

September 11, 2015

**Joint Powers
Agreement Members**

Inland Empire
Utilities Agency

Irvine Ranch
Water District

Los Angeles
Department of
Water and Power

Orange County
Sanitation District

Orange County
Water District

West Basin
Municipal Water District

Jeffrey J. Mosher
Executive Director

E-mail:
jmosher@NWRI-USA.org

Peter Hersh / Paul Borzick
Foreman
Orange County Grand Jury
700 Civic Center Drive West
Santa Ana, CA 92701
714/834-3320

Dear Mr. Hersh,

Below is the first response by the National Water Research Institute (NWRI) to the Grand Jury letter dated June 22, 2015.

FINDINGS:

F.4. – Vertical Joint Powers – We Disagree with this finding.

We have no single controlling entity. Instead we have six Member Agencies as listed below, who are all similar entities which share common problems and opportunities. The collective goal of the JPA (NWRI) and its Member Agencies is to improve water services to all taxpayers in the districts by conducting research programs to support multi-disciplinary, multi-geographic water science/policy in areas such as treatment technologies, water quality assessment, knowledge management, and exploratory research. The board of directors and their corresponding Member Agencies support, manage, and guide the NWRI's projects and activities.

NWRI's board of directors is composed of one appointed person from each Member Agency. A list of our board of directors is attached and includes: Orange County Water District, West Basin Municipal Water District, Orange County Sanitation, Irvine Ranch Water District, Inland Empire Utilities Agency, and Los Angeles Dept. of Water and Power.

F.5. – Transfer of assets by vertical JP – We disagree with the finding.

NWRI is not a vertical Joint Powers Authority. There is no single controlling entity which could or does transfer assets from itself to the JPA. No long term lease exists in order to obtain assets or avoid transparency.

F.6. – California State reporting requirements – We agree with the finding.

We did not comply with all the California State reporting requirements in 2013.

We did submit the 2013 Government Compensation in California Report and the 2013-14 Special Districts Financial Transactions Report to the California State Controller on 10/31/14. In order to remain compliant we will continue to file according to the California State reporting requirements on an annual basis.

18700 Ward Street
P.O. Box 8096
Fountain Valley, California
92728-8096

(714) 378-3278
Fax: (714) 378-3375

www.nwri-usa.org

RECOMMENDATIONS:

R.3. – Actions to insure transparency to the taxpayers.

1. An outside audit is conducted annually- this year it is scheduled for September 2015 with Gruber and Associates, Inc.
2. The 2014/2015 audit will be posted to www.nwri-usa.org
3. The 2014/2015 audit will be sent to the Orange County Controller and the California State Controller.
4. We will continue to file the required reports to the County of Orange and the California State Controller annually.

R.4. – Complying with the California State Law requiring annual reporting.

In order to become compliant, all 2013/2014 reports will be posted online and have been filed with the Orange County Controller and the California State Controller.

If you have any questions, please contact our office at (714) 378-3278, or bcaskey@nwri-usa.org.

Sincerely,

NATIONAL WATER RESEARCH INSTITUTE



Jeffrey J. Mosher
Executive Director

Enclosures:

NWRI Board of Directors
2013-14 Special Districts Financial Transactions Report
2013 Government Compensation in California Report

F.4.

NATIONAL WATER RESEARCH INSTITUTE
Board of Directors 2014-2015 (Updated June 2015)

DIRECTORS

Mr. Jim Ferryman Chair Assistant: Penny Kyle	Orange County Sanitation District (Home) 1095 Tulare Drive Costa Mesa, CA 92626	Cell: 714-595-2192 Penny Phone: 714-962-2411	James.Ferryman@gmail.com Ferry54@msn.com pkyle@ocsd.com
Mr. John B. Withers Vice Chair	Irvine Ranch Water District (Home) 16 Redonda Irvine, 92620	Work: 949-252-8990 Cell: 949-861-1250	jwithers@calstrat.com
Mr. Steven J. Elie Director	Inland Empire Utilities Agency 6075 Kimball Avenue Chino, CA 91708	Office: 213-629-7745 Cell: 909-938-4394	s.elie@mpglaw.com selie@ieua.org
Mr. Philip L. Anthony Director	Orange County Water District (home) 16495 Bordeaux Lane Huntington Beach, CA 92649	Cell: 714-454-2003 Fax: 562-296-8397	Anthony2125@roadrunner.com
Mr. Harold Williams Director Assistant: LaTonya Dean	West Basin Municipal Water District 17140 S. Avalon Blvd., Suite 210 Carson, CA 90746-1296		harldwms@gmail.com LaTonyaD@westbasin.org
Mr. Albert Gastelum Director	Los Angeles Dept. of Water & Power 111 North Hope Street Room 1213 Los Angeles, CA 90012	Office: 213-367-3191	Albert.Gastelum@ladwp.com

