

AGENDA
OF THE FRIANT WATER AUTHORITY
FINANCE COMMITTEE MEETING
May 21, 2018
1:30 P.M.
CONFERENCE ROOM
854 N. HARVARD AVE, LINDSAY, CA 93247

At the discretion of the Authority, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated upon and may be subject to action by the Authority. Order of agenda items is subject to change.

- 1) *CALL TO ORDER/ROLL CALL.*
- 2) *ADDITIONS TO AND APPROVAL OF THE AGENDA.*
- 3) *PUBLIC COMMENT (GOVERNMENT CODE SECTION 54954.3 (BROWN ACT))* – This is the time set aside on the agenda where members of the public may provide input and comment on any matter within the jurisdiction of the Committee, excluding items on the agenda, unless a public hearing on the item has previously been held. Comments shall be limited to 3 minutes per speaker, 15 minutes per subject and 30 minutes overall for the entire public comment period, unless otherwise approved by the conducting officer, to insure that all interested parties have an opportunity to speak. The Committee cannot take action on items not on the agenda; and therefore comments on such items may be taken under advisement, referred to the appropriate staff for response or directed to be placed on a future agenda. Public comment on items on the agenda shall be allowed at the time the Committee considers the item.
- 4) *CHANGES TO AND APPROVAL OF THE MINUTES FOR THE APRIL 23, 2018 MEETING.*
- 5) *REVIEW BILLS TO BE PAID* - The Committee will review and make a recommendation on the bills for referral to the Board of Directors.
- 6) *REVIEW CASH ACTIVITY REPORTS.*
- 7) *FISCAL YEAR-END (AUDIT) STATUS REPORT.* The FY 2017 Audit Report will be reviewed for referral to the Board of Directors meeting for consideration.
- 8) *STAFF UPDATES ON FINANCIAL MATTERS.*
- 9) *OTHER BUSINESS TO BE DISCUSSED PURSUANT TO GOVERNMENT CODE SECTION 54954.2. (RELATING TO ITEMS NOT APPEARING ON THE POSTED AGENDA.)*
- 10) *MEETING ADJOURNED*

A person with a qualifying disability under the American with Disabilities Act of 1990 may request the Authority to provide a disability-related modification or accommodation in order to participate in any public meeting of the Authority. Such assistance includes appropriate alternative formats for the agenda and agenda packets used for any

public meetings of the Authority. Requests for such assistance and for agendas and agenda packets shall be made in person, by telephone, facsimile, or written correspondence to Toni Marie at the Friant Water Authority at least 48 hours before a public Authority meeting.

FRIANT WATER AUTHORITY

**FRIANT WATER AUTHORITY
FINANCE COMMITTEE MEETING
April 23, 2018, 1:30 P.M.
CONFERENCE ROOM
854 N. HARVARD AVE, LINDSAY, CA 93247**

Meeting Summary

- 1) **Call to Order/Roll Call.** The meeting of Friant Water Authority (FWA) Finance Committee was called to order at 1:32 P.M. by Chris Tantau.: Committee Members Present; Ron Adam, Lindmore ID ; Lucille Demetriff, Saucelito ID; Chris Tantau, Kaweah Delta WCD; Cliff Loeffler. Other Attendees: Kathy Bennett, Lindmore ID; Craig Wallace, Lindsay-Strathmore ID; Doug DeFlicht, Chris Hickernell and Tammy Kizziar, and Don Willard FWA.
- 2) **Additions to and Approval of the Agenda. The Finance Committee agenda was approved as noticed. (m/Demetriff; s/Adam)**
- 3) **Public Comment (Government Code Section 54954.3 (Brown Act)) – No public comments.**
- 4) **Changes to and Approval of the minutes for the March 19, 2018 meeting.** The March 19, 2018 Finance Committee minutes were approved as submitted. (m/Adam; s/Demetriff)
- 5) **Review Bills to be Paid - The Committee will review and make a recommendation on the bills for referral to the Board of Directors.** The Finance Committee reviewed the bills and after discussion on the cost of sound equipment for the Board Meetings and costs for the Annual Meeting, a motion was made to recommend that the Board of Directors approve payment of the April bills as presented. **(m/Loeffler; s/Demetriff)** Motion carried.
- 6) **Review Cash Activity Reports.** Staff reviewed the cash activity reports with some general comments. No action taken.
- 7) **LOCAL AGENCY INVESTMENT FUNDS (LAIF) – Consider a recommendation to the Board of Directors to adopt Resolution No. 2018-01 – Authorizing the CFO and the COO to withdraw and deposit monies in the Local Agency Investment Fund.** A motion to recommend to the Board of Directors that the CFO be added to our LAIF account. **(m/Loeffler; s/Demetriff)** Motion carried.
- 8) **Staff updates on Financial Matters.** Staff briefly updated the Committee on the FY 2017 Audit Report status. It's still in the reviewing process. Staff also advised the Committee that Jason's visa limit was increased to avoid problems in his traveling. Staff to give recommendations for credit card receipt issue.
- 9) **Other Business to be discussed pursuant to Government Code Section 54954.2. (Relating to items not appearing on the posted Agenda.)** No further business.
- 10) **Meeting Adjourned. 2:24 P.M.**

FRIANT WATER AUTHORITY EXPENDITURES TO BE APPROVED, MAY, 2018

Draft

PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
These bills paid 5/10/18				
Office Team	1,323.93	2,969.60	4,293.53	Administrative services for Lindsay (62.42 hours) & Sacramento offices (80 hours)
Standard Insurance	5,176.69	1,381.16	6,557.85	Survivor's life insurance premium
ACWA	-	575.00	575.00	Registration fee (1) for ACWA 2018 spring conference
Lincoln National Life Insurance	2,918.95	502.72	3,421.67	Long term disability and Life insurance premiums
SP Plus	-	180.00	180.00	Monthly rent for (1) parking space at the Sacramento office
Ability	96.99	-	96.99	Answering service for Lindsay office and canal alarms
AT&T	389.50	-	389.50	Telephone service charges
City of Delano	210.50	-	210.50	City utility services
City of Lindsay	395.36	-	395.36	City utility services
Culligan	150.00	-	150.00	Water conditioning services for Lindsay and OC yards
Media Solutions	1,540.00	-	1,540.00	Audio and visual system for board meeting
Microsoft	1,640.97	-	1,640.97	Microsoft Intune and Office 365
Pacific Gas & Electric	82.40	-	82.40	Utility service charges
PAPA Seminars	1,100.00	-	1,100.00	Continuing education for qualified applicators (11)
Smart & Final	49.16	-	49.16	Supplies for Delano yard
SoCal Gas	103.55	-	103.55	Utility service charges
Southern California Edison	27.78	-	27.78	Facility and canal utility service charges
Sparkletts	51.42	-	51.42	Water conditioning service for Kings River house
Unwired Broadband, Inc.	149.95	-	149.95	Internet connection for O/C yard
Vast Network	800.00	-	800.00	Internet connection for Lindsay office
Verizon	2,249.26	-	2,249.26	SCADA communication charges
Verizon Wireless	2,019.59	-	2,019.59	SCADA mobile to mobile communication charges
Xerox	3,114.05	-	3,114.05	Maintenance agreement for (6) copiers
Zenith Insurance Company	16,784.00	-	16,784.00	Workers compensation
Total paid:	40,374.05	5,608.48	45,982.53	
Bills to be paid 5/24/18				
Stantec Consulting	-	130,373.24	130,373.24	Consulting services for December 30, 2017-April 13, 2018
Burke, Williams & Sorensen, LLP	9,511.54	17,955.75	27,467.29	Professional services for March
Dentons US, LLP	3,612.50	17,975.94	21,588.44	Professional services for March-April
Bank of America	2,615.94	14,156.64	16,772.58	Visa charges (Hotel and meal expenses)
ACWA-JPIA	73,439.68	6,960.70	80,400.38	Medical, dental and vision insurance
Bill Luce Consulting, LLC	4,015.07	6,099.52	10,114.59	Consulting services for April
The Ferguson Group	-	4,000.00	4,000.00	Retainer for June
SFI 1121 L Street, LLC	-	3,115.20	3,115.20	Rent for Sacramento office
Commuter Industries	-	3,038.00	3,038.00	Friant district and NASA ASO brochures
Clerici Consulting	-	2,870.00	2,870.00	Consulting services for December 2017-January 2018
Cecor, L.P.	-	1,910.40	1,910.40	Rent for Fresno office

FRIANT WATER AUTHORITY EXPENDITURES TO BE APPROVED, MAY, 2018

Draft

PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
Office Team	456.02	1,818.88	2,274.90	Administrative services for Lindsay (21.50 hours) & Sacramento offices (46. hours)
ICF Consulting	-	1,457.50	1,457.50	Consulting services for April
Verizon Wireless	1,483.70	1,133.86	2,617.56	Service charges for (27) cell phones, (3) air cards and (2) Ipads
Starting Point Solutions	-	975.00	975.00	Consulting services for April
Dell	1,792.42	672.09	2,464.51	Replacement laptop for Sacramento Executive Secretary
Zoom	351.58	92.60	444.18	Freight charges for Xerox supplies and contract for copiers overage charges
International Agri-Center	1,776.71	325.00	2,101.71	Temperance Flat and Board of Directors meetings
Xerox	-	315.43	315.43	Maintenance agreement for (1) copier
Comcast	-	226.51	226.51	Internet service for Fresno office
West Unified Communications Services, Inc.	125.36	156.91	282.27	Conference calls
Sparkletts	-	38.52	38.52	Water conditioning service for Fresno office
Adam, Ron	77.18	-	77.18	Finance Committee meeting
Airgas	391.10	-	391.10	Welding shop supplies for OC yard
Alta Oil	231.50	-	231.50	Repair parts and propane for OC yard
Amazon	552.86	-	552.86	Office supplies for Lindsay office
American Crane Training	1,250.00	-	1,250.00	NCCCO crane operator recertification (1)
Auto Zone	341.08	-	341.08	Mechanic supplies and monthly routine parts for Lindsay fleet of vehicles
Banta-Carbona Irrigation District	225,000.00	-	225,000.00	Recapture of restorations flows in lower San Joaquin River for 2018 (reimbursable)
Blankinship & Associates	2,116.67	-	2,116.67	2018 NPDES aquatic pesticide permit compliance support
Boot Barn	214.49	-	214.49	Safety boots for (1) employee (\$74.49 reimbursable)
California Industrial Rubber	266.80	-	266.80	Repair parts for spray rig
Central Valley Lock & Safe	70.29	-	70.29	Spare equipment and vehicle keys for OC yard
Chevron	103.12	-	103.12	Various fuel charges
City of Orange Cove	332.65	-	332.65	City utility services
Contec Hoist & Rigging	221.91	-	221.91	Replacement tie down equipment for transport
Craig's Auto Parts	622.73	-	622.73	Mechanic supplies and monthly routine parts for Lindsay fleet of vehicles
Crop Productions	841.80	-	841.80	Milestone for all three yards
Cuttone & Mastro	1,700.00	-	1,700.00	Progress bill for audit of financial statements as of September 30, 2017
Datavault, Inc.	30.75	-	30.75	Legal documentation storage
Delano Building Materials	248.33	-	248.33	Miscellaneous supplies for Delano yard
Delano Equipment	517.05	-	517.05	Rental equipment for Delano yard
Demetriff, Lucille	92.44	-	92.44	Finance Committee meeting
Dinuba Lumber	1,454.19	-	1,454.19	Monthly routine hardware and supplies for OC yard
Doug Deleo Welding	48.44	-	48.44	Welding shop supplies for Lindsay yard
EM Tharp	205.51	-	205.51	Repair parts for boom truck
Fastenal	395.20	-	395.20	Shop supplies for all three yards
Foothill Auto	524.18	-	524.18	Monthly routine parts and supplies for OC yard & fleet of vehicles and equipment
Foundation For Medical	100.00	-	100.00	Cobra administration service
Franzen-Hill	950.00	-	950.00	Vapor recovery tests on Lindsay and Delano fuel tanks

