



6 Attachment 6 – Budget

The budget for the proposed project is summarized in **Table 1** below:

Table 1. Budget Summary

Task	Budget Category	Non-State Share (Funding Match)	Requested Grant Funding	Total
1	Design, Environmental, and Permitting	\$27,500	\$0	\$32,440
2	Construction and Implementation	\$2,200	\$250,000	\$252,200
3	Data Analysis and Reporting	\$24,720	\$0	\$24,720
	Grand Total	\$54,420	\$250,000	\$304,420

Below is a list of supporting documents for the budget:

Exhibit 6.1 – Detailed Project Cost Estimate

Exhibit 6.2 – Construction Cost Estimate (DMC Stream Gauge)

Exhibit 6.3 – Construction Cost Estimate (Outside Canal Stream Gauge)

Exhibit 6.4 – Construction Cost Estimate (Main Canal Stream Gauge)

Exhibit 6.5 – Vendor Price Quotations

Exhibit 6.6 – Laboratory Costs for Water Quality Testing

6.1 Equipment Costs

Equipment costs as provided by the vendors are provided in **Exhibit 6.5**. These will be purchased directly by SJRECWA and will not have a markup. Quotes obtained include

1. Weather Station
2. Data loggers with cellular modems
3. Level transducers
4. Doppler flow meters

6.2 Water Quality Sampling and Testing

Groundwater will be tested for TDS, Arsenic, Nitrate, and Chromium VI in Subtask 3.1 – Perform Field Data Collection. A water-testing price sheet from a local laboratory is included as **Exhibit 6.6**. The analyses cost \$146 per sample. Therefore, testing costs for the proposed project are summarized as follows: 4 wells x 6 test periods x \$146/sample = \$3,504 (rounded to \$3,500).

6.3 Legal Fees

The budget includes a nominal \$1,000 budget for legal fees. The legal fees are needed for the Authority’s legal counsel to assist with permitting efforts, if needed. No substantial legal services are expected to be needed, so the nominal budget is considered adequate.



6.4 Consultant Fees

Consultant fees were provided by SJRECWA's consulting engineer, Provost & Pritchard Consulting Group, and are based on their standard fee schedule.

6.5 Subconsultant

Subconsultant fees include \$2,500 for Kenneth D. Schmidt & Associates, a hydrogeologic consultant who will provide independent third-party review of the quarterly and final report. All subconsultant fees will include a standard 15% markup.

6.6 Mileage

Mileage will be charged at rates specified by DWR, assumed for now to be standard IRS rates. The cost estimate assumes the mileage rate to be \$0.555/mile. No per diem or lodging costs are included in the cost estimate. Mileage for the project is based on trips between Fresno, the location of the proposed consultants, and the project site located in Los Banos. Trips will be needed to verify and witness construction and installations, and meeting with staff regarding progress. Each trip from Fresno to Los Banos is 75 miles round trip. It is assumed that 12 total round trip are made during the project, most to observe construction.

6.7 Contingency

The construction cost estimates have a built in contingency of 5%. SJRECWA is prepared to pay for extra costs if they exceed the estimate.

6.8 Project Tracking and Billing

It is proposed to track and bill the project according to the three tasks in the budget. Budgets will not be tracked or billed by subtask. Tracking cost according to each sub-task would be cumbersome and would not add to understanding the project's cost.

6.9 Labor Compliance

Since the Authority will be performing their own work, it is not believed that a third party will be required to enforce a Department of Industrial Relations-certified Plan. Therefore a budget was not assigned specifically to Labor Compliance. However, should it be deemed necessary, SJRECWA possess the additional funds required to implement the plan (estimated at \$3,500)

6.10 District Contribution

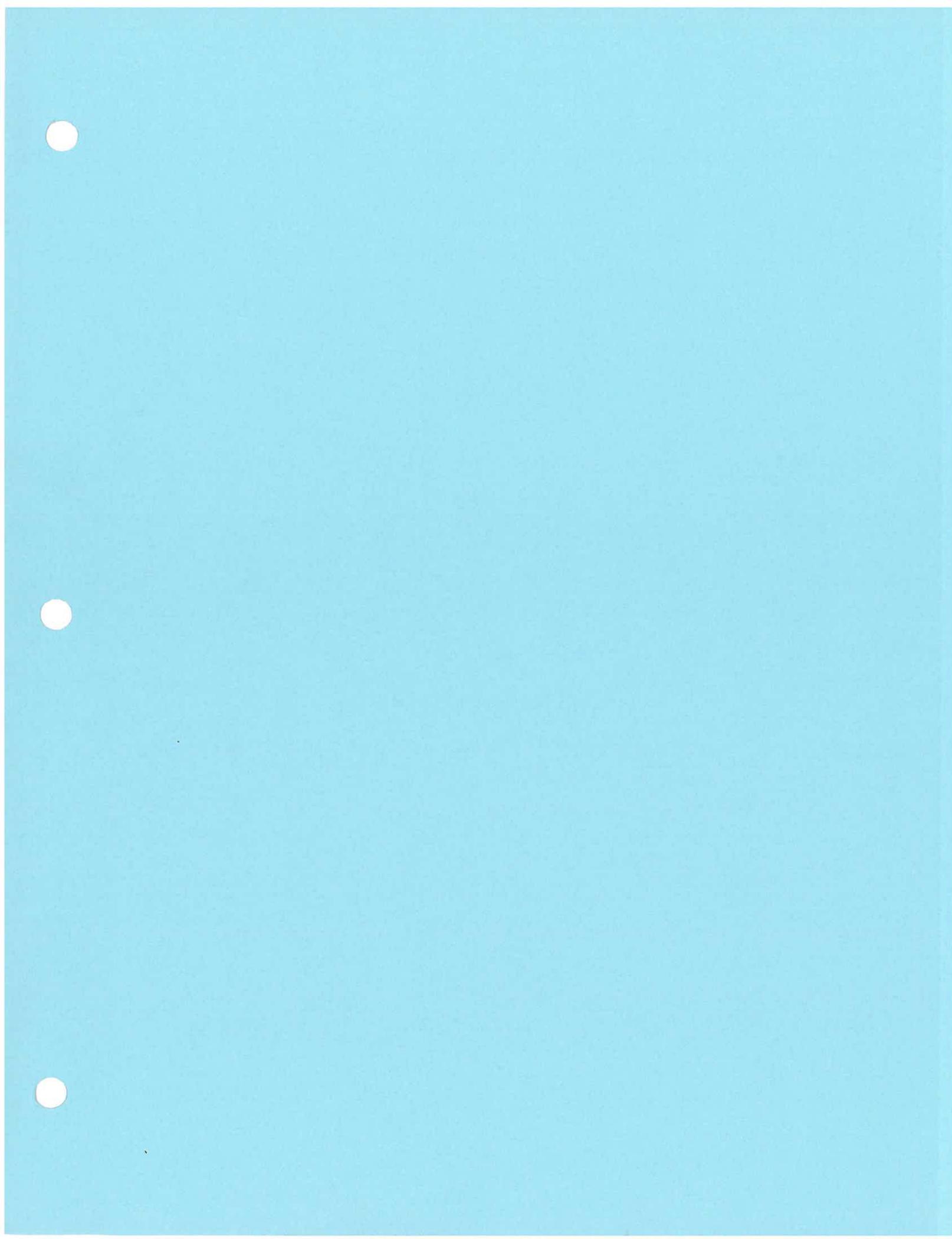
The District is requesting a \$250,000 grant for Task 2- Construction and Implementation, and will fund the remainder of the project themselves. With a total cost of \$304,420, the District share will be \$54,420. **Exhibit 6.7** is the end of fiscal year 2011 financial audit. Page 2 shows \$449,228 in unrestricted net assets, which could be used to pay for this cost share. The District will also make other contributions to project costs that are not included in the cost estimate. These include the following:

- 1) Authority staff time to administer and manage the project through meetings with the consulting engineer, Board meetings, meetings with other water agencies, Groundwater Monitoring Committee meetings, and review of project submittals.

Los Banos Creek Water Resources Management Plan
Los Banos Creek Groundwater and Surface Water Monitoring Program



2) Authority and member district manager time to supervise construction, install devices, and modify website.



**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
LOS BANOS CREEK WATER RESOURCES MANAGEMENT PLAN
Los Banos Creek Groundwater and Surface Water Monitoring Program
Cost Estimate**

STAFF HOURS	Labor Costs						Direct Costs						Admin Costs				Totals
	Principal Engineer III	Senior Engineer I	Assistant Engineer II	Senior Technician I	Prof. Administrator II	Hydrogen Subcontractant	Construction Costs and Equipment	Surveying	Water Quality Testing	Legal Services	Mileage at \$0.55/mi.	Printing & Postage	Total Hours	Total Cost			
Task 1 Design, Environmental, and Permitting	\$160	\$120	\$100	\$100	\$65								Task 1 Total = \$27,500				
1.1 Design													0	\$0			
Topographic Survey		4					\$2,500						5	\$3,140			
Final Design		8	24	40	8								88	\$9,160			
1.2 Environmental Compliance		4	16	40	8			\$1,000			\$100		72	\$8,720			
1.3 Permits													0	\$0			
Right of Entry		8											12	\$1,540			
DEG 1602 Permit		2	24	16	8					\$100			50	\$4,940			
Task 2 Construction and Implementation													Task 2 Total = \$252,200				
2.1 Construct Stream Gauges										\$300			0	\$300			
Gauge @ Delta Mendoza Canal		2	4				\$67,000						6	\$67,640			
Gauge @ Outside Canal		2	4				\$75,400						6	\$76,040			
Gauge @ Main Canal		2	4				\$63,800						6	\$64,440			
2.2 Install Monitoring Well Water Level Sensors										\$200			0	\$200			
Sensors @ Well #1		1	2				\$8,300						3	\$8,620			
Sensors @ Well #2		1	2				\$8,300						3	\$8,620			
Sensors @ Well #3		1	2				\$8,300						3	\$8,620			
Sensors @ Well #4		1	2				\$8,300						3	\$8,620			
2.3 Install Weather Station		1	2				\$7,240			\$50			3	\$7,610			
2.4 Website Modifications		4	8							\$50			12	\$1,490			
Task 3 Data Analysis and Reporting													Task 3 Total = \$24,720				
3.1 Perform Field Data Collection		4	8										12	\$4,780			
3.2 Prepare DWR Quarterly Reports		4	6	8				\$1,500			\$500		18	\$4,160			
3.3 Prepare DWR Final Report		8	24	80	20			\$1,000			\$100		140	\$15,780			
Total Hours:	39	73	214	84	32								442				
Total Cost:	\$6,240	\$8,760	\$21,400	\$8,400	\$2,080	\$2,500	\$246,640	\$2,500	\$1,500	\$1,000	\$600	\$800		\$304,420			

TOTAL ESTIMATED PROJECT COST: \$304,420

Notes:
1) See following Attachment 6 Exhibits for construction and equipment cost



ENGINEER'S OPINION OF PROBABLE CONSTRUCTION COST

PRELIMINARY

**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
LOS BANOS CREEK WATER RESOURCES MANAGEMENT PLAN
LOS BANOS CREEK GROUNDWATER AND SURFACE WATER MONITORING PROGRAM**

Los Banos Creek Stream Gauge at the Delta-Mendota Canal

Item No.	Item Description	Estimated Quantity	Unit	Unit Price	Amount
1	Sontek - ID Plus Doppler Flow meter w/ cable	6	EA	\$8,600	\$51,600.00
2	Nexsens iSIC Data Logger with Cellular Modem and Software	1	EA	\$4,700	\$4,700.00
3	Miscellaneous Conduit and Hardware	1	LS	\$5,000	\$5,000.00
4	Staff gauge	1	EA	\$2,500	\$2,500.00
	Contingency			5%	\$3,200
PRELIMINARY COST ESTIMATE:					\$67,000