ALTERNATE DIRECTORS

Mr. Shivaji Deshmukh Alternate Director	West Basin Municipal Water District 17140 S. Avalon Blvd., Suite 210 Carson, CA 90746-1296	Shivaji Phone: 310-660-6234 Shivaji Cell: 310-251-0396	Shivajid@westbasin.org
Ms. Uzi Daniel Alternate Director			
Mr. Jeff Noelte Alternate Director	Inland Empire Utilities Agency 6075 Kimball Ave., Bldg. A Chino, CA 91708	Phone : 909-993-1600	jnoelte@ieua.org
Mr. Steve LaMar Alternante Director	Irvine Ranch Water District (Office) 1422 Irvine Blvd. #211 Tustin, CA 92780	Phone: 714-573-8383 Cell: 714-227-2869	lamar@legisight.com
Mr. Robert P. Ghirelli Alternate Director Assistant: Ms. Carrie Robles	Orange County Sanitation District 10844 Ellis Avenue Fountain Valley, CA 92708	Phone: 714-593-7400 Fax: 714-962-6957 Carrie Phone: 714-593-7101	rghirelli@ocsd.com crobles@ocsd.com
Ms. Cathy Green Alternate Director	Orange County Water District 18700 Ward Street Fountain Valley, CA 92708	Markus Phone: 714-378-3200 Markus Fax: 714-378-3373 Karen Phone : 714-378-3201	ctpgreen@verizon.net
Mr. Harry Sidhu Alternate Director			Harry4anaheim@gmail.com
Mr. Michael R. Markus Alternate Director & Secretary Assistant: Ms. Karen Warren			mmarkus@ocwd.com kwarren@ocwd.com
Mr. Michael P. Wehner Alternate Director & Treasurer Assistant: Leticia Villarreal			Wehner Phone: 714-378-3297 Wehner Cell: 714-402-3005 Leticia Phone: 714-378-3203

NATIONAL WATER RESEARCH INSTITUTE**Financial Statements**

June 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6



An Independent CPA Firm

Board of Directors
National Water Research Institute
Fountain Valley, California

INDEPENDENT AUDITORS' REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the National Water Research Institute (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial position of the National Water Research Institute as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

David L. Gruber and Associates, Inc.

David L. Gruber and Associates, Inc.
Huntington Beach, CA
December 17, 2014

NATIONAL WATER RESEARCH INSTITUTE
Statement of Financial Position
June 30, 2014

Assets

Current assets:	
Cash and cash equivalents	\$ 309,993
Accounts receivable	97,174
Prepaid expenses	<u>44,505</u>
Total current assets	<u>451,672</u>
Property and equipment:	
Furniture and equipment	18,423
Less: accumulated depreciation	<u>(15,453)</u>
Total property and equipment, net	<u>2,970</u>
Total assets	<u>\$ 454,642</u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable and accrued liabilities	\$ 60,730
Deferred revenue	<u>22,780</u>
Total liabilities	<u>83,510</u>
Net assets:	
Unrestricted	371,132
Temporarily restricted (Note 3)	<u>-</u>
Total net assets	<u>371,132</u>
Total liabilities and net assets	<u>\$ 454,642</u>

See independent auditors' report and accompanying notes to financial statements

NATIONAL WATER RESEARCH INSTITUTE
Statement of Activities
Year Ended June 30, 2014

UNRESTRICTED NET ASSETS

Support and revenue:	
Contributions	\$ 430,612
Research projects	489,887
Memberships	12,500
Conferences and panels	14,150
Donated facilities (Note 4)	18,000
Interest	20
Other	<u>20,256</u>
Total unrestricted support and revenues	985,425
Net assets released from restrictions (Note 3)	<u>-</u>
Total support and revenue	<u>985,425</u>
Expenses:	
Program services	875,501
Management and general	<u>105,953</u>
Total expenses	<u>981,454</u>
Increase (decrease) in unrestricted net assets	3,971

TEMPORARILY RESTRICTED NET ASSETS

Support and revenue:	
Contributions	<u>-</u>
Total temporarily restricted support and revenues	-
Net assets released from restriction (Note 3)	<u>-</u>
Increase (decrease) in temporarily restricted net assets	<u>-</u>
Increase (decrease) in net assets	3,971
Net assets beginning of year	<u>367,161</u>
Net assets at end of year	<u>\$ 371,132</u>

See independent auditors' report and accompanying notes to financial statements.