FRIANT WATER AUTHORITY EXPENDITURES TO BE APPROVED, MAY, 2018

Draft

PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
Friant Water Authority	160,000.00	-	160,000.00	Employee payroll
Friant Water Authority	160,000.00	-	160,000.00	Employee payroll
Frontier Communications	37.27	-	37.27	Telephone service charges
Fruit Growers Supply	1,640.84	-	1,640.84	Miscellaneous supplies for all three yards and Water Ops
Grainger	107.90	-	107.90	Safety supplies for OC yard
Graybar	1,570.87	-	1,570.87	Electrical supplies for OC yard and equipment for Water Ops
Grossmayer & Associates	945.00	-	945.00	Great Plains support
Home Depot	3,222.76	-	3,222.76	Supplies for all three yards and Water Ops
Hunter, Chris	96.00	-	96.00	Expense claim reimbursement
Image Tag	3,574.00	-	3,574.00	Kwik Tag software for the Great Plains accounting system
Industrial Health	200.00	-	200.00	DOT physicals (2)
Jensen& Pilegard	108.91	-	108.91	Repair parts for tar pot
Jim's Steel Supply	954.77	-	954.77	Metal materials for Delano yard
Jim's Supply Company	92.52	-	92.52	Metal materials for Delano yard
Kasparian's Paint Center	177.43	-	177.43	Paint supplies for OC yard
Lee's Service	122.02	-	122.02	Forklift repairs and service
Lindsay True Value	58.28	-	58.28	Monthly routine hardware and supplies for Lindsay yard
M.H. Wolfe & Associates	392.50	-	392.50	Consulting services for April
Marten's Chevrolet	45.32	-	45.32	Repair parts for OC pickup
Medallion Supply	1,394.09	-	1,394.09	Electrical supplies for OC and materials for Water Ops
Monarch Ford	1,465.49	-	1,465.49	Repair parts for pickup
Moonlight Maintenance Service	1,949.26	-	1,949.26	Janitor service for all three yards
Office Depot	315.03	-	315.03	Office supplies for Lindsay office
Orange Cove Tire Service	853.40	-	853.40	Light tires (6), service and repairs
Pacific Gas & Electric	1,863.93	-	1,863.93	Utility service charges
Patterson Irrigation District	195,000.00	-	195,000.00	Recapture of restorations flows in lower San Joaquin River for 2018 (reimbursable)
PBM Supply	121.44	-	121.44	Repair parts for spray rig
PBW Distributor	994.47	-	994.47	Repair parts for pickup and shop supplies
Petty Cash Checking	69.88	-	69.88	Petty cash checking reimbursement
Porterville Sheltered Workshop	40.00	-	40.00	Quarterly fee for confidential shredding service
Porterville Valley Promptcare	250.00	-	250.00	Pre-placement physicals (2) and DMV physical (1)
Primus	216.90	-	216.90	Telephone service charges
Provost & Pritchard Consulting Group	12,079.38	-	12,079.38	Consulting services for March
Prudential Overall Supply	1,709.26	-	1,709.26	Uniform, coverall and mat service charges for all three yards
QPCS	17,710.11	-	17,710.11	Cisco TAC support contract
Quill Corporation	758.27	-	758.27	Office supplies for Lindsay office
Redneck Trailer	59.61	-	59.61	Repair parts for tar pot
Robert V. Jensen	8,528.52	-	8,528.52	Fuel for Lindsay and OC yards
San Joaquin Paint	574.39	-	574.39	Paint for Delano yard

FRIANT WATER AUTHORITY EXPENDITURES TO BE APPROVED, MAY, 2018

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PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
San Joaquin Pest Control	247.00	-	247.00	Pest control services for all three yards
San Luis & Delta Mendota Water Authority	2,057,506.06	-	2,057,506.06	Settlement contractor's estimated May/June (wire)
Sevier's Auto	61.74	-	61.74	Mechanic supplies and monthly routine parts for Delano fleet of vehicles
Sherwin-Williams	907.41	-	907.41	Paint supplies for Lindsay yard
Smith Auto	408.17	-	408.17	Monthly routine parts, supplies for OC yard & fleet of vehicles
Soapman of Kern County	387.90	-	387.90	Supplies for Mechanic
SoCal Gas	22.64	-	22.64	Utility service charges
Sue Sa's Creative Catering	1,529.24	-	1,529.24	Board of Directors meeting
T F Tire	212.82	-	212.82	Light tire (1), service and repairs
Telcion	8,735.19	-	8,735.19	Cisco Smart Net support renewal and quarterly standard maintenance
Valley Pacific Petroleum	7,088.23	-	7,088.23	Fuel for Lindsay and Delano yards
Vulcan	495.76	-	495.76	Crushed rock for road maintenance
Weisenberger's Ace Hardware	232.87	-	232.87	Supplies for Lindsay yard
WestAir Gases & Equipment	158.92	-	158.92	Welding supplies for Delano yard
Subtotal to be paid	2,995,374.56	215,667.69	3,211,042.25	
Total previously paid	40,374.05	5,608.48	45,982.53	
Grand total to be approved	3,035,748.61	221,276.17	3,257,024.78	

FWA Budget Presentation

FY 2017 - 2018

Budget year 58% completed

Operations & Maintenance	FY 2018 Budget	Apr-18 Year to Date	Budget Remaining	Budget Spent %
<i>Operations Dept</i>				
Employee Salaries/Pay	731,968	379,316	352,652	52%
Employee Benefits	332,521	181,432	151,089	55%
Supplies & Services	976,046	147,481	828,565	15%
Total Operations	2,040,535	708,229	1,332,306	35%
<i>Maintenance Dept</i>				
Employee Salaries/Pay	1,944,526	1,008,865	935,661	52%
Employee Benefits	850,248	449,893	400,355	53%
Supplies & Services	1,588,699	1,406,964	181,735	89%
Total Maintenance	4,383,473	2,865,721	1,517,752	65%
Administration Allocation to O&M	1,496,254	765,476	730,778	51%
Administration Fixed Assets not allocated	51,000	3,295	47,705	6%
Total Operations & Maintenance	7,971,262	4,342,721	3,628,541	54%

General Member	FY 2018 Budget	Apr-18 Year to Date	FY 2018 Remaining	Budget spent %
Employee Salaries/Pay with Benefits	862,000	508,782	353,218	59%
Other supplies and services	304,000	315,321	(11,321)	104%
Admin Allocation to GM	140,000	60,493	79,507	43%
General Counsel	120,000	46,077	73,923	38%
Outside Legal Consultants	280,000	185,043	94,957	66%
Other Consultants	950,000	331,837	618,163	35%
Total General Member	2,656,000	1,447,553	1,208,447	55%

**FRIANT WATER AUTHORITY
OCTOBER 2017 - APRIL 2018**

BUDGET ITEM	FYE 9/30/17	CURRENT YTD	PROJECTED	YEAR-TO-DATE	YEAR-TO-DATE
	BUDGET AMT	FWA	REMAINING	LABOR	NON-LABOR
OPERATIONS DEPT:					
Vehicle & Equipment Acquisition	4,036	74	3,962		74
Yard & Building Maintenance	93,033	4,798	88,235	4,381	417
Structure & Gate Maintenance	251,626	48,588	203,038	24,872	23,716
Right of Way & Structure Cleaning	8,337	-	8,337		
Bargate, Guardrail & Lock Maintenance	4,923	740	4,183		740
Sump Pump Maintenance	34,212	-	34,212		
FKC Subsidence	-	5,349	(5,349)	5,349	
Comm. & Instr. (General)	661	3,289	(2,628)		3,289
Comm. & Instr. (SCADA)	490,050	36,749	453,301	32,346	4,402
Meter Repair & Calibration	160,241	48,516	111,725	23,835	24,681
Canal Patrol	175,267	156,032	19,235	154,147	1,885
Operations Reports	87,798	62,751	25,047	62,683	68
Operations Supervision	55,616	21,807	33,809	21,807	
Water Measurement	61,908	2,108	59,800	2,071	37
Miscellaneous Operations	4,040	78	3,962		78
Groundwater Well Measurement	4,107	2,430	1,677	2,430	
Legal Expense - Direct		1,975	(1,975)		1,975
Safety & First Aid Training	12,498	2,369	10,129	478	1,891
Payroll Preparation	488	-	488		
Meeting Expenses-General	3,903	450	3,453	450	
Meeting Expenses-Staff	3,900	2,523	1,377	2,523	
Training & Education	30,350	1,246	29,104	1,039	208
Procurement Expense	488	-	488		
Inventory & Property Management	3,642	-	3,642		
Employee Benefit-Holiday	23,400	13,749	9,651	13,749	
Employee Benefit-Sick Pay	-	16,599	(16,599)	10,933	5,666
Employee Benefit-Vacation	41,532	23,057	18,475	15,829	7,228
Employee Benefit-Jury Duty/Military	-	-	-		
Utilities	49,139	16,255	32,884		16,255
Telephone Expense	29,825	14,248	15,577		14,248
Employee Incentives & Awards	3,876	1,050	2,826		1,050
Postage	-	261	(261)		261
Budget Preparation	488	392	96	392	
Retirement, Health Ins, Payroll Taxes	332,521	181,432	151,089		181,432
Depreciation expense - Operations	-	39,312	(39,312)		39,312
Vehicle & Equipment Acquisition	68,630	-	68,630		
TOTAL OPERATIONS DEPT	2,040,535	708,229	1,332,306	379,316	328,913

