
ANNUAL REPORT

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

CLEAN WATER STATE REVOLVING FUND

and

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

and

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

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

OUR VISION

Abundant clean water for human uses and environmental protection to sustain California's future.

OUR MISSION

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



About the State and Regional Water Boards

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

The State Water Board consists of five full-time salaried members, each filling a different specialty position. Each Board member is appointed to a four-year term by the Governor and confirmed by the Senate.

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.

State Water Resources Control Board – Members and Executive Director



E. Joaquin Esquivel
BOARD CHAIR

E. Joaquin Esquivel was appointed to the State Water Resources Control Board by Governor Jerry Brown in March 2017 and designated by Governor Gavin Newsom as Chair in February 2019. Previously, he served as Assistant Secretary for federal water policy at the California Natural Resources Agency in the Governor's Washington, D.C. office, where he facilitated the development of policy priorities between the agency, the Governor's Office, the California Congressional delegation, and federal stakeholder agencies.

Prior to his position with the Natural Resources Agency, Mr. Esquivel worked for U.S. Senator Barbara Boxer of California, most recently as her legislative assistant covering the agriculture, Native American, water, oceans, and nutrition portfolios, in addition to being the Director of Information and Technology.

Mr. Esquivel was born and raised in California's Coachella Valley. He holds a Bachelor of Arts degree in English from the University of California, Santa Barbara.



Dorene D'Adamo
BOARD VICE CHAIR

Dorene D'Adamo was appointed to the State Water Resources Control Board by Governor Brown in 2013 and reappointed in 2018. She serves as the Vice-Chair and as the agriculture member of the Board. Ms. D'Adamo is on the Board of the California Partnership for the San Joaquin Valley and on the Board of the Pacific Forest and Watershed Lands Stewardship Council, and she also served on the Governor's Drought Task Force. She was a member of the California Air Resources Board from 1999-2013 where she was instrumental in the board's air quality and climate change programs and regulations.

Ms. D'Adamo served in various capacities for Members of Congress from the San Joaquin Valley for over a 20-year period, working primarily on environmental, water and agricultural legislative policy.

	<p>Ms. D'Adamo earned a Bachelor of Arts degree from the University of California, Davis and a Juris Doctor from the University of the Pacific, McGeorge School of Law.</p>
	<p>Tam M. Doduc BOARD MEMBER</p> <p>Tam Doduc serves as the civil engineer on the State Water Resources Control Board. Ms. Doduc most recently 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.</p> <p>Ms. Doduc began her career in 1989 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 to 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 to 2004, Ms. Doduc served as Cal/EPA's Assistant Secretary for Agriculture, Air and Chemical Programs.</p> <p>A licensed civil engineer, Ms. Doduc earned a Bachelor of Science degree in BioEngineering from the University of California, Berkeley, and a Master of Science in Civil Engineering from the California State University, Sacramento. She also earned a Master of Business Administration from the University of California, Berkeley.</p>

Sean Maguire
BOARD MEMBER



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

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

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

Laurel Firestone
BOARD MEMBER



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

Ms. Firestone has received a variety of awards and recognitions for her work, including the James Irvine

	<p>Foundation's Leadership Award in 2018, and the Gary Bellow Public Service Award by the Harvard Law School in 2013.</p> <p>Ms. Firestone served on the Tulare County Water Commission from 2007-2012, as well as a variety of state policy advisory committees. She has partnered with universities to develop research and clinical programs to further the human right to water, and written articles and publications related to drinking water and the environment.</p> <p>Ms. Firestone earned a Juris Doctor degree and graduated with honors from Harvard Law School and holds a Bachelor of Arts degree in Environmental Studies, Magna Cum Laude, from Brown University.</p>
	<p>Eileen Sobeck EXECUTIVE DIRECTOR</p> <p>Eileen Sobeck was selected as Executive Director by the Board in August 2017. Ms. Sobeck has nearly 40 years of government service, and more than two decades of executive and management experience leading professional staff in complex organizations. She has spent majority of her career in federal agencies that touch on many of the same science-based, public resource challenges the State Water Board faces.</p> <p>Ms. Sobeck was the National Oceanic and Atmospheric Administration's (NOAA) Assistant Administrator for Fisheries at the U. S. Department of Commerce (2014-2017). Prior to her work at NOAA, she was the Department of Interior's Acting Assistant Secretary for Insular Affairs (2012-2014), and Deputy Assistant Secretary for Fish and Wildlife and Parks (2009-2012). Ms. Sobeck is a lawyer by training and spent 25 years at the U. S. Department of Justice, ultimately serving as Deputy Assistant Attorney General for Environment and Natural Resources (1999-2009).</p> <p>While Ms. Sobeck has spent most of her professional career in Washington, D.C., she has many ties to California. Ms. Sobeck grew up in Davis, earned a Juris Doctor degree from Stanford Law School, a Bachelor of Arts degree in Political Science from Stanford University, and has strong family connections to California</p>



STATE WATER RESOURCES CONTROL BOARD

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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) 2019-20. It describes how the State Water Board met the objectives identified in the [SFY 2019-20 CWSRF Intended Use Plan \(IUP\)](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/cwsrf_iup_sfy2019_20_final.pdf)

(https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/cwsrf_iup_sfy2019_20_final.pdf).

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 using the repayments and earnings 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 California's 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. Every project financed through the CWSRF program is directly related to improving water quality, public health, or both, and many CWSRF recipients use their financing to remedy water quality violations and associated enforcement actions by the Regional Water Quality Control Boards (Regional Water Boards). The State Water Board provided approximately \$599 million in new CWSRF financing to 23 projects in SFY 2019-20. The projects funded in 2019-20 include a variety of project types eligible under the CWSRF.

II. FINANCIAL RESULTS

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, 2020 were completed December 15, 2020, and are included as Appendix E in this report. This section provides important financial highlights about the CWSRF as of June 30, 2020, including a discussion on the credit risk of the CWSRF.

A. Cumulative Financial Activity

As of June 30, 2020, \$11.519 billion in cumulative CWSRF funds were available for CWSRF financial assistance and other eligible purposes. As of June 30, 2020, the State Water Board had committed approximately 103 percent (103%) of these available CWSRF funds to projects through binding commitments (executed financing agreements). Similarly, as of June 30, 2020, the State Water Board had disbursed approximately 84 percent (84%) of these available CWSRF funds to financing recipients or expended these funds for other eligible program purposes. Cumulative program activity from inception through the end of SFY 2019-20 is described below in Table 1.

Table 1: Cumulative CWSRF Activity Since Inception
as of June 30, 2020

Activity	Life of Program
Number of Financing Agreements	850
Value of All Financing Agreements	\$11.875 billion
Cumulative Financing Disbursements	\$9.639 billion

B. Net Position

The net positions of the CWSRF program as of June 30, 2019 and June 30, 2020 are shown in Table 2 below.

Table 2: CWSRF Statement of Net Position
(Dollars in Thousands)

	June 30, 2020	June 30, 2019
Assets		
Current Assets	\$1,116,130	\$1,214,457
Other Assets	\$4,595,160	\$4,420,093
Total Assets	\$5,711,290	\$5,634,550
Liabilities		
Current Liabilities	\$118,805	\$115,671
Non-Current Liabilities	\$1,225,508	\$1,329,849
Total Liabilities	\$1,344,313	\$1,445,520
Net Position		
Restricted	\$ 2,370,205	\$2,345,727
Unrestricted	\$ 1,996,772	\$1,843,303
Total Net Position	\$ 4,366,977	\$4,189,030

C. Revenues and Contributions

The total revenues and contributions for SFY 2019-20 were \$237 million. Revenues for this period are further summarized in Table 3 below.

Table 3: SFY 2019-20 CWSRF Revenues
(Dollars in Thousands)

Loan Interest Income	\$66,600
Net Investment Income*	\$14,027
Capitalization Grant - Principal Forgiveness	\$23,136
Capitalization Grant - Loans	\$132,782
State Match	\$65

*This revenue is not an operating revenue

D. Disbursements and Expenses

Total disbursements and expenses for SFY 2019-20 were approximately \$802 million. Total disbursements do not include matching funds provided by financing recipients. Disbursements and expenses for this period are provided in Table 4 below.

Table 4: SFY 2019-20 CWSRF Disbursements and Expenses
(Dollars in Thousands)

Loan Disbursements	\$641,723
Principal Forgiveness Disbursements	\$23,136
Employee Salaries and Vendor Payments	\$361
Bond Fees Paid	\$96
Principal Paid on Revenue Bonds	\$77,170
Interest Paid on Revenue Bonds	\$59,302

E. Service Charges¹

State law allows the State Water Board to collect two service charges on CWSRF financings. One charge provides a secondary source of revenue for CWSRF administration and the other charge provides revenue for the CWSRF Small Community Grant (SCG) Fund. The SCG Fund can provide wastewater grants to small disadvantaged communities (DACs) and small severely disadvantaged communities (SDACs).

The total service charges collected for the CWSRF Administration Fund during SFY 2019-20 was approximately \$11.334 million while expenses incurred from the CWSRF Administration Fund were approximately \$8.208 million. The cumulative activity of the CWSRF Administration Fund since its inception is described in Table 5 below.

Table 5: Cumulative Activity of the CWSRF Administration Fund
as of June 30, 2020
(Dollars in Thousands)

Cumulative Administration Fund Revenue Collected	\$93,520
Cumulative Administration Fund Expenses	\$76,735
Administration Fund Balance	\$16,785

The total service charges collected for the CWSRF SCG Fund during SFY 2019-20 was \$5.862 million while grants disbursed from the CWSRF SCG Fund were approximately \$9.761 million. The cumulative activity of the CWSRF SCG Fund since its inception is described in Table 6 below.

¹ For federal purposes, the Administration Fund and SCG Fund service charges are fees “other than program income not included as principal in CWSRF financing.” The service charges are collected in lieu of an equal amount of interest that would otherwise be due on the outstanding balances of the financing agreements. The service charges are offset by reducing the interest rates so that financing recipients’ payments remain the same whether or not they pay the service charge(s).

Table 6: Cumulative Activity of the CWSRF SCG Fund
as of June 30, 2020
(Dollars in Thousands)

Cumulative Revenue Collected for SCG Fund	\$82,189
Cumulative Grants Disbursed from SCG Fund	\$48,941
SCG Fund Encumbered Balance (Committed Funds)	\$23,992
SCG Fund Balance (Uncommitted Funds)	\$9,256

Appendix E identifies the fee rates charged to recipients under the Administration Service Fee and/or SCG Fee funds during SFY 2019-20.

F. Credit Risk for the CWSRF

The State Water Board continued to mitigate credit risks to the CWSRF in SFY 2019-20. 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 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 that payments due were made in full. 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.

During SFY 2019-20, the CWSRF program restructured one agreement. The City of Hughson (5139-110) requested the term of their loan be extended from 20 to 30 years. The restructuring minimized the impact of the decrease to their operating revenues due to financial stress caused by the unexpected closure of one of their largest commercial rate payers. The State Water Board approved the modification to their existing loan with no change to the interest rate.

The allowance for bad debt remained unchanged during SFY 2019-20 at \$9.356 million. As further described in Appendix E, 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). As in prior years, there were no repayment defaults in the CWSRF program and State Water Board staff continued to work diligently to ensure funding agreements were secure, and all payments were made on time and in full. Staff efforts included using a variety of analysis and monitoring measures to reduce the possibility of non-payment and late payment and continually evaluating additional steps to ensure full and timely payments.

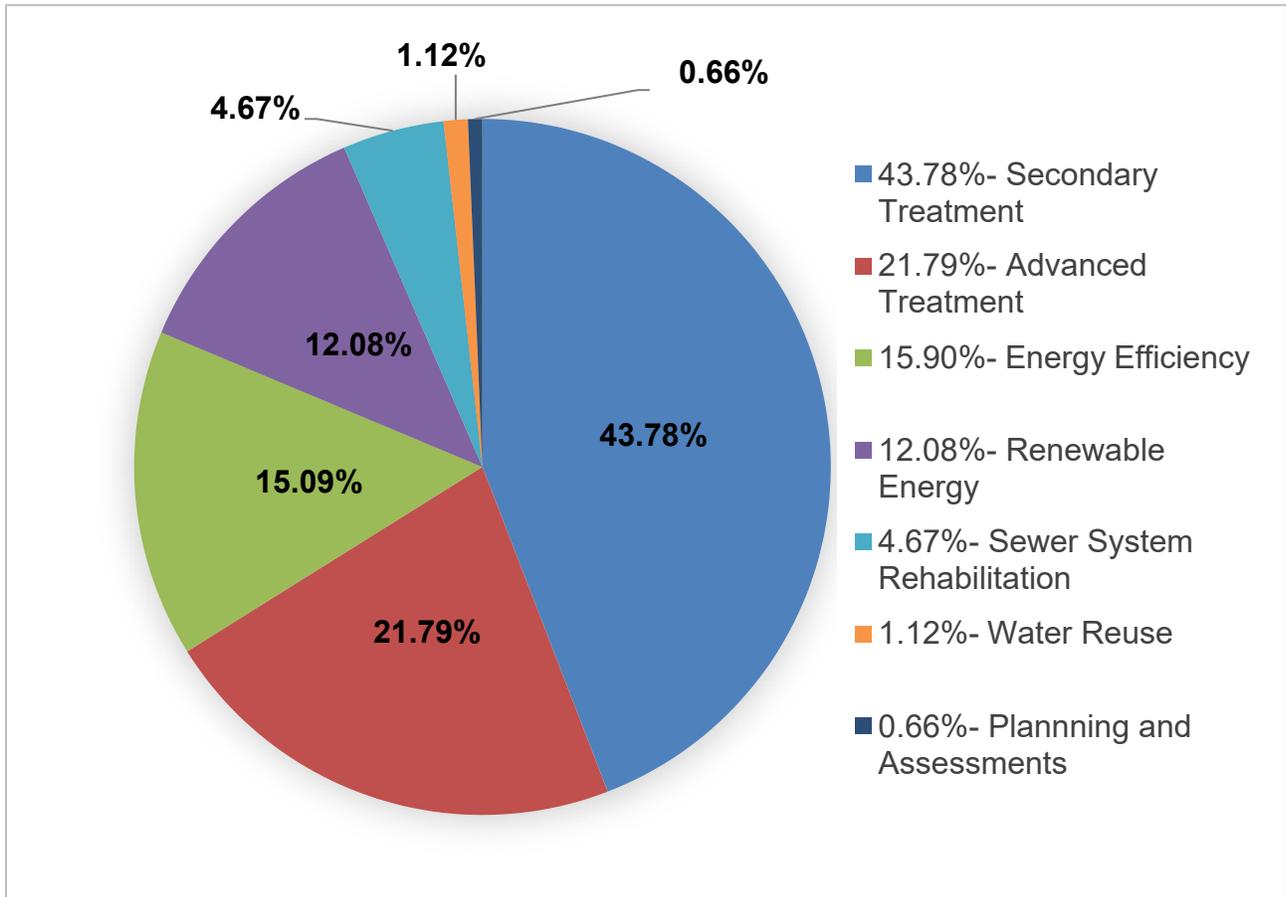
III. PROGRAMMATIC RESULTS

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 and related issues. The data and graphics below summarize the environmental and other benefits derived from the CWSRF projects funded during SFY 2019-20. The data supporting this summary has been transmitted to the United States Environmental Protection Agency (USEPA) via the Clean Water Benefits Reporting System (CBR) database. The data indicate the CWSRF protected or restored a wide range of beneficial water uses and provided other related benefits.

A. Projects Help with a Variety of Infrastructure Needs

The State Water Board funds projects from the CWSRF to address a broad range of water quality objectives. Figure 1 below illustrates the categories of projects specifically funded in SFY 2019-20. The categories include various types of wastewater infrastructure, with wastewater treatment, sewer collection, energy efficiency, and renewable energy categories representing most of the total funding in SFY 2019-20. This demonstrates the CWSRF's importance in maintaining and improving California's wastewater infrastructure.

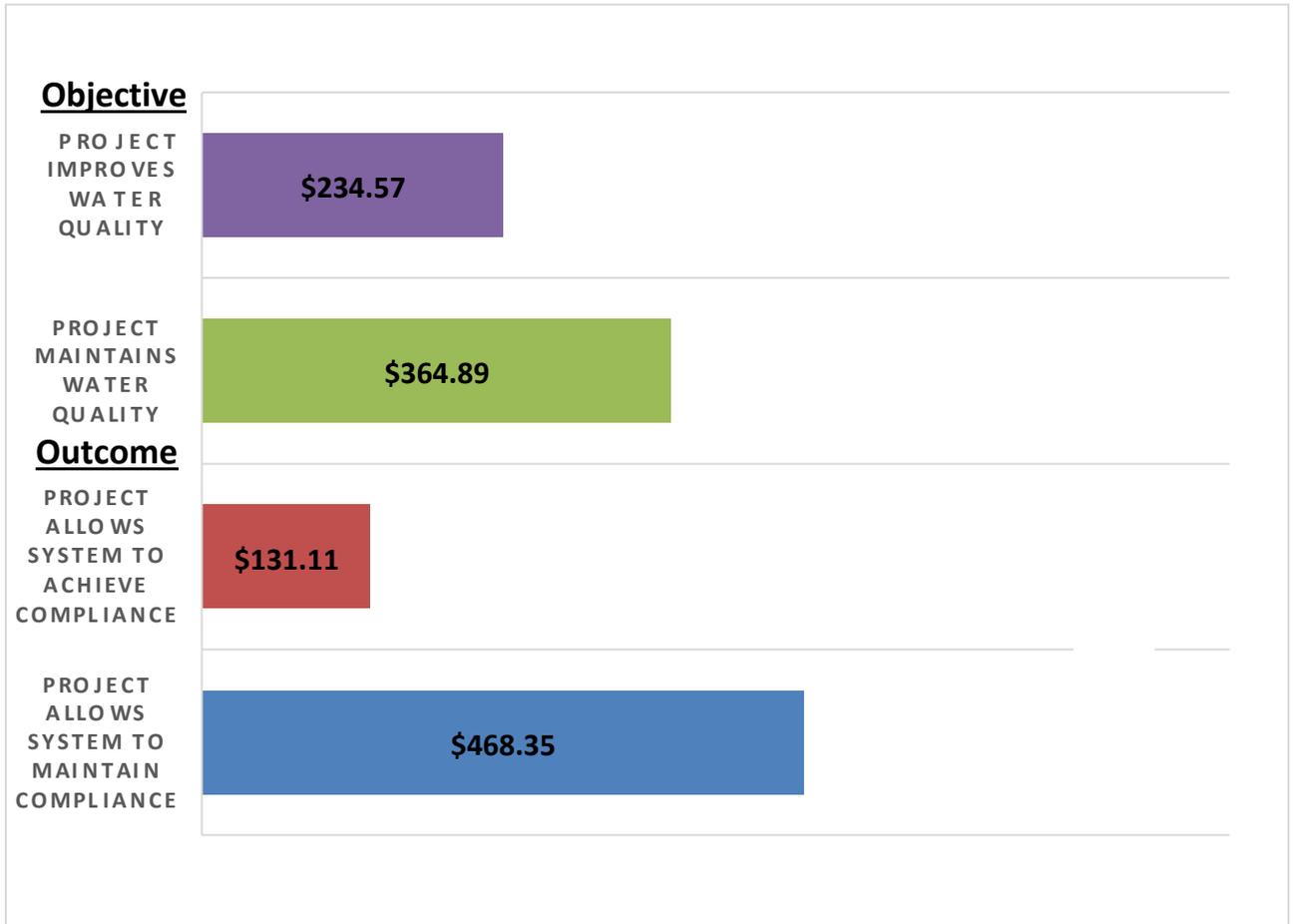
Figure 1: CWSRF Funding by Project Categories*



*Percentages were calculated based on total funding amounts for each category in SFY 2019-20.

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 2 below shows the total project cost for different water quality objectives and outcomes. 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.