NATIONAL WATER RESEARCH INSTITUTE**Statement of Functional Expenses**

Year Ended June 30, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Conferences/research advisory	\$ 80,875	-	80,875
Salaries and benefits	278,645	53,522	332,167
Printing and postage	11,425	1,669	13,094
Travel and training	92,701	2,624	95,325
Honorariums	84,188	-	84,188
Fellowship awards	10,000	-	10,000
Professional fees	105,929	16,468	122,397
Website	-	973	973
Postage/shipping	-	571	571
Other program costs	25,126	681	25,807
Other administrative costs	-	16,456	16,456
Telephone	-	3,887	3,887
Charitable contribution/membership	121,612	5,049	126,661
Donated facilities (Note 4)	15,000	3,000	18,000
Depreciation	-	1,053	1,053
Clarke prize	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Expenses	<u>\$ 875,501</u>	<u>105,953</u>	<u>981,454</u>

See independent auditors' report and accompanying notes to financial statements.

NATIONAL WATER RESEARCH INSTITUTE
Statement of Cash Flows
Year Ended June 30, 2014

Cash flows from operating activities:	
Increase (decrease) in net assets	\$ 3,971
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	1,053
Decrease (increase) in accounts receivable	(39,829)
Decrease (increase) in prepaid expenses	(34,604)
(Decrease) increase in accounts payable and accrued liabilities	(2,886)
(Decrease) increase in deferred revenue	<u>2,780</u>
Net cash provided by (used for) operating activities	<u>\$ (69,515)</u>
Cash flows from investing activities:	
Purchase of equipment	<u>(3,015)</u>
Net cash provided by (used for) investing activities	<u>(3,015)</u>
Increase (decrease) in cash and cash equivalents	(72,530)
Cash and cash equivalents at beginning of year	<u>382,523</u>
Cash and cash equivalents at end of year	<u>\$ 309,993</u>

Supplemental disclosures of noncash investing and capital related financing activities:

For the year ended June 30, 2014, there were no material non-cash investing or financing activities.

Supplemental disclosure of cash flow information:

Cash paid for interest expense	<u>\$ -</u>
Cash paid for tax expense	<u>\$ -</u>

See independent auditors' report and accompanying notes to financial statements.

NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - ORGANIZATION

The significant accounting policies of the National Water Research Institute (the Organization) are presented to assist in the understanding of the Institute's financial statements. The financial statements and notes are representations of the Institute's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

National Water Research Institute is a 501(c)(3) nonprofit organization and was incorporated in the state of California in June of 1991. The Institute was created to provide financial support for the research, development and implementation of water projects for the purpose of developing and conserving water, improving the quality of water, preventing or remediating degradation of water quality and efficiently using water resources. The Organization is funded primarily from contributions and conference sponsorships for educating professionals in the area of water research.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

In accordance with *Accounting Standards Codification (ASC) 958*, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all unrestricted short-term investments with an original maturity of three (3) months or less to be cash equivalents. Cash and cash equivalents consisted of deposits with financial institutions of \$309,993 at June 30, 2014, which at times exceed amounts covered by the insurance provided by the Federal Deposit Insurance Corporation (FDIC).

NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Risk

The Organization actively evaluates the credit worthiness of the institutions with which it invests.

Approximately 11% of the Organization's support and revenue was received from one contributor during the year ended June 30, 2014. Although the Organization does not have a long-term commitment from the contributor, the Organization believes that this contributor will continue to make significant contributions to the Organization.

Furniture and Equipment

Property and equipment are recorded at cost with depreciation provided using the straight-line method over the estimated useful lives of the assets which range from three to seven years. Total depreciation expense for the year ended June 30, 2014 was \$1,053. Repairs and maintenance to furniture and equipment are expensed as incurred. When furniture and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are eliminated from the accounts, and any gain or loss on such disposition is reflected in income. It is the Organization's policy to capitalize property and equipment over \$1,000.