Note: See vendor quote(s) on follow page(s)



ENGINEER'S OPINION OF PROBABLE CONSTRUCTION COST

PRELIMINARY

**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
LOS BANOS CREEK WATER RESOURCES MANAGEMENT PLAN
LOS BANOS CREEK GROUNDWATER AND SURFACE WATER MONITORING PROGRAM**

Los Banos Creek Stream Gauge at the Outside Canal

Item No.	Item Description	Estimated Quantity	Unit	Unit Price	Amount
1	Clearing and Grubbing	1	LS	\$3,000	\$3,000
2	Concrete Measurement Section	35	CY	\$1,200	\$42,000
3	Rip Rap Downstream Section ans side slopes between abut.	100	CY	\$60	\$6,000
4	Steel Plate for sharp crest	250	SF	\$40	\$10,000
5	Stilling Well	1	EA	\$2,500	\$2,500
6	YSI 600LS Level Transducer w/ EcoNet Data Logger with Cellular Modem, software and cables	1	EA	\$8,300	\$8,300
	Contingency			5%	\$3,600
PRELIMINARY COST ESTIMATE:					\$75,400

Note: See vendor quote(s) on follow page(s)



ENGINEER'S OPINION OF PROBABLE CONSTRUCTION COST

PRELIMINARY

**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
LOS BANOS CREEK WATER RESOURCES MANAGEMENT PLAN
LOS BANOS CREEK GROUNDWATER AND SURFACE WATER MONITORING PROGRAM**

Los Banos Creek Stream Gauge at the Main Canal

Item No.	Item Description	Estimated Quantity	Unit	Unit Price	Amount
2	Clearing, Grubbing and Grading	1	LS	\$2,000	\$2,000
3	Compaction at sill and rip rap location	1,200	SF	\$3	\$3,600
4	Steel Plate for sharp crest	150	SF	\$40	\$6,000
5	Concrete Measurment Section	28	CY	\$1,200	\$33,600
6	Rip Rap Downstream Section	80	CY	\$60	\$4,800
7	Stilling Well	1	EA	\$2,500	\$2,500
8	YSI 600LS Level Transducer w/ EcoNet Data Logger with Cellular Modem, software and cables	1	EA	\$8,300	\$8,300
	Contingency			5%	\$3,000
PRELIMINARY COST ESTIMATE:					\$63,800

Note: See vendor quote(s) on follow page(s)

HYDRO SCIENTIFIC WEST

Sales Quotation

"Our Business is Flowing"

Joe Hopkins
Provost & Pritchard Consulting Group
2505 Alluvial Ave.
Clovis, CA 93611-9166
(559) 326-1100 ext. 336

Quote#: 12104RAN-PPENG

Quote Date: 7/10/2012 Quote Expires: 10/8/2012

Line #	Part #	Description	Price	Qty	Extend
1	SON-IQP	<u>SonTek-IQ Plus</u> . Low profile (2.86-cm tall), five beam up-looking real-time acoustic Doppler current meter/flowmeter (3.0-MHz). The SonTek-IQ Plus includes an extended operating range (5-m), advanced data processing including the SmartPulseHD feature, and current profiling. Features dynamic measurement cell, vertical acoustic beam and pressure sensor for water level measurement, internal flow calculations for both instantaneous discharge as well as total volume, temperature sensor, tilt sensor, RS232, SDI-12, Modbus interface and 4 GB recorder. System includes mounting brackets, USB-RS232 serial adaptor, tool kit, power supply and memory drive with SonTek-IQ software and technical documentation.	\$8,230.00	1	\$8,230.00
2	36-0012-020	20-m power and RS232/SDI-12/Modbus communications cable, compatible with the IQ Flow Display, 5-pin male dry-pluggable to 5-pin IQ connector	\$350.00	1	\$350.00

SUBMIT PURCHASE ORDER TO:

SonTek
c/o HydroScientific West
Attn: Orders
9940 Summers Ridge Rd.
San Diego, CA 92121
Phone: (858) 546.8327 x132
Fax: (858) 546-8150
orders@sontek.com

Subtotal:	\$8,580.00
Tax	
Shipping:	Pre-paid and Add
TOTAL:	\$8,580.00

Quote Terms: 60 days
Freight: Prepaid and added to invoice
FOB: Destination
Payment Terms: Net 30 days upon approved credit
(We also accept VISA & MasterCard)
Taxes: Applicable sales tax will be added to invoice
Cancelled Orders: 15% restocking fee will be applied
Finance Charges: 18% per annum on past due invoices

12528 Kirkham Court #3
 Poway, CA 92064
 Office: 858.486.8825 Fax: 858.486.8826
 CA C10 #515151



Joe Hopkins
 Provost & Pritchard Consulting Group
 2505 Alluvial Ave.
 Clovis, CA 93611-9166
 (559) 326-1100 ext. 336

Sales Quotation

Quote Expires on: 10/8/2012

Quote Number: 12105RAN-PPENG

Date 7/10/2012

Line #	Part #	Description	Price	Qty	Extend
Data Logger					
1	1001	iChart Software	\$895.00	1	\$895.00
2	3100-iSIC	iSIC data logger with cellular modem telemetry	\$2,995.00	1	\$2,995.00
3	A22	Solar power upgrade kit. Includes 20-watt solar panel, integral charge regulator, pole mounting bracket, sunlight resistant cable and power connector to datalogger.	\$595.00	1	\$595.00
4	A35	RF cable, Microloss cable, Type N male connectors, 2 ft	\$49.95	1	\$49.95
5	A49	High gain antenna, cellular frequency, tri-mode, 2 dBd	\$129.00	1	\$129.00

Prices are good for 60 days.

