
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# I. INTRODUCTION

The California State Water Resources Control Board (State Water Board), Division of Financial Assistance (DFA) presents the Clean Water State Revolving Fund (CWSRF) annual report for State Fiscal Year (SFY) 2016-17. The State Water Board provided approximately \$1.45 billion in new CWSRF financing to 38 projects in SFY 2016-17, which represent a wide variety of projects eligible under the CWSRF. This report describes how the State Water Board met the objectives identified in the [SFY 2016-17 CWSRF Intended Use Plan \(IUP\)](#).





## II. PROGRAM SUMMARY

The federal Clean Water Act provides each state the opportunity to establish a CWSRF to help achieve the goal of clean water. The CWSRF is capitalized with federal and state funds, and revolves in perpetuity through the repayments and earnings derived from financed projects and other investments. The State Water Board has historically provided affordable CWSRF financing for publicly owned treatment works, non-point source (NPS) projects, and estuary projects. More information about the CWSRF program can be found on the State Water Board’s CWSRF website at <http://www.waterboards.ca.gov/cwsrf>.

Through the CWSRF program, the State Water Board has protected and promoted the health, safety, and welfare of Californians since 1989. Many CWSRF recipients use their financing to address water quality violations and associated enforcement actions by the Regional Water Quality Control Boards (Regional Water Boards). Every project financed through the CWSRF program is directly related to improving water quality, public health, or both.

DFA, in cooperation with the Division of Administrative Services (DAS) and the Office of Chief Counsel (OCC), administers the CWSRF program, and is responsible for the implementation of the State Water Board’s financial assistance programs for the construction of municipal sewage, water recycling, drinking water and stormwater facilities, and the remediation of groundwater contamination including effects of releases from underground storage tanks.



As of June 30, 2017, the total CWSRF funds available for financial assistance and other valid program purposes since inception was \$9.341 billion. The State Water Board has committed to projects through binding commitments (executed financing agreements) approximately 109 percent (109%) of all available funds. The State Water Board has disbursed to financing recipients or expended for valid program purposes about 83 percent (83%) of all available funds as of June 30, 2017. Cumulative program activity from inception through the end of SFY 2016-17 is described in **Table 1** below.

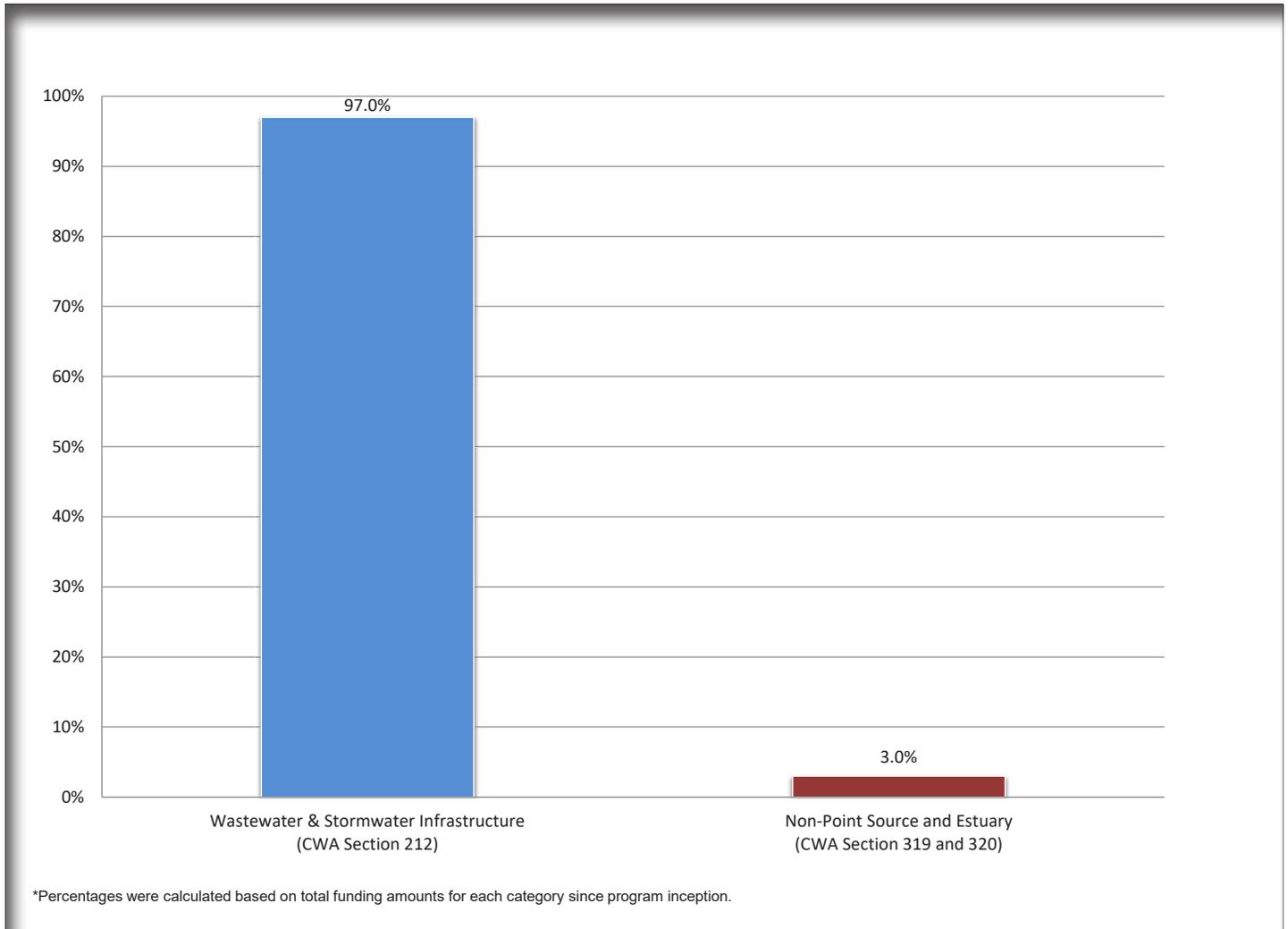
**Table 1: Cumulative Activity Since Inception of CWSRF Program**

Activity	Life of Program
Number of Financing Agreements	784
Value of All Financing Agreements	\$10.225 billion
Cumulative Financing Disbursements	7.65 billion
Cumulative Administration (4%) Expenses	\$97.35 million



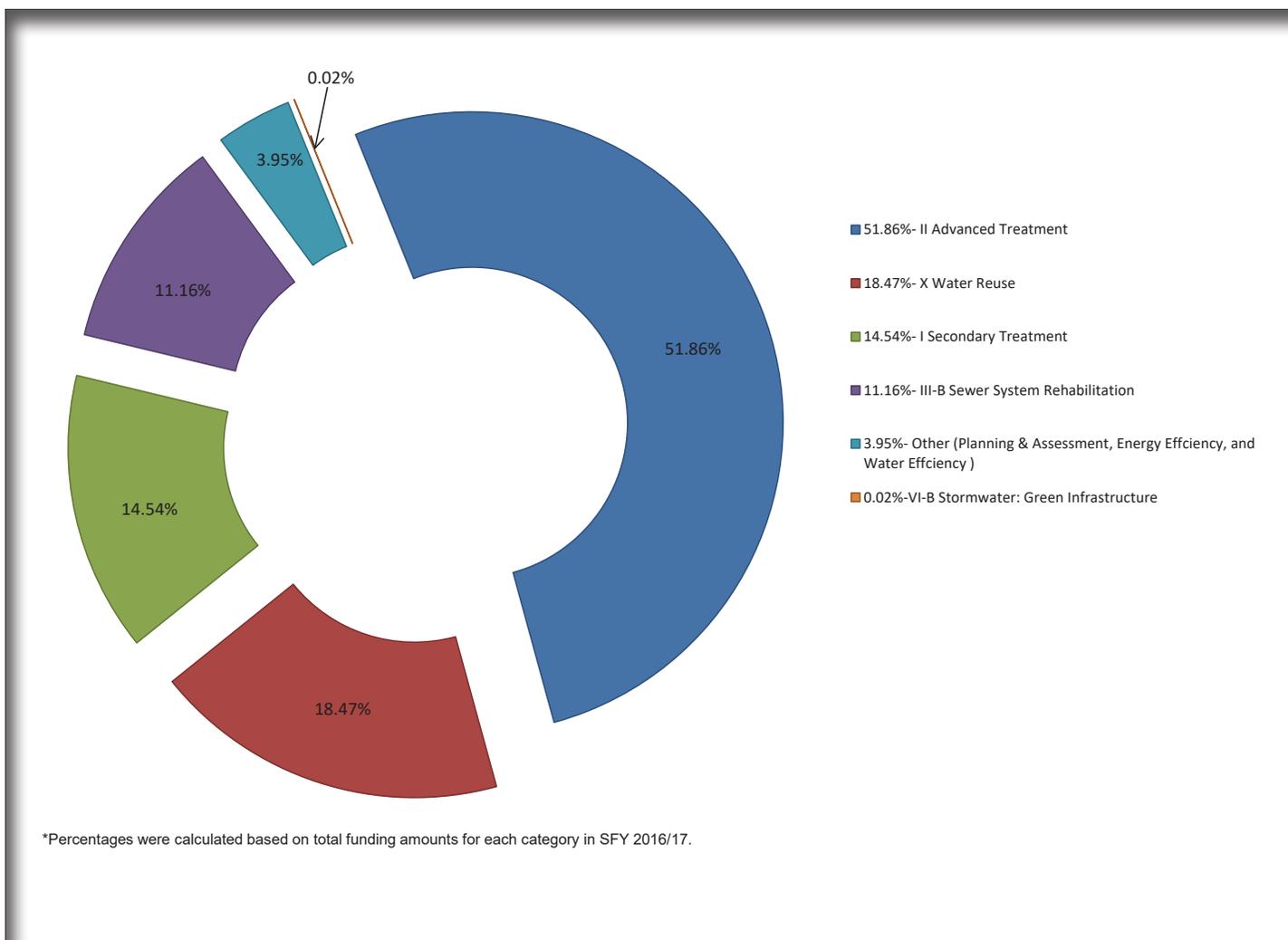
The State Water Board funds projects from the CWSRF to address a broad range of water quality objectives. **Figure 1** below shows the relative funding the State Water Board has provided since inception for the two main categories of projects: 1) wastewater infrastructure, and 2) NPS and estuary pollution prevention and reduction projects. NPS and estuary funding are combined into one category in Figure 1 because they involve similar types of projects.

**Figure 1: Cumulative CWSRF Funding by Project Type\***



**Figure 2** below illustrates the categories of projects specifically funded in SFY 2016-17. The six categories represent both wastewater and storm water infrastructure, with the five wastewater categories representing more than 99 percent (99%) of total funding in SFY 2016-17. This demonstrates the CWSRF’s vital role in maintaining and improving California’s wastewater infrastructure.

**Figure 2: SFY 2016-17 CWSRF Funding By Project Categories\***



System Retrofit



Funding Provided By:

California State Water Resources Control  
Division of Financial Assistance and

SDWSRF Amount: \$111,358,450  
CWSRF Amount: \$95,461,000

Funding for this project has been provided in full or in part by the Clean Water and Safe Drinking Water State Revolving Fund and the State Water Resources Control Board. California's Clean Water and Safe Drinking Water State Revolving Funds are capital funding sources, including grants from the United States Environmental Protection Agency and state bonds.



## III. PROGRAM GOALS AND FINANCIAL RESULTS

### A. Short-Term Goals

This section describes the CWSRF program's efforts to meet the following short term goals established in the SFY 2016-17 IUP. These goals provided the framework that guided State Water Board's decision-making, maximization, and prioritization of both staff and funding sources during SFY 2016-17.

1. Prepare and review cash management reports regularly. Standing topics at these meetings included:

State Water Board staff continued to prepare and review cash management reports for the CWSRF in SFY 2016-17 to ensure sufficient cash balances or otherwise plan for additional capital needs for all outstanding CWSRF obligations. Specifically, State Water Board staff reviewed management reports at quarterly, internal finance/audit coordination meetings that summarized the State Water Board's current CWSRF finances. State Water Board staff also routinely monitored cash flow as part of the financing approval process and analyzed each project's estimated disbursements on the CWSRF before financing was approved for new projects.

- Reviewing cash flow of projects under contract, short and long-term cash flow projections, and cash flow needs for upcoming projects;
- Comparing actual performance with target performance measures; and
- Reviewing audit issues, program control issues, tax compliance issues, and planning for upcoming audits.

3. Continue regular project staging meetings to identify and resolve process delays, coordinate and prioritize application reviews, and ensure ongoing pipeline of new projects.

2. Continue regular staff level finance/audit coordination meetings.

State Water Board staff continued to conduct regular finance/audit coordination meetings between DFA and DAS in SFY 2016-17 to ensure sufficient oversight of the financial administration of the CWSRF. State Water Board staff conducted finance/audit coordination meetings on July 21, 2016, November 8, 2016, January 27, 2017, and April 28, 2017.

State Water Board staff conducted monthly staging meetings in SFY 2016-17 to coordinate its review of active project applications and to ensure a robust pipeline of new projects.

4. Apply for and accept the Federal Fiscal Year (FFY) 2016 Capitalization Grant.

The State Water Board submitted its FFY 2016 Capitalization Grant application

on June 9, 2016, to further capitalize the CWSRF and maximize financing for eligible CWSRF applicants. The United States Environmental Protection Agency (USEPA) awarded the FFY 2016 CWSRF capitalization grant for \$95,558,000 (2016 CWSRF Capitalization Grant) to the State Water Board on September 9, 2016. The State Water Board has provided the necessary state match for the 2016 CWSRF Capitalization Grant through excess state bond funds and local match contributions.

5. Prepare Annual Report and Audited Financial Statements for SFY 2015-16.

To satisfy federal requirements and ensure the accuracy of the State Water Board's financial management of the CWSRF, audited financial statements for the year ending June 30, 2016 were completed October 6, 2016. CWSRF annual reports and audited financial statements are also posted online at [http://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/srf/pubs.shtml](http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/pubs.shtml).

6. Provide funds for high-priority projects.

The State Water Board continued to provide CWSRF financing for high-priority projects that were ready to proceed to a financing agreement in SFY 2016-17. Section IV and Exhibit A (page 40) provide further details about the projects funded by the State Water Board in SFY 2016-17.

7. Adopt the SFY 2016-17 (FFY 2016) IUP.

The State Water Board adopted the SFY 2016-17 IUP on June 21, 2016 to satisfy its timely submission of its FFY 2016 Capitalization Grant application to USEPA as well as establish its SFY 2016-

17 business plan for the CWSRF. The SFY 2016-17 IUP guided the marketing and assistance efforts in this fiscal year, and helped DFA address the State Water Board's highest funding priorities.

8. Report activities supporting the California Water Action Plan, State Water Board's Strategic Plan, the CalEPA Strategic Vision, and the USEPA Strategic Plan.

In SFY 2016-17, the State Water Board continued to report activities supporting the USEPA strategic goals via the CWSRF Annual Report, Clean Water Benefits (CBR) Reporting System, and Clean Water [National Information Management System \(NIMS\)](#). State Water Board staff also reported via the Federal Funding Accountability and Transparency Act (FFATA) Reporting System for an amount equal to the FFY 2016 CWSRF Capitalization Grant. Exhibit F (page 52) lists the projects reported to FFATA for FFY 2016.

9. Develop a sustainability and climate change worksheet

As a result of the State Water Board's consideration of climate change impacts, DFA developed a [worksheet](#) that has been included in the CWSRF funding application. The worksheet requires applicants to evaluate their projects to ensure that they address the issues of sustainability and climate change. DFA's consideration of climate change and sustainability in its evaluation for CWSRF financing has been in response to the President's Climate Action Plan and the California Air Resources Board's Climate Change Scoping Plan to incentivize sustainable water related infrastructure and water quality protection and improvement projects.

## 10. Marketing and Outreach

DFA continued to engage in a variety of marketing channels in SFY 2016-17 to advertise the CWSRF as well as achieve outreach with associated stakeholders. State Water Board staff participated in six California Financing Coordinating Committee (CFCC) funding fairs during SFY 2016-17. The funding fairs provided members of the public and infrastructure development professionals current information on funding options available for different project types. In addition, State Water Board staff participated in several conferences throughout the year to provide updated information on the CWSRF program. See section V(D) on page 32 for a list of conferences State Water Board staff attended.

DFA also engaged CWSRF stakeholders in June and July of 2017 for ideas on how to prioritize the excess demand for CWSRF financing. Workshops were held

throughout California where stakeholders were encouraged to provide input on new criteria and processes to prioritize and manage CWSRF financing demand relative to the CWSRF program's funding and staff resources.

## 11. Prepare a CWSRF Policy Amendment to reflect the Remaining Water Resources and Development Act of 2014 (WRRDA) Changes.

Additional CWSRF Policy changes to reflect the remaining aspects of WRRDA were not completed in SFY 2016-17 because further time was spent by DFA in SFY 2016-17 to consider additional CWSRF policy changes relating to other subjects, including CWSRF financing terms and the CWSRF funding priority system. The State Water Board last amended the CWSRF Policy on February 17, 2015, to address WRRDA changes that were consistent with state CWSRF statutes existing at that time.



CFCC Funding Fair on May 2, 2017, at the Redding Library Community Room

## B. Long-Term Goals

This section discusses the State Water Board's efforts to meet the following long-term goals for the CWSRF program. These long-term goals also provided a framework that guided State Water Board's decision-making, maximization, and prioritization of both staff and funding sources during SFY 2016-17.

### 1. Maximize cash flow management.

DFA continued to monitor cash flow trends through its management reports and finance/audit coordination meetings. It also marketed CWSRF to ensure that cash balances did not increase and that sufficient funds were available to meet all expenses and disbursement requests.

Throughout the year, the State Water Board received cash through loan repayments, capital contributions, investment earnings, and bond sales. It also disbursed cash to financing recipients, to pay debt service on revenue bonds, and for program expenses. In order to get the most water quality benefit from the available CWSRF funds, disbursements should be equal to the program's receipts, less any funds needed to maintain a \$25 million minimum cash balance and meet bond payments and expenses.

DFA also continued to monitor project disbursement levels relative to the projects' schedules, and periodically reviewed projects to ensure that final disbursements are made no later than six months after completion of construction to ensure that funds are disbursed in a timely manner.

### 2. Use revenue and capital effectively.

DFA continued to monitor cash flows and financing forecasts to determine whether additional capital will be needed to fund projects in the future. The State Water Board has substantial CWSRF

revenue that can be leveraged to fund more projects at current costs to address California's large water quality needs.

The State Water Board obtained additional capital this year by selling \$450,000,000 par value of bonds in March 2017, generating \$527,503,546.61 in cash after expenses.

### 3. Maintain financial integrity.

To maintain the financial integrity of the CWSRF, DFA continued its comprehensive credit analysis for new financings in SFY 2016-17 to ensure CWSRF financings are repaid on time and in full. Specifically, DFA analyzed each applicant's finances, and imposed special conditions where appropriate on applicants to lower the credit risk. Recipients were also 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.

Financing approvals and transactions associated with individual CWSRF projects were also documented in each project's file. A hard-copy file was established and maintained for each project, and an electronic record was maintained for each project in the "Loans and Grants Tracking System," the CWSRF's data management system. Each approval and transaction in SFY 2016-17 required multiple reviews and sign-offs from staff and management to

ensure accuracy and validity. Written internal procedures for the CWSRF program were also maintained.

To maintain the financial integrity of the CWSRF, DFA also conducted surveillance of financing recipients and their outstanding CWSRF principal balances. DFA staff maintained a “watch list” of financing recipients and potential applicants that showed signs of financial weakness in SFY 2016-17. Such financial weakness was assessed through a surveillance of CWSRF financing recipient’s annual financial statements as well as general monitoring through a variety of news outlets about potential borrower weakness or risk. CWSRF financing recipients were also monitored in SFY 2016-17 for any late CWSRF payments, especially those payments made by a borrower whose financings have been pledged for repayment of CWSRF revenue bonds.

Finally, the financial integrity of the CWSRF was maintained through the development and auditing of CWSRF financial statements and certain personal financial disclosures by supervisors, managers, and Board members within the State Water Board. Specifically, CWSRF financial statements were prepared by State Water Board staff and audited by an independent auditor in accordance with Government Auditing Standards. A copy of the audited financial statements is included in this report (Exhibit K, page 67), and is posted on the State Water Board’s CWSRF website. All supervisors and managers within the State Water Board were also 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

were required to complete ethics training biennially.

#### 4. Achieve compliance statewide with water quality objectives.

The State Water Board continued its efforts to set and enforce water quality objectives. The State Water Board provided financial assistance from the CWSRF to correct pollution problems to help meet these objectives. The environmental benefits of the projects that received CWSRF financing during SFY 2016-17 are summarized in Section IV of this report.

#### 5. Achieve sustainable water resource management.

The State Water Board continued to make California’s water supply more sustainable and resilient. Thirteen of the CWSRF projects funded during SFY 2016-17 were water recycling projects that helped offset or augment fresh water supplies.

Eight projects funded during SFY 2016-17 received additional subsidy in the form of principal forgiveness because they met the USEPA’s “Green Project Reserve” criteria. Green projects reduce the environmental footprint of water and wastewater treatment, collection, and distribution, help utilities adapt to climate change, enhance water and energy conservation, adopt more sustainable solutions to wet weather flows, and promote innovative approaches to water management problems. Over time, GPR projects should enable utilities to take savings derived from reducing water losses and energy consumption, and use them for public health and environmental enhancement projects. Additionally, USEPA expects that green projects will help the water sector improve the quality

of water services without putting additional strain on the energy grid, and by reducing the volume of water lost every year.

All applicants for CWSRF infrastructure financing certified the existence or current development of fiscal sustainability plans (FSP). A certified FSP includes an inventory of critical treatment works assets, an evaluation of the condition and performance of the assets, a certification that the applicant evaluated and will be implementing water and energy conservation, and a plan for maintaining, repairing, and replacing the treatment works and funding those activities.

In addition, all public agencies that received CWSRF funds were required to certify that they have performed a cost and effectiveness analysis and have selected a project to maximize the efficient use, reuse, and recapture of water. Financed projects must maximize conservation of water and energy and take into account the costs of construction, operation, and maintenance over the life of the project, as well as replacement of the project.

The State Water Board applied water conservation requirements to applicants and required their compliance with a number of specific state water management laws, where applicable, including urban water management planning, agricultural water management planning, Delta Plan compliance, and water metering requirements.

6. Finance infrastructure that will achieve or maintain compliance with federal and state water quality requirements.

The State Water Board financed approximately \$1,448 billion of infrastructure improvements during SFY 2016-17 which will support the Regional Water Boards' efforts to implement water

quality control plans in their respective regions. Water quality control plans are developed on a watershed basis.

7. Assist with the State Water Board's [Plan for California's Nonpoint Source Pollution Control Program](#) and estuary [Comprehensive Conservation and Management Plans](#).

The State Water Board did not finance any projects in SFY 2016-17 that will help address non-point pollution and estuaries.