**FRIANT WATER AUTHORITY
OCTOBER 2017 - APRIL 2018**

BUDGET ITEM	FYE 9/30/17	CURRENT YTD	PROJECTED	YEAR-TO-DATE	YEAR-TO-DATE
	BUDGET AMT	FWA	REMAINING	LABOR	NON-LABOR
MAINTENANCE DEPT:					
Vehicle & Equipment Service	661,877	262,660	399,217	100,222	162,438
Maintenance Supervision	380,772	206,798	173,974	206,798	
Right of Way Management	89,943	20,447	69,496	20,427	21
Weed & Pest Control	618,630	562,125	56,505	129,512	432,613
Road Maintenance	180,306	19,814	160,492	14,962	4,852
Yard & Building Maintenance	227,235	131,716	95,519	66,887	64,829
Structure & Gate Maintenance	108,915	13,161	95,754	10,519	2,642
Right of Way & Structure Cleaning	38,087	4,914	33,173	4,914	
Bargate, Guardrail & Lock Maintenance	59,925	17,156	42,769	11,446	5,709
Embankment Maintenance	48,665	41,392	7,273	41,160	232
Bridge Maintenance	73,048	28,848	44,200	23,031	5,818
Miscellaneous Maintenance	40,746	11,725	29,021	6,591	5,133
Reverse Flow Pumping	-	137,183	(137,183)	32,935	104,248
Concrete Lining Repair	10,678	-	10,678		
Drainditch & Channel Maintenance	27,259	7,094	20,165	7,021	73
Fence Maintenance	31,050	48,081	(17,031)	37,735	10,347
Mudjacking	13,484	13,173	311	12,550	622
Painting	63,545	23,528	40,017	18,279	5,249
Sump Pump Maintenance	1,755	-	1,755		
Cross Drainage & Structure Maint	9,870	-	9,870		
Rip-Rapping	20,461	-	20,461		
USBR Pump Back Project	44,926	180,030	(135,104)	21,258	158,772
FKC Subsidence	55,942	184,967	(129,025)	59,202	125,766
Operations Supervision	42,398	18,099	24,299	18,099	
Miscellaneous Operations	-	46	(46)		46
FKC Title Transfer	-	475	(475)		475
Legal Expense - Direct	5,508	3,175	2,333		3,175
Safety & First Aid Training	79,465	18,782	60,683	4,506	14,276
Payroll Preparation	2,293	704	1,589	704	
Meeting Expenses-General	9,451	8,282	1,169	1,820	6,463
Meeting Expenses-Board of Directors	8,211	10,867	(2,656)	10,867	
Meeting Expenses-Subcommittee	6,514	3,729	2,785	3,729	
Meeting Expenses-Staff	12,683	7,225	5,458	7,204	21
Training & Education	52,136	9,146	42,990	4,610	4,536
Procurement Expense	7,559	-	7,559		
Inventory & Property Management	5,046	54	4,992	54	
Employee Benefit-Holiday	63,623	35,846	27,777	35,846	
Employee Benefit-Sick Pay	-	41,300	(41,300)	39,750	1,549
Employee Benefit-Vacation	102,959	59,359	43,600	53,814	5,545
Employee Benefit-Jury Duty/Military	-	247	(247)	247	
Travel	-	5,239	(5,239)		5,239
Personnel Administration	9,421	6,835	2,586	315	6,520
Utilities	76,378	32,058	44,320		32,058
Telephone Expense	12,852	6,060	6,792		6,060
Employee Incentives & Awards	9,384	7,131	2,253		7,131
Dues & Subscriptions	6,119	2,810	3,309		2,810
Budget Preparation	11,412	1,852	9,560	1,852	
Retirement, Health Ins, Payroll Taxes	850,248	449,893	400,355		449,893
Depreciation expense - Maintenance	-	94,580	(94,580)		94,580
Vehicle & Equipment Acquisition	202,694	127,115	75,579		127,115
TOTAL MAINTENANCE DEPT	4,383,473	2,865,721	1,517,752	1,008,865	1,856,856

**FRIANT WATER AUTHORITY
OCTOBER 2017 - APRIL 2018**

BUDGET ITEM	FYE 9/30/17	CURRENT YTD	PROJECTED	YEAR-TO-DATE	YEAR-TO-DATE
	BUDGET AMT	FWA	REMAINING	LABOR	NON-LABOR
ADMINISTRATIVE:					
USBR Pump Back Project	-	437	(437)	437	
Comm. & Instr. (SCADA)	-	9,576	(9,576)	9,576	
Administrative Supervision	24,593	12,947	11,646	12,947	
Safety & First Aid Training	12,833	2,759	10,074	103	2,656
Office Administration (Typing, etc.)	190,706	71,685	119,021	60,113	11,572
Payroll Preparation	8,438	4,251	4,187	4,251	
Meeting Expenses-General	2,619	1,542	1,077	824	718
Meeting Expenses-Board of Directors	69,027	16,440	52,587	3,293	13,147
Meeting Expenses-Subcommittee	51,676	1,662	50,014	413	1,249
Meeting Expenses-Staff	4,423	3,332	1,091	3,307	25
Training & Education	29,867	517	29,350		517
Miscellaneous Administration	36,056	1,652	34,404		1,652
Procurement Expense	1,785	-	1,785		
Inventory & Property Management	1,404	496	908	496	
Employee Benefit-Holiday	19,671	10,714	8,957	10,714	
Employee Benefit-Sick Pay	-	10,864	(10,864)	27,082	(16,218)
Employee Benefit-Vacation	36,262	19,315	16,947	17,055	2,260
Employee Benefit-Jury Duty/Military	-	-	-		
Data Processing	197,990	52,987	145,003	37,906	15,081
Travel Expense	16,800	587	16,213		587
Accounting & Auditing	190,209	113,195	77,014	102,485	10,710
Personnel Administration	22,656	29,939	(7,283)	4,368	25,572
Retirement Administration	5,300	-	5,300		
Liability Insurance	150,399	132,063	18,336		132,063
Workers Compensation Insurance	120,000	65,990	54,010		65,990
Legal Services	10,200	1,000	9,200		1,000
Utilities	30,404	17,036	13,368		17,036
Telephone Expense	17,748	12,624	5,124		12,624
Office Supplies	32,803	15,233	17,570		15,233
Employee Incentives & Awards	8,058	3,659	4,399		3,659
Postage	4,488	1,044	3,444		1,044
Dues & Subscriptions	63,043	46,672	16,371		46,672
Budget Preparation	4,341	412	3,929	412	
Lease Office Equipment	32,926	15,719	17,207		15,719
Retirement, Health Ins, Payroll Taxes	234,726	118,801	115,925		118,801
Depreciation expense - Administration	-	30,819	(30,819)		30,819
Fixed Assets (not included in allocation)	51,000	3,295	47,705		3,295
Admin Reimb - GM Fund	(135,197)	(60,493)	(74,704)		(60,493)
TOTAL ADMINISTRATION	1,547,254	768,771	778,483	295,784	472,987

Administration Total Allocated out

O&M 92.68% 765,476
GM 7.32% 60,493

BUDGET ITEM	FYE 9/30/17	CURRENT YTD	PROJECTED	CURRENT YTD
	BUDGET AMT	FWA	REMAINING	NON-LABOR
CARRY OVER ITEMS FY 2017				
SCADA, Phase III	426,805		426,805	
TOTAL CARRY OVER ITEMS FY 2017	426,805	-	426,805	-

**FRIANT WATER AUTHORITY
OCTOBER 2017 - APRIL 2018**

BUDGET ITEM	FYE 9/30/17	CURRENT YTD	PROJECTED	YEAR-TO-DATE	YEAR-TO-DATE
	BUDGET AMT	FWA	REMAINING	LABOR	NON-LABOR
GENERAL MEMBERSHIP:					
Employee Benefit-Holiday	-	13,690	(13,690)	13,690	
Employee Benefit-Sick Pay	-	7,029	(7,029)	1,792	5,237
Employee Benefit-Vacation	-	31,239	(31,239)	17,777	13,462
Employee Benefit-Jury Duty/Military	-	386	(386)	386	
Travel Expense	-	21,573	(21,573)		21,573
Miscellaneous GM		4,585	(4,585)		4,585
City of Fresno vs USA (JDA)	-	10,875	(10,875)		10,875
GM Administrative Costs	-	313,127	(313,127)	158,999	154,128
Administration Allocation	-	60,493	(60,493)		60,493
Water Supply Management	-	8,288	(8,288)	7,133	1,155
Friant Supply, Tracking, Policies & Defense	-	36,039	(36,039)	11,243	24,796
Delta Supply, Tracking, Policies & Defense	-	80,052	(80,052)	23,682	56,370
San Joaquin Settlement	-	89,692	(89,692)	24,809	64,884
Reconsultation (CVP/SWP) LTO	-	23,047	(23,047)	2,648	20,399
Friant Sustainability Plan	-	46,846	(46,846)	4,345	42,501
Upstream Storage	-	82,744	(82,744)	13,119	69,625
Special Projects	-	1,787	(1,787)	193	1,594
NASA Airborne Snow Observatory	-	10,778	(10,778)	6,726	4,052
Organization & Governance	-	731	(731)	622	109
Annual Strategic Planning	-	1,370	(1,370)	1,225	145
Friant Member & Grower Coordination	-	116,354	(116,354)	23,868	92,486
Grants and Funding Development	-	12,100	(12,100)	3,346	8,754
Outreach and Engagement	-	3,650	(3,650)	1,191	2,459
Legislative Affairs	-	218,520	(218,520)	12,220	206,300
State Regulatory Affairs	-	47,718	(47,718)	773	46,945
External Affairs	-	83,072	(83,072)	14,489	68,583
Communications & Media Relations	-	22,420	(22,420)	7,007	15,413
Retirement, Health Ins, Payroll Taxes	-	99,346	(99,346)		99,346
TOTAL GENERAL MEMBERSHIP	-	1,447,553	(1,447,553)	351,282	1,096,271
	BUDGET AMT	FWA	REMAINING		

General Membership Summary

Outside Legal Consultants	280,000	185,043	94,957
Other Consultants			
Resources Consulting	110,000	57,314	52,686
Biologist	30,000	22,048	7,952
Operations and planning analyst	80,000	28,304	51,696
WDC Lobbyist	150,000	101,335	48,665
Sacramento Lobbyist	40,000	19,403	20,598
Public Relations Consultant	40,000	13,875	26,125
Airborne Snow	305,000		305,000
Temperance Flat Studies (SJWIA)	50,000	50,000	-
Sustainability Plan Development	125,000	39,558	85,442
Re-consultation Scientific Contributions	20,000		20,000
Total Other Consultants	950,000	331,837	618,163
Other Supplies & Services	215,000	230,529	(15,529)
Westlands - SWRCB	50,000	38,924	11,076
Family Farm Alliance	9,000	9,000	-
CVPWA	30,000	36,868	(6,868)
Total Other Supplies & Services	304,000	315,321	(11,321)
General Counsel	120,000	46,077	73,923
Staff Payroll & Benefits	862,000	508,782	353,218
Admin Allocation	140,000	60,493	79,507
Total GM	2,656,000	1,447,553	1,208,447

FRIANT WATER AUTHORITY

CASH ACTIVITY BALANCE MONTH ENDING APRIL 30, 2018

	Beginning Balance	Increases	Decreases	Ending Balance
FKC Operations & Maintenance	\$ 4,498,364.44	1,423,905.58	(1,482,287.15)	\$ 4,439,982.87
SLDMWA	\$ 632,732.22	962,425.67	(499,800.09)	\$ 1,095,357.80
Total	\$ 5,131,096.66	2,386,331.25	(1,982,087.24)	\$ 5,535,340.67
General Member	\$ 634,074.56	921,719.66	(757,462.19)	\$ 798,332.03
Temperence Flat MOU project	\$ 1,000,000.00	0.00	(46,122.73)	\$ 953,877.27
			Total	\$ 7,287,549.97

BANK ACTIVITY BALANCE MONTH ENDING APRIL 30, 2018

Local Agency Investment Fund	\$ 5,820,368.07	23,040.77	0.00	\$ 5,843,408.84
Bank of the Sierra	\$ 944,803.15	3,040,269.93	(2,540,931.95)	\$ 1,444,141.13
			Total	\$ 7,287,549.97

NOTE: Cash on deposit with LAIF represents the consolidation of available balances held by all FWA funds.

