



**QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY  
REGULAR MEETING  
AGENDA  
WEBCAST**

**September 30, 2020  
10:00 AM**

**NOTICE TO THE PUBLIC:** PER THE GOVERNOR'S EXECUTIVE ORDERS, THE MEETING BELOW WILL NOT BE HELD IN PERSON BUT ELECTRONICALLY. COMMISSIONERS WILL BE PROVIDED ELECTRONIC ACCESS INFORMATION SEPARATELY. THE PUBLIC MAY ACCESS THE MEETING ELECTRONICALLY BY GOING TO THIS WEB LINK: [https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_NzE1MGM0YWQtMjUzMi00OWZiLWJiYTctYzFhNzQxMDkyYzI5%40thread.v2/0?context=%7b%22id%22%3a%22da496ace-2ca2-4353-a5b0-f0fab74ff5d4%22%2c%22oid%22%3a%22c6dfb8ef-d68a-44d5-a689-ce79d500278b%22%2c%22isBroadcastMeeting%22%3a%22true%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_NzE1MGM0YWQtMjUzMi00OWZiLWJiYTctYzFhNzQxMDkyYzI5%40thread.v2/0?context=%7b%22id%22%3a%22da496ace-2ca2-4353-a5b0-f0fab74ff5d4%22%2c%22oid%22%3a%22c6dfb8ef-d68a-44d5-a689-ce79d500278b%22%2c%22isBroadcastMeeting%22%3a%22true%7d).

PUBLIC COMMENT MAY BE SUBMITTED BY EITHER OF THESE TWO METHODS:

1. BEFORE THE MEETING SUBMIT YOUR TELEPHONE NUMBER BY E-MAIL TO [KMATHEWS@SDCWA.ORG](mailto:KMATHEWS@SDCWA.ORG) AND YOU WILL BE CALLED WHEN THE COMMISSION IS READY TO HEAR YOUR PUBLIC COMMENT, LIMITED TO 3 MINUTES; OR
2. BEFORE THE MEETING E-MAIL YOUR COMMENT TO THE QSA JPA GENERAL COUNSEL AT [JEFF.FERRE@BBKLAW.COM](mailto:JEFF.FERRE@BBKLAW.COM) AND IT WILL BE READ ALOUD AT THE PUBLIC COMMENT PERIOD, LIMITED TO 3 MINUTES.

**PRELIMINARY MATTERS**

1. Call to Order
2. Roll Call - Determination of Quorum
3. Public Comment - Opportunity for members of the public who wish to address the Authority on matters within the Authority's jurisdiction

**ORGANIZATIONAL MATTERS**

4. Information: Commissioner engagement (Kara Mathews, SDCWA)
5. Action: Approve minutes of regular QSA JPA meeting held June 9, 2020 (Kara Mathews, SDCWA)

**NOTE:** All items identified as information, discussion, or action items on the agenda may be deliberated by and become subject to consideration and alternative action by the QSA Joint Powers Authority. This meeting may be recorded.

**FINANCIAL MATTERS**

6. Action: Review and accept fiscal year 2020 Audited Financial Report (Shannon Ayala, Davis Farr)
7. Information: Treasurer's Report ending June 30, 2020 (Chris Woidzik, SDCWA)
8. Information: Financial Report ending June 30, 2020 (Chris Woidzik, SDCWA)

**IMPLEMENTATION**

8. Information: Status report on implementation of mitigation measures (Jessica Humes, IID)
9. Information: Update on Red Hill Bay Notices of Violation (Tina Shields, IID)
10. Information: Update on State's Salton Sea Management Program (Gail Sevrens, CDFW)
  
11. Adjourn



## QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY

### MEETING MINUTES

June 9, 2020 at 1:30 p.m.

#### Commissioners and Alternates present:

Jim Barrett, Coachella Valley Water District (CVWD) – Commissioner  
Arturo Delgado, California Natural Resources Agency (CNRA) – Chair  
Dan Denham, San Diego County Water Authority (SDCWA) - Commissioner  
Henry Martinez, Imperial Irrigation District (IID) – Commissioner  
Kelly Rodgers, SDCWA – Alternate Commissioner  
Tina Shields, IID – Alternate Commissioner

#### JPA staff present:

Jeff Ferre, Best, Best, and Krieger – Legal Counsel  
Kara Mathews, SDCWA – Chief Administrator Officer

#### Others present:

Katie Burnworth, Imperial County Air Pollution Control District	Mike Cohen, Pacific Institute
Wendy Joplin, SDCWA	Jessica Humes, IID
Alan Okewole, SDCWA	Gail Sevrens, California Department of Fish and Wildlife (CDFW)
Ivory Reyburn, CVWD	Chris Woidzik, SDCWA
Jessica Schroeder, CNRA	

#### PRELIMINARY MATTERS

1. Call to Order

Chair Delgado called the meeting to order at 1:35 p.m.

2. Roll Call

There was a quorum of the Commission present at the time of the meeting.

3. Public Comment

Sylvia Montenegro from the Salton Sea Restoration Committee made comments on the current conditions of the Salton Sea and its air quality.

#### ORGANIZATIONAL MATTERS

4. Action: Approval of Minutes of Regular JPA Meeting Held April 8, 2020

Commissioner Barrett made a motion to approve the minutes, seconded by Chair Delgado. The minutes were approved unanimously by a roll call vote.

## FINANCIAL MATTERS

### 5. Information: Treasurer's Report ending March 31, 2020

Mr. Woidzik provided a review of the Treasurers' Report ending March 31, 2020. The month ended with \$45.5 million in cash and investments. The yield on investments was 1.75%, which was down due to COVID 19. Interest earned for the fiscal year to date was \$725,564.

He announced Chandler Investment had started investing and would be invited to attend an upcoming meeting to give a review of the investment strategy.

### 6. Information: Financial Report ending March 31, 2020

Mr. Woidzik provided a review of the Financial Report ending March 31, 2020. Total assets were at \$112.8 million with \$2.5 million in liabilities. Total revenues were at \$10.8 million, expenditures at \$3.9 million with a fund balance of \$43.5 million. About 18% of the budget was spent to date. More expenses are expected come in by the end of the year that will change the spent budget amount significantly.

### 7. Action: Review and consider approval of QSA JPA Fiscal Year 2021 Budget & Work Plan

Ms. Mathews presented the proposed QSA JPA Fiscal Year (FY) 2021 Budget and Work Plan. She stated the proposed budget was \$14,994,760. She reviewed the remaining water agency payment schedule, FY 2020 expenditures, FY 2020 budget summary, FY 2020 projected fund balance, summary of agency payments, FY 2021 projected fund balance, and FY 2021 major expenditures. She also explained tasks with major expenditures, five-year cash flow projections, description of the appendices, and the staff recommendation to approve the proposed budget.

Mr. Barrett moved to approve the budget.

Mr. Martinez expressed concerns about putting a lot of money in the budget and then having projects not accomplished. Ms. Humes explained Task 24 Salton Sea Air Quality was the only task that there could potentially be projects not completed in the budget timeframes, but if no delays and no environmental snags interfered, Task 24 items should be able to get accomplished. Mr. Martinez expressed a hope for projects to stay on track and to make sure projects were achievable within the budget timeframe.

Patricia Leal, Alianza Coachella Valley, requested explanation of Task 24 on Air Quality on what were some of the existing locations and processes for future locations as it related to the entire Salton Sea. Ms. Humes explained in slide #2 on a map shown that all areas in orange were projects that had been implemented or plan to be implemented and more information could be found in the Proactive Dust Control Plan. Ms. Shields provided more information as to where to find the content on IID's website. Patricia thanked her and mentioned she would follow up with Ms. Humes for further conversation.

Commissioner Martinez seconded the motion to approve the budget. The motion was approved unanimously by a roll call vote.

### 8. Information: Update on completed and ongoing budget tasks

Ms. Mathews provided information and explained a table that shows required task measures associated with the programs, current status of the items, and how they relate back to the budget.