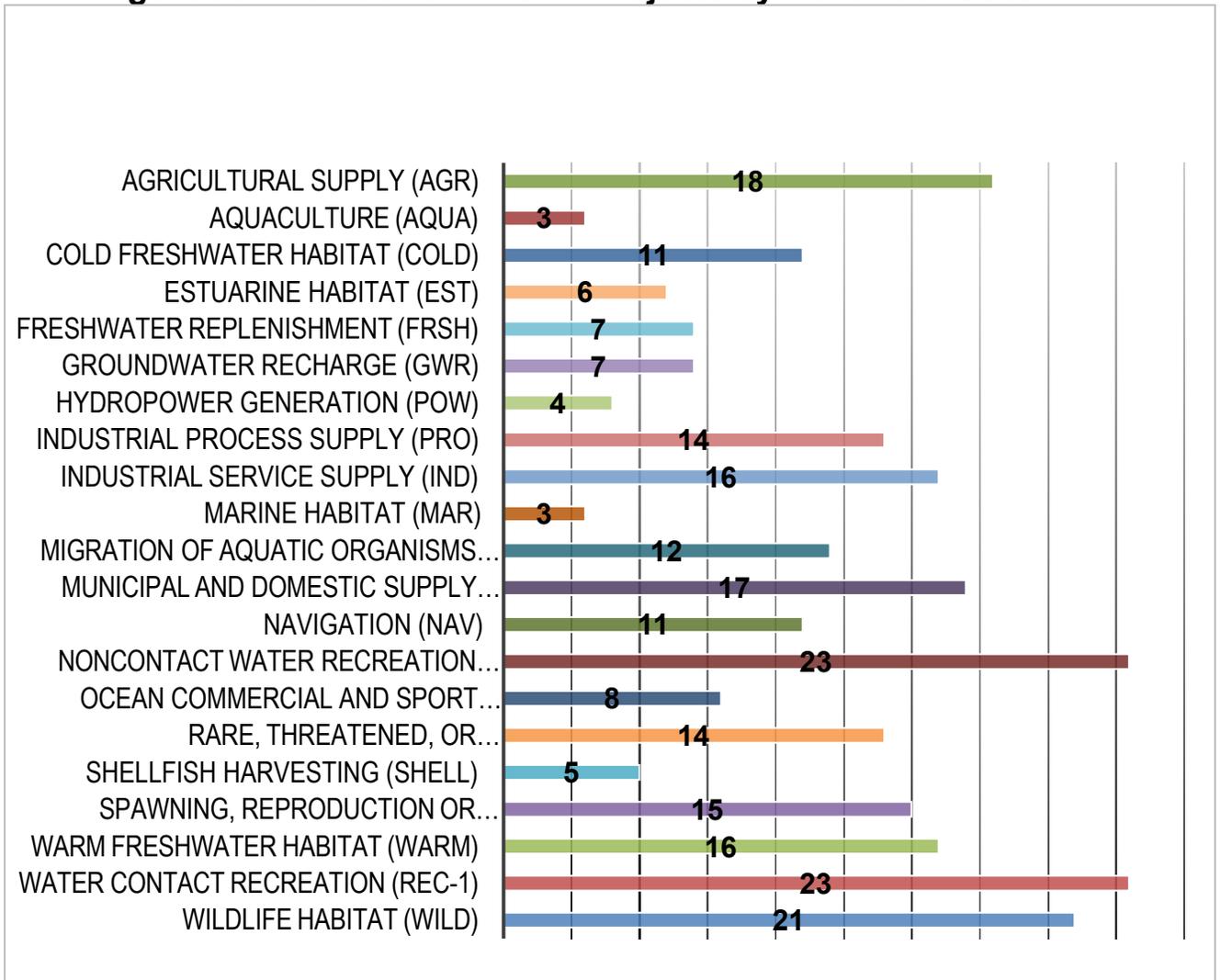
**Figure 2: Total Project Cost by Water Quality Objectives and Outcomes
(Dollars in Millions)**



B. Projects Achieve Multiple Benefits

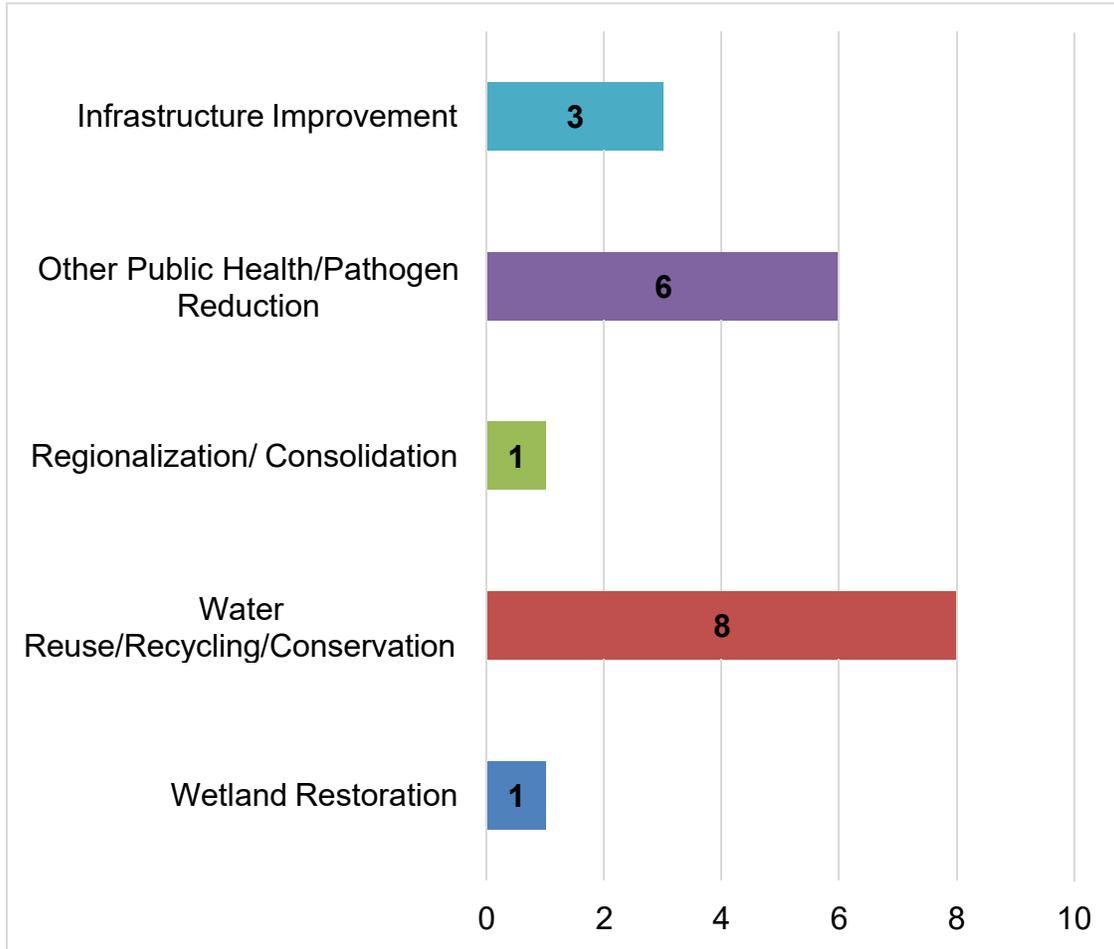
CWSRF projects often benefit water quality in more than one way. Figure 3a below shows the number of projects supporting state designated beneficial uses. Figure 3b illustrates the number of projects supporting other USEPA designated benefits that were provided CWSRF funding by the State Water Board in SFY 2019-20. Combined the figures show the many benefits that CWSRF funding will help address.

Figure 3a: Number of CWSRF Projects by Beneficial Uses*



*Individual projects may address multiple beneficial uses

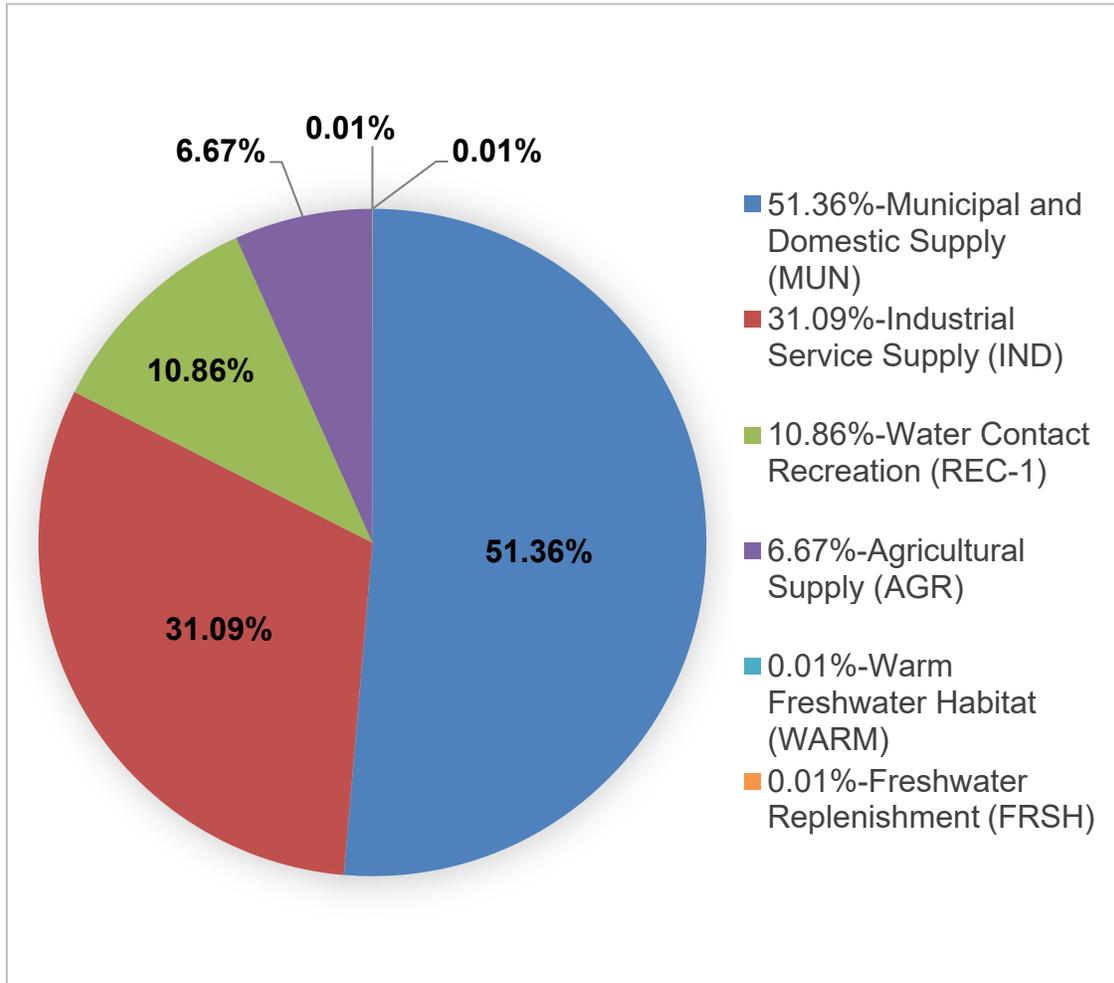
Figure 3b: Number of CWSRF Projects by Other Benefits *



*Individual projects may address multiple beneficial uses.

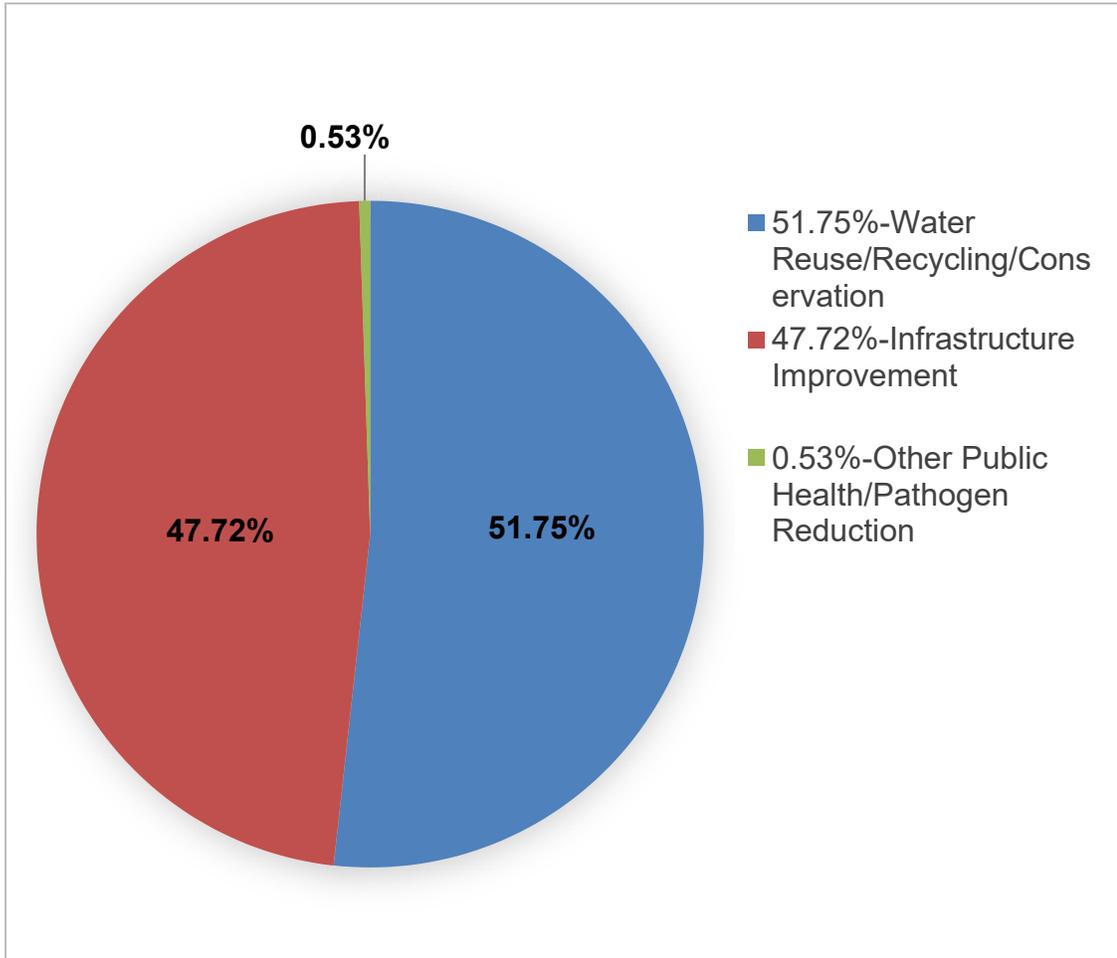
An alternative view of the large breadth of environmental benefits from CWSRF projects is shown in Figure 4a and 4b below. Figure 4a shows a breakdown of funding by state designated beneficial uses and Figure 4b shows the breakdown of funding by USEPA designated benefits.

Figure 4a: Percentage of Funding by Beneficial Uses*



*This data is based on primary designated water body uses; some projects may have one or multiple secondary designated water body uses.

Figure 4b: Percentage of Funding by Other Benefits*



*This data is based on other water body uses; some projects may have one or multiple secondary other water body uses.

C. Highlights of Projects Funded by CWSRF in SFY 2019-20

Funding Recipient Name	CWSRF Project Number	Project Name	County	Funding	Reason for Funding	Environmental Impact
Patterson, City of	8142-110	Wastewater Treatment Plant	Stanislaus	\$2,084,000	Construction to increase treatment capacity of Wastewater Treatment Plant and improvements to the biological treatment processes.	Improves Water Quality
Oro Loma Sanitary	8471-110	Wastewater Digester Energy Audit	Alameda	\$35,000	Water and Energy assessment to plan for future water and energy efficiency improvements.	Maintains Water Quality
Heber Public Utility	8485-110	Water Treatment Plant	Imperial	\$35,000	Water and Energy assessment to plan for future water and energy efficiency improvements.	Maintains Water Quality
Brentwood, City of	8095-110	Wastewater Treatment Plant	Contra Costa	\$65,102,000	Construction to increase treatment capacity of the Wastewater Treatment Plant.	Maintains Water Quality
Rio Dell, City of	8403-110	Rio Dell Sanitary Sewer Evaluation	Humboldt	\$499,500	Planning project to identify sanitary sewer issues for future projects.	Improves Water Quality
Napa Sanitation District	8244-110	Browns Valley Road Sewer	Napa	\$40,000,000	Construction to improve sanitary sewer system reliability and reduce sanitary sewer overflows.	Maintains Water Quality

Elsinore Valley Municipal	8336-110	Regional Water Reclamation Facility	Riverside	\$45,987,100	Construction to add redundancy and to improve reliability of the Water Reclamation Facility.	Improves Water Quality
Dos Palos City of	8488-110	City of Dos Palos Water Energy	Merced	\$35,000	Water and Energy assessment to plan for future water and energy efficiency improvements.	Maintains Water Quality
Redway Community	8413-110	RCSD Wastewater Improvements	Humboldt	\$496,500	Planning project to identify wastewater infrastructure projects.	Maintains Water Quality
Allensworth Community	8476-110	Allensworth Wastewater Collection,	Tulare	\$500,000	Planning project to identify wastewater infrastructure projects.	Improves Water Quality
Linda County Water	8388-110	Wastewater Treatment Plant Water	Yuba	\$35,000	Water and Energy assessment to plan for future water and energy efficiency improvements.	Maintains Water Quality
Sultana Community	8506-110	Sultana and Monson Wastewater	Tulare	\$500,000	Planning project to identify wastewater infrastructure projects.	Improves Water Quality
Graton Community	8335-110	Graton CSD Sewer Repair and	Sonoma	\$500,000	Planning project to identify wastewater infrastructure projects.	Maintains Water Quality
Gridley, City of	8520-110	Feather River Sewer Crossing Project	Butte	\$500,000	Planning project for the force main construction project at the Feather River crossing.	Maintains Water Quality
San Francisco, Public	8371-110	CWWSIPTPOP03 OSP Digester Gas	San Francisco	\$54,387,969	Construction project for improvements to the cogeneration facility.	Improves Water Quality

San Francisco, Public	8372-110	CWWSIPDP01 SEP Biosolids	San Francisco	\$132,000,000	Construction project for improvements to the solids treatment facilities.	Maintains Water Quality
Roseville, City of	8215-110	Pleasant Grove Wastewater	Placer	\$85,562,844	Construction to increase the capacity of the Wastewater Treatment Plant.	Maintains Water Quality
Roseville, City of	8215-210	Pleasant Grove Wastewater	Placer	\$32,748,824	Construction to improve energy efficiency and conservation at the Wastewater Treatment Plant.	Maintains Water Quality
Russian River County	8387-110	Headworks, Lift Stations, and Force	Sonoma	\$810,085	Planning project for planning activities to assess the District's headworks, lift stations, and force main.	Maintains Water Quality
Santa Clarita Valley	8035-110	UV Disinfection Facilities Project	Los Angeles	\$20,985,376	Construction to improve reliability of Water Reclamation Plant.	Improves Water Quality
Santa Clarita Valley	8156-110	Advanced Water Treatment Facility	Los Angeles	\$109,627,000	Construction to improve Water Treatment Facility effluent water quality.	Improves Water Quality
Inland Empire Utilities	8235-150	2015 Drought Relief - Baseline	San Bernardino	\$6,694,013	Construction to increase delivery capacity of recycled water within the service area.	Maintains Water Quality
Burney Water District	8108-210	Burney Water District Wastewater	Shasta	\$337,101	Construction to improve reliability and effluent quality at the Wastewater Treatment Plant	Maintains Water Quality
Projects Funded: 23		Total Funding Amount:		\$599,462,312		

IV. PROGRAM HIGHLIGHTS AND UPDATES

In SFY 2019-20, the State Water Board strived to resume financing CWSRF projects quickly and efficiently to reach the program's full potential as a water quality tool and continued to pair CWSRF financing with other appropriated financing sources to achieve the overall objectives of the State Water Board. This section highlights significant achievements of the program and noteworthy factors that affected the CWSRF program in SFY 2019-20.

A. Projects Produce Widespread Cost Reductions

- Recipients received approximately \$208.87 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 2,303,890 people and will indirectly serve 2,971,671 people statewide.

B. Updated Sustainable Lending Capacity

The CWSRF's Municipal Advisor, in cooperation with DFA staff, updated the CWSRF's estimated lending capacity calculations for the SFY 2020-21 IUP. The Municipal Advisor's calculations showed that the CWSRF can operate at an estimated sustainable loan level of approximately \$586 million per year for the next 20 years. The estimate is significantly below the previously estimated \$1.0 billion loan capacity used in the 2018-19 and 2019-20 IUPs. Stakeholders expressed concern during public comment on the 2020-21 IUP about the lower estimate given the sizeable unmet demand on the CWSRF program. DFA staff met with stakeholders to provide transparency on the capacity calculation process and to identify opportunities and actions that may increase the sustainable lending capacity of the program. Additional changes in policy or practice may be needed in the future to manage the program effectively and provide stakeholders and the State Water Board with the best possible results.

C. Small Community Funding Program Update

The State Water Board continued to implement and award funding in SFY 2019-20 to small disadvantaged community projects using Proposition 1 (Prop 1) SCG-Wastewater (WW) funds, SCG Fee funds, and CWSRF Principal Forgiveness. As of June 30, 2020, approximately \$224.1 million of the \$241.8 million in available Prop 1 SCG funds have been committed (executed agreements) to eligible projects. Approximately \$30.1 million in Prop 1 SCG, \$13.4 million in SCG Fee funding, and \$3.8 million in Principal Forgiveness was awarded to small DACs in SFY 2019-2020. The list of small DAC funded projects is included as Exhibit C.

The State Water Board continued to commit SCG-WW funds at a fast pace and will continue to commit available SCG funds in SFY 2020-2021. The SCG-WW funding approach was fully integrated into the SFY 2019-20 IUP. However, SCG Fee funds are

now declining at a rate that requires the State Water Board to assess additional SCG Fees on CWSRF loans to meet SCG funding demands. This decline has been occurring because the SCG Fee is derived from interest payments on CWSRF loans that inherently decline over time as interest owed on outstanding loans declines. This decline in SCG Fee revenue has been further compounded by pre-payments on CWSRF loans in SFY 2019-20 and the resulting loss in future SCG Fee revenue. The State Water Board anticipates assessing additional SCG Fees in the near future to compensate for this loss of revenue that benefits small DACs.

D. Technical Assistance

DFA continued to provide a suite of technical assistance to small DACs and SDACs funded under Prop 1 in SFY 2019-20. In general, this technical assistance helped those communities address infrastructure improvements to correct system deficiencies and prevent pollution. It also helped them ensure compliance with water quality objectives; create more stable and sustainable community governance with enhanced public awareness of wastewater issues; improve asset management, fiscal planning, and accountability so that they can be financially sound and creditworthy financial assistance applicants; and assist small DACs and SDACs in completing their applications for CWSRF-SCG financing.