Most Current Interest Rate: For month ended 04/30/18, effective yield, 1.661%

Total LAIF fund as of 04/30/18: \$22,053,660,424.14

The Authority's investments are in compliance with its Statement of Investment Policy dated July 22, 2004.

Management believes it is fully able to meet its expenditure requirements for the next six months.

**FRIANT WATER AUTHORITY
O&M FUND
CASH ACTIVITY REPORT
MONTH ENDING APRIL 30, 2018**

	<u>Checking & Investments</u>	<u>Payroll Checking</u>	<u>Petty Cash</u>	<u>Total</u>
CASH BALANCE MARCH 31, 2018	<u>\$ 5,119,577.16</u>	<u>\$ 10,719.50</u>	<u>\$ 800.00</u>	<u>\$ 5,131,096.66</u>
Increases:				
District O&M receipts	724,519.00			724,519.00
SLDMWA receipts	957,941.45			957,941.45
ACWA/JPIA	38,542.75			38,542.75
Pump Reurbishment	50,452.82			50,452.82
Voided accounts payable check	1,066.73			1,066.73
Miscellaneous deposits	1,137.02			1,137.02
LAIF interest for 03/31/18	18,250.13			18,250.13
Interest received from Bank of the Sierra	275.75			275.75
Transfer from payroll	36,000.00			36,000.00
Other Funds:				
Current Month Payroll & Benefits reimbursement	69,398.97			69,398.97
Administration Allocation	8,746.63			8,746.63
Held payroll transfers	(a) 160,000.00			160,000.00
Payroll deposits	(b) 320,000.00	<u>320,000.00</u>		<u>320,000.00</u>
Total Increases	<u>2,066,331.25</u>	<u>320,000.00</u>	<u>0.00</u>	<u>2,386,331.25</u>
Decreases:				
O&M Expenditures	968,887.38			968,887.38
Wire to SLDMWA	499,800.09			499,800.09
Electronic Wire Transfers to Standard	34,115.60			34,115.60
Reimburse GM for O&M Activities	5,527.88			5,527.88
Bank charges	50.00			50.00
Payroll Transfers Held Last Month	(b) 160,000.00			160,000.00
Payroll Cash Outlays		<u>313,706.29</u>		<u>313,706.29</u>
Total Decreases	<u>1,668,380.95</u>	<u>313,706.29</u>	<u>0.00</u>	<u>1,982,087.24</u>
CASH BALANCE APRIL 30, 2018	<u>\$ 5,517,527.46</u>	<u>\$ 17,013.21</u>	<u>\$ 800.00</u>	<u>\$ 5,535,340.67</u>

(a) Included in expenditures to be approved, for next month's payroll.

(b) Authorized in previous month, for current month's payroll.

**FRIANT WATER AUTHORITY
GENERAL MEMBERS FUND
CASH ACTIVITY REPORT
MONTH ENDING APRIL 30, 2018**

CASH BALANCE MARCH 31, 2018 \$ 634,074.56

Increases:

Call for Funds	694,256.00
Associate Member Dues	3,000.00
Miscellaneous reimbursement	545.14
Repayment of recaptured water costs	213,600.00
LAIIF interest FQE 03/31/18	4,790.64
Reimburse GM for O&M Activities	<u>5,527.88</u>

Total Cash Receipts 921,719.66

Decreases:

ACWA	555.00
Bank of America	22,718.69
Bill Luce Consulting, LLC	8,856.55
Burke, Williams & Sorensen, LLP	13,460.54
Delano-Earlimart Irrigation District	16,600.00
FedEx	83.20
Fennimore Craig	2,331.90
Ferguson Group	21,417.83
ICF Consulting Group	17,808.35
MBK Engineers	23,507.00
Media Solutions	4,390.00
Phillips, Jason	49.32
Porterville Irrigation District	6,600.00
Professional Print & Mail	6,540.73
Shafter Wasco Irrigatin District	8,700.00
Somach, Simmons & Dunn	6,916.50
Starting Point Solutions	300.00
The Central Valley Group	2,251.78
West Unified Communications Services, Inc	220.53
Villines Group, LLC	3,150.00
Office Expenses	14,814.09
Other Payroll Benefits	8,844.58
Released held checks for recaptured water	489,200.00
Reimburse O&M:	
Current Month Payroll & Benefits	69,398.97
Administration Allocation	<u>8,746.63</u>

Less Total Cash Disbursements 757,462.19

CASH BALANCE APRIL 30, 2018 \$ 798,332.03

FRIANT WATER AUTHORITY
MONTH ENDING APRIL 30, 2018
CASH ACTIVITY REPORT
LOCAL AGENCY INVESTMENT FUND (L.A.I.F.)
(FUNDS ON DEPOSIT WITH STATE OF CALIFORNIA)
CASH ACTIVITY REPORT

CASH BALANCE MARCH 31, 2018	<u>\$ 5,820,368.07</u>
Increases:	
Interest LAIF quarter ending 03/31/18	23,040.77
Decreases:	
No decreases	<u>-</u>
CASH BALANCE APRIL 30, 2018	<u><u>\$ 5,843,408.84</u></u>

Balance ascribed to:	
O&M Fund	\$ 4,439,476.89
General Member Fund	<u>1,403,931.95</u>
	<u><u>\$ 5,843,408.84</u></u>

NOTE: Cash on deposit with LAIF represents the consolidation of available balances held by all FWA funds. Most Current Interest Rate: For month ended 04/30/18, effective yield, 1.661%
Total LAIF fund as of 04/30/18: \$22,053,660,424.14
The Authority's investments are in compliance with its Statement of Investment Policy dated July 22, 2004.
Management believes it is fully able to meet its expenditure requirements for the next six months.



FRIANT WATER AUTHORITY

Financial Statements

And Supplemental Data

Fiscal Year Ended

September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Friant Water Authority
Lindsay, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Friant Water Authority, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority'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. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Friant Water Authority, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 34 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 Friant Water Authority's basic financial statements. The Statement of Revenues and Expenses, Budget and Actual, Enterprise Fund – O&M Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statement of Revenues and Expenses, Budget and Actual, Enterprise Fund – O&M Fund 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 Statement of Revenues and Expenses, Budget and Actual, Enterprise Fund – O&M Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Fresno, California
May 10, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis is the result of Friant Water Authority (Authority) implementing Governmental Accounting Standards Board (GASB) Statement No. 34. GASB No. 34 establishes financial reporting standards for state and local governments, including special districts such as the Authority. Our discussion and analysis of the Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2017. Please read this discussion and analysis in conjunction with the Authority's audited financial statements, which begin on page 9, and the accompanying notes.

FINANCIAL HIGHLIGHTS

- The Authority's total net position increased by \$153,722 as a result of this year's operations. Net position of our business-type activities increased by \$173,954, while net position of our governmental activities decreased by \$20,232.
- For the year, the Authority's governmental activities total expenditures of \$2,613,165 (see page 6, "Changes in Net Position") exceeded revenues by \$20,232. Last year, the revenues exceeded expenditures by \$143,220.
- In the Authority's business-type activities, the total expenses were \$12,961,147 (see page 6, "Changes in Net Position"). The revenues exceeded expenses by \$173,954. Last year, the expenses exceeded revenues by \$13,299. The Authority had a \$1,200,063 payable representing a refund due to Friant water service contractors on September 30th consisting of Friant-Kern Canal revenues in excess of costs and San Luis & Delta Mendota Water Authority (SLDMWA) interest revenue.
- Total cost (expenditures/expenses) of the Authority's programs for the year decreased from last year by \$4,003,940 (20.5 percent).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10-11 respectively) provide information about the activities of the Authority as a whole. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide statements by providing information about the Authority's most significant funds.

Reporting the Authority as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the Authority as a whole begins on page 5. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Authority as a whole and about its activities in a way that helps answer this question.

The statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in them. You can think of the Authority's net position—the difference between assets and liabilities—as one way to measure the Authority's financial health, or financial position. As a government entity, the Authority does not operate for profit but to implement programs and retain an appropriate level of reserves and working capital but over time, increases or decreases in the Authority's net position are one indicator of whether its financial position is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the Authority into two kinds of activities:

- **Governmental activities**—Most of the Authority's basic services are reported here, including the cost of support of operations. General member districts provide the revenue.
- **Business-type activities**—Accounts for the activities of operation and maintenance (O&M) of the Friant-Kern Canal and its related systems, structures, and equipment. The Authority invoices water contractors for their share of the cost.

Reporting the Authority's Most Significant Funds

Fund Financial Statements

Our analysis of the Authority's major funds begins on page 7. The fund financial statements begin on page 12 and provide detailed information about the most significant funds as opposed to the Authority as a whole. The Authority's two kinds of funds—governmental and proprietary—use different accounting approaches.

- *Governmental funds*—Most of the Authority's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Authority's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs.
- *Proprietary funds*—When the Authority charges districts for the O&M services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Authority's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE AUTHORITY AS A WHOLE

The Authority's combined net position from one year ago, increased \$153,722, from \$3,647,336 to \$3,801,058. Last year net position increased by \$129,919. Looking at the net position of the governmental and business-type activities individually, however, provides a better understanding of how each activity impacts the combined net position. Our analysis that follows focuses separately on the net position and changes in net position of the Authority's governmental and business-type activities.

Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 801,127	\$ 402,108	\$ 7,321,879	\$ 9,377,890	\$ 8,123,006	\$ 9,779,998
Capital assets	-	-	1,843,391	1,877,663	1,843,391	1,877,663
Total Assets	801,127	402,108	9,165,270	11,255,553	9,966,397	11,657,661
Liabilities						
Current liabilities	574,979	175,842	2,797,652	4,602,043	3,372,631	4,777,885
Long-term liabilities	20,114	-	187,615	266,663	207,729	266,663
Total Liabilities	595,093	175,842	2,985,267	4,868,706	3,580,360	5,044,548
Deferred Inflows of Resources						
Deferred receipts	-	-	2,584,979	2,965,777	2,584,979	2,965,777
Net Position						
Invested in capital assets	-	-	1,843,391	1,877,663	1,843,391	1,877,663
Restricted			1,006,334	971,158	1,006,334	971,158
Unrestricted	206,034	226,266	745,299	572,249	951,333	798,515
Total Net Position	\$ 206,034	\$ 226,266	\$ 3,595,024	\$ 3,421,070	\$ 3,801,058	\$ 3,647,336

Net position of the Authority's governmental activities decreased from \$226,266 in 2016 to \$206,034 in 2017. The decrease is due to expenditures for the fiscal year being more than originally anticipated.

The net position of our business-type activities increased from \$3,421,070 in 2016 to \$3,595,024 in 2017. Any change in net position is primarily affected by the Authority's policy to refund any revenues in excess of costs after taking into account necessary reserve balances and cash flow adjustments (see Notes, page 24, 'O&M Revenue Refunds').