8. Invest in disadvantaged communities (DAC)s disproportionately affected by pollution and water contamination.

The CWSRF-Small Community Grant Fund (SCG) program under the Office of Sustainable Water Solutions continued to provide grant funds to small DACs in SFY 2016-17 for projects that addressed pollution and water contamination. In summary, 51 projects totaling \$117,950,053 of CWSRF-SCG and related Prop 1 grants were awarded in SFY 2016-17. See Exhibit G (page 53) for the list of projects for small DACs that were funded in SFY 2016-17 by the CWSRF-SCG. On May 18, 2016, the State Water Board's Office of Sustainable Water Solutions also presented information to the State Water Board and the public about a [new combined three-year strategy for small and/or DAC wastewater and drinking water capacity development](#). The new combined strategy provides an overview of the challenges these communities face, including failing septic systems, failing and undersized wastewater treatment plants, higher per capita costs, lower household incomes for DACs, and prohibitive rates. The combined strategy also discussed options and offered solutions to help address these communities' pollution and water contamination issues, including

offerings of grants, principal forgiveness, and reduced interest rates from DFA for new infrastructure financing and providing technical assistance. Additional information on technical assistance provided to small DACs in SFY 2016-17 is described in Section V(E) on page 33.

9. Support the state's greenhouse gas reduction and climate adaptation goals to the maximum extent practicable.

The State Water Board worked to meet its sustainability objectives by providing technical knowledge and helping funding recipients adapt. The State Water Board adopted Resolution No. 2017-0012 on March 7, 2017, outlining a comprehensive response to climate change for all the Water Boards' activities and programs, including DFA considering the potential effects of climate change on the viability of funded projects. Also, consistent with the President's Climate Action Plan and the California Air Resources Board's Climate Change Scoping Plan, the State Water Board looked for actions to incentivize sustainable water related infrastructure and water quality protection and improvement projects. DFA staffing included one Water Resource Control Engineer (WRCE) position in SFY 2016-17 funded by Assembly Bill 32 (2006), to provide technical advice to DFA on climate change strategy, sustainability, and greenhouse gas (GHG) reductions. The climate change WRCE helped communities with resiliency and sustainability issues, developed climate change decision-making protocols, and evaluated the outcomes of the State Water Board's funding decisions to determine the benefits of those choices. Finally, as further described in short-term goal #9 above, DFA developed a climate change worksheet for CWSRF funding applications that considers the impacts

of climate change on projects being considered for CWSRF funding.

10. Provide good service with a special emphasis on assisting DACs.

The State Water Board continued to emphasize assisting small DACs in SFY 2016-17. Specifically, the State Water Board continued to provide a suite of technical assistance to wastewater systems serving DACs under third-party contracts funded by the CWSRF program as well as technical assistance grants funded under Proposition 1. In summary, the State Water Board facilitated approximately 130 technical assistance referrals benefitting 100 small DACs and their wastewater needs in SFY 2016-17. See Section V(E) on page 33 for more updates on technical assistance provided to small DACs in SFY 2016-17.

11. Ensure application forms and review procedures are clear, flexible, up-to-date, and efficient.

The State Water Board continued to use its existing CWSRF application forms during SFY 2016-17. Updates were made to the forms in August 2016 to reflect recent changes in law, clarify questions, and introduce the climate change worksheet.

12. Ensure staff is well trained and ready to help applicants resolve technical, legal, environmental, and financial issues needed to receive financing.

State Water Board CWSRF management conducted regular staff meetings to ensure that staff received up-to-date information about the current policies and procedures affecting the CWSRF program. DFA staff within the CWSRF program also completed numerous trainings throughout SFY 2016-17 including:

- Bid Package Training
- Final Budget Approval Process Training
- Median Household Income Training
- Plans and Specifications Training
- Resolutions and Special Conditions Training
- Technical Application Review Training
- Conflict of Interest Training

### C. Operating Agreement and Capitalization Grant Conditions

The State Water Board agreed to a number of conditions in the CWSRF Operating Agreement and the CWSRF Federal Capitalization Grant Agreements. These conditions were met as described below.

#### 1. Assistance Activity

The State Water Board continued to provide CWSRF funding for activities in SFY 2016-17 that were eligible under Section 603(c) of the Clean Water Act. In summary, a total of \$1.448 billion in new CWSRF funding was awarded to 38 projects in SFY 2016-17. CWSRF funds were provided to eligible recipients to enhance wastewater treatment, collection systems, or wastewater recycling. The projects and eligible recipients funded in SFY 2016-17 are detailed in Exhibit A (page 40).

However, in SFY 2016-17, 76 of 127 projects listed in the IUP were not funded. Exhibit H (page 57) lists these projects and the reasons why they did not receive CWSRF funding in SFY 2016-17. The high demand for water quality improvement funding in California requires the State Water Board to prioritize projects based upon their water quality 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 offered funding to all eligible categories of projects in SFY 2016-17. The types of assistance included

installment sales agreements, loans, and purchase of debt for the construction of treatment works or implementation of NPS or estuary projects. Additional subsidy in the form of principal forgiveness was also provided to those applicants that met the conditions specified by the State Water Board in Section III, Table 2 of the SFY 2016-17 IUP.

Additionally, the State Water Board offered planning and design financing during SFY 2016-17. Planning and design financing was amortized over five or ten years with the option to roll the principal balance into a subsequent construction financing agreement. Construction or implementation financing was generally amortized for periods up to 30 years.

The standard interest rate applied to financing agreements was established at the time the project's financing agreement was prepared. The interest rate was one-half the state's most recent general obligation bond rate, rounded up to the nearest one-tenth of a percent (0.1%). However, Small DACs, NPS, and estuary management projects were generally offered a lower interest rate, not less than zero percent (0%), under certain conditions where necessary to make a project affordable as directed by the State Water Board in the IUP. The City of Colusa

(7896-110) received a one percent (1%) interest rate on their CWSRF Loan in the amount of \$4,700,000 to address project affordability. The State Water Board also continued to provide one percent (1%) CWSRF financing for water recycling projects in accordance with [Resolution No. 2016-0008](#), which was adopted by the State Water Board on February 16, 2016. Finally, because the CWSRF is over-matched, as explained in the next section, the State Water Board did not offer the zero percent (0%) CWSRF local match financing option during SFY 2016-17.

### 3. Provide a State Match

The State Water Board met its match requirement by identifying state funds equal to at least 20 percent (20%) of each capitalization grant amount. As of SFY 2016-17, the total capitalization grant amount awarded to the State Water Board for the CWSRF program was \$3.052 billion. Of this amount, \$280 million did not require the 20 percent (20%) match because the funds were from the American Recovery and Reinvestment Act of 2009 (ARRA). As of June 30, 2017, the State Water Board has drawn \$2.77 billion in CWSRF federal grants that required a 20 percent (20%) match. The required match for federal grants drawn by the State Water Board was approximately \$539.2 million.

California uses a combination of state general obligation bonds repaid from non-CWSRF sources and funds contributed by CWSRF applicants to meet the 20 percent (20%) match requirement. A total of approximately \$638.3 million in matching funds has been contributed to the CWSRF; therefore, California contributed approximately \$99.1 million more to its CWSRF than is required to match grants drawn as of June 30, 2017.

*Note: The National Information Management System (NIMS) Report includes all state match contributed to the CWSRF.*

### 4. Binding Commitments within One Year

The State Water Board continued to commit CWSRF funding to projects in an amount equal to or greater than 120 percent (120%) of each federal quarterly payment within one year of that payment. As of June 30, 2017, executed funding agreements totaled approximately \$10.23 billion, or approximately 335 percent (335%) of the total \$3.05 billion in federal payments received as of June 30, 2017.

### 5. Expeditious and Timely Expenditure

The State Water Board continued to make timely and expeditious use of CWSRF funds, especially federal capitalization grant funds. As of June 30, 2017, the State Water Board had only \$75.8 million in undisbursed 2016 CWSRF capitalization grant funds. The undisbursed funds were substantially reserved for principal forgiveness. This undisbursed balance continues the State Water Board's practice of having federal fund balances of less than the equivalent of two capitalization grants.

This timely and expeditious use of CWSRF federal capitalization grant funds was substantially achieved through cash-flow modeling and the over-commitment of CWSRF funds in SFY 2016-17 and prior fiscal years. The over-commitment of funds, and expeditious and timely expenditures, is expected to continue in the future given the high demand for CWSRF funding.

The timely and expeditious use of CWSRF funds was also satisfied through the prompt and efficient processing of

CWSRF reimbursement claims. To ensure timely reimbursement, CWSRF claims were generally reviewed and paid within 30 days from receipt of a complete claim. DFA staff reviewed and approved complete disbursement claims generally within 10 days, and then routed the requests to DAS for processing. DAS generally processed requests within seven calendar days of receiving the claim, and the State Controller's Office (SCO) generally issued a check (warrant) within 3-5 calendar days to the funding recipient.

The State Water Board also continued to draw federal funds in SFY 2016-17 from the United States Treasury via the Automated Standard Application for Payments (ASAP) system as warrants were 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 CWSRF 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.

To further enable the timely and expeditious use of CWSRF funds, the State Water Board primarily funded CWSRF reimbursement claims first with federal funds, if available, to ensure the prompt liquidation of federal capitalization grants. As of June 30, 2017, approximately \$253.1 million of CWSRF financings had also been encumbered to available CWSRF federal capitalization grant funds, constituting a 3.33:1 ratio. A select group of projects listed in Exhibit E (page 46)

were also prioritized for Series 2016 and Series 2017 CWSRF revenue bond proceeds to ensure prompt liquidation of such proceeds. More information on the liquidation of CWSRF revenue bond proceeds is included in Section V(H) on page 34.

#### 6. Disadvantaged Business Enterprise (DBE) Objectives and Davis-Bacon and American Iron and Steel (AIS) Requirements

The State Water Board negotiated a total fair share DBE objective with the USEPA beginning FFY 2014-15 for the CWSRF program and continuing throughout SFY 2016-17. The objective was 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 reported participation as 0.08 percent (0.08%) for MBE and 0.03 percent (0.03%) for WBE. The overall DBE participation was 0.05 percent (0.05%). Exhibit I (page 60) provides a breakdown 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 CWSRF funded projects were required to comply with Davis-Bacon prevailing wage requirements in SFY 2016-17. Each funding agreement included provisions requiring applicants to follow Davis-Bacon requirements. DFA conducted a variety of surveillance activities throughout SFY 2016-17 to ensure each recipient's compliance with Davis-Bacon requirements. 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 control activities.

CWSRF funding recipients were also required to use American-made iron and steel products in SFY 2016-17 pursuant to USEPA guidelines for projects involving the construction, alteration, maintenance, or repair of a public treatment works funded after January 16, 2014, unless a national or project specific waiver from the USEPA applied. Each funding agreement included provisions requiring applicants to follow AIS requirements. DFA also examined recipient records for AIS certifications and/or any AIS waivers during project inspections.

### 7. Use of Capitalization Grant Administration Allowance

In accordance with federal requirements, funds within the CWSRF can be used for the administration of the CWSRF program<sup>1</sup>. In SFY 2016-17 the State Water Board funded administrative costs through the CWSRF via a proportional share of federal and state match funds in a cumulative amount that did not exceed four percent (4%) of all CWSRF grants awarded to the State Board. The administration costs (administrative expenses) incurred by the State Water Board for the administration of the CWSRF program during SFY 2016-17 were \$366,284. This amount included



<sup>1</sup>Per section 603 (d)(7) of the Water Resources Reform and Development Act of 2014 (WRRDA) the CWSRF may be used "for the reasonable costs of administering the fund and conducting activities under this subchapter, except that such amounts shall not exceed 4 percent of all grant awards to such fund under this subchapter, \$400,000 per year, or 1/5 percent per year of the current valuation of the fund, whichever amount is greatest, plus the amount of any fees collected by the State for such purpose regardless of the source.



operating expenses of \$350,603, and bond fees of \$15,681. Similarly, the cumulative administration costs incurred through the CWSRF as of June 30, 2017 was approximately \$97.3 million. This amount was \$24.8 million less than four percent (4%) of all CWSRF grant awards as of June 30, 2017, totaling \$122.1 million thereby ensuring the State Water Board's compliance with Section 603(d) (7) of WRRDA.

Other administration expenses were paid from the CWSRF Administration Fund held outside the CWSRF. The CWSRF Administration Fund is funded through administrative services fees on existing

CWSRF repayable financings, as further described in Section D(4) on page 22.

8. Additional Subsidy and Green Project Reserve Requirements

In accordance with USEPA requirements, a portion of each CWSRF capitalization grant must be used for additional subsidy and the Green Project Reserve. **Table 2** below shows the minimum and maximum additional subsidy established by USEPA. The State Water Board has allocated the maximum allowable additional subsidy in the form of principal forgiveness for every annual capitalization grant awarded by USEPA. Table 2 shows the total additional subsidy

**Table 2: Additional Subsidization Funding as of June 30, 2017**

FFY Grant	SFY	Grant Award Amount	Minimum Subsidy Amount by FFY Grant <sup>2</sup>	Maximum Subsidy Amount by FFY Grant <sup>4</sup>	Committed Subsidy Amount by FFY Grant <sup>3</sup>	Uncommitted Subsidy Amount by FFY Grant <sup>4</sup>	Disbursed Subsidy Amount by FFY Grant <sup>5</sup>	Undisbursed Subsidy Amount by FFY Grant <sup>6</sup>
2010	10/11	\$145,721,000	\$21,824,382	\$72,747,939	\$72,747,939	\$0.00	\$57,709,364	\$0
2011	11/12	\$105,570,800	\$9,786,413	\$32,609,378	\$32,609,378	\$0.00	\$1,769,886	\$0
2012	12/13	\$101,080,000	\$5,617,660	\$8,426,490	\$8,426,490	\$0.00	\$16,112,682	\$0
2013	13/14	\$95,485,000	\$4,497,751	\$6,746,627	\$6,746,627	\$0.00	\$18,269,736	\$0
2014	14/15	\$100,277,000	\$5,456,840	\$8,185,259	\$8,185,259	\$0.00	\$18,892,189	\$0
2015	15/16	\$99,763,000	\$0	\$29,928,900	\$23,778,567	\$6,150,333	\$9,937,708	\$0
2016	16/17	\$95,558,000	\$9,555,800	\$38,223,200	\$0	\$38,223,200	\$709,815	\$73,466,414
<b>Totals</b>		\$743,454,800	\$56,738,846	\$196,867,793	\$152,494,261	\$44,373,533	\$123,401,379	\$73,466,414
<b>Grand Totals</b>					\$196,867,794		\$196,867,794	

<sup>2</sup>Additional subsidy must be awarded within a minimum and maximum range of a CWSRF capitalization grant. The State Water Board has directed DFA to utilize the maximum additional subsidy from each capitalization grant.

<sup>3</sup>In accordance with USEPA procedures, these amounts are the additional subsidy encumbered by capitalization grant as of 6/30/2017.

<sup>4</sup>In accordance with USEPA procedures, these amounts are the additional subsidy balances that will be encumbered by capitalization grants in the future.

<sup>5</sup>In accordance with State statutes, additional subsidy is directly encumbered against federal capitalization grants. These amounts are the additional subsidy disbursed by capitalization grant as 6/30/2017 based upon USEPA's "first-in-first-out" (FIFO) policy.

<sup>6</sup>In accordance with USEPA procedures, these amounts are the total balances by capitalization grant that will be disbursed in the future.



amount committed by capitalization grant and corresponding balance of additional subsidy uncommitted by capitalization grant as of June 30 2017, and also shows the disbursement status of the additional subsidy by capitalization grant as of June 30, 2017 based upon USEPA's capitalization grant disbursement policies. In conclusion, of the total \$196.9 million allocated by the State Water Board for additional subsidy in accordance with USEPA requirements, a total of \$44.4 million of additional subsidy remains to be committed and a total of \$73.5 million remains to be disbursed to eligible CWSRF projects as of June 30, 2017.

**Table 3** below shows the minimum amounts of Green Project Reserve that must be allocated by capitalization grant per USEPA requirements. It also shows the amounts of Green Project Reserve funding committed by capitalization grant to CWSRF projects as of June 30, 2017. Table 3 also shows the disbursements of Green Project Reserve funding by capitalization grant. In conclusion, of the \$99.4 million total minimum amount allocated for Green Project Reserve funding, a total \$810.7 million has been committed in excess of the minimum requirement and a total of \$422.6 million has been disbursed in excess of the minimum requirement.

**Table 3: Green Project Reserve Funding as of June 30, 2017**

FFY	SFY	Grant Award Amount	Minimum Green Project Reserve Amount By FFY Grant <sup>7</sup>	Committed Green Project Reserve Amount Per FFY Grant <sup>8</sup>	Disbursed Green Project Reserve Amount By SFY <sup>9</sup>	Undisbursed Green Project Reserve Amount By SFY <sup>10</sup>
2010	10/11	\$145,721,000	\$29,144,200	\$37,106,001	\$1,434,330	\$0
2011	11/12	\$105,570,800	\$21,114,160	\$120,930,763	\$23,244,100	\$0
2012	12/13	\$101,080,000	\$10,108,000	\$25,496,134	\$34,590,115	\$0
2013	13/14	\$95,485,000	\$9,548,500	\$166,281,196	\$101,464,932	\$0
2014	14/15	\$100,277,000	\$10,027,700	\$63,278,840	\$91,194,006	\$0
2015	15/16	\$99,763,000	\$9,976,300	\$117,377,075	\$134,298,128	\$0
2016	16/17	\$95,558,000	\$9,555,800	\$379,790,093	\$135,893,731	\$388,140,760
<b>Totals</b>		\$743,454,800	\$99,474,660	\$910,260,102	\$522,119,342	\$388,140,760
<b>Grand Total</b>					\$910,260,102	

<sup>7</sup>The State Water Board must commit and expend a minimum amount of a CWSRF capitalization grant to projects that qualify under USEPA's "Green Project Reserve."

<sup>8</sup>In accordance with USEPA procedures, these amounts are the CWSRF project amounts committed to Green Project Reserve projects by capitalization grant as of 6/30/2017.

<sup>9</sup>Green Project Reserve funding is not necessarily encumbered and liquidated from CWSRF capitalization grants. These amounts are the Green Project Reserve disbursements for each state fiscal year. In cases where the Green Project Reserve funding is encumbered and disbursed directly against a CWSRF capitalization grant, the encumbrance and disbursement is based upon USEPA's "first-in-first-out" (FIFO) policy.

<sup>10</sup>In accordance with USEPA procedures, these amounts are the total Green Project Reserve funding not yet disbursed as of 6/30/2017.

Exhibit C (page 44) identifies the 20 CWSRF projects funded from the Green Project Reserve in SFY 2016-17 while Exhibit D (page 45) identifies the eight (8) projects funded with additional subsidy (aka principal forgiveness) in SFY 2016-17.

### 9. Federal Cross-Cutters

Projects funded by the CWSRF program must comply with certain federal laws known as “cross-cutters.” The State Water Board ensured that CWSRF financing recipients comply with applicable federal laws through a variety of program procedures.

CWSRF financing agreements include a list of applicable federal statutes and requirements taken from the most recent capitalization grant. The financing recipient agrees to comply with these federal requirements by signing the financing agreement.

The State Water Board uses the [State Environmental Review](#) Process (SERP) to review the environmental impacts of projects. While the SERP generally follows the requirements of the California Environmental Quality Act, each applicant must also complete and submit an [Evaluation Form for Environmental Review and Federal Coordination](#). Based on the supporting environmental information, a completed Evaluation Form, and the State Water Board’s review of the documents, staff coordinates 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 CWSRF Operating Agreement executed between the State Water Board and the USEPA.

DFA required compliance with DBE and Davis-Bacon wage requirements for all CWSRF financing, except planning and design financing, and requires Single Audit Act (Office of Management and Budget [OMB] Circular A-133 and 2 CFR Part 200, subpart F, and updates or revisions, thereto) compliance and reporting on all agreements which received over \$750,000 in federal funds in any one year. DFA also required compliance with AIS requirements beginning in 2014, as required by the Consolidated Appropriations Act of 2014 (Public Law 113-76) and by WRRDA, unless the project qualified for a waiver.

FFATA, along with associated OMB directives, requires non-ARRA recipients of federal dollars to report recipient and sub-recipient information into the FFATA Subaward Reporting System (FSRS) by the end of the month following recipient or sub-recipient award for any amount equaling \$25,000 or greater, starting October 1, 2010. The CWSRF program began reporting FFATA data in FFY 2011, on an equivalency basis, by choosing financing agreements that equaled the total CWSRF grant amount received from USEPA. The CWSRF program continues to report FFATA financing agreement data, on an equivalency basis, to the FSRS as described in Exhibit F (page 52).



## D. Financial Activity

To satisfy federal requirements and ensure the accuracy of the State Water Board's financial management of the CWSRF, audited financial statements for the year ending June 30, 2017 were completed October 2, 2017, and are included as Exhibit K (page 67) in this report. The following constitutes a summary of the financial position of the CWSRF as of June 30, 2017, including a discussion on the credit risk of the CWSRF.

### 1. Net Assets

Net assets of the CWSRF program are shown below.

<b>STATEMENT OF NET ASSETS</b>		
<b>June 30, 2017 and 2016</b>		
<b>(\$ in thousands)</b>		
	2017	2016
<b>ASSETS</b>		
CURRENT ASSETS	\$1,297,153	\$1,023,725
OTHER ASSETS	\$3,781,562	\$3,433,135
<b>TOTAL ASSETS</b>	<b>\$5,078,715</b>	<b>\$4,456,860</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES	\$56,921	\$29,157
NON-CURRENT LIABILITIES	\$988,785	\$507,846
<b>TOTAL LIABILITIES</b>	<b>\$1,045,706</b>	<b>\$537,003</b>
<b>NET ASSETS</b>		
RESTRICTED	\$1,534,283	\$1,634,234
UNRESTRICTED	\$2,498,726	\$2,285,623
<b>TOTAL NET ASSETS</b>	<b>\$4,033,009</b>	<b>\$3,919,857</b>

### 2. Revenues

CWSRF revenue is reflected in the Financial Statements. The total revenues for SFY 2016-17 were \$660 million. Revenues for the period of this report were as follows:

Interest income	\$59.6 million
Net investment income	\$6.02 million
Principal Forgiveness receipts	\$4.79 million
Capitalization Grant	\$60.9 million
State match revenue	\$61 thousand
*2016 Revenue Bond	\$529 million

\*This revenue is not an operating revenue. The Series 2016 Bond Issuance was authorized by the State Water Board on January 5, 2016.

### 3. Disbursements and Expenses

Total disbursements are based on the Financial Statements and do not include matching funds provided by financing recipients. Total disbursements for SFY 2016-17 were \$664 million. Disbursements for the period of this report were as follows:

Financing agreement disbursements	\$625 million
Employees' salaries and vendors' payments	\$300 thousand
Principal Forgiveness	\$4.7 million
Bond fees paid	\$16 thousand
Principal paid on revenue bonds	\$12.9 million
Interest paid on revenue bonds	\$18.5 million
2016 Bond Issuance cost	\$2.5 million

### 4. Service Charges<sup>11</sup> for Administration and SCG Fund

State law allows the State Water Board to collect two service charges on CWSRF financing. One charge provides a secondary source of revenue for administration in addition to the administrative allowance from the capitalization grants, and the other charge provides revenue for the CWSRF SCG Fund. The SCG Fund can provide wastewater grants to Small DACs.

