Salton Sea Authority

Salton Sea Authority
Board of Directors Meeting

Thursday, April 28, 2016
10:00 a.m.

Coachella Valley Water District
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, CA 92260
(760) 398-2651

82995 Highway 111, Suite 200, Indio, CA 92201
Phone: 760.863.2695 Fax: 760.262.3008
info@ssajpa.org ~ www.saltonsea.ca.gov

AGENDA:	**BOARD OF DIRECTORS MEETING**
DATE:	**Thursday, April 28, 2016** **10:00 a.m.**
LOCATION:	**Coachella Valley Water District** **Steve Robbins Administration Building** **75515 Hovley Lane East** **Palm Desert, CA 92260** **(760) 398-2651**

I. CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

II. BOARD MEMBER COMMENTS

This is the time set aside for any Board Member to ask questions or address any issue posed by a member of the public.

III. PUBLIC COMMENTS

Any member of the public may address and ask questions of the Board relating to any matter within the Authority's jurisdiction. ***This time is reserved for matters not already on the Agenda. Remarks shall be limited to a maximum of three (3) minutes*** *unless additional time is authorized by the Board.*

IV. CONSENT CALENDAR – Receive, Approve, and File

A. Minutes of March 24, 2016

B. Warrant Register Ratification for March 2016

C. Internal Financial Report for 7/01/2015 – 3/31/2016

V. PRESENTATIONS

A. Financial Statements – (Auditor)

VI. ACTION ITEMS

A. FFAP: Process for Submitting Final Report to State

VII. REPORTS

A. General Manager's Report on Activities (Phil Rosentrater)

B. Update on Activities: Funding and Feasibility Action Plan Report (Bill Brownlie, Tetra Tech)

C. Update from Contractor on FFAP Benchmark 5 – IFD (Patrick Bourne)

D. Legislative Update (Phil Johnson)

E. Standing Report

1. FEDERAL: US Bureau of Reclamation Program Manager for Salton Sea (Val Simon)
2. STATE: Assistant Secretary of Resources for Salton Sea (Bruce Wilcox)

F. Salton Sea Action Committee (SSAC) (Juan DeLara)

VIII. ADJOURNMENT

NEXT MEETING TIME & LOCATION:
The regularly-scheduled "May" meeting will be held
Thursday, June 2, 2016
10:00 a.m.
Imperial Irrigation District
Bill Condit Auditorium
1285 Broadway Avenue
El Centro, CA 92243 (760) 482-9618

Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection in the lobby at the front desk of the County Law Building located at 82995 Highway 111, Indio, CA 92201.

OFFICIAL PROCEEDINGS

SALTON SEA AUTHORITY
BOARD OF DIRECTORS MEETING
March 24, 2016

I. CALL TO ORDER

The regularly scheduled meeting of the Salton Sea Authority ("Authority") Board of Directors ("Board") was called to order by Ryan E. Kelley, Vice President, 10:05 a.m., March 24, 2016, at Imperial Irrigation District, Bill Condit Auditorium, 1285 Broadway Avenue, El Centro, CA 92243, (760) 482-9618.

PLEDGE OF ALLEGIANCE

Director Hanks led the Pledge of Allegiance

ROLL CALL:

BOARD OF DIRECTORS PRESENT	AGENCY
Ryan E. Kelley, Vice President	Imperial County
G. Patrick O'Dowd, Treasurer	Coachella Valley Water District
Matt Dessert, Secretary*	Imperial Irrigation District
Cástulo R. Estrada, Director	Coachella Valley Water District
James C. Hanks, Director	Imperial Irrigation District
John Renison, Director	Imperial County
Thomas Tortez, Director	Torres Martinez Desert Cahuilla

BOARD OF DIRECTORS ABSENT	AGENCY
John J. Benoit, President	Riverside County
Marion Ashley, Director	Riverside County
Frank Durgin, Director	Torres Martinez Desert Cahuilla

SALTON SEA AUTHORITY STAFF PRESENT

Phil Rosentrater, Executive Director/General Manager
Linda Seroy, Board Secretary/Administrative Assistant
Gloria Sampson, Gloria J. Sampson Accounting Services, Consultant
Esmeralda Soria
Bob Hargreaves, Best Best & Krieger, Legal Counsel
Bill Brownlie, Tetra Tech, Consultant

MEMBERS OF THE PUBLIC PRESENT	AGENCY
Arkie Mayes	ICBCTC
Suzie Earp	CSUSB WRI
Ed Schiller	ILC
Dan Farris	CVWD
Robert Cheng	CVWD
Paul Quill	SSAC
Thelma Gonzalez	SDSU
Kathryn Gastelo	SDSU
Michael Flores	CDFW
Kelly Claar	Calif. State Parks
Jack Burke	Calif. State Parks/SDSU
Juan Murrillo	CSUSB WRI
Santos Reyes	Salton Sea Photographer
Kay Pricola	COLAB/IVVGA
Vickie Doyle	IID
Luis Plancarte	

II. BOARD MEMBER COMMENTS - None

III. PUBLIC COMMENTS

**Vice President Kelley acknowledged the arrival of Director Dessert. (10:09 a.m.)*

Ms. Rebecca Terrazas-Baxter, public information officer for the county of Imperial, presented an update at Supervisor Ryan Kelley's request on a recent outreach by the county in conjunction with IID – the Salton Sea Now campaign.