### 9. Information: Status report on implementation of mitigation measures

Ms. Humes provided an update on a few mitigation measures:

- Task 8 – Aquatic Drain Habitat at Managed Marsh: Crews are steadily working on construction of Phase 3. There had been delays due to rain and to COVID 19, but projects are now back on track. She announced trees would arrive in October.
- Task 20 – Pupfish Construction & Maintenance Conservation: All staff members that were trained by CDFW have passed the pupfish exam. CDFW and the US Fish and Wildlife service will review the monitoring plan for pupfish around the Salton Sea. IID committed to intensely monitoring all drains west of the New River and should have a schedule out soon of those monitoring efforts.
- Task 24 – Salton Sea Air Quality: Formation Environmental teams conducted groundwater boring at Bombay Beach, San Felipe wash, and clubhouse project areas. All results look promising for available groundwater and Formation will continue to develop plans and go through the permitting process as well as groundwater development process for Imperial County for use of water for vegetation enhancement. There was recently a high wind event that prompted staff to put up monitoring equipment at New River West and Poe Road area to analyze dust and wind. Site plans are being developed for Alamo South project areas for implementation this summer. Approval was received for jurisdiction determination for some of those project areas and will finalize site plan as soon as possible.
- Task 42 – Brown Pelican Sea: IID received internal options for brown pelican roosts and will be discussing at the next implementation meeting.

10. Information: Update on Salton Sea mitigation water

Ms. Mathews stated there was supporting documentations in the packet on page 12. Ms. Shields stated the 2010 issue was resolved and the balance of mitigation money will be included in the next invoice.

11. Information: Update on State's Salton Sea Management Program

Chair Delgado announced that future updates will be provided by Jessica Schroeder or Gail Sevrens. He shared that there is progress being made on the Species Conservation Habitat Project, and proposals for review had been received, and would be scheduled to award a contract by the end of summer. He stated the Dust Suppression Action Plan is scheduled to be complete by the end of June and will be posted on CNRA's website. Chair Delgado explained a project description for the 10-year plan is being developed and intend to release a draft for public review in July. He announced an upcoming Engagement Committee meeting would be held June 17, 2020, 10-12:30 via Zoom.

Governor Newsom submitted his May revised budget proposal and it included \$18 million funding in long term general funds and \$10 million in Prop 68 funds to support the New River Improvement Project. In addition, the May revision included resources to complete the draft air quality habitat restoration objectives of the SSMP including 10 positions across the Department of Water Resources, CDFW, and CNRA.

There are \$19 million of Prop 68 local assistance funds being provided to the Salton Sea Authority for the North Lake Pilot Project. This will supply the Salton Sea Authority its full allotment of Prop 68 funding for habitat restoration and air quality impacts at the surrounding communities.

12. Adjournment

The meeting was adjourned 2:50 p.m.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY  
San Diego, California**

**Basic Financial Statements**

**Fiscal Years Ended June 30, 2020 and 2019**



**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY  
Fiscal Years Ended June 30, 2020 and 2019**

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## **Independent Auditor's Report**

To the Board of Commissioners  
of the Quantification Settlement  
Agreement Joint Powers Authority

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

We have audited the accompanying financial statements of the governmental activities and the general fund of the Quantification Settlement Agreement Joint Powers Authority (QSA JPA) as of and for the years ended June 30, 2020, and 2019, and the related notes to the basic financial statements, which collectively comprise the QSA JPA'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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 auditor's 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 QSA JPA'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 QSA JPA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the QSA JPA, as of June 30, 2020, and 2019, and the respective changes in financial position and the statement of revenues, expenditures and changes in fund balance – budget to actual of the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the QSA JPA's basic financial statements. The *Budget Status Report Expenditures* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The *Budget Status Report Expenditures* 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 *Budget Status Report Expenditures* 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 September 3, 2020 on our consideration of the QSA JPA'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 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 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 QSA JPA's internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California  
September 3, 2020

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**QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**(Unaudited)**

This section of the financial statements presents a discussion and analysis of the financial performance of the Quantification Settlement Agreement Joint Powers Authority (QSA JPA) for the fiscal years ended June 30, 2020 and 2019. Please read it in conjunction with the QSA JPA basic financial statements, which follow this section.

**Overview of the Financial Statements**

The basic financial statements are designed to provide readers with a broad overview of the finances of the QSA JPA. The QSA JPA's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

- The Statements of Net Position and Statements of Activities are *government-wide financial statements*, providing both long-term and short-term information about the QSA JPA's overall financial status.
- The Balance Sheets and Statements of Revenues, Expenditures, and Changes in Fund Balance are *governmental fund financial statements*, focusing on individual parts of the QSA JPA and reporting the QSA JPA's operations in more detail than the government-wide financial statements.
- The governmental fund Balance Sheets and the governmental fund Statements of Revenues, Expenditures, and Changes in Fund Balance also provide a reconciliation to facilitate the comparison between the governmental fund and governmental activities.

**Reporting the QSA JPA as a Whole**

The accompanying government-wide financial statements include two statements that present financial data for the QSA JPA as a whole, the Statements of Net Position and the Statements of Activities. These statements report all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All current fiscal year revenues and expenses are taken into account regardless of when cash is received or paid.

The Statements of Net Position present information on the QSA JPA's assets and liabilities with the difference between the two reported as net position. Over time, increases and decreases in the net position may serve as an indicator of whether the financial position of the QSA JPA is improving or deteriorating.

The Statements of Activities present information showing how the QSA JPA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that only result in cash flows in future fiscal periods.

**Reporting the Major Fund of the QSA JPA**

The governmental fund financial statements provide detailed information about the General Fund of the QSA JPA. Some funds are required to be established by State law or bond covenants. All of the QSA JPA's basic services are reported in the General Fund, which focuses on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The General Fund is reported using the modified accrual basis of accounting, which measures cash and all other current financial assets that can be readily converted to cash. The General Fund's financial statements provide a detailed short-term view of the QSA JPA's general government operations and the basic services provided. General Fund information helps determine the financial resources that can be spent in the near future to finance the QSA JPA's programs. The differences between governmental activities (reported in the Statements of Net Position and the Statements of Activities) and the General Fund are described in separate reconciliation statements following the General Fund's financial statements.

## The Structure of the QSA JPA

The QSA JPA is comprised of four agencies whose primary purpose is to administer the environmental mitigation measures related to the “Agreement for the Transfer of Conserved Water by and between Imperial Irrigation District (IID) and San Diego County Water Authority (SDCWA)” and the “Agreement for Acquisition of Conserved Water by and between IID and Coachella Valley Water District (CVWD)”. The agency members of the QSA JPA are the California Department of Fish and Wildlife (State of California), CVWD, IID, and SDCWA.

## Condensed Financial Information

**Quantification Settlement Agreement  
Joint Powers Authority  
Condensed Statements of Net Position  
(In Millions)**

	<b>June 30,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total assets</b>	<u>\$ 112.3</u>	<u>\$ 115.6</u>	<u>\$ 115.5</u>
<b>Total liabilities</b>	<u>11.1</u>	<u>4.4</u>	<u>2.3</u>
<b>Total net position</b>	<u>\$ 101.2</u>	<u>\$ 111.2</u>	<u>\$ 113.2</u>

### **Fiscal Year 2020 Compared to Fiscal Year 2019**

Total assets include cash and investments, mitigation contributions receivable, and interest receivable which includes any cumulative accrued interest not yet received from the contributing agencies in relation to the QSA JPA Creation and Funding Agreement (the Agreement) for environmental mitigation contributions. At June 30, 2020, assets totaled \$112.3 million, a decrease of \$3.3 million or 2.9 percent when compared to the prior fiscal year. Total assets are lower than the prior fiscal year primarily due to decreases from the following: \$8.4 million in cash and investments due to the payments for environmental mitigation requirements, and \$8.0 million in mitigation contributions receivable due to principal payments received from the member agencies; and offset by increases from the following: \$12.7 million in cash and investments due to the member agencies mitigation contributions and interest income received, and \$0.4 million in interest receivable. At June 30, 2020, the mitigation contributions receivable of \$36.9 million represents the net present value of mitigation receivables from the member agencies in accordance with the Agreement. Refer to Note 4 for further information on the Agreement.

Total liabilities include accounts payable. At June 30, 2020, liabilities totaled \$11.1 million, an increase of \$6.7 million or 152.3 percent when compared to the prior fiscal year due to an increase in environmental mitigation expenses to be paid at the end of the fiscal year.

