

Inland Empire Utilities Agency

# Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Chino, CA







Montclair Basins





**Prepared by the Finance department.**

## **Acknowledgements**

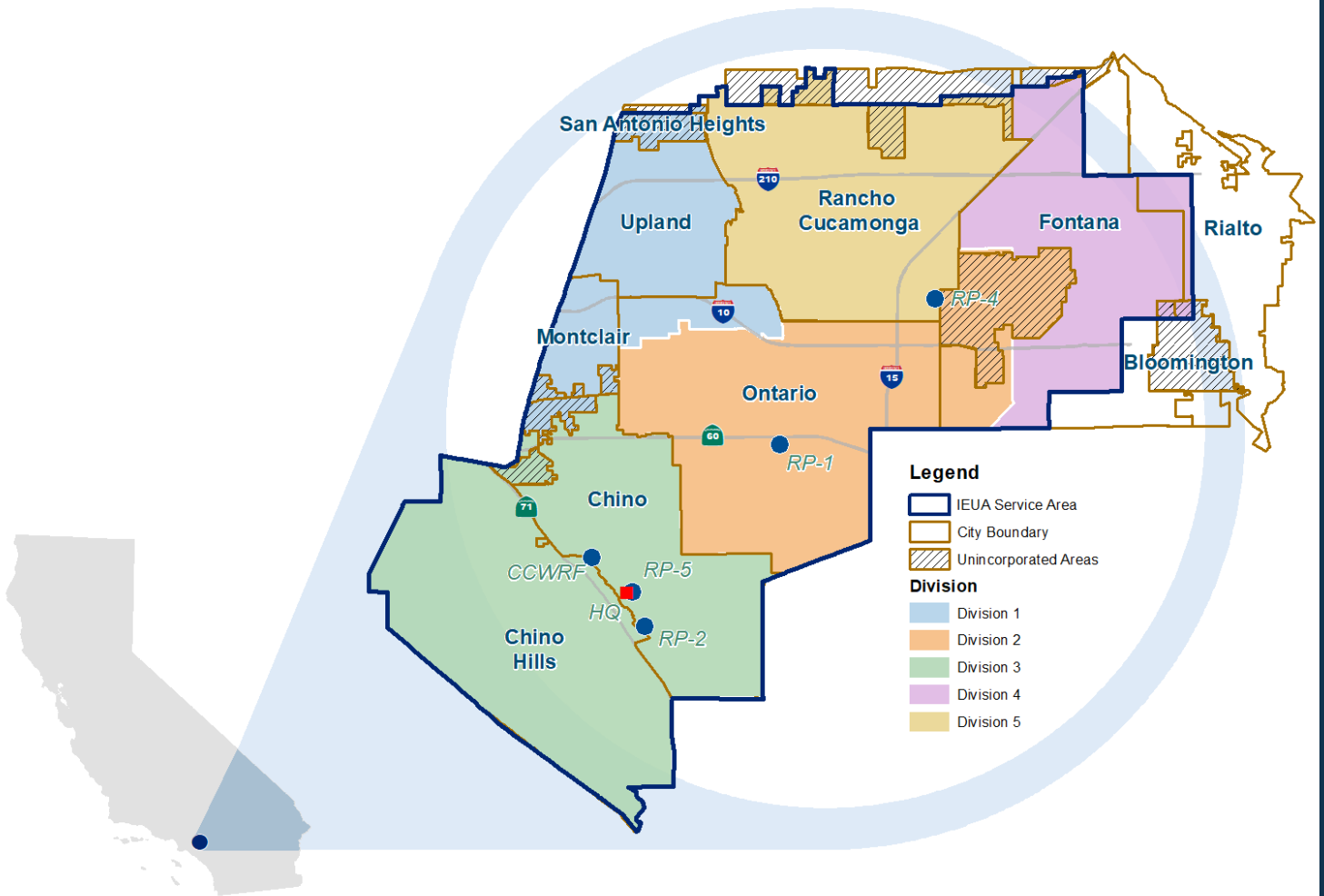
Special thanks to the IEUA employees who contributed photographs, articles and their expertise for this Annual Comprehensive Financial Report.

Annual Comprehensive  
Financial Report

Fiscal Year Ended  
June 30, 2023

# INLAND EMPIRE UTILITIES AGENCY

## Service Area



IEUA resides in the State of California, nestled in the southwest corner of San Bernardino County, approximately 35 miles east of Los Angeles.



## AGENCY VISION

Inland Empire Utilities Agency will strive to become a world class leader in water management and environmental stewardship, including water quality, water-use efficiency, recycled water, and renewable energy, in order to enhance and preserve the quality of life throughout the region.

## AGENCY MISSION

Inland Empire Utilities Agency is committed to meeting the needs of the region by providing essential services in a regionally planned and cost-effective manner while safeguarding public health, promoting economic development, and protecting the environment.

Key areas of service:

- **Securing and supplying imported water.**
- **Collecting and treating wastewater.**
- **Producing high-quality renewable products such as recycled water, compost, and energy.**
- **Promoting sustainable use of groundwater and development of local water supplies.**



## AGENCY VALUES

**Leading the way. Planning for the future. Protecting the resources of the communities we serve.**

The Inland Empire Utilities Agency is:

- Committed to applying ethical, fiscally responsible, transparent, and environmentally sustainable principles to all aspects of business and organizational conduct.
- Working with integrity as one team, while celebrating the region's diversity.
- Staying in the forefront of the industry through education, innovation, efficiency, and creativity.



Laboratory



INLAND EMPIRE UTILITIES AGENCY  
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

INTRODUCTORY

*Letter of Transmittal* ..... I  
*Certificate of Achievement for Excellence in Financial Reporting – GFOA*..... XXVIII  
*Organizational Chart*..... XXIV  
*Principal Officials*..... XXV  
*Strive To Achieve Recognition Program* ..... XXVI  
*Employee of the Year*..... XXVII

FINANCIAL SECTION

*Independent Auditor’s Report* ..... 1  
*Management’s Discussion and Analysis* ..... 5  
*Basic Financial Statements* ..... 25  
*Statement of Net Position* ..... 26  
*Statement of Revenues, Expenses, and Changes in Fund Net Position* ..... 30  
*Statement of Cash Flows* ..... 32  
*Notes to Basic Financial Statements*..... 39

REQUIRED SUPPLEMENTARY INFORMATION

*CalPERS Miscellaneous Pension Plan Schedule of Contributions* ..... 98  
*Schedule of Changes in Net Position Liability and Related Ratios* ..... 100  
*CalPERS Retiree Healthcare Plan Schedule of Contributions*..... 102  
*Schedule of Changes in Net Other Post-Employment Benefit (OPEB)* ..... 103  
  
*Supplementary Information* ..... 105  
*Combining Statement of Net Position – Non-Major Enterprise Funds* ..... 106  
*Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Non-Major Enterprise Funds* ..... 108  
*Combining Statement of Cash Flows – Non-Major Enterprise Funds* ..... 109

STATISTICAL SECTION

*Index of Statistical Section Schedules* ..... 113  
*Financial Trends*  
*Wastewater Revenue Program – Combined Statement of Revenues, Expenses, and Changes in Program Net Position*..... 114

INLAND EMPIRE UTILITIES AGENCY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

Combined Schedules of Revenues, Expenses, and Changes in Fund Net Position –All Funds ..... 116

*Revenue Capacity*

Wastewater Capital Connection Deposits Held ..... 118

Wastewater Revenue Funds’ Capital Requirements ..... 120

Regional Wastewater Funds – Service Charge Revenue and Rates by Contracting Agency..... 126

*Debt Capacity*

Wastewater Revenue Funds’ Coverage Ratio – with Ten Year Comparison ..... 127

Wastewater Revenue Funds’ Debt Coverage Ratio ..... 128

Continuing Disclosure Compliance Report ..... 130

Computation of Direct and Overlapping Bonded Debt..... 131

*Operating Information*

Operating Indicators – Wastewater Facilities Design Capacity and Average Flow ..... 133

Operating Indicators – Actual Wastewater Flow ..... 134

Operating Indicators – Projected Wastewater Flow ..... 135

Operating Indicators – Pipeline Systems by Program ..... 136

Operating Indicators – FY2022/23 Staffing Allocations ..... 137

Operating Indicators – Budgeted Positions versus Staffing Actuals..... 138

*Demographic and Economic Information*

Population and Personal Income Statistics with Ten-Year Comparison..... 139

Area’s Largest Public and Private Employers ..... 140

Appropriation Limits..... 141





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December 22, 2023  
Inland Empire Utilities Agency  
Chino, California

To the President of the Board of Directors, Members of the Board, Member Agencies, and Citizens of the Inland Empire Utilities Agency:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Inland Empire Utilities Agency (referred to as IEUA or the Agency) for fiscal year ended June 30, 2023. State law and local ordinances require the Agency to annually publish a comprehensive report of its financial condition and activities in compliance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board and audited in accordance with general accepted auditing standards in the United States of America by a firm of licensed certified public accountants.

This report consists of management’s representations concerning the finances of the Inland Empire Utilities Agency. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not outweigh their benefits, the Agency’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

CliftonLarsonAllen LLP (CLA), a firm of certified public accountants, has issued an unmodified opinion on the Agency’s financial statements for the year ended June 30, 2023. The independent auditor’s report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the Agency was part of a broader, federally mandated “Single Audit” designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The Inland Empire Utilities Agency’s Single Audit Report is available separately.

Accounting principles generally accepted in the United States of America require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency’s MD&A can be found immediately following the report of the independent auditors.

*Water Smart - Thinking in Terms of Tomorrow*

**Marco Tule**  
President

**Steven J. Eile**  
Vice President

**Jasmin A. Hall**  
Secretary/Treasurer

**Michael Camacho**  
Director

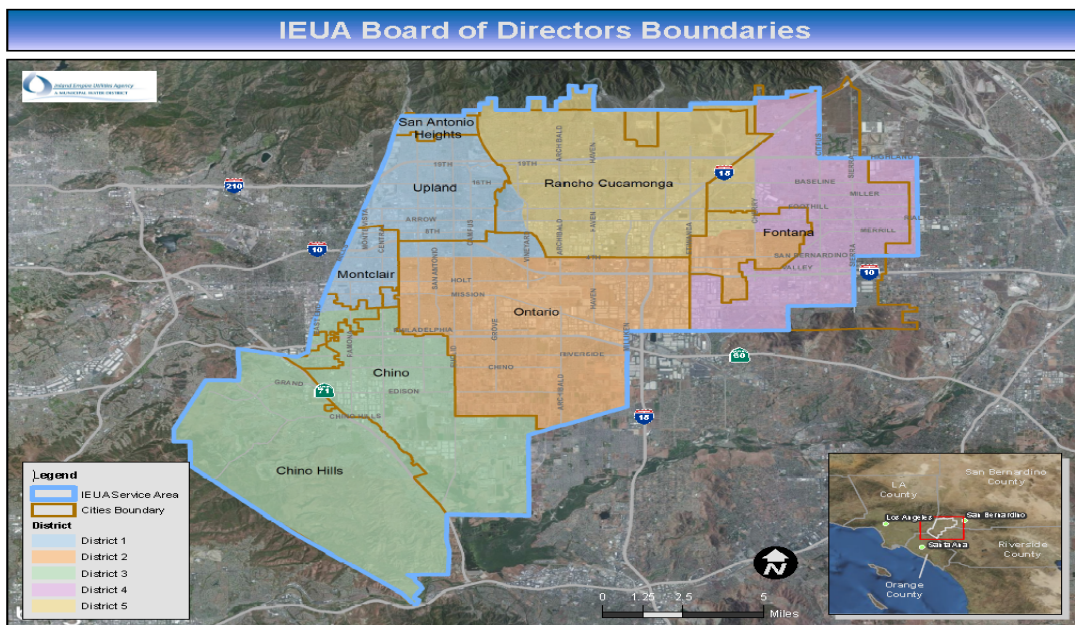
**Paul Hofer**  
Director

**Shivaji Deshmukh**  
General Manager

# INLAND EMPIRE UTILITIES AGENCY PROFILE

## UP TO THE PRESENT

The Agency was established by a majority vote in a special election on June 6, 1950 to bring supplemental imported water to a semi-arid region, and to meet domestic and agricultural needs for an original population of approximately 80,000 people. Until July 1, 1998, the Agency was known as Chino Basin Municipal Water District, named after the underlying Chino groundwater basin, and was organized as a California municipal corporation and a political subdivision of the State under the Municipal Water District Act of 1911. Once formed, in 1951 the Agency's electorate voted to annex to the Metropolitan Water District of Southern California. The original service area was 91.8 square miles. Land was added to the Agency through three subsequent annexations, bringing the Agency service area to its current total of 242 square miles. This service area includes the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Rancho Cucamonga, and Upland. From the west, the Agency extends from the Los Angeles County line to a point near the eastern boundary of the City of Fontana; and, from the north, it extends from the base of the San Gabriel Mountains to south of the Riverside County line and then southwest to the Orange County line.



### Board of Directors:

The Agency is governed by a five-member Board of Directors who are elected to staggered four-year terms by registered voters within their divisions.

- Marco Tule, President, representing District 1
- Steven J. Elie, Vice President, representing District 3
- Jasmin A. Hall, Secretary/Treasurer, representing District 4
- Michael Camacho, Director, representing District 5
- Paul Hofer, Director, representing District 2



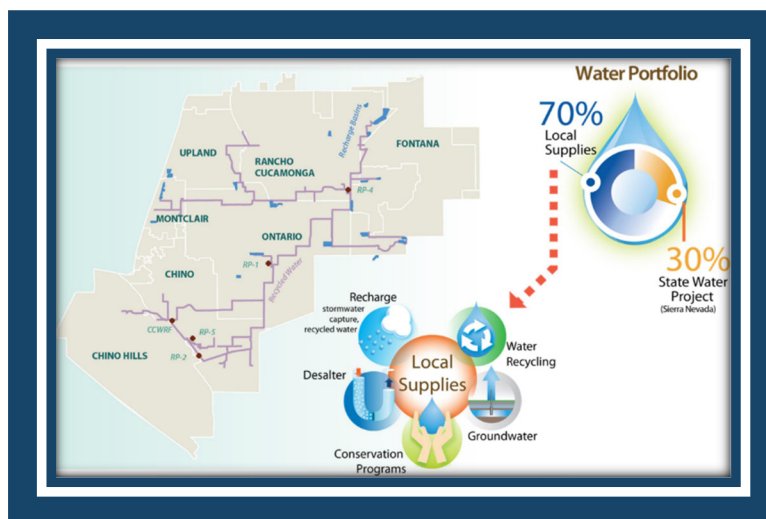
The Board of Directors set overall policies which are then implemented under the direction of the General Manager. The Agency had approximately 291 active full-time employees in FY 2022/23 under the administrative direction of appointed General Manager Shivaji Deshmukh and management staff.

Regularly scheduled Board meetings are held virtually and at the Agency headquarters on the 1<sup>st</sup> and 3<sup>rd</sup> Wednesday of the month. The Agency's headquarters are located at 6075 Kimball Ave., Chino, CA 91708.

## WATER RESOURCES

The mission of the Agency was originally to distribute water imported from the Colorado River. Soon thereafter, that role expanded to include the distribution of water imported to Southern California through the State Water Project (SWP). In April 1984, due to high concentrations of total dissolved solids (TDS), otherwise known as high salt concentration, the Agency significantly reduced the importation of the Colorado River water. The final delivery from the Colorado River was received in April 1994. Since then, all MWD imported water is untreated water delivered through the SWP and accounts for approximately one-fourth of the water used in the region.

For over fifty years, the Agency has been a leader in water supply planning and programs to protect the region's vital water supplies. As a wholesale provider of imported water, IEUA utilizes multiple wholesale sources of water, including imported water from MWD, and groundwater recharge from local recycled water produced in the Agency's water recycling treatment facilities. The Agency provides wholesale imported water to seven retail agencies: the cities of Chino, Chino Hills, Ontario, Upland, Cucamonga Valley Water District in the city of Rancho Cucamonga, Fontana Water Company in the city of Fontana, and Monte Vista Water District in the city of Montclair. In addition to wholesale supplies, local retail water agencies include sources of supply, including local groundwater, surface water, and desalted ground water.



## REGIONAL WASTEWATER SYSTEM

The Agency began domestic wastewater collection during the mid-1960's and built the Southwest Chino Trunk Sewer for domestic wastewater transport. In 1973, the Agency completed lengthy negotiations on the Chino Basin Regional Sewage Service Contract (Regional Contract) with the cities of Chino, Fontana, Montclair, Ontario, and Upland, and with the Cucamonga Valley Water District as well as the County Service Area 70Q of the County of San Bernardino (later to become the City of Chino Hills).

Pursuant to that Regional Contract, the Agency agreed to purchase and operate three local wastewater treatment plants, and to plan and construct all new pipelines, regional interceptor sewer and treatment plants as needed to meet growing demand from new development.

The 50-year agreement expired in December 2022. Beginning in January 2023 the Agency began operating the Regional Wastewater System under Ordinance 111.

Currently the Agency owns and operates five water recycling treatment facilities, four of which produce recycled water.

- Regional Water Recycling Plant No. 1 (RP-1) in Ontario, CA
- Regional Water Recycling Plant No. 2 (RP-2) in Chino, CA
- Regional Water Recycling Plant No. 4 (RP-4) in Rancho Cucamonga, CA
- Regional Water Recycling Plant No. 5 (RP-5) in Chino, CA
- Carbon Canyon Water Recycling Facility (CCWRF) in Chino, CA

The Agency's water recycling plants collectively take in an average of 51 million gallons of wastewater per day for treatment from its contracting member agencies. Several treatment processes contribute to providing high quality recycled water pursuant to Title 22 regulations set forth by the California Department of Health Services.

## NON-RECLAIMABLE WASTEWATER SYSTEM

The Agency operates the Non-Reclaimable Wastewater System (NRWS) that provides for the treatment and disposal of industrial waste, which is too high in salts to be discharged into the Agency's water recycling plants. The NRWS transports non-reclaimable, salt-laden, industrial strength wastewater out of the Agency's service area to treatment plants located in Los Angeles and Orange counties, and eventual discharge to the Pacific Ocean.

The NRWS was conceived early in the Agency's history. In 1966, voters approved a \$16 million general obligation bond issuance to finance the purchase of treatment capacity and the construction of two major NRWS trunk lines. The non-reclaimable wastewater lines operated by the Agency are comprised of three independent industrial wastewater lines. The Non-Reclaimable Wastewater System (NRWS) and the Etiwanda Wastewater Line (EWL) both serve the northern portion of the Agency's service area, and the Inland Empire Brine Line (IEBL), managed by the Santa Ana Watershed Authority (SAWPA), serves the southern portion of the Agency's service area. The NRWS and EWL discharge the industrial wastewater into the Los Angeles County Sanitation Districts (LACSD) System and the IEBL to Orange County Sanitation District (OCS).

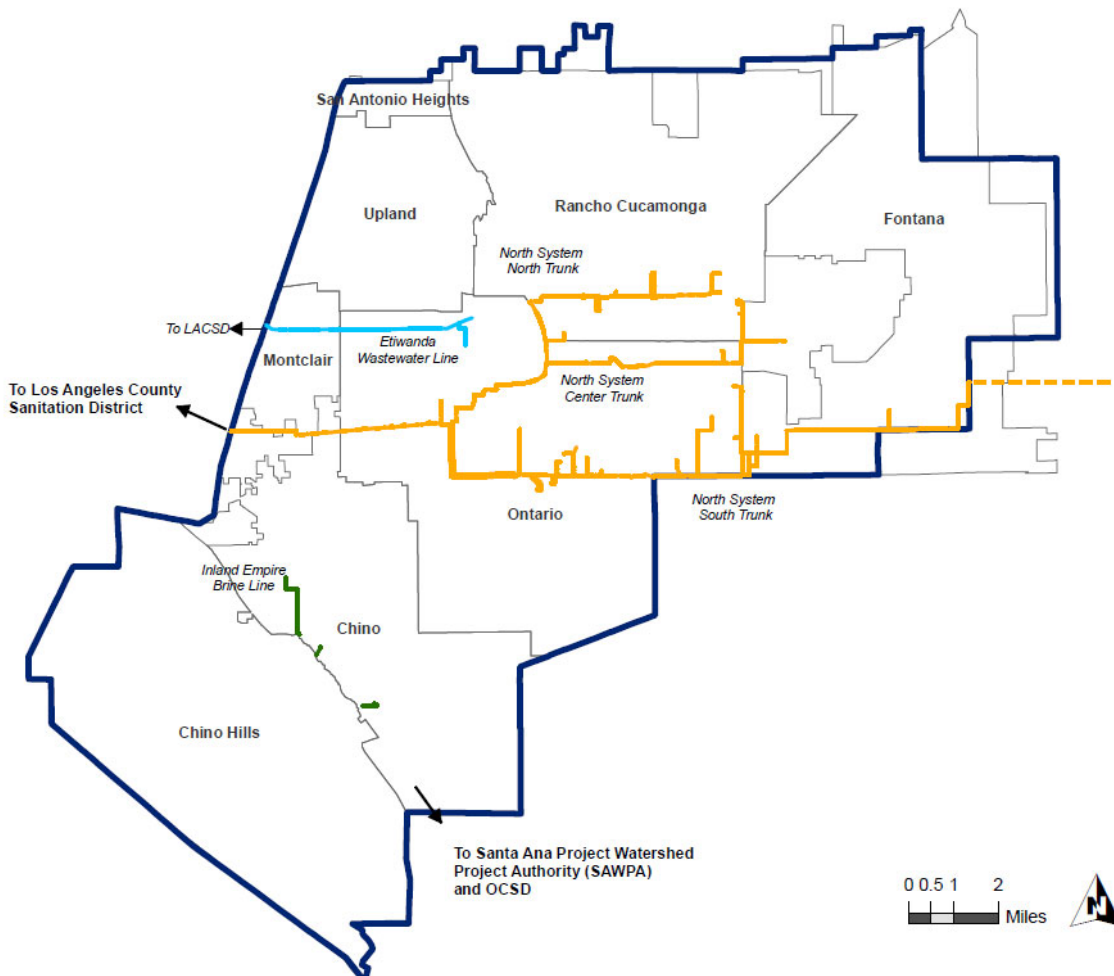
The NRW brine lines are physically separate from the Agency's Regional Sewage System (RSS). The use of separate non-reclaimable wastewater lines helps to ensure RSS compliance with State regulations related to environmental criteria; the RSS final effluent total dissolved solids (TSS) limit as required under the National Pollutant Discharge Elimination System (NPDES) permits; and improves the quality of the recycled water generated by the RSS for local beneficial use.

As of June 30, 2023, approximately fifty industries were directly connected to the Agency's brine line system. The north NRW serves approximately 37 industries (including centrate from the Agency's Regional Water Recycling Plant No. 1) and two municipal groundwater treatment facilities. The EWL is exclusively utilized for two groundwater treatment plants operated by the City of Ontario and City of Chino/Monte Vista Water District. The IEBL serves approximately thirteen industries, four indirect discharges that truck their wastewater to the Agency's dump discharge stations, and the Chino Basin Desalter Authority No. 1 desalter facility.

The Agency's NRW program provides retail services that are billed directly to the industrial customers of the Agency, unlike the Agency's regional water and wastewater services which are essentially wholesale services provided to the Agency's Contracting Agencies.



## NON-RECLAIMABLE WASTEWATER SYSTEM AND DISCHARGES





## RECYCLED WATER DISTRIBUTION SYSTEM

The Agency has been providing recycled water to its member agencies since formation of the Regional Sewage Service Contract in 1973. Initially, recycled water was as a low-cost alternative water supply for large irrigation customers and was delivered to Whispering Lakes Golf Course and Westwind Park in the city of Ontario, as well as to Prado Regional Park and El Prado Golf Course in San Bernardino County. In the early 1990's, the Agency planned and built the first phase of the Carbon Canyon Recycled Water Project, which now serves several customers in the cities of Chino and Chino Hills.

In 2000, the region identified recycled water as a critical component in drought-proofing the region and essential to sustaining economic growth. With imported water rates increasing and its long-term reliability in decline, the region committed to aggressively and proactively developing local water supplies. This set the path to development of the Agency's regional recycled water system and implementation of a robust Recycled Water Program.

Based on a series of regional decisions since 2000, over \$350 million has been invested into the implementation of a robust Recycled Water Program. These investments, along with development of nineteen ground water recharge basins, ten of which accept recycled water, have significantly helped the Agency and its contracting agencies develop and maintain a reliable local water supply. The recycled water distribution system consists of over 95 miles of pipeline, four reservoir storage tanks with storage capacity between two and five million gallons, and multiple pump stations.

Recycled water is a cost-effective, dependable, and environmentally friendly water supply that is safe for a variety of uses including landscape and agricultural irrigation, groundwater recharge, construction, and industrial process water. Since 2010, the rate of connections for direct use customers to the regional recycled water system has been stagnant primarily due to the economic recession and changes in land use from agriculture to residential and commercial. As a result, the Agency has shifted its planning for the Recycled Water Program towards pursuing additional regional groundwater recharge, direct injection, and eventually direct potable reuse.

### ***Recycled Water Deliveries by Acre Foot***

Type	Actual				Projected		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Direct Use	17,115	19,534	19,260	16,401	19,952	20,870	21,351
GW Recharge	13,381	16,253	17,054	14,786	16,420	16,420	16,420
<b>Total</b>	<b>30,495</b>	<b>35,789</b>	<b>36,314</b>	<b>31,187</b>	<b>36,372</b>	<b>37,290</b>	<b>37,771</b>

Recycled water deliveries for direct use and groundwater recharge vary seasonally and annually based on a variety of factors, including rainfall intensity, climate conditions, long term water use efficiency, maintenance activities on recharge basins, and land use conversions.

In FY 2022/23 the IEUA Board adopted recycled water rates which included a fixed, in addition to a variable, component for the first time. Based on the 2023 Rate Study, the new rate structure provides revenue stability to support regional capital investments and helps to ensure the long-term sustainability of the Recycled Water Program by lessening the impact of reduced deliveries in years of high precipitation.

The use of recycled water increases the reliability of local water supplies. As a locally developed water supply, recycled water is a practical and essential resource in mitigating the effects of climate change.

## GROUNDWATER RECHARGE BASINS

The Chino Basin Groundwater Recharge program (Recharge Water program) is designed to increase artificial groundwater recharge in the Chino Basin using storm water, recycled water, and imported water as part of a long-term solution to the local water supply and water quality issues facing the greater Chino Basin. The Recharge Water Program has become a nationally acclaimed, award-winning program because it relies on local resources, natural organic cycles, innovative treatment techniques and energy-saving methods.

Jointly sponsored by the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the San Bernardino Flood Control District (SBFCD) and the Agency, the Recharge Water program will assist in mitigating future water shortages caused by limitations of imported water supplies from the State Water Project (SWP) by enhancing the recharge capacity in the Chino Basin and increasing artificial groundwater recharge. Capturing greater quantities of high-quality water during wet years provides a subsurface reserve of groundwater for local use during periods of droughts and shortages of imported water.

In this way, the Recharge Water program enhances the current reliability and resiliency of regional groundwater supplies for the region's growing population and is an integral part of the Agency's regional water supply planning and supports the Optimum Basin Management Plan (OBMP). The OBMP, last updated in 2020, enabled expansion of the groundwater storage capacity throughout the Chino Basin.

The groundwater infrastructure consists of a network of pipelines that direct storm water run-off, imported water from the State Water Project (SWP) and recycled water produced by the Agency to recharge sites; most of which consist of multiple basins. These recharge sites, nineteen in total, are located throughout the Agency's service area and are designed to hold water so that it can percolate into the ground and replenish the alluvial aquifers and groundwater supply. Annually, the recharge capacity of the groundwater facilities includes up to 50,000 AF of imported water, up to 25,000 AF of stormwater, and up to 16,000 AF of recycled water. Annual recharge varies due to weather patterns and availability of supplemental water supplies (imported and recycled water).

In 2013, the Agency, CBWM, CBWCD, and their respective member agencies, through the Chino Basin Recharge Master Plan Update Steering Committee (Steering Committee), implemented an amendment to the 2010 Recharge Master Plan (2013 Recharge Master Plan Update or RMPU), per the direction of the Court. The RMPU is a comprehensive program of recharge projects developed to enhance water supplies and protect and enhance water quality in the Chino Basin.

The updated RMPU was approved concurrently by IEUA and CBWM in September 2018 and evaluated 27 potential capital projects. Of the 27 potential projects, the Steering Committee ultimately approved six projects for implementation. The approved projects are estimated to develop approximately 4,727 AF per year (AFY) of stormwater recharge and approximately 7,125 AFY of recycled water recharge. Costs for capital projects enhancing stormwater recharge, including related debt service costs, are fully funded by CBWM. Costs for capital projects enhancing recharge of recycled water, including related debt service costs, are equally shared by CBWM and the Agency. Operating expenses are funded by both CBWM and the Agency.

**Groundwater Recharge Sources**

<b>Groundwater Recharge Source</b>	<b>Recharge (AF)</b>
Recycled Water	14,785
Stormwater & Dry Weather Flow	20,015
Imported Water	9,394
<i>IEUA (MWD)</i>	<i>0</i>
<i>DYY Puts*</i>	<i>8,139</i>
<i>Other**</i>	<i>1,255</i>
<b>Total</b>	<b>44,194</b>

*\*DYY Puts Exclude aquifer storage and recovery*

*\*\* Supplies recharged that were delivered from outside IEUA’s service area not including IEUA purchases.*

Total groundwater recharge delivered to the Chino Basin in FY 22/23 was 44,194 AF. FY 22/23 was the highest stormwater and Dry Weather Flow at over 20,015 AF. Heavy winter rainfall resulted in additional stormwater flows combined with extra Dry Year Yield (DYY) put by MWD, bringing recharge deliveries back to pre-drought levels.