Mr. Kerry Morrison, of Ecomedia Compass, told of improved public perceptions regarding Salton Sea restoration, and reported on recent and upcoming events.

IV. CONSENT CALENDAR – Receive, Approve, and File

A. Minutes of February 18, 2016

B. Warrant Register Ratification for February 2016

C. Internal Financial Report for: 7/01/2015 – 2/29/2016

*Director Renison **moved** that the consent calendar be approved. **Seconded** by Director O'Dowd. Unanimously **carried**.*

V. PRESENTATION ITEMS

A. Suzie Earp of Water Resources Institute gave an overview of the Salton Sea Authority archives, showing "before and after" photos. The archives are part of the University of California library system so that they will be available in perpetuity. WRI is in the process of digitizing the records so they will be available via Internet.

Ms. Earp answered questions posed by the Board, and Director O'Dowd told of his visit to the archives the previous week. Ms. Earp tries to find answers to all questions, and invites other archivists and librarians to network with WRI toward that end. Director Kelley said he would introduce Ms. Earp to Imperial County's librarian.

VI. ACTION ITEMS

A. A draft Salton Sea Authority FY 2016-17 budget, which had been reviewed and approved by the Salton Sea Authority ad hoc finance committee, was submitted to the Board for consideration and approval.
Director O'Dowd, chairman of the ad hoc finance committee, stated that the committee had reviewed the budget in detail, and expects that additional costs would be offset by project-specific funding sources, and therefore the ad hoc finance committee recommends approval.

*Director O'Dowd **moved** that the proposed FY 2016-17 budget be approved. **Seconded** by Director Renison. Director O'Dowd and Phil Rosentrater answered questions by the Board. Unanimously **carried**.*

VII. REPORTS

A. General Manager Phil Rosentrater referred the Directors to the written Report on Activities and offered to answer any questions (of which there were none).

B. Update on Activities: Funding and Feasibility Report

Bill Brownlie of TetraTech reported that they delivered Benchmark 4.2 at the end of February for review by member agencies and the State. They were asked to participate in a meeting in Sacramento with the DOE and DWR, to answer their

questions. Mr. Brownlie reports that they are on track to complete all their studies by mid-May.

C. Update from Contractor on FFAP Benchmark 5 – IFD

Mr. Brownlie introduced Patrick Bourne, of the Development Planning and Financing Group, who gave a progress report on phases 1-3. The team plans to hold an industry forum in Imperial and Riverside counties, and present a draft feasibility report at the April SSA board meeting. The final report will be complete and submitted by the May 16 deadline, and the final report will be presented at the June 2 SSA Board meeting.

Mr. Bourne introduced John Shumway, of the Concord Group, who gave an update and presentation on the market analysis of phases 1 & 2 in Imperial and Riverside counties. There was discussion among the Board members, and Mr. Bourne and Mr. Shumway answered questions from the Board. Director Hanks suggested it would be helpful to show the IID and CVWD service areas on another map so they can see how growth in various areas would impact each agency.

D. Legislative Update

Phil Johnson presented the legislative update report, describing the various fund opportunities. Mr. Johnson will add AB 2700 to the next report at Director Kelley's request.

E. Standing Report

1. FEDERAL:

In Val Simon's absence, Bruce Wilcox presented a report. In a meeting arranged by Brad Poiriez, Mr. Wilcox and Directors from SSA member agencies met with Department of the Interior and other agencies in Washington DC to discuss air quality issues, funding, and more.

2. STATE:

Bruce Wilcox, Assistant Secretary of Resources for Salton Sea, gave a progress report on the projects list due end of March and what projects he expects will be on it. He gave an update on budget questions asked at last Board meeting, answered a question from the audience.

F. Salton Sea Action Committee (SSAC)

Juan de Lara reported on the fundraising efforts for their portion of Benchmark 5, and on special events in which SSAC was and is involved. Boat ramp grand opening is today.

VIII. ADJOURNMENT

Vice President Kelley announced upcoming meeting dates for the SWRCB and Little Hoover Commission workshops.