The refund amount due to Friant Division Contractors as of FYE 2017 is \$1,200,063 due to savings from budgeted projects and purchases, special projects carried over to fiscal year 2018 and revenues collected principally from temporary contract water deliveries. Required changes in restricted and unrestricted reserves and accumulated interest revenue earned on SLDMWA reserve amounts were also included in the refund analysis.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Membership assessments	\$ 2,308,303	\$ 2,275,500	\$ -	\$ -	\$ 2,308,303	\$ 2,275,500
O&M charges	-	-	14,296,416	18,705,894	14,296,416	18,705,894
General/ Non-operating	<u>284,630</u>	<u>71,377</u>	<u>38,748</u>	<u>20,700</u>	<u>323,378</u>	<u>92,077</u>
Total Revenues	<u>2,592,933</u>	<u>2,346,877</u>	<u>14,335,164</u>	<u>18,726,594</u>	<u>16,928,097</u>	<u>21,073,471</u>
Expenditures/ Expenses						
General Member O&M	<u>2,613,165</u>	<u>2,203,657</u>	<u>-</u>	<u>-</u>	<u>2,613,165</u>	<u>2,203,657</u>
	<u>-</u>	<u>-</u>	<u>12,961,147</u>	<u>17,374,595</u>	<u>12,961,147</u>	<u>17,374,595</u>
Total Expenditures / Expenses	<u>2,613,165</u>	<u>2,203,657</u>	<u>12,961,147</u>	<u>17,374,595</u>	<u>15,574,312</u>	<u>19,578,252</u>
Special item – O&M revenue reimbursement	<u>-</u>	<u>-</u>	<u>(1,200,063)</u>	<u>(1,365,298)</u>	<u>(1,200,063)</u>	<u>(1,365,298)</u>
Change in net position	(20,232)	143,220	173,954	(13,299)	153,722	129,921
Net position (deficit) at beginning of year	<u>226,266</u>	<u>83,046</u>	<u>3,421,070</u>	<u>3,434,369</u>	<u>3,647,336</u>	<u>3,517,415</u>
Net position (deficit) at end of year	<u>\$ 206,034</u>	<u>\$ 226,266</u>	<u>\$ 3,595,024</u>	<u>\$ 3,421,070</u>	<u>\$ 3,801,058</u>	<u>\$ 3,647,336</u>

The table above, Changes in Net Position, shows the Authority's total revenues for the year decreased by \$4,145,374 (19.7 percent). The total cost of all activities decreased by \$4,003,940 (20.5 percent). Net position increased by \$153,722 and our analysis below separately considers the operations of governmental and business-type activities and the primary reasons that led to this year's increase in net position.

Governmental Activities

Revenues for the governmental activities were higher in 2017 as compared to 2016 with total revenues increasing by \$246,056 or 10.5 percent. In 2017, increased revenues were collected in the General Fund for the increasing general member activities per the new Strategic Plan.

Business-type Activities

Revenues of the Authority's business-type activities decreased by 23.5 percent, \$14,335,164 (FYE 2017) compared to \$18,726,594 (FYE 2016). The business-type activities fluctuate from year to year based on the expenditures of the fund. The decrease is attributed to a 47 percent decrease of revenues collected for costs for delivery of exchange contractor water via SLDMWA for the year in large part due to the hydrology of FYE 17 being wet and FYE 16 being dry.

Temporary contract revenues for the delivery of non-project and 215 water experienced a 11.5 percent decrease, \$257,694 (FYE 2017) compared to \$291,093 (FYE 2016).

For the current fiscal year, these activities reported total expenses of \$12,961,147. The total expenses showed a decrease of 25.4 percent compared to FYE 2016. The decrease in expenses was primarily due the reasons noted in the revenue discussion above, expenses for the delivery of exchange contractor water via SLDMWA decreased 47 percent for the year.

The Authority's Funds

The Authority's governmental fund balance (as presented in the Balance Sheet on page 12) is \$206,034 at the end of the fiscal year 2017. This is a decrease from last year's total fund balance of \$226,266. The primary reason for the General Fund's decrease is highlighted under the Authority as a whole section on page 5.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority's governmental fund had original budgeted expenditures of \$2,843,053 that were not amended during the year and actual expenditures were less than final budgeted amounts. The Authority issued a final call-for-funds for \$349,303, which was the amount originally budgeted.

An annual budget is also adopted for the Enterprise – O&M Fund, on a GAAP basis. The Budget and Actual for the Enterprise – O&M Fund is in the supplementary information on pages 35-38. Formal budgetary integration is employed as a management control device during the year for the Enterprise - O&M Fund. Annually the board of directors approves, by resolution, budget appropriations for the fiscal year commencing the following October 1. Expenses are controlled by normal internal control processes and user rate reviews.

CAPITAL ASSETS

On September 30, 2017, the Authority had \$1,843,391 in net capital assets. The net capital assets decreased \$34,272 in 2017.

	Business-type Activities		
	<u>2017</u>	<u>2016</u>	<u>Net Increase/ (Decrease)</u>
Heavy Machinery & Light Vehicles	\$ 2,820,654	\$ 2,859,604	\$ (38,950)
Tools and other equipment	2,371,006	2,384,810	(13,804)
Accumulated Depreciation	<u>(3,348,269)</u>	<u>(3,366,751)</u>	<u>18,482</u>
TOTALS	\$ <u>1,843,391</u>	\$ <u>1,877,663</u>	\$ <u>(34,272)</u>

Additions consisted of trucks, computers, software, and various tools. Dispositions consisted of computers, tools and trucks sold at auction.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is to provide an overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Business Administration Manager at 854 N. Harvard Ave., Lindsay, CA 93247.

**FRIANT WATER AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash investments	\$ 651,790	\$ 5,102,428	\$ 5,754,218
Interest receivable	1,817	9,832	11,649
Prepaid expenses	15,883	699,374	715,257
Security deposit paid	4,811		4,811
Accounts receivable	131,108	1,505,963	1,637,071
Internal Balances	(4,282)	4,282	-
Net capital assets		1,843,391	1,843,391
Total Assets	<u>801,127</u>	<u>9,165,270</u>	<u>9,966,397</u>
LIABILITIES			
Accounts payable	513,091	1,293,932	1,807,023
Accrued payroll liabilities	469	21,697	22,166
Taxes payable		374	374
O&M refund liability		1,200,063	1,200,063
Compensated absences:			
Payable within one year	61,419	281,586	343,005
Payable in more than one year	20,114	187,615	207,729
Total Liabilities	<u>595,093</u>	<u>2,985,267</u>	<u>3,580,360</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred receipts for FKC O&M cost recovery		684,798	684,798
Deferred receipts for SLDMWA expenses		1,900,181	1,900,181
Total Deferred Inflows of Resources	<u>-</u>	<u>2,584,979</u>	<u>2,584,979</u>
NET POSITION			
Invested in capital assets		1,843,391	1,843,391
Restricted		1,006,334	1,006,334
Unrestricted	206,034	745,299	951,333
Total Net Position	<u>\$ 206,034</u>	<u>\$ 3,595,024</u>	<u>\$ 3,801,058</u>

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Program Activities	Expenses	Indirect Expense Allocation	Program Revenues	
			Charges for Services	Operating Grants and Assessments
Governmental activities				
General Member activities	\$ 2,497,592	\$ 115,573	\$ -	\$ 2,587,180
Total governmental activities	<u>2,497,592</u>	<u>115,573</u>	<u>-</u>	<u>2,587,180</u>
Business-type activities				
O&M activities	13,076,720	(115,573)	14,296,416	
Total business-type activities	<u>13,076,720</u>	<u>(115,573)</u>	<u>14,296,416</u>	<u>-</u>
Total government	<u>\$ 15,574,312</u>	<u>\$ -</u>	<u>\$ 14,296,416</u>	<u>\$ 2,587,180</u>
General Revenues:				
Increase (decrease) in investment fair value				
Interest income				
Total general revenues				
O&M revenue refund				
Change in net position				
Net position at beginning of year				
Net position at end of year				

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Net (Expenses) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (25,985)	\$ -	\$ (25,985)
<u>(25,985)</u>	<u>-</u>	<u>(25,985)</u>
	1,335,269	1,335,269
<u>-</u>	<u>1,335,269</u>	<u>1,335,269</u>
<u>\$ (25,985)</u>	<u>\$ 1,335,269</u>	<u>\$ 1,309,284</u>
(92)	(1,424)	(1,516)
<u>5,845</u>	<u>40,172</u>	<u>46,017</u>
<u>5,753</u>	<u>38,748</u>	<u>44,501</u>
<u>-</u>	<u>(1,200,063)</u>	<u>(1,200,063)</u>
<u>(20,232)</u>	<u>173,954</u>	<u>153,722</u>
<u>226,266</u>	<u>3,421,070</u>	<u>3,647,336</u>
<u>\$ 206,034</u>	<u>\$ 3,595,024</u>	<u>\$ 3,801,058</u>

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2017**

		<u>General</u> <u>General Member</u>
ASSETS		
Cash and investments	\$	651,790
Net accounts receivable		131,108
Prepaid expenses		15,883
Security deposit paid		4,811
Interest receivable		<u>1,817</u>
Total Assets	\$	<u><u>805,409</u></u>
LIABILITIES		
Accounts payable	\$	513,560
Interfund payable		4,282
Compensated absences:		
Payable within one year		61,419
Payable in more than one year		<u>20,114</u>
Total Liabilities		<u>599,375</u>
FUND BALANCE		
Unassigned		<u>206,034</u>
Total Fund Balance		<u>206,034</u>
Total Liabilities and Fund Balance	\$	<u><u>805,409</u></u>
Reconciliation to the Statement of Net Position:		
Total fund balance reported above	\$	206,034
Adjustments		<u>-</u>
Net Position	\$	<u><u>206,034</u></u>

The notes to the financial statements are an integral part of this statement.

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
SEPTEMBER 30, 2017

	<u>General</u>
	<u>General Member</u>
Revenues:	
Membership assessment	\$ 2,308,303
Work Plan	104,210
Airborne Snow Observatory	169,348
Miscellaneous	5,319
Interest	5,845
Decrease in investment fair value	(92)
Total revenues	2,592,933
Expenditures:	
City of Fresno vs USA	46,975
General member Administrative Costs	462,776
Administration Allocation	115,573
Water Supply Management	2,922
Friant Supply, Tracking, Policies & Defense	61,085
Delta Supply, Tracking, Policies & Defense	199,706
San Joaquin Settlement	143,079
Reconsultation	12,906
Friant Sustainability Plan	13,952
Upstream Storage	94,511
Special Projects	12,916
NASA Nirborne Snow Observatory	380,576
Orgaization & Governance	6,962
Annual Strategic Planning	12,526
Friant Member & Grower Coordination	146,163
Grants & Funding Development	7,677
Outreach & Engagement	6,676
Legislative Affairs	373,597
State Regulatory Affairs	56,200
External Affairs	72,853
Communications & Media Relations	71,451
Employee holiday, sick, vacation & jury	88,810
Travel Expense	38,069
Retirement, Health Ins & Payroll taxes	185,204
Total expenditures	2,613,165
Deficiency of revenues under expenditures	(20,232)
Fund Balance - October 1, 2016	226,266
Fund Balance - September 30, 2017	\$ 206,034
Reconciliation to the Statement of Activities:	
Deficiency of revenues under expenditures as reported above	\$ (20,232)
Adjustments	-
Change in net position reported on the Statement of Activities	\$ (20,232)

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2017**

	Business-Type Activities - Enterprise Fund
	O&M Fund
ASSETS	
Cash and investments	\$ 5,102,428
Interest receivable	9,832
Prepaid expenses	699,374
Accounts receivable	1,505,963
Interfund receivable	4,282
Net capital assets	1,843,391
Total Assets	9,165,270
LIABILITIES	
Accounts payable	1,293,932
Accrued payroll liabilities	21,697
Taxes payable	374
O&M refund liability	1,200,063
Compensated absences:	
Payable within one year	281,586
Payable in more than one year	187,615
Total Liabilities	2,985,267
DEFERRED INFLOWS OF RESOURCES	
Deferred receipts for FKC O&M cost recovery	684,798
Deferred receipts for SLDMWA expenses	1,900,181
Total Deferred Inflows of Resources	2,584,979
NET POSITION	
Invested in capital assets	1,843,391
Restricted	1,006,334
Unrestricted	745,299
Total Net Position	\$ 3,595,024

The notes to the financial statements are an integral part of this statement.