*DYY delivery to Montclair Basins*



## JOINT POWERS AUTHORITY

### CHINO BASIN DESALTER AUTHORITY

The Chino Basin Desalter Authority (CDA) was formed in 2001 as A joint power authority (JPA) to manage the production, treatment, and distribution of highly treated potable water and to acquire all assets and liabilities of the Chino Basin Desalter and its operations from the Santa Ana Watershed Project Authority (SAWPA).

The CDA is comprised of the cities of Chino, Chino Hills, Ontario, Norco, as well as the Jurupa Community Services District (JCSD), the Santa Ana River Water Company, Western Municipal Water District, and the Inland Empire Utilities Agency as an ex-officio member. The CDA purifies brackish groundwater extracted from the lower Chino Basin with the Chino I and II Desalter facilities and produces 24,600 AFY of high-quality drinking water that is delivered to its member agencies. The CDA facilities include two desalters, supply wells for each desalter, two reservoirs, raw water supplies, potable water distribution pipelines and pumping facilities, and pipelines for brine disposal.



The Desalter I facility located in the City of Chino began operation in 2000 and is managed by the Agency. The Desalter II facility located in Jurupa Valley began operation in 2006 and is managed by the Jurupa Community Services District.

### INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

In February 2002, the Agency entered into a Joint Powers Agreement with the Los Angeles County Sanitation Districts (LACSD) and formed the Inland Empire Regional Composting Authority (IERCA) to divert biosolids from their wastewater treatment facilities from landfill disposal and to beneficially reuse organic products generated from within the community.

The 445,275 square foot facility was transformed from a former IKEA warehouse into the nation's largest indoor biosolids composting facility located in Rancho Cucamonga, California. IERCA began operation in March 2007 and produces 240,000 cubic yards of wood-based, nutrient-rich compost annually. The Agency manages the day-to-day operations of the facility and safety and risk services supported by LACSD. The compost produced, marketed, and sold under the brand of SoilPro Premium Compost, is made from recycled green waste, biosolids, and horse stable bedding and focuses on producing top quality compost under the guidelines outlined in the US Composting Council's Seal of Testing Assurance (STA) program. SoilPro is sold to landscapers and farmers around southern California to create healthy soils to save water.



Over the years, the IERCA has received various awards, including the Certification of Recognition 2010 for Complying with US Environmental Protection Agency (EPA), the Dave Hardy Leadership in Organics Award in July

2011, the US Composting Award in 2011 and 2012, the Governor’s Environmental and Economic Leadership Award in 2013, EPA Pacific Region- Environmental Award 2015, California Association of Sanitation Agencies Award of Excellence for Innovation and Resiliency, 2019, and US Composting Council, Large Scale Compost Manufacturer of the Year 2021. In addition, the IERCA staff has earned Master Compost Certificate through the University of California Extension Riverside California.

## ECONOMIC CONDITION AND OUTLOOK

The Agency is located approximately 35 miles east of Los Angeles in San Bernardino County in an area referred to as the Inland Empire (IE). The IE is accessibly connected to Los Angeles County, Orange County, San Bernardino County, and Riverside County through the major freeway systems: Interstate 10, State Route 60, State Route 71, State Route 91, State Route 210, and Interstate 15. The Agency’s service area in San Bernardino County is settled in a well-developed transportation center consisting of three major transportation systems: the Metrolink Railway system, the Chino Airport, and the Ontario International Airport.

The region has a diverse economy, with significant contributions from industries such as logistics, healthcare, manufacturing, and hospitality. The IE has seen significant economic growth in recent years. The logistics industry has been a major driver of economic growth in the region. The region’s proximity to the ports of Los Angeles and Long Beach has also made it an attractive location for logistics companies. The expansion of e-commerce and regional economic integration has fueled the sector’s expansion. This hub has anchored the region’s economic growth for the last fifteen years. The Inland Empire is home to the largest distribution center in the world, which has attracted many businesses to the region.

Coming out of the recovery from the Covid-19 pandemic, the Inland Empire region has witnessed significant changes in its labor force. From its peak in May 2020, the unemployment rate has decreased by 11.2 percentage points as of January 2023. The logistics industry, which consists of warehousing, transportation, and the wholesale industry, has been a major driver in employment. The booming labor market is reflected in the relatively low unemployment rate for the region.

Housing plays an important role in the Inland Empire economy. The low interest rate environment that prevailed for most of the last 20 years favored home buyers and builders alike. But interest rates have increased to their highest level in two decades which has reduced home sales while creating new uncertainty for builders. The ultra-low rates that were characteristic of the last few years will not be returning soon. With high rates and limited supply, the housing market faces a difficult year ahead.

## MAJOR INITIATIVES AND ACCOMPLISHMENTS

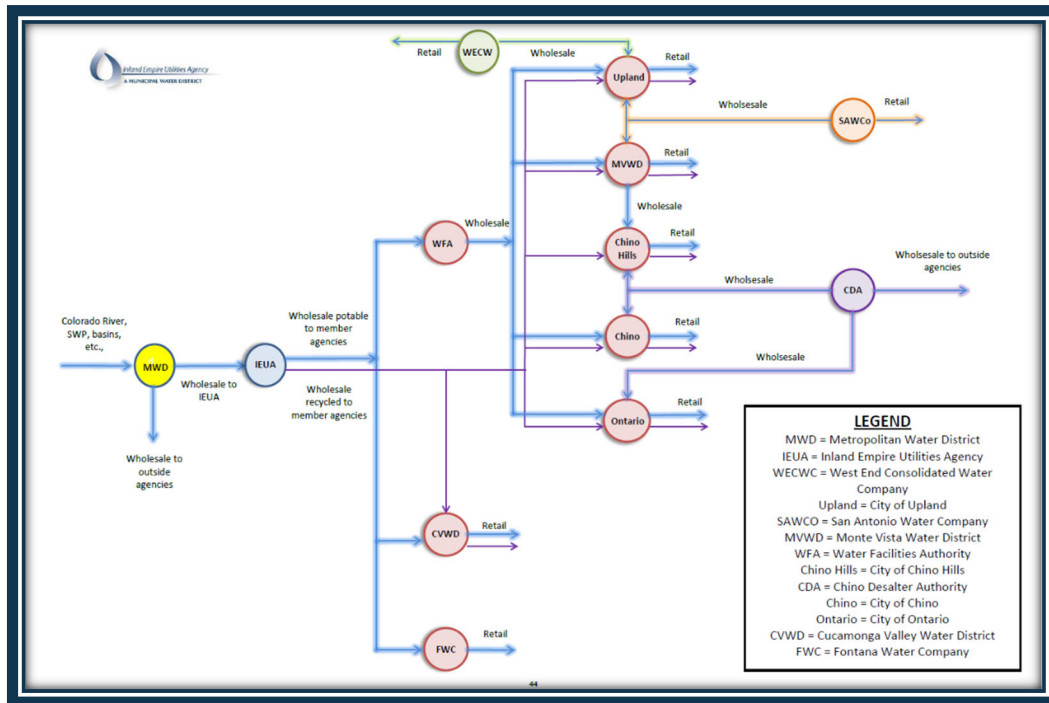
### MAJOR INITIATIVES FOR FY 2022/23

During Fiscal Year 2022/23 the Agency, in collaboration with key stakeholders in the region, accomplished significant milestones and executed several planned initiatives throughout the year. Some key initiatives included: water reliability, environmental stewardship, fiscal responsibility, community outreach and education.

## WATER REIABILITY

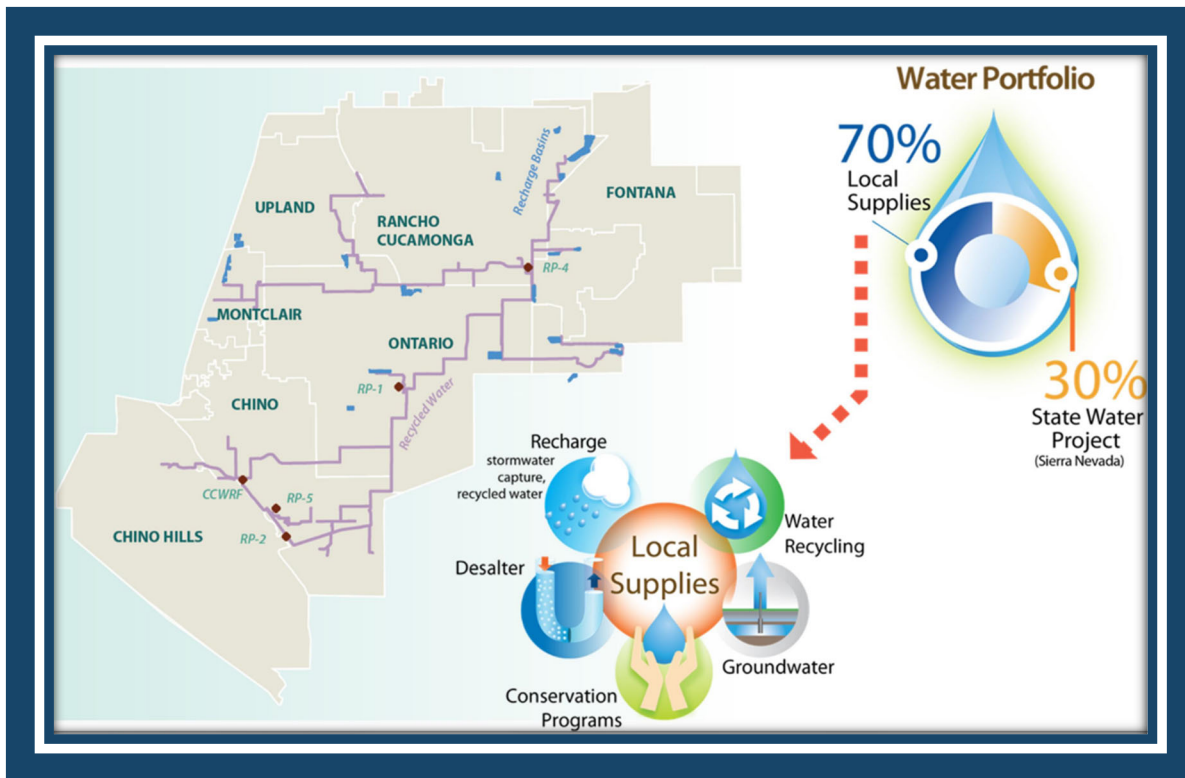
The Inland Empire Utilities Agency (IEUA) is committed to investing in our water supply for today and tomorrow through fiscal responsibility, efficient business practices, water supply management, and environmental stewardship.

Originally named the Chino Basin Municipal Water District, IEUA has been a leader in water supply planning and programs to protect the region's vital water supplies for over fifty years. As a wholesale provider of imported water to five cities and two special districts in the service area, IEUA utilizes multiple wholesale sources of water, including imported water through the Metropolitan Water District (MWD), and groundwater recharge from local recycled water.



In addition to wholesale supplies, local retail water agencies include sources of supply, including local groundwater, surface water, and desalted ground water.





Total water consumption within IEUA’s service area for FY 22/23 was approximately 171,823 Acre Feet (AF) which includes 155,423 AF potable usage and 16,401 AF recycled direct usage. This is roughly a 14 percent decrease (24,729 AF) from FY 21/22 consumption of 196,552 AF. This sharp decrease was the result of the extreme shift in water availability during FY 22/23. In response to the drought, in April 2022 MWD declared a Water Shortage Energy Condition which limited the Agency’s ability to purchase imported water. Related conservation efforts in the region helped to reduce overall water usage and the region saw improved hydraulic conditions which additionally reduced regional demand for outdoor water usage. In December 2022, the IEUA Board took important action to extend the declaration of Water Shortage Emergency Condition and elevate the Agency’s Water Shortage Contingency Plan to Level 6. These actions were taken in response to the ongoing, severe drought being experienced across the State of California, the Department of Water Resources announcing an initial State Water project (SWP) allocation of only 5% of requested supplies for 2023, and action taken by MWD to extend the imported water allocation to IEUA and other SWP-Dependent areas.

The beginning of 2023 was characterized by unexpected and unprecedented powerful storms that relieved historic drought conditions. With the record-breaking precipitation across the State, on April 5, 2023 the IEUA Board of Directors was able to ease drought regulations by declaring an end to the Water Shortage Emergency Condition and Emergency Water Conservation Framework.

Despite large swings in outdoor water use due to the drought, water availability, and regional population growth, overall, per person water use in the region is on a downward trend. However, IEUA anticipates a slight increase in FY 2023/24 due to the low per person water use in FY 2022/23 resulting from the drought. However, a continuous focus on water use efficiency and per capita reduction is anticipated to continue to reduce per capita water use and demands in the long-term.

The Agency also continued its close coordination with the local retail water agencies in the implementation of regional water use efficiency (WUE) programs. The WUE programs provide incentives for high efficiency appliances and devices including weather-based irrigation controllers, high efficiency sprinkler nozzles, turf

removal, water tolerant landscape design and education on water conservation, and water use efficiency. In the last ten years, these efforts helped to decrease residential water usage by 50 percent.

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## ENVIRONMENTAL STEWARDSHIP

The agency incorporates solar, wind, and battery storage into its facilities to reduce demand on the electric grid. As part of these efforts, the Agency is partner to a Power Purchase Agreement (PPA) and has 3.5 megawatts of solar panels installed at four of IEUA's facilities in 2008. In 2010, IEUA expanded its renewable energy portfolio by securing another PPA for a 1.0 MW wind turbine at Regional Water Recycling Plant No. 4 (RP-4) in Rancho Cucamonga. The wind turbine was commissioned in early 2012. IEUA partnered with an energy firm to install 4.0 MW of advanced energy storage systems at Agency facilities and 1.5 MW of solar at the Inland Empire Regional Composting Facility. In 2019, IEUA installed 70 kW of solar on the rooftop of the RP-5 Lab Building.

FY22/23 marks the Agency's 20th Anniversary for its water-use efficiency programs. Through a combination of rebates and direct install services, the Agency's Water-Use Efficiency team has successfully deployed over 400,000 high-efficiency sprinkler nozzles, 50,000 high-efficiency toilets, 25,000 high-efficiency clothes washers, 13,000 weather-based irrigation controllers, and 1,000 rain barrels since inception. The Agency's water-use efficiency contributions have helped save the region approximately 150,000 acre-feet of water, enough to fill roughly 150,000 football fields with one foot of water each. While the winter storms have alleviated current drought pressures, IEUA is continuing to impress the importance of remaining waterwise to help support long-term water supply needs.

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## FISCAL RESPONSIBILITY

The Agency completed the Recycled Water Rate Study in FY 2021/22, with rates in effect beginning July 1, 2022. The adoption of the new rates represents a transition from a 100 percent volumetric based rate structure to one that provides more revenue stability and fully recovers the cost of service.

As part of the Agency's continual commitment to fiscal responsibility, the FY 2022/23 budget focuses on long-term planning. The Agency's staff will continue to monitor and report program costs on a regular basis, while adopted rates and fees ensure costs are recovered equitably and fairly from those benefiting from the service, and to provide revenue stability and rate predictability.

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## COMMUNITY OUTREACH AND EDUCATION



Chino Creek Wetlands and Educational Park (CCP)



The Agency also offers free scheduled tours of the headquarters, wetlands, and treatment plants. IEUA seeks to promote water-use efficiency through public education to enhance water supplies within the region and exceed state goals for reduction in per capita water use within the Agency's service area.



For tour requests, questions or more information, contact Tonia Bouyakzan at [tbouyakzan@ieua.org](mailto:tbouyakzan@ieua.org).

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## OTHER AGENCY INITIATIVES

### **ESKER Implementation -**

Early in FY22/23 the Agency Team, comprised of staff from Accounting, I.T (Information Technology), and administrative assistants from several departments, reviewed vendors whose Accounts Payable automation solution integrates with the Agency's ERP system - SAP. The Agency's goal was to implement a solution quickly to catalog and track incoming invoices, offer greater transparency, provide a flexible means for obtaining invoice approvals, and expedite payment processing. After reviewing five demonstrations, and with careful consideration of the best value solution to suit IEUA needs, affordability, a quick implementation timeline, and a mobile app, the ESKER solution was selected. IEUA went live with the "Esker" Accounts Payable Solution on January 16, 2023. The Esker solution leveraged artificial intelligence to read the invoice data and pre-populate SAP invoice transaction fields, standardized the



internal approval routing thereby providing an overall view of the approval progress, and improved both efficiency and accuracy of data. Additionally, the mobile app enables actions to be taken quickly and remotely.

## MAJOR CAPITAL CONSTRUCTION PROJECTS UNDERWAY IN FY 2022/23

Major capital construction projects underway in FY 2022/23 included the RP-5 Expansion and Biosolids facility, planning of the Chino Basin Program, RP-1 Disinfection Pump Improvements, CCWRF Asset Management and Improvements Project, Wineville and Jurupa Force Main Project, and RP-1 SCADA Migration Project.

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### RP-5 LIQUIDS TREATMENT AND SOLIDS EXPANSION

The RP-5 Expansion and Solids Expansion Project (RP-5 Expansion project) will increase the RP-5 hydraulic treatment capacity from 16.3 MGD to 22.5 MGD for liquid treatment and mechanical systems. The expansion will support expected growth in the southern section of the Agency's service area projected by the contracting member agencies. In addition, the RP-5 Expansion project will also construct a 30 MGD solid treatment facility to replace and relocate the aging RP-2 solids



facility above the new “take-line” of Prado Dam. The project will include a membrane bioreactor, utilize energy efficient equipment, and meet all regulatory requirements. The project will produce public benefits by treating domestic wastewater to the U.S. Clean Water Act (CWA) required levels, provide improved water quality for the region, and generate an additional 7.5 MGD of recycled water to provide high quality recycled water to the service area. With a total budget of \$450 million, the RP-5 Expansion project is the largest project ever undertaken by the Agency. It is anticipated to be completed in 2025.

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### CHINO BASIN PROGRAM

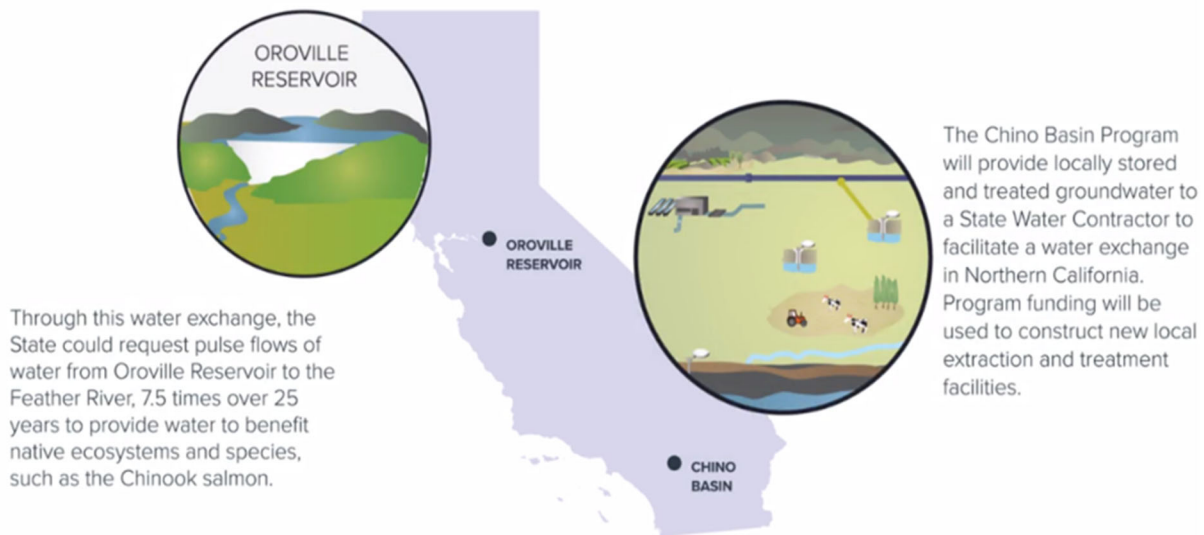
In May 2019 IEUA, in partnership with 14 cities and agencies within the Chino Basin, approved an agreement for the Chino Basin Program (CBP). The CBP is a unique opportunity to optimize local water supplies, provide new levels of intra-basin water management flexibility, and reduce dependence on imported water.

Over the last 20 years, there has been a 30% increase in regional growth and 20% increase in urban water demand. Climate change and longer, more frequent, drought conditions are expected to drive unmet water demands up to 21% by 2040. Developing sustainable, local water supplies is a vital strategy for the future of the region's water supply.

The Chino Basin Program is the first of its kind to deliver benefits to both the northern and southern parts of the State, through an innovative water exchange, new recycled water supply, and valuable new infrastructure and upgrades to treat and store up to 15,000 acre-feet per year of advanced treated recycled water that will be stored in the Chino Basin. The CBP was conditionally awarded \$215 million from Proposition 1, a state water bond approved by voters in 2014 that provides funding for new and innovative water storage projects.

The CBP is a series of innovative water treatment and storage projects structured to modernize regional water supplies, storage, and delivery systems. Through several water infrastructure improvement projects, the CBP will help address challenges caused by importing water supplies, thus increasing local water supply resiliency and reliability.

A network of new infrastructure and upgrades will advance critical capital improvement projects identified in long-range plans.



- Advanced Water Treatment facility
- New Wellhead Treatment and Existing Wellhead Upgrades
- Intra-basin Pipeline Connection
- Potential to reduce TDS in local water supplies.

Once implemented, these projects will address the immediate needs of the region while unlocking the potential for additional storage and water recycling projects in the future. These projects also demonstrate significant benefits for state and local environmental and ecosystem health.

These investments will provide advanced treated recycled water stored in the Chino Groundwater Basin and are expected to be operational by 2028.

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## RP-1 DISINFECTION PUMP IMPROVEMENTS

Currently the existing pumps for the disinfection loop system are in constant need of replacement and/or repair. The project will evaluate and replace the pumps with a more durable system. It will also provide an automatic stand-by pump at each delivery point. Additionally, the improvement will provide a full containment area for each injection point to prevent chemicals from spilling into the Plant's storm drain areas.



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## CCWRF ASSET MANAGEMENT AND IMPROVEMENTS

The Carbon Canyon Water Reclamation Facility was constructed in 1992 and the odor control equipment, backup generator, and aeration blowers are at the end of their useful life. At completion, this project will provide process improvements to the preliminary, primary, and secondary treatments, including replacement of the existing headworks, the odor control system, and the aeration blowers.

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## WINEVILLE AND JURUPA FORCE MAIN PROJECT



The groundwater improvements at Wineville, Jurupa, and RP-3 basins will improve storage and recharge capacity with new pumps and conveyance systems between basins as well as new diversion structures. The goal of the project is to add 2,921-acre feet per year (AFY) of stormwater and 2,905 AFY of recycled water for groundwater recharge. The estimated completion date is June, 2024.

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## RP-1 SCADA MIGRATION

This project will migrate the Agency's existing supervisory control and data acquisition (SCADA) system at RP-1 from an outdated Foxboro-Invensys DCS to a Rockwell Automation system. The overall project

includes several phases of a SCADA migration, including systems at CCWRD, RP-1, RP-4, and RP-5. The scope for this project includes design, procurement, programming, and installation of a new SCADA system at R-1. In doing this, several central control panels and equipment will be overalled. The project will consist of several tasks including SCADA system design (physical and operator screens), procurement, installation, integration, and cutover testing of the upgrades to the network, supervisory control, director control, operations data management system, and reporting systems for all of the Agency’s five major wastewater facilities. The construction for this project began in May 2023 and is planned to be completed by October 2026.

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## MAJOR ACCOMPLISHMENTS

### MAJOR ACCOMPLISHMENTS FOR FY 2022/23

#### GRANTS/STATE LOANS

The Agency’s grant and loan programs help to finance IEUA’s essential water and wastewater capital programs. The Agency’s grant program reinforces the Agency’s role as a regional supportive financial partner to secure low-cost financing for critical infrastructure projects.

Grants and loans provide the crucial link between the region’s growing water demands, wastewater needs, and IEUA’s ability to deliver high-quality, reliable services in a cost-effective manner.

The grant and loan funding obtained supports projects across seven program areas: water storage; water recycling; wastewater treatment; groundwater recharge and surface water management; safe drinking water; water conservation; and renewable energy.

### SIGNIFICANT IMPACT OF AGENCY GRANTS AND LOANS ON THE PROJECT FUNDING

In FY 2022/2023, the Agency was awarded a total of \$9.5 million dollars in grants and low-interest loans. The following table highlights these major accomplishments.

GRANTS/LOANS AWARDED	
Department Of Water Resources (DWR) 2022 Urban Community Drought Relief Grant Program - Turnkey Turf Transformation Project	\$8,474,500
SWRCB Chino Basin Improvement and Groundwater Clean-Up Project - Proposition 1 NEW Additional Funding	\$863,232
California Department of Parks and Recreation (DPR) Discover The Environment and Water (DEW) Education Program	\$200,000
<b>Total Grants and Loans Awarded</b>	<b>\$9,537,732</b>



The grant and loan funding will provide several major benefits to the Agency, the region, and its ratepayers:

- The Department Of Water Resources (DWR) 's Urban Community Drought Relief Grant Program awarded IEUA \$8.5M in grant funding for the Turnkey Turf Transformation Project. IEUA will partner with three other State Water Project Dependent agencies including Las Virgenes Municipal Water District, Upper San Gabriel Valley Municipal Water District, and Calleguas Water District to replace non-functional turf with drought-tolerant landscaping in underrepresented communities within the Commercial, industrial, and institutional (CII) sector. This new water-use efficiency program will deliver long- lasting water savings within 3 years or less.
- The State Water Resources Control Board (SWRCB) extended a grant agreement for an additional \$863 in Proposition 1 funding for the Chino Basin Improvement and Groundwater Clean-Up Project. The grant will provide funding for the design and construction of two additional monitoring wells to address the groundwater issues in the Chino Groundwater Basin.
- The California Department of Parks and Recreation, Habitat Conservation Fund Grant Program awarded IIEUA \$200k for the Discover the Environment and Water (DEW) Program. The DEW program will provide an educational program for the public to experience a wetlands park firsthand through field trips, the Earth Day event, a School Busing Sponsorship Program and an on-site educational trailer at the Chino Creek Wetlands and Educational Park in the City of Chino.

In FY 2022/2023, the Agency submitted a total of eleven grant and loan applications. The following table shows the applications that are in the technical and/or environmental review stage and are pending an award decision.

<b>APPLICATIONS SUBMITTED/PENDING AWARD DECISION</b>			
	<b>Grants</b>	<b>Loans</b>	<b>Total</b>
<b>Federal Emergency Management Agency (FEMA) Building Resilient Infrastructure and Communities (BRIC)- IEUA and City of Rialto Intertie, Aquifer Recharge Project. A component of the Chino Basin Project (CBP)</b>	\$46,333,000		\$46,333,000
<b>RP-1 Disinfection Project</b>		\$13,015,885	\$13,015,885
<b>United States Bureau of Reclamation (USBR) Chino Basin Advanced Treated Recycled Water, Storage, and Production Project (A component of the CBP Project Planning and Design)</b>	\$2,843,353		\$2,843,353
<b>FEMA/California Office of Emergency Services (Cal OES) COVID-19 Response Efforts</b>	\$343,968		\$343,968
<b>California Department of Finance (DOF) COVID-19 Fiscal Relief Funding for Special Districts</b>	\$12,303		\$12,303
<b>SWRCB Chino Basin Improvement and Groundwater Clean-up Operations &amp; Maintenance (O &amp; M) Project -Proposition 68 NEW Additional Funding</b>	\$1,731,132		\$1,731,132

## FUTURE YEARS

### TRAINING, DEVELOPMENT, AND SUCCESSION PLANNING

Over the next few years, approximately 30 percent of the current workforce is eligible for retirement. During FY 2023/24 the Agency will continue to support succession planning by filling vacancies previously on hold to streamline operations and more effectively support staffing throughout the Agency.

### FISCAL RESPONSIBILITY

The Operating Budget for Fiscal Year 2022/23 was the second year of the Agency's biennial budget. As part of the Agency's continual commitment to fiscal responsibility, the FY 2023/24 budget will focus on long term planning. The Agency's staff will continue to monitor and report program costs on a regular basis. Adopted rates and fees ensure costs are recovered equitably and fairly from those benefitting from the service, and to provide revenue stability and rate predictability. The Agency will continue to implement sustainable costs containment of expenditures within budgeted targets to ensure fiscal stability of the Agency into the long-range future.

The Agency prepares long-term planning documents which outline the capital improvements necessary to support Agency operations and key initiatives. The Agency will continue to pursue low-cost financing and federal, state, and local grants to support the Ten-Year Capital Improvement Plan (TYCIP). Additionally, the Agency will advocate for local, state, and federal legislation that impacts the region.

## FINANCIAL INFORMATION

### INTERNAL CONTROLS

Management and staff at the Agency are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Agency are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the calculation of costs and benefits requires estimates and judgments by management.

### BUDGETARY CONTROLS

The Agency maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annually appropriated budget approved by the Agency's Board of Directors. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the category level (i.e., Capital and Operating) within the Agency. The Agency maintains an encumbrance accounting system as an additional method of maintaining budgetary control. Encumbered amounts lapse at the end of the fiscal year. However, outstanding encumbrances are generally re-appropriated as part of the following fiscal year's budget following Board approval.