Impairment of Long-Lived Assets

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value.

Restricted and Unrestricted Revenue and Support

All revenues, gains and other support are categorized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All support received that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements requires the Institute to make estimates and assumptions that affect the reported amounts of assets and disclosures of contingent assets and liabilities, and the reported revenue and expenses. Actual results may differ from those estimates.

NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consist of amounts due from funding sources. There is no allowance for doubtful accounts because the Institute believes that all of its receivables are fully collectable.

Membership Support

Under the Joint Powers Agreement, each district that is a member contributes \$50,000 per year to fund the administrative operations of the Organization. Membership dues are assessed based on the Institute's fiscal year. Dues are collected for the subsequent membership years are presented as deferred membership revenue.

Fair Value Measurements

The Organization's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable are carried at cost, which approximates fair value because of the short-term nature of these instruments.

Expense Allocation

The costs of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Institute's principal program is to educate professionals in the area of water research.

Income Tax Status

The Organization is a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and files all federal and state information returns required by law. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending in years 2013, 2012, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Accrued Vacation

The executive director of the Organization is entitled to paid vacation days. The Organization's management estimated the amount of compensation for future absences to be \$11,919 as of June 30, 2014.

NOTE 3 - NET ASSETS RELEASED FROM RESTRICTIONS

There were no temporarily or permanently restricted net assets during the year ended June 30, 2014.

NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - DONATED SERVICES, SUPPLIES AND FACILITIES

Donations of services are recognized in the financial statements if the services received: (1) create or enhance nonfinancial assets or require specialized skills; (2) are provided by individuals possessing those skills; and (3) would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis for deriving their value. For the year ended June 30, 2014, the Organization received \$18,000 in donated facilities, which is the estimated fair market value of what would have been paid.

NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 17, 2014, the date the financial statements were available to be issued.

Joint Powers Agreement Members

Inland Empire
Utilities Agency

Irvine Ranch
Water District

Los Angeles
Department of
Water and Power

Orange County
Sanitation District

Orange County
Water District

West Basin
Municipal Water District

Jeffrey J. Mosher
Executive Director

E-mail:
jmosher@NWRI-USA.org

18700 Ward Street
P.O. Box 8096
Fountain Valley, California
92728-8096

(714) 378-3278
Fax: (714) 378-3375

www.nwri-usa.org

December 17, 2014

David L. Gruber and Associates, Inc.
15151 Springdale
Huntington Beach, CA 92649

This representation letter is provided in connection with your audit of the financial statements of National Water Research Institute (NWRI), which comprise the statement(s) of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the period then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors. Except as otherwise stated below, immaterial matters less than \$18,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm, to the best of our knowledge and belief, as of December 17, 2014, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 30, 2014.
- The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- You have proposed adjusting journal entries which have been posted to the Organization's accounts. We are in agreement with those adjusting entries. We were not aware of any uncorrected misstatements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- Loans to executive officers, if any, have been properly accounted for and disclosed.
- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed.
- We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of assets might not be recoverable and have appropriately recorded the adjustment, if necessary.

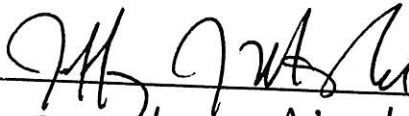
Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - Completeness and availability of all minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes were not yet prepared.
 - Additional information that you have requested from us for the purpose of the audit.

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
- The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- NWRI is an exempt organization under Section 501 © 3 of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

- The Internal Revenue Service has examined the Organization's Federal Income tax returns through 2013. However, the Organization's Federal Income tax returns for 2013, 2012, and 2011 are subject to examination by the IRS, generally for three years after they were filed. The Organization recognizes tax benefits only to the extent the Organization believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Accordingly, the provision for unpaid federal taxes (liability for unrecognized tax benefits) in the statement of financial position reflects all tax positions that the Organization believes do not have greater than a 50% chance of realization after examination.
- In regard to the Financial Statements and Tax Return preparation services performed by you, we have—
 - Assumed all management responsibilities.
 - Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.
- As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

Executive Director signature:



Title:

Executive Director

Accountant/Bookkeeper signature:



Title:

Bookkeeper

**National Water Research Institute
Special Districts Financial Transactions Report**

General Information

Fiscal Year 2014

*F.6.
Confirmed with
Kirsten, State
Controllers Office
on 9/11/15
that all
reports are
submitted
& on file*

Mailing Address

Street 1 Is Address Changed?