*There being no further business, Vice President Kelley invited a motion to adjourn. Director Renison so **moved**, **seconded** by Director O'Dowd. The meeting was **adjourned** at 11:46 a.m.*

NEXT MEETING TIME & LOCATION:
April 28, 2016
10:00 a.m.
Coachella Valley Water District
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, CA 92260
760-398-2651

Warrant Register
March 1, 2016 through March 31, 2016

Salton Sea Authority

Warrant Date	Warrant Number	Vendor Name	Amount
03/02/2016	EFT	Rabobank Credit Card	1,900.00
03/06/2016	EFT	Rabobank Credit Card	1,585.21
03/09/2016	16060	OfficeTeam	1,422.90
03/09/2016	16061	RivCo EDA	10,994.97
03/09/2016	16062	Sampson, GJ Acct	7,415.50
03/09/2016	16063	Seroy, Linda	101.96
03/09/2016	16064	Sampson, GJ Acct - 215	2,250.00
03/15/2016	EFT	Rabobank Credit Card	850.00
03/16/2016	15722	NWRA	695.00
03/17/2016	EFT	Rabobank Credit Card	1,460.00
03/18/2016	EFT	Rabobank Credit Card	1,900.00
03/23/2016	16065	Best, Best & Krieger	1,493.28
03/23/2016	16066	Davis Farr LLP	7,000.00
03/23/2016	16067	OfficeTeam	725.40
03/23/2016	16068	Void	-
03/23/2016	16069	Rosentrater, Phil	426.23
03/23/2016	16070	Southwest Networks	47.50
03/23/2016	16071	Sampson, GJ Acct - 214	360.00
03/23/2016	16072	Petty Cash	78.24
03/23/2016	EFT	Verizon Wireless	188.27
03/25/2016	EFT	Rabobank Credit Card	1,500.00
03/29/2016	EFT	Pitney Bowes	87.48
03/31/2016	EFT	Rabobank Credit Card	1,000.00
03/31/2016		Bank service charge	15.00
		Total $	**43,496.94**

3:19 PM
04/20/16
Accrual Basis

Salton Sea Authority
Balance Sheet by Fund
As of March 31, 2016

	101 General	214 Wetlands Grant	215 Funding Feasibility Review	702 Fish Clean Up Trust	TOTAL
ASSETS					
Current Assets					
Checking/Savings					
0001010 · Cash - Checking	163,483.74	-115,379.68	-22,897.60	0.00	25,206.46
0001011 · Cash - Money Market	283,641.24	10,712.04	0.00	20,991.43	315,344.71
0001012 · Cash - RivCo Fund	14,395.23	0.00	0.00	0.00	14,395.23
0001015 · Cash - Petty Cash	200.00	0.00	0.00	0.00	200.00
Total Checking/Savings	461,720.21	-104,667.64	-22,897.60	20,991.43	355,146.40
Accounts Receivable					
0001210 · Accounts Receivable	610,000.00	67,670.21	376,642.89	0.00	1,054,313.10
Total Accounts Receivable	610,000.00	67,670.21	376,642.89	0.00	1,054,313.10
Total Current Assets	1,071,720.21	-36,997.43	353,745.29	20,991.43	1,409,459.50
TOTAL ASSETS	**1,071,720.21**	**-36,997.43**	**353,745.29**	**20,991.43**	**1,409,459.50**
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
0002010 · Accounts Payable	28,956.94	123,317.49	358,596.61	0.00	510,871.04
Total Accounts Payable	28,956.94	123,317.49	358,596.61	0.00	510,871.04
Credit Cards					
0002015 · Credit Card Payable	703.94	0.00	0.00	0.00	703.94
Total Credit Cards	703.94	0.00	0.00	0.00	703.94
Other Current Liabilities					
0002820 · Deferred Revenue	0.00	67,670.21	0.00	0.00	67,670.21
Total Other Current Liabilities	0.00	67,670.21	0.00	0.00	67,670.21
Total Current Liabilities	29,660.88	190,987.70	358,596.61	0.00	579,245.19
Total Liabilities	29,660.88	190,987.70	358,596.61	0.00	579,245.19
Equity					
0003009 · Fund Balance	170,121.79	-128,056.19	-219,932.28	20,991.43	-156,875.25
Net Income	871,937.54	-99,928.94	215,080.96	0.00	987,089.56
Total Equity	1,042,059.33	-227,985.13	-4,851.32	20,991.43	830,214.31
TOTAL LIABILITIES & EQUITY	**1,071,720.21**	**-36,997.43**	**353,745.29**	**20,991.43**	**1,409,459.50**