## OTHER INFORMATION

### INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The Agency's Board of Directors appointed the firm of Clifton Larson Allen LLP to perform the annual audit. In their opinion, the financial statements are presented fairly in all material aspects, and comply with applicable laws and regulations related to financial activities conducted by the Agency. Government Auditing Standards, issued by the Comptroller General of the United States, were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements, supplementary, and statistical schedules is included in the financial section of this report.

### AWARDS

#### California Water Environment Association (CWEA) Awards

CWEA aims to encourage outstanding achievements within the water industry, improve the professional status of those working in the industry, and promote public awareness of the importance of wastewater treatment to public health and the water environment. The Agency was presented with two state level awards: The Gimmicks and Gadgets Award was presented to the IEUA for its Electrical Vault Lifting Device which was designed and fabricated by IEUA's Electrical and Instrumentation staff. This award is meant to recognize innovation and creativity in developing solutions to performing routine tasks or functions in maintenance, operations, or the construction of wastewater collection systems. The vault lifting device provides a safe, ergonomic, reliable, and cost-effective way for electrical and instrumentation vault lids/covers to be removed and lifted without expensive, complex tools. The Agency was also awarded the Community Engagements and Outreach Film Festival Award for its *Coffee with the General Manager* series produced completely in-house by the Agency's External Affairs staff. The series addresses topics such as drought, wastewater construction projects, IEUA initiatives and programs, and water-use efficiency.

#### The National Association of Clean Water Agency (NACWA) Peaks Performance Award

The NACWA recognizes member agency facilities for excellence in wastewater treatment as measured by their compliance with their National Pollutant Discharge Elimination System permit. Platinum awards recognize 100 percent compliance with permits over a consecutive five-year period. Platinum awards are given to facilities with a consistent record of full compliance for a consecutive five years at the Gold level. Gold awards are given to facilities with no permit violations for the entire calendar year. CCWRF and RP-5 were both Platinum for the 2022 calendar year. RP-1 was Gold for the 2022 calendar year for a third year in a row.

#### 2023 Southern California Association of Governments Sustainability Award

In May 2023 IEUA, in partnership with the City of Rialto, the Agency was the recipient of the inaugural Southern California Association of Governments (SCAG) Carmen Ramirez Award for Equity for the 2023 SCAG Sustainability Awards. The Sustainability Awards recognize excellence and innovation in planning, land use and transportation to improve mobility, livability, prosperity, and sustainability. Through this 50-year partnership agreement, the city of Rialto will sell a portion of its recycled water supply to IEUA. This collaboration will create a new local water supply for the Chino Basin that would otherwise be sent to the Santa Ana River and eventually the Pacific Ocean. IEUA will design, construct, and operate an Advanced Water Purification Facility (AWPF), groundwater injection facilities, pump stations, new wells, and connection lines between the Agency's wastewater plants and the city's recycled water distribution system.

The newly implemented wells will provide cooler temperature water to further improve the downstream ecosystem for native fish species. By providing a new local supply of tertiary recycled water for IEUA's AWPf, this purchase agreement with the city of Rialto will provide benefits to the ecosystem and is an integral part of improving reliability and resiliency in the region.

#### Government Finance Officers Association (GFOA) Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Inland Empire Utilities Agency for its comprehensive annual financial report for the fiscal year ended June 30, 2022. This was the twenty-fourth consecutive year the Agency has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Agency's Finance and Accounting Department. We also would like to express our appreciation to the other Agency departments for their cooperation, assistance, and support.

We further acknowledge the thorough and professional way our auditors, Clifton, Larson, Allen, LLP, conducted the audit.

Additionally, we would like to acknowledge the Board of Directors for their continued support of the Agency's goal of sound accountable fiscal management, and for maintaining the highest standards of professionalism in the management of the Agency's finances. We genuinely appreciate their unfailing interest and support.

Respectfully submitted,



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Shivaji Deshmukh, P.E.  
General Manager



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Kristine Day  
Assistant General Manager





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Inland Empire Utilities Agency  
A Municipal Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

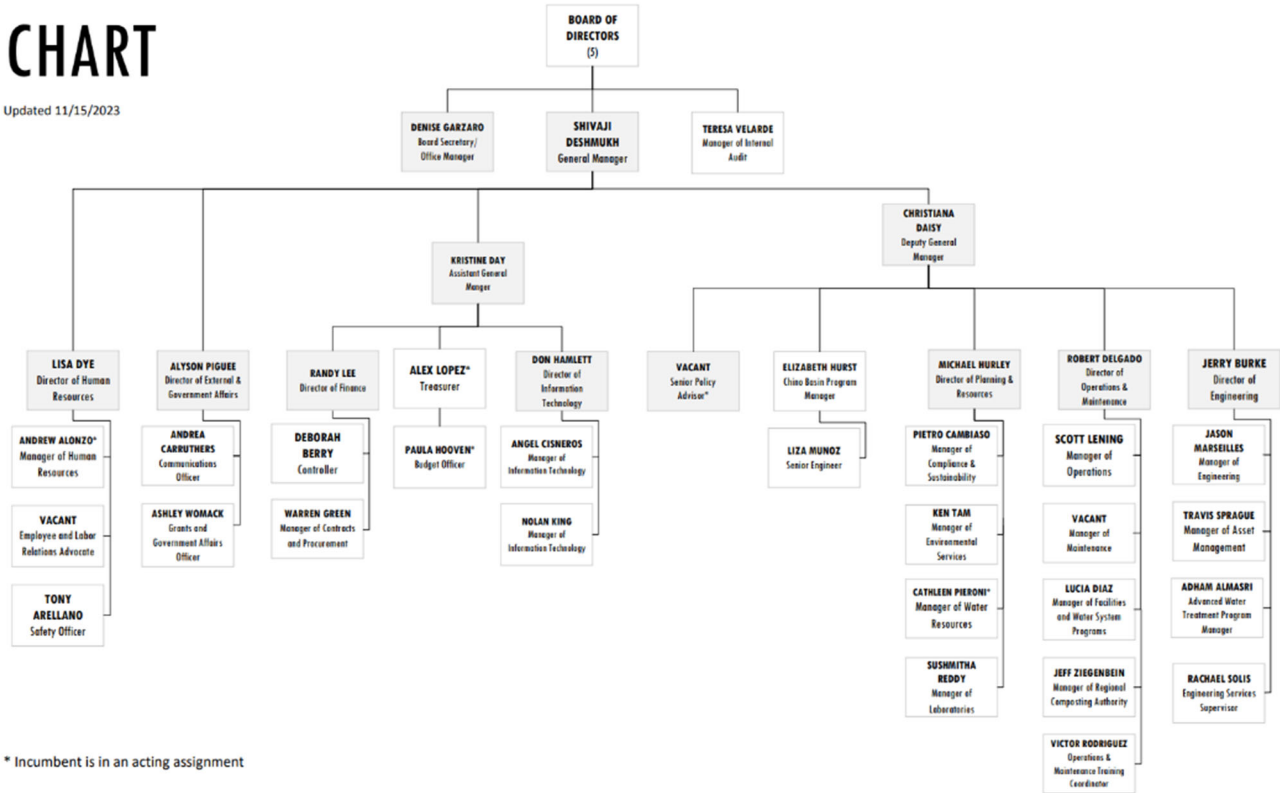
# INLAND EMPIRE UTILITIES AGENCY

FY 2022/23

## ORGANIZATIONAL CHART

# IEUA ORGANIZATION CHART

Updated 11/15/2023



\* Incumbent is in an acting assignment

# INLAND EMPIRE UTILITIES AGENCY

## Principal Officials

June 30, 2023

### BOARD OF DIRECTORS

<i>Marco Tule</i>	<i>President</i>
<i>Steven J. Elie</i>	<i>Vice President</i>
<i>Jasmin A. Hall</i>	<i>Secretary/Treasurer</i>
<i>Michael Camacho</i>	<i>Director</i>
<i>Paul Hofer</i>	<i>Director</i>

### SENIOR LEADERSHIP TEAM

<i>Shivaji Deshmukh</i>	<i>General Manager</i>
<i>Christiana Daisy</i>	<i>Deputy General Manager</i>
<i>Kristine Day</i>	<i>Assistant General Manager</i>
<i>Jerry Burke</i>	<i>Director of Engineering</i>
<i>Michael Hurley</i>	<i>Director of Planning &amp; Resources</i>
<i>Lisa Dye</i>	<i>Director of Human Resources</i>
<i>Don Hamlett</i>	<i>Director of Information Technology</i>
<i>Randy Lee</i>	<i>Acting Director of Finance</i>
<i>Alyson Piguee</i>	<i>Director of External and Government Affairs</i>

### UNIT STAFF

<i>Deborah Berry</i>	<i>Controller</i>
<i>Arin Boughan</i>	<i>Acting Manager – Regional Composting Authority</i>
<i>Andrea Carruthers</i>	<i>Communications Officer</i>
<i>Robert Delgado</i>	<i>Manager – Maintenance</i>
<i>Lucia Diaz</i>	<i>Manager – Facilities and Water System</i>
<i>Denise Garzaro</i>	<i>Board Secretary/Office Manager</i>
<i>Warren Green</i>	<i>Manager - Contracts and Procurement</i>
<i>Nolan King</i>	<i>Manager – Information Technology</i>
<i>Scott Lening</i>	<i>Manager – Operations</i>
<i>Alex Lopez</i>	<i>Budget Officer</i>
<i>Jason Marseilles</i>	<i>Manager - Engineering</i>
<i>Cathleen Pieroni</i>	<i>Acting Manager – Water Resources</i>
<i>Ashley Womack</i>	<i>Grants and Government Affairs Officer</i>
<i>Sushmitha Reddy</i>	<i>Manager – Laboratories</i>
<i>Travis Sprague</i>	<i>Manager – Asset Management</i>
<i>Ken Tam</i>	<i>Manager – Environmental Services</i>
<i>Teresa Velarde</i>	<i>Manager – Internal Audit</i>
<i>Jeff Ziegenbein</i>	<i>Acting Director – Operations and Maintenance</i>

## STRIVE TO ACHIEVE RECOGNITION (STAR) PROGRAM

The Agency Mission statement was specifically written to provide guidelines for the success of the Agency, its officials, and employees. The Board of Directors and employees of the Agency are responsible for fulfilling the mission and values by expecting and demonstrating:

*Loyalty, professionalism, and ethical behavior.*  
*Open and courteous communication with each other and with the communities served.*  
*Prudent and cost-effective resource planning, management, and utilization.*  
*Safety and integrity of the Agency's employees, services, facilities, and the environment.*  
*Innovation in meeting the present and future needs of the Agency.*

The STAR Program was conceived and based upon the concept of giving public recognition to employees who consistently perform their job duties diligently and superbly. Since its inception, the STAR Program has been considered an "employee" program. Candidates must be non-management employees who, based on leadership, creativity, performance, teamwork, and other individual outstanding characteristics, are nominated by their peers. Additionally, candidates are voted on by a Selection Committee, which is comprised of the STAR recipients of the previous year. The STAR program has continued to gain acceptance, and the annual award for the Employee of the Year has become a much-anticipated event within the Agency.

For the purposes of the STAR Program, the Agency is divided into three categories: 1) Finance/Administration, 2) Engineering/Planning, and 3) Operations. Each of these categories has two representatives who serve on the Selection Committee (a total of six committee members) with the Employee of the Year recipient serving as the Committee Chair. Though the STAR program started as a quarterly program, it was modified in Fiscal Year 1999/2000 to a semi-annual award, to encourage greater program participation. Accordingly, the prize award was increased to attract more employee appeal.

### First Half FY 2022/2023 Winners

#### Finance/Administration

Ed Dagan

#### Engineering/Planning

Kurt Hull

#### Operations

Javier Medrano

### Second Half FY 2022/2023 Winners

#### Finance/Administration

Anne Pandey

#### Engineering/Planning

Christopher Garcia

#### Operations

Steve Noel

Jose Mendez





## *IEUA STAR AWARD RECIPIENT*

Steve Noel is an outstanding employee who is a very hard worker. He is trustworthy, dependable, and always displays a positive attitude. His many years of electrical and instrumentation experience have proven to be extremely valuable to the success of the Operations and Maintenance division. He is always willing to share his knowledge and experience with co-workers. He is patient, kind, works very well as part of a team, and values others' opinions and encourages team members.

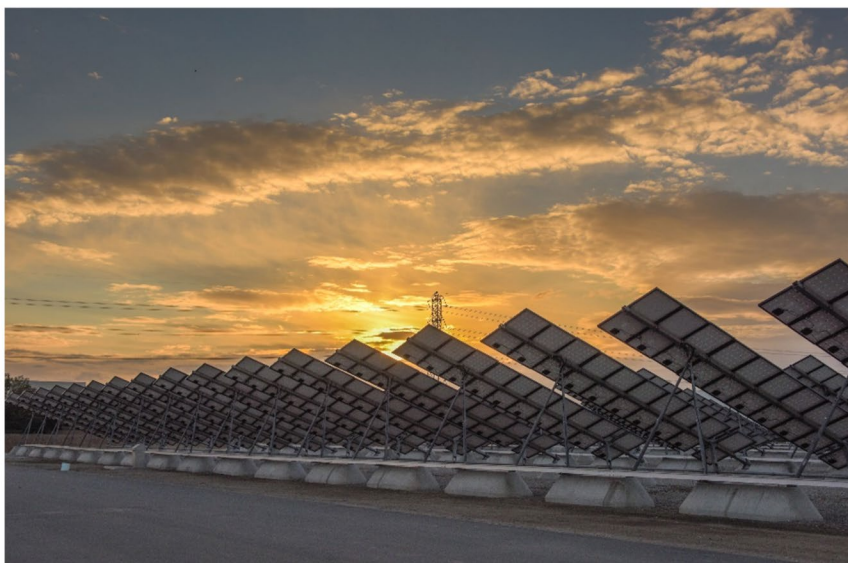
Recently, Steve exemplified his outstanding planning and organizational skills during his involvement with the RP-4 emergency generator control panel replacement project. He attended the planning meetings with Engineering, Operations, and contractors and provided valuable input. His attention to detail ensured the successful completion of the project which resulted in reliable backup emergency power for RP-4.

Steve has an outstanding safety record and is an example for others to follow. He recently developed a comprehensive plan for the 12,000-volt (12 kv) maintenance which was completed at RP-4, and methodically listed all the activities, lock out tag out points, and the assignments for all the technicians involved. He served as the lead technician for the activity and assisted newer technicians who had less experience. The maintenance activity was completed flawlessly while keeping safety as the number one priority.

It is because of his outstanding work ethic, positive attitude, willingness to always help others, and creativity that Steve Noel received the STAR Award for the year.



# Solar Panels





## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Inland Empire Utilities Agency  
Chino, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Inland Empire Utilities Agency (the Agency) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Agency as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matters***

As described in Note 20 to the financial statements, net position as of July 1, 2022, was restated to correct misstatements in the previously issued financial statements. Our opinions are not modified with respect to this matter.

As described in Note 1 to the financial statements, effective July 1, 2022, the Agency adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, the schedules of pension plan contributions, the schedule of changes in net OPEB liability and related ratios, and the schedule of OPEB plan contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

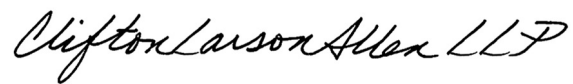
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Directors  
Inland Empire Utilities Agency

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
December 22, 2023

# INLAND EMPIRE UTILITIES AGENCY

## Management Discussion and Analysis

The intent of management's discussion and analysis is to provide highlights of the financial activities of the Inland Empire Utilities Agency for the fiscal year ended June 30, 2023. Readers are encouraged to read this section in conjunction with the transmittal letter and the accompanying basic financial statements.

### AGENCY'S FUND FINANCIAL STATEMENT

Within the financial reports, funds are classified as either part of a major fund group or a non-major fund group. Funds that exceed ten percent of the fund category and exceed five percent of the sum of Assets, Liabilities, Revenues, and Expenses, Deferred Inflows, and Deferred Outflows are classified as a major fund group. Funds that do not meet these criteria are classified as non-major Fund group.

Due to the nature of the Agency's business, all funds are classified as "Proprietary" funds using the full accrual method of accounting. The full accrual method recognizes transactions when they occur, regardless of when cash is exchanged.

### THE AGENCY'S OPERATIONS – AN OVERVIEW

As a municipal water district, Inland Empire Utilities Agency engages in primarily enterprise operations in various separate and distinct activities. These activities are comprised of: 1) wholesaling of potable water, and local water resources and water use efficiency programs, 2) production and sale of recycled water and management of the regional recycled water distribution system, 3) collection and treatment of domestic wastewater and the acquisition, construction, expansion, and maintenance of conveyance and plant facilities, 4) organics management, digestion, and marketing, 5) operation of a brine line non-reclaimable wastewater system, and 6) generation of renewable energy through solar and wind.

Total revenues, including grants and subsidies, of \$291,852,803 for Fiscal Year (FY) 2022/23 reported a decrease of \$13,669,156 compared to \$305,521,959 recorded for FY 2021/22. The overall decrease includes 1) a \$9,783,060 decrease in operating revenues, 2) a \$4,601,346 decrease in capital grants, partially offset by 3) a \$715,250 increase in non-operating revenue.

The net increase in non-operating revenue of \$715,250 was primarily due to 1) a \$7,779,777 increase in property tax receipts, 2) a \$6,752,651 increase in interest income, and 3) a \$1,791,158 increase in other non-operating revenues. These increases were offset by 1) a \$11,160,406 decrease in wastewater capital connection fees and 2) a \$4,447,930 decrease in water connection fees. Both decreases were related to a decline in construction activities.

The decrease in operating revenues of \$9,783,060 was primarily due to 1) a \$12,460,124 decrease in water sales because of a decrease in water deliveries due to weather conditions, and 2) a \$949,829 decrease in recycled water sales because of lower volumes of groundwater recharge. These decreases were offset by 3) a \$3,626,893 increase in service charges resulting from an increase in the number of EDU's reported by contracting agencies, and an increase in rates for FY 2022/23.

Total expenses of \$198,098,956 for FY 2022/23 reported a decrease of \$1,714,607 compared to \$199,813,563 recorded in FY 2021/22. The overall decrease includes an increase in operating expenses of \$5,450,311, and a decrease in non-operating expenses of \$7,164,918.

The increase in operating expenses was primarily due to 1) a \$19,471,588 increase in administration and general expenses, and 2) a \$102,497 increase in operations and maintenance expenses related to the recycled water program. These increases were partially offset by 1) a \$12,421,124 decrease in water purchases due to lower water deliveries due to weather conditions, 2) a \$1,660,357 decrease in depreciation and amortization, and 3) a \$42,293 decrease in wastewater collection, treatment, and disposal costs.

The decrease in non-operating expenses was primarily due to 1) a \$6,941,668 decrease in other non-operating expenses was due to a change in the fair market value of long-term investment, and 2) a \$223,250 decrease in interest on long-term debt.

## FINANCIAL HIGHLIGHTS

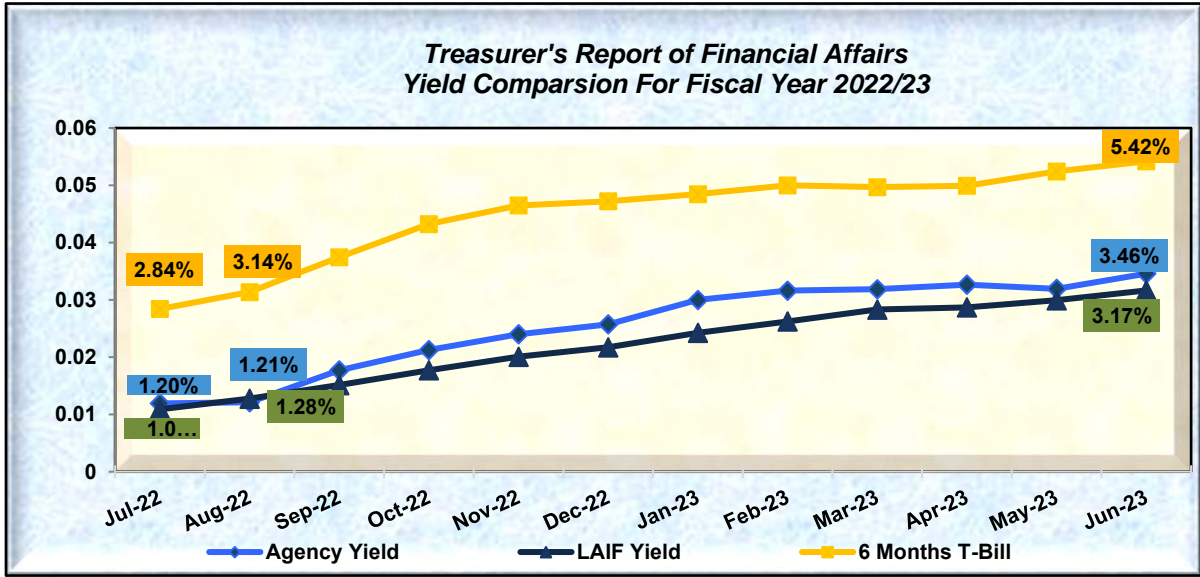
### CASH AND INVESTMENT MANAGEMENT

The Agency has a comprehensive cash and investment program subject to the California State Government Code (CSG) and bond covenants. These regulations are incorporated into the Agency's Investment Policy which identifies the authorized investment types and any restrictions. Consistent with the CSG, the Agency adopts an investment policy annually that is intended to safeguard the principal investments and minimize credit and market risks, remain sufficiently liquid to meet all reasonably anticipated operating requirements for six months, while maintaining a competitive yield on the overall portfolio. The Agency's cash management system is also designed to forecast revenues and expenditures in order to identify and invest idle funds to the fullest extent possible. During the fiscal year ended June 30, 2023, idle funds were invested in accordance with this policy. These investments primarily consisted of United States Government Securities/Instrumentalities, state issued municipal bonds, medium term notes, and deposits in pooled investment funds.

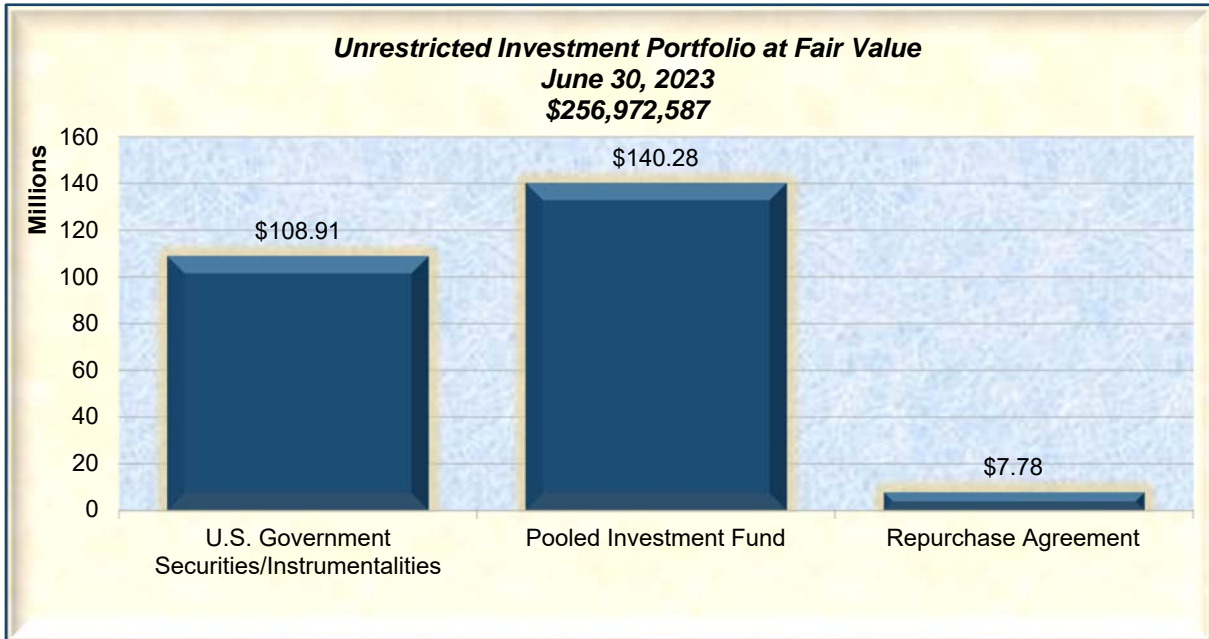
### INVESTMENT PORTFOLIO PERFORMANCE

The Agency's overall portfolio rate of return increased from 1.03 percent in June 2022 to 3.46 percent as of June 30, 2023. Total interest income for FY 2022/23 was \$8,905,153, an increase of 314 percent compared to \$2,152,502 in FY 2021/22. The increase in interest income is primarily due to the higher interest rates during most of the fiscal year.





The Agency has followed a conservative approach in conducting its investment activities in accordance with the established Investment Policy. Agency staff and PFM Asset Management LLC successfully managed the investment portfolio to attain the Agency's investment objectives, which are in order of priority: safety, liquidity, and yield.



The Agency's portfolio fair value for the fiscal years ended June 30, 2023, and June 30, 2022, were \$256,972,587 and \$229,246,452, respectively. Not included are restricted funds held in trust or by a custodian, such as deposits held by CalPERS to support the Agency's Other Post-Employment Benefits (OPEB) unfunded accrued liability, 2020B

Revenue Notes to support construction costs for the RP-5 (Regional Plant Number 5) Expansion Project, One Water connection reserves held in a separate pooled investment fund account, and the debt service accounts.

## CHINO BASIN DESALTER OPERATIONS

Under the provisions of the Operation and Maintenance Agreement between the Agency and the Chino Basin Desalter Authority (CDA), the Agency provides the appropriate personnel to manage the production, treatment, and distribution of the water produced at the Chino I Desalter.

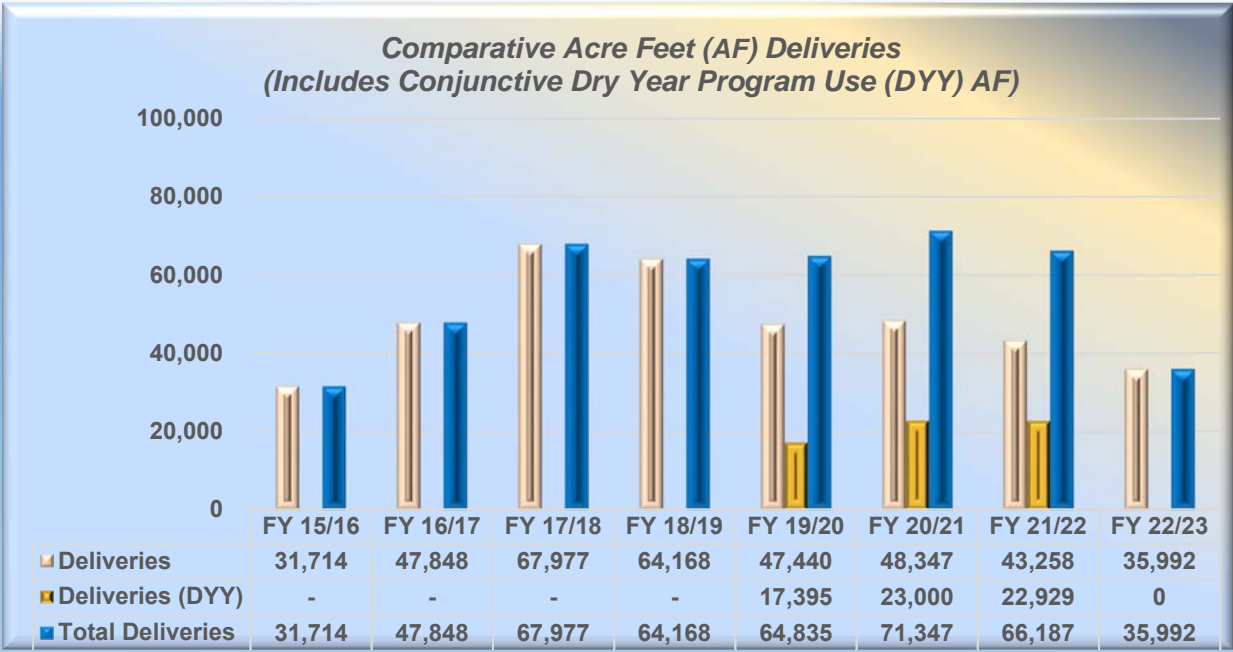
Chino I Desalter pays for all expenses related to operations and maintenance directly except for labor and other small expenses. All expenses related to labor and other small expenses are recorded in the Agency's Administrative Services Fund. These expenses are billed to the CDA monthly. In FY 2022/23, the total amount billed was \$1,595,660 and reported as non-operating revenue.

## IMPORTED WATER DELIVERIES

Imported water deliveries for FY 2022/23 were 35,992 acre-feet (AF) compared to 66,187 AF in FY 2021/22, a decrease of 30,195 AF. The decrease in imported water over the last fiscal year, as reported in the bar graph on the next page, is mainly due to drought conditions across the state of California, and reduced water supply allocations from Metropolitan Water District of Southern California during the fiscal year.