E. Water Recycling Funding Program Update

The State Water Board continued to implement and award funding in SFY 2019-20 to projects using Prop 1 water recycling funds. As of June 30, 2020, the State Water Board had been appropriated \$568.75 million of Prop 1 and \$74.0 million of Prop 68 water recycling local assistance funding. Approximately \$451.5 million of Prop 1 water recycling funds (\$305.2 million for grants and \$146.3 million for loans) had been committed (executed agreement) as of June 30, 2020 to 50 projects. As of June 30, 2020, approximately \$110.0 million in Prop 1 and \$74 million in Prop 68 local assistance funds remained for projects. In SFY 2019-20 specifically, the State Water Board did not execute any new Prop 1 or Prop 68 water recycling local assistance agreements. DFA expects that all the remaining Prop 1 and \$40 million of Prop 68 local assistance water recycling funds will be committed to projects during SFY 2020-21.

The Water Recycling Funding Program (WRFP) is part of the State Water Board's long-standing commitment to recycling wastewater. The Prop 1 water recycling financing represents a significant investment by the State Water Board and the California voters to offset or augment fresh water supplies and make California's water supply more sustainable and resilient. Together, the 50 projects receiving Prop 1 water recycling financing are expected to deliver 193,700 acre-feet per year (AFY) in recycled water once they are fully operational. Roughly 52,700 AFY are planned for agricultural irrigation, 28,400 AFY for urban irrigation, 5,500 AFY for commercial and industrial users, and 107,100 AFY will be used to recharge groundwater basins.

F. CWSRF Results and Leveraging Activity

One measure of SRF success is the ratio of cumulative executed agreements to cumulative federal capitalization. As of June 30, 2019, California's CWSRF has executed \$3.42 worth of agreements for every \$1.00 of federal capitalization. Three states with comparable levels of federal capitalization, New York, Ohio, and Texas, had executed from \$3.21 to \$3.77 for every \$1.00 in federal capitalization. The 2020-21 Fundable List, as adopted by the State Water Board, includes an additional \$2.7 billion in potential new loan commitments, and if all of these selected projects receive an executed agreement by June 30, 2021, as planned, the ratio of funded projects is estimated to rise to \$4.08 for every \$1.00 in federal capitalization. The State Water Board authorized DFA to lower the Cutoff Score to 13, and if all the projects scoring 13 also receive an executed agreement, the estimated ratio will be approximately 4.25.

The CWSRF's outstanding commitments as of June 30, 2020 totaled approximately \$2.3 billion. DFA determined that additional CWSRF bonds were not needed in SFY 2019-20. Based on the cash flow analysis in the SFY 2020-21 IUP, however, additional capital will be needed in SFY 2020-21 to finance an additional \$3.3 billion in new projects. This will likely be achieved in the form of municipal bonds, a WIFIA or SWIFIA loan, or additional capitalization from EPA.

The State Water Board has authorized the issuance of up to \$2.2 billion in CWSRF revenue bonds. The CWSRF program sold bonds in 2016, 2017, and 2018, and all the proceeds of these sales have been disbursed to eligible recipients. Exhibit E provides a detailed listing of the use of Series 2016, 2017 and 2018 CWSRF Revenue Bond proceeds.

Currently, the CWSRF has approximately \$1.3 billion par in bonds outstanding, so additional debt can be issued utilizing the CWSRF's existing authority. DFA will continue to evaluate its cash flows and future capitalization levels to determine if it should request that the State Water Board increase the leveraging limit for the CWSRF consistent with the SRF Debt Management Policy.

G. Reducing Rollovers and Normalizing Operations

The rollout of the Financial Information System for California (FI\$Cal), the new statewide accounting, budget, cash management, and procurement system, resulted in a significantly lower number of new clean water financing agreements during SFYs 2018-19 and 2019-20 and a significant rollover of projects to the SFY 2020-21 Fundable List. The high level of rollovers affected the addition of new projects to the Fundable List in the SFY 2020-21 Intended Use Plan; only five new projects were added to the Fundable List by the State Water Board when it adopted the Fundable List in June 2020. The Board, however, did authorize the Deputy Director of DFA to lower the Cutoff Score to 13 and add an additional 18 scored projects to the Fundable List if good progress is being made to reduce the backlog of rollover projects and fund all ready to proceed disadvantaged community wastewater projects for which DFA has the necessary grant funding by June 30, 2021.

As of early 2020, DFA has adapted to FI\$Cal, and the last three months of SFY 2019-20 were a positive early indicator that the pace of new financing agreements will begin to normalize in SFY 2020-21. For SFY 2019-20, DFA executed 23 agreements for approximately \$600 million in financing. Moreover, between May 1, 2020 and June 30, 2020, DFA executed 41 new CWSRF, Drinking Water State Revolving Fund (DWSRF), and complementary funding source agreements. This pace of new agreements is similar to DFA's pace of new agreements before the introduction of FI\$Cal. DFA's evaluated lowering the Cutoff Score to 13 and successfully executing agreements for additional projects by June 30, 2021. On November 4, 2020, DFA announced that the Deputy Director had lowered the Cutoff Score to 13 and added an additional 18 projects to the Fundable List.

H. COVID-19 Impacts

The actions taken to address the COVID-19 pandemic have also affected SRF operations during the latter part of SFY 2019-20 and may have additional consequences for the program in the future. Although the State Water Board has received two (2) requests for CWSRF loan forbearance or modification, no loans pledged to the repayment of SRF bonds have requested forbearance or modification of their terms or payment schedules. The State Water Board's staff continues to monitor the impacts of COVID-19 on the revenues and expenses of agencies with outstanding SRF debt.

The potential exists for state or federal stimulus funding as part of efforts to recover from COVID-19. The State Water Board continues to monitor developments at the state and federal levels that might result in the availability of additional CWSRF capital or complementary funds and is planning accordingly. These additional funds, should they become available, may require an IUP amendment or additional guidance from the State Water Board. Additional state or federal funding would be committed consistent with any guidelines or requirements associated with their authorization.

I. Marketing Updates

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

State Water Board staff also participated in the League of California Cities 2019 Annual Expo Conference.

V. ACRONYMS

AIS	American Iron and Steel
AFY	Acre-feet Per Year
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
FI\$Cal	Financial Information System of California
FSP	Fiscal Sustainability Plan
FSRS	FFATA Subaward Reporting System
IUP	Intended Use Plan
LGTS	Loans and Grants Tracking System
MBE	Minority Owned Business Enterprise
NPS	Nonpoint Source
NIMS	National Information Management System
OMB	Office of Management and Budget
OSWS	Office of Sustainable Water Solutions
SCG	Small Community Grant
SCO	State Controller's Office
SDAC	Severely Disadvantaged Community
SERP	State Environmental Review Process
SFY	State Fiscal Year
USEPA	United States Environmental Protection Agency
WBE	Women Owned Business Enterprise
WRFP	Water Recycling Funding Program

VI. EXHIBITS

Exhibit A	SFY 2019-20 CWSRF Projects Funded by Needs Category
Exhibit B	SFY 2019-20 CWSRF FFATA Projects
Exhibit C	SFY 2019-20 CWSRF/Prop 1-SCG Projects
Exhibit D	SFY 2019-20 IUP Non-Funded Projects
Exhibit E	SFY 2019-20 DBE Reporting Results
Exhibit F	SFY 2019-20 CWSRF Green Project Reserve (GPR) Projects and Associated Additional Subsidy (Principal Forgiveness) Projects
Exhibit G	CWSRF Projects With Financing Servicing Fees

Exhibit A: SFY 2019-20 Projects Funded by Needs Category

Funding Recipient	Project Number	Hardship/DAC	Energy Efficiency	Renewable Energy	Water Reuse	Secondary Treatment	Advanced Treatment	Sewer System Rehabilitation	Planning and Assessments	Total Loan Amount
Allensworth Community Services District	8476-110	x	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000	\$500,000
Brentwood, City of	8095-110		\$7,712,000	\$0	\$0	\$57,390,000	\$0	\$0	\$0	\$65,102,000
Burney Water District	8108-210	x	\$0	\$0	\$0	\$337,101	\$0	\$0	\$0	\$337,101
Dos Palos City of	8488-110		\$0	\$0	\$0	\$0	\$0	\$0	\$35,000	\$35,000
Elsinore Valley Municipal Water District	8336-110		\$9,108,100	\$0	\$0	\$36,879,000	\$0	\$0	\$0	\$45,987,100
Graton Community Services District	8335-110	x	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000	\$500,000
Gridley, City of	8520-110	x	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000	\$500,000
Heber Public Utility District	8485-110		\$0	\$0	\$0	\$0	\$0	\$0	\$35,000	\$35,000
Inland Empire Utilities Agency	8235-150		\$0	\$0	\$6,694,013	\$0	\$0	\$0	\$0	\$6,694,013
Linda County Water District	8388-110	x	\$0	\$0	\$0	\$0	\$0	\$0	\$35,000	\$35,000
Napa Sanitation District	8244-110		\$12,000,000	\$0	\$0	\$0	\$0	\$28,000,000	\$0	\$40,000,000

Funding Recipient	Project Number	Hardship/DAC	Energy Efficiency	Renewable Energy	Water Reuse	Secondary Treatment	Advanced Treatment	Sewer System Rehabilitation	Planning and Assessments	Total Loan Amount
Oro Loma Sanitary District	8471-110		\$0	\$0	\$0	\$0	\$0	\$0	\$35,000	\$35,000
Patterson, City of	8142-110		\$520,367	\$0	\$0	\$1,563,633	\$0	\$0	\$0	\$2,084,000
Redway Community Services District	8413-110	x	\$0	\$0	\$0	\$0	\$0	\$0	\$496,500	\$496,500
Rio Dell, City of	8403-110	x	\$0	\$0	\$0	\$0	\$0	\$0	\$499,500	\$499,500
Roseville, City of	8215-110		\$0	\$0	\$0	\$85,562,844	\$0	\$0	\$0	\$85,562,844
Roseville, City of	8215-210		\$0	\$32,748,824	\$0	\$0	\$0	\$0	\$0	\$32,748,824
Russian River County Sanitation District	8387-110	x	\$0	\$0	\$0	\$0	\$0	\$0	\$810,085	\$810,085
San Francisco, Public Utilities Commission of the City and County of	8371-110		\$0	\$39,687,969	\$0	\$14,700,000	\$0	\$0	\$0	\$54,387,969
San Francisco, Public Utilities Commission of the City and County of	8372-110		\$66,000,000	\$0	\$0	\$66,000,000	\$0	\$0	\$0	\$132,000,000

Funding Recipient	Project Number	Hardship/DAC	Energy Efficiency	Renewable Energy	Water Reuse	Secondary Treatment	Advanced Treatment	Sewer System Rehabilitation	Planning and Assessments	Total Loan Amount
Santa Clarita Valley Sanitation District	8035-110		\$0	\$0	\$0	\$0	\$20,985,376	\$0	\$0	\$20,985,376
Santa Clarita Valley Sanitation District	8156-110		\$0	\$0	\$0	\$0	\$109,627,000	\$0	\$0	\$109,627,000
Sultana Community Services District	8506-110	x	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000	\$500,000
Total:	23	9	\$95,340,467	\$72,436,793	\$6,694,013	\$262,432,578	\$130,612,376	\$28,000,000	\$3,946,085	\$599,462,312

Exhibit B: SFY 2019-20 CWSRF FFATA Projects

Funding Recipient	Project Number	Funding Agreement Number	Agreement Date	FFATA Reporting Due	Actual Date Reported	FFATA* Reporting Amount	Total Agreement Amount
City of San Francisco, Public Utilities Commission	8372-110	D1901029	5/7/2020	6/30/2020	6/22/2020	\$113,637,000	\$132,000,000
Total:						\$113,637,000	\$132,000,000

*Based on Federal Fiscal Year (FFY) 2019 Capitalization Grant of \$113,637,000.

Exhibit C: SFY 2019-20 CWSRF/Prop 1-SCG Projects

Execution Date	Project Number	Funding Recipient	Project Name	Type of Project	Region	County	Prop 1 Grant	SCG Grant	CWSRF Loan	CWSRF PF
2/10/2020	8476-110	Allensworth Community Services District	Allensworth Wastewater Collection, Treatment, and Disposal Project	Planning	5	Tulare	\$0	\$0	\$0	\$500,000
10/9/2019	8160-210	American Valley Community Services District	Quincy - East Quincy Wastewater Treatment Improvements	Consolidation	5	Plumas	\$12,680,000	\$0	\$0	\$0
7/23/2019	8272-110	Arcata, City of	City of Arcata Wastewater Treatment Compliance Project	Planning	1	Humboldt	\$0	\$500,000	\$0	\$0
7/22/2019	8392-110	Avenal, City of	Solar Photovoltaic Generation System at WWTP	Solar	5	Kings	\$0	\$4,815,000	\$0	\$0

Execution Date	Project Number	Funding Recipient	Project Name	Type of Project	Region	County	Prop 1 Grant	SCG Grant	CWSRF Loan	CWSRF PF
8/22/2019	8411-110	Big Sandy Rancheria of Western Mono Indians of California	Big Sandy Rancheria Wastewater System Installation and Improvements	Planning	5	Fresno	\$373,982	\$0	\$0	\$0
6/29/2020	8108-210	Burney Water District	Burney Water District Wastewater Treatment Plant Improvement Project	Wastewater Treatment Plant Improvements	5	Shasta	\$0	\$5,810,899	\$337,101	\$0
1/23/2020	7850-210	Calaveras County Water District	West Point and Wilseyville Wastewater Treatment Facilities Consolidation Project	Consolidation	5	Calaveras	\$4,750,000	\$0	\$0	\$0
10/28/2019	8479-110	Colfax, City of	Sewer Collection System and Wastewater Treatment Plant Improvements	Planning	5	Placer	\$0	\$500,000	\$0	\$0

Execution Date	Project Number	Funding Recipient	Project Name	Type of Project	Region	County	Prop 1 Grant	SCG Grant	CWSRF Loan	CWSRF PF
3/30/2020	8335-110	Graton Community Services District	Graton CSD Sewer Repair and Rehabilitation Project	Planning	1	Sonoma	\$0	\$0	\$0	\$500,000
4/21/2020	8520-110	Gridley, City of	Feather River Sewer Crossing Project	Planning	5	Butte	\$0	\$0	\$0	\$500,000
1/28/2020	8466-110	Gualala CSD	Wastewater Planning Project	Planning	1	Mendocino	\$0	\$484,480	\$0	\$0
10/1/2019	8309-110	Hoopla Valley Public Utilities District	Agency Sewage Treatment System	Planning	1	Humboldt	\$386,200	\$0	\$0 -	\$0
8/2/2019	8424-110	Kerman, City of	Sewer Collection System and WWTP Improvements	Planning	5	Fresno	\$500,000	\$0	\$0	\$0
5/4/2020	7887-210	Live Oak, City of	WWTP Solar Installation	Solar	5	Sutter	\$1,680,000	\$0	\$0	\$0
2/14/2020	8036-210	Loleta Community Services District	Sanitary Sewer Collection System Rehabilitation Project	Collection System Improvements	1	Humboldt	\$1,148,687	\$0	\$0	\$0

Execution Date	Project Number	Funding Recipient	Project Name	Type of Project	Region	County	Prop 1 Grant	SCG Grant	CWSRF Loan	CWSRF PF
3/2/2020	8426-110	Markleeville Public Utility District	MPUD Sewer Pump Station Relocation Project	Planning	6	Alpine	\$0	\$330,000	\$0	\$0
2/14/2020	8429-110	Mendocino Unified School District	MUSD Grant Assistance and Master Planning - Recycled Water System	Planning	1	Mendocino	\$0	\$500,000	\$0	\$0
3/6/2020	8473-110	Mokelumne Hill Sanitary District	Wastewater Improvement Project	Planning	5	Calaveras	\$0	\$500,000	\$0	\$0
2/10/2020	8413-110	Redway Community Services District	RCSD Waste Water Improvements Project	Planning	1	Humboldt	\$0	\$0	\$0	\$496,500
12/31/2019	8403-110	Rio Dell, City of	Rio Dell Sanitary Sewer Evaluation Study	Planning	1	Humboldt	\$0	\$0	\$0	\$499,500
6/18/2020	8387-110	Russian River County Sanitation District	Headworks, Lift Stations, and Force Main Project	Planning	1	Sonoma	\$0	\$0	\$0	\$810,085
10/1/2019	8397-110	Sacramento Area Sewer District	Freeport Septic Conversion Project	Septic to Sewer	5	Sacramento	\$3,350,519	\$0	\$0	\$0

Execution Date	Project Number	Funding Recipient	Project Name	Type of Project	Region	County	Prop 1 Grant	SCG Grant	CWSRF Loan	CWSRF PF
11/27/2019	8399-110	San Miguel Community Services District	San Miguel Wastewater Project	Planning	3	San Luis Obispo	\$250,000	\$0	\$0	\$0
3/5/2020	8085-310	Shasta, County of	CSA 17 Collection System Improvement Project	Collection System Improvements	5	Shasta	\$2,836,000	\$0	\$0	\$0
3/18/2020	8506-110	Sultana Community Services District	Sultana and Monson Wastewater Management Project	Planning	5	Tulare	\$0	\$0	\$0	\$500,000
6/16/2020	8247-210	Tuolumne City Sanitary District	TCSD WWTP Improvement Project	Wastewater Treatment Plant Improvements	5	Tuolumne	\$1,682,148	\$0	\$0	\$0
12/30/2019	8430-110	Weed, City of	Wastewater Treatment Facilities Improvements	Planning	1	Siskiyou	\$500,000	\$0	\$0	\$0
							\$30,137,536	\$13,440,379	\$337,101	\$3,806,085

Exhibit D: SFY 2019-20 IUP Non-Funded Projects²

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8306-110	5	Adin Community Services District	Preliminary Engineering for Renovation of Wastewater System	Yes	SDAC	POTW	\$419,000	2
8160-210	5	American Valley Community Services District	Quincy - East Quincy Wastewater Treatment Improvements	Yes	SDAC	POTW	\$12,680,000	4
8444-110	5	Anderson, City of	Wastewater and Solar Energy Efficiency Project	Yes	SDAC	POTW	\$2,900,000	2
8272-110	1	Arcata, City of	City of Arcata Wastewater Treatment Compliance Project	Yes	SDAC	POTW	\$500,000	4
8392-110	5	Avenal, City of	Solar Photovoltaic Generation System at WWTP	Yes	SDAC	POTW	\$4,815,000	4

² Exhibit D is a list of all projects that were on the Fundable List that did not receive an executed financing agreement during SFY 2019-20.

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8425-110	5	Beckwourth County Services Area	CSA Sewer Lift Station Replacement, I/I Study, Associate Sewer Pond Valves	Yes	SDAC	POTW	\$9,790	2
8411-110	5	Big Sandy Rancheria of Western Mono Indians of California	Big Sandy Rancheria Wastewater System Installation and Improvements	Yes	SDAC	POTW	\$374,000	4
8155-210	5	Biola Community Services District	Improvements Project at Wastewater Treatment Plant	Yes	SDAC	POTW	\$5,850,000	1
8199-110	7	Borrego Water District	Wastewater Treatment Plant Upgrade	Yes	SDAC	POTW	\$478,000	1
8238-110	2	Burbank Sanitary District	Scott Street and Backyard Easements Sanitary Sewer Rehabilitation Project	No	No	POTW	\$1,950,000	1
8108-310	5	Burney Water District	Burney Water District Collection System Improvement Project	Yes	SDAC	POTW	\$1,775,000	4

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8409-110	5	Buttonwillow County WD	Buttonwillow Wastewater Collection Lines Project	Yes	SDAC	POTW	\$500,000	1
7850-210	5	Calaveras County Water District	West Point and Wilseyville Wastewater Treatment Facilities Consolidation Project	Yes	SDAC	POTW	\$4,750,000	4
7844-110	3	California American Water	Monterey Peninsula Water Supply Project	No	No	POTW	\$87,222,080	1
8370-110	3	Castroville Community Service District	Moss Landing Wastewater Upgrades	Yes	DAC	POTW	\$500,000	3
8354-110	4	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project – Lynwood	No	No	POTW	\$13,331,400	1

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8354-210	4	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - South Gate	No	No	POTW	\$9,161,126	1
8354-310	4	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - Bell Gardens	No	No	POTW	\$5,093,792	1
8489-110	2	Central Contra Costa SD	Solids Handling Facilities Improvements, DP 7348	No	No	POTW	\$89,625,000	1
8400-110	1	Chester Public Utility District	Chester Public Utility District 2017 Wastewater Collection System Evaluation	Yes	SDAC	POTW	\$340,970	4, 7
8470-110	7	Coachella Valley Water District	CVWD 2017/18 Non-Potable Water Connections Project	No	DAC	POTW	\$33,000,000	1
8463-110	7	Coachella Valley Water District	Sunbird/Martinez Septic to Sewer Conversion Project	Yes	SDAC	POTW	\$5,000,000	2

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8326-110	7	Coachella, City of	Mesquite Septic-to-Sewer Project	Yes	SDAC	POTW	\$925,000	2
8479-110	5	Colfax, City of	Sewer Collection System and Wastewater Treatment Plant Improvement	Yes	DAC	POTW	\$500,000	4
7896-310	5	Colusa, City of	Collection System Improvements Project	Yes	SDAC	POTW	\$4,800,000	3
8421-110	5	Colusa, City of	Walnut Ranch Construction Project	Yes	SDAC	POTW	\$2,868,501	2
8251-110	8	Corona, City of	Corona Reclaimed Source Delivery Main (WRCRWA line)	No	No	POTW	\$1,281,600	6
8389-110	1	Dorris, City of	City of Dorris Wastewater Collection System and Lift Station Improvements	Yes	SDAC	POTW	\$310,000	4
8461-110	5	Dos Palos City of	Dos Palos Clean Water Planning Funding Assistance Project	Yes	SDAC	POTW	\$355,900	2