- 1) Shipping and handling charges are prepaid and added to invoice. Shipment will be made by UPS Ground unless otherwise specified, FOB origin.
- 2) Payment terms are net 30 days upon approved credit. We also accept VISA & MasterCard
- 3) Quotation does not include applicable state and local taxes for your area
- 4) A 15% restocking fee will be applied to all cancelled orders.
- 5) Invoices that become 30 days past due will be charged a finance fee of 1.5% per month (18% annum) on the unpaid balance.

Sub-Total	\$4,663.95
Tax	
Total	\$4,663.95

Please address your purchase order to:
 HydroScientific West
 12528 Kirkham Court #3
 Poway, CA 92064

We sincerely appreciate your confidence in our Company



Quote Number: B100762
Quote Date: 7/3/2012
Quote Expiration Date: 8/2/2012

Quotation Prepared For:

Joe Hopkins
Provost & Pritchard Engineering Group Inc
2505 Alluvial Avenue
Clovis, CA 93611
(559) 326-1100 x336
jhopkins@ppeng.com

Submitted By:
David Lee
(916) 421-5199
dlee@ysi.com



Quote Number B100762

Proposal Summary

Items

#	Product	Description	List Price	Qty	Ext. Price
1	<u>EcoNet Access</u>	<p><u>EcoNet Data Acquisition System</u></p> <ul style="list-style-type: none"> - Access Node for direct Internet link - Uses Verizon Cellular technology - 16Mb Flash memory, 32MB SDRAM, Serial, Analog and Digital Interfaces <p>Includes all hardware components for turnkey solution Including:</p> <ul style="list-style-type: none"> - NEMA 4X fiberglass Enclosure, with Accessory Panel - Battery, 20 Watt Solar Panel, Panel Mount, and solar regulator - Antenna and cables Includes One Year of Professional Data Management Service <p>Includes One Year of CDMA Verizon Cellular Service * Note all renewals will be automatically activated and invoiced for continuing years of service based on ship date. Written cancellation notice must be received 30 days before the renewal date. * Customer responsible for verifying cellular coverage at deployment site before ordering.</p>	\$5,377.26	1	\$5,377.26
2	<u>600-10</u>	<p><u>600LS Level Sonde (Tide Gauge)</u></p> <ul style="list-style-type: none"> - Includes temperature sensor - SV = Shallow Vented Level 0.01-ft - Requires vented field cable 	\$1,450.00	1	\$1,450.00
3	006193	<p>6193 Rugged 100-ft Vented Field Cable</p> <ul style="list-style-type: none"> - Urethane jacketed, with molded in vent tube - Kevlar reinforced with strain relief 	\$1,295.00	1	\$1,295.00
4	006095	<p>6095B Y-Cable Assembly</p> <ul style="list-style-type: none"> - Connects PC to field cable - Connects 6037/6038 power supply 	\$179.00	1	\$179.00

Subtotal: \$8,301.26

Total List Price \$8,301.26

Total Net Price \$8,301.26



Quote Number B100762

Subtotal	\$8,301.26
Grand Total	\$8,301.26
Terms	Net 30
FOB	Origin



Quote Number B100762

Ordering Instructions:

Credit Card Reference This Quote Number	Call: (727) 565-2201
Purchase Order Include a Copy of Quote with PO	Email: orders@ysisystems.com Fax: (866) 778-8431 Mail: YSI Incorporated – Systems & Services Division Attn: Order Entry 9843 18th Street North, Suite 1200 St. Petersburg, FL 33716

- All purchase orders should be accompanied with a copy of this quote or clearly reference the quotation number.
- All purchase orders should have a complete billing and complete shipping address on the purchase order.
- For order acknowledgement please provide email address to send updates on order. Email Address: _____
- Taxes and Tariffs are additional and are not included in the above pricing unless explicitly stated as a line item.
- Shipping charges are additional and are not included in the above pricing unless explicitly stated as a line item.
- Tax Exempt customers must include their Tax ID on their Purchase Order. Proof of Tax Exempt status may be required.

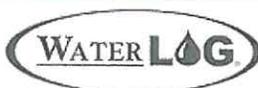
Business Information:

YSI Incorporated
Tax Identification #: 31-0526418
DUNS #: 004246716

Remit to Address for Orders:

Checks (Drawn on US Banks Only):
YSI Incorporated
PO Box 640373
Cincinnati OH 45264-0373

ACH (With ADDENDA Record):
US Bank NA
Cincinnati, OH 45202
Acct# 8506321; ABA# 042000013



NexSens WS-100 Integrated Weather Stations



About Fondriest

Located in Beavercreek, Ohio, Fondriest Environmental is the trusted partner you can turn to for help with environmental monitoring projects. We can assist in everything from planning and monitoring to systems integration, equipment calibration and even staff training. Our application engineers assemble, integrate, and calibrate all equipment – when you get it, it's ready to use. Our specialists have years of experience developing and deploying remote systems and working with leading suppliers such as YSI, Hach, Thermo Scientific, In-Situ, Solinst, NexSens and many more.



NexSens WS-100/WS-100C

NexSens Weather Stations provide a comprehensive data collection platform for measuring the six most essential weather parameters. The compact Vaisala WXT520 sensor housing measures wind speed and direction, precipitation, barometric pressure, temperature and relative humidity with proven technology. Weather data is stored in a NexSens iSIC data logger, and the included solar charging kit provides continuous operation. The WS-100C has a built-in modem for real-time cellular data telemetry.