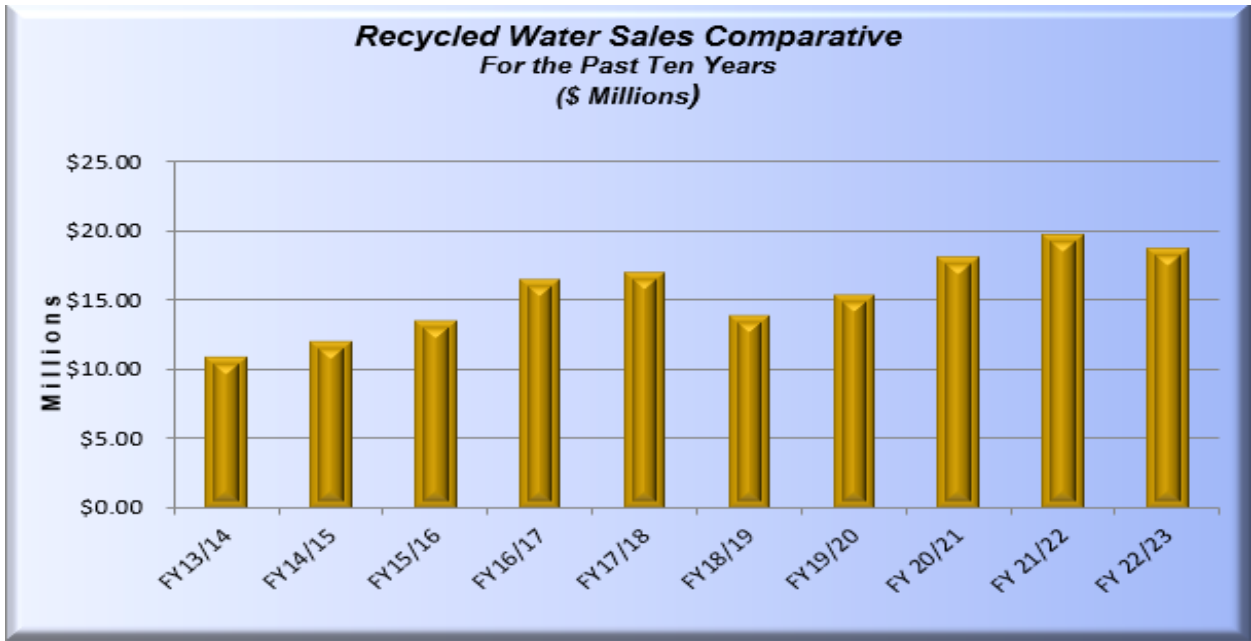
Total operating revenue in the Water Resources Fund decreased by \$11,454,496 in FY 2022/23 to \$39,806,706 from \$51,261,202 in FY 2021/22. The decrease is due to lower water deliveries due to weather conditions. Service charge revenue increased to \$9,290,458 in FY 2022/23 from \$8,284,830 in FY 2021/22, due to new rates adopted by the IEUA Board for Meter Equivalent Units (MEUs) for FY 2022/23.

The total operating expenses decreased by \$10,278,968 to \$40,059,914 in FY 2022/23 from \$50,338,882 in FY 2021/22. The decrease was primarily due to lower water purchases.



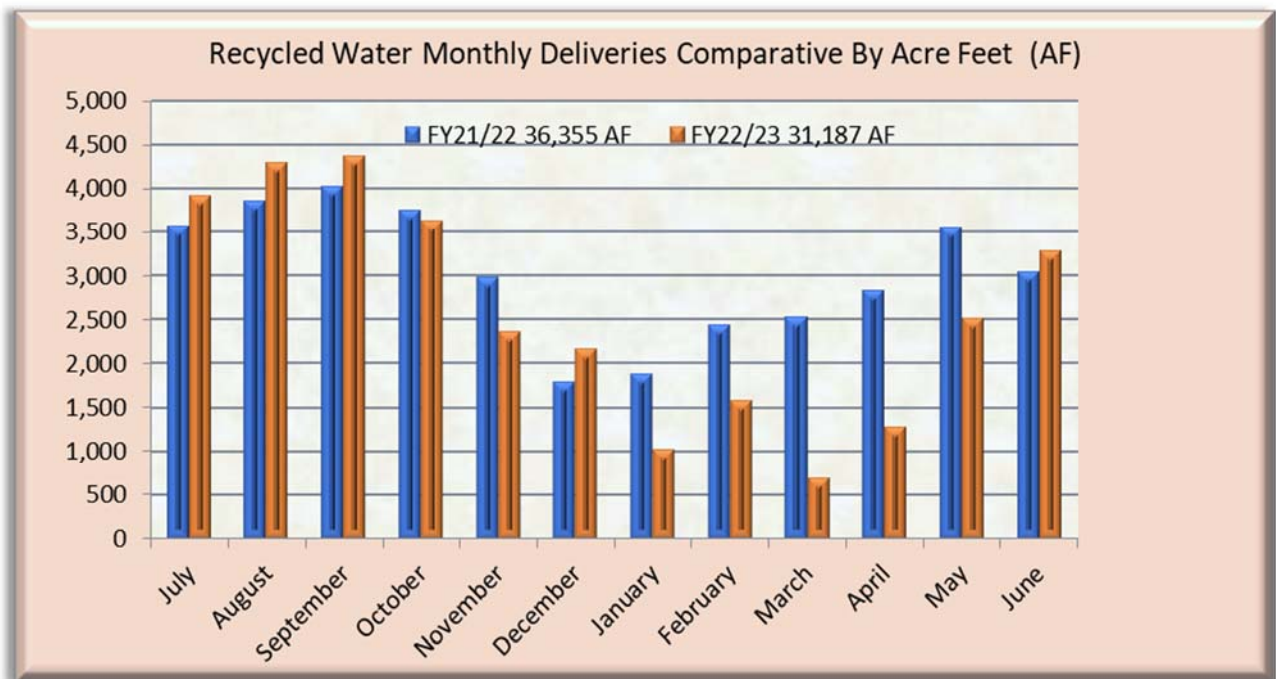
**RECYCLED WATER SALES**

Total recycled water sales decreased by \$949,829 to \$18,693,110 in FY 2022/23, compared to \$19,642,939 in FY 2021/22.



The decrease in revenues was primarily due to a decrease in recycled water deliveries from 36,355 acre-feet (AF) in FY 2021/22 to 31,187 AF in FY 2022/23 due to an abundance of rain in early 2023 leading to reduced outdoor irrigation demands. Total operating expenses decreased by \$719,010 to \$19,804,971 in FY 2022/23 from \$20,523,981 in FY 2021/22 due to a decrease in depreciation and amortization expenses and operations and maintenance expenses, partially offset by an increase in general administration expenses.

Total net position of the Recycled Water fund as of June 30, 2023, was \$125,661,454, an increase of \$5,957,380 from \$119,704,074 on June 30, 2022. The increase was primarily due to interest revenue and property tax revenue.



## REGIONAL WASTEWATER PROGRAM ACTIVITIES

The Regional Wastewater program, comprised of the Regional Wastewater Capital Improvement (Wastewater Capital) and Regional Wastewater Operations and Maintenance (Wastewater Operations) funds, reported combined total revenue before grants and transfers of \$191,959,669 in FY 2022/23, an increase of \$4,099,781 over last fiscal year, which totaled \$187,859,888.

### **Revenues by Category – Regional Wastewater Program**

For the Fiscal Year Ended June 30, 2023

(With Comparative Totals for the Fiscal Year Ended June 30, 2022)

Revenue Category	2022/23		2021/22		Increase/<Decrease> from 2021/22	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Service Charges	\$ 78,557,281	41%	\$ 75,728,668	40%	\$ 2,828,613	4%
Property Tax Receipts	69,774,663	36%	62,994,639	34%	6,780,024	10%
Wastewater Connection Fees	26,544,482	14%	37,704,888	20%	(11,160,406)	(42)%
Other Non-operating Revenues	11,828,419	6%	9,975,990	5%	1,852,429	16%
Interest Income	5,254,824	3%	1,455,703	1%	3,799,121	72%
<b>Total Revenues</b>	<b>\$ 191,959,669</b>	<b>100%</b>	<b>\$ 187,859,888</b>	<b>100%</b>	<b>\$ 4,099,781</b>	<b>2%</b>

The Agency's FY 2022/23 service charges for the monthly EDU rate were \$78,557,281 and are \$2,828,613 higher compared to FY 2021/22 total of \$75,728,668. The increase is primarily due to newly adopted rates by the Agency Board of Directors for FY 2022/23, and an increase in the number of billable EDUs to 3,559,002 in FY 2022/23 from 3,545,245 in FY 2021/22, as reported by sewer collection agencies.

Property tax receipts allocated to the Regional Wastewater Program increased \$6,780,024, from \$62,994,639 in FY 2021/22 to \$69,774,663 in FY 2022/23 primarily driven by an increase in the overall property taxes received by the Agency. Property taxes are the result of an increase in assessed property values, per the San Bernardino County Treasurer-Tax Collector.

Wastewater connection fees are held by regional sewerage agencies in a Capital Capacity Reimbursement Account (CCRA) on behalf of the Agency to support the improvement and expansion of the Regional Wastewater System and are receivables for the Agency. Wastewater connection fees decreased by \$11,160,406 in FY 2023/22 to \$26,544,482 from \$37,704,888 in FY 2021/22, due to less development in the service area compared to the previous year. The total



number of EDU connections reported by the sewer collection agencies in FY 2022/23 were 3,462 units compared to 4,767 units in FY 2021/22. Cucamonga Valley Water District and the cities of Ontario, Chino, Fontana, and Upland accounted for 94% of the total number of new wastewater connections.

Other non-operating revenues were \$11,828,419 in FY 2022/23 compared to \$9,975,990 in FY2021/22, an increase of \$1,852,429. The increase is primarily due to higher revenues associated with composting operations labor reimbursement and other contract reimbursements.

Interest income increased from \$1,455,703 in FY 2021/22 to \$5,254,824 in FY 2022/23 due to higher interest rates for most of the fiscal year, compared with FY 2022/23.

**Expenses by Category – Regional Wastewater Program**

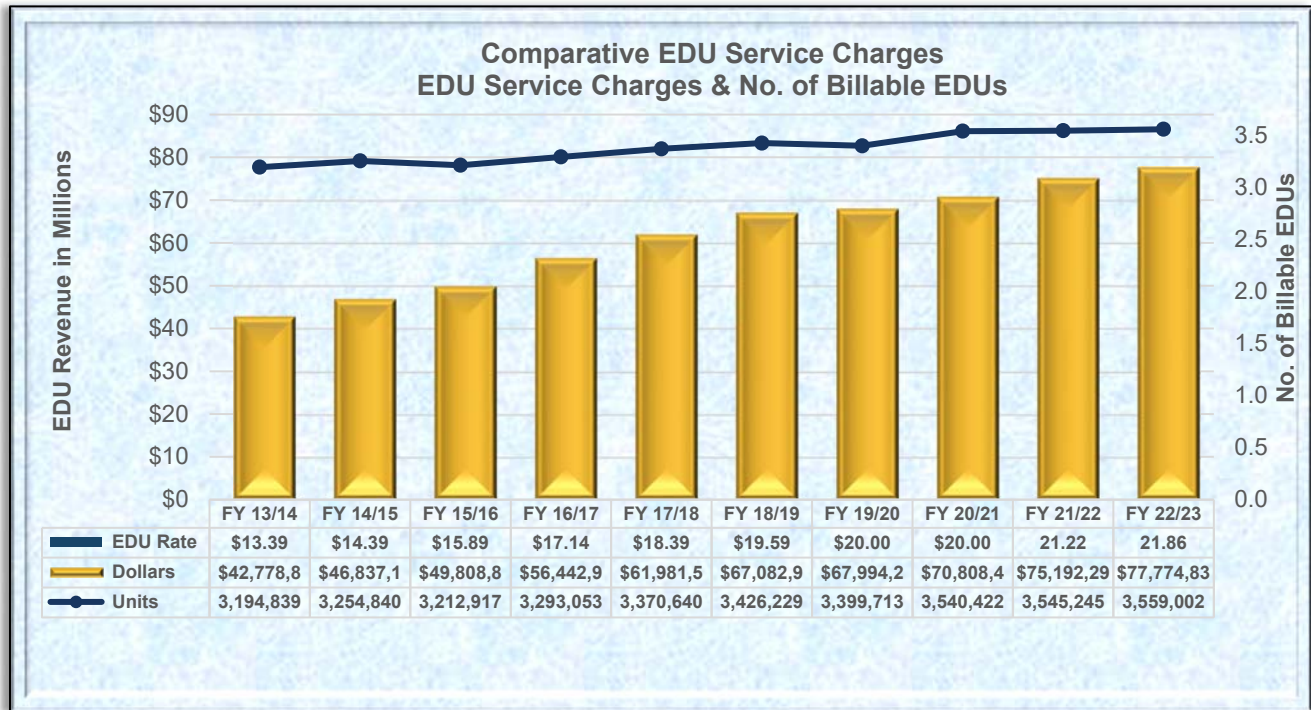
For the Fiscal Year Ended June 30, 2023

(With Comparative Totals for the Fiscal Year Ended June 30, 2022)

Expense Category	2022/23		2021/22		Increase/<Decrease> from 2021/22	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Wastewater Collection	\$ 1,501,092	1%	\$ 1,926,084	2%	\$ (424,992)	(28)%
Wastewater Treatment	27,816,531	25%	24,877,528	24%	2,939,003	11%
Wastewater Disposal	8,102,499	7%	12,145,857	12%	(4,043,358)	(50)%
<b>Total Wastewater Expenses</b>	<b>37,420,122</b>	<b>33%</b>	<b>38,949,469</b>	<b>38%</b>	<b>(1,529,347)</b>	<b>(4)%</b>
Administration & General	38,492,391	35%	24,456,743	24%	14,035,648	36%
Depreciation & Amortization	21,620,641	19%	23,160,853	23%	(1,540,212)	(7)%
Interest on long-term debt	10,421,291	9%	10,587,289	10%	(165,998)	(2)%
Other nonoperating exp	4,069,587	4%	5,497,994	5%	(1,428,407)	(35)%
<b>Total Expenses</b>	<b>\$ 112,024,032</b>	<b>100%</b>	<b>\$ 102,652,348</b>	<b>100%</b>	<b>\$ 9,371,684</b>	<b>8%</b>

Total expenses for FY 2022/23 were \$112,024,032, an increase of \$9,371,684 compared to \$102,652,348 in FY 2021/22. Total wastewater collection, treatment, and disposal costs decreased by \$1,529,347 to \$37,420,122 in FY 2022/23. The decrease involved updating equipment with a new flowmeter installation on the East End Monitoring Station significantly improving accuracy resulting in reduced expenses associated with treatment and wastewater disposal. Interest on long-term debt decreased by \$165,998 to \$10,421,291 in FY 2022/23 from \$10,587,289 in FY 2021/22. Administration and general expenses had an increase of \$14,035,648 to \$38,492,391 in FY 2022/23, compared to \$24,456,743 in FY 2021/22. The increase was related to program services regarding fiscal management allocations and the recording of pension expense compliance with GASB 68.

Total other non-operating expenses of \$4,069,587 represents a decrease of \$1,428,407 compared to \$5,497,994 reported in FY 2021/22. The decrease is primarily related to the reporting gain of long-term investments in FY 2021/22 and the change in regional capital improvement expenses recorded in FY 2022/23.



## NON-RECLAIMABLE WASTEWATER TREATMENT

The Non-Reclaimable Wastewater System (NRWS) is a collection system which includes pipelines and a pump station to export the high-salinity industrial wastewater generated within the Agency’s service area for treatment and eventual discharge to the Pacific Ocean. The NRWS is physically separated from the Agency’s Regional Sewerage System (RSS), ensuring compliance with the California Regional Water Quality Control Board and state regulation related to environmental criteria. By diverting high nitrogen brine to the NRWS and away from RSS, the quality of the recycled water produced from the treatment of municipal wastewater, is improved for local use, and helps ensure that the Agency complies with final effluent permit requirements. The NRWS operated by the Agency comprises three independent collection systems: the North NRWS, the Etiwanda Wastewater Line (EWL), and the South systems (SNRWS), also known as the Inland Empire Brine Line (IEBL). The NRWS and EWL convey wastewater to sewer lines owned and operated by the Los Angeles County Sanitation District (LACSD). Flows in the SNRWS/IEBL are conveyed through pipelines operated by the Santa Ana Watershed Project Authority (SAWPA), to the Orange County Sanitation District (OCSAN) facility. Both systems ultimately discharge to the Pacific Ocean.

Pass-through rates are adopted annually for volumetric, capacity, and excessive strength charges to allow the Agency to recover costs from LACSD (North) and SAWPA (South). As a result, North and South systems have different rate

structures. The Agency’s program costs to operate and manage the NRW (Non-Reclaimable Wastewater) system are recovered as follows:

- North System (NNRWS and EWL) – prorated based on the number of capacity units issued per customer.
- South System (SNRWS/IEBL) – a fifty percent operating surcharge is imposed on volumetric, capacity, and strength charges.

The NRW Systems connections increased by 1 to 48 users in FY2022/23 compared to connected 47 in FY 2021/22, total annual flow decreased by 62 million gallons to 1,410 million gallons compared to 1,472 million gallons in FY 2021/2022 due to state-wide increased conservation efforts.

Total service charges in FY 2022/23 for the North and South systems decreased by \$207,348 to \$13,604,248 compared to \$13,811,596 reported in FY 2021/22. The decrease in revenues is primarily due to lower pass-through flow volume from LACSD compared to the prior fiscal year.

Total operating expenses in FY 2022/23 increased by \$1,627,598 to \$12,462,291 compared to \$10,834,693 in FY 2021/22. The increase is due to higher operations and maintenance labor costs as a result of an increase in wastewater collection, disposal, and treatment to the IEBL.

The net position of the NRWS fund on June 30, 2023, increased by \$2,169,868 to \$42,395,109.

***NRW Pass through Rates***  
**For the Fiscal Year Ended June 30, 2023**

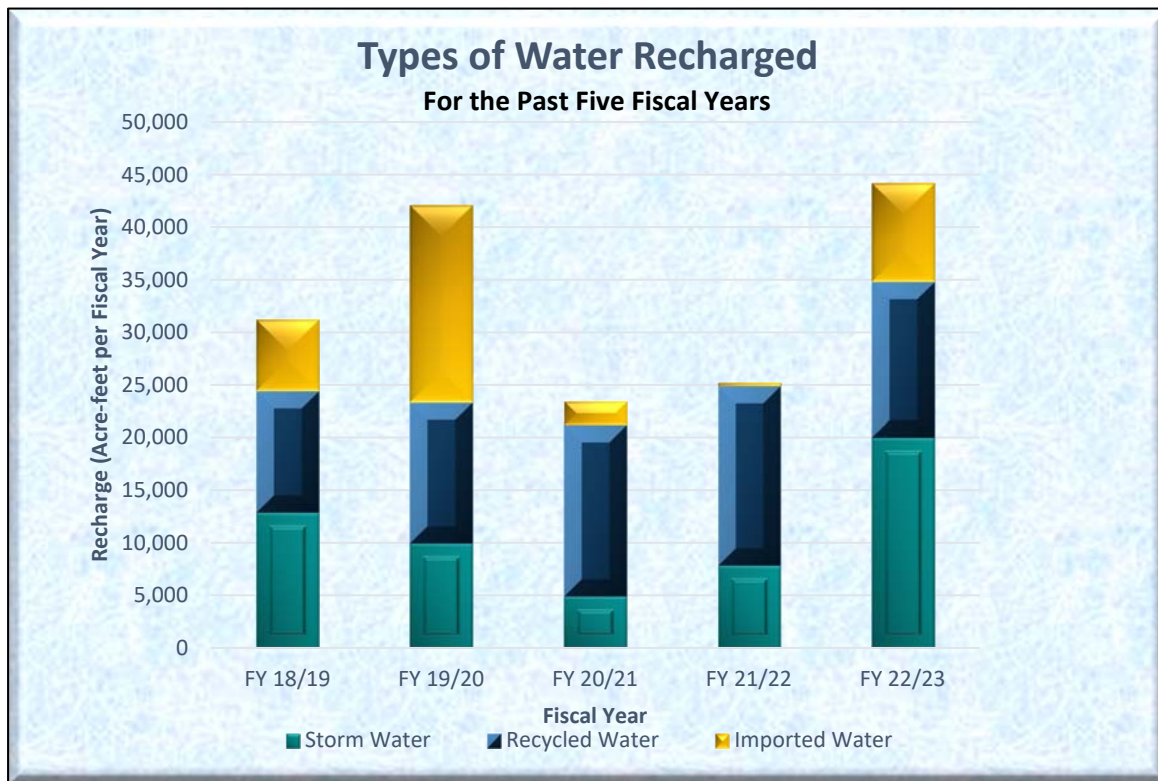
Rate Description	2022/23	2021/22
<b><i>North System</i></b>		
<b>Monthly Capital Improvement Fee</b>	<b>\$9.01</b>	<b>\$8.73</b>
<b>Operation &amp; Maintenance Charge</b>	<b>\$22.52</b>	<b>\$21.83</b>
<b>Monthly Volumetric Fee</b>	<b>\$842.08</b>	<b>\$957.25</b>
<b>Total Suspended Solids (TSS)</b>	<b>\$402.50</b>	<b>\$478.21</b>
<b>Chemical Oxygen Demand (COD)</b>	<b>\$168.63</b>	<b>\$169.05</b>
<b>Peak Flow Fee</b>	<b>\$330.07</b>	<b>\$362.63</b>
<b><i>South System</i></b>		
<b>Monthly Capital Improvement Fee</b>	<b>\$90.00</b>	<b>\$90.00</b>
<b>Monthly Capacity Unit Fee</b>	<b>\$435.43</b>	<b>\$435.43</b>
<b>Monthly Volumetric Fee</b>	<b>\$1,049.00</b>	<b>\$1,018.00</b>
<b>Total Suspended Solids (TSS)</b>	<b>\$520.00</b>	<b>\$460.00</b>
<b>Biochemical Oxygen Demand (BOD)</b>	<b>\$353.00</b>	<b>\$329.00</b>

## RECHARGE WATER FUND

The Recharge Water Fund records the activities related to the operations and maintenance of nineteen groundwater recharge sites and pertinent facilities. Through the joint efforts of the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), and the San Bernardino County Flood Control District (SBCFCD), the Agency operates and maintains the basins and related facilities. The Agency takes the lead in the execution and financing of capital projects included in the 2016 Chino Basin Recharge Master Plan. Operating costs include general basin maintenance and restoration, groundwater administration, compliance reporting, environmental documentation and contracted services that are funded by CBWM and the Agency for its pro-rata share of costs based on recharged deliveries of recycled water.

Total operating expenses recorded in FY 2022/23 were \$3,165,575, an increase of \$163,398 compared to \$3,002,177 in FY 2021/22. The increase is mainly due to higher costs associated with materials and supplies. Grant revenues increased by \$861,529 to \$5,004,371 in FY 2022/23, compared to \$4,142,842 in FY 2021/22. The increase is related to the implementation of the Illegal Disposal Site Abatement Grant Program and State Water Resources Control Board reimbursements for Proposition 1 Storm Water Project regarding Storm Water Management Facilities.

As of June 30, 2023, total net position of the Recharge Water fund was \$41,418,071 an increase of \$3,314,094 compared to \$38,103,977 in FY 2021/22.



## REVENUES

Combined revenues and other funding sources for the fiscal year totaled \$291,852,803, a decrease of \$13,669,156 compared to the prior fiscal year. The following table presents a comparison of revenues and other funding sources by category for fiscal years 2022/23 and 2021/22.

**Combined Revenues and Other Funding Sources by Category - All Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

Revenue & Other Funding Sources	2022/23		2021/22		Increase/(Decrease) from 2021/22	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
<u>Operating Revenues</u>						
Service Charges	\$ 101,451,987	35%	\$ 97,825,094	32%	\$ 3,626,893	4%
Water Sales	30,516,248	10%	42,976,372	14%	(12,460,124)	(29)%
Recycled Water Sales	18,693,110	6%	19,642,939	6%	(949,829)	(5)%
<b>Total Operating Revenues</b>	<b>150,661,345</b>	<b>52%</b>	<b>160,444,405</b>	<b>53%</b>	<b>(9,783,060)</b>	
<u>Non-Operating Revenues</u>						
Interest Income	8,905,153	3%	2,152,502	1%	6,752,651	314%
Property Tax Receipts	79,364,633	27%	71,584,856	24%	7,779,777	11%
Water Connection Fees	4,301,542	1%	8,749,472	3%	(4,447,930)	(51)%
Wastewater Capital Connection Fees	26,544,482	9%	37,704,888	12%	(11,160,406)	(30)%
Other Non-operating Revenues	14,338,323	5%	12,547,165	4%	1,791,158	14%
Capital Grants	7,737,325	3%	12,338,671	4%	(4,601,346)	(37)%
<b>Total Non-Operating Revenues</b>	<b>141,191,458</b>	<b>48%</b>	<b>145,077,554</b>	<b>47%</b>	<b>(3,886,096)</b>	
<b>Total Revenues &amp; Contributions</b>	<b>\$ 291,852,803</b>	<b>100%</b>	<b>\$ 305,521,959</b>	<b>100%</b>	<b>\$(13,669,156)</b>	<b>(4)%</b>

### Water Sales

Decrease was due to lower water deliveries related to weather conditions.

### Interest Income

Increase was due to higher interest rates.

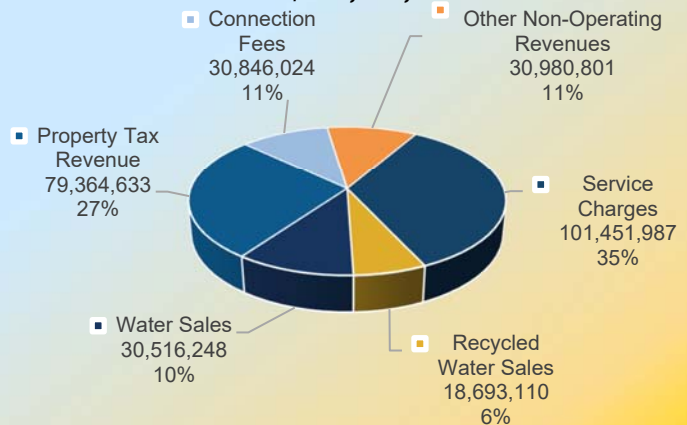
### Water Connection Fees Water and Wastewater Capital Connection Fees

Decrease was due to lower new construction activities in the service area.

### Capital Grants

Decrease was due to lower grant funding received from the California Water Commission Grants (CWC) for the Chino Basin Program Early Project, which decreased by \$3.8M from prior year.

### Combined Revenue & Other Funding Sources by Category - All Funds Fiscal Year 2022/23 \$291,852,803





## EXPENSES

Combined expenses for the fiscal year ended June 30, 2023, totaled \$198,098,956, a decrease of \$1,714,607 compared to the prior fiscal year. The following table presents a comparison of expenses by category for fiscal years 2022/23 and 2021/22.

**Combined Expenses by Category - All Funds**  
**For the Fiscal Year Ended June 30, 2023**  
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)

Expense Category	2022/23		2021/22		Increase/(Decrease) from 2021/22	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
<b>Operating Expenses</b>						
Water Purchases	\$ 30,516,248	15%	\$ 42,937,372	21%	\$(12,421,124)	(29)%
Wastewater Collection	11,356,381	6%	10,294,319	5%	1,062,062	10%
Wastewater Treatment	27,816,531	14%	24,877,528	12%	2,939,003	12%
Wastewater Disposal	8,102,499	4%	12,145,857	6%	(4,043,358)	(33)%
Operations and Maintenance	8,091,771	4%	7,989,274	4%	102,497	1%
Administration and General	58,841,234	30%	39,369,646	20%	19,471,588	49%
Depreciation and Amortization	33,430,592	17%	35,090,949	18%	(1,660,357)	(5)%
<b>Total Operating Expenses</b>	<b>178,155,256</b>	<b>90%</b>	<b>172,704,945</b>	<b>86%</b>	<b>5,450,311</b>	
<b>Non-Operating Expenses</b>						
Interest on Long-Term Debt	13,825,036	7%	14,048,286	7%	(223,250)	(2)%
Other Non-Operating Expenses	6,118,664	3%	13,060,332	7%	(6,941,668)	(53)%
<b>Total Non-Operating Expenses</b>	<b>19,943,700</b>	<b>10%</b>	<b>27,108,618</b>	<b>14%</b>	<b>(7,164,918)</b>	
<b>Total Expenses</b>	<b>\$198,098,956</b>	<b>100%</b>	<b>\$199,813,563</b>	<b>100%</b>	<b>\$ (1,714,607)</b>	<b>(1)%</b>

### Water Purchases

Decrease was due to lower deliveries related to weather conditions.

### Wastewater Collection/Treatment/Disposal

Decrease was due to improvement in infrastructure resulting in reduced work orders in operations and maintenance.

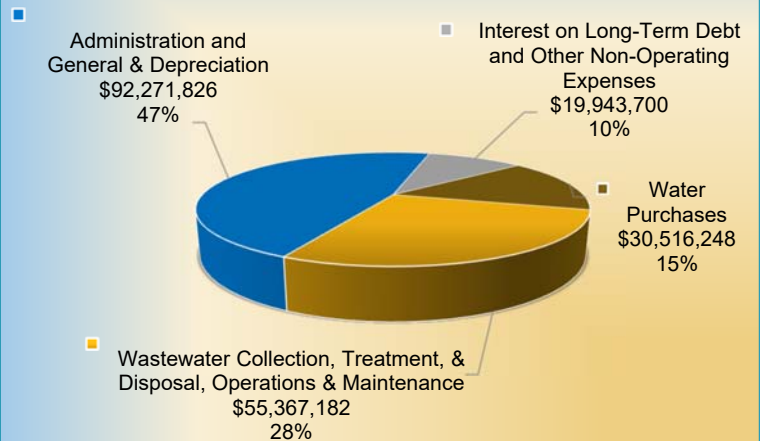
### Administration & General

Increase was primarily due to higher Pension and OPEB expenses for the measurement period.