Salton Sea Authority
Revenue & Expenditure by Fund
July 2015 through March 2016

	101 General	214 Wetlands Grant	215 Funding Feasibility Review	TOTAL
Ordinary Income/Expense				
Income				
0004662 · Local Gov/Member Assessments	610,000.00	0.00	0.00	610,000.00
0004660 · State of California Grants	0.00	0.00	807,023.20	807,023.20
0004710 · Pooled Cash Allocated Interest	563.64	0.00	0.00	563.64
Total Income	610,563.64	0.00	807,023.20	1,417,586.84
Expense				
1020000 · SSA ADMINISTRATION				
1025010 · Salaries				
Salaries - GM	34,261.04	0.00	0.00	34,261.04
Salaries - RivCo EDA	45,949.57	0.00	0.00	45,949.57
Salaries - Admin Support A	26,412.44	0.00	0.00	26,412.44
Total 1025010 · Salaries	106,623.05	0.00	0.00	106,623.05
1025500 · Employee Benefits				
Employee Benefits - RivCo EDA	13,022.07	0.00	0.00	13,022.07
Employee Benefits - SSA	19,233.06	0.00	0.00	19,233.06
Total 1025500 · Employee Benefits	32,255.13	0.00	0.00	32,255.13
1026050 · Contract Svc/Professional				
Contract Svc/Prof - Adm Sup C	31,050.00	0.00	0.00	31,050.00
Contract Svc/Prof - Adm Sup D	7,132.07	0.00	0.00	7,132.07
Contract Svc/Prof - Audit	7,000.00	0.00	0.00	7,000.00
Contract Svc/Prof - Finance	36,274.50	0.00	0.00	36,274.50
Total 1026050 · Contract Svc/Professional	81,456.57	0.00	0.00	81,456.57
1026010 · Contract Svc/Attorney				
Contract Svcs/Attorney - Genera	14,446.88	0.00	0.00	14,446.88
Contract Svcs/Attorney - Legisl	104.40	0.00	0.00	104.40
Total 1026010 · Contract Svc/Attorney	14,551.28	0.00	0.00	14,551.28
1026090 · Contract Svc/Technical	3,000.00	0.00	0.00	3,000.00
1026095 · Contract Svc/Equipment Maint	5,080.40	0.00	0.00	5,080.40
1028551 · Capital Equipment <$5,000	9,131.34	0.00	0.00	9,131.34
1026096 · Contract Svc/Equipment Lease	262.46	0.00	0.00	262.46
1026120 · Insurance	9,255.56	0.00	0.00	9,255.56
1027030 · Office Exp/Operating Supplies	3,978.59	0.00	0.00	3,978.59
1027035 · Office Exp/Online Services	436.63	0.00	0.00	436.63
1026450 · Postage, Mail	639.89	0.00	0.00	639.89
1026470 · Printing Services	152.47	0.00	0.00	152.47
1026439 · Dues, Subscriptions	3,643.53	0.00	0.00	3,643.53
1026350 · Communications	4,883.16	0.00	0.00	4,883.16
1026370 · Travel/Meetings	43,881.87	0.00	0.00	43,881.87
1026060 · Contract Svcs/WRI,Archive Mgmt	28,000.00	0.00	0.00	28,000.00
Total 1020000 · SSA ADMINISTRATION	347,231.93	0.00	0.00	347,231.93

Salton Sea Authority
Revenue & Expenditure by Fund
July 2015 through March 2016

	101 General	214 Wetlands Grant	215 Funding Feasibility Review	TOTAL
6020000 · WETLANDS GRANT ADMINISTRATION				
6025010 · Salaries	1,117.37	0.00	0.00	1,117.37
6025500 · Employee Benefits	276.80	0.00	0.00	276.80
6026010 · Contract Svcs/Attorney	0.00	809.60	0.00	809.60
6026013 · Contract Svcs/Accountant	0.00	7,065.00	0.00	7,065.00
Total 6020000 · WETLANDS GRANT ADMINISTRATION	1,394.17	7,874.60	0.00	9,268.77
6040000 · WETLANDS GRANT TECHNICAL				
6046020 · Contract Svcs/AMEC - update	0.00	17,840.00	0.00	17,840.00
6046025 · Contract Svcs - AMEC/NSYC	0.00	2,870.00	0.00	2,870.00
6046040 · Contract Svcs/Design	0.00	71,344.34	0.00	71,344.34
Total 6040000 · WETLANDS GRANT TECHNICAL	0.00	92,054.34	0.00	92,054.34
6050000 · FUNDING/FEASIBILITY ADMIN				
6055010 · Salaries				
Salaries - Admin Support 215	0.00	0.00	3,730.88	3,730.88
Salaries - GM 215	0.00	0.00	38,475.97	38,475.97
Total 6055010 · Salaries	0.00	0.00	42,206.85	42,206.85
6055500 · Employee Benefits	0.00	0.00	9,593.85	9,593.85
6056010 · Contract Svcs/Attorney	0.00	0.00	19,287.90	19,287.90
6056011 · Contract Svcs/J Schlange	0.00	0.00	962.50	962.50
6056013 · Contract Svcs/Accountant	0.00	0.00	9,045.00	9,045.00
Total 6050000 · FUNDING/FEASIBILITY ADMIN	0.00	0.00	81,096.10	81,096.10
6060000 · FUNDING/FEASIBILITY TECHNICAL				
6066016 · Contract Svcs/TetraTech $1.7	0.00	0.00	510,846.14	510,846.14
Total 6060000 · FUNDING/FEASIBILITY TECHNICAL	0.00	0.00	510,846.14	510,846.14
Total Expense	348,626.10	99,928.94	591,942.24	1,040,497.28
Net Ordinary Income	261,937.54	-99,928.94	215,080.96	377,089.56
Other Income/Expense				
Other Expense				
non-pos · Non-posting items	0.00	0.00	0.00	0.00
Total Other Expense	0.00	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00
Net Income	**261,937.54**	**-99,928.94**	**215,080.96**	**377,089.56**

Salton Sea Authority

Memorandum

To: Salton Sea Authority Board of Directors

From: Phil Rosentrater, GM/Executive Director

Date: April 28, 2016

Re: Submittal of the Salton Sea Authority Fiscal Year 2014-2015 Audit Report

CM No. **V.A – 4/28/16**

GENERAL:

Transmitted herewith please find the Fiscal Year 2014-2015 Audit Report prepared by the firm of Davis Farr LLP for your consideration, review and comment.