Net position is unrestricted and totaled \$101.2 million at June 30, 2020, a decrease of \$10.0 million or 9.0 percent from the prior fiscal year as a result of the above changes.

### **Fiscal Year 2019 Compared to Fiscal Year 2018**

Total assets include cash and investments, mitigation contributions receivable, and interest receivable which includes any cumulative accrued interest not yet received from the contributing agencies in relation to the QSA JPA Creation and Funding Agreement (the Agreement) for environmental mitigation contributions. At June 30, 2019, assets totaled \$115.6 million, an increase of \$0.1 million or 0.1 percent when compared to the prior fiscal year. Total assets are higher than the prior fiscal year primarily due to increases from the following: \$21.0 million in cash and investments due to the member agencies mitigation contributions and interest income received, and \$0.5 million in interest receivable; and offset by decreases from the following: \$5.5 million in cash and investments due to the payments for environmental mitigation

requirements and \$15.9 million in mitigation contributions receivable due to principal payments received from the member agencies. At June 30, 2019, the mitigation contributions receivable of \$44.9 million represents the net present value of mitigation receivables from the member agencies in accordance with the Agreement. Refer to Note 4 for further information on the Agreement.

Total liabilities include accounts payable. At June 30, 2019, liabilities totaled \$4.4 million, an increase of \$2.1 million or 91.3 percent when compared to the prior fiscal year due to an increase in environmental mitigation expenses to be paid at the end of the fiscal year.

Net position is unrestricted and totaled \$111.2 million at June 30, 2019, a decrease of \$2.0 million or 1.8 percent from the prior fiscal year as a result of the above changes.

**Quantification Settlement Agreement  
Joint Powers Authority  
Condensed Statements of Activities  
(In Millions)**

	June 30,		
	2020	2019	2018
<b>Program expenses</b>	\$ 15.1	\$ 7.6	\$ 14.9
<b>Program revenues</b>	4.1	4.6	5.6
<b>Net program expenses</b>	(11.0)	(3.0)	(9.3)
<b>General revenues</b>	1.0	1.0	0.3
<b>Changes in net position</b>	(10.0)	(2.0)	(9.0)
<b>Net position - beginning of year</b>	111.2	113.2	122.2
<b>Net position - end of year</b>	\$ 101.2	\$ 111.2	\$ 113.2

**Fiscal Year 2020 Compared to Fiscal Year 2019**

Program expenses include environmental mitigation and general operating expenses. For the year ended June 30, 2020, governmental activities expenses totaled \$15.1 million, an increase of \$7.5 million or 98.7 percent when compared to the prior fiscal year due to an increase of \$7.0 million for the Salton Sea mitigation water predelivery payback, \$0.6 million for the Salton Sea air quality monitoring, and \$0.3 million for the managed marsh areas; and offset by decreases from the following tasks: \$0.2 million for funding the biologist team, \$0.1 million for the pupfish selenium drain studies, and \$0.1 million for the pupfish conservation measures.

Program revenues include member contributions which totaled \$4.1 million for the year ended June 30, 2020, a decrease of \$0.5 million or 10.9 percent when compared to the prior fiscal year due to the timing of revenue received but in accordance with the approved member payments schedule.

**Fiscal Year 2019 Compared to Fiscal Year 2018**

Program expenses include environmental mitigation and general operating expenses. For the year ended June 30, 2019, governmental activities expenses totaled \$7.6 million, a decrease of \$7.3 million or 49.0 percent when compared to the prior fiscal year due to a decrease of \$9.9 million for the delivery of mitigation water to the Salton Sea; and offset by increases from the following tasks: \$1.5 million for the



managed marsh areas, \$0.5 million for the Salton Sea air quality monitoring, \$0.2 million for the burrowing owl distribution surveys, \$0.2 million for the pupfish selenium drain studies, \$0.1 million for the pupfish conservation measures, and \$0.1 million for funding the biologist team.

Program revenues include member contributions which totaled \$4.6 million for the year ended June 30, 2019, a decrease of \$1.0 million or 17.9 percent when compared to the prior fiscal year due to the timing of revenue received but in accordance with the approved member payments schedule.

### **General Fund Budgetary Highlights**

The QSA JPA Commission adopts an annual budget for the payment of environmental costs for QSA water transfer mitigation projects in the Imperial Valley. The annual budget provides revenues, generated from agency contributions and interest earnings, to meet anticipated fiscal year mitigation expenditures.

Fiscal year 2020 expenditures were \$7.0 million less than budget primarily due to the following: deferral of items under the air quality mitigation program task, postponement of managed marsh creation activities task, and postponement of pupfish conservation measures task.

### **Contacting the QSA JPA Financial Management**

The QSA JPA financial report is designed to provide the QSA JPA's Board of Commissioners, creditors, and investors with a general overview of the QSA JPA's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the Finance Department at the San Diego County Water Authority, 4677 Overland Avenue, San Diego, California 92123 or via the website at <http://www.sdcwa.org>.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**STATEMENTS OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Cash and investments	\$ 45,177,715	\$ 40,953,611
Mitigation contributions receivable	36,892,699	44,916,036
Interest receivable	<u>30,198,622</u>	<u>29,775,193</u>
<b>        Total assets</b>	<u>112,269,036</u>	<u>115,644,840</u>
<b>Liabilities:</b>		
Accounts payable	<u>11,105,331</u>	<u>4,446,517</u>
<b>Net position:</b>		
Unrestricted	<u>\$ 101,163,705</u>	<u>\$ 111,198,323</u>

See accompanying notes to the basic financial statements.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**STATEMENTS OF ACTIVITIES  
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Program Expenses</b>		
Governmental Activities:		
Environmental mitigation	\$ 15,087,064	\$ 7,584,446
<b>Program Revenues</b>		
Governmental Activities:		
Operating grants and contributions:		
Mitigation contributions	4,056,305	4,631,717
<b>Net program expenses</b>	<b>(11,030,759)</b>	<b>(2,952,729)</b>
<b>General Revenues</b>		
Interest income	996,141	956,500
<b>Changes in net position</b>	<b>(10,034,618)</b>	<b>(1,996,229)</b>
<b>Net position - beginning of year</b>	<b>111,198,323</b>	<b>113,194,552</b>
<b>Net position - end of year</b>	<b>\$ 101,163,705</b>	<b>\$ 111,198,323</b>

See accompanying notes to the basic financial statements.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**BALANCE SHEETS  
GENERAL FUND  
JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets:</b>		
Cash and investments	\$ 45,177,715	\$ 40,953,611
Mitigation contributions receivable	36,892,699	44,916,036
Interest receivable	30,198,622	29,775,193
<b>Total assets</b>	<b>\$ 112,269,036</b>	<b>\$ 115,644,840</b>
<b>Liabilities:</b>		
Accounts payable	\$ 11,105,331	\$ 4,446,517
<b>Deferred inflows of resources:</b>		
Unavailable mitigation contributions	66,936,755	74,534,463
<b>Fund balance:</b>		
Unassigned	34,226,950	36,663,860
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 112,269,036</b>	<b>\$ 115,644,840</b>

See accompanying notes to the basic financial statements.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**RECONCILIATION OF THE BALANCE SHEETS OF THE GENERAL FUND  
TO THE STATEMENTS OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Fund balance of the General Fund	\$ 34,226,950	\$ 36,663,860
Amounts reported for governmental activities in the Statements of Net Position are different because:		
The General Fund does not report revenues that are not available to pay for current period expenditures.	<u>66,936,755</u>	<u>74,534,463</u>
<b>Net position of governmental activities</b>	<u><u>\$ 101,163,705</u></u>	<u><u>\$ 111,198,323</u></u>

See accompanying notes to the basic financial statements.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND  
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>		
Interest income	\$ 996,141	\$ 956,500
Mitigation contributions	11,654,013	20,121,404
<b>Total revenues</b>	12,650,154	21,077,904
<b>Expenditures:</b>		
Environmental mitigation	15,087,064	7,584,446
<b>Net changes in fund balance</b>	(2,436,910)	13,493,458
<b>Fund balance - beginning of year</b>	36,663,860	23,170,402
<b>Fund balance - end of year</b>	\$ 34,226,950	\$ 36,663,860