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Business-Type Activities - Enterprise Fund

O&M Fund

Operating revenues:

O&M charges	\$ 14,227,427
Federal assistance	68,989
Total operating revenues	<u>14,296,416</u>

Operating expenses:

SLDMWA O&M expenses	5,761,049
FWA O&M expenses	
Maintenance costs	4,392,297
Operations costs	1,421,441
Administrative costs	1,386,360
Total operating expenses	<u>12,961,147</u>

Operating income (loss)	<u>1,335,269</u>
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Non-operating revenues:

Decrease in investment fair value	(1,424)
Interest income	40,172
Net non-operating revenues	<u>38,748</u>

O&M revenue refund	<u>(1,200,063)</u>
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Change in net position	173,954
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Net position at beginning of year	<u>3,421,070</u>
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Net position at end of year	<u>\$ 3,595,024</u>
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Reconciliation to government-wide statement of activities:

Excess of revenues over expenses as reported above	173,954
Adjustments	-
Change in net position of business-type activities	<u>\$ 173,954</u>

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
STATEMENT OF CASH FLOW
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Enterprise Fund
	O&M Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from districts	\$ 15,427,218
Operating grants received	68,989
Payments to vendors	(10,866,098)
Payments to employees	(3,194,194)
O&M revenue refund	(1,365,298)
Internal activity-payments to other funds	(8,224)
Net cash provided by operating activities	62,393
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchases of capital assets	(272,426)
Proceeds from sales of capital assets	6,455
Net cash used by capital financing activities	(265,971)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	35,063
Net decrease in cash and cash equivalents	(168,515)
Cash and cash equivalents, October 1, 2016	5,270,943
Cash and cash equivalents, September 30, 2017	\$ 5,102,428

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
STATEMENT OF CASH FLOW
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Enterprise Fund
	O&M Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,335,269
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	292,284
Loss on disposition of capital assets	7,960
O&M revenue refund	(1,200,063)
Change in assets and liabilities:	
Net accounts receivable	1,580,589
Prepaid expense	318,817
Receivable from other funds	12,082
Accounts payable	(1,698,097)
Payaable to other funds	(20,306)
Accrued payroll liabilities	(35,900)
Taxes payable	259
Deferred inflow of resources	(380,798)
Change in O&M refund liability	(165,235)
Compensated absences	15,532
Net cash provided by operating activities	\$ 62,393

The notes to the financial statements are an integral part of this statement.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies:

The financial statements of the Friant Water Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies of the Authority are described below:

A. Financial Reporting Entity

The Authority is a joint powers authority created for the purpose of operating and maintaining the Friant-Kern Canal, which is a conveyance feature of the Friant Division of the federally owned Central Valley Project (CVP) located in the California San Joaquin Valley. The Authority also provides information on water supply, water distribution and operation and management issues affecting its members and endeavors to preserve and protect the rights and benefits of its members. The Authority was created January 19, 2004. Effective July 1, 2004, the operations and maintenance (O&M) was transferred from Friant Water Users Authority (FWUA) and a consulting agreement existed whereby FWUA contracted with the Authority to provide the necessary services to FWUA for its remaining non-O&M activities.

As of March 1, 1998, the “Agreement to Transfer the Operation, Maintenance and Replacement (OM&R) and Certain Financial and Administrative Activities Related to the Friant-Kern Canal and Associated Works” (hereinafter Transfer Agreement) became effective for FWUA. The Transfer Agreement was assigned to Friant Water Authority on June 30, 2004. Under the Transfer Agreement, FWUA operated and maintained the Friant-Kern Canal. The Transfer Agreement provides for direct funding from CVP Friant Division water contractors as opposed to the monthly cash advances from the U. S. Bureau of Reclamation (USBR) under the Cooperative Agreement.

At the January 20, 2011 FWUA Board of Directors' meeting, the Board voted to dissolve and terminate the FWUA. The resolution appointed the Authority as its agent and successor and was assigned to hereafter take any remaining actions necessary that may have been required of FWUA. An amendment to the FWUA Joint Powers Agreement (JPA) was filed with the Secretary of State on February 22, 2011 terminating the JPA.

An agreement also exists between the Authority and the San Luis & Delta-Mendota Water Authority (SLDMWA) that defines how the Authority is to compensate SLDMWA for the water delivered to Settlement (Exchange) Contractors from their project facilities. Settlement contractors receive their water without charge from those facilities and Friant Division Contractors are responsible for the OM&R costs incurred by the SLDMWA in delivering Settlement water.

At the end of the fiscal year, the Authority’s board consisted of fourteen appointed representatives, one from each of the fourteen-member districts. Based on the criteria set forth under Generally Accepted Accounting Principles (GAAP), the Authority is a stand-alone governmental entity and has been classified as a non-equity joint venture. This determination was based on the following factors: (1) the Authority is not a component unit of another

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued:

A. Financial Reporting Entity, continued:

governmental entity; (2) the Authority was created as a special purpose governmental entity; (3) the member districts retain an ongoing financial responsibility for the Authority; and (4) the member districts maintain joint control wherein each district has an equal influence on the Authority.

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through member districts' contributions for those purposes. Business-type activities are financed through the CVP Friant division water contractors' pro-rata share of the cost of operation and maintenance of certain federal Reclamation project facilities.

The statement of activities demonstrates the degree to which direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to member districts that directly benefit from goods, services or privileges provided by a given function or activity and 2) grants and assessments that are restricted to meeting the operational or capital requirements of a particular function or activity.

The Authority utilizes an indirect cost allocation system to allocate costs incurred in the O&M Fund that are indirect expenses of other funds. Reimbursements to the O&M Fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenses in the O&M Fund. These reimbursements are presented in the Indirect Expenses Allocation column of the Statement of Activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity or net position, revenues, and expenditures or expenses, as appropriate. The funds have been established for the purpose of accounting for specific activities or attaining certain objectives in accordance with applicable regulations, restriction or limitations. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued:

B. Basis of Presentation, continued:

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Fund

General Fund

The General Fund is a primary operating fund of the Authority and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-type activities provided to the general member districts. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Included in the reporting entity is the Operations and Maintenance Enterprise Fund (O&M Fund).

The funds are further classified as major or nonmajor as follows:

Fund	Brief Description
<i>Major:</i>	
General Member Fund	Used to account for resources assessed by and from the general member districts. This fund is charged with the cost of support of operations, including information on water supply, distribution and preservation of rights and benefits of the member districts.
Proprietary Fund: O&M Fund	This fund is used to account for the activities of operation and maintenance (O&M) of the Friant-Kern canal and its related systems, structures, and equipment. This work is financed and operated in a manner similar to a private business enterprise.
<i>Nonmajor:</i>	None

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued:

B. Basis of Presentation, continued:

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within six months after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued:

B. Basis of Presentation, continued:

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's major enterprise fund, the O&M Fund, are the Friant Division districts' share of the cost of operation and maintenance of the Friant-Kern Canal. Operating expenses for the enterprise fund include the cost of operation and maintenance of the Friant-Kern Canal, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses with the exception of the O&M revenue reimbursement that is returning unspent operating and non-operating revenues in the fiscal year to Friant Division contractors.

C. Budgets and Budgetary Accounting

An annual budget is normally adopted for the General Fund on a modified accrual basis consistent with Generally Accepted Accounting Principles (GAAP).

The Budgetary Comparison Schedule for the General Fund is included in the required supplementary information on page 34.

An annual budget is also adopted for the Enterprise – O&M Fund, on a GAAP basis. The Budget and Actual for the Enterprise - O&M Fund is in the supplementary information on pages 35-37.

Formal budgetary integration is employed as a management control device during the year for the Enterprise - O & M Fund. Annually the board of directors approves, by resolution, budget appropriations for the fiscal year commencing the following October 1. Expenses are controlled by normal internal control processes and user rate reviews.

D. Cash and Investments

A pooled cash and investment system is used for substantially all cash and investments except those that must be legally segregated. Each fund's share of pooled cash and investments is accounted for separately and interest earned is apportioned accordingly. Cash balances are analyzed on a daily basis. The balance of pooled cash is maintained at a level sufficient to meet current operating requirements. Cash in excess of current requirements is invested.

Investment balances stated include unrealized gain or loss.

The Authority considers cash equivalents for the purpose of the statement of cash flows to be cash in banks and cash in the Local Agency Investment Fund.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued:

E. Prepaid Expenses

Payments made before the receipt of services are recorded as prepaid expenses. The prepaid expenses recorded on the Government-Wide Statement of Net Position and the Statement of Net Position for the Proprietary fund are for health insurance premiums, chemical inventory at year end, training, web hosting fees, phone and copier charges, and dues. The prepaid expenses recorded for the Governmental fund are for health insurance premiums, consulting, rent, rent deposits and parking expenses.

F. Receivables

All receivables are reported at their gross value and where appropriate are reduced by the estimated portion that is expected to be uncollectible.

G. Interfund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “Interfund receivables and payables.” Interfund receivables and payables within governmental activities and within business-type activities are eliminated on the Government-Wide Statement of Net Position. The only interfund balances, which remain on the Government-Wide Statement of Net Position, are those between governmental and business-type activities. These amounts are reflected as “Internal Balances.”

H. Net Capital Assets

Capital assets are stated at historical cost except donated and contributed capital assets described in Note J. It is the policy of the Authority to capitalize all property, plant and equipment, except equipment costing less than \$1,000 and equipment installed directly onto the Friant-Kern Canal, which is a federally owned facility. Costs of assets sold or retired are eliminated from the accounts in the year of disposition and the resulting proceeds (if any) are recorded as proceeds of sales in the applicable fund. Depreciation is recorded on the enterprise capital assets using the straight-line method. Estimated useful lives for depreciable assets are as follows: heavy equipment, 20 years; vehicles, small tools and office equipment, 5 years; computers, 3 years. Further, salvage values for the fixed assets are now established on an individual asset basis.