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8398-110	4	Downey, City of	Green Street Project in Four Arterial Streets	No	No	POTW	\$9,789,248	6
8391-110	5	Earlimart Public Utility District	Interceptor and Sewer Relief Pipelines Project	Yes	SDAC	POTW	\$500,000	2
8356-110	2	East Bay Municipal Utility District	South Interceptor 3rd Street Rehabilitation Project Phase 2	No	No	POTW	\$27,301,000	1
8364-110	8	Eastern Municipal Water District	Automated Metering Infrastructure Replacement	No	No	POTW	\$4,000,000	5
8440-110	3	El Paso de Robles, City of	Paso Robles Recycled Water Distribution System	No	No	POTW	\$19,414,000	1
8491-110	8	Elsinore Valley Municipal Water District	Sedco Hills Septic to Sewer Planning	Yes	SDAC	POTW	\$500,000	1
8059-110	9	Escondido, City of	Recycled Water Easterly Agricultural Reverse Osmosis Facility and Pump Station	No	No	POTW	\$29,000,000	1

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8112-110	9	Escondido, City of	Recycled Water Easterly Agriculture Distribution System	No	No	POTW	\$4,300,000	1
8124-210	5	Firebaugh, City of	Wastewater Treatment Plant Improvements	Yes	SDAC	POTW	\$6,858,000	7
8493-110	5	Firebaugh, City of	Recycled Water Project	Yes	DAC	POTW	\$500,000	2
8405-110	1	Forestville Water District	2018 Sewer System Improvements	Yes	DAC	POTW	\$2,850,459	1
8325-110	5	Franklin County Water District	Solar Photovoltaic Generation at Franklin CWD WWTP	Yes	DAC	POTW	\$712,500	2
8423-110	3	Freedom County Sanitary District	Freedom Sewer Rehabilitation Project	Yes	DAC	POTW	\$6,000,000	1
8224-110	3	Gonzales, City of	Natural Treatment and Reclamation at City of Gonzales WWTP	Yes	DAC	POTW	\$6,927,386	2
8385-110	3	Gonzales, City of	Sewer Extension to Alpine Court	Yes	SDAC	POTW	\$250,000	3

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8410-110	5	Grenada Sanitary District	Grenada Sewer System	Yes	DAC	POTW	\$230,000	3
8480-110	5	Gridley, City of	Little Avenue Force Main and Lift Station	Yes	DAC	POTW	\$1,316,617	2
8109-210	5	Groveland Community Services District	Downtown Groveland and Big Oak Flat Sewer Collection System Improvements	Yes	DAC	POTW	\$5,845,568	1
8466-110	1	Gualala CSD	Wastewater Planning Project	Yes	SDAC	POTW	\$500,000	4
8358-110	5	Gustine, City of	Water Meter Replacement Project	Yes	DAC	POTW	\$1,600,000	3
8396-110	8	Hemet, City of	Sewer Main Replacement Project	No	No	POTW	\$8,000,000	1
8313-110	6	Herlong Public Utility District	West Patton Sewer Collection System	Yes	DAC	POTW	\$2,624,583	1
7860-110	7	Hi-Desert Water District	Septic System Abatement & Private Lateral Installation	Yes	DAC	POTW	\$45,200,000	7

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8431-110	7	Hi-Desert Water District	Phase II and III Planning Project	TBD	DAC	POTW	\$0	2
8309-110	1	Hoopa Valley Public Utilities District	Agency Sewage Treatment System	Yes	SDAC	POTW	\$387,200	4
8052-210	5	Housing Authority of the County of San Joaquin	Housing Authority Thornton Wastewater Improvements	Yes	SDAC	POTW	\$4,727,500	6
8235-110	8	Inland Empire Utilities Agency	2015 Drought Relief - RP-1158 Recycled Water Pump Station Upgrades	No	No	POTW	\$4,000,000	3
8235-120	8	Inland Empire Utilities Agency	2015 Drought Relief - RP-5 Recycled Water Pipeline Bottleneck	No	No	POTW	\$2,755,000	3
8167-110	8	Inland Empire Utilities Agency	Joint IEUA - JCSD Regional Water Recycling Program Phase I	No	No	POTW	\$32,000,000	1, 3
8173-210	8	Inland Empire Utilities Agency	RP-5 Expansion Construction Project	No	No	POTW	\$101,530,000	1

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8260-110	8	Inland Empire Utilities Agency	Distribution System/ Wineville/Jurupa/RP-3 Recharge Improvements (PID 23a)	No	No	POTW	\$11,742,550	1
8414-110	8	Inland Empire Utilities Agency	Lower Day Basin Improvement Project	No	No	POTW	\$2,855,332	1
8415-110	8	Inland Empire Utilities Agency	Montclair Basin Improvement Project	No	No	POTW	\$1,273,857	1
7886-110	5	Isleton, City of	Wastewater Treatment System Improvements Project	Yes	SDAC	POTW	\$485,000	4,7
8167-120	8	Jurupa Community Services District	Joint IEUA - JCSD Regional Water Recycling Program	No	No	POTW	\$20,460,000	1, 3
8424-110	5	Kerman, City of	Sewer Collection System and WWTP Improvements	Yes	DAC	POTW	\$500,000	4

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
7659-210	5	Kern, County of	South Shafter Sewer Project - Private Laterals and Septic Abandonment	Yes	SDAC	POTW	\$3,397,320	2
8359-110	5	Kettleman City Community Services District	Kettleman City Waste Water Improvement Project	Yes	TBD	POTW	\$500,000	2
8138-210	1	Klamath Community Services District	Klamath CSD Wastewater System Renovation	Yes	SDAC	POTW	\$5,500,000	2
8394-110	9	La Mesa, City of	Parkway Drive and Alvarado Road Trunk Sewer Phase 3 Upgrade Project	Yes	No	POTW	\$7,000,000	3
8477-110	5	Lake Berryessa Resort Improvement District	Groundwater Inflow Mitigation	Yes	TBD	POTW	\$2,000,000	2
8065-110	5	Lake County Sanitation District	Middletown Wastewater Treatment Plant	Yes	SDAC	POTW	\$1,600,000	2

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8367-110	5	Lanare Community Services District	Lanare Wastewater Collection, Treatment, and Disposal Project	Yes	SDAC	POTW	\$370,000	1
8373-110	1	Laytonville County Water District	Laytonville Wastewater Project	Yes	SDAC	POTW	\$250,000	2
7887-210	5	Live Oak, City of	WWTP Solar Installation	Yes	SDAC	POTW	\$1,680,000	4
8036-210	1	Loleta Community Services District	Sanitary Sewer Collection System Rehabilitation Project	Yes	SDAC	POTW	\$1,163,978	4
8036-310	1	Loleta Community Services District	Loleta Wastewater Treatment and Disposal System Improvements	Yes	SDAC	POTW	\$5,103,192	2
8495-110	4	Long Beach Water Dept	Sewer Collection Systems Improvements	No	No	POTW	\$2,600,000	6
8154-110	4	Los Angeles County Sanitation District No. 2	Carson JWPCP - Effluent Outfall Tunnel Project	No	No	POTW	\$127,230,000	1, 3

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8360-110	5	Lost Hills Utility District	Wastewater Treatment Plant Expansion	Yes	DAC	POTW	\$401,500	2
7211-210	5	Madera, County of	Fairmead Septic to Sewer Project	Yes	SDAC	POTW	\$9,594,837	2
8369-110	5	Madera, County of	Madera CSA No. 3 - Parksdale Sewer Project	Yes	DAC	POTW	\$500,000	2
8206-210	5	Maricopa, City of	Sewer Collection System Improvements Project	Yes	SDAC	POTW	\$7,378,169	1
8426-110	6	Markleeville Public Utility District	MPUD Sewer Pump Station Relocation Project	Yes	SDAC	POTW	\$330,000	4
8276-110	5	McFarland, City of	City of McFarland Wastewater Treatment Plant Expansion	Yes	SDAC	POTW	\$12,000,000	1

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8429-110	1	Mendocino Unified School District	MUSD Grant Assistance and Master Planning - Recycled Water System	Yes	SDAC	POTW	\$500,000	4
8453-110	5	Midway Community Services District	Midway Community Services District Sewer Collection System Rehabilitation	Yes	SDAC	POTW	\$222,250	2
8473-110	5	Mokelumne Hill Sanitary District	MHSD Wastewater Improvement Project	Yes	SDAC	POTW	\$500,000	4
8185-210	3	Morro Bay, City of	Water Reclamation Facility Project	No	No	POTW	\$105,105,167	1
8145-210	5	Newman, City of	Newman Wastewater Facility Land Application Expansion for McPike 1 Project	Yes	SDAC	POTW	\$2,685,000	1
8236-110	8	Ontario, City Of	City of Ontario Recycled Water Distribution System Project	No	No	POTW	\$22,639,084	2

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8290-110	8	Orange County Water District	Groundwater Replenishment System Final Expansion	No	No	POTW	\$141,477,882	3
8307-110	8	Orange County Water District	Water Production Flow Enhancement Project	No	No	POTW	\$25,640,118	3
5039-110	5	Orange Cove, City of	Orange Cove WWTP Tertiary Treatment & Recycled Water Project	Yes	SDAC	POTW	\$7,300,000	2
5924-110	1	Orick Community Services District	Orick Wastewater System Project	Yes	SDAC	POTW	\$157,210	2
8469-110	5	Orland, City of	Road MM Sanitary Sewer Improvement Project	Yes	DAC	POTW	\$985,563	2
8433-110	4	Oxnard, City of	City of Oxnard Treatment Plant Rehabilitation Projects	No	No	POTW	\$66,700,000	1

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8125-110	6	Palmdale Recycled Water Authority	Recycled Water Line Phase 2	No	No	POTW	\$7,500,000	1
8102-110	6	Palmdale Water District	Palmdale Regional Groundwater Recharge and Recovery Project	No	No	POTW	\$57,400,000	1
8377-110	2	Palo Alto, City of	Regional Water Quality Control Plant Discharge Infrastructure Improvements	No	No	POTW	\$11,760,000	1
8490-110	2	Palo Alto, City of	Regional Water Quality Control Plant Primary Sedimentation and Electrical Upgrade	No	No	POTW	\$16,368,000	1
8050-120	5	Paradise Irrigation District	Process Water Recycling Planning Project	Yes	TBD	POTW	\$2,200,000	6
8193-210	5	Parlier, City of	WWTP Improvements Project	Yes	SDAC	POTW	\$8,033,000	3

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8137-110	4	Pasadena, City of	Pasadena Non-Potable Water Project	No	No	POTW	\$25,325,000	5
8374-110	5	Placerville, City of	Solar Photovoltaic (PV) for the WWTP	Yes	DAC	POTW	\$3,771,000	3
8484-110	1	Point Arena, City of	Point Arena Infiltration, Inflow and Pipeline capacity Project	Yes	DAC	POTW	\$435,000	3
8006-110	7	Pueblo Unido Community Development Corporation	St. Anthony's Mobile Home Park Onsite Sewer System	Yes	SDAC	POTW	\$1,875,000	1
8422-110	5	Redding, City of	Wood Acres North Wastewater Collection and Disposal System	TBD	TBD	POTW	\$1,820,000	2
8258-110	2	Richmond, City of	Wastewater Treatment Plant Critical Improvements Project	No	No	POTW	\$28,700,000	1

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8135-210	5	Riverdale Public Utility District	Wastewater Treatment Plant Improvement Project	Yes	SDAC	POTW	\$10,660,000	3
8390-110	1	Russian River County Sanitation District	Condition Assessment/Force Main System	Yes	DAC	POTW	\$500,000	6
8397-110	5	Sacramento Area Sewer District	Freeport Septic Conversion Project	Yes	SDAC	POTW	\$3,350,324	4
8454-110	5	Sacramento Area Sewer District	Hood Community Septic Conversion Project	Yes	DAC	POTW	\$7,790,425	2
8455-110	5	Sacramento Area Sewer District	Linda Manor Community Septic Conversion	Yes	DAC	POTW	\$4,280,995	2
8456-110	5	Sacramento Area Sewer District	Orange Park Cove Septic to Sewer Project	Yes	SDAC	POTW	\$2,877,257	2
8457-110	5	Sacramento Area Sewer District	Old Florintown Septic to Sewer Project	Yes	SDAC	POTW	\$6,800,341	2

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8458-110	5	Sacramento Area Sewer District	Franklin Community Septic Conversion Project	Yes	SDAC	POTW	\$8,000,000	2
8445-110	7	Salton Community Services District	Salton CSD Wastewater Collection System Evaluation	Yes	SDAC	POTW	\$300,000	1
8375-210	5	San Andreas Sanitary District	SASD Collection System Improvements Project	Yes	SDAC	POTW	\$2,848,315	1
8277-110	9	San Diego, City of	Advanced Metering Infrastructure (AMI) Project	No	No	POTW	\$42,032,242	1, 3
8419-110	9	San Diego, City of	Pure Water North City Morena Blvd Pump Station & Pipeline (Wastewater Portion)	No	No	POTW	\$89,658,800	1
8419-210	9	San Diego, City of	Pure Water North City Water Reclamation Plant Expansion	No	No	POTW	\$54,982,400	1

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8419-310	9	San Diego, City of	Pure Water North City Metropolitan Biosolids Center Improvements	No	No	POTW	\$14,508,000	1
8419-410	9	San Diego, City of	Pure Water North City Water Reclamation Plant Expansion and Influent Conveyance	No	No	POTW	\$12,496,000	1
8419-510	9	San Diego, City of	Pure Water North City Pure Water Pump Station	No	No	POTW	\$5,310,800	1
8419-610	9	San Diego, City of	Pure Water North City Pure Water Pipeline	No	No	POTW	\$33,739,200	1
8419-710	9	San Diego, City of	Pure Water North City Pure Water Facility	No	No	POTW	\$172,757,200	1
8419-810	9	San Diego, City of	Pure Water North City Morena Blvd Pump Station & Pipeline (Water Portion)	No	No	POTW	\$12,808,400	1

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8196-110	9	San Elijo Joint Powers Authority	SEJPA Recycled Water Phase II Project	No	No	POTW	\$6,200,000	1
8286-110	2	San Francisco, Public Utilities Commission of the City & County of	CWWSIPSE02 SEP New Headworks (Grit) Replacement	No	No	POTW	\$112,036,181	3
8297-110	2	San Mateo-Foster City Public Financing Authority	The San Mateo Clean Water Program - Wastewater Treatment Plant	No	No	POTW	\$137,456,000	1
8399-110	3	San Miguel Sanitary District	San Miguel Wastewater Project	Yes	DAC	POTW	\$250,000	3
8322-110	8	Santa Ana, City of	San Lorenzo Sewer Lift Station	No	No	POTW	\$4,000,000	6
8321-110	8	Santa Ana, City of	Sewer Collection System Improvements	Yes	No	POTW	\$9,500,000	6

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8436-110	3	Santa Cruz County Sanitation District	Valencia Creek Sewer Relocation Project	No	No	POTW	\$2,154,000	1
8468-110	4	Saticoy Sanitary District	Saticoy Sanitary District Collection System and Wastewater Treatment Plant Rehabilitation	Yes	SDAC	POTW	\$250,000	3
8467-110	1	Scotia Community Services District	Scotia WWTF Replacement Project	Yes	SDAC	POTW	\$500,000	3
8481-110	7	Seeley County Water District	Wastewater Treatment Plant Improvements	Yes	SDAC	POTW	\$657,300	3
8085-310	5	Shasta, County of	CSA 17 Collection System Improvement Project	Yes	DAC	POTW	\$2,836,000	4

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8264-110	2	Silicon Valley Clean Water	Conveyance and Treatment Reliability Improvements Project – Tunnel and Gravity Pipeline (includes San Carlos Odor Control)	No	No	POTW	\$71,000,000	1
8264-210	2	Silicon Valley Clean Water	Conveyance and Treatment	No	No	POTW	\$49,000,000	1
8264-710	2	Silicon Valley Clean Water	Conveyance and Treatment	No	No	POTW	\$49,000,000	1
8451-110	1	Sonoma County Water Agency	Monte Rio and Villa Grande Sewage Project	Yes	DAC	POTW	\$500,000	3
8427-110	5	South Dos Palos County Water District	South Dos Palos Wastewater Planning Project	Yes	SDAC	POTW	\$147,470	2
8447-110	5	Stockton, City of	Regional Wastewater Control Facilities Modifications	Yes	No	POTW	\$46,800,000	1

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
7767-210	5	Stratford Public Utility District	Wastewater Facilities Improvement Project	Yes	SDAC	POTW	\$6,568,100	3
8452-110	5	Sutter Creek, City of	Pre-Design for Wastewater Treatment Replacement Project	Yes	DAC	POTW	\$425,000	3
8428-110	1	Trinity County Waterworks District #1	TCWW Waste Water Treatment Plant Upgrade to Produce Reclaimed Water	Yes	DAC	POTW	\$500,000	3
8247-210	5	Tuolumne City Sanitary District	TCSD WWTP Improvement Project	Yes	SDAC	POTW	\$2,000,000	4
8281-210	5	Tuolumne City Sanitary District	TCSD Collection System Project	Yes	SDAC	POTW	\$6,000,000	3
8240-210	5	Tuolumne Utilities District	Sonora Regional Wastewater Treatment Facility Improvements	Yes	DAC	POTW	\$5,500,000	2

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8408-110	5	Twain Harte Community Services District	Inflow / Infiltration Identification and Reduction Project	Yes	DAC	POTW	\$500,000	4, 7
8472-110	7	Twentynine Palms, City of	Wastewater Treatment System Feasibility and Preliminary Design	Yes	DAC	POTW	\$987,000	3
8487-110	1	Ukiah, City of	Recycled Water Project Phase 4	No	DAC	POTW	\$18,650,000	1
8401-110	5	Waterford, City of	City of Waterford Wastewater Treatment Plant Improvement Project	Yes	DAC	POTW	\$140,000	2
8448-110	1	Weaverville Sanitary District	Weaverville Sanitary System Upgrade	Yes	SDAC	POTW	\$500,000	1
8430-110	1	Weed, City of	Wastewater Treatment Facilities Improvements	Yes	SDAC	POTW	\$500,000	2

Project Number	Region	Applicant Name	Project Name	Population ≤ 20,000	Small DAC/SDAC	Project Type	IUP Projected Amount	Reason for Delay
8225-210	5	Williams, City of	City of Williams Wastewater Collection System Improvement Project	Yes	SDAC	POTW	\$5,500,000	3
7878-210	5	Woodlake, City of	The City of Woodlake Sewer Improvements	Yes	SDAC	POTW	\$5,500,000	3
8231-210	1	Yreka, City of	City of Yreka Wastewater Collection System Improvements	Yes	DAC	POTW	\$5,500,000	3
8162-110	8	Yucaipa Valley Water District	Calimesa Recycled Water Conveyance Project	No	No	POTW	\$5,620,525	3
Total Projects:			160				\$2,428,328,504	

Reason for Delay:

1. CWSRF Reviews are not Complete (Complete Application)
2. Application requires additional studies, more documents, and/or more hearings (Incomplete Application)
3. N/A - CWSRF financing agreement is pending
4. N/A - financed with SCG or WRF financing
5. Project dropped from consideration due to inactive status
6. N/A - application withdrawn
7. Project has been funded in a previous fiscal year.

Exhibit E: Cumulative CWSRF Revenue Bond (Green Bond) Funded Projects Update

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
7899-110	Carlsbad Municipal Water District	\$22,150,000	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	\$553,302.00	\$3,428,908.00	\$0.00	12/31/2020
7834-110	Corona, City of	\$11,133,592	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	\$0.00	8/31/2016
8010-110	Davis, City of	\$48,786,846	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	\$34,504,097.00	\$14,282,749.00	\$0.00	\$0.00	10/1/2018

³ The CWSRF financing reflects funding amounts as of 6/30/2020, including any adjustments for funding increases as a result of contract amendments or funding decreases as a result of un-liquidated/de-obligated balances.

⁴ The Series 2016 revenue bonds were fully disbursed in December 2016.

⁵ The Series 2017 revenue bonds were fully disbursed in July 2018.

⁶ The Series 2018 revenue bonds were fully disbursed in January 2020.