Ms. Jennifer Farr of Davis Farr LLP will present the Audit Report at the April 28, 2016 Board meeting.

Davis Farr LLP is a new CPA firm formed by the Partners of the Orange County office of Mayer Hoffman McCann for the purposes of acquiring the California Local Government Audit Practice from MHM. Concurrently, Ken Al-Imam, the long-time auditor responsible for the Salton Sea Authority audit, decided to retire from public accounting. Mr. Al-Imam transitioned responsibility for the Salton Sea Authority audit to Ms. Farr, the quality control partner on this audit for several years.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board receive and direct staff to circulate the report to appropriate agencies.

Respectfully submitted,

Phil Rosentrater
GM/Executive Director

SALTON SEA AUTHORITY

BASIC FINANCIAL STATEMENTS

Year ended June 30, 2015

SALTON SEA AUTHORITY

BASIC FINANCIAL STATEMENTS

Year ended June 30, 2015

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Board of Directors
Salton Sea Authority
Indio, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Salton Sea Authority (the "Authority"), as of and for the year ended June 30, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of Salton Sea Authority for the fiscal year ended June 30, 2014 were audited by other auditors whose report dated April 13, 2015 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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* 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
April 8, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the Salton Sea Authority provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Also included in the accompanying report are the *fund financial statements.* The fund financial 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts — *management's discussion and analysis* (this section), the *basic financial statements,* and *required supplementary information*. The *basic financial statements* include two kinds of statements that present different views of the Authority:

- The first two statements are *government-wide financial statements* that provide both *long- term* and *short-term* information about the Authority's overall financial status.

- The remaining statements are *fund financial statements* that focus on *individual parts* of the Authority government, reporting the Authority's operations in *more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provided additional financial and budgetary information.

Reporting the Authority as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the Authority as a whole. 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. These statements include *all* assets and liabilities using the *modified-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.* Over time, *increases and decreases* in the Authority's net position are one indicator of whether its *financial health* is improving or deteriorating.

Reporting the Authority's Major Funds

The **fund financial statements** provide detailed *information* about the Authority's most significant funds - not the Authority as a whole. Some funds are required to be established by grant or legal requirements. However, management establishes other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain resources.

Governmental funds — 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 *current 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

	2015	2014	Change
Assets:			
Cash	$ 128,444	$ 196,312	$ (67,868)
Accounts receivable	287,138	284,738	2,400
Interest receivable	12	-	12
Prepaid items	-	-	-
Total assets	$ 415,594	$ 481,050	$ (65,456)
Liabilities:			
Accounts payable	82,589	334,301	(251,712)
Accrued expenditures	202,742	19,208	183,534
Unearned revenue	-	-	-
Total liabilities	285,331	353,509	(68,178)
Net position:			
Restricted for:			
Specific grants	20,991	20,991	-
Unrestricted	109,272	106,550	2,722
Total net position	$ 130,263	$ 127,541	$ 2,722

A summary of the government-wide *statement of activities* follows:

Statement of Activities

Function	Expenses	Operating Grants	Net Expense	Prior Year
Administration	$ 553,962	-	(553,962)	(495,367)
Technical and project support	925,458	871,101	(54,357)	6,493
Total	$1,479,420	871,101	(608,319)	(501,860)
	General revenues:			
	Member contributions		610,000	610,000
	Interest		1,041	761
	Total general revenues		611,041	610,761
	Change in net position		2,722	108,901
	Net position, beginning of year		127,541	18,640
	Net position, end of year		$ 130,263	127,541

The increase in Operating Grants is related to full implementation of the Salton Sea funding and feasibility action plan funded by the State of California Natural Resources Agency via the Budget Act of 2013.

The increase in technical and project support expense is due to continuing work on the project identified above, as well as the State of California Department of Water Resources habitat enhancement and creation project funded by the Salton Sea Financial Assistance Program.

The increase in Administration Expense is related to the addition of a full-time administrative staff member, as well as temporary costs incurred during transition in Salton Sea Authority managers.

MAJOR FUNDS

General Fund – Unrestricted

This fund accounts for all administrative activity and expense related to salaries, public outreach, community relations, services and supplies to maintain and support all Salton Sea Authority's restoration projects. The General Fund increase is due to having two full-time staff members the entire year, as well as increased use of professional services in order to fulfill the administrative demands directly related to state-contracted grant programs.