I. Deferred Inflows of Resources

Deferred inflows of resources arise in the Authority when amounts are received in advance of earning them. As noted above on page 21, under “Basis of Accounting”, revenues are recognized as the related expense is incurred. The deferred receipts recorded on the Government-Wide Statement of Net Position and the Statement of Net Position for the Proprietary fund is for advance payment of October 2017 FWA O&M revenues that were received in September, the advance payments paid by districts to the Authority for SLDMWA O&M expenses, and the advance payment from Delta Lands per the 5-year contract for conveyance charges.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued:

J. Contributed Facilities and Equipment

The Authority occupies facilities and has used equipment owned by the federal government without charge. For the fiscal year ending September 30, 1998, under the terms of the Transfer Agreement, the equipment was reported as Donated capital for FWUA.

The donated capital assets were recorded at fair market value as of October 1, 1997 and depreciated using the straight-line method in FWUA. Donated capital assets were transferred to the Authority from FWUA on July 1, 2004.

K. Compensated Absences

The Authority has accrued a liability for vacation and sick pay that has been earned but not taken by the Authority's employees. The liability for compensated absences is recorded in the fund the employee labor was designated.

Employees will vest 50% of their sick leave, subject to a maximum cap, upon normal retirement, retirement because of medical disability, or early retirement subject to certain conditions. The vesting method is used and includes all vesting sick leave amounts for which payment is probable and is based on accumulated benefits as of the balance sheet date.

L. O&M Revenue Refunds

The Board of Directors has authorized Friant Division contractors to be refunded annually if revenues for the fiscal year are collected in excess of costs or to be billed for any costs in excess of revenues, after taking into account any necessary reserve balances and cash flow adjustments. The amount of the refund for contractors is \$1,200,063.

M. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt—Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position—Consists of all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued:

M. Equity Classifications, continued:

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Friant Water Authority Board of Directors (Board). The Board is the highest level of decision-making authority for the Friant Water Authority. Commitments may be established, modified, or rescinded only through resolutions or motions approved by the Board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts.

As of September 30, 2017, the entire Fund Balance was classified as unassigned.

Proprietary fund equity is classified the same as in the government-wide statements. See Note 8 for additional disclosures.

N. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority's policy is to apply restricted net position first.

O. Use of Estimates

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued:

P. Income Tax

The Authority qualifies for tax-exempt status as an internal part of the State of California or a political subdivision in accordance with Internal Revenue Code (IRC) Section 115. As a result, no tax provisions apply to the Authority's income.

Q. Effects of New Pronouncements:

During the fiscal year-end September 30, 2017, the Authority implemented the following accounting standards:

GASB Statement No. 79 — *Certain External Investment Pools and Pool Participants*. The provisions of this statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The statement establishes criteria that, if met, permit external investment pools to elect to measure all of their investments at amortized cost for financial reporting purposes. It also establishes additional disclosure requirements for qualifying external investment pools that make that election and for governments that participate in such external investment pools. All required disclosures were added to the footnotes.

Note 2 – Cash and Cash Investments:

Cash and cash investments as of September 30, 2017 consist of the following:

Cash in bank	\$ 1,766,763
Investments in the Local Agency Investment Fund	<u>3,987,455</u>
Total cash and cash investments	<u>\$ 5,754,218</u>

Investments Authorized by the California Government Code and the Authority's Investment Policy

The Authority's investment policy authorizes investments only in the Local Agency Investment Fund (LAIF), which is a local government investment pool administered by the State of California and in a bank or savings association account fully insured by the Federal Deposit Insurance Corporation (FDIC). The Authority's investment policy does not contain any specific provisions intended to limit the Authority's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that 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 of its fair value to changes in market interest rates.

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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 2 – Cash and Cash 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 California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, 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% of the total amount deposited by the public agencies.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. 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 Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

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

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 2 – Cash and Cash Investments, continued:

Fair Value Measurements, continued:

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The LAIF is valued based on the Authority's pro-rata share of the fair value provided by the LAIF for the entire portfolio. The Authority has classified this as Level 2.

Note 3 – Capital Assets:

Capital assets activity for the year ended September 30, 2017, was as follows:

	<u>Balance</u> 10/01/16	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> 9/30/17
Business-type activities:				
Vehicles and heavy equipment	\$ 2,859,604	\$ 60,320	\$ (99,270)	\$ 2,820,654
Tools and other equipment	<u>2,384,810</u>	<u>212,106</u>	<u>(225,910)</u>	<u>2,371,006</u>
Ending balance	<u>5,244,414</u>	<u>272,426</u>	<u>(325,180)</u>	<u>5,191,660</u>
Accumulated depreciation:	<u>(3,366,751)</u>	<u>(292,283)</u>	<u>310,765</u>	<u>(3,348,269)</u>
Business-type capital assets, net	<u>\$ 1,877,663</u>	<u>\$ (19,857)</u>	<u>\$ (14,415)</u>	<u>\$ 1,843,391</u>

Note 4 – Interfund receivables and payables:

Interfund receivables and payables at September 30, 2017 consisted of the following:

Interfund payable to O&M Fund
by General Member Fund \$ 4,282

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 5 – Details of Receivables and Payables:

Receivables at September 30, 2017, consisted of the following:

General Member Fund:

NASA Snow Survey	\$	99,348
BDCP Effort		21,846
Friant North Authority		9,914
	\$	<u>131,108</u>

O&M Fund:

Receivable from SLDMWA - Water Year 2015 true-up		1,076,117
Receivable from Friant division contractors		285,512
Receivable from Federal Grant		68,989
Receivable for conveyance charges		38,939
Receivable for pumping charges		25,256
Other O&M receivables		11,150
	\$	<u>1,505,963</u>

Payables at September 30, 2017, consisted of the following:

	<u>General Member</u>	<u>O&M</u>
Payable to Friant division contractors for SLDMWA		\$ 1,119,056
Payable to DWR – Snow Survey Vendors	\$ 360,415	174,876
	<u>152,676</u>	<u>174,876</u>
Total	\$ 513,091	\$ <u>1,293,932</u>

Note 6 – Liability for Compensated Absences:

The following is a summary of the changes in the compensated absences liability and a summary of the amounts due for the year ended September 30, 2017:

	<u>Balance 10/01/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/17</u>
Compensated absences – General Member Fund	\$ <u>60,857</u>	<u>46,112</u>	<u>(25,436)</u>	\$ <u>81,533</u>
Compensated absences – O & M Fund	\$ <u>453,669</u>	\$ <u>132,574</u>	\$ <u>(117,042)</u>	\$ <u>469,201</u>

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 6 – Liability for Compensated Absences, continued:

Payable within one year:	
O & M Fund	\$ 281,586
General Member Fund	61,419
Payable in more than one year:	
O & M Fund	187,615
General Member Fund	20,114
Total Due	\$ 550,734

Note 7 – Deferred Compensation Plan:

The Authority offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Authority employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Under the standards established by Governmental Accounting Standards Board, if a fiduciary relationship does not exist between the governmental entity and the Internal Revenue Code Section 457 deferred compensation pension plan, the governmental entity does not report the balances and activities of the deferred compensation pension plan in the entity's financial statements.

It is the Authority's position that it has a fiduciary obligation for the due care required of a prudent investor in the management of the plan's resources. However, since the investments are employee directed, the Authority is not responsible for any loss due to the investment or failure of investment of funds and assets of the plan nor shall the Authority be required to replace any loss that may result from such investments.

Note 8 – Designations of Net Position:

In the fund financial statements, proprietary funds report an unrestricted net position of \$745,299. Included in this total are designated fund balances that represent portions that the Board of Directors has established to meet specific purposes. The remaining portion is unrestricted, undesignated fund balance. Specific designations of unrestricted net position are summarized below.

Designated for insurance. The Authority maintains an equity designation to be used to pay the deductible amount by the Authority under its policy of insurance. This insurance designation is \$100,000 and was established in accordance with Section (8) (f) of the Cooperative Agreement between the Bureau of Reclamation and FWUA and has been carried forward under the Transfer Agreement which was assigned to the Authority on July 1, 2004.

Designated for special projects. The Board of Directors authorized \$426,805 for special projects and purchases that were not completed in the current fiscal year to be carried over to fiscal year 2018.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 9 – Restricted Net Position:

Restricted for Emergency. Under the Transfer Agreement, the Authority is required to establish an “Emergency Reserve Fund” for purposes of funding extraordinary operations and maintenance activities. The Emergency Reserve Fund may also be used for short-term working capital needs. The Emergency Reserve Fund is required to reach 15% of the average of the three immediately preceding years’ operation and maintenance costs of the Friant-Kern Canal. This year the Authority used the operations and maintenance costs that were incurred in the Authority for fiscal years September 30, 2015-2017 to calculate the restricted amount of \$1,006,334.

Note 10 – Related Party Transactions:

During fiscal year, 2017 the Authority did not engage in transactions with parties related through membership. However, as a part of normal activities the Authority does work for member districts when requested.

Note 11 – Budget Compliance:

General Fund – The General Member Fund expenditures were within legally prescribed limits.

Enterprise – O & M Fund – Expenses were within legally prescribed limits for the Enterprise – O&M Fund.

Note 12 – Commitments and Contingency:

Defined Contribution Plan:

The Authority provides retirement benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan and investment earnings. Employees are eligible to participate from the date of hire. The plan requires Friant Water Authority to contribute an amount equal to 8% of the employee’s wages plus an amount equal to the first 4% of the gross wages contributed to the deferred compensation plan by the employee. The Authority’s contributions for each employee (and interest allocated to the employee’s account) are fully vested after three years of continuous service.

The Authority’s total payroll in fiscal year 2017 was \$3,830,934. The Authority’s contributions were calculated using the base payroll amount of \$3,677,857. The Authority made the required contribution, which amounted to \$441,088 or 11.99% of covered payroll.

Joint Powers Insurance Authority (JPIA):

The Authority has entered into a joint powers agreement along with other members of the Association of California Water Agencies (ACWA) to form a self-insuring pool for liability coverage up to \$2,000,000. Insurance in excess of \$2,000,000 is collectively purchased through an umbrella policy covering all included members. The excess insurance is for \$58,000,000 per occurrence for a total coverage of \$60,000,000 with no aggregate limitation. Premiums are based on the ultimate cost of the claims experience of the Authority and the group under a retrospectively rated policy. The Authority’s retrospective allocation point is \$25,000.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 12 – Commitments and Contingency, continued:

Joint Powers Insurance Authority (JPIA), continued:

The Authority also participates in a self-insuring pool for property coverage up to \$50,000 with the JPIA. Insurance up to a total of \$150,000,000 in excess of \$50,000 is collectively purchased by the JPIA. The Authority has a \$25,000 deductible for property coverage.

The JPIA is governed by a board elected by district members. The governing board controls the operation of the JPIA, independent of any influence by the Authority beyond the Authority's representation on the governing board.

The JPIA is independently accountable for its fiscal matters. The JPIA maintains its own accounting records. The budget is not subject to any approval other than that of the respective governing board.

The relationship between the Authority and the JPIA is such that the JPIA is not a component unit of the Authority for financial reporting purposes. ACWA/JPIA prepares separate annual financial statements, which may be obtained from ACWA/Joint Powers Insurance Authority, P.O. Box 619082, Roseville, CA 95661-9082.