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
			electrical, maintenance, disinfection, and solids handling.					
8019-110	Davis, City of	\$35,500,000	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	\$6,315,075.03	\$0.00	\$0.00	12/30/2018
8001-120	Dixon, City of	\$28,093,094	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	\$4,492,622.00	\$0.00	\$0.00	12/1/2016
8047-110	Eastern Municipal Water District	\$47,632,440	The Recycled Water Supply Optimization Program (Program) will increase use of local and renewable water and energy resources and reduce dependence on imported water and fossil fuels. The Program is an integrated, multi-year initiative that provides significant benefits to multiple segments of the water use cycle. Program components include: (1) expansion of the Temecula Valley Regional Water Reclamation Facility to 23 million gallons per day; (2) construction of the Temecula Valley Recycled Water Pipeline; (3) upgrades	\$0.00	\$0.00	\$6,443,478.00	\$0.00	12/21/2019

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
			to the Reach 4 Recycled Water Booster Station; and (4) the Solar Photovoltaic Renewable Energy Initiative Phase II Project, which involves installing solar systems at four regional water reclamation facilities.					
7613-110	Fallbrook Public Utilities District	\$28,723,000	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	\$0.00	3/31/2016
7893-110	Fresno, City of	\$33,138,638	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	\$0.00	7/12/2016
8061-110	Fresno, City of	\$55,600,000	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	\$9,292,014.00	\$9,068,875.00	\$0.00	12/31/2020
7871-110	Galt, City of	\$24,638,094	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	\$4,795,956.00	\$0.00	\$0.00	9/30/2016
5295-110	Hi-Desert Water District	\$142,349,314	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	\$695,924.00	\$37,781,443.00	\$60,665,320.00	\$0.00	7/1/2020

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
			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.					
5402-110	Hillsborough, Town of	\$10,172,759	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	\$1,169,744.00	\$0.00	9/15/2016
7885-110	Inland Empire Utilities Agency	\$23,847,573	The District will rehabilitate the tunnel and sewer pipeline to eliminate the risk of tunnel failure that could result in worker injuries, damage to the existing 24-inch sewer pipeline, and release of sewage onto the beach and into the ocean. The Project will improve the existing tunnel access points and enlarge and reinforce the tunnel with a structural concrete liner to stabilize the tunnel and prevent collapse. The existing 24-inch pipeline will be retained and encased in concrete throughout the length of the tunnel for future emergency and maintenance use, and a new pipeline will be installed on the tunnel floor above the existing pipeline.	\$236,823.00	\$16,744,827.00	\$4,391,450.00	\$0.00	2/28/2019
7694-110	Los Angeles County Sanitation District No. 2	\$41,510,796	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	\$16,109,563.00	\$6,233,869.00	\$2,844,341.00	\$0.00	11/30/2017

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
			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.					
8034-110	Mckinleyville Community Services District	\$15,569,506	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	\$8,525,100.00	\$1,267,227.00	\$0.00	9/8/2017
8062-110	Modesto, City of	\$29,678,151	The North Valley Regional Recycled Water Program (NVRWP) will provide recycled water from the City's wastewater facility to the Del Puerto Water District (DPWD). The City will improve an existing pump station at its Jennings Road wastewater facility and construct approximately 32,000 linear feet of 42-inch-diameter pipeline from the wastewater facility to the Delta Mendota Canal (DMC). The DPWD will then be able to withdraw the recycled water from the DMC for use by its agricultural irrigation customers. The Project will provide approximately 16,500 acre-feet per year of recycled water to DPWD.	\$0.00	\$0.00	\$29,059,977.00	\$0.00	6/30/2018

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
5175-210	Modesto, City of	\$124,829,278	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	\$0.00	12/1/2015
8024-110	Pleasanton, City of	\$11,317,177	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	\$0.00	\$0.00	10/31/2016
8025-110	Sacramento Regional County Sanitation District	\$41,828,976	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	\$37,156,368.00	\$4,672,608.00	\$0.00	\$0.00	9/15/2016

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
			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.					
8025-120	Sacramento Regional County Sanitation District	\$138,672,372	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	\$71,468,044.00	\$9,396,133.00	\$0.00	6/30/2019
8025-130	Sacramento Regional County Sanitation District	\$2,861,737	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	\$0.00	11/30/2016
8025-140	Sacramento Regional County Sanitation District	\$21,465,759	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	\$5,559,910.00	\$0.00	\$0.00	8/15/2017

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
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	\$36,441,686.00	\$10,240,582.00	\$0.00	5/31/2019
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 Sidestream 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	\$185,824,963.08	\$159,240,870.00	\$0.00	5/14/2021
8025-170	Sacramento Regional County Sanitation District	\$35,696,952	The Project is the seventh segment 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	\$0.00	\$0.00	\$24,059,762.00	\$0.00	12/27/2019

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
			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 will upgrade the existing Return Activated Sludge (RAS) pumping system to convey RAS from the existing Secondary Sedimentation Tanks (SSTs) to the new Biological Nutrient Removal (BNR) Facility.					
8025-180	Sacramento Regional County Sanitation District	\$564,657,506	The Project is the eighth and last segment 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 will filter and disinfect wastewater to meet California's water recycling regulations. The design is also based on meeting applicable effluent limitations and performance specifications for disinfected effluent coliform and filter effluent turbidity.	\$0.00	\$0.00	\$13,727,288.00	\$0.00	5/1/2023

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
5069-110	San Diego, City of	\$7,203,499	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	\$0.00	4/30/2015
7617-110	San Diego, City of	\$12,000,000	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	\$2,861,655.00	\$959,847.00	\$0.00	2/28/2019
7857-110	Santa Barbara, City of	\$31,388,033	The Project will upgrade the aeration and secondary clarification systems at the City's El Estero Wastewater Treatment Plant.	\$0.00	\$19,590,950.00	\$8,225,777.00	\$0.00	3/1/2019
8060-110	Santa Margarita Water District	\$76,315,000	Santa Margarita Water District (SMWD) will convert an existing dam and reservoir to a recycled water reservoir to provide seasonal storage for its recycled water system. The Project will increase SMWD's storage capacity by up to 5,000 acre-feet per year.	\$0.00	\$0.00	\$22,723,191.00	\$0.00	12/4/2020
7882-110	South Coast Water District	\$102,560,000	In 1954, the District constructed the two-mile long Beach Interceptor Sewer Pipeline and Tunnel, which currently conveys an average of 1.0 million gallons per day of sewage. Most of the tunnel was hand-dug, with some areas blasted through bedrock. It is mostly unlined and unsupported, but some sections have timber struts and lining that have deteriorated over time. The tunnel condition is worsening, and there is a significant risk of injury or	\$0.00	\$0.00	\$27,526,843.00	\$0.00	5/31/2022

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
			death to maintenance personnel, as well as an imminent threat of sewage spilling onto the beach and into the ocean should a major failure occur.					
5223-110	Union Sanitary District	\$12,200,000	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	\$2,557,225.00	\$0.00	\$0.00	3/31/2017
4806-110	Victor Valley Wastewater Reclamation Authority	\$26,088,996	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 scalping 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	\$13,028,936.00	\$11,596,007.50	\$82,946.00	\$0.00	2/28/2018

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
			regional treatment plant for further processing.					
4807-110	Victor Valley Wastewater Reclamation Authority	\$37,180,580	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 scalping 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 scalping 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	\$14,571,910.00	\$32,362.00	\$0.00	2/28/2018
7215-110	Visalia, City of	\$92,580,432	Water demands in the area have increased and resulted in significant overdraft 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	\$0.00	\$0.00	9/13/2017

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7847-110	Vista, City of	\$21,991,869	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	\$11,789,563.00	\$3,137,201.00	\$0.00	4/30/2019
7876-130	West County Wastewater District	\$14,305,856	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	\$7,761,467.00	\$3,422,272.00	\$0.00	8/30/2017
8043-110	West County Wastewater District	\$21,100,763	The Project will improve the District's secondary treatment process to increase the reliability of its recycled wastewater deliveries.	\$10,221,797.00	\$9,834,106.00	\$1,044,860.00	\$0.00	6/3/2017

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
7845-110	Western Municipal Water District	\$35,794,100	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	\$10,100,508.00	\$0.00	7/1/2020
7894-110	Western Riverside County Regional Wastewater Authority	\$72,620,000	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	\$13,198,379.00	\$2,539,729.00	\$0.00	12/31/2017
8002-110	Woodland, City of	\$18,995,120	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	\$0.00	12/31/2016
7873-110	Woodland-Davis Clean Water Agency	\$87,746,473	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	\$64,449,601.00	\$7,576,348.00	\$0.00	\$0.00	12/31/2016

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
			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.					
8122-110	Palm Springs, City of	\$29,917,266	The existing wastewater treatment plant needs upgrades/replacements due to aging and outdated infrastructure to reliably meet permit requirements and reduce plant odors in the surrounding community.	\$0.00	\$0.00	\$21,600,205.00	\$0.00	9/27/2018
8132-110	San Francisco, Public Utilities Commission of the City and County of	\$29,197,239	The Project will upgrade the primary and secondary clarifiers at the Southeast Treatment Plant. The upgrades include installing primary clarifiers covers, rehabilitating concrete surfaces, replacing the secondary clarifier rotating arm assemblies, and upgrading associated electrical systems.	\$0.00	\$0.00	\$29,197,239.00	\$0.00	3/30/2018
8153-110	Sunnyvale, City of	\$127,068,522	The Project includes new headworks and primary treatment facilities at the City's Water Pollution Control Plant to provide additional capacity for future flows and loads through buildout in 2035. The new headworks will include electrical pumps and associated service, screening, screening/grit handling building, and odor control equipment. Primary treatment facilities include six new sedimentation tanks, chemically enhanced primary treatment equipment, mechanized dewatering equipment, heat recovery at the power generation facility, 12kV switchgear, and a 2,000 kW diesel backup generator.	\$0.00	\$0.00	\$38,599,255.00	\$0.00	6/30/2021

Project Number	Funding Recipient	CWSRF Funding Amount ³	Project Description	Amount Disbursed from Series 2016 Bonds as of 6/30/2020 ⁴	Amount Disbursed from Series 2017 Bonds as of 6/30/2020 ⁵	Amount Disbursed from Series 2018 Bonds as of 6/30/2020 ⁶	Encumbering Balance as of 6/30/2020	Construction Completion Date
8190-110	Palo Alto, City of	\$28,915,243	The City will replace its existing solids handling facilities and sludge incinerators with a new sludge dewatering and truck loadout facility. The new facility will include a belt filter presses, conveyors, storage bins, standby diesel generator, odor control, and other ancillary equipment.	\$0.00	\$0.00	\$20,803,810.00	\$0.00	5/31/2019
Total:				\$500,000,000.00	\$527,503,546.61	\$525,000,000.00	\$0.00	

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Exhibit F: DBE Reporting Results

	MBE	WBE	TOTAL
FFY 2019 Annual Disbursements by Category	\$18,999,660	\$3,426,738	\$22,426,398
Total Disbursements			\$588,682,770
Percentage to Total Disbursements	3.23%	0.58%	3.81%

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

Exhibit G: SFY 2019-20 CWSRF Green Project Reserve Projects⁷

Funding Recipient	Project Number	Funding Agreement Number	Green Project Reserve Funding Amount	Total Agreement Amount
Brentwood, City of	8095-110	D1901007	\$7,712,000	\$65,102,000
Dos Palos City of	8488-110	D1901010	\$35,000	\$35,000
Elsinore Valley Municipal Water District	8336-110	D1901005	\$9,108,100	\$45,987,100
Heber Public Utility District	8485-110	D1901002	\$35,000	\$35,000
Inland Empire Utilities Agency	8235-150	D1901032	\$6,694,013	\$6,694,013
Linda County Water District	8388-110	D1901006	\$35,000	\$35,000
Napa Sanitation District	8244-110	D1901016	\$40,000,000	\$40,000,000
Oro Loma Sanitary District	8471-110	D1901001	\$35,000	\$35,000
Patterson, City of	8142-110	D1801018	\$1,040,734	\$2,084,000
Roseville, City of	8215-210	D1901012	\$32,748,824	\$32,748,824
San Francisco, Public Utilities Commission of the City and County of	8371-110	D1901027	\$39,687,969	\$54,387,969
San Francisco, Public Utilities Commission of the City and County of	8372-110	D1901029	\$132,000,000	\$132,000,000
Santa Clarita Valley Sanitation District	8035-110	D1901034	\$20,985,376	\$20,985,376
Santa Clarita Valley Sanitation District	8156-110	D1901017	\$109,627,000	\$109,627,000
Total Projects:	14		\$399,744,016	\$509,756,282

⁷ Green Project Reserve includes projects that promote Green Infrastructure, Energy Efficiency, Water Efficiency or Environmentally Innovative projects. Projects were categorically eligible or required a business case justification. If the GPR amount is less than the Total Agreement Amount, the project was partially green and required a business case justification.

Exhibit H: SFY 2019-20 Additional Subsidy Projects (Principal Forgiveness)

Funding Recipient	Project Number	Funding Agreement Number	Additional Subsidy Amount	Total Agreement Amount
Allensworth Community Services District	8476-110	D1901018	\$500,000	\$500,000
Brentwood, City of	8095-110	D1901007	\$3,856,000	\$65,102,000
Dos Palos City of	8488-110	D1901010	\$35,000	\$35,000
Elsinore Valley Municipal Water District	8336-110	D1901005	\$3,500,000	\$45,987,100
Graton Community Services District	8335-110	D1901021	\$500,000	\$500,000
Gridley, City of	8520-110	D1901024	\$500,000	\$500,000
Heber Public Utility District	8485-110	D1901002	\$35,000	\$35,000
Inland Empire Utilities Agency	8235-150	D1901032	\$3,347,006	\$6,694,013
Linda County Water District	8388-110	D1901006	\$35,000	\$35,000
Napa Sanitation District	8244-110	D1901016	\$4,000,000	\$40,000,000
Oro Loma Sanitary District	8471-110	D1901001	\$35,000	\$35,000
Patterson, City of	8142-110	D1801018	\$520,367	\$2,084,000
Redway Community Services District	8413-110	D1901014	\$496,500	\$496,500
Rio Dell, City of	8403-110	D1904003	\$499,500	\$499,500
Roseville, City of	8215-210	D1901012	\$4,000,000	\$32,748,824
Russian River County Sanitation District	8387-110	D1901020	\$810,085	\$810,085
San Francisco, Public Utilities Commission of the City and County of	8371-110	D1901027	\$4,000,000	\$54,387,969
San Francisco, Public Utilities Commission of the City and County of	8372-110	D1901029	\$4,000,000	\$132,000,000
Santa Clarita Valley Sanitation District	8035-110	D1901034	\$4,000,000	\$20,985,376
Santa Clarita Valley Sanitation District	8156-110	D1901017	\$1,211,254	\$109,627,000
Sultana Community Services District	8506-110	D1901025	\$500,000	\$500,000
Total Projects:	21		\$36,380,712	\$513,562,367

Exhibit I: CWSRF Projects with Financing Servicing Fees

Fund 3147 - Small Community Grant Fee (percentage of outstanding principal balance)⁸

Contract Number	Project Number	Recipient	Fee Rates
00-808	4521-110	Riverbank, City of	2.6%
07-810	5051-110	Reedley, City of	2.4%
07-812	4438-110	Crescent City, City of	2.4%
07-828	4438-110	Colusa, City of	2.4%
07-829	5085-110	Union Sanitary District	2.7%
08-804	4729-130	La Mesa, City of	2.6%
08-813	5055-110	Patterson, City of	2.6%
08-814	4352-110	Lake Arrowhead Community Services Dist.	2.6%
08-815	4680-110	Ventura, County of	2.6%
08-816	4916-110	Los Angeles County Sanitation District	2.6%
08-817	4148-110	Rosamond Community Services District	2.6%
08-838	5139-110	Hughson, City of	1.0%
08-854	4729-140	La Mesa, City of	1.0%
09-850	4688-110	Oakdale, City of	2.5%
09-856	5043-110	Galt, City of	2.9%

Fund 9739 - Administrative Service Fee (1% of outstanding principal balance)⁹

Contract Number	Project Number	Recipient	Fee Rates
00-802	4665-110	Stege Sanitary District	1.0%
00-804	4486-110	Templeton Community Services District	1.0%
00-818	4062-220	Santa Rosa, City of	1.0%

⁸ Constitutes projects with only a Small Community Grant Fee.

⁹ Constitutes projects with only an Administrative Service Fee.

Contract Number	Project Number	Recipient	Fee Rates
00-825	4062-170	Santa Rosa, City of	1.0%
00-831	4062-250	Santa Rosa, City of	1.0%
01-803	4053-110	McCloud Community Services District	1.0%
01-810	4062-160	Santa Rosa, City of	1.0%
01-813	6036-110	Santa Cruz, County of	1.0%
01-811	4062-230	Santa Rosa, City of	1.0%
01-814	4062-150	Santa Rosa, City of	1.0%
02-821	4812-110	Napa Sanitation District	1.0%
02-826	4845-110	Santa Margarita Water District	1.0%
02-827	4802-110	Corona, City of	1.0%
03-846	4783-110	Los Angeles County Sanitation District	1.0%
03-847	4783-210	Los Angeles County Sanitation District	1.0%
04-802	6085-110	The Nature Conservancy	1.0%
04-814	4450-110	Coachella Sanitary District	1.0%
04-815	4252-510	La Canada Flintridge, City of	1.0%
05-809	4665-210	Stege Sanitary District	1.0%
05-810	4200-110	Yucaipa Valley Water District	1.0%
05-811	4729-110	La Mesa, City of	1.0%
06-810	4899-110	Inland Empire Utilities Agency	1.0%
07-815	4632-110	Alturas, City of	1.0%
07-816	4728-120	South San Francisco, City of	1.0%
07-818	4729-120	La Mesa, City of	1.0%
07-824	4903-110	Novato Sanitary District	1.0%
08-845	5100-110	Eastern Municipal Water District	1.0%
09-800	5098-110	Linda County Water District	1.0%
09-814	5044-110	Palo Alto, City of	1.0%
09-848	4831-110	Santa Cruz County Sanitation District	1.0%
09-853	5208-110	Fairfield-Suisun Sewer District	1.0%
09-857	5539-110	Los Angeles County Sanitation District	1.0%
09-858	5490-110	Del Mar, City of	1.0%

Contract Number	Project Number	Recipient	Fee Rates
09-861	4395-110	San Diego, City of	1.0%
09-864	7476-110	Yucaipa Valley Water District	1.0%
10-808	5219-110	Union Sanitary District	1.0%
10-810	5376-110	Victor Valley Wastewater Rec Authority	1.0%
10-812	5351-110	Castro Valley Sanitary District	1.0%
10-817	5222-110	Union Sanitary District	1.0%
11-800	4971-240	Redding, City of	1.0%
11-810	4971-260	Redding, City of	1.0%
11-812	4841-110	Vacaville, City of	1.0%
11-813	5319-110	Inland Empire Utilities Agency	1.0%
11-818	4841-130	Vacaville, City of	1.0%
11-821	4463-110	Orange County Water District	1.0%
11-822	5610-110	Santa Ana Watershed Project Authority	1.0%
11-825	5175-210	Modesto, City of	1.0%
11-827	5216-110	Silicon Valley Clean Water	1.0%
11-832	4905-110	San Diego, City of	1.0%
11-833	5602-110	Turlock, City of	1.0%
11-836	5256-110	Turlock, City of	1.0%
11-849	5380-110	Redding, City of	1.0%
12-802	4250-310	Mission Springs Water District	1.0%
12-804	7113-110	Yuba City, City of	1.0%
12-807	7613-110	Fallbrook Public Utility District	1.0%
12-811	4905-130	San Diego, City of	1.0%
12-816	5069-110	San Diego, City of	1.0%
12-820	5400-110	El Paso de Robles, City of	1.0%
12-821	5006-110	El Toro Water District	1.0%
13-805	5283-110	Placer County Sewer Maintenance District #3	1.0%
13-811	5892-110	Los Angeles County Sanitation District	1.0%
13-836	7891-110	Redding, City of	1.0%

Contract Number	Project Number	Recipient	Fee Rates
14-810	7894-110	Western Riverside County Regional WW Authority	1.0%
14-817	7893-110	Fresno, City of	1.0%
14-832	8025-110	Sacramento Regional County Sanitation District	1.0%
93-805	6006-110	Davis, City of	1.0%
93-810	6022-110	Pacheco Water District	1.0%
93-819	4330-110	Goleta Sanitary District	1.0%
94-806	4108-110	Cambria Community Services District	1.0%
96-805	6014-110	San Luis Water District	1.0%
96-820	4360-110	Davis, City of	1.0%
97-804	4001-220	Los Angeles County Sanitation District	1.0%
97-809	4505-110	Placerville, City of	1.0%
97-813	6031-110	Mammoth Lakes, Town of	1.0%
97-814	4648-110	Rialto, City of	1.0%
97-830	4001-230	Los Angeles County Sanitation District	1.0%
98-813	4262-110	Humboldt County Res. Imp. Dist. 1	1.0%
98-818	4001-250	Los Angeles County Sanitation District	1.0%
98-837	4452-110	Santa Ana Watershed Project Authority	1.0%
99-802	4704-110	Windsor, Town of	1.0%
99-805	4610-110	Vacaville, City of	1.0%
99-807	4679-110	Los Angeles, County of	1.0%
99-811	4429-120	Thousand Oaks, City of	1.0%
D1501005	8025-140	Sacramento Regional County Sanitation District	1.0%
D1501008	8004-140	Rodeo Sanitary District	1.0%
D1501012	8034-110	McKinleyville Community Service District	1.0%
D1501014	7824-110	La Mesa, City of	1.0%
D1501015	8082-110	Sacramento Regional County Sanitation District	1.0%
D1501016	8101-110	Orange County Water District	1.0%
D1501017	7831-110	Eastern Municipal Water District	1.0%
D1501020	8004-150	Rodeo Sanitary District	1.0%
D1501021	8026-110	Pacific Grove City	1.0%

Contract Number	Project Number	Recipient	Fee Rates
D1601005	8062-110	Modesto, City of	1.0%
D1601011	8189-110	Los Angeles County Sanitation District No. 2	1.0%
D1601013	8205-110	Los Angeles County Sanitation District No. 2	1.0%
D1601015	7896-210	Colusa, City of	1.0%
D1601019	8164-110	El Torro Water District	1.0%
D1601021	8166-110	Piedmont, City of	1.0%
D1701003	8132-110	San Francisco, Public Utilities Commission of the City and County of	1.0%
D1701006	8211-110	Santa Monica, City of	1.0%
D1701010	8115-110	Escondido, City of	1.0%

3147 and 9739 (percentage of outstanding principal balance)¹⁰

Contract Number	Project Number	Recipient	Fee Rates	
			SCG	Admin
00-801	4610-120	Vacaville, City of	1.7%	1.0%
00-805	4596-110	Hilmar County Water District	1.6%	1.0%
00-806	4685-110	Sacramento, City of	1.6%	1.0%
00-809	4708-110	Redding, City of	1.6%	1.0%
00-815	4465-110	Yreka, City of	1.6%	1.0%
00-816	4062-140	Santa Rosa, City of	1.6%	1.0%
00-819	4086-110	Lake County Sanitation District	1.6%	1.0%
01-802	4173-110	Laguna County Sanitation District	1.4%	1.0%
01-804	4655-110	Piedmont, City of	1.4%	1.0%
01-815	4771-110	Union Sanitary District	1.4%	1.0%
01-817	4062-240	Santa Rosa, City of	1.6%	1.0%

¹⁰ Constitutes projects with both a Small Community Grant Fee and Administrative Service Fee.