### Other Non-Operating Expenses

Decrease was due to an unrealized loss on long term investment included in non-operating expenses in prior fiscal year.

### Combined Expenses by Category - All Funds Fiscal Year 2022/23 \$198,098,956



CHANGES IN FINANCIAL CONDITIONS OF THE AGENCY

**Combined Net Position-All Funds**  
**For the Fiscal Year Ended June 30, 2023**  
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)

	FY 2022/23	FY 2021/22	Increase/(Decrease) from FY 2021/22	
<b>Assets</b>				
Current assets	\$ 389,066,908	\$ 311,936,166	\$ 77,130,742	25%
Restricted assets	204,796,392	265,592,567	(60,796,175)	(23)%
Capital assets	974,002,909	873,168,994	100,833,915	12%
Other assets	79,109,455	73,913,315	5,196,140	7%
<b>Total Assets</b>	<b>1,646,975,665</b>	<b>1,524,611,042</b>	<b>122,364,622</b>	
<b>Deferred Outflows of Resources</b>				
Deferred outflow-debt refunding	2,428,365	2,663,367	(235,002)	(9)%
Deferred outflow-net other postemployment benefit liability	3,462,164	1,713,794	1,748,370	102%
Deferred outflow-net pension liability	29,937,309	12,797,591	17,139,718	134%
<b>Total deferred outflows</b>	<b>35,827,838</b>	<b>17,174,752</b>	<b>18,653,086</b>	
<b>Liabilities</b>				
Current liabilities	64,508,773	74,357,130	(9,848,357)	(13)%
Non-current liabilities	545,267,618	460,395,283	84,872,335	18%
<b>Total liabilities</b>	<b>609,776,391</b>	<b>534,752,413</b>	<b>75,023,978</b>	
<b>Deferred Inflows of Resources</b>				
Deferred inflow-net other postemployment benefit liability	1,650,013	4,063,882	(2,413,869)	(59)%
Deferred inflow-net pension liability	46,018	22,100,546	(22,054,528)	(100)%
<b>Total deferred inflows</b>	<b>1,696,031</b>	<b>26,164,428</b>	<b>(24,468,397)</b>	
<b>Net Position</b>				
Net investment in capital assets	545,822,377	427,837,548	117,984,839	28%
Restricted	176,990,585	272,412,804	(95,422,219)	(35)%
Unrestricted	348,518,119	280,618,601	67,899,517	24%
<b>Total Net Position</b>	<b>\$ 1,071,331,081</b>	<b>\$ 980,868,954</b>	<b>\$ 90,462,127</b>	<b>9%</b>

Changes in FY 2022/23 compared to FY 2021/22 were:

- The \$77 million increase in Current Assets is due to the \$34.2 million increase in Cash and Investments, and the \$42.8 million increase in Accounts Receivable.

- ◆ The \$100.8 million increase in Capital Assets is due to the investment in Jobs in Progress of \$120.1 million, mainly comprised of the RP-5 Biosolids Facility and the RP 5 Expansion to 22.5 million gallons per day projects, offset by an increase in accumulated depreciation and amortization of \$19.3 million.
- ◆ The Deferred Outflows of Resources related to the net pension liability increased by \$17.1 million primarily due to an increase in investment of \$11.6 million and a change in assumptions of \$6.7 million, offset by a decrease of \$1.2 million in change in experience.
- ◆ The Non-Current Liabilities increased by \$84.9 million primarily due to an increase of \$35.6 million in long-term debt, an increase of \$10.1 million in advances from other funds, an increase of \$37.2 million of net pension liability, an increase of \$2.0 million in other non-current liabilities primarily due to a positive arbitrage liability.
- ◆ The Deferred Inflows of Resources related to the net pension liability decreased by \$22.1 million due to the net differences between projected and actual earnings on plan investments of \$22.1 million per the FY 2022/23 CalPERS GASB 68 actuarial evaluation report.

**Combined Schedule of Revenues, Expenses and Changes in Net Position - All Funds**

**For the Fiscal Year Ended June 30, 2023  
(With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

Item Category	2022/23		2021/22		Increase/(Decrease) from 2021/22	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Operating Revenues						
Service Charges	\$ 101,451,987	35%	\$ 97,825,094	32%	\$ 3,626,893	4%
Water Sales	30,516,248	10%	42,976,372	14%	(12,460,124)	(29)%
Recycled Water Sales	18,693,110	6%	19,642,939	6%	(949,829)	(5)%
<b>Total Operating Revenues</b>	<b>150,661,345</b>		<b>160,444,405</b>		<b>(9,783,060)</b>	
Non-Operating Revenues						
Interest Income	8,905,153	3%	2,152,502	1%	6,752,651	314%
Property Tax Revenue	79,364,633	27%	71,584,856	24%	7,779,777	11%
Water Connection Fees	4,301,542	1%	8,749,472	3%	(4,447,930)	(51)%
Wastewater Capital Connection Fees	26,544,482	9%	37,704,888	12%	(11,160,406)	(30)%
Other Non-operating Revenues	14,338,323	5%	12,547,165	4%	1,791,158	17%
<b>Total Non-Operating Revenues</b>	<b>133,454,133</b>		<b>132,738,883</b>		<b>715,250</b>	
<b>Total Revenues</b>	<b>284,115,478</b>	<b>27%</b>	<b>293,183,288</b>	<b>30%</b>	<b>(9,067,810)</b>	
Operating Expenses						
Water Purchases	30,516,248	15%	42,937,372	21%	(12,421,124)	(29)%
Wastewater Collection	11,356,381	6%	10,294,319	5%	1,062,062	10%
Wastewater Treatment	27,816,531	14%	24,877,528	12%	2,939,003	12%
Wastewater Disposal	8,102,499	4%	12,145,857	6%	(4,043,358)	(33)%
Operations and Maintenance	8,091,771	4%	7,989,274	4%	102,497	1%
Administration and General	58,841,234	30%	39,369,646	20%	19,471,588	49%
Depreciation and Amortization	33,430,592	17%	35,090,949	18%	(1,660,357)	(5)%
<b>Total Operating Expenses</b>	<b>178,155,256</b>		<b>172,704,945</b>		<b>5,450,311</b>	
Non-Operating Expenses						
Interest on Long-Term Debt	13,825,036	7%	14,048,286	1%	(223,250)	(2)%
Other Non-operating Expenses	6,118,664	3%	13,060,332	1%	(6,941,668)	(53)%
<b>Total Non-Operating Expenses</b>	<b>19,943,700</b>		<b>27,108,618</b>		<b>(7,164,918)</b>	
<b>Total Expenses</b>	<b>198,098,956</b>	<b>18%</b>	<b>199,813,563</b>	<b>20%</b>	<b>(1,714,607)</b>	
Excess (Deficiency) before Contributions	86,016,522	8%	93,369,725	10%	(7,353,203)	(8)%
Capital Grants	7,737,325	1%	12,338,671	1%	(4,601,346)	(37)%
<b>Change in Net Position</b>	<b>93,753,847</b>	<b>9%</b>	<b>105,708,396</b>	<b>11%</b>	<b>(11,954,549)</b>	
Beginning Net Position, as restated	977,577,234	91%	875,160,558	89%	102,416,676	12%
<b>Ending Net Position</b>	<b>\$ 1,071,331,081</b>	<b>100%</b>	<b>\$ 980,868,954</b>	<b>100%</b>	<b>\$ 90,462,127</b>	<b>9%</b>

## CAPITAL ASSETS

The Agency had total net capital assets of \$974,002,909 in FY 2022/23, compared to \$873,168,994 in FY 2021/22. The \$100,833,915 increase is due to an increase in Jobs in Progress for the RP-5 Expansion to 22.5 million gallons per day and the RP-5 Biosolids Facility. The increase is partially offset by an increase of \$33,382,330 in accumulated depreciation and amortization.

**Capital Asset Summary – All Funds**  
**For the Fiscal Year Ended June 30, 2023**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

Asset Category	2022/23	2021/22	Increase/ <Decrease> from 2021/22	% of Change
Land	\$ 14,652,324	\$ 14,652,324	\$ -	0%
Land Improvements	31,250,379	31,250,379	-	0%
Structures and Improvements	792,853,947	787,508,109	5,345,838	1%
Equipment	291,163,856	283,239,370	7,924,486	3%
Capacity Rights	14,826,587	14,826,587	-	0%
Water Rights	1,621,238	1,621,238	-	0%
Computer Software	15,908,336	15,815,691	92,645	1%
Right to Use Assets	227,816	165,675	62,141	38%
SBITAs	700,552	-	700,552	N/A
Jobs in Progress	459,974,992	339,884,408	120,090,584	35%
<b>Sub-total</b>	<b>1,623,180,027</b>	<b>1,488,963,781</b>	<b>134,216,246</b>	<b>9%</b>
Less: Accumulated Depreciation & Amortization	(649,177,118)	(615,794,788)	(33,382,330)	5%
<b>Net Capital Assets</b>	<b>\$ 974,002,909</b>	<b>\$ 873,168,994</b>	<b>\$ 100,833,915</b>	<b>12%</b>

*(Refer to Note 7 of the Notes to the Basic Financial Statements for additional information)*



## DEBT MANAGEMENT

As of June 30, 2023, the Agency had outstanding principal bond debt of \$105,041,862.

Bond Issue	Principal	Premium (Discount)	Outstanding on 06/30/23
2017A Revenue Bonds	\$ 47,845,000	\$ 7,212,031	\$ 55,057,031
2020A Revenue Bonds	39,765,000	10,219,831	49,984,831
<b>TOTAL</b>	<b>\$ 87,610,000</b>	<b>\$ 17,431,862</b>	<b>\$ 105,041,862</b>

*(Refer to Note 12 of the Notes to the Basic Financial Statements for detailed information)*

Additionally, the Agency had outstanding Notes and Loans Payable as of June 30, 2023:

- 1) Various Clean Water State Revolving Fund (SRF) loans administered by the State Water Resources Control Board (SWRCB), with an outstanding principal balance of \$156,257,596.
- 2) A loan from the City of Fontana for the Agency's cost share of the San Bernardino Regional Lift Station and Force Main capital facilities investment with an outstanding principal balance of \$2,626,066.
- 3) An On-Bill Financing loan from Southern California Edison for installation of energy efficient lighting at Agency facilities with a total outstanding balance of \$310,501.
- 4) The 2020B Revenue Notes issued to finance a portion of the construction costs of the Regional Plant No.5 (RP-5) Expansion Project and to pay a portion of the capitalized interest with an outstanding principal balance of \$196,435,000 and unamortized premium of \$15,274,423, for a total of \$211,709,423, including capitalized interest of \$15,272,398.

The Agency's credit rating for long-term debt was Aa2 from Moody's as of June 2020, and AA+ from Standard and Poor's as of March 2022.

## ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES

Regional growth continues with sewer customer agencies projecting over 63,000 new equivalent dwellings unit connections over the next ten years. With the completion of the expansion project of the Agency's Regional Water Recycled Plant No.5 (RP-5) expected by Fiscal Year 2024/25, the Agency will have the capacity to meet this projected growth. The Agency also has included planning projects in the Ten-Year Capital Improvement Plan which will improve treatment processes at existing facilities, develop additional capacity at other regional plants, and focus on meeting anticipated regulatory compliance requirements.

The Agency's Fiscal Years 2023/24 and 2024/25 Biennial budget is a balanced plan to effectively address the opportunities and challenges ahead by prioritizing funding for cost-efficient operations, timely replacement and rehabilitation of aging assets, investment in expansion and improvement of facilities, and early recruitment of critical positions to support succession planning and new infrastructures.

The Agency intends to prepare a 5-year update to the existing rate schedule which is set to expire at the end of Fiscal Year 2024/25. To provide adequate time for retail/customer agencies to incorporate the rates through a Proposition 218 process, the rates must be delivered to the agencies by January 2025. The following rates to be included are: Monthly Wastewater Service Fee, Sewer Connection Fee, Regional Recycled Water Rates, Meter Equivalent Unit Rate and Water Connection Fee. The new rates resulting from the cost-of-service study will be in effect July 1, 2025, to accommodate rising costs to operate and maintain the Agency's wastewater system.

## CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Inland Empire Utilities Agency's elected officials, citizens, customers, investors, creditors, and regulatory agencies with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the revenues it receives. If you have any questions about this report or need additional financial information, please contact the Agency's Finance Department at [departmentaccounting@ieua.org](mailto:departmentaccounting@ieua.org)



## Hickory Basin

# INLAND EMPIRE UTILITIES AGENCY

## Basic Financial Statements

### OVERVIEW

### FINANCIAL STATEMENTS

The following Basic Financial Statements, along with the supplementary Notes to the Basic Financial Statements, convey a summary of the Agency's financial position as of June 30, 2023, and the results of operations and the cash flows of its proprietary fund types for the fiscal year then ended.

All individual enterprise funds are classified as either Major fund groups or Non-major fund groups. The Administrative Service Fund is used to monitor the general and administrative expenses of the Agency.

The Basic Financial Statements consist of:

- ◆ Statement of Net Position – the statement denotes the increase/(decrease) of net assets of the Agency.
- ◆ Statement of Revenues, Expenses and Changes in Net Position – the statement shows all revenue and expense sources recorded for the period, and their effects on the net assets of the Agency.
- ◆ Statement of Cash Flows – the statement reflects the Agency's financial activities and their effect on cash. It also denotes the cash position of the Agency at the end of the fiscal period.
- ◆ Notes to the Basic Financial Statements.

**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Net Position**  
**June 30, 2023**

ASSETS	Enterprise Funds		
	Regional Capital	Regional Operations	Recycled Water
<b>Current assets</b>			
Cash and investments (note 3)	\$ 63,699,636	\$ 93,294,314	\$ 24,295,256
Accounts receivable, net	56,610,822	21,530,720	5,529,233
Interest receivable	2,028,222	249,063	242,762
Taxes receivable	450,669	159,468	27,734
Notes receivable, current portion (note 10)	171,571	-	94,356
Other receivables	-	-	-
Inventory	-	-	-
Water inventory (note 17)	-	-	-
Prepaid items	-	-	200,684
<b>Total current assets</b>	<b>122,960,920</b>	<b>115,233,565</b>	<b>30,390,025</b>
<b>Noncurrent assets</b>			
<b>Restricted assets</b>			
Deposits held by retentions (note 3)	11,686,634	-	-
Wastewater capital connection fee receivable	107,714,379	-	-
Restricted investments (note 3)	40,805,759	-	28,556,887
Investments held with trustee/fiscal agent (note 3)	15,272,629	24	166
<b>Total restricted assets</b>	<b>175,479,401</b>	<b>24</b>	<b>28,557,053</b>
<b>Capital assets (note 7)</b>			
Land	14,047,045	-	584,450
Jobs in progress	332,356,621	61,387,869	11,462,232
Capital assets, net of accumulated depreciation	225,466,889	51,690,890	157,949,432
Intangible assets, net of accumulated amortization	5,116,567	2,033,319	687,055
<b>Total capital assets</b>	<b>576,987,122</b>	<b>115,112,078</b>	<b>170,683,169</b>
<b>Other assets</b>			
Investment in joint venture (note 11)	39,513,304	-	-
Notes receivables (note 10)	850,143	-	1,841,264
Advances to other funds (note 14)	23,605,000	-	7,933,000
Prepaid interest - SRF loans	404,840	-	520,550
Net other postemployment benefits (note 18)	152,064	839,125	157,631
<b>Total other assets</b>	<b>64,525,351</b>	<b>839,125</b>	<b>10,452,445</b>
<b>Total noncurrent assets</b>	<b>816,991,874</b>	<b>115,951,227</b>	<b>209,692,667</b>
<b>Total assets</b>	<b>939,952,794</b>	<b>231,184,792</b>	<b>240,082,692</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow related to debt refunding	1,110,178	138,824	948,261
Deferred outflow net other postemployment benefit liability	314,601	2,207,998	327,791
Deferred outflow related to net pension liability	2,718,400	19,053,474	2,705,201
<b>Total deferred outflows of resources</b>	<b>4,143,179</b>	<b>21,400,296</b>	<b>3,981,253</b>

The accompanying notes are an integral part of the basic financial statements



**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Net Position**  
**June 30, 2023**

ASSETS	Enterprise Funds		Totals
	Water Resources	Non-Major	2023
<b>Current assets</b>			
Cash and investments (note 3)	\$ 33,995,148	\$48,044,780	\$ 263,329,134
Accounts receivable, net	9,339,431	23,220,884	116,231,090
Interest receivable	86,680	1,667,686	4,274,413
Taxes receivable	24,267	31,200	693,338
Notes receivable, current portion (note 10)	-	-	265,927
Other receivables	-	31,434	31,434
Inventory	-	1,592,141	1,592,141
Water inventory (note 17)	2,269,984	-	2,269,984
Prepaid items	-	178,763	379,447
<b>Total current assets</b>	<b>45,715,510</b>	<b>74,766,888</b>	<b>389,066,908</b>
<b>Noncurrent assets</b>			
<b>Restricted assets</b>			
Deposits held by retentions (note 3)	-	759,873	12,446,507
Wastewater capital connection fee receivable	-	-	107,714,379
Restricted investments (note 3)	-	-	69,362,646
Investments held with trustee/fiscal agent (note 3)	-	41	15,272,860
<b>Total restricted assets</b>	<b>-</b>	<b>759,914</b>	<b>204,796,392</b>
<b>Capital assets (note 7)</b>			
Land	-	20,829	14,652,324
Jobs in progress	10,186,312	44,581,958	459,974,992
Capital assets, net of accumulated depreciation	15,560	54,547,761	489,670,532
Intangible assets, net of accumulated amortization	-	1,868,120	9,705,061
<b>Total capital assets</b>	<b>10,201,872</b>	<b>101,018,668</b>	<b>974,002,909</b>
<b>Other assets</b>			
Investment in joint venture (note 11)	-	-	39,513,304
Notes receivables (note 10)	71,743	-	2,763,150
Advances to other funds (note 14)	-	3,000,000	34,538,000
Prepaid interest - SRF loans	-	-	925,390
Net other postemployment benefits (note 18)	85,966	134,825	1,369,611
<b>Total other assets</b>	<b>157,709</b>	<b>3,134,825</b>	<b>79,109,455</b>
<b>Total noncurrent assets</b>	<b>10,359,581</b>	<b>104,913,407</b>	<b>1,257,908,756</b>
<b>Total assets</b>	<b>56,075,091</b>	<b>179,680,295</b>	<b>1,646,975,665</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow related to debt refunding	-	231,102	2,428,365
Deferred outflow net other postemployment benefit liability	184,361	427,413	3,462,164
Deferred outflow related to net pension liability	1,671,718	3,788,516	29,937,309
<b>Total deferred outflows of resources</b>	<b>1,856,079</b>	<b>4,447,031</b>	<b>35,827,838</b>

The accompanying notes are an integral part of the basic financial statements

**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Net Position (Continued from previous page)**  
**June 30, 2023**

	Enterprise Funds		
	Regional Capital	Regional Operations	Recycled Water
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 9,646,142	\$ 3,221,813	\$ 1,286,191
Accrued liabilities	21,400	21,285	-
Compensated absences	-	-	-
Retentions payable	392,634	57,707	15,233
Long-term debt, due within one year (note 12)	3,116,262	239,243	4,054,242
Notes payable, due within one year (note 12)	1,871,487	743,260	2,490,128
Lease payable, due within one year (note 16)	-	-	-
SBITA payable, due within one year (note 19)	-	-	-
Interest payable	1,566,560	168,403	3,575,554
Retention deposits and escrows	11,686,634	-	-
<b>Total current liabilities</b>	<b>28,301,119</b>	<b>4,451,711</b>	<b>11,421,348</b>
Noncurrent liabilities			
Compensated absences	-	-	-
Long-term debt, due in more than one year (note 12)	38,733,509	2,908,190	42,174,591
Notes payable, due in more than one year (note 12)	293,081,605	20,368,657	43,713,247
Arbitrage rebate obligation (note 13)	1,527,984	-	-
Advances from other funds (note 14)	-	-	16,500,000
Lease payable, due in more than one year (note 16)	-	-	-
SBITA payable, due in more than one year (note 19)	-	-	-
Other noncurrent liabilities	-	-	589,298
Net pension liability (note 5)	3,825,195	26,606,255	3,833,348
<b>Total noncurrent liabilities</b>	<b>337,168,293</b>	<b>49,883,102</b>	<b>106,810,484</b>
<b>Total liabilities</b>	<b>365,469,412</b>	<b>54,334,813</b>	<b>118,231,832</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow net other postemployment benefit liability	162,159	1,043,944	165,921
Deferred inflow related to net pension liability	4,650	28,560	4,738
<b>Total deferred inflows of resources</b>	<b>166,809</b>	<b>1,072,504</b>	<b>170,659</b>
<b>NET POSITION</b>			
Net Investment in capital assets	288,848,874	90,758,842	78,819,173
Restricted for:			
Capital construction	107,714,379	-	28,556,887
SRF Loan debt service	4,001,697	1,046,416	3,494,381
Bond operating contingency requirement	2,074,745	23,229,426	-
Net other postemployment benefit	152,064	839,125	157,631
<b>Total restricted</b>	<b>113,942,885</b>	<b>25,114,967</b>	<b>32,208,899</b>
Unrestricted	175,667,992	81,303,962	14,633,382
<b>Total net position</b>	<b>\$ 578,459,751</b>	<b>\$ 197,177,771</b>	<b>\$ 125,661,454</b>

The accompanying notes are an integral part of the basic financial statements

**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Net Position (Continued from previous page)**  
**June 30, 2023**

	Enterprise Funds		Totals 2023
	Water Resources	Non-Major	
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 6,352,643	\$ 7,106,644	\$ 27,613,433
Accrued liabilities	159,283	1,859,750	2,061,718
Compensated absences	-	2,401,192	2,401,192
Retentions payable	-	208,076	673,650
Long-term debt, due within one year (note 12)	-	1,015,253	8,425,000
Notes payable, due within one year (note 12)	-	-	5,104,875
Lease payable, due within one year (note 16)	-	61,021	61,021
SBITA payable, due within one year (note 19)	-	164,004	164,004
Interest payable	-	246,856	5,557,373
Retention deposits and escrows	-	759,873	12,446,507
Total current liabilities	<u>6,511,926</u>	<u>13,822,669</u>	<u>64,508,773</u>
Noncurrent liabilities			
Compensated absences	-	3,905,585	3,905,585
Long-term debt, due in more than one year (note 12)	-	12,800,572	96,616,862
Notes payable, due in more than one year (note 12)	-	8,635,202	365,798,711
Arbitrage rebate obligation (note 13)	-	-	1,527,984
Advances from other funds (note 14)	-	18,038,000	34,538,000
Lease payable, due in more than one year (note 16)	-	71,179	71,179
SBITA payable, due in more than one year (note 19)	-	374,671	374,671
Other noncurrent liabilities	-	-	589,298
Net pension liability (note 5)	<u>2,355,776</u>	<u>5,224,754</u>	<u>41,845,328</u>
Total noncurrent liabilities	<u>2,355,776</u>	<u>49,049,963</u>	<u>545,267,618</u>
Total liabilities	<u>8,867,702</u>	<u>62,872,632</u>	<u>609,776,391</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow net other postemployment benefit liability	92,403	185,586	1,650,013
Deferred inflow related to net pension liability	2,823	5,247	46,018
Total deferred inflows of resources	<u>95,226</u>	<u>190,833</u>	<u>1,696,031</u>
<b>NET POSITION</b>			
Net Investment in capital assets	<u>10,180,347</u>	<u>77,215,141</u>	<u>545,822,377</u>
Restricted for:			
Capital construction	-	-	136,271,266
SRF Loan debt service	-	407,042	8,949,536
Bond operating contingency requirement	-	5,096,001	30,400,172
Net other postemployment benefit	<u>85,966</u>	<u>134,825</u>	<u>1,369,611</u>
Total restricted	<u>85,966</u>	<u>5,637,868</u>	<u>176,990,585</u>
Unrestricted	<u>38,701,929</u>	<u>38,210,854</u>	<u>348,518,119</u>
Total net position	<u>\$ 48,968,242</u>	<u>\$ 121,063,863</u>	<u>\$ 1,071,331,081</u>

The accompanying notes are an integral part of the basic financial statements

**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2023**

	Enterprise Funds		
	Regional Capital	Regional Operations	Recycled Water
<b>OPERATING REVENUES</b>			
Service charges	\$ -	\$ 78,557,281	\$ -
Water Sales	-	-	-
Recycled water sales	-	-	18,693,110
Total operating revenues	-	78,557,281	18,693,110
<b>OPERATING EXPENSES</b>			
Water purchases	-	-	-
Wastewater collection	-	1,501,092	-
Wastewater treatment	-	27,816,531	-
Wastewater disposal	-	8,102,499	-
Operations and maintenance	-	-	5,998,486
Administration and general	6,224,236	32,268,155	5,450,212
Depreciation and amortization	15,309,171	6,311,470	8,356,273
Total operating expenses	21,533,407	75,999,747	19,804,971
Operating income (loss)	(21,533,407)	2,557,534	(1,111,861)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	3,040,873	2,213,951	1,807,456
Property tax revenue	51,587,012	18,187,651	3,185,255
Water connection fees	-	-	4,301,542
Wastewater capital connection fees	26,544,482	-	-
Other nonoperating revenues	7,458,446	4,369,973	340,125
Interest on long-term debt	(9,835,858)	(585,433)	(2,606,271)
Other nonoperating expenses	-	(4,069,587)	(327,879)
Total nonoperating revenues (expenses)	78,794,955	20,116,555	6,700,228
Income (loss) before capital contributions and transfers	57,261,548	22,674,089	5,588,367
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>			
Transfers in (note 15)	3,024,324	1,349,954	2,534,530
Transfers out (note 15)	(7,657,017)	(3,368,340)	(2,165,517)
Capital grants	-	-	-
Change in net position	52,628,855	20,655,703	5,957,380
Total net position - beginning, as restated	525,830,896	176,522,068	119,704,074
Total net position - ending	\$ 578,459,751	\$ 197,177,771	\$ 125,661,454

The accompanying notes are an integral part of the basic financial statements

**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2023**

	Enterprise Funds		Totals
	Water Resources	Non-Major	2023
<b>OPERATING REVENUES</b>			
Service charges	\$ 9,290,458	\$ 13,604,248	\$ 101,451,987
Water Sales	30,516,248	-	\$ 30,516,248
Recycled water sales	-	-	18,693,110
Total operating revenues	<u>39,806,706</u>	<u>13,604,248</u>	<u>150,661,345</u>
<b>OPERATING EXPENSES</b>			
Water purchases	30,516,248	-	30,516,248
Wastewater collection	-	9,855,289	11,356,381
Wastewater treatment	-	-	27,816,531
Wastewater disposal	-	-	8,102,499
Operations and maintenance	2,093,285	-	8,091,771
Administration and general	7,449,835	7,448,796	58,841,234
Depreciation and amortization	546	3,453,132	33,430,592
Total operating expenses	<u>40,059,914</u>	<u>20,757,217</u>	<u>178,155,256</u>
Operating income (loss)	<u>(253,208)</u>	<u>(7,152,969)</u>	<u>(27,493,911)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	809,967	1,032,906	8,905,153
Property tax revenue	2,839,895	3,564,820	79,364,633
Water connection fees	-	-	4,301,542
Wastewater capital connection fees	-	-	26,544,482
Other nonoperating revenues	195,911	1,973,868	14,338,323
Interest on long-term debt	-	(797,474)	(13,825,036)
Other nonoperating expenses	(760,663)	(960,535)	(6,118,664)
Total nonoperating revenues (expenses)	<u>3,085,110</u>	<u>4,813,585</u>	<u>113,510,433</u>
Income (loss) before capital contributions and transfers	2,831,902	(2,339,384)	86,016,522
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>			
Transfers in (note 15)	828,608	5,535,056	13,272,472
Transfers out (note 15)	-	(81,598)	(13,272,472)
Capital grants	2,730,954	5,006,371	7,737,325
Change in net position	<u>6,391,464</u>	<u>8,120,445</u>	<u>93,753,847</u>
Total net position - beginning, as restated	<u>42,576,778</u>	<u>112,943,418</u>	<u>977,577,234</u>
Total net position - ending	<u>\$ 48,968,242</u>	<u>\$ 121,063,863</u>	<u>\$ 1,071,331,081</u>