Features

- Vaisala weather technology includes WINDCAP sensor for wind speed and direction, RAINCAP sensor for rain level and intensity and PTU module for pressure, temperature and humidity
- Built-in 8.5 amp per hour sealed lead acid battery provides 12-volt power to the system and is continuously charged by the included 20-watt solar power kit
- Preconfigured system easily mounts to any 2" NPT pipe
- WS-100C real-time system includes built-in high gain cellular antenna and a modem compatible with AT&T, Sprint, Verizon and Alltel networks
- NexSens iChart software interfaces with weather station to facilitate system setup and data management

Recommended Accessories

- [NexSens iChart 6 Software](#)
- [Vaisala WSP150 Surge Protector](#)
- [Vaisala Bird Spike Kit](#)
- [NexSens A38-P Pipe Attachment Ground Kit](#)
- [NexSens A38 Ground Kit](#)

More Information

- [NexSens WS-100 Standalone Weather Station](#)
- [NexSens WS-100C Automatic Weather Station](#)

FONDRIEST

ENVIRONMENTAL

Joe Hopkins
 2505 Alluvial Ave
 Clovis, California 93611
 Tel. -

Quote: #37781
Contact: Mike Voellmecke (mike@fondriest.com)
Date: 07/05/12
Expires: 10/05/12

Part #	Manufacturer	Description	Price	Qty	Total
WS-100C	NexSens	WS-100 automatic weather station with cellular modem telemetry	\$6,295.00	1	\$6,295.00
1001	NexSens	iChart 6 software, licensed per computer	\$895.00	1	\$895.00

Send Purchase Order To:
 Fondriest Environmental, Inc.
 1415 Research Park Drive
 Beavercreek, OH 45432
Phone: (888) 426-2151
Fax: (937) 426-1125
Email: customer@fondriest.com

Subtotal:	\$7,190.00
Tax:	\$0.00
Shipping:	\$49.52
Total:	\$7,239.52

Delivery: 2-3 weeks
Terms: Net 30 with approved credit
 Visa, MC, AMEX
FOB Point: Origin
Freight: UPS - Ground

Why Buy from Fondriest?

At Fondriest, we are committed to providing high quality products at affordable prices with the industry's best support. Additionally, we offer:

Discounts

High volume purchases lead to favorable pricing, which is passed on to the customer by way of discount off MSRP.

Assembly, Test and Calibration

Sensors and instruments are assembled, tested and calibrated prior to shipment. A calibration report is included.

Lifetime Technical Support

A knowledgeable staff of application engineers provides ongoing support for the life of the product.

Product Training

Application engineers are available for webinars or personalized, on-site start-up and training. Extensive measurement technology, product troubleshooting and instrument repair workshops are offered at the factory.

Extended Warranties

Warranties extended beyond factory standards are offered on many items to ensure a lasting useful life.

Repair

A factory-authorized service center provides fast-turnaround product repair and annual maintenance.

Rental

Rental equipment is available to minimize downtime and cover equipment needs when projects expand.

Communications

Call, email or chat online with application engineers. Email correspondence is responsive and a toll free number is available for added convenience.

Quick Ship

Many orders ship on the same day and expedited shipping is available. If a product cannot be shipped immediately, customers are notified by phone or email.



Email

Date: July 9, 2012

To: Provost & Prichard - Clovis
Attn: Joe Hopkins

Email: jhopkins@ppeng.com

From: Denis Barry - Marketing Director
denisb@fglinc.com

Phone: (209) 942-0181 ext:2032 Fax: (209) 942-0423

Subject: Price Quote No: ST 20120703-01 Monitoring Wells

Dear Joe,

Hereunder is the price quote that you requested. Please use the price quote number ST 20120703-01 for further reference to this quote.

Quote For Time Period: July 03, 2012 through July 03, 2013

Sampled By: Client Sampling

Constituent	Analytical Method	Price per Sample	No of Samples	Extended Price
Nitrate (NO3 or NO3-N)	EPA 300.0/SM4500	23.00	4	92.00
Individual Metals - As	EPA200.7/EPA200.8	20.00	4	80.00
Chromium VI	EPA 218.6	81.00	4	324.00
Total Dissolved Solids (TDS/TFR)	SM 2540C	22.00	4	88.00

Total Price Quote: 584.00
\$146./WELL

- The above charges include a 15% discount from regular pricing.
- *A Quality Assurance/Quality Control report is supplied with all of our analyses. This assures our valued clients of accurate and defensible data.*
- All work undertaken is subject to our terms and conditions, which are outlined in our fee schedule and/or available upon request.

If you have any questions relating to this quote, please do not hesitate to call us.

Reviewed and **Denis Barry** Digitally signed by Denis Barry
Approved By Marketing Director Prepared By: Sara Brockus
Date: 2012-07-09 09:24

**Audited Financial Statements
& Other Financial Information**

**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS
WATER AUTHORITY
December 31, 2011**

**JOHN M. MURAO, CPA
Certified Public Accountant**

**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS
WATER AUTHORITY**

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JOHN M. RAO, CPA

Certified Public Accountant
6166 W San Jose Ave.
Fresno, California 93723

Phone (559) 271-0615

Fax (559) 271-0498

Email: Johnmuraocpal@aol.com

Independent Auditor's Report

Board of Directors
San Joaquin River Exchange Contractors Water Authority
Los Banos, California

I have audited the accompanying basic financial statements of the San Joaquin River Exchange Contractors Water Authority (Authority) as of and for the year ended December 31, 2011 as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express opinions on these financial statements based on my audit. The prior year summarized comparative information was derived from the Authority's 2010 financial statements and, in my report dated March 11, 2011, I expressed an unqualified opinion on those statements.

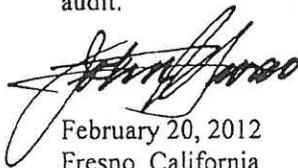
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Joaquin River Exchange Contractors Water Authority as of December 31, 2011 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Budgetary comparison information on pages 13 and 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The Board has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing standards*, I have also issued my report dated February 20, 2012 on my consideration of the San Joaquin River Exchange Contractors Water Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.