Contract Number	Project Number	Recipient	Fee Rates	
			SCG	Admin
01-821	4800-110	Redlands, City of	1.5%	1.0%
01-825	4790-110	Vallejo Sanitation & Flood District	1.5%	1.0%
02-804	4252-410	La Canada Flintridge, City of	1.4%	1.0%
02-809	4846-130	Inland Empire Utilities Agency	1.5%	1.0%
02-810	4772-110	Burlingame, City of	1.5%	1.0%
02-811	6061-120	Napa, County Of, Flood Control and Water	1.5%	1.0%
02-816	4801-110	North San Mateo County Sanitation District	1.5%	1.0%
02-817	4655-120	Piedmont, City of	1.5%	1.0%
02-818	4307-110	San Luis Obispo, City of	1.5%	1.0%
02-823	4007-610	Alameda, City of	1.6%	1.0%
02-824	4728-110	South San Francisco, City of	1.5%	1.0%
02-825	4658-110	Victor Valley Wastewater Rec Authority	1.5%	1.0%
03-801	4695-110	Escondido, City of	1.4%	1.0%
03-804	4657-110	Tahoe-Truckee Sanitation Agency	1.6%	1.0%
03-806	4528-210	Benicia, City of	1.6%	1.0%
03-811	4655-130	Piedmont, City of	1.5%	1.0%
03-848	4783-310	Los Angeles County Sanitation District	1.3%	1.0%
05-803	4693-110	Petaluma, City of	1.4%	1.0%
05-808	4844-110	North Marin Water District	1.4%	1.0%
06-801	4823-110	Sonoma Valley County Sanitation District	1.3%	1.0%
06-802	6090-110	The Conservation Fund	1.3%	1.0%
07-813	5053-110	Union Sanitary District	1.4%	1.0%
07-817	6093-110	St. Helena, City of	1.4%	1.0%
07-819	4971-210	Redding, City of	1.4%	1.0%
07-820	4790-120	Vallejo Sanitation & Flood District	1.4%	1.0%
07-825	4303-110	East Bay Municipal Utility District	1.4%	1.0%
07-826	4971-220	Redding, City of	1.6%	1.0%
07-836	4470-110	Colfax, City of	1.4%	1.0%

Contract Number	Project Number	Recipient	Fee Rates	
			SCG	Admin
09-851	5152-110	Burlingame, City of	1.9%	1.0%
10-801	7245-110	El Toro Water District	1.7%	1.0%
10-805	6601-110	Yolo County Flood Control and Water Conservation Dist.	1.7%	1.0%
10-818	5571-110	Delta Diablo	1.6%	1.0%
10-820	5160-110	Sunnyslope County Water District	1.6%	1.0%
10-835	5533-110	Burbank, City of	1.6%	1.0%
10-838	5310-110	Seal Beach, City of	1.6%	1.0%
10-842	5310-120	Seal Beach, City of	1.6%	1.0%
11-809	4971-230	Redding, City of	1.6%	1.0%
97-812	4504-110	Chico, City of	1.6%	1.0%
97-815	4155-110	San Elijo Joint Powers Authority	1.5%	1.0%
97-817	4251-110	Colton, City of	1.5%	1.0%
97-827	4614-110	South San Francisco, City of	1.6%	1.0%
97-829	4441-120	Sacramento, City of	1.2%	1.0%
98-810	4243-110	Wasco, City of	1.6%	1.0%
98-811	6050-110	Merced, County of	1.6%	1.0%
98-816	4429-110	Thousand Oaks, City of	1.4%	1.0%
98-817	4001-260	Los Angeles County Sanitation District	1.4%	1.0%
98-826	6026-110	South Lake Tahoe, City of	1.6%	1.0%
98-828	6061-110	Napa, County Of, Flood Control and Water	1.4%	1.0%
98-830	4529-110	Banning, City of	1.6%	1.0%
99-809	4452-120	Santa Ana Watershed Project Authority	1.7%	1.0%
99-819	4666-110	American Canyon, City of	1.7%	1.0%
99-825	4452-130	Santa Ana Watershed Project Authority	1.6%	1.0%
99-829	4616-110	Calistoga, City of	1.6%	1.0%
99-830	4452-140	Santa Ana Watershed Project Authority	1.6%	1.0%

VII. APPENDICES

Appendix A	Short-Term Goals
Appendix B	Long-Term Goals
Appendix C	Operating Agreement and Capitalization Grant Conditions
Appendix D	Performance Evaluation Report
Appendix E	SFY 2019-20 CWSRF Audited Financial Statements

Appendix A: Short-Term Goals

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

	Short-Term Goal	Comments
1	Prepare and review cash management reports regularly	<ul style="list-style-type: none"> State Water Board staff periodically reviewed cash levels in the CWSRF accounts to ensure that sufficient cash would be available to meet all disbursement requests and that cash is not accumulating in the fund. Staff evaluated the cash flow impact of each new project during the financing approval process.
2	Continue regular staff level finance/audit coordination meetings	<ul style="list-style-type: none"> DFA and Division of Administrative Services (DAS) staff conducted regular finance/audit coordination meetings on September 27, 2019, January 24, 2020, May 8, 2020, and July 10, 2020 to ensure oversight of the CWSRF’s finances. Standing topics at finance/audit coordination meetings included (a) reviewing cash flow of projects under contract, short and long-term cash flow projections, and future cash flow needs; (b) comparing actual performance with target performance measures; and (c) reviewing audit issues, program control issues, tax compliance issues, and planning for upcoming audits.
3	Apply for and accept the Federal Fiscal Year 2019 Capitalization Grant.	<ul style="list-style-type: none"> State Water Board submitted its FFY 2019 Capitalization Grant application on May 10, 2019. USEPA awarded the 2019 Grant on August 14, 2019, in the amount of \$113,637,000. The State Water Board will provide \$22,727,400 in matching funds through excess state bond funds and local match contributions.
4	Maintain Compliance with the “Debt Management Policy.”	<ul style="list-style-type: none"> The State Water Board staff complied with the Debt Management Policy in SFY 2019-20. No new bonds were issued by the CWSRF program this year but reporting and compliance requirements were met for all outstanding bond issues consistent with the Debt Management Policy.
5	Prepare Annual Report and Audited Financial Statements for SFY 2019-20.	<ul style="list-style-type: none"> To satisfy federal requirements and ensure the CWSRF’s finances are reliable, audited financial statements for the year ending June 30, 2020 were completed December 15, 2020. The audited financial statements can be found in Appendix E of the SFY 2019-20 Annual Report.

6	Comply with all reporting requirements and compliance obligations associated with outstanding revenue bonds, as set forth in the related continuing disclosure agreements, the Post-Issuance Tax Compliance Policy for Tax-Exempt Bond Issues, the Amended and Restated Master Payment and Pledge Agreement, and the Amended and Restated Master Trust Indenture.	<ul style="list-style-type: none"> The State Water Board complied with all reporting requirements and compliance obligations associated with outstanding revenue bonds, as set forth in the related continuing disclosure agreements, the Post-Issuance Tax Compliance Policy for Tax-Exempt Bond Issues, the Amended and Restated Master Payment and Pledge Agreement, and the Amended and Restated Master Trust Indenture.
7	Provide funds for high-priority projects	<ul style="list-style-type: none"> The State Water Board continued to provide CWSRF financing for high-priority projects that were ready to proceed to a financing agreement in SFY 2019-20. Section III and Exhibit A provide further details about the projects funded by the State Water Board in SFY 2019-20.
8	Adopt the SFY 2019-20 (FFY 2019) IUP	<ul style="list-style-type: none"> The State Water Board adopted the SFY 2019-20 IUP on June 18, 2019 to establish its business plan for the CWSRF and ensure timely submission of its FFY 2019 Capitalization Grant application to USEPA.
9	Report activities supporting the (a) California Water Action Plan, (b) State Water Board's Strategic Plan, (c) the CalEPA Strategic Vision, and (d) the USEPA Strategic Plan.	<ul style="list-style-type: none"> In SFY 2019-20, the State Water Board reported activities supporting the USEPA strategic goals via the CWSRF Annual Report, Clean Water Benefits 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 2019 CWSRF Capitalization Grant. Exhibit B lists the projects reported to the FFATA database for FFY 2019.
10	Continue regular internal coordination meetings to identify and resolve delays	<ul style="list-style-type: none"> State Water Board staff conducted monthly staging meetings in SFY 2019-20 to coordinate and prioritize application reviews to ensure all projects on the

	affecting applications on the Fundable List.	Fundable List receive an executed agreement by June 30, 2020.
11	Provide a Mid-Year Informational Update on Progress Implementing the SFY 2019-20 IUP.	<ul style="list-style-type: none">• State Water Board staff did not provide stakeholders with an update in November 2019 on its progress implementing the 2019-20 IUP due to other program workload.

Appendix B: Long-Term Goals

This section discusses the State Water Board's efforts to meet the following long-term goals for the CWSRF program established in the SFY 2019-20 IUP. These long-term goals also provided a framework that guided the State Water Board's decision-making, maximization, and prioritization of both staff and funding sources during SFY 2019-20.

	Long-Term Goal	Comments
1	Maximize cash flow: For maximum benefit, CWSRF disbursements should equal the Program's receipts, less the minimum \$25 million balance and restricted assets.	<ul style="list-style-type: none"> State Water Board executed additional financing agreements that will use future CWSRF receipts and help preclude the growth of the CWSRF's cash balance. State Water Board continued to monitor individual projects to ensure that cash was being requested on a regular basis; projects that had not requested funds for significant periods of time were prompted to submit disbursement requests. Throughout the year, the State Water Board received cash through a variety of sources, and disbursed cash for a variety of projects and program expenses. DFA also continued to monitor projects and their disbursements to ensure that final disbursements are made within six (6) months of construction completion to ensure that funds are disbursed timely.
2	Use revenue and capital effectively	<ul style="list-style-type: none"> DFA continued to monitor cash and financing forecasts to determine whether additional capital would be needed. The State Water Board did not need additional capital during 2019-20, and no additional CWSRF bonds were sold in SFY 2019-20.
3	Maintain financial integrity.	<ul style="list-style-type: none"> State Water Board staff analyzed the creditworthiness of all applicants to ensure CWSRF is repaid on time and in full and imposed special conditions where appropriate on applicants to lower the credit risk. Approvals and transactions associated with individual CWSRF projects were documented in each project's file. In general, a hard-copy file was established and maintained for each project and duplicate electronic records were also maintained for each project in the Loans and Grants Tracking System (LGTS), the CWSRF's data management system. Each approval and transaction in SFY 2019-20 required multiple reviews and sign-offs from staff and management to ensure accuracy and validity. Written

		<p>internal procedures for the CWSRF program were also maintained.</p> <ul style="list-style-type: none"> • State Water Board staff also surveilled financing recipients with outstanding obligations. Recipients are generally required to provide ongoing financial information after loan closing for at least five years, or longer in some cases, or to complete public outreach if there was significant public disapproval during their rate setting process. • DFA staff maintained its “watch list” of financing recipients and potential applicants that show signs of financial weakness. Financial weakness was assessed using the financing recipients’ annual financial statements, a variety of news outlets, and periodic interactions with applicants, the Regional Water Boards, and the public. • CWSRF monitored payments of all outstanding agreements in SFY 2019-20 to identify late payments and prevent delinquent payments, that is payments greater than 10 days past the payment due date, especially payments on agreements that have been pledged to repay CWSRF revenue bonds. • State Water Board staff prepared financial statements for the CWSRF, and the financial statements were audited by an independent auditor in accordance with Government Auditing Standards. A copy of the audited financial statements is included in this report (Appendix E). • Designated State Water Board supervisors and managers were required to file an annual “Statement of Economic Interest” with the California Fair Political Practices Commission. In addition, State Water Board supervisors and managers completed conflict of interest training and are required to complete ethics training biennially.
4	Achieve compliance statewide with water quality objectives.	<ul style="list-style-type: none"> • 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 2019-20 are summarized in Section III of this report.
5	Achieve sustainable water resource management.	<ul style="list-style-type: none"> • State Water Board continued to make California’s water supply more sustainable and resilient. One CWSRF project funded during SFY 2019-20 was a

		<p>water recycling project that helped offset or augment fresh water supplies.</p> <ul style="list-style-type: none"> • Fourteen (14) projects funded during SFY 2019-20 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. • All applicants for CWSRF infrastructure financing are required to certify 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. • All public agencies that received CWSRF funds were required to certify they have performed a cost and effectiveness analysis and selected a project to maximize the efficient use, reuse, and recapture of water. Financed projects must maximize conservation of water and energy and consider the costs of construction, operation, and maintenance over the life of the project, as well as replacement of the project. • State Water Board applied water conservation requirements to recipients and required compliance with several 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.	<ul style="list-style-type: none"> • State Water Board financed approximately \$599 million of infrastructure improvements during SFY 2019-20, 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	<ul style="list-style-type: none"> • The State Water Board did not fund any projects in SFY 2019-20 that will help address non-point source estuaries.

	<p><u>Nonpoint Source Pollution Control Program</u> and estuary <u>Comprehensive Conservation and Management Plans</u></p>	
8	<p>Invest in small SDACs and small DACs disproportionately affected by pollution and water contamination consistent with the <u>Capacity Development Strategy</u>.</p>	<ul style="list-style-type: none"> • The Office of Sustainable Water Solutions (OSWS) was established on March 27, 2015 as a result of the Governor signing <u>Assembly Bill 92</u>. OSWS is part of State Water Board’s DFA. OSWS was created to promote permanent and sustainable drinking water and wastewater solutions to ensure effective and efficient provision of safe, clean, affordable, and reliable drinking water and wastewater treatment services, focusing on addressing financial and technical assistance needs, particularly for small disadvantaged communities. OSWS manages the Small Community Funding Program and provides small disadvantaged and small severely disadvantaged communities low interest loans and principal forgiveness through the CWSRF program and grants through the CWSRF Small Community Grant Fund (CWSRF-SCG) and Small Community Grant Wastewater (SCG-WW) programs utilizing federal and state funds respectively. • The CWSRF-SCG continued to provide grant funds to small DACs in SFY 2019-20 for projects that addressed pollution and water contamination. In summary, twenty (20) projects totaling \$43.578 million of CWSRF-SCG and related SCG-WW grants were awarded in SFY 2019-20. See Exhibit C for the list of projects for small DACs that were funded in SFY 2019-20. • OSWS continued to implement the State Water Board’s combined technical, managerial and financial <u>capacity development strategy</u> for small and/or DAC wastewater and drinking water communities. The combined strategy provides an overview of the challenges the 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 discusses options and offered solutions to help address the communities’ pollution and water contamination issues. These include offering grants, principal forgiveness, and

		<p>reduced interest rates for new infrastructure financing and providing technical assistance. Additional information on technical assistance provided to small DACs in SFY 2019-20 is described in Section IV(C). DFA staff initiated the stakeholder process to update the combined strategy in SFY 2018-19 but did not complete the process. Instead, staff time has been focused on developing and implementing the newly created Safe and Affordable Funding for Equity and Resilience (SAFER) program.</p>
<p>9</p>	<p>Support the state’s greenhouse gas reduction and climate adaptation goals to the maximum extent practicable consistent with the State Water Board’s water quality objectives.</p>	<ul style="list-style-type: none"> • The State Water Board worked to meet its sustainability objectives by helping funding recipients adapt to climate change. The State Water Board adopted Resolution No. 2017-0012 on March 7, 2017, outlining a comprehensive response to climate change for all the State Water Boards’ activities and programs. In response, DFA considered the potential effects of climate change on the viability of funded projects. Also, consistent with 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 continued to evaluate information provided by applicants through the climate change worksheet required as part of all CWSRF funding applications. The climate change worksheet considers the impacts of climate change on projects being considered for CWSRF funding. • DFA provides technical assistance where appropriate to support water and wastewater systems’ efforts to prepare for and mitigate the impacts of climate change including preparing and implementing climate adaptation plans, implementing drought resiliency and preparedness efforts, improving public health outcomes and providing access to safe and affordable drinking water, and efficiently and sustainably managing their drinking water systems and resources. • DFA ensured that applications and environmental reviews for potential projects evaluated the impacts related to climate change and accounted for potential mitigation measures, including potential effects of climate change on the viability of funded projects, and worked with applicants to ensure that mitigation and adaptation measures are implemented as fully as practicable.

		<ul style="list-style-type: none"> DFA provided CWSRF principal forgiveness to four water/energy audits during SFY 2019-20. The purpose of a water or energy audit is to encourage public agencies to evaluate their current practices, identify potentially inefficient water or energy use, and develop a plan to improve consumption of these valuable resources.
10	Provide good customer service with a special emphasis on assisting small SDACs and DACs.	<ul style="list-style-type: none"> DFA continued to emphasize good customer service, especially assisting small SDACs and DACs with technical assistance and staff dedicated to helping these communities.
11	Ensure that the application forms and review procedures are clear, flexible, up-to-date, and efficient.	<ul style="list-style-type: none"> In SFY 2019-20, State Water Board updated its CWSRF application forms and instructions to ensure that they met the accessibility requirements of California Government Code Sections 7405, Section 11135, Section 508 of the Rehabilitation Act, and AB 434, which requires each state agency to post on their home page a signed certification that the agency's Internet Web site is in compliance with specified accessibility standards.
12	Clearly communicate to applicant their statuses and expectations for funding.	<ul style="list-style-type: none"> DFA regularly updated the CWSRF Application Status Report posted on its Web site. Each application submitted to DFA was also assigned a Project Manager to assist the applicant through the application process. The Project Manager is the applicant's primary source of information regarding the application's status and timeframe for funding.
13	Ensure staff is well trained and ready to help applicants resolve all issues needed to receive financing.	<ul style="list-style-type: none"> CWSRF management conducted regular staff meetings and training sessions to ensure that staff received up-to-date information about the current policies and procedures affecting the CWSRF program.

Appendix C: Operating Agreement and Capitalization Grant Conditions

The State Water Board agreed to several 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 2019-20 that were eligible under Section 603(c) of the Clean Water Act. In summary, a total of \$599.46 million in new CWSRF funding was awarded to 23 projects in SFY 2019-20. CWSRF funds were provided to eligible recipients to enhance wastewater treatment, collection systems, or wastewater recycling. The projects and eligible recipients funded in SFY 2019-20 are detailed in Exhibit A.

However, in SFY 2019-20, 178 projects listed on the Fundable List were not funded. Exhibit D lists these projects and the reasons why they did not receive CWSRF or other complementary funding in SFY 2019-20. 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 2019-20. The types of assistance included installment sales agreements, loans, and purchase of debt for the construction of treatment works. 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.C.2. of the SFY 2019-20 IUP.

The State Water Board offered planning, design, and construction financing during SFY 2019-20. Planning and design financing was provided in the form of principal forgiveness. Construction or implementation financing was generally amortized for periods up to 30 years or the useful life of the project if less than 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 and SDACs, 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. Finally, although the CWSRF is over-matched, as explained

in the next section, the State Water Board offered the zero percent (0%) CWSRF local match financing option during SFY 2019-20, but no agreements were executed for local match financing due to the current low interest rate environment.

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 2019-20, the total capitalization grant amount awarded to the State Water Board for the CWSRF program was \$3.376 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, 2020, the State Water Board has drawn \$2.959 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 \$591.9 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 \$638.4 million in matching funds has been contributed to the CWSRF; therefore, California contributed approximately \$46.6 million more to its CWSRF than is required to match grants drawn as of June 30, 2020.

Note: The National Information Management System 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, 2020, executed funding agreements totaled approximately \$11.8 billion, or approximately 349% of the total \$3.38 billion in federal payments received as of June 30, 2020.

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, 2020, the State Water Board had \$23.0 million in undisbursed FFY 2018 CWSRF Capitalization Grant and \$113.3 million of FFY 2019 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 2019-20 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, albeit the CWSRF disbursement rate was below average in SFY 2019-20 due to the State Water Board's implementation of FI\$Cal. To ensure timely reimbursement, CWSRF claims were generally reviewed and paid within 45 days from receipt of a complete claim. This period, however, was somewhat longer in the last few months of the fiscal year due to the longer year-end transition period associated with FI\$Cal. Prior to FI\$Cal implementation, DFA staff reviewed and approved complete disbursement claims generally within 25 days, and then routed the requests to DAS for processing. DAS generally processed requests within eight calendar days of receiving the claim, and the State Controller's Office (SCO) generally issued a check (warrant) within seven calendar days to the funding recipient. The implementation of FI\$Cal has added additional processing time to the disbursement of funds within DFA, DAS and the State Controller's Office. This change in claims processing times are expected to normalize in SFY 2020-21 but remain longer than historical averages for the foreseeable future.

The State Water Board also continued to draw federal funds in SFY 2019-20 from the United States Treasury via the Automated Standard Application for Payments (ASAP) system as warrants 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. However, as of June 30, 2020, approximately \$52 million of CWSRF financings had been encumbered to the approximately \$136 million in available CWSRF federal capitalization grant funds, constituting a 38% commitment ratio. This lower encumbrance ratio was the result of uncommitted principal forgiveness that has been reserved for projects benefiting small DACs. It is anticipated this available principal forgiveness will

continue to be encumbered in SFY 2020-21 to facilitate the timely and expeditious use of federal funds.