The total service charge collected for administrative revenue during SFY 2016-17 was \$5.8 million. It was expended as follows:

Administrative Fee Revenue	\$5,581,203.96
Administrative Fee Expenses	
Personnel Services (Salaries, Benefits and Paid Time Off)	\$5,044,910.57
Operating Expenses (Contractors, Supplies, and Operating IDC)	\$3,270,228.56
Pension Expense	\$889,583.93

The total service charge collected for SCG wastewater grant revenue during SFY 2016-17 was \$10 million. It was expended as follows:

Grant Fee Revenue	\$10,038,745.90
Grants Disbursed	\$3,602,401.00
Grants Encumbered	\$19,502,903.00

<sup>11</sup>For federal purposes, the Administrative Fund service charge is a fee "other than program income not included as principal in CWSRF financing." The service charge is collected in lieu of an equal amount of interest that would otherwise be due on the outstanding balance of the financing agreement. The service charge is offset by the reduction in the interest rate so that financing recipients' payments remain the same whether or not they pay the service charge.

Like the service charge, the SCG charge is also a fee "other than program income not included as principal in CWSRF financing" for federal purposes. The SCG charge is collected in lieu of an equal amount of interest that would otherwise be due on the outstanding balance of the financing agreement.

## 5. Credit Risk of the CWSRF

The State Water Board continued to mitigate credit risks to the CWSRF in SFY 2016-17. Each financing recipient was required to pledge one or more dedicated sources of revenue toward payment of its CWSRF obligation. Dedicated sources of revenue were generally sewer rate revenue pledges, but may also be any number of other revenue sources, special tax pledges, or other pledgeable income.

State Water Board staff also continued efforts to ensure that existing CWSRF financing agreements were secured and all that payments due were made in full and on time. The State Water Board used a variety of analysis and monitoring measures to reduce the possibility of non-payment, and continued to evaluate additional steps to ensure full and timely payment of all agreements. As a result of such financing security and surveillance, as well as the general financial health of CWSRF funding recipients, no agreements were restructured in SFY 2016-17. The allowance for bad debt also remained the same at a negligible amount of \$9.36 million, as has been the case for the last couple of years. As further described in Exhibit K (page 39), the allowance for bad debt represents the State Water Board's assessment of at-risk outstanding principal balance as a result of financial challenges with a funding recipient(s).





## IV. ENVIRONMENTAL BENEFITS

The contributions of the CWSRF to water quality are diverse and difficult to quantify. Rather than being a weakness of the program, this indicates the program's strength and versatility in addressing a wide range of water quality issues. The data and graphics on the next page summarize the environmental benefits derived from the CWSRF projects funded during SFY 2016-17. The data supporting this summary has been transmitted to USEPA via the Clean Water Benefits Reporting Database. The data indicate that the CWSRF protected or restored a wide range of beneficial water uses.

### A. Projects in SFY 2016-17 Will Help Achieve and Maintain Clean Water Act Goals

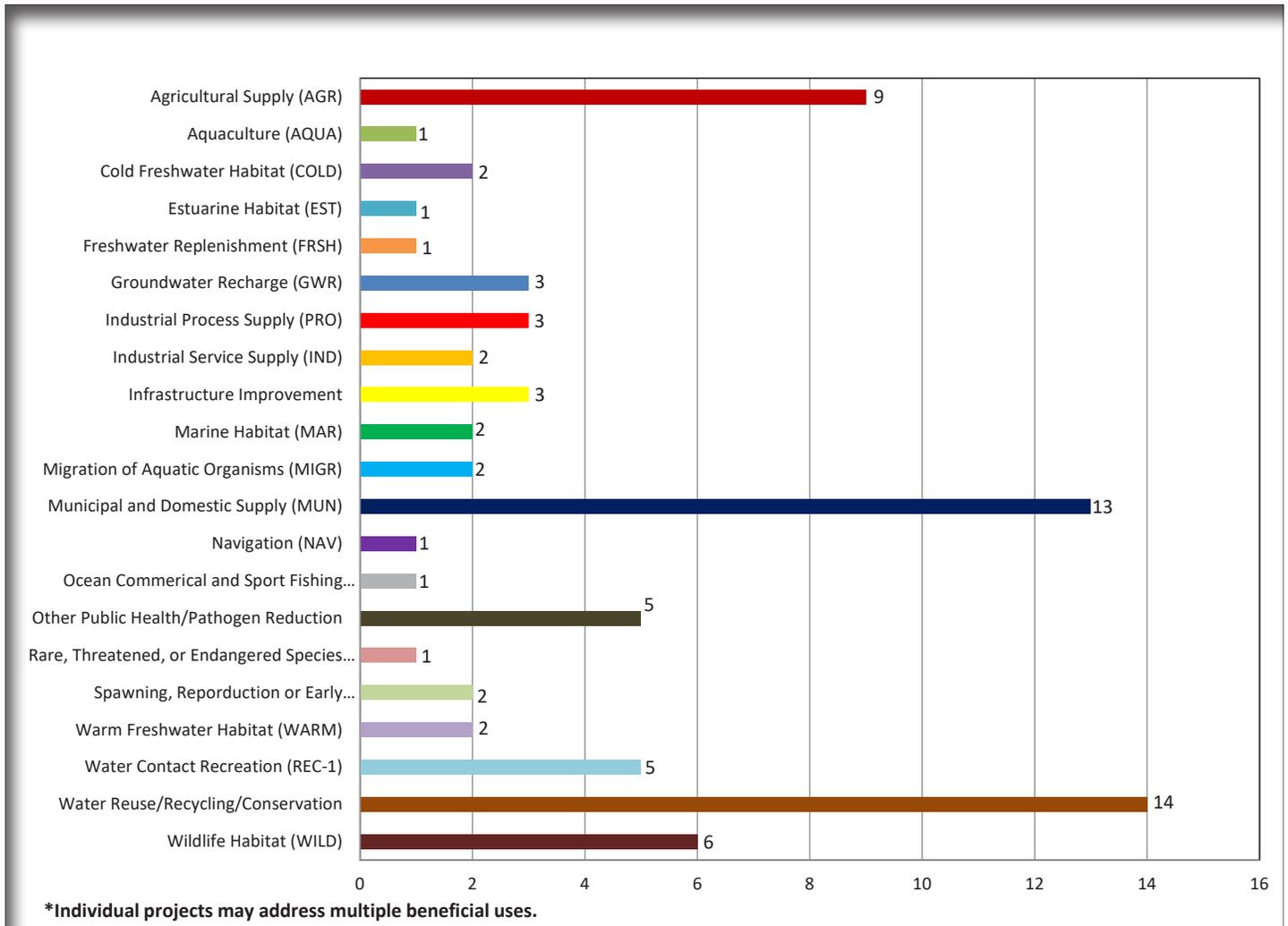
- Recipients received approximately \$536.7 million in CWSRF subsidy (the subsidy is the amount of funds saved by recipients due to the reduced interest rate and/or principal forgiveness on CWSRF financing).
- Funded projects directly served 25.6 million people, and will indirectly serve 25.7 million people statewide.



### B. CWSRF Projects Achieve Multiple Benefits

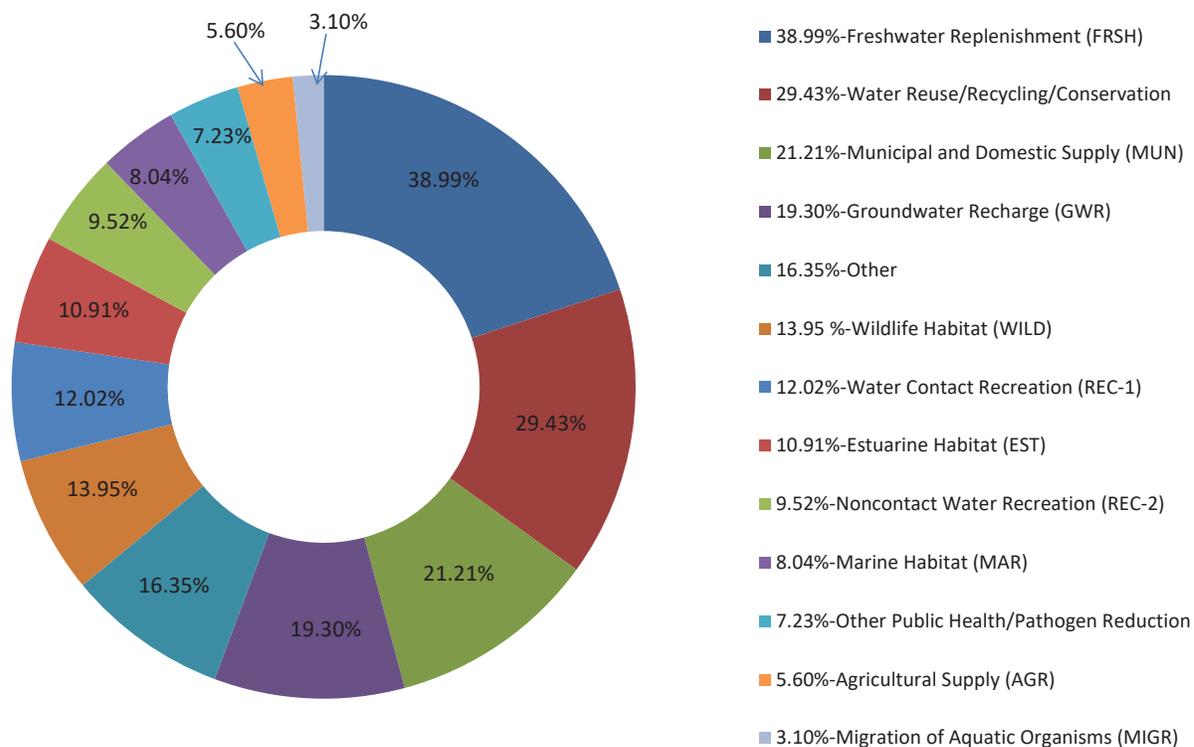
CWSRF projects often benefit water quality in more than one way. **Figure 3** below illustrates the multi-faceted benefits commonly provided by the CWSRF projects. It shows the number of projects in SFY 2016-17 that addressed each designated beneficial use identified in state water quality control plans or by USEPA.

**Figure 3: Number of Projects Addressing Different Beneficial Uses\***



Another way to display the large breadth of environmental benefits from CWSRF projects is shown in **Figure 4** below. Figure 4 below shows the large breadth of environmental benefits from CWSRF projects through a breakdown of funding supporting different designated beneficial uses and other water quality benefits relative to the cumulative CWSRF funding provided by the State Water Board in SFY 2016-17. In SFY 2016-17, the CWSRF program contributed broadly to support and protect many different environmental benefits

**Figure 4: Percentage of Funding Supporting All Uses and Benefits\***

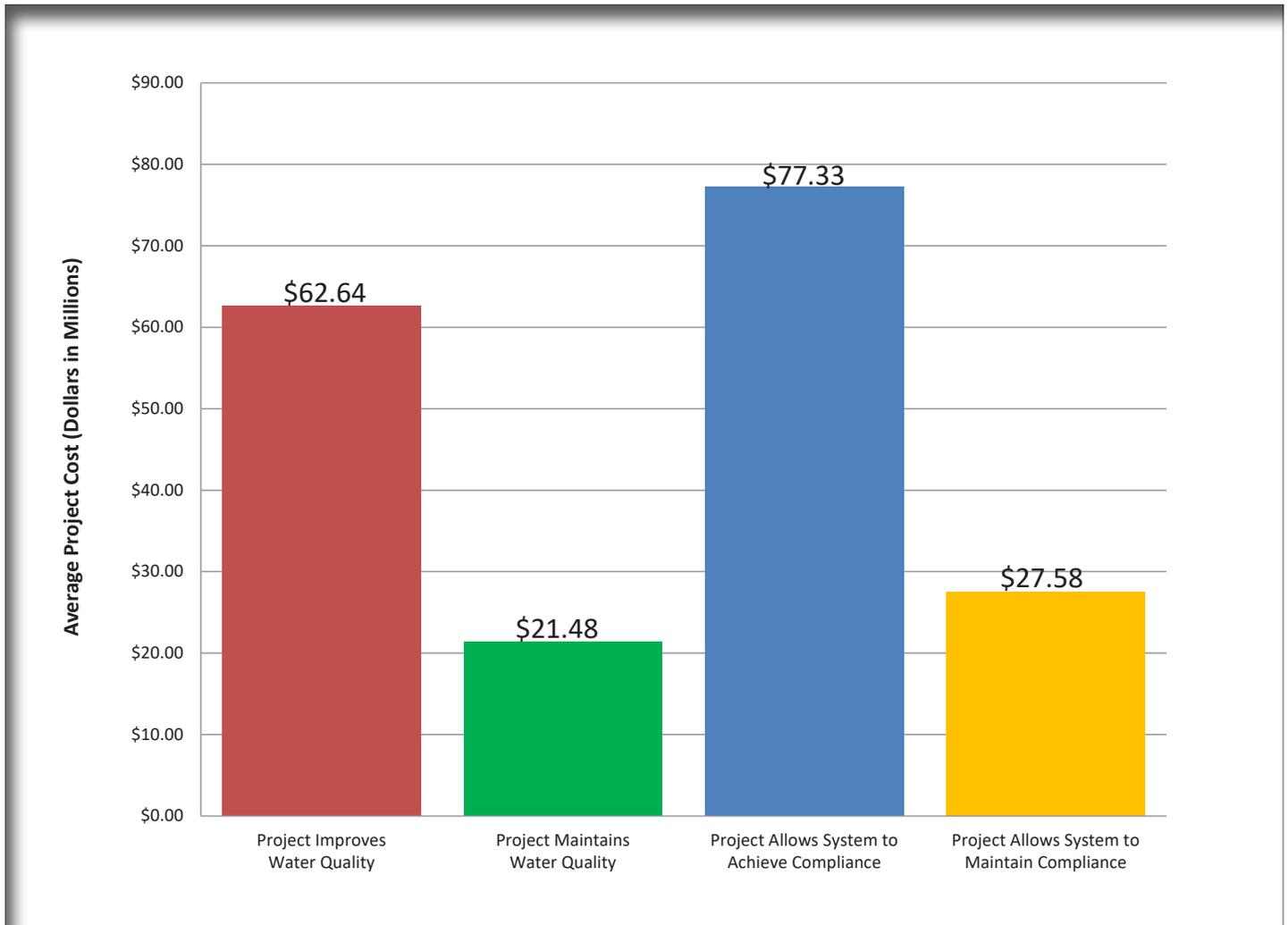


**Other includes:** Spawning, Reproduction or Early Development-2.80%, Infrastructure Improvement-2.58%, Ocean Commercial and Sport Fishing (COMM)-1.91%, Rare, Threatened, or Endangered Species (RARE)-1.83%, Cold Freshwater Habitat (COLD)-1.47%, Industrial Process Supply (PRO)-1.41%, Navigation (NAV)-1.26%, Warm Freshwater Habitat (WARM)-1.23%, Industrial Service Supply (IND)-0.93%, and Aquaculture (AQUA)-0.93%.

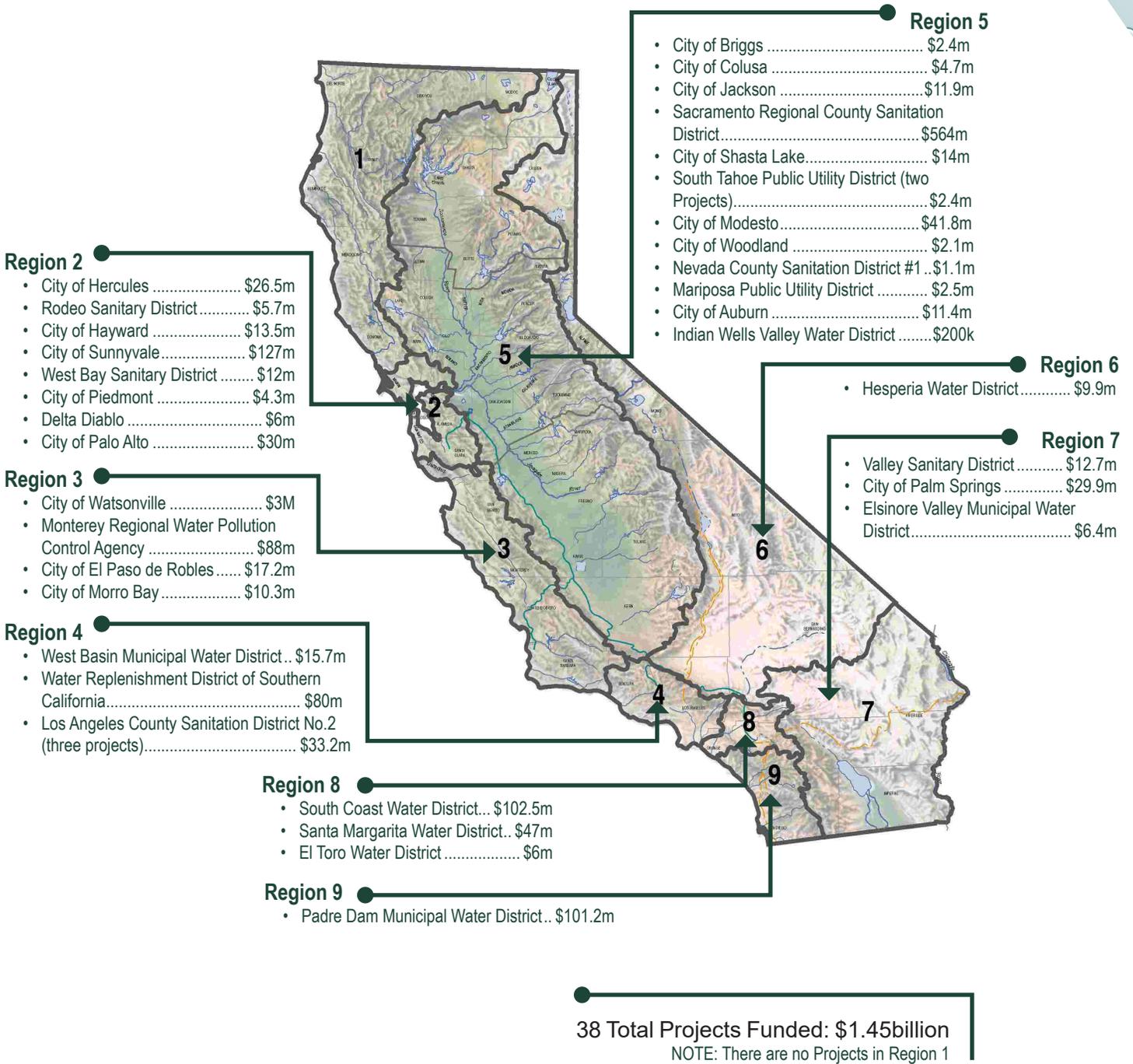
\*Based on total dollar amount funded by project type.

Many of the water quality projects undertaken today are expensive and large. This reflects the level of assistance needed to continue to improve water quality. **Figure 5** below shows the average project cost for different project types. The State Water Board's ability to fund such large projects through the CWSRF is one of its greatest strengths. Many agencies may not be able to secure such large funding amounts from one provider if the CWSRF were not available.

**Figure 5: Average Project Cost by Water Quality Objective Outcome**



**C. Highlights of Projects Funded by CWSRF in SFY 2016-17**





## Economic Impact of Utility Operations at the Sacramento Regional County Sanitation District

on the Sacramento-Roseville-Arden-Arcade Metropolitan Statistical Area

Economic Impact = 3,030 jobs and \$5.2 billion over ten years

The Sacramento Regional County Sanitation District's operations and capital plan investments contribute significantly to the local economy, in terms of both output (\$) and employment (jobs). The Sanitation District's estimated economic contribution to the region totals \$5.2 billion over the next decade, supporting 3,030 jobs per year.



Regional San provides wastewater conveyance and treatment services to 1.5 million people within a 375 square mile service area.

Services Provided:	Service Population:	Service Area:	Flow & Capacity:						
<p>Wastewater &amp; Recycled Water</p>	1.45 Million	375 Square Miles	<table border="1"> <thead> <tr> <th></th> <th>Average Daily Flow</th> <th>Treatment Plant Capacity</th> </tr> </thead> <tbody> <tr> <td>Wastewater</td> <td>119 mgd</td> <td>181 mgd</td> </tr> </tbody> </table> <p>mgd = millions of gallons per day</p>		Average Daily Flow	Treatment Plant Capacity	Wastewater	119 mgd	181 mgd
	Average Daily Flow	Treatment Plant Capacity							
Wastewater	119 mgd	181 mgd							

### Economic Impact of Operating & Capital Expenditures

	Aggregate Impact (Over 10 Years)	Annual Impact (Per Year)
<b>Employment</b>	<b>30,300 job-years</b>	<b>3,030 jobs</b>
Operations	12,400 job-years	1,240 jobs
Capital	17,900 job-years	1,790 jobs
<b>Economic Output</b>	<b>\$5.2 billion</b>	<b>\$520 million</b>
Operations	\$2.5 billion	\$249 million



Regional San is undertaking a monumental effort — to take our region's wastewater treatment to a new level. In 2010 Regional San was issued stringent new treatment requirement

Clean Water State Revolving Fund

## V. ADMINISTRATIVE AND PROGRAMMATIC UPDATES

### A. General Comments

In SFY 2016-17, the State Water Board continued its efforts to finance more CWSRF projects quickly and efficiently to reach the program's full potential as a water quality tool. The State Water Board had its highest ever CWSRF financing level during SFY 2016-17.

The State Water Board executed the final agreement to finance the Sacramento Regional County Sanitation District's Echo Water project. The Echo Water project will increase the treatment level of the Sacramento region's sanitation facility to full tertiary treatment, protect the Sacramento-San Joaquin Delta (California's most vital water source), and pave the way for reusing the effluent from the regional facility, making the Sacramento region's water supply more resilient.

The CWSRF's financing levels over the last four fiscal years have all been above average, with SFY 2016-17 having the highest level of financing in the program's history. As a result of these higher financing levels, the State Water Board eliminated its historically high cash balances. The significant commitment levels have also created the need for additional capital. In January 2016, the State Water Board authorized the issuance of up to \$1.2 billion in CWSRF revenue bonds. The CWSRF program obtained additional cash in the municipal bond market in 2016 and 2017 by issuing bonds, via the California Infrastructure and Economic Development Bank (IBank), to meet projected disbursement levels.

### B. Program Evaluation Report (PER) Response

On June 28, 2017, the USEPA sent the State Water Board a combined Program Evaluation Report (PER) for the CWSRF and Drinking Water State Revolving Fund (DWSRF) programs for SFY 2015-16. The SFY 2015-16 PER requested further explanation about why the disbursement rate for the California CWSRF is below the national average. Line 297, "Disbursements as a percent of CWSRF Assistance (provided)," of the NIMS data shows California's disbursement rate as 80 percent (80%) compared to a national average of 87 percent (87%).

California's disbursements as a percentage of assistance provided reflects the higher than average commitment levels in recent years. Several of these recent commitments are large projects requiring significant construction time.

Line 289 in NIMS shows that California's "Disbursements as percent of Funds Available" is 90 percent (90%) compared to a national average of 86 percent (86%). The funds available each year reflects cash available for disbursement. However, cumulative disbursements relative to cumulative funds available is a better reflection of California's ability to match CWSRF inflows and outflows. The lower than average disbursements relative to the assistance provided is an indicator that California is committing future funds farther in advance than other states. California believes that making advance commitments is a good cash flow management practice.

### C. Demand Management

Demand has dramatically increased on the CWSRF program due to recent efforts by the State Water Board to use CWSRF program resources to encourage water recycling projects during the drought, streamline the CWSRF application process, and the decision to extend repayment for all projects from 20 to 30 years. As of May 22, 2017, DFA had received over 73 complete applications with funding requests totaling over \$2.3 billion. The number of complete applications and associated funding requests was substantially greater than the historical CWSRF annual financing of \$546 million for an average of 39 executed agreements.