See accompanying notes to the basic financial statements.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE OF THE GENERAL FUND TO THE STATEMENTS OF ACTIVITIES  
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
Net changes in fund balance	\$ (2,436,910)	\$ 13,493,458
<p>Amounts reported for governmental activities in the Statements of Activities are different because:</p>		
<p>Revenues that are not available to liquidate liabilities of the current period that were not previously recognized in the General Fund, but were recognized in the Statements of Activities in prior years.</p>	(7,597,708)	(15,489,687)
<b>Changes in net position of governmental activities</b>	<b>\$ (10,034,618)</b>	<b>\$ (1,996,229)</b>

See accompanying notes to the basic financial statements.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>Revenues</b>			
Interest income	\$ 700,000	\$ 996,141	\$ 296,141
Mitigation contributions	9,829,013	11,654,013	1,825,000
<b>Total revenues</b>	<u>10,529,013</u>	<u>12,650,154</u>	<u>2,121,141</u>
<b>Expenditures</b>			
Current:			
Environmental mitigation	22,050,577	15,087,064	6,963,513
<b>Net change in fund balance</b>	(11,521,564)	(2,436,910)	9,084,654
<b>Fund balance - beginning of year</b>	<u>36,663,860</u>	<u>36,663,860</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 25,142,296</u>	<u>\$ 34,226,950</u>	<u>\$ 9,084,654</u>

**BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>Revenues</b>			
Interest income	\$ 200,000	\$ 956,500	\$ 756,500
Mitigation contributions	20,121,404	20,121,404	-
<b>Total revenues</b>	<u>20,321,404</u>	<u>21,077,904</u>	<u>756,500</u>
<b>Expenditures</b>			
Current:			
Environmental mitigation	15,129,270	7,584,446	7,544,824
<b>Net change in fund balance</b>	5,192,134	13,493,458	8,301,324
<b>Fund balance - beginning of year</b>	<u>23,170,402</u>	<u>23,170,402</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 28,362,536</u>	<u>\$ 36,663,860</u>	<u>\$ 8,301,324</u>

See accompanying notes to the basic financial statements.



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**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 1: Nature of Business and Significant Accounting Policies**

**Nature of Entity**

The Quantification Settlement Agreement Joint Powers Authority (QSA JPA) was organized on January 1, 2004, under the California Joint Powers Act (the Act) for the primary purpose of paying for environmental mitigation requirements and environmental mitigation costs by and through the collection, investing, and disbursement of funds. The QSA JPA consists of four agencies, each with one representative on the QSA JPA's Board of Commissioners (the Board). The member agencies are the California Department of Fish and Wildlife (State of California), the Imperial Irrigation District (IID), the Coachella Valley Water District (CVWD), and the San Diego County Water Authority (SDCWA).

On October 10, 2003, the IID, CVWD, and Metropolitan Water District of Southern California executed the Quantification Settlement Agreement (QSA) which settled a variety of long-standing Colorado River disputes regarding the priority, use, and transfer of Colorado River water; established the terms for the further distribution of Colorado River water among those entities for a period of time based upon budgets; and included as a necessary component thereof the implementation of the 1998 IID/SDCWA Transfer Agreement and the IID/CVWD Acquisition Agreement.

**Basis of Accounting**

The *basic financial statements* of the QSA JPA are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

**Government-wide Financial Statements**

Government-wide financial statements display information about the reporting governmental entity as a whole. Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements.

*Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board (GASB).

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements (Continued)  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 1: Nature of Business and Significant Accounting Policies (Continued)**

**Government-wide Financial Statements (Continued)**

In the government-wide financial statements, Net Position is categorized as unrestricted because the net position does not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

Direct expenses reported include environmental mitigation. Program revenues include revenues derived from environmental mitigation contributions from member agencies. Governmental fund revenues represented by noncurrent receivables are recognized as revenues in the government-wide financial statements.

**Fund Financial Statements**

The underlying accounting system of the QSA JPA is organized and operated on the basis of a separate fund that has a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures, as appropriate. Financial statements for the General Fund are presented after the government-wide financial statements.

**Governmental Fund – General Fund**

In the General Fund financial statements, Fund Balance is categorized as unassigned because the amount does not meet the definition of non-spendable, restricted, committed, or assigned fund balance.

In the fund financial statements, the General Fund is presented using the *modified-accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available*, provided they are received within 60 days from the end of the fiscal year.

Revenue recognition is subject to the *measurable* and *availability* criteria for the General Fund in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (for example, the related goods or services are provided).

In the General Fund financial statements, amounts are recorded using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of available spendable resources. Governmental fund operating statements present increases (revenues) and decreases (expenditures) in fund balance. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements (Continued)  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 1: Nature of Business and Significant Accounting Policies (Continued)**

**Governmental Fund – General Fund (Continued)**

Noncurrent portions of long-term receivables are reported in the General Fund financial statements in spite of their spending measurement focus. However, the noncurrent portions of long-term receivables are not considered available spendable resources since they do not represent net current assets. Governmental fund revenues represented by noncurrent receivables are not recognized and are reported as deferred inflows of resources in the General Fund until they become current receivables.

In addition to liabilities, the General Fund financial statements reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The QSA JPA has unavailable mitigation contributions that qualifies for reporting in this category.

Due to the spending measurement focus, expenditure recognition for the General Fund excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as expenditures or fund liabilities.

**Environmental Mitigation Contributions**

The principal portion of the QSA JPA's revenues are environmental mitigation contributions received from the member agencies. The costs for environmental mitigation requirements up to and not to exceed a present value of \$133,000,000 are required to be paid by the IID, CVWD, and SDCWA with the balance of the expenditures above the present value of \$133,000,000 to be paid by the State of California. GASB Statement No. 33 requires the entire \$133,000,000 to be recorded as a receivable when all eligibility requirements have been met (for example, funding is not dependent upon certain future events). In the fund financial statements, the unavailable revenue was originally recorded as the same amount because the revenue does not represent available spendable resources and this amount has been reduced as the members have made their contributions.

**Budgets and Budgetary Accounting**

Annual budgets adopted by the Board provide for operations of the QSA JPA. Budgetary controls are set by the Board. The legally adopted budget requires that expenditures not exceed appropriations in total for the QSA JPA. The Board may make appropriation adjustments to the budget during the year as deemed necessary.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements (Continued)  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 2: Cash and Investments**

The carrying value of cash and investments held by the QSA JPA as of June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Deposits	\$ 10,327	\$ 4,164
Investments	45,167,388	40,949,447
Total cash and investments	<u><u>\$ 45,177,715</u></u>	<u><u>\$ 40,953,611</u></u>

**Investments Authorized by the California Government Code and the Investment Policy**

The QSA JPA uses the investment policy of the SDCWA for purposes of investments. The following table identifies the investment types that are authorized for the QSA JPA by the California Government Code (Gov't Code), Sections 53600 et seq, and the QSA JPA's Investment Policy (Inv. Policy). The table also identifies certain provisions of the California Government Code (or the QSA JPA's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements (Continued)  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 2: Cash and Investments (Continued)**

**Investments Authorized by the California Government Code and the Investment Policy (Continued)**

Investment Types	Maximum Maturity		Maximum Percentage of Portfolio		Maximum Investment in One Issuer		Minimum Rating	
	Gov't. Code	Inv. Policy	Gov't. Code	Inv. Policy	Gov't. Code	Inv. Policy	Gov't. Code	Inv. Policy
Municipal Securities	None	None	None	30%	None	5%	None	"A"
U.S. Treasury securities	None	None	None	None	None	None	None	None
Federal agency securities	None	None	None	None	None	None	None	None
Bankers' acceptances	180 days	180 days	40%	40%	30%	5%	None	"A-1"
Commercial paper	270 days	270 days	25%	25%	None	5%	"A-1"	"A-1"
Non-Negotiable Certificates of Deposit	5 years	5 years	None	30% (1)	None	None	None	None
Placement service deposits	5 years	5 years	50%	30% (1)	None	None	None	None
Negotiable Certificates of Deposit	5 years	5 years	30%	30% (1)	None	5%	None	"A-1" or "A"
Repurchase agreements	1 year	1 year	None	20%	None	None	None	"A"
Medium-term notes	5 years	5 years	30%	30%	None	5%	"A"	"A"
Mutual funds	n/a	n/a	20%	20%	10%	10%	AAA (2)	AAA (2)
Money market mutual funds	n/a	n/a	20%	20%	None	20%	AAA (2)	AAA (2)
Mortgage pass-through and asset backed securities (3)	5 years	5 years	20%	20%	None	5%	"AA"	"AA"
County pooled investment funds	n/a	(4)	None	(4)	None	(4)	None	(4)
JPA pools (other investment pools)	n/a	n/a	None	25%	None	25%	None	AAA
Supranationals	5 years	5 years	30%	15%	None	5%	"AA"	"AA"
Local agency investment fund (LAIF)	n/a	n/a	None	(5)	None	None	None	None