Street 2

City State Zip

Email

Members of the Governing Body

	First Name	Middle Initial	Last Name	Title
Member	<input type="text" value="Jim"/>	<input type="text"/>	<input type="text" value="Ferryman"/>	<input type="text" value="Chair"/>
Member	<input type="text" value="John"/>	<input type="text"/>	<input type="text" value="Withers"/>	<input type="text" value="Vice Chair"/>
Member	<input type="text" value="Steven"/>	<input type="text"/>	<input type="text" value="Elie"/>	<input type="text" value="Director"/>
Member	<input type="text" value="Philip"/>	<input type="text"/>	<input type="text" value="Anthony"/>	<input type="text" value="Director"/>
Member	<input type="text" value="Gloria"/>	<input type="text"/>	<input type="text" value="Gray"/>	<input type="text" value="Director"/>
Member	<input type="text" value="Albert"/>	<input type="text"/>	<input type="text" value="Gastelum"/>	<input type="text" value="Director"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Other Officials

First Name	Middle Initial	Last Name	Title
<input type="text" value="Jeffrey"/>	<input type="text"/>	<input type="text" value="Mosher"/>	<input type="text" value="Fiscal Officer"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Report Prepared By

First Name	Middle Initial	Last Name	Phone No
<input type="text" value="Ron"/>	<input type="text"/>	<input type="text" value="Lopez"/>	<input type="text" value="(714) 901-1760"/>

Independent Auditor

First Name	Middle Initial	Last Name	Phone No
<input type="text" value="Ron"/>	<input type="text"/>	<input type="text" value="Lopez"/>	<input type="text" value="(714) 901-1760"/>

National Water Research Institute
Special Districts Financial Transactions Report - Non-Enterprise Activity

Revenues, Expenditures, Sources and Uses

Fiscal Year	2014	General and Special Revenue Funds	Debt Service Funds	Capital Projects Funds
		A	B	C
Non-Enterprise Activity		Flood Control and Water Conservation		
Taxes and Assessments				
Current Secured and UnSecured (1%)				
Voter Approved Taxes				
Property Assessments				
Special Assessments (Mello/Roos, Mark/Roos)				
Prior Year Taxes and Assessments				
Penalties and Cost on Delinquent Taxes and Assessments				
Licenses, Permits, and Franchises				
Fines, Forfeits, and Penalties				
Revenue From Use of Money and Property				
Interest Income		20		
Rents, Concessions and Royalties				
Federal				
Aid for Construction				
Other Federal				
State				
Aid for Construction				
State Water Project				
Homeowners Property Tax Relief				
Timber Yield				
Other State				
Other Governmental Agencies				
Redevelopment Pass-Through				
Other		477,518		
Charges for Current Services		489,887		
Contributions From Property Owners				
Self Insurance Only				
Member Contributions				
Claim Adjustments				
Other Revenues				
Total Revenues		\$967,425	\$0	\$0
Expenditures				
Salaries and Wages		332,167		
Employee Benefits				
Services and Supplies		506,588		
Self Insurance Only - Claims Paid				

National Water Research Institute
Special Districts Financial Transactions Report - Non-Enterprise Activity

Revenues, Expenditures, Sources and Uses

Fiscal Year	2014	General and Special Revenue Funds	Debt Service Funds	Capital Projects Funds
	A	B	C	
Contributions to Outside Agencies	126,661			
Debt Service				
Retirement of Long-Term Debt				
Interest on Long-Term Debt				
Interest on Short-Term Notes and Warrants				
Fixed Assets				
Other Expenditures				
Total Expenditures	\$965,416	\$0	\$0	
Revenues Over (Under) Expenditures	\$2,009	\$0	\$0	
Financing Sources and Uses				
Proceeds of Long-Term Debt				
Proceeds of Refunding Debt				
Payments to Refunded Debt Escrow Agent				
Inception of Lease Purchase Agreements				
Other Financing Sources				
Other Financing Uses				
Operating Transfers In (Intra-District)				
Operating Transfers Out (Intra-District)				
Total Other Financing Sources (Uses)	\$0	\$0	\$0	
Revenues/Sources Over (Under) Expenditures/Uses	\$2,009	\$0	\$0	
Fund Equity, Beginning of Period				
Prior Period Adjustments				
Residual Equity Transfers				
Other	366,153			
Fund Equity, End of Period	\$368,162	\$0	\$0	

