

Benefits for SAWPA from Water Bond Initiative

**Safe Drinking Water and Wastewater treatment:** \$750 million. There are several communities in SAWPA that can apply for these funds.

**Wastewater Recycling:** \$400 million. Every county in SAWPA will have a project eligible for these funds.

**Groundwater Desalination:** \$400 million. These funds will be especially useful in Riverside, San Bernardino, and Orange counties.

**Water Conservation for urban areas:** \$300 million. All SAWPA counties will be eligible for these funds.

**Water and Energy Technology program:** \$15 million. Of great importance to help all water districts save energy and water.

**Flood control reservoir repair:** \$100 million. Corps of Engineers and other flood control reservoirs needing repair in SAWPA counties are eligible for these funds, which will allow increased water yield.

**Improved water measurement and research:** \$60 million. Every SAWPA county will be eligible for these funds.

**Stormwater management for water supply and water quality improvement:** \$440 million. All SAWPA counties can compete for the State Water Resources Control Board allocation of \$400 million, and Orange County can compete for the \$40 million allocated to the Coastal Conservancy.

**Integrated Regional Water Management:** \$5 million. All IRWM agencies can compete for these funds, to continue IRWM coordination.

**Allocations to regional agencies for better watershed management:**

**Coastal Conservancy:** \$135 million. Orange County eligible.

**Santa Ana River (Coastal Conservancy):** \$30 million

**Coachella Valley and Mountains Conservancy** \$25 million

**River Parkways:** \$70 million all SAWPA counties eligible.

**Natural Community Conservation Plan implementation:** \$60 million. All SAWPA counties eligible.

**Wildlife Conservation Board:** \$240 million. All SAWPA Counties eligible.

**State Parks watershed restoration and water systems:** \$150 million. All SAWPA Counties eligible.

**Department of Conservation watershed restoration and ag land program** \$60 million. All SAWPA Counties eligible.

**Ocean Protection** \$100 million. Orange County eligible.

**Salton Sea habitat and dust control** \$200 million. This directly benefits all SAWPA counties due to the dust control aspect.

**Urban Streams** \$50 million. All SAWPA Counties eligible.

**Urban Forestry** \$20 million. All SAWPA Counties eligible.

**Non motorized river and lake access** \$20 million. All SAWPA Counties eligible.

**UC Natural Reserves** \$25 million. All SAWPA Counties eligible.

**Cal Fire fire and watershed mitigation** \$50 million. All SAWPA Counties eligible.

**Land management for water supply.** \$100 million. All SAWPA Counties eligible.

**Conservation Corps** \$40 million. All SAWPA Counties eligible.

**Sustainable Groundwater Management Act implementation.** \$640 million. There are a number of areas throughout SAWPA that do not have adjudicated groundwater basins. All these areas would be eligible for funding in this category.

**Waterfowl enhancement.** \$280 million. There are waterfowl areas in all SAWPA Counties that would be eligible for these funds.

**Use of fees paid pursuant to AB 32 (greenhouse gas reduction)** Fees currently paid by Metropolitan Water District, San Bernardino Valley MWD and other SAWPA State Water Project contractors would be used for water and energy conservation projects within SAWPA . This will amount to as much as \$50 million per year in future years.

**There are additional funds which would be spent north of SAWPA , but which would be of major benefit to SAWPA . These include**

**Oroville Dam Repair.** \$200 million. To the extent that these costs end up falling on State Water Project contractors, 80% of these costs would fall on the Kern County Water Agency, Metropolitan Water District of SAWPA and the other State Water Project contractors in SAWPA .

**Fisheries restoration.** \$1.15 billion. Export of water to SAWPA from the Delta is restricted due to fish flow requirements, largely for rare and endangered species. Fisheries habitat restoration in tributaries to the Delta, and in the Delta itself, should increase populations of these fish, thus relieving pressure to reduce Delta exports.

**Sierra Nevada Conservancy .** \$250 million. These funds will go to improving watershed health and water productivity of the watersheds which are the source of a third of SAWPA 's water.

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**TO:**

Santa Ana Watershed Project Authority  
Attn: Karen Williams  
11615 Sterling Avenue  
Riverside, CA 92503

**RECEIVED**

**JUN 14 2018**

SANTA ANA WATERSHED  
PROJECT AUTHORITY

**DATE:** 06/12/2018

**MESSAGE:**

Karen,

Enclosed are the communication letters to the Board of Commissioners that are required during the planning stages of the audit. No formal action or response is necessary with these letters. If you could please provide to the Board at the next meeting for their review.

If you have any questions feel free to contact me.

Thank you,

Joshua Calhoun, CPA  
Partner

June 12, 2018

Board of Commissioners  
Santa Ana Watershed Project Authority  
Riverside, CA

We are engaged to audit the financial statements of the business-type activities of the Santa Ana Watershed Project Authority (the "Authority") for the year ended June 30, 2018. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated May 30, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we will consider the internal control of the Authority. Such considerations will be solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to *management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of contributions - pension, schedule of changes in net OPEB liability and related ratios and schedule of contributions - OPEB* which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have not been engaged to report on the transmittal letter and other introductory section information, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

As part of the audit, we will assist with the preparation of the financial statements and related notes and reports to the State Controller. However, this assistance does not constitute an audit under Government Auditing Standards and is considered nonaudit services. Management is responsible for overseeing and accepting responsibility for these services.

#### Planned Scope and Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Authority or to acts by management or employees acting on behalf of the Authority. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our final audit fieldwork on approximately September 2018 and expect to issue our report approximately in October 2018. Joshua Calhoun is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Board of Commissioners and management of the Santa Ana Watershed Project Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Teaman Ramirez & Smith, Inc.*