February 20, 2012
Fresno, California

**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
STATEMENT OF NET ASSETS**

December 31, 2011

(With Summarized Comparative Information for December 31, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 622,962	\$ 974,812
Receivables	-	47,419
Accrued interest receivable	6	6
Prepaid expenses	11,847	11,816
Capital assets, net (\$107,108-82,562)	<u>24,546</u>	<u>30,591</u>
Total assets	<u>659,361</u>	<u>1,064,644</u>
LIABILITIES		
Accounts payable	147,509	259,883
Accrued expenses	19,893	20,133
Accrued vacation	<u>18,185</u>	<u>15,062</u>
Total liabilities	<u>185,587</u>	<u>295,078</u>
NET ASSETS		
Invested in capital assets	24,546	30,591
Unrestricted	 <u>449,228</u>	<u>738,975</u>
Total net assets	<u>\$ 473,774</u>	<u>\$ 769,566</u>

See accompanying notes to the basic financial statements

SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AL ORITY
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011
 (With Summarized Comparative Information for December 31, 2010)

Expenses	2011					2010	
	Administration	Watermaster	Legal	Consulting	Water	Entity Reimbursement	Total
Accounting and auditing	\$ 5,500					\$	\$ 5,500
Auto expenses	5,612	3,930					9,542
Building maintenance	4,440						4,440
Conference	3,540	549					4,089
Consultant				1,459,090			1,459,090
Dues and subscription	3,572						3,572
Employee benefits	63,362	10,438					73,800
Equipment rent and maintenance	9,012						9,012
Insurance	16,654	7,046					23,700
Legal			537,428				537,428
Miscellaneous	180	25					205
Office supplies	8,747						8,747
Office rent	18,726						18,726
Outside services	1,180	8,297					9,477
Payroll taxes	4,017	1,002					5,019
Postage and printing	3,592						3,592
Public relations	21,145						21,145
Salaries	242,676	57,274					299,950
Telephone	7,437	2,323					9,760
Travel and meals	11,954	684					12,638
Utilities	4,379						4,379
Depreciation	8,780	3,021					11,801
Distribution of water proceeds					10,159,004		10,159,004
Entity transactions						2,677	2,677
Total Expenses	444,505	94,589	537,428	1,459,090	10,159,004	2,677	12,697,293
Program revenues:							
Charges for services	450,496	95,940	564,829	1,087,443	10,159,004	14,251	12,371,963
Grant revenue							
Total Program Revenue	450,496	95,940	564,829	1,087,443	10,159,004	14,251	12,371,963
Net Program Revenue (Expense)	5,991	1,351	27,401	(371,647)	-	11,574	(325,330)
General revenues:							
Miscellaneous							25,710
Interest							3,828
Total General Revenue							29,538
Changes in net assets							(295,792)
Net assets-beginning							769,566
Net assets-ending							\$ 473,774
							\$ 769,566

See accompanying notes to basic financial statements.

SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUNDS
 December 31, 2011
 (With Summarized Comparative Information for December 31, 2010)

	2011		2010	
	General Fund	Watermaster Fund	Total Government Fund	Total Fiduciary Funds
ASSETS				
Cash and cash equivalents	\$ 587,420	\$ 35,542	622,962	\$ 25,326
Receivables	-	-	-	-
Accrued interest receivable	6	-	6	6
Prepaid expenses	9,378	2,469	11,847	-
TOTAL ASSETS	\$ 596,804	\$ 38,011	\$ 634,815	\$ 25,326
				\$ 1,059,322
LIABILITIES				
Accounts payable	\$ 145,096	\$ 2,413	147,509	\$ -
Accrued expenses	16,274	3,619	19,893	-
Restricted deposits	-	-	-	25,326
TOTAL LIABILITIES	161,370	6,032	167,402	25,326
				192,728
				305,285
FUND EQUITY AND OTHER CREDITS				
General Fund	435,434	-	435,434	-
Special Revenue Fund	-	31,979	31,979	-
Fiduciary Fund	-	-	-	-
TOTAL FUND BALANCE AND OTHER CREDITS	435,434	31,979	467,413	-
				754,037
TOTAL LIABILITIES AND FUND EQUITY AND OTHER CREDITS	\$ 596,804	\$ 38,011	\$ 634,815	\$ 25,326
				\$ 1,059,322

See accompanying notes to basic financial statements

SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2011
(With Summarized Comparative Information for the Year Ended December 31, 2010)

	General	Total Watermaster	2011	Total 2010
Revenues				
Member assessments	\$ 2,102,768	\$ 95,940	\$ 2,198,708	\$ 2,242,642
Water sales	10,159,004	-	10,159,004	18,811,829
Entity reimbursements	14,251	-	14,251	4,309
Miscellaneous	25,710	-	25,710	26,954
Grant revenue	-	-	-	122,278
Interest	3,828	-	3,828	4,064
Total Revenues	12,305,561	95,940	12,401,501	21,212,076
Expenditures				
Accounting and auditing	5,500	-	5,500	5,100
Auto expenses	5,612	3,930	9,542	7,810
Building maintenance	4,440	-	4,440	4,532
Conference	3,540	549	4,089	4,400
Consultant	1,459,090	-	1,459,090	998,110
Dues and subscriptions	3,572	-	3,572	3,555
Employee benefits	63,362	10,438	73,800	74,417
Entity reimbursement expenditures	2,677	-	2,677	4,377
Equipment rent and maintenance	9,012	-	9,012	10,855
Insurance	16,654	7,046	23,700	19,155
Legal	537,428	-	537,428	553,814
Miscellaneous	180	25	205	170
Office supplies	8,747	-	8,747	7,396
Office rent	18,726	-	18,726	18,354
Outside services	1,180	8,297	9,477	14,830
Payroll taxes	4,017	1,002	5,019	4,904
Postage and printing	3,592	-	3,592	3,595
Public relations	21,145	-	21,145	16,908
Salaries	239,551	57,274	296,825	293,197
Telephone	7,437	2,323	9,760	7,801
Travel and meals	11,954	684	12,638	8,549
Utilities	4,379	-	4,379	3,927
Capital Outlay	582	5,174	5,756	4,235
Distribution of water proceeds	10,159,004	-	10,159,004	18,811,832
Total Expenditures	12,591,381	96,742	12,688,123	20,881,823
Net Change in Fund Balance	(285,820)	(802)	(286,622)	330,253
Fund Balance, Beginning	720,449	33,588	754,037	423,784
Fund Balance, Ending	\$ 434,629	\$ 32,786	\$ 467,415	\$ 754,037