The accompanying notes are an integral part of the basic financial statements



**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Cash Flows**  
**For the Fiscal Year ended June 30, 2023**

	Enterprise Funds		
	Regional Capital	Regional Operations	Recycled Water
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ -	\$ 82,426,131	\$ 20,516,474
Cash received from interfund services provided	-	-	-
Cash payments to suppliers for goods and services	(24,555,009)	(64,579,858)	(9,580,572)
Cash payments to employees for services	(1,531,534)	(11,523,541)	(2,280,476)
Net cash provided by (used for) operating activities	(26,086,543)	6,322,732	8,655,426
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	3,024,324	1,349,954	2,534,530
Transfers out	(7,657,017)	(3,368,340)	(2,165,517)
Contract reimbursement from others	5,963,196	4,369,974	1,112,630
Tax revenues	51,669,022	18,216,669	3,190,301
Collection of notes receivable	349,580	-	280,430
Cash paid to others	-	(4,095,878)	(327,876)
Investment in IERCA	512,513	-	-
Advances to other funds	(10,105,000)	-	-
Advances from other funds	-	-	-
Net cash provided by (used for) noncapital financing activities	43,756,618	16,472,379	4,624,498
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(93,982,473)	(7,687,452)	(1,101,131)
Proceeds from sale of assets	-	-	-
Proceeds from State Revolving Funds	11,963,841	-	-
Water connection Fees	-	-	4,301,542
Capital grants received	-	-	-
Principal paid on leases	-	-	-
Principal paid on SBITA	-	-	-
Principal paid on capital debt	(3,289,423)	(339,684)	(3,739,230)
Interest paid on capital debt	(16,919,300)	(565,238)	(2,956,127)
Principal paid on state revolving funds	(1,382,549)	(597,048)	(2,474,828)
Bond administration fees	(39,087)	(26,291)	(772,504)
Net cash provided by (used for) capital and related financing activities	(103,648,992)	(9,215,713)	(6,742,277)

*The accompanying notes are an integral part of the basic financial statements*

**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Cash Flows**  
**For the Fiscal Year ended June 30, 2023**

	Enterprise Funds		Totals 2023
	Water Resources	Non-Major	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 42,202,239	\$ 11,033,103	\$ 156,177,947
Cash received from interfund services provided	-	39,333,701	39,333,701
Cash payments to suppliers for goods and services	(39,456,337)	(25,264,382)	(163,436,158)
Cash payments to employees for services	(369,959)	(33,921,947)	(49,627,457)
Net cash provided by (used for) operating activities	2,375,943	(8,819,524)	(17,551,966)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	828,608	5,535,056	13,272,472
Transfers out	-	(81,598)	(13,272,472)
Contract reimbursement from others	195,911	3,580,565	15,222,275
Tax revenues	2,844,311	3,570,502	79,490,805
Collection of notes receivable	-	-	630,010
Cash paid to others	(760,662)	(964,492)	(6,148,909)
Investment in IERCA	-	-	512,513
Advances to other funds	-	-	(10,105,000)
Advances from other funds	-	10,105,000	10,105,000
Net cash provided by (used for) noncapital financing activities	3,108,168	21,745,032	89,706,694
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(3,777,038)	(14,292,158)	(120,840,253)
Proceeds from sale of assets	-	2,438	2,438
Proceeds from State Revolving Funds	-	-	11,963,841
Water connection Fees	-	-	4,301,542
Capital grants received	3,215,949	1,627,138	4,843,087
Principal paid on leases	-	(56,672)	(56,672)
Principal paid on SBITA	-	(161,877)	(161,877)
Principal paid on capital debt	-	(887,580)	(8,255,917)
Interest paid on capital debt	-	(666,625)	(21,107,289)
Principal paid on state revolving funds	-	-	(4,454,425)
Bond administration fees	-	(238,880)	(1,076,762)
Net cash provided by (used for) capital and related financing activities	(561,089)	(14,674,216)	(134,842,287)

*The accompanying notes are an integral part of the basic financial statements*

**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Cash Flows (Continued from previous page)**  
**For the Fiscal Year ended June 30, 2023**

	Enterprise Funds		
	Regional Capital	Regional Operations	Recycled Water
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	\$ 4,039,867	\$ 2,123,415	\$ 1,615,921
Sale of investments	1,534,339	-	-
Purchase of investments	(14,093,879)	(16,550,428)	(3,871,767)
Net cash provided by (used for) investing activities	(8,519,673)	(14,427,013)	(2,255,846)
Net increase (decrease) in cash and cash equivalents	(94,498,589)	(847,616)	4,281,801
Cash and cash equivalents - beginning	169,160,268	1,076,488	19,398,905
Cash and cash equivalents - ending	\$ 74,661,678	\$ 228,873	\$ 23,680,706
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (21,533,407)	\$ 2,557,534	\$ (1,111,861)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation and amortization	15,309,172	6,311,470	8,356,272
Changes in assets and liabilities			
(Increase) decrease in			
Accounts receivable	355,382	3,799,014	1,824,236
Water inventory	-	-	-
Other receivable	687,906	69,836	(872)
Inventory	-	-	-
Prepaid items	1,201	10,738	(197,184)
Increase (decrease) in			
Deferred outflow related to net pension liability	(1,489,525)	(10,822,042)	(1,593,413)
Deferred outflow related to net other post employment benefit	(152,039)	(1,123,476)	(148,195)
Accounts payable	(20,359,087)	(4,067,207)	212,399
Retentions payable	-	(974,636)	-
Accrued liabilities	15	6,596	-
Net other postemployment benefits asset	334,403	2,272,993	333,532
Net pension liability	3,444,641	23,542,357	3,431,472
Deferred inflow related to net pension	(2,449,672)	(13,483,652)	(2,212,453)
Deferred inflow related to net other post employment benefit	(235,533)	(1,506,702)	(238,508)
Change in retentions, deposits and escrows	-	(270,091)	-
Compensated absences	-	-	-
Net cash provided by (used for) operating activities	\$ (26,086,543)	\$ 6,322,732	\$ 8,655,426
Supplemental disclosure of non-cash capital and related financing and investing activities:			
Acquisition and construction of capital assets in accounts payable	8,131,315	485,529	364,983
Acquisition and construction of capital assets in retention payable	5,143,457	-	5,399
Connection fees on deposit in accounts receivables	26,544,482	-	-
SRF Loan payable in accounts receivables	55,921,090	-	-
Acquisition of lease and SBITA assets	-	-	-

The accompanying notes are an integral part of the basic financial statements

**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Cash Flows (Continued from previous page)**  
**For the Fiscal Year ended June 30, 2023**

	Enterprise Funds		Totals 2023
	Water Resources	Non-Major	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	\$ 778,480	\$ 946,605	\$ 9,504,288
Sale of investments	-	39,060,898	40,595,237
Purchase of investments	(6,348,633)	(18,824,791)	(59,689,498)
Net cash provided by (used for) investing activities	(5,570,153)	21,182,712	(9,589,973)
Net increase (decrease) in cash and cash equivalents	(647,131)	19,434,005	(72,277,531)
Cash and cash equivalents - beginning	13,570,125	12,583,831	215,789,617
Cash and cash equivalents - ending	\$ 12,922,994	\$ 32,017,836	\$ 143,512,086
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (253,208)	\$ (7,152,970)	\$ (27,493,912)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation and amortization	546	3,453,132	33,430,592
Changes in assets and liabilities			
(Increase) decrease in			
Accounts receivable	2,393,998	(2,702,433)	5,670,198
Water inventory	1,535	-	1,535
Other receivable	-	131,288	888,158
Inventory	-	(214,631)	(214,631)
Prepaid items	-	(53,268)	(238,513)
Increase (decrease) in			
Deferred outflow related to net pension liability	(1,072,844)	(2,161,894)	(17,139,718)
Deferred outflow related to net other post employment benefit	(94,588)	(230,072)	(1,748,370)
Accounts payable	488,949	(1,470,587)	(25,195,533)
Retentions payable	-	(181,813)	(1,156,449)
Accrued liabilities	(15,215)	(854,760)	(863,364)
Net other postemployment benefits asset	207,046	448,022	3,595,996
Net pension liability	2,135,138	(2,638,638)	29,914,970
Deferred inflow related to net pension	(1,270,113)	4,656,473	(14,759,417)
Deferred inflow related to net other post employment benefit	(145,300)	(287,826)	(2,413,869)
Change in retentions, deposits and escrows	-	-	(270,091)
Compensated absences	-	440,453	440,453
Net cash provided by (used for) operating activities	\$ 2,375,943	\$ (8,819,524)	\$ (17,551,966)
Supplemental disclosure of non-cash capital and related financing and investing activities:			
Acquisition and construction of capital assets in accounts payable	21,525	704,691	9,708,044
Acquisition and construction of capital assets in retention payable	-	565,840	5,714,696
Connection fees on deposit in accounts receivables	-	-	26,544,482
SRF Loan payable in accounts receivables	-	1,679,312	57,600,402
Acquisition of lease and SBITA assets	-	770,152	770,152

The accompanying notes are an integral part of the basic financial statements

**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Cash Flows - (Continued from previous page)**  
**For the Fiscal Year ended June 30, 2023**

	Enterprise Funds		
	Regional Capital	Regional Operations	Recycled Water
<b>RECONCILIATION OF CASH &amp; CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:</b>			
Cash and short-term investments	\$ 63,699,636	\$ 93,294,314	\$ 24,295,256
Deposits held by retentions (note 3)	11,686,634	-	-
Restricted investments (note 3)	40,805,759	-	28,556,887
Investments held with trustee/fiscal agent (note 3)	15,272,629	24	166
Less: Investments with maturities greater than three months	(56,802,981)	(93,065,465)	(29,171,603)
Cash & cash equivalents at end of year	<u>\$ 74,661,678</u>	<u>\$ 228,873</u>	<u>\$ 23,680,706</u>

*The accompanying notes are an integral part of the basic financial statements*



**INLAND EMPIRE UTILITIES AGENCY**  
**Statement of Cash Flows - (Continued from previous page)**  
**For the Fiscal Year ended June 30, 2023**

	Enterprise Funds		Totals 2023
	Water Resources	Non-Major	
<b>RECONCILIATION OF CASH &amp; CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:</b>			
Cash and short-term investments	\$ 33,995,148	\$ 48,044,778	\$ 263,329,131
Deposits held by retentions (note 3)	-	759,873	12,446,507
Restricted investments (note 3)	-	-	69,362,646
Investments held with trustee/fiscal agent (note 3)	-	41	15,272,860
Less: Investments with maturities greater than three months	(21,072,154)	(16,786,855)	(216,899,059)
Cash & cash equivalents at end of year	\$ 12,922,994	\$ 32,017,836	\$ 143,512,086

*The accompanying notes are an integral part of the basic financial statements*



Regional Plant No. 5

# INLAND EMPIRE UTILITIES AGENCY

## Index of Notes to the Basic Financial Statements

JUNE 30, 2023

(1)	Organization and Summary of Significant Accounting Policies .....	40
(2)	Stewardship, Compliance & Accountability .....	50
(3)	Cash and Investments.....	51
(4)	Deferred Compensation .....	58
(5)	Defined Benefit Pension Plan.....	58
(6)	Risk Management .....	64
(7)	Changes in Capital Assets .....	66
(8)	Construction Commitments .....	69
(9)	Contingent Liabilities .....	72
(10)	Notes Receivable .....	73
(11)	Joint Ventures – Long-Term Agreements.....	74
(12)	Long-Term Debt and Notes Payable .....	78
(13)	Arbitrage Rebate Obligation .....	85
(14)	Advance to/from Other Funds .....	86
(15)	Interfund Transfers .....	87
(16)	Leases.....	89
(17)	Water Inventory .....	89
(18)	Defined Other-Postemployment Benefit (OPEB) Plan .....	89
(19)	Subscription-Based Information Technology Arrangement.....	95
(20)	Restatement of Net Position.....	95

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### DESCRIPTION OF THE REPORTING ENTITY

The Inland Empire Utilities Agency, a municipal water district (hereafter referred to as the Agency), was authorized and established by the voters in an election held on June 6, 1950. The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board Statements. The Agency is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the Agency appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the Agency. The Agency has accounted for the Chino Basin Regional Financing Authority (the Authority) as a "blended" component unit. Despite being legally separate, this entity is so intertwined with the Agency that it is, in substance, part of the Agency's operations. Accordingly, these basic financial statements present the Agency and its component unit, the Chino Basin Regional Financing Authority (Authority). Separate financial information for the Authority may be obtained by contacting the Agency's Department of Finance and Accounting. The blended component unit has a June 30 year end.

The Authority was established on May 1, 1993 as a joint power authority (JPA) pursuant to California Government Code, Section 6500. The Authority was established to provide, through the issuance of debt, financing necessary for the acquisition, construction, and public capital improvements, working capital requirements, or insurance programs for JPA members, or other local agencies. A separate fund is not maintained for the Authority as principal and interest payments on debt issued by the Authority are paid directly by the Agency. The debt and associated payments are reported in the Regional Wastewater, Recycled Water, Non-reclaimable Wastewater, and Recharge Water Funds.

Subject to the limitation imposed by the Constitution of California, and pursuant to its charter, all powers of the Agency are vested in a five-member Board of Directors. Each Director serves a four-year term and is elected by and represents the voters of a specific geographic area, identified as a Division within the Agency's boundaries. As of June 30, 2023, the Agency's staff is led by the General Manager who is appointed by the Board, along with the Deputy General Manager over Planning, Engineering, and Operations, and the Assistant General Manager over Finance and Information Technology. Agency's staff consisted of 316 regular authorized positions, of which 291 were filled as of June 30, 2023. The Board also appoints legal counsel, Internal Auditor, and independent auditors.

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as they relate to governmental units (Special Districts). The Agency applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

## FUND FINANCIAL STATEMENTS

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflow of resources, net position, revenues, and expenses, as appropriate. The Agency's resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled. The Agency accounts for its activities in Enterprise Funds. These funds are included in the financial statements and have been grouped into fund types described as "Proprietary Fund Types."

For financial reporting purposes, the Agency has the following major funds: Regional Wastewater Capital and Regional Wastewater Operations, Recycled Water, and Water Resources. The non major funds are aggregated and reported in a separate column in the financial statements, and include the following funds: Non-reclaimable Wastewater, Recharge, and Administration.

## MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing goods and services related to the fund's ongoing operations. The principal operating revenues of the Agency's enterprise funds include: service charges for the collection, treatment, and disposal of domestic wastewater flows based on equivalent dwelling units (EDU's) connected to the regional sewerage agencies local collection systems recorded in the Regional Wastewater Operations and Maintenance Fund, user charges for the export of high-salinity and industrial wastewater generated within the Agency's service area and eventual discharge to the Pacific Ocean recorded in the Non-Reclaimable Wastewater (NRW) Fund, revenues from the sale of recycled water to member agencies and commercial customers are recorded in the Recycled Water Fund, revenues from the sale of Metropolitan Water District of Southern California (MWD) imported water and meter equivalent unit (MEU) charge for the Agency's administrative and operational costs associated in providing water resources and water use efficiency programs within the Agency's service area recorded in the Water Resources Fund.

The Agency's principal operating expenses include the costs associated with the collection of and primary, secondary and tertiary treatment of domestic wastewater delivered to the regional sewage system, treatment and export costs of industrial waste delivered to the NRW North and South systems, purchase of imported water from MWD, biosolids recycling, expenses associated with the operations, maintenance and capital improvements of the facilities that support the distribution of recycled water for direct use and groundwater recharge, and water use efficiency and conservation program costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

All Proprietary Funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets, deferred outflows of resources, all liabilities (whether current or non-current) and deferred inflows associated with their activity are included in the statement of net position. The reported fund equity (net fund position) is segregated into net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in the total net position. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as needed.



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## ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation and amortization) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges.

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## MAJOR FUNDS

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### REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND

Regional Wastewater Capital Improvement Fund records the transactions for the acquisition, construction, and expansion of the Agency's municipal wastewater treatment plants, large sewer interceptors, and appurtenant facilities.

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### REGIONAL WASTEWATER OPERATIONS AND MAINTENANCE FUND

The Regional Wastewater Operations and Maintenance Fund accounts for the revenues and operating expenses associated with the collection, treatment, and disposal of domestic wastewater delivered by the regional sewerage agencies to the Agency's regional interceptors and water recycling facilities. These costs are associated with the domestic wastewater delivered to the regional sewage system, which serves the residential, commercial, and industrial entities (with low salinity) within the Agency's 242 square-mile service area. The treatment process includes tertiary chlorination and dechlorination to remove excess chlorine residuals thus protecting the habitats in the receiving waters, as required by the Agency's National Pollutant Discharge Elimination System (NPDES) permits.

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### RECYCLED WATER FUND

The Recycled Water Fund records the revenues and expenses associated with the operations and maintenance of the facilities used to distribute recycled water supplied from the Agency's water recycling plants. Also, the Recycled Water Fund records all costs associated with the construction and financing of recycled water capital projects. In response to the potential shortage and reduction of imported water supplies, the Agency adopted the Recycled Water Business Plan (RWBP) in December 2007. The RWBP was updated in 2015 with the Recycled Water Program Strategy (RWPS). The primary objective of the RWPS is to update supply, demand forecasts, and prioritize projects to maximize the beneficial use of recycled water throughout the year. The RWPS planning period is through 2035. Recycled water provides a cost effective and more reliable local water supply and is a key source to the Agency's goal of drought proofing its service area by 2030.

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### WATER RESOURCES FUND

The Water Resources Fund records the transactions associated with providing water resources and water use efficiency programs within the Agency's service area. These programs include management and distribution of imported water supplies, development and implementation of regional water use efficiency initiatives, water resource planning and support for regional water supply programs including recycled, groundwater recharge, and storm water management.

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## BASIS OF ACCOUNTING

Basis of accounting refers to the timing when revenues and expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The Agency prepares its financial statements on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

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## USE OF ESTIMATES

The preparation of financial statements requires management to make certain 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, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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## RECOGNITION OF WASTEWATER CAPITAL CONNECTION FEES

The Agency records the Regional Wastewater Capital Connection Fees collected and held by contracting regional sewerage agencies, on behalf of the Agency, as revenue when the funds are received by each regional sewerage agency. Fees held by the regional sewerage agencies on behalf of the Agency are recorded as non-operating revenue and receivable.

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## OPERATING AND NON-OPERATING REVENUES AND EXPENSES

Operating revenues relate to the direct revenues generated from services performed or sale of commodities. Examples include domestic wastewater treatment and disposal service charges, sales of recycled water, and meter equivalent unit charges for potable water service. Non-operating revenues do not directly relate to the Agency's core operations and include 1) property tax receipts; 2) interest income; 3) regional capital connection fees; 4) water capital connections fees; 5) reimbursement for contract services provided to Chino Basin Desalter Authority (CDA), Inland Empire Regional Composting Authority (IERCA), and Chino Basin Watermaster (Watermaster).

The Agency classifies the expense types based upon the goods and/or services directly related to the operations of the Agency in providing the core services and/or goods. Typical operating expenses include domestic wastewater treatment, biosolids disposal, delivery of recycled water, and depreciation of capital assets. In contrast, non-operating expenses are not directly related to the Agency's core operations, such as costs related to capital projects, administrative and operational support provided to CDA, IERCA and Watermaster, interest expense and the cost of financial services.

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## BUDGETARY POLICY AND CONTROL

The Agency's Board approves a biennial budget prior to the beginning of the new fiscal year. All amendments to the budget, or transfers of operating budget appropriations between the funds, require Board approval. The Agency is not required to present budget comparisons; therefore, budgetary data is not presented in the accompanying basic financial statements.

The Agency maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board and pursuant to the Agency's Fiscal Ordinance. All appropriations lapse at year-end.

## ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

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### CASH AND INVESTMENTS

Investments in short-term highly liquid debt instruments that have a remaining maturity at the time of purchase of one year or less, and nonparticipating interest earning investment contracts, are reported at amortized cost. All other investments are reported at fair value.

In accordance with GASB, for the purpose of the Statement of Cash Flows at June 30, 2023, and the Agency's cash and cash equivalents are considered to be petty cash, demand deposits, and savings accounts that are readily available on demand, as well as short-term highly liquid investments with an initial maturity of three months or less. All short-term cash surpluses are maintained in a cash and investment pool and allocated to each fund based on month-end cash and investment balances. For financial presentation purposes, cash is shown within cash, short-term investments, and restricted assets.

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### INTEREST INCOME ALLOCATION METHOD

Interest income earned on pooled cash and investments is allocated quarterly to the funds, based on month-end cash and investment balances. Interest income from cash and investments in restricted accounts is credited directly to the related fund.

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### RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (current portion of Interfund loans) or "advances to/from other funds" (the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The San Bernardino County Tax Assessor (The County) attaches liens on property as of January 1 and property taxes are levied annually on July 1. Property taxes are payable to the County in two installments on November 1 and February 1. The County is permitted by state law, (Article XIII A of the California Constitution, Proposition 13,) to levy taxes at one percent of full market value (at the time of purchase) and can increase the property's value no more than two percent per year. The County bills and collects the property taxes and subsequently remits the amount due to the Agency in installments during the year. Annually in July, the County prepares a property tax year-end reconciliation and remits any unpaid taxes to the Agency generally within sixty days of the fiscal year end. Those taxes are accrued by the Agency and reflected as taxes receivable in the applicable funds at fiscal year-end. The Agency does not collect property taxes in advance; therefore, no deferred revenue is shown on the financial statements.

Wastewater connection fees represent the funds held by regional sewerage agencies in a Capital Capacity Reimbursement Account (CCRA) on behalf of the Agency to support the improvement and expansion of the Regional Wastewater System, in accordance with the Chino Basin Regional Sewage Service Contract.

Although the Agency extends credit to customers in the normal course of operations, uncollectible amounts are generally not significant. When an account is determined to be uncollectible, it is written off as bad debt expense in the period so determined, following Board approval, if required.

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## INVENTORIES AND PREPAIDS

Inventory is valued at the weighted average cost of items on hand. Inventories of operating supplies are maintained and accounted for in the Administrative Services Non-Major Fund.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the fund financial statements.

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## RESTRICTED ASSETS

Restricted assets represent deposits held in short-term investments with Trustee/Fiscal Agents.

Assets held with Trustee/Fiscal Agents include: (a) unspent debt proceeds available for capital construction payments; (b) proceeds from bonds which are restricted to making payments for debt service; (c) deposits held by regional sewerage agencies for Regional Wastewater Capital Connection Fees collected on behalf of the Agency to fund capital construction expenditures; (d) Water capital connection fees collected to fund capital construction expenditures, and (e) construction contract retentions which involve escrow agreements, and deposits held in lieu of retentions, both of which require funds to be separately set aside for retention.

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## CAPITAL ASSETS

Property, plant, and equipment are capitalized at cost. The cost of a capital investment includes purchase, rehabilitation, installation or construction costs, Agency labor for engineering, construction management, and administrative activities, as well as ancillary expenses necessary to make productive use of the assets. Current capitalization thresholds are reflected in the following table:

<b>Type of Expenditure</b>	<b>Total Cost</b>	<b>Estimated Life</b>
Office Equipment	≥\$ 5,000	>1 Year
Computer Equipment	≥\$ 1,000	>1 Year
Other Equipment	≥\$ 5,000	>1 Year
Maintenance & Repair Expenditures	≥\$ 5,000	≥1 Year
Single Year Capital Projects	≥\$ 5,000	≥1 Year
Multi-Year Capital Projects	≥\$15,000	≥1 Year

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized. Improvements that increase the estimated life or enhance operating performance of the assets are capitalized and depreciated, as applicable, over the remaining useful life of the related capital assets.

Donated capital assets, donated works of art and similar items, and capital assets in a service concession arrangement are recorded at acquisition value.

Estimated useful lives are:	Furniture, machinery, and equipment	3-15 years
	Improvements	15 years
	Interceptors, buildings, and plants	5-50 years
	Intangible capacity rights	50 years
	Computer software	3 years

Depreciation of capital assets has been provided on a straight-line basis. One-half year depreciation is recorded in the year of acquisition and disposal.

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## DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. One is the deferred loss on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price, and the difference between the amount placed in escrow to repay the refunded bonds and the carrying amounts of the refunded bonds. This amount is deferred and amortized over the shorter-of-the-life of the refunded or refunding debt in this case, the 2017A bonds. The others are the deferred outflow of resources related to net pension liability and other post-employment benefits, equal to employer contributions made in the current year after the measurement date of the net pension liability and Other Post-Employment Benefits (OPEB), the net difference between expected and actual earnings on plan investments, the difference between expected and actual experiences, and changes in assumptions. These amounts are amortized over the expected average remaining service life beginning with the current fiscal year, except for the net difference between projected and actual earnings on pension and OPEB plan investments which are amortized over five years using the straight-line method.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Agency has two items that qualify for reporting in this category. They are the deferred inflow of resources related to net pension liability and other post-employment benefits, equal to the difference between expected and actual experiences, and changes in assumptions. These amounts are amortized over the expected average remaining service life beginning with the current fiscal year.

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## PENSIONS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including



refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

#### OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's OPEB plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

#### COMPENSATED ABSENCES

The Agency records a liability for vacation, sick leave, and compensatory leave earned but not used. Each employee earns vacation pay based on the length of employment. Upon termination, employees receive payment for accrued vacation pay. Employees continuously employed by the Agency for at least five years receive partial payment, upon termination, of accrued sick leave hours. The payment percentage is based upon the number of years of service.

Summary of compensated absence activity for the Fiscal Year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 5,866,325	\$19,848,786	\$19,408,334	\$ 6,306,777	\$ 2,401,192

#### LONG-TERM OBLIGATIONS

In the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable fund statement of net position. Certain bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount.

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## LEASES

The Agency determines if an arrangement is a lease at inception. Leases, for which the Agency is a lessee, are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Agency's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Agency's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise that option.

The Agency recognizes payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Agency has elected to calculate the discount rate implicitly used to calculate the present value of expected lease payments.

The Agency accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the Agency treats the components as a single lease unit.

Currently, the Agency has no lease contracts for which it is a lessor.

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## ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription-Based Information Technology arrangements (SBITA). The statement establishes that a SBITA is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. This standard requires the recognition of certain SBITAs that previously were classified as expenses resulting in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability.

The Agency adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

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## SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Agency enters into a variety of arrangements for the purchase of information technology services, including Subscription-Based Information Technology arrangements (SBITAs) for the purchase of the right to use software. Most of the Agency's SBITAs are short-term in nature but a small number are for the right to use software for more than one year and such arrangements are accounted for in accordance with GASB 96, Subscription-Based Information Technology Arrangements.

The SBITA arrangements within the scope of GASB 96 are accounted for by recognizing a subscription liability for the present value of subscription payments expected to be made during the subscription term and a right-to-use asset. Variable payments have not been included in the calculation of the subscription liability as none of the variable payments depend on an index or rate (as defined in GASB 96) and none are fixed in substance. The number of variable payments made in the year ended June 30, 2023 was not material. No amounts were paid during the period related to termination penalties, nor were any impairment charges recorded. SBITA assets are amortized in a systematic and rational manner over the shorter subscription term or the useful life of the underlying IT assets.

## STEWARDSHIP

### **NOTE 2: STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY**

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#### ENCUMBRANCES

Encumbrance accounting is employed as an extension of formal budgetary integration in the Agency's enterprise funds.

Encumbrances (e.g., purchase orders, contracts, other commitments) outstanding at year end are reported as an unrestricted net position and do not constitute expenses or liabilities. Upon Board approval, these commitments are re-appropriated and honored during the subsequent fiscal year.

## DETAILED NOTES ON ALL FUNDS

### NOTE 3: CASH AND INVESTMENTS

The Agency follows the practice of pooling cash and investments of all funds, except for restricted funds generally held by outside custodians. Each fund's position in the pool is reported on the combined statement of net position as cash and investments.

Interest income earned on pooled cash and investments is allocated to those funds which are required by law, local ordinance, administrative action, or agreements to receive interest. Such allocation is made quarterly, at a minimum, based on the weighted average cash balances in each fund receiving interest. Interest income from cash and investments which are restricted is credited directly to the related fund.

Restricted short-term investments include proceeds from the 2020B Revenue Notes issued on June 30, 2021 to support the RP-5 Expansion capital construction project and capitalized interest to support debt service costs along with vendor escrow deposits in lieu of retention.

Cash and investments as of June 30, 2023 are classified in the accompanying financial statement as follows:

Statement of net position:

Cash and Investments	\$	263,329,134
Restricted short-term investments		69,362,646
Restricted assets held with trustee/fiscal agent		15,272,860
Restricted assets held by retentions		12,446,507
Total cash and investments	\$	<u>360,411,147</u>

Cash and investments as of June 30, 2023, consist of the following:

Cash on hand (Petty Cash)	\$	2,250
Deposits with financial institutions		12,037,565
Investments		348,371,332
Total cash and investments	\$	<u>360,411,147</u>

### FAIR VALUE

The Agency reports its investments at fair value in the statement of net position. All investment income, including changes in fair value of investments, is recognized as revenue in the operating statement.

## INVESTMENTS AUTHORIZED BY THE CALIFORNIA GOVERNMENT CODE AND THE AGENCY'S INVESTMENT POLICY

The table below identifies investment types authorized by the California Government Code Section 53601 and the Agency's investment policy (where more restrictive). The table also identifies certain provisions of the California Government Code or the Agency's investment policy that address maximum maturity, percentage of portfolio, and percentage of investment allowed.

<b><u>Authorized Investment Type</u></b>	<b><u>Maximum Maturity</u></b>	<b><u>Percentage of Portfolio</u></b>	<b><u>Investment in One Issuer</u></b>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
U.S. Instrumentalities (Supranational)	5 years	20%	None
State Treasury Obligations	5 years	10%	None
Local Agency Obligations	5 years	None	None
Commercial Paper	270 days	25%	10%
Negotiable/Placement Certificates of Deposits	5 years	30%	None
Repurchase Agreements	90 days	40%	None
Medium-Term Notes	5 years	30%	None
Money Market Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	\$75M	None
Local Agency Investment Pools	N/A	None	None
Bank Deposits	N/A	None	None

The table does not address investment of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's Investment Policy.