**Notes:**

- (1) The combined investment policy maximum portfolio exposure to certificates of deposit, placement service certificates of deposit and negotiable certificates of deposit is 30%.
- (2) A mutual fund and a money market mutual fund must receive the highest ranking by not less than two NRSROs authorized by Govt. Code Sections 53601 and 53635.
- (3) Limitations in this section apply to securities not issued by the US Treasury or Federal Agencies.
- (4) Authorized by Government Code Section 53684 (a) but not authorized by the investment policy.
- (5) The investment policy's maximum investment amount is the maximum permitted by LAIF.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements (Continued)  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 2: Cash and Investments (Continued)**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk where changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. One of the ways that the QSA JPA manages its exposure to interest rate risk is by investing in LAIF to provide the liquidity needed for operations.

Information about the sensitivity of the fair values of the QSA JPA's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the QSA JPA's investments by terms to maturity as of June 30, 2020 and 2019, respectively.

<b>Investment Type</b>	<b>June 30, 2020</b>	<b>Remaining Term to Maturity</b>		
		<b>12 months or less</b>	<b>13 to 36 months</b>	<b>37 to 60 months</b>
U.S. Treasury securities	\$ 3,051,485	\$ 499,705	\$ 1,511,060	\$ 1,040,720
Federal agency securities	3,091,965	-	1,519,380	1,572,585
Medium-term notes	1,991,323	-	925,544	1,065,779
Supranationals	503,503	-	251,480	252,023
Asset Backed Securities	256,539	-	-	256,539
Money market mutual funds	1,095,864	1,095,864	-	-
LAIF	33,417,402	33,417,402	-	-
CAMP JPA Pool	1,759,307	1,759,307	-	-
<b>Total</b>	<b>\$ 45,167,388</b>	<b>\$ 36,772,278</b>	<b>\$ 4,207,464</b>	<b>\$ 4,187,646</b>

<b>Investment Type</b>	<b>June 30, 2019</b>	<b>12 months</b>
		<b>or less</b>
CAMP JPA Pool	\$ 7,509,547	\$ 7,509,547
LAIF	33,439,900	33,439,900
<b>Total</b>	<b>\$ 40,949,447</b>	<b>\$ 40,949,447</b>

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements (Continued)  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 2: Cash and Investments (Continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following tables as of June 30, 2020 and 2019, respectively, is the minimum rating required (where applicable) by the California Government Code or the QSA JPA's Investment Policy, and the actual rating as of year-end for each issuer.

<b>Investment Type</b>	<b>Minimum Rating</b>	<b>Exempt from Disclosure</b>	<b>Rating as of Fiscal Year Ended June 30, 2020</b>			
			<b>AAA</b>	<b>AA+</b>	<b>A</b>	<b>Not Rated</b>
U.S. Treasury securities	n/a	\$ 3,051,485	\$ -	\$ -	\$ -	\$ -
Federal agency securities	n/a	-	523,905	2,568,060	-	-
Medium-term notes	A	-	-	257,061	1,734,262	-
Supranationals	AA	-	503,503	-	-	-
Asset Backed Securities	AA	-	256,539	-	-	-
Money market mutual funds	AAA <sub>m</sub>	-	1,095,864	-	-	-
LAIF	n/a	-	-	-	-	33,417,402
CAMP JPA Pool	AAA <sub>m</sub>	-	1,759,307	-	-	-
<b>Total</b>		<b>\$ 3,051,485</b>	<b>\$ 4,139,118</b>	<b>\$ 2,825,121</b>	<b>\$ 1,734,262</b>	<b>\$ 33,417,402</b>

<b>Investment Type</b>	<b>Minimum Legal Rating</b>	<b>Rating as of Fiscal Year Ended June 30, 2019</b>	
		<b>AAA</b>	<b>Not Rated</b>
CAMP JPA Pool	AAA <sub>m</sub>	\$ 7,509,547	\$ -
LAIF	n/a	-	33,439,900
Total		<u>\$ 7,509,547</u>	<u>\$ 33,439,900</u>

**Concentration of Credit Risk**

For the Fiscal Years ended June 30, 2020 and June 30, 2019, the QSA JPA did not have any investments in any one issuer (other than U.S. Treasury securities, money market mutual funds, and external investment pools) that represent five percent or more of investments.



**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements (Continued)  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 2: Cash and Investments (Continued)**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (for example, broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the QSA JPA's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure QSA JPA deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

**Fair Value Measurements**

The QSA JPA categorizes certain assets and liabilities within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of investments. The three levels of the fair value hierarchy are as follows:

**LEVEL 1:** Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

**LEVEL 2:** Inputs are significant other observable inputs for the asset or liability.

**LEVEL 3:** Inputs are significant unobservable inputs for the asset or liability.

The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured as an exit price for financial investments.

The QSA JPA utilizes valuation techniques consistent with market, cost, or income approaches to determine fair value. The most appropriate technique is utilized to maximize the use of observable inputs and minimize the use of unobservable inputs.

The QSA JPA did not own Level 1, 2 and 3 investments during Fiscal Year Ended June 30, 2019. Investments in CAMP JPA Pool, LAIF and Money Market Mutual Funds are not subject to fair value categorization. The following is a summary of the QSA JPA investments based on the method for measuring value as of June 30, 2020 and June 30, 2019:

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements (Continued)  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 2: Cash and Investments (Continued)**

**Fair Value Measurements (Continued)**

	Fair Value Measurements Using			June 30, 2020
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Investments by fair value level</b>				
U.S. Treasury securities	\$ -	\$ 3,051,485	\$ -	\$ 3,051,485
Federal agency securities	-	3,091,965	-	3,091,965
Medium-term notes	-	1,991,323	-	1,991,323
Supranationals	-	503,503	-	503,503
Asset Backed Securities	-	256,539	-	256,539
<b>Total investments by fair value level</b>	<b>\$ -</b>	<b>\$ 8,894,815</b>	<b>\$ -</b>	<b>\$ 8,894,815</b>
<b>Investments measured at cost</b>				
Money market mutual funds <sup>(1)</sup>				1,095,864
LAIF <sup>(2)</sup>				33,417,402
CAMP JPA Pool <sup>(3)</sup>				1,759,307
<b>Total investments measured at cost</b>				<b>36,272,573</b>
<b>Total investments</b>				<b>\$ 45,167,388</b>
		<b>June 30, 2019</b>		
<b>Investments measured at cost</b>				
LAIF <sup>(2)</sup>				33,439,900
CAMP JPA Pool <sup>(3)</sup>				7,509,547
<b>Total investments</b>				<b>\$ 40,949,447</b>

Notes:

<sup>(1)</sup> Reported as a stable one-dollar value per share.

<sup>(2)</sup> Reported based on the application of a fair value factor to each one-dollar share.

<sup>(3)</sup> Measured at amortized cost.

**Investments in State Investment Pool**

The QSA JPA is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429.1 under the oversight of the Treasurer of the State of California. The fair value of the QSA JPA's investment in the pool is reported in the accompanying financial statements at amounts based upon the QSA JPA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Investments in CAMP JPA Pool**

The QSA JPA is a voluntary participant in the California Asset Management Program (CAMP), a California Joint Powers Authority that falls under California Government Code Section 53601(p), which is directed by a Board of Trustees that is made up of experienced local government finance directors and treasurers. The investments are recorded on an amortized cost basis.