This unprecedented interest in the CWSRF is creating new challenges for both applicants and State Water Board staff. Most significantly, the large number of completed applications necessitates changes to the funding process. In the fourth quarter of SFY 2016-17, DFA began evaluating several potential changes to the following CWSRF Policies or practices to be undertaken the following fiscal year to better manage demand on the program:

- The role of debt in the program and how to establish a sustainable but consistent financing level that maintains the CWSRF on a sound financial basis.
- The prioritization or scoring of applications and how that process dovetails with a sustainable and consistent funding level to enable applicants to better evaluate their chances of receiving funding and to enable DFA staff to focus on a manageable workload.

- The eligibility date for construction costs.
- Opportunities for additional streamlining or process improvements to reduce repeat reviews, stale reviews, and last minute surprises.

DFA conducted a series of three stakeholder workshops in June and July 2017 to solicit input on potential program changes to make the financing process more predictable and to discuss how to manage future demands on the program.

In addition, DFA began development of a “debt management” policy to guide staff in establishing a consistent and sustainable financing level and managing the debt load on the CWSRF program. A consistent and sustainable financing level in conjunction with a more effective application scoring process will help establish reasonable expectations about what the program can accomplish.

### D. Marketing Updates

The State Water Board worked with staff from the Department of Water Resources, Department of Housing and Community Development, United States Department of Agriculture, IBank, Bureau of Reclamation, Department of Resources and Recycling Recovery, and related agencies to identify opportunities to leverage resources, particularly for Small DACs. This coordination was facilitated by the State Water Board’s participation in the CFCC funding fairs which were held in Redding, Alhambra, Fresno, Sacramento, and Tulare, in SFY 2016-17.

Additionally, State Water Board staff participated in several conferences including the League of California Cities 2017 Annual Conference; California Rural Water Association 2017 Expo;

2017 WaterReuse California Annual Conference; California-Nevada Section American Water Works Association 2017 Spring Conference; Urban Water Institute, Inc. 2017 Annual Conference; California Special Districts Association 2017 Annual Conference; and the Association of California Water Agencies 2017 Spring Conference.

## E. Technical Assistance

DFA continued to provide a suite of technical assistance to small DACs funded under the CWSRF as well as Proposition 1 in SFY 2016-17. In general, this technical assistance addressed infrastructure improvements to correct system deficiencies and prevent pollution; ensure compliance with water quality objectives; created more stable and sustainable community governance with enhanced public awareness of wastewater issues; improved asset management, fiscal planning, and accountability that leads to more financially sound and creditworthy small DAC financial assistance applicants; and assisted small DACs in completing their applications for CWSRF/SCG financing.

Under the CWSRF 4% administration allowance specifically, a third-party contract with Rural Community Assistance Corporation (RCAC) also provided for their technical assistance to Small DACs. RCAC provided hands-on technical and financial expertise to help Small DACs address their individual needs in the following areas that are commonly difficult for Small DACs: preparation of financial assistance applications; design and operational solutions, including compliance assistance; community

outreach, awareness, and education; fiscal management and accountability; capital improvement planning and asset management; rate setting; and the Proposition 218 process. The contract with RCAC ended January 31, 2017.

## F. Prop 1 Update

The State Water Board and DFA continued to implement and award funding in SFY 2016-17 to projects using Prop 1 water recycling and SCG local assistance funds in coordination with CWSRF financing<sup>12</sup>. As of June 30, 2017, the State Water Board had been appropriated \$581.25 million of Prop 1 water recycling local assistance funding and \$222.2 million of Prop 1 SCG local assistance funding. Approximately \$215.2 million of Prop 1 water recycling funds and \$78.0 million of Prop 1 SCG funds had been committed (executed agreement) as of June 30, 2017.

In SFY 2016-17 specifically, the State Water Board provided approximately \$119.1 million in Prop 1 water recycling local assistance funds to projects. This was in addition to approximately \$430.6 million of one percent (1%) CWSRF water recycling financing in SFY 2016-17, for a combined total of approximately \$549.7 million water recycling financing. The combination of Prop 1 and one percent (1%) CWSRF financing represents a significant investment by the State Water Board to wastewater recycling, offsetting or augmenting fresh water supplies, and making California's water supply more sustainable and resilient. The cumulative list of CWSRF one-percent (1%) financing as of June 30, 2017 for water recycling projects is included in Exhibit B (page 42).

<sup>12</sup>The State Water Board was allocated \$581.25 million in water recycling local assistance funding and \$241.8 million in SCG local assistance under Prop 1 Bond Law.

Also in SFY 2016-17, the State Water Board provided approximately \$73.6 million in Proposition 1 funding to small, DACs to assist them in solving their wastewater treatment problems. This is in addition to the \$19.50 million of funding provided under the CWSRF-SCG fund and \$24.77 million in CWSRF financing, for a combined total of approximately \$117.87 million in SFY 2016-17. The list of SCG funded projects, including those funded with Prop 1 SCG, is included in Exhibit G (page 53).

The State Water Board continued to commit Prop 1 SCG funds at a fast pace, and will continue to commit available Prop 1 SCG funds, as well as other SCG funds, in SFY 2017-18. The Prop 1 SCG funding requirements were fully integrated into the SFY 2017-18 IUP and the State Water Board continued to collect CWSRF SCG fees intended to assist small DACs and their wastewater projects. DFA also began evaluating the application of additional CWSRF-SCG fees in SFY 2016-17 for commitment against future eligible SCG projects to help offset declining balances of available Prop 1 SCG funds.

### G. Drought and 1% Financing Update

The State Water Board continued to follow through on its response to California's drought in SFY 2016-17. On February 16, 2016, the State Water Board adopted [Resolution No. 2016-0008](#), approving 1 percent (1%) CWSRF financing for 36 water recycling projects that submitted complete applications by December 2, 2015. The State Water Board executed an additional

12 agreements with a combined financing amount of approximately \$430 million during SFY 2016-17. As of June 30, 2017, 34 of the original 36<sup>13</sup> drought projects had been executed, with the State Water Board's CWSRF providing approximately \$726 million in 1 percent (1%) CWSRF financing. The final agreements, for approximately \$193 million, were expected to be executed in the following fiscal year. Although several final agreement amounts will be adjusted, the State Water Board will have provided approximately \$919 million in 1 percent (1%) CWSRF financing to respond to California's historic drought as further detailed in Exhibit B (page 42). These investments will be capable of producing approximately 139,000 acre-feet of sustainable water supply annually for beneficial reuse after they are fully operational.

### H. CWSRF Revenue Bond Activity

On January 5, 2016, the State Water Board authorized via [Resolution No. 2016-002](#) the sale of up to \$1.2 billion in CWSRF revenue bonds. The State Water Board continued to issue additional CWSRF revenue bonds in SFY 2016-17 using this authority, and to administer CWSRF revenue bonds sold in prior fiscal years. The issuance of additional CWSRF revenue bonds in SFY 2016-17 was in response to the increasing demand for CWSRF financing and the need for additional capital to finance the demand. The IBank, as conduit issuer for the State Water Board, sold \$450 million par amount in revenue bonds on March 23, 2017 (Series 2017 CWSRF Revenue Bond).

<sup>13</sup>One recipient opted to receive Prop. 13 grant funds only and did not receive loan funds, and one recipient cancelled its project after receiving an executed agreement. Therefore, 34 water recycling projects received 1% CWSRF financing.

The State Water Board also continued to liquidate the proceeds of the Series 2016 CWSRF Revenue Bonds. Both the Series 2016 and 2017 CWSRF Revenue Bonds were characterized as “Green Bonds,” allowing investors to invest in bonds that fund environmentally beneficial projects. Exhibit E (page 46) provides a summary of the net uses of proceeds of the Series 2016 and 2017 CWSRF Revenue Bonds as of

June 30, 2017. In summary, 36 CWSRF projects were financed with a combination of \$500 million in Series 2016 CWSRF bond proceeds and \$241.5 million of Series 2017 CWSRF bond proceeds as of June 30, 2017. The Series 2016 CWSRF bond proceeds were fully liquidated in the late fall of 2016, approximately seven (7) months following their sale.



*Yountville Recycled Water Expansion - Green Project*



# AC RO NYM

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**noun**

**an abbreviation formed from the initial letters of other words and pronounced as a word (e.g., CWSRF, SWRCB).**

ARRA	American Recovery and Reinvestment Act of 2009
ASAP	Automated Standard Application of Payments
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DAS	Division of Administrative Services
DBE	Disadvantaged Business Enterprise
DFA	Division of Financial Assistance
DWSRF	Drinking Water State Revolving Fund
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FSRS	FFATA Subaward Reporting System
IBank	California Infrastructure and Economic Development Bank
IUP	Intended Use Plan
MBE	Minority Owned Business Enterprise
MGD	Million Gallons per Day
NPS	Nonpoint Source
NIMS	National Information Management System
OMB	Office of Management and Budget
RCAC	Rural Community Assistance Corporation
SCG	Small Community Grant
SCO	State Controller's Office
SERP	State Environmental Review Process
SFY	State Fiscal Year
USEPA	United States Environmental Protection Agency
WBE	Women Owned Business Enterprise
WRCE	Water Resource Control Engineer
WRRDA	Water Resources Reform and Development Act of 2014



DIVISION OF FINANCIAL ASSISTANCE  
Clean Water State Revolving Fund Program

WE'VE GOT THE  
GREEN  
TO KEEP  
CALIFORNIA'S  
WATER  
CLEAN

## VII. EXHIBITS

Exhibit A	SFY 2016-17 CWSRF Projects Funded by Needs Category
Exhibit B	Cumulative CWSRF 1% Financed Water Recycling Projects
Exhibit C	SFY 2016-17 CWSRF Green Project Reserve Projects
Exhibit D	SFY 2016-17 CWSRF Additional Subsidy (Principal Forgiveness) Projects
Exhibit E	Cumulative CWSRF Revenue Bond (Green Bond) Funded Projects Update
Exhibit F	SFY 2016-17 CWSRF FFATA Projects
Exhibit G	SFY 2016-17 CWSRF/Prop 1-SCG Projects
Exhibit H	SFY 2016-17 IUP Non-Funded Projects
Exhibit I	SFY 2016-17 DBE Reporting Results
Exhibit J	Cumulative CWSRF Projects With Financing Servicing Fees
Exhibit K	SFY 2016-17 CWSRF Audited Financial Statements

# EXHIBIT A: SFY 2016-17 CWSRF PROJECTS FUNDED BY NEEDS CATEGORY

Funding Recipient	"Project Number"	"Loan Date"	Hardship/ DAC	Planning & Assessments	Energy Efficiency	Water Efficiency	Cat. I	Cat. II	Cat. III-B	Cat. VI-B	Cat. X	"Total Loan Amount"
City of Woodland	8075-110	7/11/2016									\$2,191,947	\$2,191,947
City of Modesto	8062-110	7/19/2016									\$41,862,028	\$41,862,028
Rodeo Sanitary District	8004-130	8/16/2016						\$5,740,000				\$5,740,000
Valley Sanitary District	8116-110	8/16/2016						\$12,750,000				\$12,750,000
City of Hercules	7883-110	9/16/2016					\$26,500,000					\$26,500,000
Hesperia Water District	8049-110	9/23/2016									\$9,946,413	\$9,946,413
South Tahoe Public Utility District	8057-110	10/18/2016					\$685,828					\$685,828
South Tahoe Public Utility District	8066-110	10/18/2016					\$1,800,000					\$1,800,000
Elsinore Valley Municipal Water District	8188-110	10/24/2016				\$6,401,533						\$6,401,533
Water Replenishment District of Southern California	8096-110	10/27/2016									\$80,000,000	\$80,000,000
City of Auburn	8118-110	11/4/2016			\$5,971,500		\$5,438,500					\$11,410,000
City of Colusa	7896-210	11/15/2016	Y					\$4,700,000				\$4,700,000
South Coast Water District	7882-110	11/18/2016						\$102,560,000				\$102,560,000
Indian Wells Valley Water District	8152-110	12/12/2016							\$200,000			\$200,000
Delta Diablo	8181-110	12/29/2016									\$6,000,000	\$6,000,000
City of Piedmont	8166-110	1/5/2017						\$4,397,000				\$4,397,000
City of Morro Bay	8185-110	1/20/2017		\$10,300,000								\$10,300,000
West Basin Municipal Water District	8084-110	1/20/2017									\$15,725,526	\$15,725,526
City of Jackson	8012-110	2/1/2017					\$3,585,156			\$6,365,365		\$11,950,521
Los Angeles County Sanitation District No. 2	8189-110	2/6/2017						\$10,810,245				\$10,810,245

**Need Categories (Cat.)**

- Planning & Assessments
- Energy Efficiency
- Water Efficiency
- I - Secondary Treatment
- II - Advance Treatment
- III-B - Major Sewer System Rehabilitation
- VI-B Stormwater- Green Infrastructure
- X - Recycled Water Distribution

# EXHIBIT A: SFY 2016-17 CWSRF PROJECTS FUNDED BY NEEDS CATEGORY (CONTINUED)

Funding Recipient	"Project Number"	"Loan Date"	Hardship/ DAC	Planning & Assessments	Energy Efficiency	Water Efficiency	Cat. I	Cat. II	Cat. III-B	Cat. VI-B	Cat. X	"Total Loan Amount"
Los Angeles County Sanitation District No. 2	8204-110	2/6/2017							\$12,480,375			\$12,480,375
Los Angeles County Sanitation District No. 2	8205-110	2/6/2017							\$9,916,200			\$9,916,200
Sacramento Regional County Sanitation District	8025-180	2/21/2017						\$564,657,506				\$564,657,506
City of Watsonville	8011-110	2/24/2017							\$3,007,579			\$3,007,579
El Toro Water District	8164-110	3/16/2017									\$6,000,000	\$6,000,000
Santa Margarita Water District	8060-110	3/26/2017									\$47,012,000	\$47,012,000
Monterey Regional Water Pollution Control Agency	8028-110	4/12/2017						\$44,000,000			\$44,000,000	\$88,000,000
City of Biggs	7884-110	4/17/2017	Y				\$2,444,569					\$2,444,569
Mariposa Public Utility District	8089-110	4/17/2017	Y				\$1,264,775					\$2,529,550
Padre Dam Municipal Water District	8133-110	4/20/2017						\$101,200,000				\$101,200,000
City of Sunnyvale	8153-110	4/28/2017			\$9,203,000		\$117,865,522					\$127,068,522
City of El Paso de Robles	8144-110	5/5/2017				\$8,260,000						\$17,230,000
City of Palm Springs	8122-110	5/9/2017					\$27,692,296			\$109,233		\$29,917,266
West Bay Sanitary District	8163-110	5/9/2017						\$10,825,380			\$1,202,820	\$12,028,200
City of Shasta Lake	8041-110	5/16/2017	Y				\$7,000,000					\$14,000,000
City of Hayward	8091-110	5/31/2017										\$13,533,650
City of Palo Alto	8190-110	6/7/2017			\$14,895,000		\$15,105,000					\$30,000,000
Nevada County Sanitation District #1	8077-110	6/23/2017	Y				\$1,100,000					\$1,100,000
<b>Total:</b>	<b>38</b>		<b>5</b>	<b>\$10,300,000</b>	<b>\$32,185,237</b>	<b>\$14,661,533</b>	<b>\$210,481,646</b>	<b>\$750,983,026</b>	<b>\$161,661,399</b>	<b>\$309,233</b>	<b>\$267,474,384</b>	<b>\$1,448,056,458</b>

Need Categories (Cat.)

- Planning & Assessments
- Energy Efficiency
- Water Efficiency
- I - Secondary Treatment
- II - Advance Treatment
- III-B - Major Sewer System Rehabilitation
- VI-B Stormwater- Green Infrastructure
- X - Recycled Water Distribution

## EXHIBIT B: CUMULATIVE CWSRF 1% FINANCED WATER RECYCLING PROJECTS

Funding Recipient	Project Number	Funding Agreement Number	Agreement Date	CWSRF 1% Financing Amount
Applications with an Executed Agreement				
Victor Valley Wastewater Reclamation Authority	4806-110	13847	6/24/2014	\$27,072,759
Victor Valley Wastewater Reclamation Authority	4807-110	13839	6/24/2014	\$40,549,955
Inland Empire Utilities Agency	5318-110	13835	6/26/2014	\$22,206,050
Napa County Department of Public Works	5210-110	13844	6/27/2014	\$6,866,326
Los Carneros Water District	8005-110	14827	2/10/2015	\$8,658,743
Carlsbad Municipal Water District	7899-110	14820	2/11/2015	\$22,150,000
City of Fresno	7893-110	14817	2/24/2015	\$33,138,638
Idyllwild Water District*	7808-110	14830	6/26/2015	\$0
San Benito County Water District**	3321-110	14674	6/30/2015	\$0
West County Wastewater District	8043-110	14837	6/30/2015	\$21,100,763
City of Pleasanton	8024-110	D1501003	7/3/2015	\$11,317,177
City of Fresno	8061-110	D1501011	9/24/2015	\$37,475,049
County of Fresno	5541-110	D1501013	12/17/2015	\$1,773,937
Eastern Municipal Water District	7831-110	D1501017	1/25/2016	\$7,798,170
Orange County Water District	8101-110	D1501016	2/17/2016	\$5,763,932
Sacramento Regional County Sanitation District	8082-110	D1501015	3/21/2016	\$8,182,200
City of Pacific Grove	8026-110	D1501021	4/5/2016	\$5,292,700
Pajaro Valley Water Management Agency	8072-110	D1501022	5/13/2016	\$1,069,000
Pajaro Valley Water Management Agency	8072-130	D1501024	5/13/2016	\$1,355,500
Pajaro Valley Water Management Agency	8072-120	D1501023	5/13/2016	\$3,617,500
City of Malibu	8018-110	D1501033	5/19/2016	\$24,654,121
North Marin Water District	8086-110	D1501034	6/17/2016	\$6,592,295
City of Woodland	8075-110	D1501031	7/11/2016	\$2,191,947
City of Modesto	8062-110	D1501005	7/19/2016	\$41,862,028
Hesperia Water District	8049-110	D1501029	9/23/2016	\$9,946,413
Water Replenishment District of Southern California	8096-110	D1601014	10/27/2016	\$80,000,000
Delta Diablo	8181-110	D1601004	12/29/2016	\$3,500,000
West Basin Municipal Water District	8084-110	D1601022	1/20/2017	\$15,725,526
Santa Margarita Water District	8060-110	D1601026	3/26/2017	\$47,012,000
Monterey Regional Water Pollution Control Agency	8028-110	D1601033	4/12/2017	\$88,000,000
Padre Dam Municipal Water District	8133-110	D1601025	4/20/2017	\$101,200,000

\*Idyllwild Water District had an executed Agreement but has since cancelled their project.

\*\*San Benito County Water District opted to receive Prop. 1 grant funds only and did not receive loan funds.

**EXHIBIT B: CUMULATIVE CWSRF 1%  
FINANCED WATER RECYCLING PROJECTS  
(CONTINUED)**

Funding Recipient	Project Number	Funding Agreement Number	Agreement Date	CWSRF 1% Financing Amount
Applications with an Executed Agreement				
West Bay Sanitary District	8163-110	D1601018	5/9/2017	\$12,028,200
City of Hayward	8091-110	D1601028	5/31/2017	\$13,533,650
City of Brentwood	8071-110	D1601038	6/25/2017	\$14,596,500
City of Ukiah	8076-110	D1601035	Pending (as of 6/30/2017)	\$21,809,000
San Francisco Public Utilities Commission	8111-110	D1701001	Pending (as of 6/30/2017)	\$171,220,000
Total				\$919,260,079



## EXHIBIT C: SFY 2016-17 CWSRF GREEN PROJECT RESERVE PROJECTS

Funding Recipient	Project Number	Funding Agreement Number	Agreement Date	Green Project Reserve Amount <sup>14</sup>	Total Agreement Amount
City of Auburn	8118-110	D1601002	11/4/2016	\$5,971,500	\$11,410,000
Delta Diablo	8181-110	D1601004	12/29/2016	\$6,000,000	\$6,000,000
City of El Paso de Robles	8144-110	D1601032	5/5/2017	\$8,260,000	\$17,230,000
El Toro Water District	8164-110	D1601019	3/16/2017	\$6,000,000	\$6,000,000
Elsinore Valley Municipal Water District	8188-110	D1601009	10/24/2016	\$6,401,533	\$6,401,533
City of Hayward	8091-110	D1601028	5/31/2017	\$13,533,650	\$13,533,650
Hesperia Water District	8049-110	D1501029	9/23/2016	\$9,946,413	\$9,946,413
Indian Wells Valley Water District	8152-110	D1601010	12/12/2016	\$200,000	\$200,000
City of Modesto	8062-110	D1601005	7/19/2016	\$41,862,028	\$41,862,028
Monterey Regional Water Pollution Control Agency	8028-110	D1601033	4/12/2017	\$44,000,000	\$88,000,000
City of Morro Bay	8185-110	D1601016	1/20/2017	\$10,300,000	\$10,300,000
Padre Dam Municipal Water District	8133-110	D1601025	4/20/2017	\$101,200,000	\$101,200,000
City of Palm Springs	8122-110	D1601023	5/9/2017	\$2,224,970	\$29,917,266
City of Palo Alto	8190-110	D1601034	6/7/2017	\$14,895,000	\$30,000,000
Santa Margarita Water District	8060-110	D1601026	3/26/2017	\$47,012,000	\$47,012,000
City of Sunnyvale	8153-110	D1601024	4/28/2017	\$9,203,000	\$127,068,522
Water Replenishment District of Southern California	8096-110	D1601014	10/27/2016	\$80,000,000	\$80,000,000
West Basin Municipal Water District	8084-110	D1601022	1/20/2017	\$15,725,526	\$15,725,526
West Bay Sanitary District	8163-110	D1601018	5/9/2017	\$1,202,820	\$12,028,200
City of Woodland	8075-110	D1501031	7/11/2016	\$2,191,947	\$2,191,947
<b>Total:</b>	<b>20 Projects</b>			<b>\$426,130,387</b>	<b>\$656,027,085</b>

<sup>14</sup>Green Project Reserve includes projects that promote Green Infrastructure, Energy Efficiency, Water Efficiency or Environmentally Innovative projects. If the Green Project Reserve Amount is less than the Total Agreement Amount, the project was partially green.



## EXHIBIT D: SFY 2016-17 CWSRF ADDITIONAL SUBSIDY (PRINCIPAL FORGIVENESS) PROJECTS

Funding Recipient	Project Number	Funding Agreement Number	Agreement Date	Principal Forgiveness <sup>15</sup>	Total Agreement Amount
City of Auburn	8118-110	D1601002	11/4/2016	\$2,985,750	\$11,410,000
Delta Diablo	8181-110	D1601004	12/29/2016	\$2,500,000	\$6,000,000
City of El Paso de Robles	8144-110	D1601032	5/5/2017	\$4,000,000	\$17,230,000
Elsinore Valley Municipal Water District	8188-110	D1601009	10/24/2016	\$3,452,922	\$6,401,533
Indian Wells Valley Water District	8152-110	D1601010	12/12/2016	\$200,000	\$200,000
City of Palm Springs	8122-110	D1601023	5/9/2017	\$1,112,485	\$29,917,266
City of Palo Alto	8190-110	D1601034	6/7/2017	\$4,000,000	\$30,000,000
City of Sunnyvale	8153-110	D1601024	4/28/2017	\$4,000,000	\$127,068,522
Total:	8 Projects			\$22,251,157	\$228,227,321

<sup>15</sup>Includes projects receiving Principal Forgiveness per the IUP.