## INVESTMENTS AUTHORIZED BY DEBT AGREEMENTS

Investments of debt proceeds held by bond trustees are governed by the provisions of the Agency's debt agreements, rather than the general provision of the California Government Code or the Agency's Investment Policy.

The table on the following page identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address quality of risk, interest rate risk, credit risk, and concentration of credit risk.



<b>Authorized Investment Type</b>	<b>Minimum Rating</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage Allowed</b>	<b>Maximum Investment In One Issuer</b>
U.S. Treasury Obligations	None	None	None	None
U.S. Agency Securities	None	None	None	None
U.S. Instrumentalities (Supranational)	None	None	None	None
Money Market Funds	AAA	N/A	None	None
Certificates of Deposits	None	None	None	None
Investment Agreements	None	None	None	None
Commercial Paper	A-1 / Prime-1	270 days	None	None
Bankers Acceptances	A-1 / Prime-1	1 Year	None	None
Repurchase Agreements	A	30 days	None	None
Medium-Term Notes	A	None	None	None
Local Agency Investment Fund	None	N/A	None	None
Local Agency Investment Pools	None	N/A	None	None

## INVESTMENTS WITH FAIR VALUES HIGHLY SENSITIVE TO INTEREST RATE FLUCTUATIONS

The Agency does not have any investments with fair values highly sensitive to interest rate fluctuations.

## INVESTMENT POOL OVERSIGHT

### LOCAL AGENCY INVESTMENT FUND (LAIF)

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based on the Agency's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis and are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the Agency has sufficient amounts to meet the redemption request. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made based on one dollar and not fair value. Accordingly, the Agency's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

### CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP)

The Agency is a voluntary participant in the California Asset Management Program (CAMP), a Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Code Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers. CAMP is not registered with the Securities and Exchange Commission. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance

available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis, and are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the Agency has sufficient amounts to meet the redemption request.

## DEPOSITS

On June 30, 2023, the carrying amount of the Agency's deposits was \$12,037,565 and the bank balance was \$14,362,189. The \$2,324,624 difference represents the outstanding checks.

The California Government Code requires California banks and savings and loan associations to secure public agencies deposits by pledging government securities with a value of 110 percent of a public agency's deposits. California law also allows financial institutions to secure entity's deposits by pledging first mortgage notes having a value of 150 percent of the Agency's total deposits. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking.

The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank of San Francisco, California, as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agency of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are held for, and in the name of, the local government agency.

## CREDIT RISK

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Beyond the Investment Policy, the Agency has no formal policy for managing risks.

Presented below is the minimum rating required by the Agency's investment policy, and the actual Moody's rating as of fiscal year ended June 30, 2023 for each investment type:

Investment Type	Amount	Minimum Legal Rating	Moody's Rating as of June 30, 2023			Unrated	Exempt
			Aaa	Aa1 to Aa3	A1 to A3		
Repurchase Agreement	\$ 7,775,959	A	\$ 7,775,959	\$ -	\$ -	\$ -	\$ -
U.S. Agency Securities	16,948,032	N/A	16,948,032	-	-	-	-
U.S. Instrumentalities (Supranational)	1,573,391	AA	1,573,391	-	-	-	-
Medium Term Notes	21,631,740	A	2,879,777	4,298,295	14,453,668	-	-
Municipal Bonds	1,989,770	A	578,138	1,031,353	185,279	195,000	-
Federal Agency Commercial Mortgage-Backed Security (CMBS)	751,061	N/A	751,061	-	-	-	-
LAIF	61,702,085	N/A	-	-	-	61,702,085	-
CAMP	154,025,005	N/A	-	-	-	154,025,005	-
Brokered Certificate of Deposit	1,064,734	A	-	-	1,064,734	-	-
Money Market	680,570	N/A	680,570	-	-	-	-
US Treasury	64,956,125	N/A	-	-	-	-	64,956,125
Held by Bond Trustee:							
CAMP	15,272,397	N/A	-	-	-	15,272,397	-
Money Market Mutual Funds	463	N/A	-	-	-	463	-
<b>Total</b>	<b>\$ 348,371,332</b>		<b>\$ 31,186,928</b>	<b>\$ 5,329,648</b>	<b>\$ 15,703,681</b>	<b>\$ 231,194,950</b>	<b>\$ 64,956,125</b>

## CONCENTRATION OF CREDIT RISK

The Agency's investment policy contains several limitations on the amount that can be invested with any one issuer and type of investment as well as that stipulated by the California Government Code. As of the fiscal year ended June 30, 2023 no investments represent five percent or more of total investments.

## CUSTODIAL CREDIT RISK

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Agency will not be able to recover the value of investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The fair value of the pledged securities in the collateral pool must equal 110 percent of the total amount deposited by public agencies.

California law also allows financial institutions to secure Agency deposits by pledging first deed mortgage notes having a value of 102 percent of the secured public deposits.

As of June 30, 2023, the Agency's deposits (bank balance) were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California law.

The investment in the repurchase agreement is uninsured with the collateral for the repurchase agreement held in the name of the bank and not in the name of the Agency.

For investments identified as held by bond trustee, the trustee selects the investments under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the Agency.

## INTEREST RATE RISK

Interest rate risk is the risk borne by an interest-bearing asset, due to variability of the interest rate of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Agency's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Agency's investment policy states that purchases of investments will be restricted to securities with a final stated maturity not to exceed five years unless the Board of Directors has granted express authority to make that investment either specifically or as part of a previous investment program no less than three (3) months prior to that investment. The Agency manages its exposure to interest rate risk by purchasing a combination of short-term and long-term investments. Investment maturities are spread to provide the cash flow and liquidity needed for operations. The Agency has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2023, the Agency had the following investments and original maturities:

Investment Type	Remaining Maturity (in Months)				Fair Value
	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months	
Repurchase Agreement	\$ 7,775,959	\$ -	\$ -	\$ -	\$ 7,775,959
U.S Agency Securities	2,478,089	10,739,185	3,730,758	-	16,948,032
U.S. Instrumentalities (Supranational)	-	1,573,391	-	-	1,573,391
Medium Term Notes	1,774,511	5,989,075	13,868,154	-	21,631,740
Municipal Bonds	195,000	1,268,698	526,072	-	1,989,770
Federal Agency Commercial Mortgage-Backed Security (CMBS)	-	-	751,061	-	751,061
LAIF	61,702,085	-	-	-	61,702,085
CAMP	154,025,005	-	-	-	154,025,005
Brokered Certificate of Deposit	-	1,064,734	-	-	1,064,734
Money Market	680,570	-	-	-	680,570
US Treasury Note	5,572,203	8,422,341	50,961,581	-	64,956,125
Held by Bond Trustee:	-	-	-	-	-
CAMP	15,272,397	-	-	-	15,272,397
Money Market Mutual Funds	463	-	-	-	463
<b>Total</b>	<b>\$ 249,476,282</b>	<b>\$ 29,057,424</b>	<b>\$ 69,837,626</b>	<b>\$ -</b>	<b>\$ 348,371,332</b>

## FAIR VALUE MEASUREMENT (GASB 72)

Government Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurement and Application* requires an agency to use valuation techniques to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques.

The fair value hierarchy has three levels which are summarized below: Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date. Level 2 inputs are inputs - other than quoted prices – that are observable for identical assets or liabilities, either directly or indirectly; and Level 3 inputs are unobservable inputs for an asset or liability.

The Pools use the market approach as a valuation technique in the application of GASB 72. This method uses the prices and other relevant information generated by market transactions involving identical or comparable assets or groups of assets.

The information below shows the Agency’s investments fair value measurements (market approach) as of June 30, 2023. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions.

<u>Investments by Fair Value Level</u>	<u>June 30, 2023</u>	<u>Level 1 (A)</u>	<u>Level 2 (B)</u>	<u>Uncategorized</u>
Repurchase Agreement	\$ 7,775,959	\$ -	\$ 7,775,959	\$ -
U.S. Agency Securities	16,948,032		16,948,032	
U.S. Instrumentalities (Supranational)	1,573,391		1,573,391	
Medium Term Notes	21,631,740		21,631,740	
Municipal Bonds	1,989,770		1,989,770	
Federal Agency Commercial Mortgage-Backed Security (CMBS)	751,061		751,061	
LAIF	61,702,085			61,702,085
CAMP	154,025,005			154,025,005
Brokered Certificate of Deposit	1,064,734	1,064,734		
Money Market	680,570			680,570
U.S. Treasury Notes	64,956,125	64,956,125		
Held by Bond Trustee:				
CAMP	15,272,397			15,272,397
Money Market Mutual Funds	463			463
<b>Total</b>	<b>\$ 348,371,332</b>	<b>\$ 66,020,859</b>	<b>\$ 50,669,953</b>	<b>\$ 231,680,520</b>

(A) Level 1 - Quoted prices in active markets for identical assets

(B) Level 2 - Quoted prices in active markets for significant other observable inputs

## **NOTE 4: DEFERRED COMPENSATION**

The Agency established a Deferred Compensation Plan for employees in December 1977. Under this plan, employees may choose to defer income until retirement or termination. All deferred wages are credited to the participating employee accounts. Internal Revenue Code (IRC) Section 457 requires that plan assets be held in trust for the exclusive benefit of the participants and their beneficiaries. Investments in the Deferred Compensation Plan are held by a fiscal agent in investment options chosen by the participants. For 2023, each participant can contribute into their 457 deferred compensation account up to a maximum of \$22,500, or up to \$30,000 if age 50 or older. Effective July 1, 2018, the Agency started contributing twenty-five (\$25) per pay period to the 457 (b) account of each employee actively contributing to the plan. For fiscal year 2022/23 the Agency's deferred compensation expense totaled \$134,477.

In fiscal year 1997/98, the Board of Directors adopted a resolution to establish another Deferred Compensation Plan that is a qualified plan under the IRC Section 401(a). Each participant can contribute a percentage of their employee's earnings up to a maximum of \$66,000 for 2023. All contributions are made with pre-tax income and are solely obtained from the employees' funds. An employee's election to participate in the plan is irrevocable and shall remain in force until the employee terminates employment. Under current Internal Revenue Service regulations once an employee elects to participate in the plan, they cannot change their contribution amount or withdraw from the plan until they leave Agency employment.

## **NOTE 5: DEFINED BENEFIT PENSION PLAN**

### GENERAL INFORMATION ABOUT THE PENSION PLANS

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#### PLAN DESCRIPTION

The Agency contributes to the CalPERS, an agent multiple-employer public employee defined benefit pension plan. The Agency's defined benefit pension plan is identified as the Miscellaneous Plan of the Inland Empire Utilities Agency (Agency's Plan). CalPERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the state of California.

Benefit provisions, and all other requirements, are established by State statutes within the Public Employees' Retirement Law and by the Public Employee's Pension Reform Act of 2013 (PEPRA). The Agency's Plan selects optional provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate annual comprehensive financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 "Q" Street - Sacramento, CA 95811.

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#### BENEFITS PROVIDED

The Agency is required to contribute the actuarially determined remaining amounts necessary to fund the retirement benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration.



The Plans' provisions and benefits in effect as of June 30, 2023, are summarized as follows:

<b>Hire date</b>	<b>Prior to January 1, 2012<sup>+</sup></b>	<b>On or After January 1, 2012<sup>+</sup></b>	<b>After January 1, 2013</b>
Benefit formula	2.5%@55	2%@55	2%@62
Final average compensation period	1 year	3 years	3 years
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Eligible retirement age	50 – 55+	50 – 63+	52 – 67+
Monthly benefits, as a % of eligible compensation	2% - 2.5%	1.4% - 2.4%	1% - 2.5%
FY2022/23 required employee contribution rates*	8.00%	7.00%	6.25%
FY2022/23 required employer contribution rates	9.45%	9.45%	9.45%

<sup>+</sup> Closed to new entrants to CalPERS

\* Effective the first pay period of fiscal year 2021/22 and FY 2022/23, limited term, and full-time employees, respectively, are fully funding the employees paid member contribution rate. Employees hired after January 1, 2013 pay for one half (1/2) of their total normal cost rate as determined by CalPERS.

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## EMPLOYEES COVERED

As of June 30, 2023 (measurement date as of June 30, 2022) actuarial valuation, the following employees were covered by the Plans' terms:

Retired members and beneficiaries	320
Active employees	278
Inactive employees entitled to, but not yet receiving benefits	217
<b>Total</b>	<b>815</b>

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## CONTRIBUTIONS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Agency contribution rates may change if plan contracts are amended. Payments made by the Agency to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Total contributions made for the year ended June 30, 2023, is \$11,250,008.

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## NET PENSION LIABILITY

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures.

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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## ACTUARIAL ASSUMPTIONS

The total pension liabilities in the June 30, 2022 actuarial accounting valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Mortality <sup>(1)</sup>	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

- (1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

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## DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.90 percent for the Agency's Plan, which decreased from 7.15% used in the June 30, 2021 measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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## LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class (a)	New Strategic Allocation	Real Return <sup>1, 2</sup>
Global Entity - Cap-weighted	30.00%	4.54%
Global Entity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	27.00%
Mortgage-Backed Securities	5.00%	50.00%
Investment Grade Corporated	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	100.00%	

1) An expected price inflation of 2.30% used for this period.

2) The figures are based on the 2021-22 Asset Liability Management study.

## CHANGES IN THE NET PENSION LIABILITY

The changes in the net pension liability for the Agency's Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b>Balances at June 30, 2021</b>	\$ 245,100,195	\$ 240,464,948	\$ 4,635,247
<b>Changes in the Year:</b>			
Service cost	5,434,679	-	5,434,679
Interest on Total Pension Liability	17,352,110	-	17,352,110
Differences Between Actual and Expected Experience	139,541	-	139,541
Changes in Assumptions	9,057,034	-	9,057,034
Contributions - Employer	-	10,946,066	(10,946,066)
Contributions - Employee	-	2,234,169	(2,234,169)
Net Investment Income	-	(18,257,157)	18,257,157
Benefit Payments	(11,068,468)	(11,068,468)	-
Administrative Expenses	-	(149,795)	149,795
<b>Current Year Net Changes</b>	<b>\$ 20,914,896</b>	<b>\$ (16,295,185)</b>	<b>\$ 37,210,081</b>
<b>Balance at June 30, 2022</b>	<b>\$ 266,015,091</b>	<b>\$ 224,169,763</b>	<b>\$ 41,845,328</b>

## SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability (asset) of the Miscellaneous Plan, (Agency Plan), calculated using the discount rate for each Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>Discount Rate - 1% (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>Discount Rate + 1% (7.90%)</b>
<b>Plan's Net Pension Liability</b>	\$78,821,146	\$41,845,328	\$11,413,664

## PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

## AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expenses.

The amortization period differs depending on the source of the gain or loss:

<b>Difference between projected and actual earnings</b>	<b>5-year straight-line amortization</b>
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

#### PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

For the fiscal year ended June 30, 2023, the Agency recognized pension expense of \$9,265,844. As of June 30, 2023, the Agency has deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 11,250,008	\$ -
Differences between actual and expected experience	504,616	46,018
Change in assumptions	6,734,718	
Net differences between projected and actual earnings on plan investments	11,447,967	
<b>Total</b>	<b>\$ 29,937,309</b>	<b>\$ 46,018</b>

Deferred outflows of resources related to contributions subsequent to the June 30, 2023 measurement date of \$11,250,008 will be recognized as a reduction of net pension liability in the fiscal year ending June 30, 2024.

Amounts reported as deferred outflows and deferred inflow of resources related to pensions will be recognized in future pension expense as follows:

<b>Measurement Period Ending June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2023	\$ 4,597,040
2024	4,026,771
2025	3,037,080
2026	6,980,392
2027	-
<b>Thereafter</b>	-

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#### PAYABLE TO THE PENSION PLAN

At June 30, 2023, the Agency had no outstanding number of contributions to the pension plan required for the year ended June 30, 2023.

### NOTE 6: RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1985/86, the Agency chose to establish a risk management program for risks associated with all liability losses except workers' compensation losses. These risks are covered by commercial insurance purchased from independent third parties.

- General and auto liability, public officials and employees' error and omissions: The Agency retains the risk of loss for general liability, automobile liability, and errors and omissions claims of up to \$1,000,000 per person per occurrence.
- The Agency also retains the risk of loss for property damage, and boiler machinery claims of up to \$25,000.

In fiscal year 1993/94, the Agency adopted a self-insurance program for risks associated with workers' compensation to account for and finance uninsured workers' compensation losses. The Agency uses excess insurance agreements to reduce its exposure to large workers' compensation losses.

Excess insurance permits the recovery of a portion of losses from the excess insurers, although it does not discharge the primary liability of the fund as direct insurer of the risks.

- The Agency purchases commercial insurance coverage for that portion of workers' compensation claims exceeding the California statutory limits of \$1,000,000 per person per occurrence. The current commercial insurance provides coverage for workers' compensation claims up to \$25,000,000. The



Agency does not report excess insurance risks as liabilities unless it is probable that those risks will not be covered by the excess insurance.

In addition to the above, the Agency has the following insurance coverage:

- Employee dishonesty coverage up to \$15,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages, and computer fraud; with a deductible of \$2,500 per occurrence.
- Property damage up to \$1,000,000,000 per occurrence coverage limit, subject to a \$25,000 deductible per occurrence. All other claims categories provide coverage up to \$800,000,000 on an annual aggregate basis.
- Boiler and machinery coverage for the replacement cost up to a shared limit of \$500,000,000, subject to various deductibles depending on the type of equipment.

Insurance premiums are paid into the Administrative Services Non-Major Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the programs. The total is calculated using trends in actual claims experience. The allocation is based upon the percentage of each fund's current payroll as it relates to the total payroll of the Agency. These allocated interfund premiums are used to reduce the amount of claims expense reported in the Administrative Services Fund.

Settled claims from the risks discussed herein have not exceeded commercial insurance coverage in any of the last three fiscal years ending June 30, 2023, 2022, and 2021. Additionally, there have been no reductions in insurance coverage since the establishment of the risk management program.

## CLAIM LIABILITIES

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Claim liabilities of the Agency are reported when it is probable that a loss occurred, and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNRs). A negative amount reflects a current year change in the estimated unpaid claims balance at the beginning of the year. Claim liabilities are calculated considering effects of inflation, recent claim settlement trends (including frequency and number of payouts), and other economic and social factors. The liability for claims and judgments is reported in accrued liabilities.

Changes in the balances of workers' compensation and general liability claims during the past two fiscal years were as follows:

	Worker's compensation		General liability	
	2022/23	2021/22	2022/23	2021/22
Unpaid claims, beginning of fiscal year	\$ 750,662	\$ 532,000	\$ 748,920	\$ 1,112,000
Incurred claims (including IBNRs)	95,624	286,076	(404,696)	(336,829)
Claim payments	(47,127)	(67,414)	-	(26,251)
<b>Unpaid claims, end of fiscal year</b>	<b>\$ 799,159</b>	<b>\$ 750,662</b>	<b>\$ 344,224</b>	<b>\$ 748,920</b>

## NOTE 7: CHANGES IN CAPITAL ASSETS

### JOBS IN PROGRESS

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As of the fiscal year ended June 30, 2023, the Agency had various jobs in progress designed to expand the Regional Wastewater System. Other significant projects are also underway to expand, improve, and refurbish the Agency's Regional Wastewater System and existing water recycling facilities, including the disposition of wastewater by-products, and providing for ancillary facilities that support operating activities. The Agency had the following projects with incurred costs of at least \$1.0 million as of June 30, 2023:

RP-5 Biosolids Facility	164,020,772
RP-5 Expansion to 30 mgd	123,409,218
Recharge Master Plan Update	18,545,830
RP-4 Process Improvements	12,994,920
Chino Basin Program	10,186,312
Mechanical Restoration and Upgrades	9,769,883
RP-1 Flare Improvements	8,132,440
RP-1 Thickening Building & Acid Phase Di	7,148,545
CCWRF Asset Management and Improvements	7,045,740
1158 RWPS Upgrades	6,936,424
SCADA Enterprise System	5,621,412
RP-1 Disinfection Pump Improvements	5,530,178
RP-4 Process Improvements	5,082,425
RP-4 Process Improvements	4,861,210
Digester 6 and 7 Roof Repairs	4,693,800
RP-1 Liquid Treatment Capacity Recovery	4,368,948
Lower Day Basin Improvements	4,003,407
NRW East End Flowmeter Replacement	3,482,689
Regional Force Main Improvements	2,650,985
RP-5 Expansion PDR	2,336,004
Recharge Master Plan Update	2,329,951
RP-4 Influent Screen Replacement	2,256,963
RSS Haven Avenue Repairs	2,087,740
Structural Agency Wide Roofing Phase II	2,045,196
NRW Pipeline Relining Along Cucamonga Creek	1,956,013
RP-1 RP-1 Hot Water Loop Replacement	1,760,301
1158 East Reservoir Re-coating/painting	1,740,785
Philadelphia Lift Station Force Main Imp	1,714,452
Structural Agency Wide Roofing Phase II	1,468,213
RP-1 Solids Treatment Expansion	1,299,606
Recharge Master Plan Update	1,288,878
NSNT Sewer Siphon Replacement	1,116,022
Other Projects (less than \$1,000,000 each)	28,089,731
<b>Total Jobs in Progress</b>	<b>459,974,992</b>

The following is a summary of jobs in progress, property, plants, equipment, and intangible assets as of June 30, 2023:

## CAPITAL ASSETS

Capital Assets	Balance at 6/30/22, as restated	Additions	Transfers & Retirements	Balance at 6/30/23	Accumulated Depreciation at 6/30/23	Net Book Value at 6/30/23
<b>Capital Assets-not being depreciated:</b>						
Land	\$ 14,652,324	\$ -	\$ -	\$ 14,652,324	\$ -	\$ 14,652,324
Jobs in Progress	337,115,771	136,262,989	(13,403,768)	459,974,992	-	459,974,992
Total Capital Assets, not being depreciated	\$ 351,768,095	\$ 136,262,989	\$ (13,403,768)	\$ 474,627,316	\$ -	\$ 474,627,316
<b>Capital Assets-being depreciated:</b>						
Interceptors, trunk lines and inter-ties	\$ 36,721,245	\$ -	\$ -	\$ 36,721,245	\$ (16,728,415)	\$ 19,992,830
Office facilities	14,885,479	-	-	14,885,479	(5,156,645)	9,728,834
Collection, outfall, and transmission lines	132,723,273	-	-	132,723,273	(89,079,221)	43,644,052
Reservoirs, settling basins, ponds, and chlorination station	123,305,562	-	-	123,305,562	(50,495,336)	72,810,226
Recycled water distribution system	170,977,788	189,899	-	171,167,687	(48,824,984)	122,342,703
Treatment plants, pump stations and office buildings	308,894,760	5,155,941	-	314,050,701	(162,578,631)	151,472,070
Equipment	283,239,374	7,965,283	(40,801)	291,163,856	(233,023,114)	58,140,742
Land improvement	31,250,379	-	-	31,250,379	(19,711,303)	11,539,076
Total capital assets, being depreciated	\$ 1,101,997,860	\$ 13,311,123	\$ (40,801)	\$ 1,115,268,182	\$ (625,597,650)	\$ 489,670,532
<b>Less accumulated depreciation for:</b>						
Interceptors, trunk lines and inter-ties	\$ (15,902,940)	\$ (825,475)	\$ -	\$ (16,728,415)		
Office facilities	(4,813,420)	(343,225)	-	(5,156,645)		
Collection, outfall, and transmission lines	(86,908,438)	(2,170,783)	-	(89,079,221)		
Reservoirs, settling basins, ponds, and chlorination station	(47,333,221)	(3,162,115)	-	(50,495,336)		
Recycled water distribution system	(44,845,440)	(3,979,544)	-	(48,824,984)		
Treatment plants, pump stations and office buildings	(157,163,321)	(5,415,310)	-	(162,578,631)		
Equipment	(217,873,793)	(15,190,122)	40,801	(233,023,114)		
Land improvement	(18,670,804)	(1,040,499)		(19,711,303)		
Total accumulated depreciation	\$ (593,511,378)	\$ (32,127,073)	\$ 40,801	\$ (625,597,650)		
Total capital assets, being depreciated, net	\$ 508,486,482	\$ (18,815,950)	\$ -	\$ 489,670,532		
<b>Total capital assets-Enterprise Funds, Net</b>	<b>\$ 860,254,577</b>	<b>\$ 117,447,040</b>	<b>\$ (13,403,768)</b>	<b>\$ 964,297,847</b>		

## INTANGIBLE ASSETS

Intangible Assets	Beginning Balance*	Additions	Transfers & Retirements	Balance at 6/30/23	Accumulated Amortization at 6/30/23	Net Book Value at 6/30/23
<b>Intangible assets-being amortized:</b>						
Computer software	\$ 15,815,690	\$ 92,646	\$ -	\$ 15,908,336	\$ (13,221,603)	\$ 2,686,733
Wind Turbine Power Purchase Agreement	129,324	-	-	129,324	(61,427)	67,897
Metropolitan Water District connections	198,891	-	-	198,891	(198,891)	-
Corps of Engineers-Cucamonga Creek	43,489	-	-	43,489	(33,402)	10,087
California Auto Club Speedway Water Rights	1,621,238	-	-	1,621,238	-	1,621,238
San Bernardino County Flood Control-Chino Road Barrier	48,076	-	-	48,076	(31,252)	16,824
Santa Ana Watershed Project Authority capacity rights	12,467,002	-	-	12,467,002	(8,775,422)	3,691,581
Right-to-use Assets - Equipment	165,675	69,600	(7,459)	227,816	(103,826)	123,990
SBITAs	560,687	139,865	-	700,552	(225,112)	475,440
Organization and master planning	1,939,805	-	-	1,939,805	(928,532)	1,011,273
Total intangible assets being-amortized	\$ 32,989,877	\$ 302,111	\$ (7,459)	\$ 33,284,529	\$ (23,579,468)	\$ 9,705,061
<b>Less accumulated amortization for:</b>						
Computer software	\$ (12,539,329)	\$ (682,274)	\$ -	\$ (13,221,603)		
Wind Turbine Power Purchase Agreement	(54,961)	(6,466)	-	(61,427)		
Metropolitan Water District connections	(198,891)	-	-	(198,891)		
Corps of Engineers-Cucamonga Creek	(32,533)	(869)	-	(33,402)		
San Bernardino County Flood Control-Chino Road Barrier	(29,650)	(1,602)	-	(31,252)		
Santa Ana Watershed Project Authority capacity rights	(8,477,837)	(297,585)	-	(8,775,422)		
Right-to-use Assets - Equipment	(53,010)	(58,275)	7,459	(103,826)		
SBITAs	-	(225,112)	-	(225,112)		
Organization and master planning	(897,196)	(31,336)	-	(928,532)		
Total accumulated amortization	\$ (22,283,408)	\$ (1,303,519)	\$ 7,459	\$ (23,579,468)		
<b>Total intangible assets-Enterprise Funds, Net</b>	\$ 10,706,468	\$ (1,001,408)	\$ -	\$ 9,705,061		
<b>Total capital assets-Enterprise Funds, net</b>	<b>\$ 870,961,045</b>	<b>\$ 116,445,632</b>	<b>\$ (13,403,768)</b>	<b>\$ 974,002,909</b>		

\*Restated due to implementation of GASB 96

For the fiscal year ended June 30, 2023, depreciation expense was \$32,127,073 and amortization expense was \$1,303,519 as follows:

Regional Capital	\$ 15,309,171
Regional Operations	6,311,470
Recycled Water	8,356,273
Water Resources	546
Non-Major	3,453,132
<b>Total Depreciation and Amortization</b>	<b>33,430,592</b>

## NOTE 8: CONSTRUCTION COMMITMENTS

The Agency is committed to several significant construction contracts. Total outstanding obligations were \$149,510,388 as of June 30, 2023. Some of the contracts for ongoing projects at the Agency's regional plants are listed below:

### **RP-5 Liquids Expansion to 30 mgd – EN19001**

The RP-5 Liquids Expansion and RP-5 Solids Treatment Facility projects will be completed concurrently, with construction started in FY 2022/23 and scheduled to be completed by FY 2024/25. Currently, RP-5 has liquid treatment capacity of 15 million gallons per day (MGD). To meet the future projected wastewater flow for the Agency's service area, the plant capacity needs to increase to 30 MGD. This project has an outstanding obligation of \$60,613,897.

### **RP-5 Solids Treatment Facility – EN19006**

The Regional Water Recycling Plant No. 5 (RP-5) is located immediately east of the Agency's Administrative Headquarters campus in the City of Chino and began operation in March 2004. It has a capacity rating of 16.3 MGD, which includes capacity for approximately 15 MGD of raw sewage and 1.3 MGD of solids processing return or recycled flows from RP-2.

RP-5 does not currently have any solids treatment capacity. Waste sludge produced at RP-5 is pumped to the RP-2 solids handling facility. However, solids treatment at RP-5 will soon be necessary. RP-2 was deemed to be within the 100-year flood level by the U.S. Army Corps of Engineers, so the facility needs to be decommissioned by the year 2035. Construction of the new solids handling facility at RP-5 is necessary to meet the Agency's needs throughout the decommissioning of the Regional Plant No. 2 (RP-2) site. This project has an outstanding obligation of \$50,284,108.

### **Carbon Canyon (CCWRF) Asset Management and Improvements – EN17006**

The Carbon Canyon Water Reclamation Facility was constructed in 1992 and the odor control equipment, backup generator, and aeration blowers are at the end of their useful life. At completion, this project will provide process improvements to the preliminary, primary, and secondary treatments, including replacement of the existing headworks, the odor control system, and the aeration blowers. The Carbon Canyon Asset Management and Improvement project has an outstanding obligation of \$18,858,824.