State Department of Water Resources Habitat Enhancement and Creation Project

The project provides for habitat enhancement and expansion located at the North end of the Salton Sea. The Salton Sea Authority is working in conjunction with the Torres Martinez Tribe of Indians to revitalize and expand former habitat areas negatively impacted by the receding shoreline of the Salton Sea. The resulting work will safeguard vital species and protect the vulnerable tribal community from exposure to emissive playa areas soon to be covered with wetlands.

State Natural Resources Agency Funding and Feasibility Action Plan

Grant funds are being used to develop a comprehensive review of the existing plans in order to develop the most feasible alternative for Sea revitalization possible, along with a funding strategy to achieve these outcomes in the immediate, interim and long term future. The feasibility review will generate a menu of currently viable restoration components and funding alternatives for the Salton Sea. Analyses from previous restoration planning efforts are being updated. Significant new options added include renewable energy and real estate development as foundational drivers for revitalization plans that integrate a sustainable funding strategy. The fund carries a deficit balance as of June 30, 2015 because grant funds to offset costs incurred near the end of the fiscal year were not available until several months into the new fiscal year.

GENERAL FUND BUDGET

Actual expenses were under budget by $56,038. Certain operating expenses were less than anticipated as the Authority did not have an opportunity to acquire support staff to the level projected.

CAPITAL ASSETS

The Salton Sea Authority has no significant capital assets (property, plant, and equipment).

LONG-TERM DEBT

The Salton Sea Authority has no outstanding long-term debt.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, members, and resource providers with a general 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 Office located at 82995 Highway 111, Suite 200, Indio, CA 92201.

BASIC FINANCIAL STATEMENTS

SALTON SEA AUTHORITY

STATEMENT OF NET POSITION

June 30, 2015
(with comparative information for prior year)

	2015	2014
ASSETS:		
Cash	$ 128,444	196,312
Grants receivable	287,138	284,738
Interest receivable	12	-
TOTAL ASSETS	415,594	481,050
LIABILITIES:		
Accounts payable	82,589	334,301
Accrued expenses	202,742	19,208
TOTAL LIABILITIES	285,331	353,509
NET POSITION:		
Restricted for:		
Specific grants	20,991	20,991
Unrestricted	109,272	106,550
TOTAL NET POSITION	$ 130,263	127,541

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY

STATEMENT OF ACTIVITIES

Year ended June 30, 2015
(with comparative information for prior year)

Function	Expenses	Operating Grants	Net Expense	Prior Year
Administration	$ 553,962	-	(553,962)	(495,367)
Technical and project support	925,458	871,101	(54,357)	(6,493)
Total	$ 1,479,420	871,101	(608,319)	(501,860)
General revenues:				
Member contributions			610,000	610,000
Interest			1,041	761
Total general revenues			611,041	610,761
Change in net position			2,722	108,901
Net position, beginning of year			127,541	18,640
Net position, end of year			$ 130,263	127,541

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015
(with comparative information for prior year)

		Special Revenue				
	General	Wetlands	Feasibility Study	Fish Clean Up Trust	Total	
	101	214	215	702	2015	2014
ASSETS:						
Cash	$ 107,453	-	-	20,991	128,444	196,312
Accounts receivable	-	67,670	219,468	-	287,138	284,738
Due from other funds	124,101	-	-	-	124,101	8,203
Interest receivable	12	-	-	-	12	-
TOTAL ASSETS	$ 231,566	67,670	219,468	20,991	539,695	489,253
LIABILITIES:						
Accounts payable	$ 48,574	30,713	3,302	-	82,589	334,301
Accrued expenses	12,870	823	189,049	-	202,742	19,208
Due to other funds	-	96,520	27,581	-	124,101	8,203
TOTAL LIABILITIES	61,444	128,056	219,932	-	409,432	361,712
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	-	67,670	219,468	-	287,138	67,670
TOTAL DEFERRED INFLOWS OF RESOURCES	-	67,670	219,468	-	287,138	67,670
FUND BALANCES:						
Restricted for restoration activities	-	-	-	20,991	20,991	20,991
Unassigned	170,122	(128,056)	(219,932)	-	(177,866)	38,880
TOTAL FUND BALANCES (DEFICIT)	170,122	(128,056)	(219,932)	20,991	(156,875)	59,871
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 231,566	67,670	219,468	20,991	539,695	489,253

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2015

Fund balances of governmental funds	$	(156,875)
Amounts reported for governmental activities in the statement of net position are different because:		
Revenues that are measurable but not available. Amounts are recorded as deferred inflows of resources under the modified accrual basis of accounting until they become available		287,138
Net position of governmental activities	$	130,263

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2015
(with comparative information for prior year)