## EXHIBIT E: CUMULATIVE CWSRF REVENUE BOND (GREEN BOND) FUNDED PROJECTS UPDATE

Project Number	Funding Recipient	CWSRF Funding Amount as of 6/30/2017 <sup>6</sup>	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2017 <sup>7</sup>	Amount Disbursed from Series 2017 Bonds as of 6/30/2017	Anticipated Future Disbursements from Series 2017 Bonds	Construction Completion Date <sup>8</sup>
4806-110	Victor Valley Wastewater Reclamation Authority	\$27,072,759.00	The Project will address wastewater flow and water supply issues by strategically locating a subregional wastewater reclamation plant in the sewer shed. This will reduce the load on the Authority's collection system by diverting wastewater, a valuable commodity, to a recycled wastewater scapling plant and reduce recycled wastewater pumping costs. The scope of work includes repurposing 10,600 feet of existing sewer main into a reuse pipeline, construction of 4,600 feet of new reuse main, construction of percolation basins for groundwater recharge, and 9,700 feet of sewer main to convey waste activated sludge from the new plant to an existing sewer interceptor that runs to the Authority's regional treatment plant for further processing.	\$13,028,936.00	\$7,221,655.50	\$3,114,310.63	2/28/2018
4807-110	Victor Valley Wastewater Reclamation Authority	\$40,549,955.00	The Project will address wastewater flow and water supply issues by strategically locating a subregional wastewater reclamation plant in the sewer shed. This will reduce the load on the Authority's collection system by diverting wastewater, a valuable commodity, to a recycled wastewater scapling plant and reduce recycled wastewater pumping costs. The scope of work includes 730 feet of gravity sewer line, a new lift station, and 2,265 feet of force main to convey wastewater from the existing collection system to the new scapling plant, 3,000 feet of force main from the plant to an existing interceptor to convey waste activated back to the Authority's regional treatment plant for further processing, and percolation basins for groundwater recharge.	\$20,603,584.00	\$9,747,352.00	\$3,731,880.18	2/28/2018
5069-110	City of San Diego	\$7,203,499.00	The Project will add two new chemical storage silos identical to its existing eight storage silos at its Metropolitan Biosolids Center. Each silo has a capacity of approximately 7,000 cubic feet. The new silos will provide additional storage capacity to accommodate projected increased loadings and to facilitate major rehabilitation of the existing silos.	\$7,203,499.00	\$0.00	\$0.00	4/30/2015
5175-210	City of Modesto	\$124,829,278.00	This is the second phase of a five phase Project to construct a 27.5 million gallon per day (mgd) tertiary wastewater treatment system. The second phase will bring the tertiary treatment capacity to 12.6 mgd. The Project consists of three aeration basins, six membrane bioreactors, ultraviolet disinfection systems, pump stations, structures, and auxiliary equipment. Completion of the Project will allow the City to discharge tertiary treated effluent to the San Joaquin River year round.	\$4,227,012.03	\$5,278,174.00	\$0.00	12/1/2015
5223-110	Union Sanitary District	\$12,200,000.00	The piping and related electrical and control equipment in the District's Thickener Control Building has reached the end of its useful life. The District will replace the outdated systems and equipment as part of the Project. The District will also make other changes to improve the reliability of the gravity sludge thickening process, and add additional metering equipment and pipelines to facilitate automated, precise, and reliable control of the thickened sludge feed rate and density to each digester. The greater reliability and control will increase the District's sludge handling and digestion efficiency, thereby improving the efficiency and reliability of the entire treatment plant.	\$4,036,881.00	\$2,453,984.00	\$103,241.00	3/31/2017

<sup>6</sup>The CWSRF financing reflects funding amounts as of 6/30/2017, including any adjustments for funding increases as a result of contract amendments or funding decreases as a result of un-liquidated/de-obligated balances.

<sup>7</sup>The Series 2016 revenue bonds were fully disbursed in late fall of 2016.

<sup>8</sup>The construction completion dates are as of 6/30/2017 and include any adjustments as a result of amendments to extend the completion of construction.

## EXHIBIT E: CUMULATIVE CWSRF REVENUE BOND (GREEN BOND) FUNDED PROJECTS UPDATE (CONTINUED)

Project Number	Funding Recipient	CWSRF Funding Amount as of 6/30/2017 <sup>16</sup>	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2017 <sup>17</sup>	Amount Disbursed from Series 2017 Bonds as of 6/30/2017	Anticipated Future Disbursements from Series 2017 Bonds	Construction Completion Date <sup>18</sup>
5295-110	Hi-Desert Water District	\$142,349,314.00	The purpose of the project is to move the Town of Yucca Valley from its current wastewater discharge method, individual septic tanks, to a community sewer collection and treatment system. The facilities will be constructed in three phases. Phase 1 of the District's Project will include installation of approximately 77 miles of sewer pipeline in the central portion of the Town, a wastewater treatment facility (WWTF), and water reclamation (groundwater) recharge ponds. The WWTF system will convey an annual average flow of one million gallons per day (mgd) of wastewater to the proposed WWTF. This first phase of the project will provide the core infrastructure for expansion of the collection, treatment and disposal system needed for Phases 2 and 3.	\$695,924.00	\$7,689,911.00	\$28,790,460.09	12/31/2019
5402-110	Town of Hillsborough,	\$12,000,000.00	The Project includes upsizing approximately 10,000 feet of existing trunk sewer on Crystal Springs Road and El Cerrito Ave. Increasing the size of the trunk sewer will eliminate sewage overflows in this area.	\$6,982,206.00	\$2,020,809.00	\$1,020,278.62	9/15/2016
7215-110	City of Visalia	\$117,490,000.00	Water demands in the area have increased and resulted in significant overflow of the groundwater table. The objective of the Project is to upgrade the Visalia wastewater treatment plant to produce recycled water that will lessen current groundwater demands. To mitigate the project's increased power consumption, a 1 MW solar photovoltaic facility will be installed onsite. Additional work and associated support facilities will also be completed as part of the Project to ensure that the City can reliably meet its overall wastewater recycling objective.	\$35,800,917.00	\$0.00	\$8,727,809.15	9/13/2017
7613-110	Fallbrook Public Utilities District	\$28,723,000.00	The Project includes rehabilitation of the District's facilities to ensure that it can reliably meet its wastewater discharge requirements. This includes rehabilitating the equalization basin, the operations center (lab, bathrooms, and work areas), and the reclamation facilities (flocculation and filtration); repurposing a primary clarifier and an existing emergency storage holding tank; and construction of an additional secondary clarifier.	\$6,177,341.00	\$0.00	\$0.00	3/31/2016
7617-110	City of San Diego	\$12,425,000.00	The Project will replace six of the eight existing sludge centrifuges. The new centrifuge units, each with a processing capacity of 400 gallons per minute, have approximately twice the capacity of the existing units, and are more energy efficient. Operation of the new units requires the same power as that of the existing units.	\$4,258,189.00	\$1,913,319.00	\$2,137,788.09	5/18/2018
7694-110	Los Angeles County Sanitation District No. 2	\$41,510,796.00	The Long Beach Main Pumping Plant was constructed in 1947, and has been modified several times since then. The facility is near the end of its useful life. USEPA issued a compliance order in September 2003, requiring the District to reduce sanitary sewer overflows, and the District's Project is needed to bring it into compliance. The proposed Project involves building a new pumping plant on adjacent land and rehabilitating a 54-inch concrete force main. The new pumping plant will include a 78-inch inlet and cross connections between two existing inlets, a wet well, dry well, two buildings, headers, six pumps, and an emergency generator.	\$16,109,563.00	\$4,524,332.00	\$3,459,384.33	11/30/2017

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<sup>17</sup>The Series 2016 revenue bonds were fully disbursed in late fall of 2016.

<sup>18</sup>The construction completion dates are as of 6/30/2017 and include any adjustments as a result of amendments to extend the completion of construction.

## EXHIBIT E: CUMULATIVE CWSRF REVENUE BOND (GREEN BOND) FUNDED PROJECTS UPDATE (CONTINUED)

Project Number	Funding Recipient	CWSRF Funding Amount as of 6/30/2017 <sup>16</sup>	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2017 <sup>17</sup>	Amount Disbursed from Series 2017 Bonds as of 6/30/2017	Anticipated Future Disbursements from Series 2017 Bonds	Construction Completion Date <sup>18</sup>
7834-110	City of Corona	\$11,133,592.00	The City is required to come into compliance with a Regional Water Board enforcement order. The Project will improve overall treatment efficiency by improving the headwork's screening process and adding tertiary treatment of wastewater to the facility. The Project will include construction of on-site piping, site grading, storm drain improvements, reinforced concrete structures, pumping equipment, flow meters, manual and motor-operated valves, above-ground piping, chemical storage and pumping equipment, electrical equipment, and controls.	\$9,795,188.00	\$701,373.00	\$0.00	8/31/2016
7845-110	Western Municipal Water District	\$24,000,000.00	The Project will expand the desalter program to increase the flow rate to 40,000 acre-feet per year. The Project is expected to achieve hydraulic control to help reduce salt loading to the upper Santa Ana River from the Chino Groundwater Basin. Phase 3 includes expansion of desalter capacity, construction and operation of new groundwater wells, and new pipelines to convey water both to and from the desalters.	\$1,527,745.00	\$0.00	\$4,227,029.05	7/31/2018
7847-110	City of Vista	\$21,991,869.00	The Project will upgrade the Vista/Carlsbad Sewer Interceptor System, jointly owned by the cities of Vista and Carlsbad. The affected segments are part of a regional sewage collection system located in North San Diego County. The Project includes replacing a bridge to support a 54-inch replacement sewer pipe, replacing a sewer lift station and 30-inch force main, and installing a new 54-inch gravity sewer. The improvements are necessary because the existing sewer line and lift station are under-sized, outdated, and nearing the end of their useful lives. The current infrastructure also has insufficient capacity for future wastewater flows.	\$6,567,630.00	\$5,604,787.00	\$4,712,648.36	10/31/2018
7857-110	City of Santa Barbara	\$31,388,033.00	The Project will upgrade the aeration and secondary clarification systems at the City's El Estero Wastewater Treatment Plant.	\$0.00	\$13,716,524.00	\$4,972,772.64	7/1/2018
7871-110	City of Galt	\$26,369,200.00	The objective of the Project is to expand and improve the existing oxidation ditch system and construction of a new (third) secondary clarifier.	\$8,088,957.00	\$3,669,019.00	\$827,906.35	9/30/2016
7873-110	Woodland-Davis Clean Water Agency	\$95,461,000.00	The Cities of Woodland and Davis are subject to Cease and Desist Orders and Time Schedule Orders from the Regional Water Board to bring their respective wastewater treatment plants into compliance with selenium discharge limits. Replacing the current groundwater source with water from the Sacramento River will allow both cities to meet their permit limits. The Project involves construction of an intake on the Sacramento River, a new regional water treatment facility, pipelines from the intake to the treatment facility, and pipelines to the cities' distribution systems.	\$64,449,601.00	\$6,054,765.00	\$6,652,708.40	12/31/2016

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<sup>17</sup>The Series 2016 revenue bonds were fully disbursed in late fall of 2016.

<sup>18</sup>The construction completion dates are as of 6/30/2017 and include any adjustments as a result of amendments to extend the completion of construction.

**EXHIBIT E: CUMULATIVE CWSRF REVENUE BOND (GREEN BOND) FUNDED PROJECTS UPDATE (CONTINUED)**

Project Number	Funding Recipient	CWSRF Funding Amount as of 6/30/2017 <sup>16</sup>	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2017 <sup>17</sup>	Amount Disbursed from Series 2017 Bonds as of 6/30/2017	Anticipated Future Disbursements from Series 2017 Bonds	Construction Completion Date <sup>18</sup>
7876-130	West County Wastewater District	\$14,593,521.00	The objective of the District's Project is to rehabilitate aging facilities to avoid equipment failure, eliminate unsafe working conditions, and avoid wastewater discharge permit violations. The scope of work includes replacing the 12 kV main switchgear and seven motor control centers, performing seismic retrofits of various buildings and process structures, rehabilitating and replacing various components at the plant including the chlorine contact tank, the effluent flow meter, and the effluent chlorine analyzers, and rehabilitating or replacing the primary clarifier sludge collector drives and associated components.	\$2,941,291.00	\$6,013,752.00	\$2,924,684.76	8/30/2017
7885-110	Inland Empire Utilities Agency	\$24,645,000.00	The Project will construct a one-story, approximately 16,000 square-foot regional laboratory at the Agency's Regional Water Recycling Plant No. 5 in Chino, California. The building will also include office spaces, a visitor's center, and rooms for electrical, mechanical, telecommunication equipment, and storage. The Project replaces the Agency's outdated 2,200 square-foot laboratory facility, which will be renovated for use by plant operations staff.	\$236,823.00	\$5,032,400.00	\$17,799,167.00	8/31/2018
7893-110	City of Fresno	\$33,138,638.00	The Project will increase tertiary treatment and ultraviolet disinfection capacity to 5 million gallons per day, and add a solar photovoltaic facility to provide electricity at the wastewater treatment plant.	\$32,440,566.00	\$698,072.00	\$0.00	7/12/2016
7894-110	Western Riverside County Regional Wastewater Authority	\$72,620,000.00	The Authority's wastewater plant has a tertiary treatment capacity of 8 million gallons per day (mgd). Due to high demand, the plant will be expanded from 8 mgd to 13.50 mgd. The upgrades will include improvements to the head works, equalization tanks, biological treatment, tertiary treatment and solids handling processes.	\$48,636,881.00	\$9,008,923.00	\$2,160,536.96	12/31/2017
7899-110	Carlsbad Municipal Water District	\$22,150,000.00	The Project will expand the District's recycled water system to the north area of Carlsbad and the neighboring water service areas. The project expands the wastewater recycling capacity from 4 million gallons per day to 6 million gallons per day, installs 85,000 feet of pipe, and relocates or constructs new recycled wastewater storage capacity.	\$389,180.00	\$0.00	\$6,610,343.32	6/30/2017
8001-120	City of Dixon	\$28,500,000.00	The Project will upgrade and replace aged facilities with more reliable and efficient wastewater treatment systems. The current pond treatment method will be replaced with an activated sludge process, including construction of a new influent pump station and a new headworks with mechanical screening and flow measurement. Piping and pumping upgrades, an equalization basin, and disposal area will also be constructed as part of the proposed project.	\$18,259,649.00	\$3,910,014.00	\$582,608.00	12/1/2016

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<sup>17</sup>The Series 2016 revenue bonds were fully disbursed in late fall of 2016.

<sup>18</sup>The construction completion dates are as of 6/30/2017 and include any adjustments to extend the completion of construction.



## EXHIBIT E: CUMULATIVE CWSRF REVENUE BOND (GREEN BOND) FUNDED PROJECTS UPDATE (CONTINUED)

Project Number	Funding Recipient	CWSRF Funding Amount as of 6/30/217 <sup>6</sup>	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2017 <sup>7</sup>	Amount Disbursed from Series 2017 Bonds as of 6/30/2017	Anticipated Future Disbursements from Series 2017 Bonds	Construction Completion Date <sup>8</sup>
8002-110	City of Woodland	\$18,995,120.00	The City will complete various improvements to improve energy use and plant performance. The Project will convert the existing oxidation ditch system to a nitrifying and denitrifying bioreactor. The improvements are expected to reduce power usage by 30 percent, increase process capacity, and reduce operations costs. An alkalinity feed facility and a new blower building will also be constructed.	\$12,070,031.00	\$1,966,210.00	\$0.00	12/31/2016
8010-110	City of Davis	\$81,057,000.00	The City will replace the existing ponds and overland flow fields with a conventional activated sludge process with tertiary treatment. The Project will also upgrade ancillary facilities such as electrical, maintenance, disinfection, and solids handling.	\$34,504,097.00	\$0.00	\$23,129,017.83	10/1/2018
8019-110	City of Davis	\$35,500,000.00	The City's Project is a critical part of the Woodland-Davis Clean Water Agency's Water Supply Project (7873-110) to replace groundwater with surface water from the Sacramento River. The Project will tie the new water system to the existing distribution pipelines within the City. Changing the drinking water source from groundwater to surface water will help the City meet its wastewater discharge requirements.	\$17,238,358.97	\$4,138,982.03	\$2,153,685.49	6/30/2018
8024-110	City of Pleasanton	\$11,317,177.00	The City's Project includes a recycled water distribution system with 13 miles of new pipelines in existing developed areas, as well as adding treatment capacity at the Dublin-San Ramon Services District wastewater treatment facility. The Project is estimated to replace 1,303 acre-feet per year of potable water demand with recycled water.	\$8,629,306.00	\$1,618,033.00	\$291,764.06	10/31/2016
8025-110	Sacramento Regional County Sanitation District	\$43,949,856.00	The Project is the first phase of the District's Echo Water Project. The Echo Water Project will upgrade the Sacramento Regional Wastewater Treatment Plant to comply with the NPDES permit requirement to remove ammonia from its discharge to protect the Sacramento-San Joaquin Delta downstream. The plant is the largest wastewater discharger to the Delta, and the Delta is a significant source of California's water and a critical ecosystem. The Project will also substantially increase water recycling opportunities for agricultural and landscape irrigation and industrial process water by producing highly treated water that meets wastewater reuse standards. Use of recycled water helps preserve scarce water supplies, especially during drought conditions. The Project scope includes temporary and permanent infrastructure, demolition of existing buildings and infrastructure, and construction of new facilities to support construction activities associated with the Project.	\$37,156,368.00	\$2,457,931.00	\$4,335,557.00	9/15/2016
8025-120	Sacramento Regional County Sanitation District	\$138,672,372.00	The Project is the second phase of the District's Echo Water Project. The scope of this phase includes deepening and lining of the emergency storage basins (ESB). The ESB currently store partially or fully treated wastewater under a variety of circumstances. The proposed improvements and modifications to the ESB will ensure continued operational flexibility and permit compliance.	\$44,474,338.00	\$30,657,690.00	\$43,601,942.00	4/13/2018

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<sup>7</sup>The Series 2016 revenue bonds were fully disbursed in late fall of 2016.

<sup>8</sup>The construction completion dates are as of 6/30/2017 and include any adjustments as a result of amendments to extend the completion of construction.

## EXHIBIT E: CUMULATIVE CWSRF REVENUE BOND (GREEN BOND) FUNDED PROJECTS UPDATE (CONTINUED)

Project Number	Funding Recipient	CWSRF Funding Amount as of 6/30/2017 <sup>16</sup>	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2017 <sup>17</sup>	Amount Disbursed from Series 2017 Bonds as of 6/30/2017	Anticipated Future Disbursements from Series 2017 Bonds	Construction Completion Date <sup>18</sup>
8025-130	Sacramento Regional County Sanitation District	\$2,861,737.00	The Project is the third phase of the District's Echo Water Project. This phase of the Project will expand the existing 12 kV electrical switchgear to include new sections with circuit breakers to feed power to the Echo Water Project. The existing transformer has adequate capacity, but new switchgear will be installed into the existing substation in space that was prepared as part of the original substation expansion in the late 1990s.	\$1,962,640.00	\$899,097.00	\$0.00	11/30/2016
8025-140	Sacramento Regional County Sanitation District	\$21,465,759.00	The Project is the fourth phase of the District's Echo Water Project. This phase will improve the disinfection facilities at the plant to meet stricter discharge limits. The District is converting the existing chlorine gas system to a liquid system, and will upgrade the disinfection contact basin as part of its tertiary treatment efforts.	\$15,508,322.00	\$5,106,422.00	\$723,210.00	8/15/2017
8025-150	Sacramento Regional County Sanitation District	\$53,490,845	The Project is the sixth phase of the District's Echo Water Project. The scope of this phase will create the Biological Nutrient Removal (BNR) facility. The BNR will nitrify and denitrify the plant's wastewater in a two-stage process.	\$0.00	\$16,648,595.00	\$17,434,746.23	1/1/2019
8025-160	Sacramento Regional County Sanitation District	\$533,142,603	The Project is the fifth phase of the District's Echo Water Project. The scope of this phase will create the Nitrifying Sidesream Treatment (NST) facility to intercept and treat internal return flows from the solids storage basin and the biosolids recycling facility. These internal flows account for approximately 20% of the ammonia load into the District's plant. The NST facility reduces the ammonia in the main plant's effluent by converting the ammonia in the sidestreams to nitrates. The treated, nitrate-rich product from the NST facility will then be pumped to the interceptors upstream of the plant. The nitrate-rich product will help with odor control, thus reducing the need for chlorine or other chemicals to control odors at the influent structure.	\$0.00	\$71,915,190.00	\$76,557,405.02	5/14/2021
8034-110	McKinleyville Community Services District	\$19,598,527.00	The District will improve its wastewater treatment facility to ensure reliable operation through the year 2030. The major improvements include a new headworks facility, aeration basins, a blower/electrical maintenance building, two new secondary clarifiers, including return activated sludge/waste activated sludge pumping, and a biosolids storage basin.	\$5,777,179.00	\$3,835,985.00	\$3,865,032.58	9/8/2017
8043-110	West County Wastewater District	\$21,100,763.00	The Project will improve the District's secondary treatment process to increase the reliability of its recycled wastewater deliveries.	\$10,221,797.00	\$4,725,271.00	\$2,181,020.37	6/3/2017
8061-110	City of Fresno	\$37,475,049.00	The Project includes construction of a pipeline and booster pump station to convey tertiary treated recycled wastewater from the City's treatment plant to landscape irrigation sites in the City's Southwest Quadrant.	\$0.00	\$2,300,432.00	\$9,145,605.35	12/31/2017
			Total	\$500,000,000.00	\$241,529,003.53	\$285,974,543.08	

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<sup>17</sup>The Series 2016 revenue bonds were fully disbursed in late fall of 2016.

<sup>18</sup>The construction completion dates are as of 6/30/2017 and include any adjustments as a result of amendments to extend the completion of construction.



## EXHIBIT F: SFY 2016-17 CWSRF FFATA PROJECTS

Funding Recipient	Project Number	Funding Agreement Number	Agreement Date	FFATA Reporting Due	Actual Date Reported	FFATA* Reporting Amount	Total Agreement Amount
Sacramento Regional County Sanitation District	8025-180	D1601008	02/21/17	03/31/17	03/14/17	\$95,290,000	\$564,657,506
Total:						\$95,290,000	\$564,657,506

\*Based on FFY 2016 Capitalization Grant of \$95,558,000, not including \$268,000 in EPA in-kind.