See Accompanying Notes To Basic Financial Statements

SAN JOAQUIN RIVER EXCHANGE WATER AUTHORITY
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 Governmental Funds
 December 31, 2011
 (With Comparative Totals for December 31, 2010)

	<u>2011</u>	<u>2010</u>
Fund balances - total governmental funds	<u>\$ 467,413</u>	<u>\$ 754,037</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental capital assets	\$ 107,108	\$ 101,352
Less accumulated depreciation	(82,562)	(70,761)
Compensated absences are not due and payable in the current period and therefore is not reported in the funds	<u>(18,185)</u>	<u>(15,062)</u>
	<u>6,361</u>	<u>15,529</u>
Net assets - governmental activities	<u><u>\$ 473,774</u></u>	<u><u>\$ 769,566</u></u>

See accompanying notes to the basic financial statements

**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Governmental Funds
For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)**

	<u>2011</u>	<u>2010</u>
Net change in fund balances-total governmental funds	\$ (286,622)	\$ 330,253
Amounts reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlay	5,756	4,235
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds	(11,801)	(10,222)
Some expenses (adjustment) reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds:	(3,125)	(2,140)
	<hr/>	<hr/>
Change in net assets of governmental activities	<u>\$ (295,792)</u>	<u>\$ 322,126</u>

See accompanying notes to the basic financial statements

SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity: The San Joaquin River Exchange Contractors Water Authority (Authority) was formed through a joint powers agreement for the purpose of administering and protecting the four entities' jointly-held water rights under the Exchange Contract with the United States of America. The Authority has the authority to represent the four entities in many water matters including but not limited to, operation of the Central Valley Project, conjunctive use, water conservation, water transfers, drainage, management of San Francisco Bay-Delta Estuary, environmental considerations and related legislation, litigation and administrative proceedings.

The members are as follows:

Central California Irrigation District
Columbia Canal Company
Firebaugh Canal Water District
San Luis Canal Company

The accounting and reporting policies of the Authority conforms to generally accepted accounting principles applicable to state and local governments. Generally accepted principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB).

Basis of Presentation and Accounting: The Authority follows the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis- For State and Local Governments." Statement 34 established the financial reporting standards for all state and local government entities, which includes a statement of net assets, and a statement of revenues, expenses and changes in net assets. It requires the classification of net assets in the following three components:

Invested in capital assets, net of related debt - This component of net assets 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.

Restricted net assets – This component of net assets consists of constraints imposed by creditors (such as through debt covenant), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government.

Statement of net assets: The statement of net assets reports the composition and balances of net economic resources that can be used by the Authority to provide future services.

SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2011

Statement of Activities: This statement demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to members who directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

To insure observance of limitations and restrictions placed on the use of resources available to the Authority, the accounts of the Authority are maintained in accordance with the principles of fund accounting. This procedure by which resources of various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund. The Authority only uses governmental funds.

The Authority reports the following major governmental funds:

General Fund: The General Fund, which includes unrestricted resources of the general members, represents the portion of expendable funds that are available for support of operations.

Special Revenue Fund: This fund is established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The purpose of the Special Revenue Fund, Watermaster, is to oversee scheduling of water per Exchange Contract, track water use by individual entity, take water quality readings at the intake of the system and measure water quality when requested by the California Regional Water Quality Control Board.

Agency Fund: These funds are established to account for assets held by the Authority in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (e.g., assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

Menlota Pool Group (MPG): Pursuant to an agreement executed between the Authority and MPG, this interest bearing account was established to hold funds for the purpose of paying pumping charges (once determined) relative to the pumping program. Per agreement the account is to maintain a balance of at least \$25,000.

Measurement Focus: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of

SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2011

the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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.

Fixed Assets: All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Authority maintains capitalization threshold of \$500. The Authority does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

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.

Prior Year Summarized Comparative Information: The basic financial statements include prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

NOTE 2 – CASH:

Cash at December 31, consists of the following:

	<u>2011</u>	<u>2010</u>
Petty cash	\$ 100	\$ 100
General checking	182	4,258
Treasury account	102,058	991,463
Money Market account	541,670	
Local agency investment fund	4,278	4,259
Total cash	<u>\$ 648,288</u>	<u>\$1,000,081</u>

Cash is being recorded in the funds as follows:

	<u>2011</u>	<u>2010</u>
General fund	\$ 587,420	\$ 939,468
Watermaster fund	35,542	35,344
Agency funds – Mendota Pool Group	25,326	25,269
	<u>\$ 648,288</u>	<u>\$1,000,081</u>

The Authority's cash and cash equivalents, except for the investments in the State of California Local Agency Investment Fund which is uncollateralized, are entirely insured by Federal Depository

SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2011

Insurance or collateralized with pools of securities held by the pledging financial institutions trust department or agent, but not in the Authority's name. Statutes and the Authority's policy authorize the Authority to invest in passbook savings accounts, money market checking accounts, State Local Agency Investment Fund, Certificates of Deposits, Treasury Bills and Notes and Government Agency Securities. The Authority's cash investments approximated market at December 31, 2011.

The Authority's pool of investments is operated under the Prudent Investor Rule, which means that the probable safety of invested funds shall have the priority over the probable income produced. The Prudent Investor Rule affords a broad spectrum of investment opportunities so long as the investment is deemed prudent and is permissible under currently effective legislation of the state of California and other imposed legal restrictions.

Specifically, investments will be made only in securities and with financial institutions in which the Authority is legally empowered to invest such funds in accordance with the terms and conditions of Sections 53600 through 53683 and Sections 16429.1 through 16429.3 of the Government Code of California.

WestAmerica Bank and Rabobank which are holding Authority funds have pledged securities as collateral. The market value of the securities pledged exceeded 110 per cent of the amount of deposit at December 31, 2011. Cash and investments in Rabobank exceeded the \$250,000 amount insured by the FDIC by \$291,670 as of December 31, 2011.