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements (Continued)  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 3: Interest Receivable**

Interest receivable consists of the following items: (1) accrued interest due from LAIF and BNY, (2) accrued interest for the six month period of January through June due from the contributing agencies related to their annual mitigation contribution payments due on December 31, and (3) cumulative unpaid accrued interest receivable due from the IID for their total current year and prior years unpaid portion of accrued interest, which the agency will make payment on in future year's mitigation contribution payments, per the payment schedule of the QSA JPA Creation and Funding Agreement (the Agreement). Refer to Note 4 for further information on the Agreement. For the fiscal years ended June 30, 2020 and 2019, interest receivable is composed of accrued interest of \$2,119,163 and \$2,248,474, respectively, and cumulative unpaid accrued interest of \$28,079,459 and \$27,526,719, respectively, for a total balance of \$30,198,622 and \$29,775,193, respectively.

**Note 4: Mitigation Contributions Receivable**

The QSA JPA administers the funding of environmental mitigation requirements related to IID's transfer with the SDCWA and a water acquisition agreement with the CVWD. The QSA JPA was formed pursuant to the QSA JPA Creation and Funding Agreement (the Agreement) executed on October 10, 2003, and is comprised of representatives from the IID, CVWD, SDCWA, and the State of California. Under the Agreement, the collective financial contributions made by the three water agencies are capped at \$133 million (in 2003 dollars), with the balance to be paid by the State of California.

As a means of managing cash-flow requirements for mitigation activities, the Agreement permits the three water agencies to adjust their payment schedules by rescheduling future payments from outer years to budget years in the near term. Advanced payments are discounted at six percent from the date of the scheduled payment to the date of the advance. Payment schedules have been modified twice to meet the environmental mitigation funding obligations of the QSA JPA. On April 25, 2007, the QSA JPA agencies executed an agreement to advance payments during fiscal years 2008 and 2009 totaling \$13,194,508, with a collective nominal credit of \$25,792,750 against future contributions. On May 20, 2015, the IID, CVWD and SDCWA executed an agreement to advance payments over the next seven fiscal years beginning in fiscal year 2016 totaling \$40,500,000, with a collective nominal credit of \$127,341,394 against future contributions.

As of June 30, 2020 and 2019, the total mitigation contributions receivable balance was as follows:

	<b>Final Contributions Fiscal Year</b>	<b>2020</b>	<b>2019</b>
IID	2036	\$ 19,659,281	\$ 24,284,281
CVWD	2026	8,047,178	9,265,966
SDCWA	2026	9,186,240	11,365,789
Total		<u>\$ 36,892,699</u>	<u>\$ 44,916,036</u>

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**Notes to the Basic Financial Statements (Continued)  
Fiscal Years Ended June 30, 2020 and 2019**

**Note 5:       Deferred Inflows of Resources**

The unavailable mitigation contributions are directly related to the mitigation contributions receivable and consists of the total outstanding principal balance of \$36,892,699 and \$44,916,036 at June 30, 2020 and 2019, respectively, plus interest receivable on unpaid member balances of \$30,044,056 and \$29,618,427 at June 30, 2020 and 2019, respectively, for a total unavailable mitigation contributions balance of \$66,936,755 and \$74,534,463 at June 30, 2020 and 2019, respectively.

**Note 6:       Insurance**

The QSA JPA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted workers; and natural disasters. The QSA JPA is insured through the IID, which performs all of the work related to the Joint Powers Agreement. The QSA JPA reimburses IID for any costs incurred as a result of QSA JPA activities.

**Note 7:       Commitments and Contingencies**

The QSA JPA may be subject to lawsuits and claims arising out of the normal course of business. As of the date of this disclosure, and to the QSA JPA's actual knowledge, there are no lawsuits or claims currently pending against the QSA JPA. By way of background, in December 2011, the Court of Appeal upheld the QSA JPA Agreement. (*Quantification Settlement Agreement Cases* (2011) 201 Cal.App.4th 758.). In May 2015, all remaining legal challenges affecting the QSA JPA were dismissed (*Quantification Settlement Agreement Cases* (2015) 237 Cal. App. 4th 72.).

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**SUPPLEMENTARY INFORMATION - BUDGET STATUS REPORT EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2020**

No.	Mitigation Tasks	Amended FY 2020 Budget	Total Expenditures	Variance
1	QSA Implementation Team	\$ -	\$ -	-
2	QSA Implementation Team Biologists	1,192,600	910,337	282,263
3	Environmental Reporting and Monitoring	530	-	530
4	Salton Sea Salinity and Elevation Program	16,020	4,129	11,891
5	Salton Sea Mitigation Water to Salton Sea	7,043,650	7,043,618	32
6	Tamarisk Scrub Habitat - Surveys and Mitigation	70,620	4,928	65,692
7	Drain Habitat - Initial Vegetation and Habitat Surveys	-	-	-
8	Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas	5,884,147	2,206,448	3,677,699
9	Drain Habitat Restrictions/Requirements for Construction and Maintenance	-	-	-
10/10A	Worker Education Program Covered Species Training and Manual	620	-	620
11	Desert Habitat Survey and Mapping of Right of Way	32,960	-	32,960
12	Desert Habitat Create/Maintain Desert Habitat	-	-	-
13	Changes to Operations on IID Canals to Avoid Covered Species	-	-	-
14	Burrowing Owl Worker Annual Education and Manual	-	-	-
15	Pre-Construction Activity Burrowing Owl Surveys and Relocation	3,190	-	3,190
16	Burrowing Owl Relative Abundance and Distribution Surveys	238,730	206,984	31,746
17	Farmer and Public Education Program	7,090	2,437	4,653
18	Desert Pupfish Abundance and Distribution Study	6,200	17,653	(11,453)
19/19A	Pupfish Selenium Drain Studies	301,410	118,586	182,824
20	Pupfish Construction and Maintenance Conservation Measures	834,300	4,234	830,066
21	Salvage of Razorback Suckers when Dewatering Canals	-	-	-
22	Maintain Habitat on Fallowed Parcels	-	-	-
23	Covered Species Baseline and Monitoring Surveys	163,770	-	163,770
24	Salton Sea Air Quality	6,199,070	4,553,484	1,645,586
25	Minimize Dust Emissions from Fallowed Lands	-	-	-
26	Drain Connectivity to Salton Sea Elevation Decrease	-	-	-
27	Grade Spoil/Roads from Drain Maintenance	-	-	-
28	Power Line Markers for Pumpback and Seepage Recovery Systems	-	-	-
29	Prepare and Implement Management Plan for Abandoned Portions of AAC	-	-	-
30	Southwestern Willow Flycatcher Surveys and Habitat Monitoring	-	-	-
31	Elf Owl Surveys	-	-	-
32	Desert Tortoise Survey and Avoidance	-	-	-
33	Least Tern Surveys	-	-	-
34	Rail and Bittern Surveys	-	-	-
35	Management and Planning	12,360	-	12,360
36	JPA Audit Fees	10,660	10,560	100
37	JPA Bank Fees	1,650	2,495	(845)
38	Financial Advisor	-	-	-
39	Bond Counsel Fees	-	-	-
40	2001 Biological Opinion Measures	-	-	-
41	Brown Pelican Coast	-	-	-
42	Brown Pelican Sea	-	1,171	(1,171)
43	Salton Sea Shoreline Strand Study	-	-	-
44	Pupfish Refugium	31,000	-	31,000
45	Recreation Facilities at Salton Sea	-	-	-
<b>Total Expenditures</b>		<b>\$22,050,577</b>	<b>\$ 15,087,064</b>	<b>\$ 6,963,513</b>

**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**

**Independent Auditor's Report**

To the Board of Commissioners  
Of the Quantification Settlement  
Agreement Joint Powers Authority

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 governmental activities and the general fund of the Quantification Settlement Agreement Joint Powers Authority ("QSA JPA"), as of and for the years ended June 30, 2020, and 2019, and the related notes to the basic financial statements, which collectively comprise the QSA JPA's basic financial statements, and have issued our report thereon dated September 3, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the QSA JPA'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 the QSA JPA's internal control. Accordingly, we do not express an opinion on the effectiveness of the QSA JPA'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 QSA JPA's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the QSA JPA'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 QSA JPA'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 QSA JPA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarrLLP

Irvine, California  
September 3, 2020



**QUANTIFICATION  
SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY  
AUDIT RESULTS  
FISCAL YEAR ENDED JUNE 30, 2020**

September 23, 2020



# Audit Reports

2

- ❑ Basic Financial Statements
  - ❑ Unmodified opinion dated September 3, 2020
  - ❑ The financial statements and footnotes are presented fairly, in all material respects, in accordance with generally accepted accounting principles
  
- ❑ Communication to Those in Governance
- ❑ Government Auditing Standards Opinion

# Audit Results

3

- ❑ Finance staff was prepared for the audit
- ❑ No journal entries detected as a result of audit procedures
- ❑ No significant deficiencies or material weaknesses identified
- ❑ Contract testing completed

# Questions?

**Shannon Ayala | Partner**

Davis Farr LLP | 5927 Priestly Drive, Suite 201 | Carlsbad, CA 92008

| Direct:760.298.5872 | Email:sayala@davisfarr.com



**Quantification Settlement Agreement  
Joint Powers Authority  
Treasurer's Report  
at June 30, 2020**

<b><u>Investment Type</u></b>	<b><u>% Limit</u></b>	<b><u>% of Portfolio</u></b>	<b><u>Amount</u></b>
Local Agency Investment Fund (LAIF)	\$75M - Maximum	74%	\$ 33,254,031.62
Treasury Securities	100%	7%	3,051,555.84
Medium Term Notes	100%	4%	1,983,521.25
CA Asset Mgmt Program (CAMP)	25%	4%	1,759,307.31
Federal Agency Securities	100%	7%	3,089,235.00
Chandler Managed Account (BNY)	100%	2%	1,095,864.41
Supranationals	100%	1%	501,380.00
Asset Back Securities	100%	1%	256,572.27
CEO Account (Wells Fargo)	100%	0%	10,326.53
Total Cash and Investments		100%	\$ 45,001,794.23

Effective Rate of Return 1.16%

**Interest Earnings (Cash and Investments):**

Month Ended	\$ 41,463.55
Fiscal Year to Date	\$ 875,225.18

Average Term	230
Average Days to Maturity (730 Days Maximum)	226




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**Lisa Marie Harris, Treasurer**

**Quantification Settlement Agreement**  
**Joint Powers Authority**  
**Treasurer's Report**  
**at June 30, 2020**

**Deposit & Invoice Activity:**

Date	Name	Deposits	Invoices
<b>Total Fiscal Year 6/30/2004</b>		\$ 4,387,846.00	\$ -
<b>Total Fiscal Year 6/30/2005</b>		\$ 1,758,945.00	\$ (1,959,440.28)
<b>Total Fiscal Year 6/30/2006</b>		\$ 2,161,019.83	\$ (4,555,061.94)
<b>Total Fiscal Year 6/30/2007</b>		\$ 2,347,672.00	\$ (2,938,474.58)
<b>Total Fiscal Year 6/30/2008</b>		\$ 11,644,612.84	\$ (5,779,276.79)
<b>Total Fiscal Year 6/30/2009</b>		\$ 6,870,567.00	\$ (8,251,293.97)
<b>Total Fiscal Year 6/30/2010</b>		\$ 14,545,715.00	\$ (9,061,269.71)
<b>Total Fiscal Year 6/30/2011</b>		\$ 5,849,675.00	\$ (5,944,418.65)
<b>Total Fiscal Year 6/30/2012</b>		\$ 6,585,384.00	\$ (1,851,265.44)
<b>Total Fiscal Year 6/30/2013</b>		\$ 7,497,513.00	\$ (4,335,543.28)
<b>Total Fiscal Year 6/30/2014</b>		\$ 10,699,074.00	\$ (10,987,218.93)
<b>Total Fiscal Year 6/30/2015</b>		\$ 17,331,735.00	\$ (14,361,492.54)
<b>Total Fiscal Year 6/30/2016</b>		\$ 15,222,157.00	\$ (22,997,264.03)
<b>Total Fiscal Year 6/30/2017</b>		\$ 29,162,833.00	\$ (21,104,845.03)
<b>Total Fiscal Year 6/30/2018</b>		\$ 18,183,882.00	\$ (16,428,573.00)
<b>Total Fiscal Year 6/30/2019</b>		\$ 20,121,404.00	\$ (5,447,961.38)
7/01/2019	IID Annual Operating Cost	\$ 2,800,000.00	
7/01/2019	CVWD Annual Operating Cost	\$ 1,000,000.00	
7/01/2019	SDCWA Annual Operating Cost	\$ 1,750,000.00	
7/11/2019	Mitigation # 1154		\$ (863,554.69)
8/07/2019	Mitigation # 1155		\$ (668,937.15)
9/12/2019	Mitigation # 1156		\$ (238,043.97)
10/11/2019	Audit Fee		\$ (1,024.00)
10/31/2019	Mitigation # 1157		\$ (2,409,728.07)
12/05/2019	Mitigation # 1158		\$ (927,389.81)
12/24/2019	CVWD Annual Operating Cost	\$ 745,350.00	
12/24/2019	IID Annual Operating Cost	\$ 2,473,610.00	
12/31/2019	SDCWA Annual Operating Cost	\$ 1,060,053.00	
1/31/2020	Mitigation # 1159		\$ (522,422.28)
2/20/2020	Mitigation # 1160		\$ (238,248.51)
4/08/2020	Mitigation # 1161		\$ (1,397,079.27)
4/16/2020	Mitigation # 1162		\$ (281,765.62)
5/08/2020	Mitigation # 1163		\$ (344,821.43)
6/04/2020	Mitigation # 1164		\$ (524,581.07)
6/30/2020	IID Annual Operating Cost	\$ 1,825,000.00	
<b>Total Fiscal Year 6/30/2020 (YTD)</b>		\$ 11,654,013.00	\$ (8,417,595.87)
Totals to date:		\$ 186,024,047.67	\$ (144,420,995.42)

**Reconciliation of Deposit and Invoice Activity to Total Cash and Investments:**

Deposits	\$ 186,024,047.67
Invoices	(144,420,995.42)
Subtotal	41,603,052.25
Interest Earned - Fiscal Year to Date 2020	875,225.18
Interest Earned - Fiscal Year 2019	867,814.64
Interest Earned - Fiscal Year 2018	367,384.75
Interest Earned - Fiscal Year 2017	169,676.70
Interest Earned - Fiscal Year 2016	99,489.54
Interest Earned - Fiscal Year 2015	43,822.46
Interest Earned - Fiscal Year 2014	36,595.42
Interest Earned - Fiscal Year 2013	60,004.09
Interest Earned - Fiscal Year 2012	45,850.28
Interest Earned - Fiscal Year 2011	66,144.04
Interest Earned - Fiscal Year 2010	48,102.28
Interest Earned - Fiscal Year 2009	173,945.72
Interest Earned - Fiscal Year 2008	376,499.98
Interest Earned - Fiscal Year 2007	135,591.60
Interest Earned - Fiscal Year 2006	127,788.23
Interest Earned - Fiscal Year 2005	86,031.33
Interest Earned - Fiscal Year 2004	7,822.91
Fees Paid - Inception to Date	(9,442.71)
Interest not yet received at June 30, 2020	(157,450.31)
Total Cash & Investments	\$ 45,023,948.38