		Special Revenue			Total	
	General	Wetlands	Feasibility Study	Fish Clean Up Trust	2015	2014
REVENUES:						
Member contributions	$ 610,000	-	-	-	610,000	610,000
Intergovernmental	-	-	651,633	-	651,633	453,815
Interest	1,041	-	-	-	1,041	761
TOTAL REVENUES	611,041	-	651,633	-	1,262,674	1,064,576
EXPENDITURES:						
Administration	553,962	-	-	-	553,962	495,367
Technical and project support	-	53,893	871,565	-	925,458	527,978
TOTAL EXPENDITURES	553,962	53,893	871,565	-	1,479,420	1,023,345
Excess (deficiency) of revenues over (under) expenditures	57,079	(53,893)	(219,932)	-	(216,746)	41,231
Changes in fund balances	57,079	(53,893)	(219,932)	-	(216,746)	41,231
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	113,043	(74,163)	-	20,991	59,871	18,640
FUND BALANCES (DEFICIT) AT END OF YEAR	$ 170,122	(128,056)	(219,932)	20,991	(156,875)	59,871

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year ended June 30, 2015

Net changes in fund balances - total governmental funds	$	(216,746)
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting until they become available		219,468
Change in net position of governmental activities	$	2,722

See accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

The basic financial statements of the Salton Sea Authority (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

(a) Reporting Entity

The Authority was created on June 2, 1993, as a result of a joint powers agreement entered into by the County of Riverside, County of Imperial, Coachella Valley Water District and the Imperial Irrigation District. The JPA was amended in 2002 to add member agency Torres Martinez Desert Cahuilla Indians. Each of the parties to the joint powers agreement appoints two representatives to the Board of Directors. The Authority is a single function entity whose purpose is to direct and coordinate efforts to improve the quality of the water in the Salton Sea, and to enhance its recreational and economic development potential.

(b) Basis of Accounting and Measurement Focus

The *basic financial statements* of the Authority are composed of the following:

(a) Government-wide financial statements
(b) Fund financial statements
(c) Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements.

Government-wide Financial Statements – Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

Fund financial statements – The underlying accounting system of the Authority is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in

(1) Summary of Significant Accounting Policies (Continued)

individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are presented after the government-wide financial statements. These statements display information about the major funds individually and nonmajor funds in the aggregate.

Governmental funds – In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Authority uses an availability period of six months.

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

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, that they should not be considered "available spendable resources," since they do not represent net current assets.

Revenues, expenditures, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that is not received within the "availability period" established by that local government.

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

(1) Summary of Significant Accounting Policies (Continued)

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources.

(c) Fund Classifications

The Authority reports the following major governmental funds:

General fund – The general fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

Wetlands Grant fund – This fund accounts for the California State Department of Water Resources grant activity related to the habitat enhancement and creation on the Torres Martinez Wetlands.

Feasibility Grant fund – This fund accounts for the California Natural Resources Agency grant activity to generate a list of components and funding alternatives for the restoration of the Salton Sea.

Fish Clean Up Trust – This fund accounts for private donations to support the cleanup of fish die-offs at the Salton Sea.

(d) Cash

The Authority pools cash of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash*.

(e) Capital Assets

The capitalization threshold is $5,000. Currently, there are no capital assets that individually exceed this capitalization threshold.

(f) Interfund Transfers

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

(g) Unearned Revenue

Unearned revenue is recorded for member assessments received prior to the year for which the assessments are applicable.

(1) Summary of Significant Accounting Policies (Continued)

(h) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government does not report any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, and grant reimbursements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(i) Fund Balance

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, or creditors. Board of Directors imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

Committed Fund Balance – this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts. If the Board action that limits the

(1) Summary of Significant Accounting Policies (Continued)

use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The Authority considers a resolution to constitute a formal action of the Board of Directors for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are intended to be used for specific purposes as indicated either by the Board of Directors or by persons to whom the Board has delegated the authority to assign amounts for specific purposes.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

It is the Authority's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Board of Directors.

(j) Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(k) Comparative Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

(2) Cash

Cash as of June 30, 2015 is classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash	$128,444
Total cash	$128,444

Cash as of June 30, 2015 consisted of the following:

Demand deposits	$128,444
Total cash	$128,444

Custodial credit risk – Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (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 deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

(3) Interfund Receivables and Payables

The $27,581 due from the Feasibility Fund to the General Fund and the $96,520 due from the Wetlands Fund to the General Fund are short term borrowings to cover the negative cash balances due to grant funds that must be paid out before reimbursements are received. It is anticipated that these funds will be reimbursed in the year ended June 30, 2016.

(4) Commitments and Contingencies

The Authority has been a recipient of State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the Authority had not complied with the rules and regulations governing the grants, the Authority's rights to grant money received may be impaired. In the opinion of the Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been made in the accompanying financial statements for such contingencies.

(5) Funding of Operations

The overall operations of the Authority are funded by contributions from its member agencies. In recent years the member agencies funded basic operations while determining the future direction of the Authority. In fiscal year 2015, as the Authority looks to the future restoration of the Salton Sea the agencies have amplified their contributions to provide for additional staff and increased level of activity.