**National Water Research Institute
Special Districts Financial Transactions Report
Consolidation of Fund Equities and Transfers**

Consolidation of Fund Equities and Transfers

Fiscal Year 2014

	General and Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds
Consolidation of Fund Equities				
Non-Enterprise Activities	\$368.162	\$0	\$0	
Enterprise Fund Equities				
Airport				\$0
Electric				\$0
Harbor and Port				\$0
Hospital				\$0
Waste Disposal				\$0
Water				\$0
Total Ending Fund Equities	\$368.162	\$0	\$0	\$0

	Transfers In A	Transfers Out B	Net C
Consolidation of Transfers In and Transfer Out			
General and Special Revenue Funds	\$0	\$0	
Debt Service Funds	\$0	\$0	
Capital Projects Funds	\$0	\$0	
Enterprise Activities			
Airport	\$0	\$0	
Electric	\$0	\$0	
Harbor and Port	\$0	\$0	
Waste Disposal	\$0	\$0	
Water	\$0	\$0	
Total	\$0	\$0	\$0

National Water Research Institute
Special Districts Financial Transactions Report
Appropriations Limit Information

Appropriations Limit Information

Fiscal Year 2014

Appropriations Limit

0

Total Annual Appropriations Subject to the Limit

0

Revenues received (Exceed) Under Appropriation Limit

\$0

**National Water Research Institute
Special Districts Financial Transactions Report - Consolidated Balance Sheet**

Assets

Fiscal Year 2014

	General and Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	General Fixed Assets	General Long-Term Debt	Total Memorandum Only
Assets							
Cash and Cash Equivalents	309,993						\$,309,993
Taxes Receivable							\$0
Interest Receivable							\$0
Accounts Receivable	97,174						\$97,174
Loans, Notes, and Contracts Receivable							\$0
Due from Other Funds							\$0
Inventory of Materials and Supplies							\$0
Other Current Assets							
Lease Payments Receivable							
Unearned Finance Charges							
Investments							\$0
Restricted Assets							
Deferred Charges							
Unamortized Discount on Long-Term Debt							
Other Assets	44,505						\$44,505
Fixed Assets							
Land							\$0
Buildings and Improvements							\$0
Equipment							\$0
Construction in Progress							\$0
Total Fixed Assets				\$0	\$0		\$0
Accumulated Depreciation							\$0
Net Fixed Assets				\$0	\$0		\$0
Other Debits							
Amount Available in Debt Service Funds							
Amount to be Provided							
Total Assets	\$451,672	\$0	\$0	\$0	\$0	\$0	\$451,672

**National Water Research Institute
Special Districts Financial Transactions Report - Consolidated Balance Sheet**

Fiscal Year 2014

Liabilities and Equity

	General and Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	General Fixed Assets	General Long-Term Debt	Total Memorandum Only
Liabilities and Equity							
Accounts/Warrants Payable	60,730						\$60,730
Loans and Notes Payable							\$0
Interest Payable - Matured/Accrued							\$0
Other Current Liabilities	22,780						\$22,780
Compensated Absences Payable							\$0
Due to Other Governments							\$0
Due to Other Funds							\$0
Long-Term Debt							\$0
General Obligation Bonds							\$0
Revenue Bonds							\$0
Certificates of Participation							\$0
Special Assessment							\$0
Federal							\$0
State							\$0
Time Warrants							\$0
Other Long-Term Indebtedness							\$0
Unamortized Premium on Long-Term Debt							\$0
Advances for Construction							\$0
Deferred Revenue							\$0
All Other Non-Current Liabilities							\$0
Total Liabilities	\$83,510	\$0	\$0	\$0		\$0	\$83,510
Fund Equity							
Contributed Capital							
Invested in General Fixed Assets							
Retained Earnings							
Reserved							
Unreserved							
Fund Balances							
Reserved							
Unreserved Designated							\$0
Unreserved Undesignated	368,162						\$0
Total Fund Equity	\$368,162	\$0	\$0	\$0		\$0	\$368,162
Total Liabilities and Fund Equity	\$451,672	\$0	\$0	\$0		\$0	\$451,672