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 US EPA for the CWSRF program. For FFY 2019, 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 for SFY 2019-20 reported participation as 3.23 percent (3.23%) for MBE and 0.58 percent (0.58%) for WBE. The overall DBE participation was 3.81 percent (3.81%). Exhibit E provides a detailed analysis of DBE participation. The State Water Board will continue to monitor participation to ensure that the “positive effort process” is followed by funding recipients.

All CWSRF funded projects were required to comply with Davis-Bacon prevailing wage requirements in SFY 2019-20. Each funding agreement included provisions requiring applicants to follow Davis-Bacon requirements. DFA conducted a variety of surveillance activities throughout SFY 2019-20 to ensure each recipient’s compliance with Davis-Bacon requirements. 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 AIS products in SFY 2019-20 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 and Administrative Cost Expenditures

In accordance with federal requirements, CWSRF funds can be used for

administration of the CWSRF program¹¹. In SFY 2019-20, the State Water Board had three (3) options to determine the maximum amount of CWSRF funds that could be expended for administration of the CWSRF program as presented in Table 7 below. The State Water Board may also expend revenue derived from CWSRF fees deposited to the CWSRF Administration Fund¹² to administer the CWSRF program.

Table 7: CWSRF Administration Expenditure Options

Option	CWSRF Administration Allowance Options	Maximum CWSRF Administration Allowance for SFY 2019-20
A	\$400,000	\$400,000
B	4% of all grant awards (including FFY 2019 CWSRF Capitalization Grant) less prior years' CWSRF administrative expenses	\$36,789,757
C	1/5% of CWSRF Net Position (as of June 30, 2020)	\$8,733,954

As of June 30, 2020, the cumulative administrative expenditures from both the CWSRF and the CWSRF Administration Fund were \$175.2 million. In SFY 2019-20 specifically, the total administrative expenditure from the CWSRF and the CWSRF Administration Fund was \$8.47 million.

The State Water Board elected to fund administrative costs from the CWSRF during SFY 2019-20 in the amount of \$257,000 for administrative expenses attributable to vendor contracts. The cumulative administration cost incurred by the State Water Board from the CWSRF as of June 30, 2020 was approximately \$98.5 million. This amount was \$36.5 million less than the four percent (4.0%) upper limit of all CWSRF grant awards, or approximately \$135 million, as of June 30, 2020. Therefore, the State Water Board has complied with Section 603(d)(7) of the Clean Water Act.

Other administration expenses, namely personnel costs, were paid from the CWSRF Administration Fund in SFY 2019-20, in the amount of \$8.208

¹¹ Per section 603 (d)(7) of the Federal Pollution Control Act (Clean Water Act) 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.”

¹² The CWSRF Administration Fund is held outside the CWSRF and is not subject to the limitations of Section 603(d)(7) of the CWA. All expenditures from the CWSRF Administration Fund are subject to the annual state budget process.

million. As of June 30, 2020, the cumulative expenses of the CWSRF Administration Fund were approximately \$76.7 million. The balance of the CWSRF Administration Fund was approximately \$16.7 million as of June 30, 2020. The CWSRF Administration Fund is funded through administrative service fees on existing CWSRF repayable financings, as further described in Section II(A).

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 8 shows the minimum and maximum additional subsidy established by USEPA. The State Water Board has directed DFA to use the maximum allowable additional subsidy in the form of principal forgiveness for every annual capitalization grant awarded by USEPA. Table 8 also shows the additional subsidy amounts committed and uncommitted by capitalization grant as of June 30, 2020. Additionally, Table 8 shows the disbursement of additional subsidy by capitalization grant as of June 30, 2020 based on USEPA's capitalization grant disbursement policies. In conclusion, of the total \$326.17 million allocated by the State Water Board for additional subsidy, a total of \$85.05 million of additional subsidy remains uncommitted and a total of \$134.66 million remains undisbursed as of June 30, 2020.

Table 9 shows the minimum amounts of Green Project Reserve that must be awarded by capitalization grant per USEPA requirements. It also shows the amounts of Green Project Reserve funding committed and disbursed by capitalization grant to CWSRF projects as of June 30, 2020. In conclusion, the State Water Board was required to provide a minimum of \$131.8 million in Green Project Reserve funding. A total of \$1.6 billion has been committed and \$1.32 billion has been disbursed to Green Projects. Both amounts exceed the minimum GPR requirement.

Exhibits F and G identifies the 14 CWSRF projects funded from the Green Project Reserve and with the 21 additional subsidy (principal forgiveness) projects in SFY 2019-20.

Table 8: Additional Subsidization Funding
as of June 30, 2020

FFY Grant	SFY	Grant Award Amount	Minimum Subsidy Amount by FFY Grant ¹³	Maximum Subsidy Amount by FFY Grant ¹³	Committed Subsidy Amount by FFY Grant ¹⁴	Uncommitted Subsidy Amount by FFY Grant ¹⁵	Disbursed Subsidy Amount by FFY Grant ¹⁶	Undisbursed Subsidy Amount by FFY Grant ¹⁷
2010	10/11	\$145,721,000	\$21,824,382	\$72,747,939	\$72,747,939	\$0	\$57,709,364	\$0
2011	11/12	\$105,570,800	\$9,786,413	\$32,609,378	\$32,609,378	\$0	\$1,769,886	\$0
2012	12/13	\$101,080,000	\$5,617,660	\$8,426,490	\$8,426,490	\$0	\$16,112,681	\$0
2013	13/14	\$95,485,000	\$4,497,751	\$6,746,627	\$6,746,627	\$0	\$18,269,736	\$0
2014	14/15	\$100,277,000	\$5,456,840	\$8,185,259	\$8,185,259	\$0	\$18,892,189	\$0
2015	15/16	\$99,763,000	\$0	\$29,928,900	\$29,928,900	\$0	\$9,894,082	\$0
2016	16/17	\$95,558,000	\$9,555,800	\$38,223,200	\$38,223,200	\$0	\$27,262,889	\$0
2017	17/18	\$94,822,000	\$9,482,220	\$37,928,800	\$37,928,800	\$0	\$33,734,184	\$0
2018	18/19	\$114,792,000	\$11,479,200	\$45,916,800	\$6,314,033	\$39,602,767	\$7,858,628	\$0
2019	19/20	\$113,637,000	\$11,363,700	\$45,454,800	\$0	\$45,454,800	\$0	\$134,664,554
Totals		\$1,066,705,800	\$89,063,966	\$326,168,193	\$241,110,626	\$85,057,567	\$191,503,639	\$134,664,554
				Grand Totals:	\$326,168,193			
						\$326,168,193		

¹³ 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.

¹⁴ In accordance with USEPA procedures, these amounts are the additional subsidy encumbered by capitalization grant as of 6/30/2020.

¹⁵ In accordance with USEPA procedures, these amounts are the additional subsidy balances that will be encumbered by capitalization grants in the future.

¹⁶ 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 6/30/2020 based upon USEPA's "first-in-first-out" (FIFO) policy.

¹⁷ In accordance with USEPA procedures, these amounts are the total balances by capitalization grant that will be disbursed in the future.

Table 9: Green Project Reserve Funding
as of June 30, 2020

Federal Fiscal Year Grant	State Fiscal Year	Grant Award Amount	Minimum Green Project Reserve Amount by FFY Grant¹⁸	Committed Green Project Reserve Amount Per FFY Grant¹⁹	Disbursed Green Project Reserve Amount by State Fiscal Year²⁰	Undisbursed Green Project Reserve Amount by State Fiscal Year²¹
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	\$24,779,684	\$34,590,115	\$0
2013	13/14	\$95,485,000	\$9,548,500	\$153,832,576	\$101,464,932	\$0
2014	14/15	\$100,277,000	\$10,027,700	\$63,278,840	\$91,824,557	\$0
2015	15/16	\$99,763,000	\$9,976,300	\$139,218,991	\$132,887,369	\$0
2016	16/17	\$95,558,000	\$9,555,800	\$404,394,947	\$143,519,772	\$0
2017	17/18	\$94,822,000	\$9,482,200	\$520,663,347	\$235,959,147	\$0
2018	18/19	\$114,792,000	\$11,479,000	\$13,350,750	\$294,433,325	\$0
2019	19/20	\$113,637,000	\$11,363,700	\$132,000,000	\$256,958,492	\$293,239,761
Totals:		\$1,066,705,800	\$131,799,560	\$1,609,555,899	\$1,316,316,138	\$293,239,761
Grand Total:					\$1,609,555,899	

¹⁸ The State Water Board must commit and expend a minimum amount of a capitalization grant to projects that qualify under USEPA's "Green Project Reserve."

¹⁹ In accordance with USEPA procedures, these amounts are the CWSRF project amounts committed to Green Project Reserve projects by capitalization grants as of 6/30/2020.

²⁰ Green Project reserve funding is not necessarily encumbered and liquidated from CWSRF capitalization grants. These amounts are the Green Project Reserve disbursements.

²¹ In accordance with USEPA procedures, these amounts are the total Green Project Reserve funding not yet disbursed as of 6/30/2020.

9. Federal Cross-Cutters

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

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

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

DFA also required compliance with DBE and Davis-Bacon wage requirements for all CWSRF financing, except planning and design financing, and required 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 recipients that received \$750,000 or more 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 the Clean Water Act, unless the project qualified for a waiver.

As of October 1, 2010, 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 greater than or equal to \$25,000. 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 continued to report FFATA financing agreement data, on an equivalency basis, to the FSRS as described in Exhibit B.

Appendix D: Program Evaluation Report (PER)

On December 10, 2020, the USEPA sent the State Water Board a combined Program Evaluation Report (PER) for the CWSRF and DWSRF programs for SFY 2018-19. The PER addresses the State Water Board's performance and compliance with the requirements of the DWSRF and CWSRF programs and the capitalization grant agreements. EPA did not identify any problems requiring follow-up action.

Appendix E: SFY 2019-20 CWSRF Audited Financial Statements

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

**FINANCIAL STATEMENTS
and SINGLE AUDIT REPORTS**

June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
California State Water Resources Control Board
Water Pollution Control Revolving Fund
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, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 2020 and 2019, and the changes in their financial position and their cash flows, where applicable, for the years then ended, in conformity with the accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV through X be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, 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 results 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

Greenwood Village, Colorado
December 15, 2020

**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, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with information that is in the financial statements and notes, which follow this section.

Financial Highlights

- Net position increased by \$177.9 million to a total of \$4.4 billion in 2020, which was \$116.4 million more than the increase of \$61.5 million in 2019. The larger increase in net position is a direct result of higher capital contributions during the year from the U.S. Environmental Protection Agency (EPA).
- Capital contributions increased by \$122 million to \$155.9 million as compared to \$33.9 million in 2019. The increase in capital contributions was mostly a result of capital available from EPA capitalization grants for loan disbursements. Capital contributions from EPA capitalization grant funds that were forgiven increased by \$1.7 million to \$23.1 million as compared to \$21.4 million in 2019.
- Cash and cash equivalents increased by \$52 million in 2020 as compared to a decrease of \$425 million in 2019. The increase in 2020 was mostly the result of an increase in early payoffs of loan receivables.
- Loans receivable increased by \$28 million to \$4.8 billion in 2020 and increased by \$400 million in 2019. The smaller increase in 2020 mostly reflects an increase in early payoffs of loan receivables.
- Restricted portion of net position increased by \$24.5 million to \$2.4 billion in 2020 as compared to a decrease of \$76 million in 2019. The increase in 2020 mostly reflects an increase in restricted cash due to early payoffs of loan receivables. The decrease in 2019 reflects the decrease in notes receivables for loans pledged to the Series 2012, 2016, 2017, and 2018 Revenue bonds as a result of repayments received and the related debt service payments.

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, 2020 and 2019 and the change in their financial positions and their cash flows for the years then ended.

Overview of Financial Statements

This discussion and analysis is an introduction to the 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 2020, the CWSRF's net position continued to strengthen increasing by \$177.9 million, or 4.2%, to \$4.4 billion at June 30, 2020 as compared to an increase of \$61.5 million, or 1.5%, the previous year. The increase in net position was \$116.4 million higher than in the previous year, mostly reflecting the higher level of capital contributions from EPA capitalization grants.

The current portion of the CWSRF's liabilities was \$119 million in 2020 and \$116 million in 2019. Current liabilities primarily correspond to continuing principal payments for the Series 2016, 2017 and 2018 Revenue Bonds. Noncurrent liabilities decreased by \$104.3 million in 2020 as compared to a decrease of \$100.4 million in 2019. The decrease in 2020 and 2019 is a result of the ongoing principal payments of the Series 2016, 2017, and 2018 Revenue Bonds.

A segment of the CWSRF's net position is subject to external restriction due to the debt service requirements of the Series 2012, 2016, 2017 and 2018 Revenue Bonds. The net position that is restricted increased in 2020 by \$24.5 million to \$2.4 billion, or 1.0%, as compared to a decrease in 2019 of \$76 million to \$2.3 billion, or 3.2%. The increase in 2020 was primarily due to an increase in early payoffs of pledged loan receivables. The decrease in 2019 was primarily due to ongoing debt service payments.

Of the total restricted net position, \$2.029 billion in 2020 and \$2.087 billion in 2019 represent the balance of outstanding loans that were pledged as security to the Series 2012, 2016, 2017 and 2018 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 \$532.8 million (\$507.0 million of principal and \$25.8 million of interest) in 2020 of which the debt service payment was \$136.4 million (\$77.1 million of principal and \$59.3 million of interest). In 2019, the CWSRF received total payments on pledged loans of \$189.2 million (\$155.6 million of principal and \$33.6 million of interest) of which the debt service payments were \$122.1 million (\$58.8 million of principal and \$63.3 million of interest).

The remaining \$341.4 million of restricted net position in 2020 and \$258.3 million in 2019 represent pledged loan repayments, which are restricted for future loan disbursements and/or debt service payments. Any excess of principal and interest received over the required debt service may be used for future loan disbursements and/or released from restriction in the event that certain criteria are met.

Table 1**Net Position
(in thousands)**

	June 30,		
	2020	2019	2018
ASSETS			
Cash and cash equivalents	\$ 844,214	\$ 791,849	\$ 1,217,225
Loans receivable	4,836,799	4,808,306	4,408,127
All other assets	30,277	34,395	32,805
Total assets	<u>5,711,290</u>	<u>5,634,550</u>	<u>5,658,157</u>
LIABILITIES			
Current liabilities	118,805	115,671	100,318
Noncurrent liabilities	1,225,508	1,329,849	1,430,322
Total liabilities	<u>1,344,313</u>	<u>1,445,520</u>	<u>1,530,640</u>
NET POSITION			
Restricted			
Debt service	341,425	258,323	211,650
Security for revenue bonds	2,028,780	2,087,404	2,210,416
Subtotal restricted assets	<u>2,370,205</u>	<u>2,345,727</u>	<u>2,422,066</u>
Unrestricted	1,996,772	1,843,303	1,705,451
Total net position	<u>\$ 4,366,977</u>	<u>\$ 4,189,030</u>	<u>\$ 4,127,517</u>

Changes in Net Position

Program revenue for the CWSRF in 2020 was \$66.6 million of which \$26 million is restricted for debt service. Program revenue in 2019 was \$67.2 million of which \$30.6 million was restricted for debt service. In 2020, program revenue decreased by \$0.6 million or 0.96% and in 2019 increased by \$3 million or 4.76%. In 2020, program revenue reflects a decrease in outstanding restricted receivables and the interest earned on those receivables. In 2019, program revenue reflects an increase in outstanding receivables and the interest earned year over year on those receivables.

In 2020, general revenue was \$14 million, which was a decrease of \$5.5 million or 28%, when compared to \$19.5 million in 2019. In 2019, general revenue increased \$6.6 million or 51% compared to \$12.9 million in 2018. The decrease in investment income during 2020 mostly reflects reduced earnings as a result of lower interest rates earned on the cash on deposit, while the increase in investment income during 2019 mostly reflects increased earnings as a result of higher interest rates earned on the cash on deposit.

Total expenses decreased by \$0.6 million in 2020 as compared to an increase of \$3.8 million in 2019. The decrease in 2020 was primarily due to a decrease in revenue bond expenses. The increase in 2019 was primarily due to an increase in revenue bond expenses.

Total capital contributions increased by \$122 million, or 359.6% in 2020 when compared to 2019. In 2019, total capital contributions decreased by \$38.9 million or 53.4% when compared to 2018.

In 2020, EPA capitalization grant contributions increased by \$120.3 million or 969% when compared to 2019. In 2019, EPA capitalization grant contributions decreased by \$33.8 million or 73% when compared to 2018. The 2020 increase was primarily due to an increase in available contributions from EPA capitalization grants. The 2019 decrease was primarily due to a decrease in available contributions from EPA capitalization grants.

In 2020, EPA capitalization grant contributions for principal forgiveness loans increased by \$1.7 million when compared to 2019. In 2019, EPA capitalization grant contributions for principal forgiveness loans decreased by \$5.1 million when compared to 2018. The 2020 increase was primarily due to an increase in principal forgiveness disbursements. The 2019 decrease was primarily due to a decrease in principal forgiveness disbursements. The loans made with these funds were forgiven as disbursed and must be repaid if certain loan conditions are not met.

Table 2

Changes in Net Position
(in thousands)

	Year Ended June 30,		
	2020	2019	2018
Revenues			
Program revenues:			
Loan interest income	\$ 66,600	\$ 67,243	\$ 64,185
General revenues:			
Investment income	14,027	19,585	12,950
Total revenues	80,627	86,828	77,135
Expenses			
Program expenses:			
Administrative expenses	257	506	393
Capitalization Principal Forgiveness expense	23,136	21,433	26,510
Revenue bond interest expense	35,270	37,313	26,587
Revenue bond issuance costs	-	-	1,951
Total expenses	58,663	59,252	55,441
Increase in net position before contributions	21,964	27,576	21,694
Capital contributions:			
EPA capitalization grant	132,782	12,420	46,261
EPA capitalization grant Principal Forgiveness	23,136	21,433	26,510
State and other contributions	65	84	43
Subtotal capital contributions	155,983	33,937	72,814
Change in net position	177,947	61,513	94,508
Net position - beginning of year	4,189,030	4,127,517	4,033,009
Net position - end of year	\$ 4,366,977	\$ 4,189,030	\$ 4,127,517

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 2018, 2017, 2016 and 2012 Revenue Bonds. In 2020 and 2019, the CWSRF did not issue additional revenue bonds. In 2018, the CWSRF issued Series 2018 Revenue Bonds for \$449 million at a premium of \$77.5 million. The Series 2018, 2017 and 2016 Revenue Bonds were issued for the purpose of making financial assistance available to recipients for eligible projects while the Series 2012 Revenue Bonds were issued to refund the Series 2002 Revenue Bonds.

As of June 30, 2020, outstanding bonds totaled \$1.330 billion, a decrease of \$100.4 million, compared to \$1.430 billion in 2019 as shown in Table 3. The decrease in 2020 and 2019 was due primarily to the ongoing principal payments for the Series 2018, 2017, and 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,		
	2020	2019	2018
Revenue bonds			
Bond principal	\$ 1,163,595	\$ 1,240,765	\$ 1,299,610
Bond premium	166,254	189,557	214,278
Total revenue bonds	\$ 1,329,849	\$ 1,430,322	\$ 1,513,888

Economic Conditions and Outlook

In 2020, new binding loan commitments (encumbrances) were \$732 million which is a 231% increase when compared to new commitments made in 2019. The increase in 2020 financing activity indicates a normalization of lending after implementation of California's new statewide Financial Information System, Fi\$Cal. There continues to be a significant demand for CWSRF financing which reflects the need in California for additional infrastructure improvements and the generally positive capacity of wastewater agencies to finance those improvements. 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 2020, the EPA allocated \$113 million to the CWSRF which was equal to the 2019 grant allocation. Presently available information indicates that the 2021 grant will be approximately equal to the 2020 grant, but this amount could change as a result of ongoing congressional budget negotiations.

Additionally, the 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 and market conditions to determine their likely effects on the CWSRF and to be prepared to quickly sell a revenue bond if needed to meet required cash flows.

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

Requests for Information

This financial report is designed to provide interested parties with a general overview of the 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.