**Quantification Settlement Agreement**  
**Joint Powers Authority**  
**Treasurer's Report**  
**at June 30, 2020**

**Deposit History (Inception-to-Date):**

<u>Calendar Year</u>	<u>Payment Type</u>	<u>SDCWA (1)</u>	<u>IID</u>	<u>CVWD</u>	<u>Total</u>
2003	Original Payment	\$ 2,340,273.00	\$ 402,069.00	\$ 1,645,504.00	\$ 4,387,846.00
2004	Original Payment	1,032,775.00	-	726,170.00	1,758,945.00
2005	Original Payment	969,146.83	418,191.00	773,682.00	2,161,019.83
2006	Original Payment	848,849.00	574,316.00	924,507.00	2,347,672.00
2007	Advance Payment	4,094,225.00	1,658,950.00	2,878,752.00	8,631,927.00
2007	Original Payment	1,214,878.84	739,432.00	1,058,375.00	3,012,685.84
2008	Advance Payment	2,164,086.00	876,872.00	1,521,623.00	4,562,581.00
2008	Original Payment	-	761,615.00	1,546,371.00	2,307,986.00
2009	Original Payment	7,879,603.00	941,356.00	5,724,756.00	14,545,715.00
2010	Original Payment	2,770,483.00	1,131,196.00	1,947,996.00	5,849,675.00
2011	Original Payment	3,084,803.00	1,331,579.00	2,169,002.00	6,585,384.00
2012	Original Payment	3,496,247.00	1,542,967.00	2,458,299.00	7,497,513.00
2013	Original Payment	5,245,201.00	1,765,841.00	3,688,032.00	10,699,074.00
2014	Original Payment	5,291,989.00	1,818,816.00	3,720,930.00	10,831,735.00
2015	Advance Payment	2,000,000.00	6,500,000.00	1,000,000.00	9,500,000.00
2015	Original Payment	6,076,346.00	1,873,380.00	4,272,431.00	12,222,157.00
2016	Advance Payment	1,800,000.00	5,125,000.00	2,000,000.00	8,925,000.00
2016	Original Payment	8,254,386.00	1,929,582.00	5,803,865.00	15,987,833.00
2017	Advance Payment	1,850,000.00	4,250,000.00	500,000.00	6,600,000.00
2017	Original Payment	8,314,814.00	1,987,469.00	5,531,599.00	15,833,882.00
2018	Advance Payment	1,750,000.00	3,500,000.00	500,000.00	5,750,000.00
2018	Original Payment	6,914,667.00	2,261,221.00	5,195,516.00	14,371,404.00
2019	Advance Payment	1,750,000.00	2,800,000.00	1,000,000.00	5,550,000.00
2019	Original Payment	1,060,053.00	2,473,610.00	745,350.00	4,279,013.00
2020	Advance Payment	-	1,825,000.00	-	1,825,000.00
		-	-	-	-
	Totals to date:	<u>\$ 80,202,825.67</u>	<u>\$ 48,488,462.00</u>	<u>\$ 57,332,760.00</u>	<u>\$ 186,024,047.67</u>

<sup>(1)</sup> SDCWA payments shown above are reduced by credits for payments made to the Bureau of Reclamation regarding responsibility for implementation of Conservation and Mitigation Measures for the Colorado River.

<b>Total Outstanding Balance Due as of June 30, 2020</b>				
<b>Payment Schedules <sup>(2)</sup></b>	<b>SDCWA</b>	<b>IID</b>	<b>CVWD</b>	<b>Total</b>
Nominal amount	\$ 10,835,034	\$ 78,233,154	\$ 9,593,182	\$ 98,661,370
Present value (@ 6%)	\$ 9,449,334	\$ 49,198,828	\$ 8,288,594	\$ 66,936,756

<sup>(2)</sup> Source: Modification of Payment Schedules per Agreement dated May 20, 2015

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2020**

**Assets:**

Cash	\$ 10,327
Investments	45,167,388
Mitigation contributions receivable	36,892,699
Interest receivable	<u>30,198,622</u>

**Total assets** \$ 112,269,036

**Liabilities:**

Accounts payable	<u>\$ 11,105,331</u>
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**Deferred inflows of resources:**

Unavailable mitigation contributions	<u>66,936,755</u>
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**Fund balance:**

Unassigned	<u>34,226,950</u>
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**Total liabilities, deferred inflows of resources,  
and fund balance** \$ 112,269,036

**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

**Revenues:**

Interest income	\$ 996,141
Mitigation contributions	<u>11,654,013</u>
<b>Total revenues</b>	<b><u>12,650,154</u></b>

**Expenditures:**

Environmental mitigation	15,074,009
Administrative	<u>13,055</u>
<b>Total expenditures</b>	<b><u>15,087,064</u></b>

<b>Net changes in fund balance</b>	(2,436,910)
<b>Fund balance at beginning of year</b>	<u>36,663,860</u>
<b>Fund balance at end of year</b>	<b><u>\$ 34,226,950</u></b>



**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY**

**SUPPLEMENTARY INFORMATION - BUDGET STATUS REPORT  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

<b>Task No.</b>	<b>Mitigation Tasks</b>	<b>Amended FY 2020 Budget</b>	<b>Total Expenditures</b>	<b>Variance (Remaining)</b>	<b>Percent Complete</b>
1	QSA Implementation Team	\$ -	\$ -	\$ -	0.0%
2	QSA Implementation Team Biologists	1,192,600	910,337	282,263	76.3%
3	Environmental Reporting and Monitoring	530	-	530	0.0%
4	Salton Sea Salinity and Elevation Program	16,020	4,129	11,891	25.8%
5	Salton Sea Mitigation Water to Salton Sea	7,043,650	7,043,618	32	100.0%
6	Tamarisk Scrub Habitat - Surveys and Mitigation	70,620	4,928	65,692	7.0%
7	Drain Habitat - Initial Vegetation and Habitat Surveys	-	-	-	0.0%
8	Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas	5,884,147	2,206,448	3,677,699	37.5%
9	Drain Habitat Restrictions/Requirements for Construction and Maintenance	-	-	-	0.0%
10/10A	Worker Education Program Covered Species Training and Manual	620	-	620	0.0%
11	Desert Habitat Survey and Mapping of Right of Way	32,960	-	32,960	0.0%
12	Desert Habitat Create/Maintain Desert Habitat	-	-	-	0.0%
13	Changes to Operations on IID Canals to Avoid Covered Species	-	-	-	0.0%
14	Burrowing Owl Worker Annual Education and Manual	-	-	-	0.0%
15	Pre-Construction Activity Burrowing Owl Surveys and Relocation	3,190	-	3,190	0.0%
16	Burrowing Owl Relative Abundance and Distribution Surveys	238,730	206,984	31,746	86.7%
17	Farmer and Public Education Program	7,090	2,437	4,653	34.4%
18	Desert Pupfish Abundance and Distribution Study	6,200	17,653	(11,453)	284.7%
19/19A	Pupfish Selenium Drain Studies	301,410	118,586	182,824	39.3%
20	Pupfish Construction and Maintenance Conservation Measures	834,300	4,234	830,066	0.5%
21	Salvage of Razorback Suckers when Dewatering Canals	-	-	-	0.0%
22	Maintain Habitat on Fallowed Parcels	-	-	-	0.0%
23	Covered Species Baseline and Monitoring Surveys	163,770	-	163,770	0.0%
24	Salton Sea Air Quality	6,199,070	4,553,484	1,645,586	73.5%
25	Minimize Dust Emissions from Fallowed Lands	-	-	-	0.0%
26	Drain Connectivity to Salton Sea Elevation Decrease	-	-	-	0.0%
27	Grade Spoil/Roads from Drain Maintenance	-	-	-	0.0%
28	Power Line Markers for Pumpback and Seepage Recovery Systems	-	-	-	0.0%
29	Prepare and Implement Management Plan for Abandoned Portions of AAC	-	-	-	0.0%
30	Southwestern Willow Flycatcher Surveys and Habitat Monitoring	-	-	-	0.0%
31	Elf Owl Surveys	-	-	-	0.0%
32	Desert Tortoise Survey and Avoidance	-	-	-	0.0%
33	Least Tern Surveys	-	-	-	0.0%
34	Rail and Bittern Surveys	-	-	-	0.0%
35	Management and Planning	12,360	-	12,360	0.0%
36	JPA Audit Fees	10,660	10,560	100	99.1%
37	JPA Bank Fees	1,650	2,495	(845)	151.2%
38	Financial Advisor	-	-	-	0.0%
39	Bond Counsel Fees	-	-	-	0.0%
40	2001 Biological Opinion Measures	-	-	-	0.0%
41	Brown Pelican Coast	-	-	-	0.0%
42	Brown Pelican Sea	-	1,171	(1,171)	0.0%
43	Salton Sea Shoreline Strand Study	-	-	-	0.0%
44	Pupfish Refugium	31,000	-	31,000	0.0%
45	Recreation Facilities at Salton Sea	-	-	-	0.0%
<b>Total Expenditures</b>		<b>\$ 22,050,577</b>	<b>\$ 15,087,064</b>	<b>\$ 6,963,513</b>	<b>68.4%</b>