**Joint Powers
Agreement Members**

Inland Empire
Utilities Agency

Irvine Ranch
Water District

Los Angeles
Department of
Water and Power

Orange County
Sanitation District

Orange County
Water District

West Basin
Municipal Water District

Jeffrey J. Mosher
Executive Director

E-mail:
jmosher@nwri-usa.org

October 16, 2014

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
3301 C Street, Suite 700
Sacramento, CA 95816

Dear State Controller's Office, Division of Accounting and Reporting:

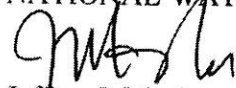
As requested by your office, enclosed you will find our Special Districts Financial Transaction and Compensation Report along with our Local Government Compensation Report.

Our SCR for 2013-14 was submitted electronically by our independent accountant, Gruber and Associates, Inc. As our audit is still ongoing, we will be providing our 2013-14 Audited Financials as soon as they are finalized.

Should you have any questions or concerns, please don't hesitate to contact our office at 714-378-3278 or bcaskey@nwri-usa.org.

Sincerely,

NATIONAL WATER RESEARCH INSTITUTE



Jeffrey J. Mosher
Executive Director

Enclosures

18700 Ward Street
P.O. Box 8096
Fountain Valley, California
92728-8096

(714) 378-3278
Fax: (714) 378-3375

www.nwri-usa.org

**SPECIAL DISTRICTS FINANCIAL TRANSACTIONS
AND COMPENSATION REPORT**

COVER PAGE

National Water Research Institute

SCO Reporting Year: **2014**

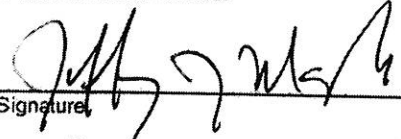
ID Number: **12503004600**

Fiscal Year Ended: 06/30/14 (MM/DD/YY)

Certification:

I hereby certify that, to the best of my knowledge and belief, the report forms fairly reflect the financial transactions of the district in accordance with the requirements as prescribed by the California State Controller.

District Fiscal Officer


Signature

Jeffrey Mosher
Name (Please Print)

Executive Director
Title

10/15/14
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year. However, in the case of hospital districts, the report is due within 120 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

Please complete, sign, and mail this cover page to either address below.

Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
P. O. Box 942850
Sacramento, CA 94250

Express Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
3301 C Street, Suite 700
Sacramento, CA 95816

Supplement to the Annual Report of Special Districts

Special District ID Number:	12503004600
Name of District:	National Water Research Institute

Mark the appropriate box below to indicate the ending date of your agency's fiscal year. Report data for that period only.

- | | | | |
|-----------------------------------------|----------------------------------------|-----------------------------------------------|-------------------------------------|
| <input type="checkbox"/> July 2013 | <input type="checkbox"/> October 2013 | <input type="checkbox"/> January 2014 | <input type="checkbox"/> April 2014 |
| <input type="checkbox"/> August 2013 | <input type="checkbox"/> December 2013 | <input type="checkbox"/> February 2014 | <input type="checkbox"/> May 2014 |
| <input type="checkbox"/> September 2013 | <input type="checkbox"/> March 2014 | <input checked="" type="checkbox"/> June 2014 | |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

U.S. Bureau of the Census, Robyn Harris, 1-800-242-4523

A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

Z00:	\$ 332,167
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B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

Airport Enterprise	Amount
Land and Equipment (Census Code G01)	\$ 0
Construction (Census Code F01)	\$ 0

Electric Enterprise	Amount
Land and Equipment (Census Code G92)	\$ 0
Construction (Census Code F92)	\$ 0

Harbor and Port Enterprise	Amount
Land and Equipment (Census Code G87)	\$ 0
Construction (Census Code F87)	\$ 0

Hospital Enterprise	Amount
Land and Equipment (Census Code G36)	\$ 0
Construction (Census Code F36)	\$ 0

Waste Disposal Enterprise	Amount
Land and Equipment (Census Code G80)	\$ 0
Construction (Census Code F80)	\$ 0

Water Enterprise	Amount
Land and Equipment (Census Code G91)	\$ 0
Construction (Census Code F91)	\$ 0

U.S. Bureau of the Census - Revised 9/2013