## EXHIBIT G: SFY 2016-17 CWSRF/PROP 1-SCG PROJECTS

Project Number	Funding Recipient	Project Name	Type of Project	Prop 1 SCG Funding Amount	Small Community Grant Amount	CWSRF Loan Amount	Agreement Date
8161-110	Planada CSD	Planada CSD Planning Grant for Sewer Collection System Improvements	Planning	\$440,000.00			7/6/2016
7892-210	Cuyama Community Services District	WWTP Effluent Removal Remediation Project	Construction	\$1,998,000.00			8/11/2016
34125	Rural Community Assistance Corporation	Comprehensive Assistance to Tribal and Small Systems Project	Technical Assistance	\$2,343,439.00			8/16/2016
8210-110	Lake County Sanitation District	Anderson Springs Septic to Sewer Project	Planning	\$564,000.00			8/25/2016
33413	Self-Help Enterprises	Community Development and Technical Assistance Program	Technical Assistance	\$4,396,218.00			8/25/2016
8155-110	Biola Community Services District	Tertiary WWTP - Feasibility Study	Planning	\$250,000.00			8/9/2016
8229-110	City of Mt. Shasta	Interceptor Sewer Replacement Project	Planning	\$255,000.00			9/14/2016
8230-110	City of Mt. Shasta	Downtown Collection System Improvements Project	Planning	\$245,000.00			9/14/2016
33448	Community Water Center	Community-Driven Water Solutions in the Tulare Lake Basin	Technical Assistance	\$2,519,969.00			9/21/2016
8174-110	City of Mt. Shasta	State-Mandated Wastewater Treatment Plant Improvement Project	Planning	\$200,000.00			9/22/2016
8117-110	Anderson Valley Community Services District	Boonville Wastewater System	Planning	\$500,000.00			9/28/2016
34133	California Rural Water Association	Statewide Leak Detection Technical Assistance Program	Technical Assistance	\$1,419,150.00			9/7/2016
8206-110	City of Maricopa	Sewer Collection and WWTP Improvements	Planning	\$500,000.00			9/9/2016

## EXHIBIT G: SFY 2016-17 CWSRF/PROP 1-SCG PROJECTS (CONTINUED)

Project Number	Funding Recipient	Project Name	Type of Project	Prop 1 SCG Funding Amount	Small Community Grant Amount	CWSRF Loan Amount	Agreement Date
8225-110	City of Williams	City of Williams Wastewater Collection and Treatment Improvement Project	Planning	\$500,000.00			10/10/2016
8231-110	City of Yreka	City of Yreka Wastewater Collection System Improvements	Planning	\$500,000.00			10/10/2016
8198-110	Lake County Sanitation District	Middletown Wastewater Treatment Plant Improvements	Planning	\$402,160.00			10/12/2016
34113	University Enterprises Corporation at CSUSB	California State University Disadvantaged Community Center	Technical Assistance	\$1,165,828.00			10/18/2016
36496	California Rural Water Association	Comprehensive Proposition 1 Technical Assistance and Support Program	Technical Assistance	\$5,520,906.00			10/21/2016
35806	University Enterprises, Inc.	Drinking Water and Wastewater Technical Assistance and Outreach	Technical Assistance	\$3,500,000.00			10/26/2016
34090	Pueblo Unido Community Development Corporation	Rural Infrastructure Program (RIP)	Technical Assistance	\$1,146,233.00			11/1/2016
7896-210	City of Colusa	Wastewater Treatment Plant Improvements Project	Construction	\$6,000,000.00		\$4,700,000	11/15/2016
33780	University of California, Davis	Aoki Water Clinic	Technical Assistance	\$908,839.00			11/18/2016
8159-110	City of Weed	City of Weed Sewer Replacement Project	Planning	\$500,000.00			11/3/2016
8192-110	Town of Fort Jones	Fort Jones Wastewater System Study	Planning	\$455,900.00			11/30/2016
7862-210	City of Grass Valley	Grass Valley Sewer Collection System I/I	Construction	\$4,001,000.00			11/30/2016
8240-110	Tuolumne Utilities District	Sonora Regional Wastewater Treatment Facility Improvements	Planning	\$450,000.00			11/30/2016



## EXHIBIT G: SFY 2016-17 CWSRF/PROP 1-SCG PROJECTS (CONTINUED)

Project Number	Funding Recipient	Project Name	Type of Project	Prop 1 SCG Funding Amount	Small Community Grant Amount	CWSRF Loan Amount	Agreement Date
7843-210	Davenport County Sanitation District	Davenport Recycled Water System	Construction	\$2,302,338.00			11/8/2016
8138-110	Klamath Community Services District	Klamath CSD Wastewater System Renovation Planning Project	Planning	\$500,000.00			11/8/2016
34145	Tides Center	Outreach, Engagement and Legal Assistance in the San Joaquin and Coachella Valleys	Planning	\$408,664.00			12/15/2016
8183-110	County of Stanislaus	Airport Sewer Project	Construction	\$8,000,000.00			12/16/2016
8232-110	Quincy Community Services District	Collection System Management and Improvement Project	Planning	\$500,000.00			12/2/2016
8247-110	Tuolumne City Sanitary District	TCSD Wastewater Treatment Plant Project	Planning	\$285,000.00			12/6/2016
8245-110	City of Dunsmuir	Collection System Improvement Project	Planning	\$500,000.00			1/27/2017
8246-110	City of Dunsmuir	WWTP Improvement Project	Planning	\$500,000.00			1/27/2017
7832-210	City of San Joaquin	Sewer Collection System Improvements	Construction	\$3,686,708.00			1/27/2017
34028	California Rural Legal Assistance	Drinking Water Access Outreach and Legal Assistance Project for Disadvantaged Communities	Technical Assistance	\$117,732.00			1/31/2017
7889-120	Eastern Municipal Water District	Quail Valley Subarea 9 Phase 1 Sewer Project	Construction	\$7,502,702.00			1/4/2017
8171-110	Fall River Valley Community Services District	Expansion of FRVCSD Wastewater System	Planning	\$500,000.00			1/4/2017
8213-110	Amador Regional Sanitation Authority	Upper ARSA Sewer Improvement and Recycling Project	Planning	\$425,000.00			1/9/2017
8178-110	City of Fortuna	WWTP Treatment and Disposal System Upgrade	Planning	\$500,000.00			2/6/2017
8281-110	Tuolumne City Sanitary District	TCSD Collection System Project	Planning	\$255,000.00			2/9/2017

## EXHIBIT G: SFY 2016-17 CWSRF/PROP 1-SCG PROJECTS (CONTINUED)

Project Number	Funding Recipient	Project Name	Type of Project	Prop 1 SCG Funding Amount	Small Community Grant Amount	CWSRF Loan Amount	Agreement Date
33915	Environmental Justice Coalition for Water	Community Technical Assistance Program	Technical Assistance	\$2,522,062.00			4/26/2017
8279-110	Monterey Regional Water Pollution Control Agency	Farmworker Housing Complex Connection to MRWPCA Regional Treatment System	Planning	\$1,730,945.00			6/27/2017
7869-110	Lake Berryessa Resort Improvement District	Publicly Owned Treatment Works (POTW) Construction and Disposal Facilities Expansion Project	Construction	\$1,255,247.00			6/30/2017
8262-110	City of Calipatria	City of Calipatria Sanitary Sewer Improvement Project	Construction	\$1,000,000.00			6/6/2017
8303-110	Lake Shastina Community Services District	Lake Shastina Wastewater System Rehabilitation and Upgrade	Planning	\$500,000.00			6/8/2017
7884-110	City of Biggs	Wastewater Treatment Plant Upgrades Phase 2	Construction		\$6,000,000.00	\$2,444,569	4/17/2017
8089-110	Mariposa Public Utility District	Wastewater Treatment Facility Improvements	Construction		\$6,000,000.00	\$2,529,550	4/17/2017
8077-110	Nevada County Sanitation District #1	Cascade Shores Community Leach Field Project	Construction		\$1,100,000.00	\$1,100,000	6/23/2017
7852-120	City of Plymouth	Wastewater Improvement Project	Construction		\$402,903.00	\$0	3/23/2017
8041-110	City of Shasta Lake	City of Shasta Lake Wastewater Treatment Facility Upgrade Project	Construction		\$6,000,000.00	\$14,000,000	5/16/2017
				\$73,673,040.00	\$19,502,903.00	\$24,774,110.00	

## EXHIBIT H: SFY 2016-17 IUP NON-FUNDED PROJECTS

Applicant Name	Project Number	IUP Projected Amount	Priority Class	Reason for Delay	Project Type
Hi-Desert Water District	7860-110	\$40,000,000	A	3	POTW
Valley Center MWD	7454-140	\$4,115,400	C	3	POTW
City of San Joaquin	7832-210	\$3,686,708	C	5	POTW
Davenport County Sanitation District	7843-210	\$2,302,338	C	5	POTW
City of Grass Valley	7862-210	\$3,750,000	C	5	POTW
Eastern Municipal Water District	7889-120	\$8,000,000	C	5	POTW
Cuyama Community Services District	7892-210	\$1,243,000	C	5	POTW
City of Fresno	7893-120	\$15,904,698	C	8	POTW
City of Colusa	7896-310	\$4,600,000	C	3	POTW
Grizzly Lake Community Services District	8009-110	\$262,000	C	2	POTW
Ventura County Waterworks District No. 8	8027-110	\$19,620,000	C	9	POTW
City of South San Francisco	8033-110	\$15,250,000	C	1	POTW
Santa Clarita Valley Sanitation District	8035-110	\$39,916,368	C	2	POTW
Valley Springs Public Utility District	8038-110	\$9,500,000	C	3	POTW
Eastern Municipal Water District	8047-110	\$114,031,280	C	4	POTW
City of Escondido	8059-110	\$32,700,000	C	2	POTW
City of Brentwood	8071-110	\$20,802,000	C	4	POTW
City of Ukiah	8076-110	\$35,560,000	C	4	POTW
La Puente Valley County Water District	8094-110	\$6,433,876	C	3	POTW
Upper San Gabriel Valley Municipal Water District	8100-110	\$65,000,000	C	3	POTW
Napa Sanitation District	8103-110	\$1,036,700	C	9	POTW
City of Palo Alto	8104-110	\$6,727,757	C	2	POTW
Inland Empire Utilities Agency	8105-110	\$5,824,770	C	2	POTW
Inland Empire Utilities Agency	8105-120	\$7,525,603	C	2	POTW
Inland Empire Utilities Agency	8105-130	\$4,659,816	C	2	POTW

Reason for Delay:

1. Change to the project's scope or objectives
2. CWSRF Reviews are not Complete. (Complete Application)
3. Application requires additional studies, more documents, and/or more hearings (Incomplete Application)
4. N/A - CWSRF financing agreement is pending.
5. N/A- financed with other (non-CWSRF) financing
6. N/A - funded as part of another CWSRF financing agreement
7. N/A- financed with CWSRF - SCG financing
8. Project dropped from consideration due to inactive status
9. N/A- application withdrawn

## EXHIBIT H: SFY 2016-17 IUP NON-FUNDED PROJECTS (CONTINUED)

Applicant Name	Project Number	IUP Projected Amount	Priority Class	Reason for Delay	Project Type
Inland Empire Utilities Agency	8105-140	\$1,514,440	C	2	POTW
Inland Empire Utilities Agency	8105-150	\$990,211	C	2	POTW
Inland Empire Utilities Agency	8105-160	\$6,640,238	C	2	POTW
Inland Empire Utilities Agency	8105-170	\$4,077,339	C	2	POTW
Inland Empire Utilities Agency	8105-180	\$22,639,081	C	2	POTW
City & County of San Francisco Public Utilities Commission	8111-110	\$186,220,000	C	4	POTW
City of Escondido	8113-110	\$8,000,000	C	4	POTW
City of Escondido	8115-110	\$5,000,000	C	4	POTW
Anderson Valley Community Services District	8117-110	\$500,000	C	5	POTW
Palmdale Recycled Water Authority	8125-110	\$7,500,000	C	2	POTW
City & County of San Francisco Public Utilities Commission	8129-110	\$17,775,621	C	4	POTW
Clear Creek Community Services District	8130-110	\$877,340	C	7	POTW
City & County San Francisco Public Utilities Commission	8132-110	\$29,973,213	C	4	POTW
Santa Cruz County Sanitation District	8134-110	\$4,000,000	C	2	POTW
Klamath Community Services District	8138-110	\$500,000	C	5	POTW
City of Patterson	8142-110	\$1,984,736	C	2	POTW
City of Anaheim	8146-110	\$758,800	C	5	POTW
San Gabriel Valley Water Company	8149-110	\$1,693,825	C	9	POTW
Eastern Municipal Water District	8150-110	\$2,250,300	C	5	POTW
Los Angeles County Sanitation District No. 2	8154-110	\$636,150,000	C	2	POTW
Biola Community Services District	8155-110	\$200,000	C	5	POTW
Yucaipa Valley Water District	8162-110	\$6,980,113	C	3	POTW
Eastern Municipal Water District	8165-110	\$1,196,200	C	2	POTW
Chino Basin Regional Financing Authority	8167-110	\$52,460,000	C	3	POTW
City of San Diego	8168-110	\$82,789,831	C	3	POTW
City of San Diego	8169-110	\$144,618,161	C	3	POTW
Chino Basin Regional Financing Authority	8170-110	\$51,896,000	C	3	POTW
Fall River Valley Community Services District	8171-110	\$500,000	C	5	POTW
Inland Empire Utilities Agency	8173-110	\$3,000,000	C	2	POTW
City of Mt. Shasta	8174-110	\$500,000	C	5	POTW
Irvine Ranch Water District	8177-110	\$9,728,355	C	5	POTW
City of Fortuna	8178-110	\$500,000	C	5	POTW
City of Gustine	8179-110	\$480,000	C	2	POTW
County of Stanislaus	8183-110	\$12,532,500	C	5	POTW
Marina Coast Water District	8184-110	\$35,000,000	C	2	POTW

## EXHIBIT H: SFY 2016-17 IUP NON-FUNDED PROJECTS (CONTINUED)

Applicant Name	Project Number	IUP Projected Amount	Priority Class	Reason for Delay	Project Type
Eastern Municipal Water District	8186-110	\$17,230,000	C	2	POTW
City of Maricopa	8206-110	\$500,000	C	5	POTW
Eastern Municipal Water District	8207-110	\$2,050,000	C	5	POTW
Inland Empire Utilities Agency	8212-110	\$500,000	C	3	POTW
Amador Regional Sanitation Authority	8213-110	\$485,000	C	5	POTW
Los Angeles County Sanitation District No. 2	8226-110	\$55,360,000	C	4	POTW
Willow Creek Community Services District	5957-210	\$6,000,000	D	5	POTW
County of Madera	7211-210	\$10,000,000	D	3	POTW
County of Kern	7659-110	\$10,830,177	D	3	POTW
Sausalito-Marin City Sanitary District	7837-110	\$26,000,000	D	2	POTW
Calaveras County Water District	7850-210	\$4,750,000	D	3	POTW
City of San Diego	8032-110	\$38,610,000	D	4	POTW
Victor Valley Wastewater Reclamation Authority	8083-110	\$5,700,000	D	2	POTW
City of San Jose	8087-110	\$86,350,000	D	2	POTW
City & County of San Francisco Public Utilities Commission	8088-110	\$32,088,516	D	4	POTW
Renewable Funding Inc.	8092-110	\$80,000,000	E	8	EXP
TOTAL:	76	\$2,186,332,311			

## Reason for Delay:

1. Change to the project's scope or objectives
2. CWSRF Reviews are not Complete. (Complete Application)
3. Application requires additional studies, more documents, and/or more hearings (Incomplete Application)
4. N/A - CWSRF financing agreement is pending.
5. N/A- financed with other (non-CWSRF) financing
6. N/A - funded as part of another CWSRF financing agreement
7. N/A- financed with CWSRF - SCG financing
8. Project dropped from consideration due to inactive status
9. N/A- application withdrawn

## EXHIBIT I: SFY 2016-17 DBE REPORTING RESULTS

	Reporting Period	MBE	WBE	TOTAL
Annual Total	October 1, 2015-September 30, 2016	\$25,438,146.00	\$14,675,170.00	\$40,113,316.00
Cumulative Total	October 1, 2015-September 30, 2016	\$25,438,146.00	\$14,675,170.00	\$40,113,316.00
Total Disbursements	October 1, 2015-September 30, 2016			\$529,028,219.00
Percentage to Total Disbursements	October 1, 2015-September 30, 2016	0.05%	0.030%	0.06%

Note: Percentage of DBE participation is determined by taking the percentage of MBE and WBE as compared to the total disbursements for the fiscal year for each category. Total disbursements equal \$529,028,219. DBE reports are collected annually based on the FFY.



## EXHIBIT J: CUMULATIVE CWSRF PROJECTS WITH FINANCING SERVICING FEES

### Fund 3147 - Small Community Grant Fee (percentage of outstanding principal balance)\*

Contract Number	Project Number	Recipient	Fee Rates
00-808	4521-110	City of Riverbank	2.60%
07-810	5051-110	City of Reedley	2.40%
07-812	4438-110	City of Crescent	2.40%
07-828	4438-110	City of Colusa	2.40%
07-829	5085-110	Union Sanitary District	2.70%
08-804	4729-130	City of La Mesa	2.60%
08-813	5055-110	City of Patterson	2.60%
08-814	4352-110	Lake Arrowhead Community Services District	2.60%
08-815	4680-110	County of Ventura	2.60%
08-816	4916-110	Los Angeles County Sanitation District	2.60%
08-817	4148-110	Rosamond Community Services District	2.60%
08-838	5139-110	City of Hughson	1.00%
08-854	4729-140	City of La Mesa	1.00%
09-850	4688-110	City of Oakdale	2.50%
09-856	5043-110	City of Galt	2.90%

\*Constitutes projects with only a Small Community Grant Fee

## EXHIBIT J: CUMULATIVE CWSRF PROJECTS WITH FINANCING SERVICING FEES (CONTINUED)

### Fund 9739 - Admin Service Fee (1% of outstanding principal balance)\*\*

Contract Number	Project Number	Recipient	Fee Rates
00-802	4665-110	Stege Sanitary District	1%
00-804	4486-110	Templeton Community Services District	1%
00-818	4062-220	City of Santa Rosa	1%
00-825	4062-170	City of Santa Rosa	1%
00-831	4062-250	City of Santa Rosa	1%
01-803	4053-110	McCloud Community Services District	1%
01-810	4062-160	City of Santa Rosa	1%
01-811	4062-230	City of Santa Rosa	1%
01-813	6036-110	County of Santa Cruz	1%
01-814	4062-150	City of Santa Rosa	1%
02-821	4812-110	Napa Sanitation District	1%
02-826	4845-110	Santa Margarita Water District	1%
02-827	4802-110	City of Corona	1%
03-846	4783-110	Los Angeles County Sanitation District	1%
03-847	4783-210	Los Angeles County Sanitation District	1%
04-802	6085-110	The Nature Conservancy	1%
04-814	4450-110	Coachella Sanitary District	1%
04-815	4252-510	La Canada Flintridge	1%
05-809	4665-210	Stege Sanitary District	1%
05-810	4200-110	Yucaipa Valley Water District	1%
05-811	4729-110	City of La Mesa	1%
07-815	4632-110	City of Alturas	1%
07-816	4728-120	City of South San Francisco	1%
07-818	4729-120	City of La Mesa	1%
93-805	6006-110	City of Davis	1%
93-810	6022-110	Pacheco Water District	1%
93-819	4330-110	Goleta Sanitary District	1%
93-806	4108-110	Cambria Community Services District	1%
96-805	6014-110	San Luis Water District	1%
96-813	6000-120	Fresno Metropolitan Flood Control District	1%
96-820	4360-110	City of Davis	1%

## EXHIBIT J: CUMULATIVE CWSRF PROJECTS WITH FINANCING SERVICING FEES (CONTINUED)

### Fund 9739 - Admin Service Fee (1% of outstanding principal balance)\*\* (continued)

Contract Number	Project Number	Recipient	Fee Rates
97-804	4001-220	Los Angeles County Sanitation District	1%
97-809	4505-110	City of Placerville	1%
97-813	6031-110	Mammoth Lakes	1%
97-814	4648-100	City of Rialto	1%
98-813	4262-110	Humboldt County Res. Imp. District 1	1%
98-818	4001-250	Los Angeles County Sanitation District	1%
98-823	6045-110	Lost Hills Water District	1%
98-837	4452-110	Santa Ana Watershed Project Authority	1%
99-802	4704-110	Town of Windsor	1%
99-805	4610-110	City of Vacaville	1%
99-807	4679-110	County of Los Angeles	1%
99-811	4429-120	City of Thousand Oaks	1%

\*\*Constitutes Projects with only an Administrative service fee

## EXHIBIT J: CUMULATIVE CWSRF PROJECTS WITH FINANCING SERVICING FEES (CONTINUED)

### Fund 3147 and 9739 (percentage of outstanding principal balance)\*\*\*

Contract Number	Project Number	Recipient	Fee Rates	
00-801	4610-120	City of Vacaville	1.70%	1%
00-805	4596-110	Hilmar County Water District	1.60%	1%
00-806	4685-110	City of Sacramento	1.60%	1%
00-809	4708-110	City of Redding	1.60%	1%
00-815	4465-110	City of Yreka	1.60%	1%
00-816	4062-140	City of Santa Rosa	1.60%	1%
00-819	4086-110	Lake County Sanitation District	1.60%	1%
01-802	4173-110	Laguna County Sanitation District	1.40%	1%
01-804	4655-110	City of Piedmont	1.40%	1%
01-815	4771-110	Union Sanitary District	1.40%	1%
01-816	4684-110	County of Ventura	1.40%	1%
01-817	4062-240	City of Santa Rosa	1.60%	1%
01-821	4800-110	City of Redlands	1.50%	1%
01-825	4790-110	Vallejo Sanitation & Flood District	1.50%	1%
02-804	4252-410	City of La Canada Flintridge	1.40%	1%
02-809	4846-130	Inland Empire Utilities Agency	1.50%	1%
02-810	4772-110	City of Burlingame	1.50%	1%
02-811	6061-120	County of Napa Flood Control and Water	1.50%	1%
02-816	4801-110	North San Mateo County Sanitation District	1.50%	1%
02-817	4655-120	City of Piedmont	1.50%	1%
02-818	4307-110	City of San Luis Obispo	1.50%	1%
02-823	4007-610	City of Alameda	1.60%	1%
02-824	4728-110	City of South San Francisco	1.50%	1%
02-825	4658-110	Victor Valley Wastewater Reclamation Authority	1.50%	1%
03-801	4695-110	City of Escondido	1.40%	1%
03-804	4657-110	Tahoe-Truckee Sanitation Agency	1.60%	1%
03-806	4528-210	City of Benicia	1.60%	1%
03-811	4655-130	City of Piedmont	1.50%	1%
03-848	4783-310	Los Angeles County Sanitation District	1.30%	1%
05-803	4693-110	City of Petaluma	1.40%	1%
05-808	4844-110	North Marin Water District	1.40%	1%
06-801	4823-110	Sonoma Valley County Sanitation District	1.30%	1%
06-802	6090-110	The Conservation Fund	1.30%	1%

## EXHIBIT J: CUMULATIVE CWSRF PROJECTS WITH FINANCING SERVICING FEES (CONTINUED)

### Fund 3147 and 9739 (percentage of outstanding principal balance)\*\* (continued)

Contract Number	Project Number	Recipient	Fee Rates	
06-803	4971-110	City of Redding	1.20%	1%
06-806	4969-110	Nevada County Sanitation District #1	1.20%	1%
07-813	5053-110	Union Sanitary District	1.40%	1%
07-817	6093-110	City of St Helena	1.40%	1%
07-819	4971-210	City of Redding	1.40%	1%
07-820	4790-120	Vallejo Sanitation & Flood District	1.40%	1%
07-825	4303-110	East Bay Municipal Utility District	1.40%	1%
07-826	4971-220	City of Redding	1.60%	1%
07-835	5045-110	Union Sanitary District	1.70%	1%
07-836	4470-110	City of Colfax	1.40%	1%
09-851	5152-110	City of Burlingame	1.90%	1%
10-801	7245-110	El Toro Water District	1.70%	1%
10-805	6601-110	Yolo County Flood Control and Water Conservation District	1.70%	1%
10-818	5571-110	Delta Diablo	1.60%	1%
10-820	5160-110	Sunnyslope County Water District	1.60%	1%
10-835	5533-110	City of Burbank	1.60%	1%
10-838	5310-110	City of Seal Beach	1.60%	1%
10-842	5310-120	City of Seal Beach	1.60%	1%
11-809	4971-230	City of Redding	1.60%	1%
97-812	4504-110	City of Chico	1.60%	1%
97-815	4155-110	San Elijo Joint Powers Authority	1.50%	1%
97-817	4251-110	City of Colton	1.50%	1%
97-827	4614-110	South San Francisco	1.60%	1%
97-829	4441-120	City of Sacramento	1.20%	1%
98-810	4243-110	City of Wasco	1.60%	1%
98-811	6050-110	County of Merced	1.60%	1%
98-816	4429-110	City of Thousand Oaks	1.40%	1%
98-817	4001-260	Los Angeles County Sanitation District	1.40%	1%
98-826	6026-110	City of South Lake Tahoe	1.60%	1%
98-828	6061-110	County of Napa Flood Control and Water	1.40%	1%
98-830	4529-110	City of Banning	1.60%	1%
99-809	4452-120	Santa Ana Watershed Project Authority	1.70%	1%
99-819	4666-110	City of American Canyon	1.70%	1%

## **EXHIBIT J: CUMULATIVE CWSRF PROJECTS WITH FINANCING SERVICING FEES (CONTINUED)**

### **Fund 3147 and 9739 (percentage of outstanding principal balance)\*\* (continued)**

Contract Number	Project Number	Recipient	Fee Rates	
99-825	4452-130	Santa Ana Watershed Project Authority	1.60%	1%
99-829	4616-110	City of Calistoga	1.60%	1%
99-830	4452-140	Santa Ana Watershed Project Authority	1.60%	1%
99-831	4653-110	City of Sacramento	1.60%	1%

\*\*\*Constitutes projects with both a Small Community Grant and Administrative Fee



**EXHIBIT K: SFY 2016-17 CWSRF  
AUDITED FINANCIAL STATEMENTS**

**CONTROL BOARD  
WATER POLLUTION CONTROL REVOLVING FUND  
Sacramento, California**

**FINANCIAL STATEMENTS  
and SINGLE AUDIT REPORTS**

**June 30, 2017 and 2016**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
California State Water Resources Control Board  
Sacramento, California

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

We have audited the accompanying financial statements of the California State Water Resources Control Board, Water Pollution Control Revolving Fund (Water Pollution Control Revolving Fund), an enterprise fund of the State of California, as of and for the years ended June 30, 2017 and 2016, 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.