Condensed financial information for the JPIA's most recent audited year is as follows:

<u>ACWA/JPIA</u>	<u>Year Ended</u> <u>9/30/2016</u>
Assets	\$ 189,566,761
Deferred outflows of resources	<u>1,065,779</u>
Total Assets	<u>190,632,540</u>
Liabilities	121,474,323
Deferred inflows of resources	454,600
Net position	<u>68,703,617</u>
Total liabilities & net assets	\$ <u>190,632,540</u>
Total revenues	\$ 149,371,770
Total expenses	<u>(161,601,971)</u>
Change in net position	\$ <u>(12,230,201)</u>

Special District Risk Management Authority (SDRMA):

The Authority has also entered into a joint powers agreement along with other members of the California Special Districts Association (CSDA) to form a self-insuring pool for workers' compensation coverage up to California statutory limits per occurrence. Included in the workers' compensation coverage is \$5,000,000 for employer's liability.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 12 – Commitments and Contingency, continued:

Special District Risk Management Authority (SDRMA), continued:

SDRMA is governed by a board elected from within the membership of both the property and liability and workers' compensation programs. The governing board controls the operation of the SDRMA, independent of any influence by the Authority.

SDRMA is independently accountable for its fiscal matters. SDRMA maintains its own accounting records. The budget is not subject to any approval other than that of the respective governing board.

The relationship between the Authority and SDRMA is such that SDRMA is not a component unit of the Authority for financial reporting purposes. CSDA/SDRMA prepares separate annual financial statements, which may be obtained from Special District Risk Management Authority, 1112 I Street, Suite 300, CA. 95814.

Condensed financial information for SDRMA's most recent audited year is as follows:

<u>SDRMA</u>	<u>Year Ended</u> <u>6/30/2017</u>
Total assets	\$ 111,852,055
Deferred outflows of resources	<u>637,936</u>
	112,489,991
Total liabilities	62,077,098
Deferred inflows of resources	<u>171,678</u>
Total net position	\$ <u>50,241,215</u>
Total revenues	\$ 65,504,852
Total expenses	<u>(67,407,021)</u>
Change in net position	\$ <u>(1,902,169)</u>

Note 13 – Litigation

The Authority is involved in various lawsuits in the normal course of business. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result has been made in the financial statements. Management believes that losses resulting from these matters, if any, would be covered under the Joint Powers Insurance Authority or would not have a material effect on the financial position of the Authority.

**FRIANT WATER AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Membership assessment	\$ 2,299,303	\$ 2,308,303	\$ 9,000
Work Plan	110,280	104,210	(6,070)
Airborne Snow Observatory	433,470	169,348	(264,122)
Miscellaneous		5,319	5,319
Interest		5,845	5,845
Decrease in investment fair value		(92)	(92)
Total revenues	<u>2,843,053</u>	<u>2,592,933</u>	<u>(250,120)</u>
Expenditures:			
City of Fresno vs USA		46,975	(46,975)
General Member Administrative Costs	841,470	462,776	378,694
Administration allocation	142,716	115,573	27,143
Water Supply Management		2,922	(2,922)
Friant Supply, Tracking, Policies & Defense	58,400	61,085	(2,685)
Delta Supply, Tracking, Policies & Defense	335,900	199,706	136,194
San Joaquin Settlement	127,800	143,079	(15,279)
Reconsultation		12,906	(12,906)
Friant Sustainability Plan		13,952	(13,952)
Upstream Storage		94,511	(94,511)
Special Projects		12,916	(12,916)
NASA Airborne Snow Observatory	750,000	380,576	369,424
Organization & Governance		6,962	(6,962)
Annual Strategic Planning		12,526	(12,526)
Friant Member & Grower Coordination		146,163	(146,163)
Grants & Funding Development		7,677	(7,677)
Outreach & Engagement		6,676	(6,676)
Legislative Affairs	251,750	373,597	(121,847)
State Regulatory Affairs	50,000	56,200	(6,200)
External Affairs	34,180	72,853	(38,673)
Communications & Media Relations	67,050	71,451	(4,401)
Employee holiday, sick, vacation & jury		88,810	(88,810)
Travel Expense		38,069	(38,069)
Retirement, Health Ins & Payroll taxes	183,787	185,204	(1,417)
Total expenditures	<u>2,843,053</u>	<u>2,613,165</u>	<u>229,888</u>
Excess (deficiency) of revenues over (under) expenditures	0	(20,232)	(20,232)
Fund Balance - October 1, 2016	<u>226,266</u>	<u>226,266</u>	<u>-</u>
Fund Balance - September 30, 2017	<u>\$ 226,266</u>	<u>\$ 206,034</u>	<u>\$ (20,232)</u>

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - O&M FUND
For the fiscal year ended September 30, 2017

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
FWA O&M revenues	\$ 8,055,962	\$ 8,055,960	\$ (2)
O&M Federal assistance		68,989	68,989
Temporary contract revenues		257,694	257,694
Reimbursements for outside services		125,181	125,181
Interest	10,000	32,089	22,089
Decrease in investment fair value		(1,424)	(1,424)
Miscellaneous	20,000	27,543	7,543
Total FWA O&M Revenues	<u>8,085,962</u>	<u>8,566,032</u>	<u>480,070</u>
Revenue for SLDMWA O&M		5,761,049	5,761,049
Interest		8,083	8,083
Total Revenues:	<u>8,085,962</u>	<u>14,335,164</u>	<u>6,249,202</u>
Expenses:			
FWA O&M expenses:			
Canal maintenance			
Vehicle and equipment service	768,500	556,733	211,767
Supervision	297,118	412,246	(115,128)
Right-of-way management	89,049	72,451	16,598
Weed and pest control	672,817	440,156	232,661
Road maintenance	49,944	38,705	11,239
Yard and building maintenance	211,654	231,465	(19,811)
Structure and gate maintenance	377,585	226,747	150,838
Right-of-way and structure cleaning	35,176	9,002	26,174
Bargate, guardrail and lock maintenance	56,900	25,084	31,816
Embankment maintenance	57,177	81,164	(23,987)
Bridge maintenance	69,845	42,696	27,149
Miscellaneous maintenance	5,931	39,306	(33,375)
Concrete lining repair	298,600	129,729	168,871
Drainditch and channel maintenance	102,578	114,207	(11,629)
Fence maintenance	52,536	57,168	(4,632)
Mudjacking	11,226	16,909	(5,683)
Painting	43,941	78,327	(34,386)
Sump pump maintenance	1,686	797	889
Cross drainage and structure maintenance	3,161	193	2,968
Rip-rapping	32,884	18,911	13,973
USBR Pump-Back project		109,555	(109,555)
FKC subsidence pumping		307,878	(307,878)
Operations supervision	105,858	35,397	70,461

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - O&M FUND
For the fiscal year ended September 30, 2017

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Legal - Direct		24,075	(24,075)
Safety and first aid training	87,806	28,497	59,309
Payroll preparation	2,271	1,112	1,159
Meeting expenses	31,129	31,214	(85)
Training and education	48,417	34,464	13,953
Procurement expense	7,336	654	6,682
Inventory and property management	4,954	166	4,788
Employee holiday, sick, vacation and jury duty	160,445	212,476	(52,031)
Travel		1,032	(1,032)
Personnel administration	9,142	2,143	6,999
Utilities	67,320	73,033	(5,713)
Telephone expenses	11,689	9,557	2,132
Employee incentives and awards	8,772	8,739	33
Dues and subscriptions	5,226	4,005	1,221
Budget preparation	12,374	6,355	6,019
Retirement, health ins, payroll taxes	851,481	738,848	112,633
Outside services		3,146	(3,146)
Depreciation	142,500	167,955	(25,455)
Total canal maintenance	<u>4,795,028</u>	<u>4,392,297</u>	<u>402,731</u>
Water operations			
Vehicle and equipment acquisition	4,009	184	3,825
Yard and building maintenance	47,503	50,082	(2,579)
Structure and gate maintenance	202,114	130,275	71,839
Bargate, guardrail and lock maintenance	4,895	4,775	120
Sump pump maintenance	2,021	985	1,036
FKC subsidence pumping		4,344	(4,344)
Communications and instrumentation	337,569	180,212	157,357
Meter repair and calibration	194,407	106,124	88,283
Canal patrol	181,620	234,339	(52,719)
Operations reports	95,001	113,696	(18,695)
Supervision	40,251	38,004	2,247
Water measurement	64,302	39,307	24,995
Miscellaneous	12,111	14,550	(2,439)
Ground water and seepage well measurement	4,006	1,312	2,694
Safety and first aid training	13,574	3,605	9,969
Payroll preparation	483		483
Meeting expenses	7,685	1,938	5,747
Training and education	30,271	2,746	27,525
Procurement expense	966		966
Inventory and property management	4,540		4,540

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - O&M FUND
For the fiscal year ended September 30, 2017

	Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Employee holiday, sick, vacation and jury duty	63,675	76,974	(13,299)
Utilities	59,339	29,998	29,341
Telephone expenses	9,833	25,041	(15,208)
Employee incentives and awards	3,876	1,700	2,176
Budget preparation	966	263	703
Retirement, health ins, payroll taxes	328,962	296,513	32,449
Depreciation	55,000	64,474	(9,474)
Total water operations	1,768,979	1,421,441	347,538
Administration			
Administrative supervision	24,593	16,478	8,115
Safety and first aid training	9,133	2,262	6,871
Typing and filing	204,346	164,793	39,553
Payroll preparation	8,639	7,672	967
Meeting expense	34,165	41,794	(7,629)
Training and education	24,650	3,267	21,383
Miscellaneous	13,210	3,897	9,313
Procurement expense	1,785		1,785
Inventory and property management	1,787	626	1,161
Employee holiday, sick, vacation	57,158	88,208	(31,050)
Data processing	134,579	160,527	(25,948)
Travel expense	19,200	10,939	8,261
Accounting and auditing	190,134	185,415	4,719
Personnel administration	22,907	53,379	(30,472)
Retirement administration	21,200	5,266	15,934
Liability insurance	131,733	148,664	(16,931)
Workers compensation insurance	105,000	140,704	(35,704)
Legal services	122,400	8,200	114,200
Utilities	52,435	47,282	5,153
Telephone expense	26,724	20,799	5,925
Office supplies	44,670	19,407	25,263
Employee incentives and awards	4,080	3,195	885
Postage	4,080	3,164	916
Dues and subscriptions	61,003	58,535	2,468
Budget preparation	4,258	1,399	2,859
Lease office equipment	35,692	27,209	8,483
Retirement, health ins, payroll taxes	246,104	211,037	35,067
Depreciation	52,500	59,855	(7,355)
Loss on dispositions		7,960	(7,960)
Administration allocated	(133,519)	(115,573)	(17,946)
Total administration	1,524,646	1,386,360	138,286

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - O&M FUND
For the fiscal year ended September 30, 2017

	Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Total FWA O&M expenses	8,088,653	7,200,098	888,555
SLDMWA O&M expenses	-	5,761,049	(5,761,049)
Total O&M expenses	8,088,653	12,961,147	(4,872,494)
O&M revenue refund	-	1,200,063	(1,200,063)
Increase (Decrease) in net position	\$ (2,691)	\$ 173,954	\$ 176,645