Investments of general fund and miscellaneous reserve fund monies shall normally be limited to maturities of one year or less, in order to provide for a high degree of liquidity.

The Local Agency Investment Fund is a special fund of the California State Treasury. The fund invests in government securities and commercial paper. The Authority may withdraw monies upon one-day notice. At December 31, 2011, the fund was earning interest at an annual rate of 0.38%.

NOTE 3 – FIXED ASSETS:

The following is a summary of the changes to fixed assets:

	Balance <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/11</u>
Equipment	\$ 1,349	\$ -	\$ -	\$ 1,349
Office equipment and furniture	25,961	5,756	-	31,717
Vehicles	67,910	-	-	67,910
Leasehold improvements	<u>6,132</u>	<u>-</u>	<u>-</u>	<u>6,132</u>
Total	101,352	5,756	<u>-</u>	\$ 107,108
Less accumulated depreciation	<u>70,761</u>	<u>11,801</u>	<u>-</u>	<u>82,562</u>
Net Fixed Assets	<u>\$ 30,591</u>			<u>\$ 24,546</u>

SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 4 - COMMITMENTS:

Operating Lease:

The Authority originally signed a 3-year operating lease for 1,800 square feet of professional office space commencing April 2007. Monthly lease payments under the lease are \$1,400 per month for the 1st year and \$1,456 for the 2nd year and \$1,514 for the 3rd year. The lease agreement was renewed for another 3-year period commencing July, 2010. Monthly lease payments under the new lease are \$1,545 for the 1st year and \$1,576 for the 2nd year and \$1,608 for the 3rd year.

NOTE 5 – DEFINED CONTRIBUTION PLAN:

The Authority sponsors a Defined Contribution Pension Plan covering all eligible employees. Contributions and cost are determined to be 16.55% of the compensation of eligible participants. Retirement plan costs for the year ended December 31, 2011 was \$49,124.

SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
Revenue:				
Member assessments	\$2,102,767	\$2,102,767	\$2,102,768	\$ 1
Miscellaneous	20,000	20,000	25,710	5,710
Interest	-	-	3,828	3,828
Total Revenue	<u>\$2,122,767</u>	<u>\$2,122,767</u>	<u>\$2,132,306</u>	<u>9,539</u>
Expenditures				
Current:				
Accounting and auditing	6,000	6,000	5,500	500
Auto expenses	5,000	5,000	5,612	(612)
Building maintenance	-	5,340	4,440	900
Conference	3,000	3,000	3,540	(540)
Consultant	1,094,052	1,383,152	1,459,090	(75,938)
Dues and subscriptions	4,100	4,100	3,572	528
Employee benefits	71,857	71,857	63,362	8,495
Equipment rent and maintenance	9,800	9,800	9,012	788
Insurance	12,735	12,735	16,654	(3,919)
Legal	571,500	684,500	537,428	147,072
Miscellaneous	250	250	180	70
Office supplies	7,500	7,500	8,747	(1,247)
Office rent	18,726	18,726	18,726	-
Outside services	2,200	2,200	1,180	1,020
Payroll taxes	4,900	4,900	4,017	883
Postage and printing	10,000	10,000	3,592	6,408
Public relations	19,000	19,000	21,145	(2,145)
Salaries	250,198	250,198	239,551	10,647
Telephone	5,500	5,500	7,437	(1,937)
Travel and meals	13,600	13,600	11,954	1,646
Utilities	4,000	4,000	4,379	(379)
Capital outlay	5,000	5,000	582	4,418
Total Expenditures	<u>2,118,918</u>	<u>2,526,358</u>	<u>2,429,700</u>	<u>96,658</u>
Excess of Revenues over (Under)				
expenditures	<u>\$3,849</u>	<u>(\$403,591)</u>	<u>(\$297,394)</u>	<u>(\$87,119)</u>

See accompanying notes to budgetary comparison schedule

**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
WATERMASTER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
Revenue:				
Member assessments	\$95,940	\$95,940	\$ 95,940	\$ -
Total Revenue	95,940	95,940	95,940	-
Expenditures				
Auto expenses	3,500	3,500	3,930	(430)
Conference	1,000	1,000	549	451
Dues and subscription	800	800		800
Employee benefits	10,109	10,109	10,438	(329)
Insurance	6,450	6,450	7,046	(596)
Miscellaneous	500	500	25	475
Ouside services	12,000	12,000	8,297	3,703
Payroll taxes	1,199	1,199	1,002	197
Salaries	56,582	56,582	57,274	(692)
Telephone	2,000	2,000	2,323	(323)
Travel and meals	800	800	684	116
Capital outlay	1,000	1,000	5,174	(4,174)
Total Expenditures	95,940	95,940	96,742	(802)
Excess of revenue over (under) expenditures	\$0	\$0	(\$802)	\$802

See accopanying notes to budgetary comparison schedule

**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION-
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2011**

BUDGET INFORMATION

An annual budget is adopted by the Board of Directors for the General Fund and Watermaster Special Revenue Fund. The budget is adopted on a generally accepted accounting principles basis.

The Authority does not budget for water sales and distribution of water sales. The Authority is authorized to manage the funds on behalf of the four member agencies for water sales. Upon receipt of the funds, the amount is distributed to the individual member Agencies.



JOHN M. MURAOC, CPA

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
San Joaquin River Exchange Contractors Water Authority

I have audited the financial statements of San Joaquin River Exchange Contractors Water Authority (Authority) as of and for the year ended December 31, 2011, and have issued my report thereon dated February 20, 2012. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

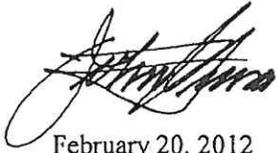
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiency in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management, San Joaquin River Exchange Contractors Water Authority's Board of Directors, federal awarding agencies and the California State Controller's office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited

A handwritten signature in black ink, appearing to be "John M. ...", written in a cursive style.

February 20, 2012
Fresno, California