As discussed in Note 1 - Definition of Reporting Entity, the basic financial statements of the California State Water Resources Control Board, Water Pollution Control 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 California State Water Resources Control Board, Water Pollution Control 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, 2017 and 2016, 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.

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, Water Pollution Control Revolving Fund as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *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 California State Water Resources Control Board, Water Pollution Control Revolving Fund's basic financial statements. The schedule 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 also 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

The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 October 2, 2017, on our consideration of the Water Pollution Control 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 result of that testing, and not to provide an opinion on the effectiveness of the Water Pollution Control 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 Water Pollution Control Revolving Fund's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
October 2, 2017

**California State Water Resources Control Board  
Water Pollution Control Revolving Fund  
State Revolving Fund Program**

**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), Water Pollution Control Revolving Fund (Clean Water State Revolving Fund program) (CWSRF) financial statements. It describes and analyzes the financial position of the CWSRF providing an overview of the CWSRF's activities for the years ended June 30, 2017 and 2016. 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 \$113.1 million to a total of \$4 billion in 2017, which was \$8.4 million less than the increase of \$121.5 million in 2016. The smaller increase in net position is a direct result of lower capital contributions during the year from the U.S. Environmental Protection Agency (EPA).
- Capital contributions decreased by \$8.9 million to \$65.8 million as compared to \$74.7 million in 2016. The decrease in capital contributions was mostly a result of less capital available from EPA capitalization grants for loan disbursements. Capital contributions from EPA capitalization grant funds that were forgiven decreased by \$3 million to \$5 million as compared to \$8 million in 2016.
- Cash and cash equivalents increased by \$308 million in 2017 as compared to an increase of \$452 million in 2016. The increase in 2017 was mostly the result of an increase in cash from the issuance of the Series 2017 Revenue Bond and several payoffs of loan receivables.
- Loans receivable increased by \$309 million to \$4 billion in 2017 and increased by \$155 million in 2016. The larger increase in 2017 mostly reflects an increase in loan disbursements.
- On March 23, 2017, the CWSRF issued California Infrastructure and Economic Development Bank, Clean Water State Revolving Fund Revenue Bonds, Series 2017 for \$450 million at a premium of \$79.5 million. The Series 2017 Revenue Bonds were issued for the purpose of making financial assistance available to recipients for eligible projects.
- Restricted portion of net position decreased by \$100 million to \$1.5 billion in 2017 as compared to an increase of \$1.3 billion in 2016. The decrease in 2017 reflects the decrease in notes receivables for loans pledged to the Series 2012, 2016 and 2017 Revenue Bonds as a result of repayments received and the related debt service payments. The increase in 2016 reflects the greater pledged loan requirements of the Series 2016 Revenue Bonds.

**Using this Annual Financial Report**

The financial statements included in this annual financial report are those of the CWSRF. As discussed in Note 1, Definition of Reporting Entity, the basic financial statements of the CWSRF 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 CWSRF. They do not purport to present the financial position of the State Water Board or the State of California (State) as of June 30, 2017 and 2016 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 CWSRF financial statements and accompanying notes to financial statements. This report also contains required supplementary information and other supplementary information.

The financial statements of the CWSRF 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 CWSRF's financial position, which assists the reader in assessing the CWSRF'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 CWSRF'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 CWSRF is improving or deteriorating.
- The *Statements of Revenues, Expenses, and Changes in Net Position* present information which reflects how the CWSRF'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 CWSRF'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 2017, the growth of the CWSRF's net position continued to strengthen increasing by \$113.1 million, or 2.9%, to \$4 billion at June 30, 2017 as compared to an increase of \$121.5 million, or 3.2%, the previous year. The increase in net position was \$8.4 million lower than in the previous year, mostly reflecting the lower level of capital contributions from EPA capitalization grants.

The current portion of the CWSRF's liabilities was \$57 million in 2017 and \$29 million in 2016. Current liabilities primarily correspond to continuing principal payments for the Series 2012, 2016 and 2017 Revenue Bonds. Noncurrent liabilities increased by \$481 million in 2017 as compared to an increase of \$476 million in 2016. The increase in 2017 is a result of the issuance of the Series 2017 Revenue Bonds while the increase in 2016 is the result of the issuance of the Series 2016 Revenue Bond.

A segment of the CWSRF's net position is subject to external restriction due to the debt service requirements of the Series 2012, 2016 and 2017 Revenue Bonds. The net position that is restricted decreased in 2017 by \$100 million to \$1.5 billion, or 6.1%, as compared to an increase in 2016 of \$1.3 billion to \$1.6 billion, or 377.7%. The decrease in 2017 was primarily due to several early payoffs of loan receivables and ongoing debt service payments. The increase in 2016 was primarily due to an increase in pledged loan receivables to secure the issuance of the Series 2016 Revenue Bonds.

Of the total restricted net position, \$1.377 billion in 2017 and \$1.567 billion in 2016 represent the balance of outstanding loans that were pledged as security to the Series 2012, 2016 and 2017 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 on the revenue bonds.

The CWSRF received total payments on pledged loans of \$234.3 million (\$207.3 million of principal and \$27 million of interest) in 2017 of which the debt service payment was \$31.5 million (\$13 million of principal and \$18.5 million of interest). In 2016, the CWSRF received total payments on pledged loans of \$40.9 million (\$32.7 million of principal and \$8.2 million of interest) of which the debt service payments were \$14.3 million (\$13 million of principal and \$1.3 million of interest).

The remaining \$157.6 million of restricted net position in 2017 and \$66.9 million in 2016 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,		
	2017	2016	2015
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,039,972	\$ 731,798	\$ 279,374
Loans receivable	4,010,218	3,700,721	3,545,617
All other assets	28,525	24,341	20,075
<b>Total assets</b>	<b>5,078,715</b>	<b>4,456,860</b>	<b>3,845,066</b>
<b>LIABILITIES</b>			
Current liabilities	56,921	29,157	15,830
Noncurrent liabilities	988,785	507,846	30,905
<b>Total liabilities</b>	<b>1,045,706</b>	<b>537,003</b>	<b>46,735</b>
<b>NET POSITION</b>			
Restricted			
Debt service	157,601	66,876	37,320
Security for revenue bonds	1,376,682	1,567,358	304,797
Subtotal restricted assets	<b>1,534,283</b>	<b>1,634,234</b>	<b>342,117</b>
Unrestricted	2,498,726	2,285,623	3,456,214
<b>Total net position</b>	<b>\$ 4,033,009</b>	<b>\$ 3,919,857</b>	<b>\$ 3,798,331</b>

## Changes in Net Position

Program revenue for the CWSRF in 2017 was \$59.6 million of which \$25.3 million is restricted for debt service. Program revenue in 2016 was \$57.6 million of which \$22.2 million was restricted for debt service. In 2017, program revenue increased by \$2 million or 3.43% and in 2016 increased by \$2.1 million or 3.75%. In 2017 and 2016, program revenue reflects an increase in outstanding receivables and the interest earned year over year on those receivables.

In 2017, general revenue was \$6.0 million, which was an increase of \$4.6 million or 331%, when compared to \$1.4 million in 2016. In 2016, general revenue increased \$0.6 million or 75% compared to \$0.8 million in 2015. The increase in investment income during 2017 and 2016 mostly reflects increased earnings that resulted from more cash on deposit

Total expenses increased by \$6 million in 2017 as compared to a decrease of \$12.8 million in 2016. The increase in 2017 was primarily due to an increase in revenue bond expenses. The decrease in 2016 was primarily due to a decrease in principal forgiveness expenses.

Administrative expenses decreased \$1.2 million to -\$0.8 million in 2017 compared to 2016. Administrative expenses decreased \$0.8 million to \$0.3 million in 2016 compared to 2015. The reduction of administrative expenses charged to the CWSRF during 2017 and 2016 primarily reflects the use of the CWSRF Administration Fund instead of the CWSRF as the primary source of administrative funding. In 2017 and 2016, administrative expenses of \$9.2 million and \$8.7 million, respectively, were charged to the CWSRF Administration Fund.

Capital contributions to the CWSRF decreased by \$6 million, or 9%, in 2017 when compared to 2016. The decrease in 2017 was primarily due to a decrease in available contributions from EPA capitalization grants. In 2016, capital contributions decreased by \$41 million, or 38% when compared to 2015. The decrease in 2016 was due to a decrease in available contributions from EPA capitalization grants.

The CWSRF program received principal forgiveness funds from EPA capitalization grants of \$4.8 million and \$7.8 million, in 2017 and 2016, 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,		
	2017	2016	2015
<b>Revenues</b>			
Program revenues:			
Loan interest income	\$ 59,615	\$ 57,638	\$ 55,554
General revenues:			
Investment income	6,020	1,396	796
<b>Total revenues</b>	<b>65,635</b>	<b>59,034</b>	<b>56,350</b>
<b>Expenses</b>			
Program expenses:			
Administrative expenses	(844)	329	1,096
Capitalization Principal Forgiveness expense	4,790	7,792	23,629
Revenue bond interest expense	12,458	2,199	293
Revenue bond issuance costs	1,896	1,894	-
<b>Total expenses</b>	<b>18,300</b>	<b>12,214</b>	<b>25,018</b>
<b>Increase in net position before contributions</b>	<b>47,335</b>	<b>46,820</b>	<b>31,332</b>
<b>Capital contributions:</b>			
EPA capitalization grant	60,966	66,846	100,584
EPA capitalization grant Principal Forgiveness	4,790	7,792	23,629
State and other contributions	61	68	7,162
Subtotal capital contributions	<b>65,817</b>	<b>74,706</b>	<b>131,375</b>
<b>Change in net position</b>	<b>113,152</b>	<b>121,526</b>	<b>162,707</b>
<b>Net position - beginning of year</b>	<b>3,919,857</b>	<b>3,798,331</b>	<b>3,636,875</b>
Net position - Restatement	-	-	(1,251)
<b>Net position - beginning of year (restated)</b>	<b>3,919,857</b>	<b>3,798,331</b>	<b>3,635,624</b>
<b>Net position - end of year</b>	<b>\$ 4,033,009</b>	<b>\$ 3,919,857</b>	<b>\$ 3,798,331</b>

## Budgetary Information

Under the California constitution, money may only be drawn from the treasury by a legal appropriation. The State Legislature authorized the CWSRF to operate under a continuous appropriation. Continuous appropriation authority means that no further appropriations are necessary to expend all funds deposited into the CWSRF. This has the effect of allowing funds to be expended as soon as they are deposited into the CWSRF rather than waiting for appropriation authority. Since the funds in the CWSRF 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 CWSRF program. The State Water Board maintains high bond ratings from Fitch (AAA), Moody's Investors Service (Aaa), and Standard and Poor's Ratings Services (AAA) on the CWSRF Series 2017, 2016 and 2012 Revenue Bonds. In 2017, the CWSRF issued Series 2017 Revenue Bonds for \$450 million at a premium of \$79.5 million. In 2016, the CWSRF issued Series 2016 Revenue Bonds for \$410.7 million at a premium of \$91.2 million. The Series 2017 and 2016 Revenue Bonds were issued for the purpose of making financial assistance available to recipients for eligible projects. In 2012, the CWSRF issued Series 2012 Refunding Revenue Bonds for \$68.9 million at a premium of \$6.0 million. The Series 2012 Revenue Bonds were issued to refund the Series 2002 Revenue Bonds.

As of June 30, 2017, outstanding bonds totaled \$1.035 billion, an increase of \$504.2 million, compared to \$530.8 million last year as shown in Table 3. The increase in 2017 was due to the issuance of the Series 2017 Revenue Bonds. The increase in 2016 was due to the issuance of the Series 2016 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 CWSRF long-term debt can be found in Note 5, Long-Term Debt.

**Table 3**

**Outstanding Long-term Debt**  
(in thousands)

	June 30,		
	2017	2016	2015
<b>Revenue bonds</b>			
Bond principal	\$ 877,735	\$ 440,675	\$ 42,940
Bond premium	157,251	90,118	1,957
<b>Total revenue bonds</b>	<b>\$ 1,034,986</b>	<b>\$ 530,793</b>	<b>\$ 44,897</b>

## Economic Conditions and Outlook

In 2017, new binding loan commitments (encumbrances) were \$1.378 billion, a significant increase of 34% above the new commitments made in 2016. The higher level of financing activity reflects continued improvement in the general economic conditions in California along with recent CWSRF program improvements to make the program a more attractive choice compared to other financing options for publicly owned treatment works projects. A steady demand in CWSRF 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 2017, the EPA allocated \$94.6 million to the CWSRF. The 2017 grant allocation is a reduction of 1% compared to the 2016 grant allocation of \$95 million. Presently available information indicates that the 2018 grant will be approximately equal to the 2017 grant but could be lower as a result of ongoing congressional budget negotiations.

Additionally, the CWSRF continues to maintain a large loan portfolio that generates significant program revenues for financing activity and administrative expenses. CWSRF program staff and its financial advisors continuously monitor the demand for new loans in order to be prepared to quickly sell a revenue bond if needed to meet required cash flows.

Although improving economic conditions has reduced the number of local entities experiencing strained revenue flows, the CWSRF diligently works with 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 CWSRF 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](mailto:Heather.Bell@waterboards.ca.gov).

**BASIC FINANCIAL STATEMENTS**



**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD**  
**WATER POLLUTION CONTROL REVOLVING FUND**  
**STATEMENTS OF NET POSITION**  
**June 30, 2017 and 2016**  
(in thousands)

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 596,396	\$ 494,274
Cash and cash equivalents - Restricted	443,576	237,524
Receivables:		
Loan interest	25,861	23,488
Investment interest	2,518	772
Due from other funds and other governments	146	81
Loans receivable:		
Current portion	128,271	111,478
Current portion - Restricted	100,385	156,108
Total current assets	1,297,153	1,023,725
<b>OTHER ASSETS</b>		
Loans receivable:		
Noncurrent (net of allowance for bad debt)	2,505,265	2,021,885
Noncurrent - Restricted	1,276,297	1,411,250
Total other assets	3,781,562	3,433,135
<b>TOTAL ASSETS</b>	<b>5,078,715</b>	<b>4,456,860</b>
 <b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Revenue bond interest payable	10,603	4,329
Unearned Revenue	18	5
Due to other funds	99	49
Revenue bond cost of issuance payable	-	617
Revenue bonds payable	46,201	22,947
Other liability	-	1,210
Total current liabilities	56,921	29,157
<b>NONCURRENT LIABILITIES</b>		
Revenue bonds payable	988,785	507,846
Total noncurrent liabilities	988,785	507,846
Total liabilities	1,045,706	537,003
 <b>NET POSITION</b>		
Restricted for:		
Debt service	157,601	66,876
Security for revenue bonds	1,376,682	1,567,358
Unrestricted	2,498,726	2,285,623
Total net position	\$ 4,033,009	\$ 3,919,857

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

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD**  
**WATER POLLUTION CONTROL REVOLVING FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2017 and 2016**  
(in thousands)

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUE</b>		
Loan interest income	\$ 59,615	\$ 57,638
Total operating revenue	<u>59,615</u>	<u>57,638</u>
<b>OPERATING EXPENSES</b>		
Capitalization Principal forgiveness	4,790	7,792
Other expenses	(860)	321
Total operating expenses	<u>3,930</u>	<u>8,113</u>
<b>INCOME FROM OPERATIONS</b>	<u>55,685</u>	<u>49,525</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Net investment income	6,020	1,396
Revenue bond interest expense	(12,458)	(2,199)
Revenue bond fees	(16)	(8)
Revenue bond issuance costs	(1,896)	(1,894)
Total nonoperating revenue (expense)	<u>(8,350)</u>	<u>(2,705)</u>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<u>47,335</u>	<u>46,820</u>
<b>CONTRIBUTIONS</b>		
EPA capitalization grant	60,966	66,846
EPA capitalization grant - Principal Forgiveness	4,790	7,792
State match revenue	61	68
Total contributions	<u>65,817</u>	<u>74,706</u>
<b>CHANGE IN NET POSITION</b>	113,152	121,526
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>3,919,857</u>	<u>3,798,331</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 4,033,009</u>	<u>\$ 3,919,857</u>

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

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD**  
**WATER POLLUTION CONTROL REVOLVING FUND**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2017 and 2016**  
(in thousands)

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash paid to employees and vendors	\$ (300)	\$ (510)
Cash flows provided (required) by operating activities	<u>(300)</u>	<u>(510)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Funds received from EPA capitalization grant	65,746	75,585
Funds received from the State of California	53	96
Proceeds from revenue bond issuance	529,467	501,961
Revenue bond issuance costs paid	(2,513)	(1,277)
Revenue bond fees paid	(16)	(8)
Principal paid on revenue bonds	(12,940)	(13,000)
Interest paid on revenue bonds	(18,517)	(1,323)
Cash flows provided (required) by noncapital financing activities	<u>561,280</u>	<u>562,034</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received from interest on loans	46,018	39,250
Loans disbursed	(625,321)	(521,862)
Principal Forgiveness Disbursed	(4,790)	(7,792)
Principal received on loans receivable	327,013	380,466
Net investment income received	4,274	838
Net cash provided (required) by investing activities	<u>(252,806)</u>	<u>(109,100)</u>
<b>NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	308,174	452,424
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	731,798	279,374
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,039,972</u>	<u>\$ 731,798</u>
<b>Reconciliation of operating income to net cash required by operating activities</b>		
Income from operations	\$ 55,685	\$ 49,525
Adjustments to reconcile income from operations to net cash required by operating activities		
Construction period interest	(11,237)	(13,708)
Cash received from interest on loans	(46,018)	(39,250)
Loans disbursed	625,274	521,862
Principal Forgiveness Disbursed	4,790	7,792
Principal received on loans receivable	(327,013)	(380,466)
Other expenses	(1,210)	(75)
Effect of changes in operating assets and liabilities:		
Loans receivable	(298,248)	(141,392)
Loan interest receivable	(2,373)	(4,684)
Due to other funds	50	(114)
Net cash provided (required) by operating activities	<u>\$ (300)</u>	<u>\$ (510)</u>

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

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD  
WATER POLLUTION CONTROL REVOLVING FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016  
(Dollar Amounts Expressed in Thousands)**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

The California State Water Resources Control Board, Water Pollution Control Revolving Fund (Fund) was established pursuant to Title VI of the Federal Clean Water Act of 1987 (Act). The Act established the State Revolving Fund (CWSRF) program to replace the construction grants program (Title II of the Act) to provide loans at reduced interest rates to finance the construction of publicly owned water pollution control facilities, non-point source pollution control projects, and estuary management plans. Instead of making grants to communities that pay for a portion of building wastewater treatment facilities, the CWSRF provides for low interest loans and/or subsidies in the form of principal forgiveness loans to finance the entire cost of qualifying projects. The CWSRF provides a flexible financing source that can be used for a variety of pollution control projects, including non-point source pollution control projects, and developing estuary conservation and management plans. Loans made must be repaid within 30 years or less. All repayments, including interest and principal, must remain in the Fund.

Since 1989, 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 percent of the Federal capitalization grant amount in order to receive the grants from the EPA. As of June 30, 2017 and 2016, the EPA has awarded cumulative capitalization grant funding of \$2,771,615, and \$2,676,325, respectively to the State of California (State), for which the State is required to provide \$554,323 and \$535,265, respectively, of cumulative matching funding to the Fund. In addition, in February 2009, the EPA awarded \$280,285 in ARRA grant funding for which there is no State Match requirement.

The Fund 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 (Program). The Board's primary responsibilities with the CWSRF 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 consists of five member positions, which are appointed by the Governor and confirmed by the Senate.

The Board administers the CWSRF program by charging the Fund for time spent on CWSRF 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.

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD  
WATER POLLUTION CONTROL REVOLVING FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016  
(Dollar Amounts Expressed in Thousands)**

**NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)**

The activities of the Fund are included in the State's Comprehensive Annual Financial Report as an enterprise fund using the accrual basis of accounting.

**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

**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, allocated indirect costs and bad debt allowance. 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. In certain circumstances, local communities have contributed the State's matching share in exchange for reduced interest rate loans, as discussed in Note 4.

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 CWSRF to operate under a continuous appropriation. Continuous appropriation authority means that no further appropriations are necessary to expend all funds deposited into the CWSRF. 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.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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, local contributions, revenue bond proceeds, 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. After the final disbursement has been made, the loan agreement is adjusted for the actual amounts disbursed and interest accrued during the project period (Construction Period Interest). Loans are amortized over periods up to 30 years. Loan repayments must begin within one year of construction completion or one year from the initial loan disbursement, depending upon the type of loan agreement, and are made on an annual and semi-annual basis.