BASIC FINANCIAL STATEMENTS

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

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 502,789	\$ 481,553
Cash and cash equivalents - Restricted	341,425	310,296
Receivables:		
Loan interest	24,613	26,610
Investment interest	2,559	4,717
Due from other funds and other governments	3,105	3,068
Loans receivable:		
Current portion	84,983	107,067
Current portion - Restricted	156,656	281,146
Total current assets	1,116,130	1,214,457
OTHER ASSETS		
Loans receivable:		
Noncurrent (net of allowance for bad debt)	2,723,036	2,613,835
Noncurrent - Restricted	1,872,124	1,806,257
Total other assets	4,595,160	4,420,093
TOTAL ASSETS	5,711,290	5,634,550
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Revenue bond interest payable	14,461	15,190
Unearned revenue	3	-
Due to other funds	-	8
Revenue bonds payable	104,341	100,473
Total current liabilities	118,805	115,671
NONCURRENT LIABILITIES		
Revenue bonds payable	1,225,508	1,329,849
Total noncurrent liabilities	1,225,508	1,329,849
Total liabilities	1,344,313	1,445,520
 NET POSITION		
Restricted for:		
Debt service	341,425	258,323
Security for revenue bonds	2,028,780	2,087,404
Unrestricted	1,996,772	1,843,303
Total net position	\$ 4,366,977	\$ 4,189,030

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, 2020 and 2019
(in thousands)

	2020	2019
OPERATING REVENUE		
Loan interest income	\$ 66,600	\$ 67,243
Total operating revenue	66,600	67,243
OPERATING EXPENSES		
Capitalization Principal forgiveness	23,136	21,433
Other expenses	353	435
Total operating expenses	23,489	21,868
INCOME FROM OPERATIONS	43,111	45,375
NONOPERATING REVENUE (EXPENSE)		
Net investment income	14,027	19,585
Revenue bond interest expense	(35,270)	(37,313)
Revenue bond fees	96	(71)
Total nonoperating revenue (expense)	(21,147)	(17,799)
INCOME BEFORE CONTRIBUTIONS	21,964	27,576
CONTRIBUTIONS		
EPA capitalization grant	132,782	12,420
EPA capitalization grant - Principal Forgiveness	23,136	21,433
State match revenue	65	84
Total contributions	155,983	33,937
CHANGE IN NET POSITION	177,947	61,513
NET POSITION - BEGINNING OF YEAR	4,189,030	4,127,517
NET POSITION - END OF YEAR	\$ 4,366,977	\$ 4,189,030

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, 2020 and 2019
(in thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash paid to employees and vendors	\$ (361)	\$ (464)
Cash flows provided (required) by operating activities	(361)	(464)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Funds received from EPA capitalization grant	155,886	30,832
Funds received from the State of California	60	74
Revenue bond issuance costs paid	-	(247)
Revenue bond fees paid	96	(72)
Principal paid on revenue bonds	(77,170)	(58,845)
Interest paid on revenue bonds	(59,302)	(63,310)
Cash flows provided (required) by noncapital financing activities	19,570	(91,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest on loans	54,216	54,201
Loans disbursed	(641,723)	(654,216)
Principal Forgiveness Disbursed	(23,136)	(21,433)
Principal received on loans receivable	627,614	268,533
Net investment income received	16,185	19,571
Net cash provided (required) by investing activities	33,156	(333,344)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	52,365	(425,376)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	791,849	1,217,225
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 844,214	\$ 791,849
Reconciliation of operating income to net cash required by operating activities		
Income from operations	\$ 43,111	\$ 45,374
Adjustments to reconcile income from operations to net cash required by operating activities		
Construction period interest	(14,383)	(14,495)
Cash received from interest on loans	(54,216)	(54,201)
Loans disbursed	641,723	654,216
Principal Forgiveness Disbursed	23,136	21,433
Principal received on loans receivable	(627,614)	(268,533)
Effect of changes in operating assets and liabilities:		
Loans receivable	(14,107)	(385,685)
Loan interest receivable	1,997	1,456
Due to other funds	(8)	(29)
Net cash provided (required) by operating activities	\$ (361)	\$ (464)

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, 2020 and 2019
(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, 2020 and 2019, the EPA has awarded cumulative capitalization grant funding of \$3,095,794 and \$2,982,157, respectively to the State of California (State), for which the State is required to provide \$619,159 and \$ 596,431, 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 or the Administrative 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, 2020 and 2019
(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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in Preparing Financial Statements

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

Cash and Cash Equivalents

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

Loans Receivable

Loans are funded by capitalization grants from the EPA, State matching funds, 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, 2020 and June 30, 2019.

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.

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

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, 2020 and 2019, the Fund’s cash deposits had a carrying balance of \$18,680 and \$18, respectively.

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

<u>Investments</u>	<u>2020</u>	<u>2019</u>
Treasury/Trust Portfolio	<u>\$ 825,534</u>	<u>\$ 791,831</u>
Total cash deposits and investments	<u>\$ 844,214</u>	<u>\$ 791,849</u>

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

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

	2020	2019
Cash and cash equivalents	\$ 502,789	\$ 481,553
Cash and cash equivalents - Restricted	341,425	310,296
Total cash deposits and investments	\$ 844,214	\$ 791,849

Cash and investments in the amount of \$0.00 and \$51,973, representing unspent revenue bonds proceeds, at June 30, 2020 and 2019, respectively, were restricted for future loan disbursements. Additionally, cash and investments in the amount of \$341,291 and \$258,323 representing various reserve accounts required by the revenue bonds, at June 30, 2020 and 2019, respectively, were restricted for future loan disbursements and debt service.

NOTE 4 - LOANS RECEIVABLE

Loans are made to qualified agencies for projects that meet the eligibility requirements of the Federal 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 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, 2020 and 2019, the Fund had total binding commitments of \$11,962,051 and \$11,230,463, respectively, since program inception. As of June 30, 2020, the remaining commitment on these loans amounted to \$2,314,068, of which \$52,245 is federal funds. The federal loan commitments included capitalization funds of \$50,519, which will be forgiven. As of June 30, 2019, the remaining commitment on these loans amounted to \$2,254,007, of which \$42,032 is federal funds. The federal loan commitments included capitalization funds of \$37,746, which will be forgiven. Principal forgiveness loans are forgiven as disbursed but must be repaid if the recipient fails to meet the program requirements.

At June 30, 2020 and 2019 the unpaid balance on all loans receivable outstanding amounted to \$4,836,799 and \$4,808,306, respectively.

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

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

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

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2021	\$ 48,805	\$ 241,639	\$ 290,444
2022	46,487	238,479	284,966
2023	43,324	235,685	279,009
2024	40,211	215,229	255,440
2025	37,335	207,963	245,298
2026-2030	148,667	884,755	1,033,422
2031-2035	94,831	684,265	779,096
2036-2040	54,492	431,988	486,480
2041-2045	29,246	314,285	343,531
2046-2050	<u>7,508</u>	<u>220,986</u>	<u>228,494</u>
Total	<u>\$ 550,906</u>	3,675,274	<u>\$ 4,226,180</u>
Loans not yet in repayment		1,170,881	
Allowance for bad debt		<u>(9,356)</u>	
Total loans receivable		<u>\$ 4,836,799</u>	

Restricted Loans Receivable

At June 30, 2020 and 2019, \$2,028,779 and \$2,087,404, respectively, of loans receivable were pledged as security for the revenue bonds outstanding (see Note 5). The principal and interest received during the fiscal year from these loans is to be used to make the annual debt service payments on the revenue bonds. During the year ended June 30, 2020 the Fund received \$507,003 and \$25,828 of principal and interest, respectively, on these loans. During the year ended June 30, 2019 the Fund received \$155,638 and \$33,586 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).

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
WATER POLLUTION CONTROL REVOLVING FUND
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NOTE 4 - LOANS RECEIVABLE (CONTINUED)

As of June 30, 2020 and 2019, the Fund had authorized a total of \$1,758,966 and \$1,718,966, respectively, of local match loans. 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, 2020 and 2019. 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, 2020 and 2019. As of June 30, 2020 and 2019, total local match loans outstanding, including the local match to be paid, amounted to \$439,684 and \$512,209, respectively. As of June 30, 2020 and 2019 the remaining State match to be repaid amounted to \$38,054 and \$46,847, 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, 2020 and 2019, respectively, the combined outstanding loan balances of these major local agencies represent approximately 22.50 and 19.07 percent of the total loans receivable.

<u>Borrower</u>	2020	
	<u>Authorized Loan Amount</u>	<u>Outstanding Loan Balance</u>
Los Angeles County Sanitation District (LACSD)	\$ 550,496	\$ 181,774
LACSD District #29	969	662
LACSD Santa Clarita	4,336	3,223
LACSD District #2	<u>72,369</u>	<u>69,119</u>
LACSD Total	628,170	254,778
 Sacramento Regional County Sanitation District	 <u>1,399,081</u>	 <u>833,271</u>
	<u>\$ 2,027,251</u>	<u>\$ 1,088,049</u>
	 2019	
<u>Borrower</u>	<u>Authorized Loan Amount</u>	<u>Outstanding Loan Balance</u>
Los Angeles County Sanitation District (LACSD)	\$ 561,196	\$ 205,136
LACSD District #29	969	708
LACSD Santa Clarita	4,336	3,425
LACSD District #2	<u>72,369</u>	<u>71,772</u>
LACSD Total	638,870	281,041
 Sacramento Regional County Sanitation District	 <u>1,400,079</u>	 <u>635,892</u>
	<u>\$ 2,038,949</u>	<u>\$ 916,933</u>

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
WATER POLLUTION CONTROL REVOLVING FUND
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NOTE 5 - LONG-TERM DEBT

On March 8, 2018, the Fund issued \$449,225 of California Infrastructure and Economic Development Bank, Clean Water State Revolving Fund Revenue Bonds, Series 2018, dated February 1, 2018 with coupon rates of 5 percent at a yield of 2.57%. These serial bonds are due annually in varying amounts through 2048. The interest on the bonds is due semi-annually on April 1 and October 1. The bonds maturing on or after October 1, 2028 are subject to redemption prior to their respective stated maturities at the option of the Fund on any date on or after April 1, 2028. The bonds were issued to provide funding for the issuance of additional revolving fund loans by the Fund.

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 .058%. 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 Series 2018 revenue bond, the Fund increased the pledged pool by \$671 million to \$2.293 billion of the Fund's outstanding loans as security for all outstanding bonds when compared to the Series 2016 pledged pool of \$1.622 billion (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.

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
WATER POLLUTION CONTROL REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
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(Dollar Amounts Expressed in Thousands)**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

On May 9, 2019, the California State Water Resources Control Board Safe Drinking Water State Revolving Fund (DWSRF) issued 2019 Revenue Bond Series in the amount of \$83,920 dated April 1, 2019, for the purpose of financing a portion of the DWSRF program to provide financial assistance to local governments for safe drinking water projects. The payments of principal, premium, if any, and interest on the Series 2019 Bonds are secured by payments made under the April 1, 2019 Amended and Restated Master Payment and Pledge Agreement. The master pledge agreement includes pledges for outstanding loans from both the CWSRF and DWSRF outstanding loans as security for the bonds. CWSRF would only be obligated in the even that DWSRF would not be able to make their bond payments.

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

Series 2016

Year Ending June 30.

	Principal	Interest	Total
2021	\$ 30,885	\$ 16,072	\$ 46,957
2022	32,430	14,534	46,964
2023	34,205	12,940	47,145
2024	33,710	11,278	44,988
2025	29,295	9,753	39,048
2026-2030	104,485	31,669	136,154
2031-2035	67,180	10,014	77,194
2036	<u>10,000</u>	<u>250</u>	<u>10,250</u>
	<u>\$ 342,190</u>	<u>\$ 106,510</u>	<u>\$ 448,700</u>

Series 2017

Year Ending June 30.

	Principal	Interest	Total
2021	\$ 24,565	\$ 18,412	\$ 42,977
2022	25,725	17,165	42,890
2023	27,195	15,849	43,044
2024	41,590	14,144	55,734
2025	41,100	12,088	53,188
2026-2030	128,890	38,740	167,630
2031-2035	71,005	13,070	84,075
2036-2037	<u>21,600</u>	<u>1,176</u>	<u>22,776</u>
	<u>\$ 381,670</u>	<u>\$ 130,644</u>	<u>\$ 512,314</u>

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
WATER POLLUTION CONTROL REVOLVING FUND
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NOTE 5 - LONG-TERM DEBT (CONTINUED)

Series 2018

Year Ending June 30,

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 27,165	\$ 21,308	\$ 48,473
2022	29,220	19,898	49,118
2023	31,420	18,382	49,802
2024	18,950	17,123	36,073
2025	18,335	16,191	34,526
2026-2030	134,085	61,749	195,834
2031-2035	89,740	33,353	123,093
2036-2040	44,305	15,930	60,235
2041-2045	27,765	8,188	35,953
2046-2049	18,750	1,502	20,252
	<u>\$ 439,735</u>	<u>\$ 213,624</u>	<u>\$ 653,359</u>

Combined

Year Ending June 30,

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 82,615	\$ 55,792	\$ 138,407
2022	87,375	51,597	138,972
2023	92,820	47,171	139,991
2024	94,250	42,545	136,795
2025	88,730	38,032	126,762
2026-2030	367,460	132,158	499,618
2031-2035	227,925	56,437	284,362
2036-2040	75,905	17,356	93,261
2041-2045	27,765	8,188	35,953
2046-2049	18,750	1,502	20,252
	<u>\$ 1,163,595</u>	<u>\$ 450,778</u>	<u>\$ 1,614,373</u>

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
WATER POLLUTION CONTROL REVOLVING FUND
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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, 2019	Issuances	Retirements	Balance June 30, 2020	Due Within One Year
Series 2018 Revenue Bonds:					
Bond principal	\$ 449,225	\$ -	\$ 9,490	\$ 439,735	\$ 27,165
Bond premium	68,939	-	6,619	62,320	6,278
	<u>518,164</u>	<u>\$ -</u>	<u>\$ 16,109</u>	<u>502,055</u>	<u>\$ 33,443</u>
Less current portion:					
Bond principal	(9,490)			(27,165)	
Bond premium amortization	<u>(6,619)</u>			<u>(6,278)</u>	
Long-term portion	<u>\$ 502,055</u>			<u>\$ 468,612</u>	
Series 2017 Revenue Bonds:					
Bond principal	\$ 419,635	\$ -	\$ 37,965	\$ 381,670	\$ 24,565
Bond premium	59,592	-	7,954	51,638	7,428
	<u>479,227</u>	<u>\$ -</u>	<u>\$ 45,919</u>	<u>433,308</u>	<u>\$ 31,993</u>
Less current portion:					
Bond principal	(37,965)			(24,565)	
Bond premium amortization	<u>(7,954)</u>			<u>(7,428)</u>	
Long-term portion	<u>\$ 433,308</u>			<u>\$ 401,315</u>	
Series 2016 Revenue Bonds:					
Bond principal	\$ 371,905	\$ -	\$ 29,715	\$ 342,190	\$ 30,885
Bond premium	61,026	-	8,730	52,296	8,019
	<u>432,931</u>	<u>\$ -</u>	<u>\$ 38,445</u>	<u>394,486</u>	<u>\$ 38,904</u>
Less current portion:					
Bond principal	(29,715)			(30,885)	
Bond premium amortization	<u>(8,730)</u>			<u>(8,019)</u>	
Long-term portion	<u>\$ 394,486</u>			<u>\$ 355,582</u>	

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
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NOTE 5 - LONG-TERM DEBT (CONTINUED)

	Balance June 30,			Balance June 30,		Due Within
	2018	Issuances	Retirements	2019	One Year	
Series 2018 Revenue Bonds:						
Bond principal	\$ 449,225	\$ -	\$ -	\$ 449,225	\$ 9,490	
Bond premium	75,879	-	6,940	68,939	6,619	
	<u>525,104</u>	<u>\$ -</u>	<u>\$ 6,940</u>	518,164	<u>\$ 16,109</u>	
Less current portion:						
Bond principal	-			(9,490)		
Bond premium amortization	<u>(6,940)</u>			<u>(6,619)</u>		
Long-term portion	<u>\$ 518,164</u>			<u>\$ 502,055</u>		
Series 2017 Revenue Bonds:						
Bond principal	\$ 450,000	\$ -	\$ 30,365	\$ 419,635	\$ 37,965	
Bond premium	68,130	-	8,538	59,592	7,954	
	<u>518,130</u>	<u>\$ -</u>	<u>\$ 38,903</u>	479,227	<u>\$ 45,919</u>	
Less current portion:						
Bond principal	(30,365)			(37,965)		
Bond premium amortization	<u>(8,538)</u>			<u>(7,954)</u>		
Long-term portion	<u>\$ 479,227</u>			<u>\$ 433,308</u>		
Series 2016 Revenue Bonds:						
Bond principal	\$ 392,915	\$ -	\$ 21,010	\$ 371,905	\$ 29,715	
Bond premium	70,216	-	9,190	61,026	8,730	
	<u>463,131</u>	<u>\$ -</u>	<u>\$ 30,200</u>	432,931	<u>\$ 38,445</u>	
Less current portion:						
Bond principal	(21,010)			(29,715)		
Bond premium amortization	<u>(9,190)</u>			<u>(8,730)</u>		
Long-term portion	<u>\$ 432,931</u>			<u>\$ 394,486</u>		
Series 2012 Revenue Bonds:						
Bond principal	\$ 7,470	\$ -	\$ 7,470	\$ -	\$ -	
Bond premium	54	-	54	-	-	
	<u>7,524</u>	<u>\$ -</u>	<u>\$ 7,524</u>	-	<u>\$ -</u>	
Less current portion:						
Bond principal	(7,470)			-		
Bond premium amortization	<u>(54)</u>			-		
Long-term portion	<u>\$ -</u>			<u>\$ -</u>		

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

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, 2020 and 2019, the EPA has awarded to the State cumulative capitalization grants of \$3,095,794 and \$ 2,982,157, respectively. As of June 30, 2020 and 2019, the State has drawn, cumulatively \$2,959,397 and \$ 2,803,480, respectively, for loans and administrative expenses. The State has provided matching funds of \$354,486 and \$354,421, respectively.

In addition, as of June 30, 2020, 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, 2020 and 2019, the borrowers had contributed \$284,010, which qualifies as meeting the State's matching requirement.

Table 1 summarizes the EPA capitalization grants awarded, amounts drawn on each grant as of June 30, 2020 and 2019, and balances available for future loans as of June 30, 2020. Table 2 summarizes the state match amounts paid by the state and local entities as of June 30, 2020 and 2019. As of June 30, 2020 and 2019, the state match required is \$591,879 and \$560,696, respectively. As of June 30, 2020 and 2019, the state match available for potential future state match is \$46,617 and \$77,735, respectively.

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

NOTE 6 - CAPITAL CONTRIBUTIONS (CONTINUED)

TABLE 1

Year	Grant Award	Funds Drawn	Funds Drawn	Funds Drawn	Funds Drawn	Available for Loans	
		As of June 30, 2018	During Year Ended June 30, 2019	As of June 30, 2019	During Year Ended June 30, 2020	As of June 30, 2020	as of June 30, 2020
1989-2015	\$ 2,676,325	\$ 2,676,325	\$ -	\$ 2,676,325	\$ -	\$ 2,676,325	\$ -
2016	95,290	92,104	3,186	95,290	-	95,290	-
2017	94,682	130	30,262	30,392	64,290	94,682	-
2018	114,792	-	405	405	91,360	91,765	23,027
2019	113,637	-	-	-	267	267	113,370
	<u>\$ 3,094,726</u>	<u>\$ 2,768,559</u>	<u>\$ 33,853</u>	<u>\$ 2,802,412</u>	<u>\$ 155,917</u>	<u>\$ 2,958,329</u>	<u>\$ 136,397</u>
In-kind (Direct Payment)							
Made by EPA	1,068	1,068	-	1,068	-	1,068	-
	<u>\$ 3,095,794</u>	<u>\$ 2,769,627</u>	<u>\$ 33,853</u>	<u>\$ 2,803,480</u>	<u>\$ 155,917</u>	<u>\$ 2,959,397</u>	<u>\$ 136,397</u>
2008-ARRA	280,285	280,285	-	280,285	-	280,285	-
	<u>\$ 3,376,079</u>	<u>\$ 3,049,912</u>	<u>\$ 33,853</u>	<u>\$ 3,083,765</u>	<u>\$ 155,917</u>	<u>\$ 3,239,682</u>	<u>\$ 136,397</u>

TABLE 2

	State Match Paid	State Match Paid	State Match Paid	State Match Paid	State Match Paid
	As of June 30, 2018	During Year Ended June 30, 2019	As of June 30, 2019	During Year Ended June 30, 2020	As of June 30, 2020
State Disbursed	\$ 354,337	\$ 84	\$ 354,421	\$ 65	\$ 354,486
Local Disbursed	284,010	-	284,010	-	284,010
	<u>\$ 638,347</u>	<u>\$ 84</u>	<u>\$ 638,431</u>	<u>\$ 65</u>	<u>\$ 638,496</u>

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.

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

NOTE 6 - CAPITAL CONTRIBUTIONS (CONTINUED)

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:

	June 30, 2020	June 30, 2019
Administrative fee collected	\$ 11,334	\$ 9,132
Operating expenses incurred	\$ 8,208	\$ 9,261

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:

	June 30, 2020	June 30, 2019
Grant fee collected	\$ 5,862	\$ 8,006
Grants disbursed	\$ 9,761	\$ 12,041

NOTE 7 - RISK MANAGEMENT

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

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
WATER POLLUTION CONTROL REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019
(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, 2020 and 2019, the Fund had no net position invested in capital assets.

Restricted net position includes net position that is restricted for use, either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. At June 30, 2020 and 2019, the Fund had restricted net position of \$341,425 and \$258,323, respectively, representing amounts received from borrower loan repayments on pledged loans. As of June 30, 2020 and 2019 pledged loans restricted for future bond debt service payments were \$2,028,779 and \$2,087,404, 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.

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

SINGLE AUDIT REPORTS

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

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
<u>U.S. Environmental Protection Agency</u>			
Direct Programs:			
Capitalization Grants for State Revolving Funds	66.458	<u>\$ 155,917,328</u>	(*) <u>\$ 155,592,497</u>
		<u>\$ 155,917,328</u>	<u>\$ 155,592,497</u>

(*) Tested as a Major Program

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
WATER POLLUTION CONTROL REVOLVING FUND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

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, 2020. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures

Expenditures reported on the Schedule are 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 \$155,592,497 of expenditures that were disbursed as loan awards to qualifying subrecipients, which includes \$23,135,616 of principal forgiveness loans.



**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, 2020, 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 December 15, 2020.

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.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 15, 2020



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, 2020. 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.

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, 2020.

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.

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

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



CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 15, 2020

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

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major program:

Material weakness(es) identified? yes no

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes no

PART II - FINDINGS RELATED TO FINANCIAL STATEMENTS

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

PART III - FINDINGS RELATED TO FEDERAL AWARDS

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

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

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).