The Authority is pursuing project funds via applications to federal and state agencies for grant funding. It is also investigating joint partnerships with private industry.

REQUIRED SUPPLEMENTARY INFORMATION

SALTON SEA AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30, 2015

	Budgeted Amounts			Variance-Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Member contributions	$ 610,000	610,000	610,000	-
Interest	-	-	1,041	1,041
TOTAL REVENUES	610,000	610,000	611,041	1,041
EXPENDITURES:				
Administration	610,000	610,000	553,962	56,038
TOTAL EXPENDITURES	610,000	610,000	553,962	56,038
Change in fund balance	-	-	57,079	57,079
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	113,043	113,043	113,043	-
FUND BALANCE (DEFICIT) AT END OF YEAR	$ 113,043	113,043	170,122	57,079

SALTON SEA AUTHORITY

Notes to Required Supplementary Information

Year ended June 30, 2015

(1) Budgets and Budgetary Data

The Authority is only required to adopt an annual budget for the general fund. This budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP). For the other funds of the Authority, project length budgets, rather than annual budgets, are employed.

Once the budget is approved, it can be amended by approval of a majority of the Board of Directors.

A comparison of budget and actual has been presented for the General Fund used by the Authority. With respect to revenues, a favorable variance indicates actual revenues received exceeded the legally adopted budget and an unfavorable variance indicates that actual revenues received were less than the amount budgeted. With respect to expenditures, a favorable variance indicates actual costs were less than the amount budgeted and an unfavorable variance indicates actual expenditures exceeded the legally adopted budget.

Salton Sea Authority

Memorandum

To: Salton Sea Authority Board of Directors

From: Phil Rosentrater, GM/Executive Director

Date: April 28, 2016

Re: **Salton Sea Financial Feasibility Action Plan**

CM No. **VI. A – 4/28/16**

GENERAL:

In accordance with Salton Sea Authority ("Authority") Board-adopted Guiding Principles, and under the state legislative authorization of AB 71 (Perez), the Authority has aggressively pursued cooperative planning in partnership with the State of California Natural Resources Agency (Ca NRA). This Authority / Ca NRA joint effort is guided by the Financial Feasibility Action Plan (FFAP) under a $2 million contract funded by state water bonds (Proposition 86).

The Authority is living up to its obligations under the provisions of AB 71 that drove state funding into the Authority to develop the Financial Feasibility Action Plan. The completion of the Authority's work – on time and under budget – offers hope that this partnership can seize opportunities to transform the economically and environmentally distressed Salton Sea region into a healthy environment and prosperous community.

The broad goal of the Salton Sea Funding and Feasibility Action Plan project is to develop an updated vision for the Salton Sea and surrounding region that matches funding realities with needs. The project has three specific goals for the Salton Sea and its surrounding area:

- Provide a healthy environment for residents around the Sea
- Work toward a Salton Sea and bordering habitat that sustains enough aquatic life to provide habitat for wildlife on the Pacific flyway
- Help revitalize the economy around the Salton Sea and in Imperial and Riverside Counties

Goals and objectives for the project are divided into the following categories: planning and engineering, environmental, and financing and feasibility which includes evaluating land development options and alternative energy sources.

The Salton Sea Funding and Feasibility Action Plan project is funded by a $2 million grant between the State of California Natural Resources Agency and the Salton Sea Authority, Agreement No. 0540 – SSA 1.

Updates to the Authority's Board on FFAP have been provided routinely at the regular Board meetings, and each Benchmark has been released to the Board for review and comment prior to filing the draft product with the Ca NRA. The FFAP work product along with the concepts from the Salton Sea Restoration and Renewable Energy Initiative being developed by Imperial County and Imperial Irrigation District, are being considered by the Ca NRA as complementary components of a more comprehensive revitalization plan for the entire Sea known as the Salton Sea Management Plan (SSMP).

Under terms of the state contract with the Authority for the FFAP, the completed report is due to the state no later than May 16, 2016. The state contract requires that the final report include findings as to what can be done in the near term and the long term, and near-term options and recommendations. Staff anticipates circulating a draft final report prior to the Board meeting.

Given the limited time remaining under the contract, and the likely difficulty in achieving consensus among the member agencies with respect to all aspects of the final report, staff recommends that the Authority proceed in a manner similar to Environmental Impact Reports: that the draft final report be circulated to the member agencies for comments; that TetraTech and staff respond to comments; and that the final report consist of the Draft Report, the Comments from agencies, and the Responses to comments. The Authority Board can decide how to move forward with implementing the final report at a later date.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board accept the following as the Final Financial Feasibility Action Plan for purpose of submission to the California Natural Resources Agency in compliance with the contractual deadline of May 16, 2016:

1. The Draft Final Report prepared and circulated by Tetra Tech
2. Comments received from member agencies
3. Tetra Tech/staff responses to member agency comments.

Respectfully submitted,

Phil Rosentrater
GM/Executive Director