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**

The allowance for bad debts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Loans receivable are charged against the allowance for bad debts when management believes that the uncollectibility of the principal is probable. The allowance for bad debts was \$9,356 at June 30, 2017 and June 30, 2016.

**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.

**Reclassifications**

For comparability, certain 2016 amounts have been reclassified, where appropriate, to conform with the 2017 financial statement presentation.

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**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, 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, 2017 and 2016, the Fund's cash deposits had a carrying balance of \$6 and \$6, respectively.

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

<u>Investments</u>	<u>2017</u>	<u>2016</u>
Treasury/Trust Portfolio	<u>\$ 1,039,966</u>	<u>\$ 731,792</u>
Total cash deposits and investments	<u>\$ 1,039,972</u>	<u>\$ 731,798</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, 2017 and 2016, Comprehensive Annual Financial Reports for disclosure related to the risks applicable to the Portfolio.

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**NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)**

Cash deposits and investments are reflected on the June 30, 2017 and 2016 statement of net position as follows:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 596,396	\$ 494,274
Cash and cash equivalents - Restricted	443,576	237,524
Total cash deposits and investments	<u>\$ 1,039,972</u>	<u>\$ 731,798</u>

Cash and investments in the amount of \$285,975 and \$170,648, representing unspent revenue bonds proceeds, at June 30, 2017 and 2016, respectively, were restricted for future loan disbursements. Additionally, cash and investments in the amount of \$157,601 and \$66,876 representing various reserve accounts required by the revenue bonds, at June 30, 2017 and 2016, 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 Clean Water Act of 1987 and any subsequent amendments. Loans are financed with capitalization grants, State match, local contributions, revenue bond proceeds and revolving loan funds. Interest rates vary between 0.0 percent and 4.0 percent and loans are repaid over 30 years or less starting one year after the project is completed. Interest rates are established in the original loan agreements and are generally 50 percent of the State's General Obligation Bond Rate at the time the loan agreement is prepared. Local match loans have an effective interest rate of 1.8 percent. Certain communities are offered special interest rates as low as 0.0 percent. Interest earned during the construction period is calculated from the date funds are disbursed until the project is completed.

As of June 30, 2017 and 2016, the Fund had total binding commitments of \$10,355,713 and \$8,978,122, respectively, since program inception. As of June 30, 2017, the remaining commitment on these loans amounted to \$2,706,475, of which \$253,113 is federal funds. The federal loan commitments included capitalization funds of \$31,093, which will be forgiven. As of June 30, 2016, the remaining commitment on these loans amounted to \$1,958,948, of which \$241,349 is federal funds. The federal loan commitments included capitalization funds of \$10,761, 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, 2017 and 2016 the unpaid balance on all loans receivable outstanding amounted to \$4,010,218 and \$3,700,721, respectively.

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**NOTE 4 - LOANS RECEIVABLE (CONTINUED)**

Estimated maturities of the loans receivable and interest payments thereon, at June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2018	\$ 50,062	\$ 228,656	\$ 278,718
2019	47,739	232,192	279,931
2020	44,388	232,295	276,683
2021	41,058	231,710	272,768
2022	37,768	224,487	262,255
2023-2027	142,366	951,741	1,094,107
2028-2032	78,973	656,910	735,883
2033-2037	31,574	334,401	365,975
2038-2042	12,098	111,682	123,780
2043-2047	4,278	83,069	87,347
2048-2052	7	1,077	1,084
Total	<u>\$ 490,311</u>	<u>3,288,220</u>	<u>\$ 3,778,531</u>
Loans not yet in repayment		731,354	
Allowance for bad debt		(9,356)	
Total loans receivable		<u>\$ 4,010,218</u>	

**Restricted Loans Receivable**

At June 30, 2017 and 2016, \$1,376,682 and \$1,567,358, 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, 2017, the Fund received \$207,377 and \$26,944 of principal and interest, respectively, on these loans. During the year ended June 30, 2016, the Fund received \$32,738 and \$8,195 of principal and interest, respectively, on these same loans. Any excess of the principal and interest received over the 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.

**Local Match Loans**

The Fund has offered reduced interest rates on loans to recipients that have agreed to contribute funds that can be used to match federal contributions. In order to obtain one of these loans, the local agency contributes one-sixth or 16.7 percent of the total loan principal. The borrower then repays 100 percent of the loan principal including the contributed amount (see Note 6).

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**NOTE 4 - LOANS RECEIVABLE (CONTINUED)**

The Fund had authorized a total of \$1,718,966 of local match loans as of June 30, 2017 and 2016. From these authorizations, certain borrowers elected to remit the State match at the time the loan was awarded in the amount of \$2,296 as of June 30, 2017 and 2016. The remaining borrowers elected to repay the State match over a period of 20 or 30 years, in the amount of \$281,714 as of June 30, 2017 and 2016. As of June 30, 2017 and 2016, total local match loans outstanding, including the local match to be paid, amounted to \$652,685 and \$723,274, respectively. As of June 30, 2017 and 2016, the remaining State match to be repaid amounted to \$67,795 and \$80,195, respectively.

**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 percent of total loans receivable. As of June 30, 2017 and 2016, respectively, the combined outstanding loan balances of these major local agencies represent approximately 19.31 and 15.8 percent of the total loans receivable.

<b><u>Borrower</u></b>	<b>2017</b>	
	<b><u>Authorized Loan Amount</u></b>	<b><u>Outstanding Loan Balance</u></b>
Los Angeles County Sanitation District (LACSD)	\$ 596,746	\$ 246,481
LACSD District #29	\$ 969	\$ 796
LACSD Santa Clarita	\$ 4,336	\$ 3,820
LACSD District #2	\$ 41,511	\$ 38,219
LACSD Total	<u>\$ 643,562</u>	<u>\$ 289,316</u>
Orange County Water District	\$ 316,725	\$ 233,010
Sacramento Regional County Sanitation District	\$ 1,393,737	\$ 252,073
	<u>\$ 2,354,024</u>	<u>\$ 774,399</u>
	<b>2016</b>	
<b><u>Borrower</u></b>	<b><u>Authorized Loan Amount</u></b>	<b><u>Outstanding Loan Balance</u></b>
Los Angeles County Sanitation District (LACSD)	\$ 596,746	\$ 322,299
LACSD District #29	\$ 969	\$ 839
LACSD Santa Clarita	\$ 4,336	\$ 4,012
LACSD District #2	\$ 41,511	\$ 23,705
LACSD Total	<u>\$ 643,562</u>	<u>\$ 350,855</u>
Orange County Water District	\$ 316,725	\$ 233,800
	<u>\$ 960,287</u>	<u>\$ 584,655</u>

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**NOTE 5 - LONG-TERM DEBT**

On March 23, 2017, the Fund issued \$450,000 of California Infrastructure and Economic Development Bank, Clean Water State Revolving Fund Revenue Bonds, Series 2017, dated March 1, 2017 with coupon rates of 2 to 5 percent at a yield of 2.24%. These serial bonds are due annually in varying amounts through 2036. The interest on the bonds is due semi-annually on April 1 and October 1. The bonds maturing on or after October 1, 2027 are subject to redemption prior to their respective stated maturities at the option of the Fund on any date on or after April 1, 2027. The bonds were issued to provide funding for the issuance of additional revolving fund loans by the Fund

On April 28, 2016, the Fund issued \$410,735 of California Infrastructure and Economic Development Bank, Clean Water State Revolving Fund Revenue Bonds, Series 2016, dated April 1, 2016 with coupon rates of 2.5 to 5 percent at a yield of 1.57%. 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, 2026 are subject to redemption prior to their respective stated maturities at the option of the Fund on any date on or after April 1, 2026. The bonds were issued to provide funding for the issuance of additional revolving fund loans by the Fund.

On December 3, 2012, the Fund issued \$68,940 of California Infrastructure and Economic Development Bank, Clean Water State Revolving Fund Refunding Revenue Bonds, Series 2012, dated November 1, 2012, with coupon rates of 2 to 4 percent at a yield of .056%. These serial bonds are due annually in varying amounts through 2018. The interest on the bonds is due semi-annually on April 1 and October 1. The Series 2012 bonds shall not be subject to redemption prior to maturity. The bonds were issued to refund the Series 2002 Revenue Bonds.

At the time of issuance of the Master 2012 indenture and Series 2012 revenue bonds, the Fund pledged in excess of \$394,000 of the Fund's outstanding loan receivables as security for the bonds. The Fund pledged an additional \$1,228,000 of outstanding loan receivables at the time of issuance of the Series 2016 revenue bonds, for a total of \$1,622,000 pledged for security of all outstanding bonds (see Note 4). 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 of the principal and interest received over the debt service payments required may be used for future loan disbursements and/or released from restriction upon approval by the Trustee in the event that certain requirements are met.

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

**Series 2012**

**Year Ending June 30,**

2018

2019

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	\$ 9,530	\$ 451	\$ 9,981
	7,470	131	7,601
	<u>\$ 17,000</u>	<u>\$ 582</u>	<u>\$ 17,582</u>

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**NOTE 5 - LONG-TERM DEBT (CONTINUED)****Series 2016****Year Ending June 30,**

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ 17,820	\$ 18,813	\$ 36,633
2019	21,010	18,166	39,176
2020	29,715	17,314	47,029
2021	30,885	16,072	46,957
2022	32,430	14,534	46,964
2023-2027	141,915	49,843	191,758
2028-2032	92,490	21,859	114,349
2033-2036	44,470	4,203	48,673
	<b><u>\$ 410,735</u></b>	<b><u>\$ 160,804</u></b>	<b><u>\$ 571,539</u></b>

**Series 2017****Year Ending June 30,**

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ -	\$ 22,208	\$ 22,208
2019	30,365	21,117	51,482
2020	37,965	19,764	57,729
2021	24,565	18,412	42,977
2022	25,725	17,165	42,890
2023-2027	162,425	61,535	223,960
2028-2032	112,565	26,705	139,270
2033-2037	56,390	6,827	63,217
	<b><u>\$ 450,000</u></b>	<b><u>\$ 193,733</u></b>	<b><u>\$ 643,733</u></b>

**Combined****Year Ending June 30,**

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ 27,350	\$ 41,472	\$ 68,822
2019	58,845	39,414	98,259
2020	67,680	37,078	104,758
2021	55,450	34,484	89,934
2022	58,155	31,699	89,854
2023-2027	304,340	111,378	415,718
2028-2032	205,055	48,564	253,619
2033-2037	100,860	11,030	111,890
	<b><u>\$ 877,735</u></b>	<b><u>\$ 355,119</u></b>	<b><u>\$ 1,232,854</u></b>

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**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

The detail of the Fund's long-term debt is as follows:

	Balance June 30, 2016	Issuances	Retirements	Balance June 30, 2017	Due Within One Year
<b>Series 2017 Revenue Bonds:</b>					
Bond principal	\$ -	\$ 450,000	\$ -	\$ 450,000	\$ -
Bond premium	-	79,467	2,327	77,140	9,010
	<u>-</u>	<u>\$ 529,467</u>	<u>\$ 2,327</u>	<u>527,140</u>	<u>\$ 9,010</u>
Less current portion:					
Bond principal	-			-	
Bond premium amortization	-			(9,010)	
Long-term portion	<u>\$ -</u>			<u>\$ 518,130</u>	
<b>Series 2016 Revenue Bonds:</b>					
Bond principal	\$ 410,735	\$ -	\$ -	\$ 410,735	\$ 17,820
Bond premium	89,153	-	9,388	79,765	9,549
	<u>499,888</u>	<u>\$ -</u>	<u>\$ 9,388</u>	<u>490,500</u>	<u>\$ 27,369</u>
Less current portion:					
Bond principal	-			(17,820)	
Bond premium amortization	(9,388)			(9,549)	
Long-term portion	<u>\$ 490,500</u>			<u>\$ 463,131</u>	
<b>Series 2012 Revenue Bonds:</b>					
Bond principal	\$ 29,940	\$ -	\$ 12,940	\$ 17,000	\$ 9,530
Bond premium	965	-	619	346	292
	<u>30,905</u>	<u>\$ -</u>	<u>\$ 13,559</u>	<u>17,346</u>	<u>\$ 9,822</u>
Less current portion:					
Bond principal	(12,940)			(9,530)	
Bond premium amortization	(619)			(292)	
Long-term portion	<u>\$ 17,346</u>			<u>\$ 7,524</u>	

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**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

	<u>Balance June 30, 2015</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
<b>Series 2016 Revenue Bonds:</b>					
Bond principal	\$ -	\$ 410,735	\$ -	\$ 410,735	\$ -
Bond premium	-	91,226	2,073	89,153	9,388
	<u>-</u>	<u>\$ 501,961</u>	<u>\$ 2,073</u>	499,888	<u>\$ 9,388</u>
Less current portion:					
Bond principal	-			-	
Bond premium amortization	-			(9,388)	
Long-term portion	<u>\$ -</u>			<u>\$ 490,500</u>	
<b>Series 2012 Revenue Bonds:</b>					
Bond principal	\$ 42,940	\$ -	\$ 13,000	\$ 29,940	\$ 12,940
Bond premium	1,957	-	992	965	619
	<u>44,897</u>	<u>\$ -</u>	<u>\$ 13,992</u>	30,905	<u>\$ 13,559</u>
Less current portion:					
Bond principal	(13,000)			(12,940)	
Bond premium amortization	(992)			(619)	
Long-term portion	<u>\$ 30,905</u>			<u>\$ 17,346</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 percent of the federal capitalization amount. The State's matching contribution has been provided through the appropriation of State resources as well as through the use of loans from the Water Reclamation program. As of June 30, 2017 and 2016, the EPA has awarded to the State cumulative capitalization grants of \$2,771,615 and \$2,676,325, respectively. As of June 30, 2017 and 2016, the State has drawn, cumulatively \$2,695,788 and \$2,630,033, respectively, for loans and administrative expenses. The State has provided matching funds of \$354,293 and \$354,232, respectively.

In addition, as of June 30, 2017, the EPA awarded the ARRA grant of \$280,285 to the fund for which \$161,006 was for principal forgiveness (See Note 4). There were no State matching requirements for the grant, which was fully drawn as of June 30, 2014.

As discussed in Note 4, certain borrowers have contributed funds that can be used to match federal contributions in exchange for reduced interest rate loans. The EPA allows the State to include amounts provided by borrowers under certain local matching loans in meeting the State's statutory matching obligation. As of June 30, 2017 and 2016, the borrowers had contributed \$284,010, which qualifies as meeting the State's matching requirement.

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**NOTE 6 - CAPITAL CONTRIBUTIONS (CONTINUED)**

Table 1 summarizes the EPA capitalization grants awarded, amounts drawn on each grant as of June 30, 2017 and 2016, and balances available for future loans as of June 30, 2017. Table 2 summarizes the state match amounts paid by the state and local entities as of June 30, 2017 and 2016. As of June 30, 2017 and 2016, the state match required is \$539,158 and \$526,006, respectively. As of June 30, 2017 and 2016, the state match available for potential future state match is \$99,145 and \$112,236, respectively.

**TABLE 1**

Year	Grant Award	Funds Drawn	Funds Drawn	Funds Drawn	Funds Drawn	Available for Loans as of June 30, 2017	
		As of June 30, 2015	During Year Ended June 30, 2016	As of June 30, 2016	During Year Ended June 30, 2017		As of June 30, 2017
1989-2013	\$ 2,476,285	\$ 2,476,285	\$ -	\$ 2,476,285	\$ -	\$ 2,476,285	\$ -
2014	100,277	79,110	21,167	100,277	-	100,277	-
2015	99,763	-	53,471	53,471	46,292	99,763	-
2016	95,290	-	-	-	19,464	19,464	75,826
	<u>\$ 2,771,615</u>	<u>\$ 2,555,395</u>	<u>\$ 74,638</u>	<u>\$ 2,630,033</u>	<u>\$ 65,756</u>	<u>\$ 2,695,789</u>	<u>\$ 75,826</u>
2008-ARRA	280,285	280,285	-	280,285	-	280,285	-
	<u>\$ 3,051,900</u>	<u>\$ 2,835,680</u>	<u>\$ 74,638</u>	<u>\$ 2,910,318</u>	<u>\$ 65,756</u>	<u>\$ 2,976,074</u>	<u>\$ 75,826</u>

**TABLE 2**

	State Match Paid	State Match Paid	State Match Paid	State Match Paid	State Match Paid
	As of June 30, 2015	During Year Ended June 30, 2016	As of June 30, 2016	During Year Ended June 30, 2017	As of June 30, 2017
State Disbursed	\$ 354,164	\$ 68	\$ 354,232	\$ 61	\$ 354,293
Local Disbursed	283,560	450	284,010	-	284,010
	<u>\$ 637,724</u>	<u>\$ 518</u>	<u>\$ 638,242</u>	<u>\$ 61</u>	<u>\$ 638,303</u>

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**NOTE 6 - CAPITAL CONTRIBUTIONS (CONTINUED)****Restricted Funds**

State matching funds for the 1993 capitalization grant and portions of the 1994 and 1995 capitalization grants were provided by the transfer of \$34,316 of outstanding loans and loan interest earned from California Water Reclamation Loan Fund. In 2006, an additional \$3,545 of outstanding loans and loan interest was transferred to the Fund for future match requirements. Repayments of these loans are restricted for future water reclamation loans that are eligible under the CWSRF program.

**Administrative Fund**

In January 2008, legislation in the State of California became effective which allows CWSRF to collect a service charge on loans which will be used for administrative costs. The fees collected and the expenses incurred are not included in the accompanying financial statements. Revenue collected and expenses incurred for the administrative fund are as follows:

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Administrative fee collected	<u>\$ 5,851</u>	<u>\$ 6,887</u>
Operating expenses incurred	<u>\$ 9,205</u>	<u>\$ 8,681</u>

**Small Community Grant Fund**

In September 2008, legislation in the State of California became effective which allows CWSRF to collect an annual charge on loans which will be used to assist Small Disadvantage Communities. The fees collected and the expenses incurred are not included in the accompanying financial statements. Revenue collected and expenses incurred for the grant fund are as follows:

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Grant fee collected	<u>\$ 10,039</u>	<u>\$ 11,098</u>
Grants disbursed	<u>\$ 3,602</u>	<u>\$ 7,392</u>

**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, 2017 and 2016, Comprehensive Annual Financial Reports.

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD  
WATER POLLUTION CONTROL REVOLVING FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016  
(Dollar Amounts Expressed in Thousands)**

**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, 2017 and 2016, 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, 2017 and 2016, the Fund had restricted net position of \$157,601 and \$66,876, respectively, representing amounts received from borrower loan repayments on pledged loans. As of June 30, 2017 and 2016 pledged loans restricted for future bond debt service payments were \$1,376,682 and \$1,567,358, respectively, representing loans receivable pledged as security for the revenue bonds (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.

**SINGLE AUDIT REPORTS**



**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD  
 WATER POLLUTION CONTROL REVOLVING FUND  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2017**

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
<b><u>U.S. Environmental Protection Agency</u></b>			
Direct Programs:			
Capitalization Grants for State Revolving Funds	66.458	\$ 65,755,709 (*)	\$ 65,450,474
		<u>\$ 65,755,709</u>	<u>\$ 65,450,474</u>

(\*) Tested as a Major Program

See notes to schedule of expenditures of federal awards.

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD  
WATER POLLUTION CONTROL REVOLVING FUND  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2017**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the California State Water Resources Control Board, Water Pollution Control Revolving Fund (Fund) under programs of the federal government for the year ended June 30, 2017. 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 presented on the accrual basis of accounting and 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. Negative amounts shown on the Schedule represent adjustments or credits made, in the normal course of business, to amounts reported as expenditures in prior years. The Fund has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 - LOANS TO SUBRECIPIENTS**

Capitalization Grants for Clean Water State Revolving Fund CFDA# 66.458 include \$65,450,474 of expenditures that were disbursed as loan awards to qualifying subrecipients, which includes \$4,789,526 of principal forgiveness loans.



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

Board of Directors  
California State Water Resources Control Board  
Water Pollution Control 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, Water Pollution Control Revolving Fund (Water Pollution Control Revolving Fund), an enterprise fund of the State of California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Water Pollution Control Revolving Fund's basic financial statements, and have issued our report thereon dated October 2, 2017.

**Internal Control Over Financial Reporting**

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

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

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

Board of Directors  
California State Water Resources Control Board  
Water Pollution Control Revolving Fund

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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  
October 2, 2017



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**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  
 Water Pollution Control Revolving Fund  
 Sacramento, California

**Report on Compliance for Each Major Federal Program**

We have audited California State Water Resources Control Board, Water Pollution Control Revolving Fund's (Water Pollution Control 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 Water Pollution Control Revolving Fund's major federal programs for the year ended June 30, 2017. Water Pollution Control 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 Water Pollution Control 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 Water Pollution Control 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 Water Pollution Control Revolving Fund's compliance.

Board of Directors  
California State Water Resources Control Board  
Water Pollution Control Revolving Fund

### ***Opinion on Each Major Federal Program***

In our opinion, Water Pollution Control 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, 2017.

### **Report on Internal Control Over Compliance**

Management of Water Pollution Control 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 Water Pollution Control 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 Water Pollution Control 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.

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  
October 2, 2017

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD  
WATER POLLUTION CONTROL REVOLVING FUND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017**

**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 programs:

**CFDA Number(s)**  
66.458

**Name of Federal Program or Cluster**  
Capitalization Grants for State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$1,972,671

Auditee qualified as low-risk auditee?  yes  no

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD  
WATER POLLUTION CONTROL REVOLVING FUND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2017**

**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  
WATER POLLUTION CONTROL REVOLVING FUND  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2017**

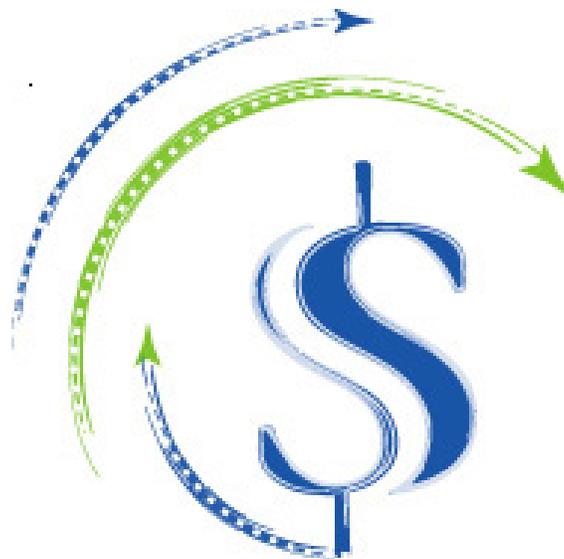
**PART IV - PRIOR YEAR FINDINGS**

- There were no prior year audit findings required to be reported under *Government Auditing Standards* or 2 CFR 200.516(a).





**"HARVEY PLACE R**  
This facility is a storage place for  
used for beneficial agricultural  
From this vantage point looking s  
Reservoir dam structure is vis  
Reservoir was used, from 1969 u  
water and is currently a fres  
Harvey Place Reservoir was cons  
operation in January 1989 and h  
3,800 acre feet of water. One  
defined as the amount of water  
acre of land to a depth of on  
335,000 gallons. Therefore,  
1,273,000,000 gallons of water  
this arid re



**STATE WATER RESOURCES CONTROL BOARD**

DIVISION OF FINANCIAL ASSISTANCE - 1001 I STREET - SACRAMENTO, CA 95814

[www.waterboards.ca.gov](http://www.waterboards.ca.gov)

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