### **RP-1 Disinfection Pump Improvements – EN11039**

The RP-1 disinfection conveyance piping is in need of significant rehabilitation. Piping in the bleach storage area is worn out and pumps are being repaired or replaced at a high frequency. This project will replace bleach pumps and underground piping, which is prone to failure, and provide a chemical containment system within the pump area. Additional work includes elevation of the sedimentation basin, one of the filter galleries, as well as power reliability for the SCADA system. The RP-1 Disinfection Pump Improvement project has an outstanding obligation of \$5,820,656.

### **Recharge Master Plan Update - Basin Improvements – RW15003**

Per the approved 2013 amendment to the 2010 Recharge Master Plan Update (RMPU), Chino Basin Watermaster and the Agency agreed to implement seven projects recommended by the RMPU Steering Committee to enhance stormwater yield for nine groundwater recharge basins.

The scope of the work includes preliminary environmental review, design, permits, and construction. The RMPU projects' scope includes groundwater basin improvements to the Wineville Basin, Jurupa Basin, Force Main System Basin, RP-3 Basin, CSI Basin, Victoria Basin, Turner Basin, Ely Basin, and Montclair Basin. This project has an outstanding obligation of \$3,866,788.

### **North System North Trunk (NSNT) Sewer Siphon Replacement – EN20064**

The North System North Trunk (NSNT) sewer is experiencing a lack of self-cleaning and occasionally becoming septic due to low flow velocities, resulting in odor complaints from the City of Ontario. Three siphons were identified along the trunk alignment that lack a mechanism for air release with the air jumpers being absent. This project will plug and abandon the most critical upstream siphon section at the Cucamonga Channel and 8<sup>th</sup> Street in Ontario, CA; design and install a complete 21-inch vitrified clay pipe (VCP) sewer bypass to the double siphon at the Cucamonga Channel and 8<sup>th</sup> Street; and reconnect the manholes with the new 21-inch sewer. Once completed and further monitoring takes place, consideration may be taken to address the lack of air jumpers at the two siphons downstream. On June 30, 2023 the NSNT project has an outstanding obligation of \$2,639,223.

### **Regional Force Main Improvements – EN19025**

The force main pipelines of the Montclair Lift Station and the San Bernardino Lift Station need access/clean out vaults installed at certain intervals. These clean outs will allow the collections staff access to clean the lines so that flows are maintained, and to minimize the work that the upstream pumps must exert to overcome pipeline build up. In addition, any issues within the pipe can be detected through the collections staff routine video capture of the pipelines.

The scope of the work will include installation of access/clean out vaults every 1,000 feet on the regional force main pipelines; Montclair Lift Station (4,620 feet of 18-inch ductile iron pipe); installation of five access/cleanout vaults on the 18-inch force main; and San Bernardino Lift Station (9,000 feet each of 24-inch and 30-inch ductile iron pipe); installation of 18 access/cleanout vaults (9 inch per line) on the 24-inch and 30-inch force mains. Bypassing flows will be required to allow for construction of the access/cleanout vaults and cleaning of all lines by the contractor. The Regional Force Main Improvements project has an outstanding obligation of \$2,266,393.



### **RP-1 Headworks Bar Screen Improvements – EN23111**

The existing bar screens at the RP-1 headworks at the front of the plant must be replaced with tighter bar spacing. The existing bar screens at RP-1 are reliable units; however, a large volume of rags, plastics, and debris still get through and continue to the downstream processes. The volume of rags and plastics left in the flow has negative effects on the downstream processes, equipment, and decreases structure volume in the biological processes. In addition, many operator manhours are spent removing rags from various pieces of equipment or processes.

The scope of this project is to complete a 30% design for new influent bar screens with appropriate spacing at RP-1. Once the 30% design is complete, a Design-Build project for design and construction will ensue. The existing bar screens at RP-1 will be demolished and replaced with the selected new bar screen system. The new bar screens will be bar screens with tighter spacing as selected for other IEUA treatment plants. The new bar screen design will increase productivity and efficiency in the headworks process by removing more solids and rags. This will in-turn reduce ragging and clogging issues downstream of the headworks. The RP-1 headworks bar screen project has an outstanding obligation of \$1,609,900.

### **Carbon Canyon (CCWRF) 12kV Backup Generator Control Circuit – EN17006.01**

The Carbon Canyon 12kV Backup Generator and Control Circuit project is a sub-project of the Carbon Canyon Asset Management project scheduled to be completed by fiscal year 2024/25. This project will upgrade and/or replace the existing backup generator and control circuit which has reached the end of its useful life. At completion, this project will provide critical backup for the Carbon Canyon preliminary, primary, and secondary treatments. As of June 30, 2023, the Carbon Canyon 12kV backup generator control circuit project has an outstanding obligation of \$888,472.

### **RP-1 Flare Improvements – EN18006**

Existing candlestick flare permitted capacity is not adequate to accommodate the facility digester gas production when minimal or no gas is used by the hot water boilers. Currently there is no co-generation facility to use the bulk of the digester gas produced. Two new 100% redundant flares and one small flare will be installed to control digester gas pressure within the RP-1 treatment plant during normal and emergency operations; and, to reduce emissions from non-refinery flares by requiring all non-refinery flares to meet current Best Available Control Technology for NOx emissions and thermal oxidation for volatile organic compounds. Along with the new flares installation, the digester gas piping system in the flare will be upgraded to accommodate the new flare system and associated auxiliaries. This will provide the flexibility needed to comply with the South Coast Air Quality Management District requirements. The RP-1 Flare Improvement project has an outstanding obligation of \$727,534.

Additionally, the Agency has nineteen (19) on-going projects, each with a remaining individual outstanding obligation of less than \$700,000.

EN22041	RP-1 Aeration Basins Utility Water System Improvements	\$	378,364
EN23014	NRWS Manhole Upgrades		350,312
EN23041	Ely Monitoring Well Project		227,750
EN21042	RP-1 East Influent Gate Replacement		218,068
EN23124	1630 East Pump Station VFD Installation		216,000
RW15003.05	Recharge Maser Plan Update-RP3 Storm Water Connection		182,743
RW15004	Recharge Maser Plan Update-Basin Improvements-Lower Day		86,154
EN23015	Collection System Upgrades		85,407
FM21005.01	Structural Agency Wide Roofing – Phase III		78,044
EN22053.09	1158 Pump Station West EDV Piping Repair		49,500
EN20041	RP-1 Tertiary Treatment Bleach Mixing Repairs		20,722
EN22034	RP-1 / RP-4 Generator Control Panel Retrofit		17,640
EN23090.02	Recycled Water Improvements (valves, Blow-Offs)		6,483
EN23115	RP-4 Headworks Utility Water Addition		5,753
EN22021	RP-1 Digester Area Utility Water Line		4,800
EN19028	NRW Manhole and Pipeline Condition Assessment		2,479
EN19024	Regional System Asset Management Assessment		2,243
LB22001	Bioassay Room Incubator		1,606
EN24020	RP-1 Dewatering Centrate Pumps & Drainage Valve Improvements		525

## NOTE 9: CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses that may be disallowed by the grantor cannot be determined at this time, although the Agency expects such amounts, if any, to be immaterial.

At June 30, 2023, the Agency was a defendant in a number of lawsuits arising in the ordinary course of operations, which allege liability on the part of the Agency in connection with worker's compensation and general liability matters. Based on legal counsel's opinion, the potential losses and/or resolutions of these cases will not materially affect the financial condition of the Agency.

## NOTE 10: NOTES RECEIVABLE

### CITY OF ONTARIO

On June 4, 2004, the Agency entered into an amendment to its original contract with the City of Ontario for the reimbursement of the RP-1 to RP-5 By-Pass Project. The project was completed on March 31, 2008, and as of June 30, 2023, the balance outstanding is \$71,571 which is the current portion of notes receivable and is recorded in the Regional Wastewater Capital Improvement Fund.

### MONTE VISTA WATER DISTRICT

On February 2, 2008, the Agency entered into an agreement with Monte Vista Water District (MVWD) for the construction of the regional recycled water distribution system that resides within the MVWD service area. MVWD agreed to reimburse the Agency \$1,068,418 for the construction costs, payable yearly beginning June 2009, plus interest at an annual rate of 2.2 percent for twenty years. As of June 30, 2023, the long-term receivable amount is \$252,402, the current portion is \$59,742, and is recorded in the Recycled Water Fund.

### CUCAMONGA VALLEY WATER DISTRICT

On November 24, 2009, the Agency entered into an agreement with Cucamonga Valley Water District (CVWD) for the design and construction of the Church Street Recycled Water Lateral that resides within the CVWD service area. CVWD agreed to reimburse the Agency \$690,648 for the construction costs, payable yearly beginning June 2011, plus interest at an annual rate of 0.74 percent for twenty years. As of June 30, 2023, the long-term receivable amount is \$208,220, the current portion is \$34,614, and is recorded in the Recycled Water Fund.

### AUTO CLUB SPEEDWAY

In November 2015, the Agency entered into an agreement with California Speedway Corporation, dba Auto Club Speedway (Speedway), to provide wastewater treatment and recycled water services to property owned, operated, managed, and controlled by Speedway. Speedway agreed to reimburse the Agency for the construction cost and the cost of connection and other related costs to provide those services. This agreement includes the option of payment through the assignment of pumping rights to the Agency as full consideration for their share of capital cost and wastewater connection costs. The assignment shall have a term of sixty (60) years. As of June 30, 2023, the Agency has incurred \$2,230,785 in connections and permanent system costs and Speedway has assigned 2,246-acre feet to the Agency. This leaves an outstanding long-term receivable of \$1,380,642 in the Recycled Water Fund for their portion of the Napa Lateral construction costs and \$850,143 in the Regional Wastewater Capital Fund for connection fees and improvements.

## DRY YEAR YIELD CONJUNCTIVE USE PROGRAM

Metropolitan Water District (MWD) entered into an agreement with Municipal Water District of Orange County (MWDOC) and Orange County Water District (OCWD) to construct Service Connection OC-59 at the Rialto Reach of the Foothill Feeder for use by MWDOC to deliver replenishment water to OCWD. In 1978, OCWD paid all the construction costs which totaled \$1,066,397.

In May 2005, the Agency entered into an agreement with OCWD, MWDOC, Three Valleys Municipal Water District and Chino Basin Watermaster called the Joint Use Agreement. Per this agreement, the Agency will pay OCWD a surcharge of \$2.00 per acre-foot for each acre-foot of water purchased from MWD that was delivered through OC-59. These water purchases are to replenish the groundwater supplies within the Chino Basin area, which is part of the Dry Year Yield program. The \$2.00 per acre-foot surcharge that has been paid to OCWD is recorded as a long-term receivable in the Water Resources Fund. The balance as of June 30, 2023 is \$71,743. The Agency will be reimbursed by MWD by way of a credit on MWD's invoice to the Agency once water is withdrawn from the Dry Year Yield account.

## CHINO PRESERVE DEVELOPMENT CORPORATION

On October 21, 2019, the Agency entered into an agreement with Chino Preserve Development Corporation (CPDC) for the sale of certain easement for water facilities located in the City of Chino. As consideration, CPDC will pay the Agency \$550,000 to be paid over five years. The first payment of \$50,000 was received on November 25, 2019. Installments of \$100,00 will be payable each year on July 2 beginning in 2020 through 2024. As of June 30, 2023, the current portion amount is \$100,000, and is recorded in the Regional Capital Fund.

## NOTE 11: JOINT VENTURES - LONG-TERM AGREEMENTS

The Agency participates in the following joint ventures with other districts and agencies for various water projects and operating facilities in Southern California.

## SANTA ANA WATERSHED PROJECT AUTHORITY

The Santa Ana Watershed Project Authority (SAWPA) was formed under a joint exercise of power agreement (JPA) for the purpose of undertaking projects for water quality control and protection in the Santa Ana River Watershed. SAWPA is composed of the five (5) water agencies within the watershed area: Eastern Municipal Water District, Orange County Water District, San Bernardino Valley Municipal Water District, Western Municipal Water District, and the Inland Empire Utilities Agency. Each participating agency appoints two commissioners to SAWPA to form an oversight committee of ten. Equal contributions are made by each member agency for administration and contributions based on capacity use rights for project agreements under which capital construction is accomplished. Special projects or studies are funded by equal contributions from each Agency based on the general or specific nature of the project or study. Financial data is available at the Agency's main office.

Significant agreements that the Agency entered into with SAWPA (and the related costs), which are classified as intangible assets, are as follows:

Non-reclaimable Wastewater Brine Line Interceptor - In April 1972, the Agency entered into a contract with the Orange County Sanitation District (OCSAN) for the construction of a 30 million gallon per day (mgd) increment of capacity in a brine removal interceptor, constructed by OCSAN from Fountain Valley to the Orange/San Bernardino County line. SAWPA completed construction of the 30 mgd interceptor from that point through Prado Dam. Under Project Agreement #1, this 30 mgd capacity was assigned to SAWPA, with the Agency retaining rights to use up to 11.25 mgd of this capacity.

Over the course of time, the Agency has purchased capacity from SAWPA in the Santa Ana Regional Interceptor (SARI) System, now called Inland Empire Brine Line (IEBL). The IEBL is part of the Agency's Non-Reclaimable Wastewater System (NRWS) collections system that serves the southern portion of the Agency's service area. SAWPA pass through activity in FY 2023 was \$1,992,204.

SAWPA Brine Line Lease Capacity Pool Agreement - In addition to the current capacity agreement with SAWPA, in FY 2018/19 the Agency entered into a Brine Line Lease Capacity Pool Agreement with SAWPA and its member agencies for the IEBL in the southern service area. Under this agreement, the Agency and other member agencies of SAWPA could contribute pipeline and treatment capacity to a "Lease Pool." The contributed capacity will be marketed and made available for lease to new or existing customers, similar to the Los Angeles County Sanitation Districts (LACSD) agreement for the North NRWS.

Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) – In June 2016, The Agency signed the SARCCUP Memorandum of Understanding (MOU) and SARCCUP MOU for Program Implementation, PA23. SARCCUP is the result of collaboration between the SAWPA member agencies (Parties) to identify large-scale water supply reliability and water use efficiency projects that could benefit the Santa Ana River Watershed. SARCCUP will initially include development of new infrastructure and incorporation of existing infrastructure to create 60,000 acre-feet per year of wet year put and dry year take capacities for 180,000 acre-feet of groundwater storage in the San Bernardino Area Basins, the San Jacinto Basins, the Chino Basin, and the Elsinore Basin.

## LOS ANGELES COUNTY SANITATION DISTRICTS (LACSD)

The Agency and the LACSD entered into an agreement in 1966 wherein the LACSD agreed to accept the Agency's industrial wastewater flows from the North NRWS. The agreement which was set to expire in May 2018 was replaced by a new NRWS Wastewater Disposal Agreement between the Agency and LACSD that became effective July 1, 2014. The new Agreement resulted in pass-through rates from LACSD that are more stable and predictable. Under the new agreement, customers have the ability to acquire wastewater discharge rights as capacity units and acquire or lease discharge rights rather than make a mandatory acquisition as required under the prior agreement. LACSD pass through activity in FY 2023 was \$7,117,670. Key terms of the agreement include the following:

- 30-year term with up to four additional five-year extensions for a total of up to fifty years
- 15,000 initial Baseline Capacity Units for allocation amongst current customers, was adjusted after June 30, 2018, to a current baseline of 15,286 Capacity Units. The Agency shall pay to LACSD a fee for the use of the system in excess of its annual baseline capacity.
- Replacement of East End flowmeter completed in FY 2021/22.

## CHINO BASIN DESALTER AUTHORITY

The Chino Basin Desalter Authority (CDA) was formed in September 2001 as a Joint Powers Authority (JPA) to acquire all assets and liabilities from Santa Ana Watershed Project Authority (SAWPA) Project #14. The purchase was consummated in February 2002. The JPA is comprised of the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, the Santa Ana River Water Company, the Western Municipal Water District, and Inland Empire Utilities Agency (IEUA). IEUA serves as a non-voting member and provides grants administration support for the JPA, as well as operational support for the Desalter 1 facility (based on January 2002 operations and maintenance agreement which was amended June 2013).

As of June 30, 2023, Desalter 1 and Desalter 2 delivered a total of 35,515.23 acre-feet (AF) of water. Financial data is available at the CDA's main office located at 3550 E. Philadelphia Street, Suite 170, Ontario, CA 91761.

## INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

In February 2002, the Agency entered into a Joint Power Authority Agreement (JPA) with the Los Angeles County Sanitation Districts (LACSD) to form the Inland Empire Regional Composting Authority (IERCA). The purpose of the JPA is to build and operate a fully enclosed biosolids composting facility. The JPA Agreement calls for a 50/50 share of all costs related to the activities of the JPA.

Prior to the JPA Agreement, the two partners entered into a separate agreement in December 2001 to acquire real property for proposed joint use. As a result of this agreement, a piece of property and building in the City of Rancho Cucamonga, adjacent to IEUA's Regional Recycling Water Recycling Plant No. 4 (RP-4) was acquired in December 2001 at a cost of \$15,116,229. After the property acquisition, preliminary and final designs were launched to modify the building. The facility started operation in FY 2006/07 and is currently staffed by twenty-four full-time IEUA employees who provide all operational activities including production, maintenance, safety and industrial hygiene training, and sales and administration. The IERCA reimburses IEUA 100 percent of employment costs. A tipping fee is paid by JPA partners for biosolids deliveries to IERCA, to recover Operation & Maintenance (O&M) and Repair & Replacement (R&R) costs. The agency records biosolids tipping fees in the Regional Wastewater Operation & Maintenance fund.

As of June 30, 2023, the Agency's equity share is \$39,513,304 recorded in the Regional Wastewater Capital Improvement Fund. There was an additional net write-down of \$1,312,513 (around fifty percent of the Agency's equity share) of the JPA's net position at June 30, 2023. This reduction is recorded in the non-operating expenses on the statement of revenues, expenses, and changes in net position in the Regional Wastewater Capital Improvement Fund. The Agency records the JPA labor costs for operating the facility in the Regional Wastewater Operation and Maintenance Fund. IERCA financial data is available at the Agency's main office.

## SANTA ANA RIVER WATERMASTER

The Santa Ana River Watermaster (Watermaster), was formally established on April 23, 1969 as part of a judgement resulting from a lawsuit by the Orange County Water District, filed with the Superior Court of California in the County of Orange, California. The Watermaster primarily administers the provisions of the judgment as well as develops and implements its own basin management plan. Each year, the Watermaster is required to issue a report to satisfy its' obligation to monitor and test water flows from the Upper Area to the Lower Area of the Santa Ana River.



The Watermaster is composed of a committee of five representatives from four water districts. Two representatives serve from Orange County Water District (OCWD) and one representative from the Inland Empire Utilities Agency (the Agency), Western Municipal Water District (WMWD), and the San Bernardino Valley Municipal Water District (SBMWD). Representation is based on percentages as defined by adjudication of the Santa Ana River Watermaster.

Costs and expenses incurred by the individual representatives are reimbursed directly from their respective water districts. Collective Watermaster costs and expenses are budgeted and funded by contributions from the four water districts. Financial data is available at the Agency's main office. The Agency's share of assets, liabilities, fund equity and changes therein during the year is twenty percent.

Participants in the Watermaster make contributions, based upon their percentages as defined by adjudication of the Santa Ana River Watermaster, as follows:

Orange County Water District	40%
Inland Empire Utilities Agency	20%
Western Municipal Water District	20%
San Bernardino Valley Municipal Water District	<u>20%</u>
<b>Total</b>	<b><u>100%</u></b>

Santa Ana River Watermaster issues a separate Annual Financial Report. Copies of the report may be obtained upon request to 380 East Vanderbilt Way, San Bernardino, California 92408-3593.

## CHINO BASIN WATER BANK

The Chino Basin Water Bank (CBWB) was formally established on December 13, 2017 as a Joint Powers Authority (JPA) to coordinate the development of groundwater storage within the Chino Basin. The JPA is comprised of Cucamonga Valley Water District, the City of Ontario, Monte Vista Water District, and Inland Empire Utilities Agency (IEUA). The CBWB was established to create a comprehensive storage and recovery program under existing basin rules with a dedicated quantity of basin storage. Such a program could provide increased groundwater supplies, as well as improved groundwater levels and water quality.

Participants in the CBWB shall contribute to the Authority to pay their proportionate share of Board approved budgeted expenses, and any other expenses of the Authority based on the percentages below:

Cucamonga Valley Water District	25%
Monte Vista Water District	25%
City of Ontario	25%
Inland Empire Utilities Agency	<u>25%</u>
<b>Total</b>	<b><u>100%</u></b>

## NOTE 12: LONG-TERM DEBT AND NOTES PAYABLE

### LONG-TERM DEBT

Summary of changes in Long-Term debt for the fiscal year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Amounts Due after One Year
<b>Bonds Payable:</b>						
2017A Revenue Bonds (2008A Refinancing)	51,505,000	-	3,660,000	47,845,000	4,185,000	43,660,000
2020A Revenue Bonds (2008B, 2010A Refunding)	43,790,000	-	4,025,000	39,765,000	4,240,000	35,525,000
Sub-Total	95,295,000	-	7,685,000	87,610,000	8,425,000	79,185,000
Bond Premium	19,306,675	-	1,874,813	17,431,862	-	17,431,862
<b>Revenue Bonds</b>	<b>\$ 114,601,675</b>	<b>\$ -</b>	<b>\$ 9,559,813</b>	<b>\$ 105,041,862</b>	<b>\$ 8,425,000</b>	<b>\$ 96,616,862</b>

### 2017A REFUNDING REVENUE BONDS

On February 2, 2017, the Chino Basin Regional Financing Authority issued the Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2017A in the amount of \$67,615,000.

- The bonds were issued to (i) refund the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Revenue Bond Series 2008A (Inland Empire Utilities Agency Wastewater Facilities Improvement and Replacement Projects), and (ii) pay the costs of issuing the bonds.
- The bonds maturing through 2033 are payable in annual installments ranging from \$3,010,000 to \$4,920,000 with an interest rate from 2.00 percent to 5.00 percent per annum, payable semi-annually. The balance outstanding on June 30, 2023 is comprised of the principal amount of \$47,845,000 plus unamortized deferred bond premium of \$7,212,031 for a total of \$55,057,031.

### 2020A REFUNDING REVENUE BONDS

On June 30, 2020, the Chino Basin Regional Financing Authority issued the Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2020A in the amount of \$56,255,000.

- The bonds were issued to (i) refund the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Revenue Bond Series 2008B, (ii) refund the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Series 2010A, (iii) refund certain Clean Water State Revolving Fund Financing Agreements from the State Water Resources Control Board, and (iv) pay the costs of issuing the bonds.
- The bonds maturing through 2035 are payable in annual installments ranging from \$1,540,000 to \$8,610,000 with an interest rate of 5.00 percent per annum, payable semi-annually. The balance outstanding on June 30, 2023 is comprised of the principal amount of \$39,765,000, plus unamortized deferred bond premium of \$10,219,832 for a total of \$49,984,832.

## AGGREGATE LONG-TERM DEBT

As of June 30, 2023, the aggregate debt service requirements on bonded indebtedness to maturity are summarized as follows:

<b>Year Ending June 30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total</b>
2024	\$ 8,425,000	\$ 4,275,875	\$ 12,700,875
2025	8,775,000	3,849,375	12,624,375
2026	8,365,000	3,405,000	11,770,000
2027	8,795,000	2,980,750	11,775,750
2028	7,715,000	2,572,625	10,287,625
2029-2033	37,610,000	7,010,750	44,620,750
2034-2035	7,925,000	350,250	8,275,250
Subtotal	87,610,000	24,444,625	112,054,625
Plus: Net Premium	17,431,863	-	17,431,863
<b>Total Debt Service Payable</b>	<b>\$ 105,041,863</b>	<b>\$ 24,444,625</b>	<b>\$ 129,486,488</b>

## DEBT COVENANTS

In accordance with bond covenants, net revenues pledged to fund bond debt service costs are comprised of all income, rates, charges, and connection fees (less the operations and maintenance costs), and property tax revenues, but excluding in all cases the Water Resources fund. Property Taxes are distributed by San Bernardino County Property Tax Disbursements Division in November through July annually. The Agency has covenanted that, to the fullest extent permitted by law, the Agency will fix and prescribe, at the commencement of each fiscal year, rates and charges reasonably expected to yield net revenue equal to 115 percent of debt service during each fiscal year.

If any Event of Default occurs, the Trustee may declare, at the written direction of the Owners of the major portion of the Outstanding bond principal balance, the Outstanding principal and accrued interest to be due and payable immediately. This declaration can be rescinded and annulled, and consequences waived if all moneys due have been deposited with the Trustee before the judgement or decree for payment of money's due has been obtained.

The Agency has no lines of credit. Management has determined that the Agency has complied with all covenants related to the outstanding debt issues as of June 30, 2023. *(Refer to the Agency System Total Debt Coverage Ratio Schedule included in the statistical section).*

## NOTES PAYABLE

Summary of notes payable activity for the Fiscal Year ended June 30, 2023 was as follows:

<b>Notes Payable</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due After One Year</b>
State Revolving Fund Loan	\$ 103,290,289	\$ 57,421,731	\$ 4,454,424	\$ 156,257,596	\$ 4,488,623	\$ 151,768,973
City of Fontana	3,108,644	-	482,578	2,626,066	482,578	2,143,488
Southern California Edison	440,956	-	130,455	310,501	133,674	176,827
2020B Revenue Notes	196,435,000	-	-	196,435,000	-	196,435,000
Subtotal	303,274,889	57,421,731	5,067,457	355,629,163	5,104,875	350,524,288
Note Premium	21,820,604	-	6,546,181	15,274,423		15,274,423
<b>Total Notes Payable</b>	<b>\$ 325,095,493</b>	<b>\$ 57,421,731</b>	<b>\$ 11,613,638</b>	<b>\$ 370,903,586</b>	<b>\$ 5,104,875</b>	<b>\$ 365,798,711</b>

## NOTES PAYABLE – DIRECT BORROWING

### STATE WATER RESOURCES CONTROL BOARD

- The RP-4 Pump Station, Pipeline and Reservoir projects (Phase III) were in part funded by State Revolving Fund (SRF) loan. The three projects received \$10,862,198 of SRF funding, with a current balance as of June 30, 2023 of \$3,272,488. These are interest free loans with a principal due annually for twenty years beginning June 2011, one year after the completion of construction.
- The Recycled Water projects included in Phase IV were in part funded by State Revolving Fund (SRF) loans. The four projects received \$15,061,175 of SRF funding. Principal and interest are paid annually for twenty years beginning June 2011, one year after the completion of construction, at an

annual interest rate ranging from .074 percent to .214 percent. The outstanding balance as of June 30, 2023, is \$6,081,015.

- The Recycled Water Project (Construction of 2 Monitoring Wells) in Phase V is also in part funded by a State Revolving Fund (SRF) loan. The project received \$999,024 of SRF funding. Principal and interest are paid annually for twenty years beginning June 2012, one year after completion of construction, at an annual interest rate of 1.0 percent. The outstanding balance at June 30, 2023, is \$372,321.
- The Recycled Water Project (Wineville Area) in Phase X is also partially funded by a State Revolving Fund (SRF) loan. Principal and interest are paid annually for thirty years beginning August 31, 2020, one year after completion of construction, at an annual interest rate of 1.0 percent. The outstanding balance at June 30, 2023 is \$21,049,759
- The RP-1 Dewatering Facility Expansion project was in part funded by a State Revolving Fund (SRF) loan of \$27,546,972. This project was the first American Recovery and Reinvestment Act (ARRA) funded project in the state and as a “green project,” qualified for an annual interest rate of 0.460 percent. Principal and interest are paid annually for twenty years beginning February 28, 2013, one year after completion of construction. The outstanding balance at June 30, 2023 is \$12,732,671.
- The Regional Water Quality Laboratory project was funded in part by the State Revolving Fund (SRF). Principal and interest are paid annually for thirty years beginning February 28, 2020, one year after completion of construction, at an annual rate of 2.1 percent. The outstanding balance at June 30, 2023 is \$20,801,416.
- The Napa Lateral project was funded in part by the State Revolving Fund (SRF). Principal and interest are paid annually for thirty years beginning December 31, 2020, one year after the completion of construction, at an annual interest rate of 1.8 percent. The outstanding balance at June 30, 2023 is \$3,253,234.
- The San Sevaime Basin Improvements project was funded in part by the State Revolving Fund (SRF). Principal and interest are paid annually for thirty years beginning December 31, 2020, one year after the completion of construction, at an annual interest rate of 1.8 percent. The outstanding balance at June 30, 2023 is \$2,165,440.
- The Baseline Extension project was funded in part by the State Revolving Fund (SRF). Principal and interest are paid annually for thirty years beginning October 31, 2021, one year after the completion of construction at an annual interest rate of 1.4 percent. The outstanding balance at June 30, 2023 is \$3,152,763.
- The RP-1 1158 Recycled Water Pump Station Upgrades project was funded in part by the State Revolving Fund (SRF) and part by Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014. Principal and interest on both funding sources are paid annually for thirty years beginning August 31, 2021, one year after the completion of construction at an annual interest rate of 1.4 percent. The outstanding balance at June 30, 2023 is \$4,815,778.
- The RP-5 Recycled Water Pipeline Bottleneck project was funded in part by the State Revolving Fund (SRF) and by Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of

2014. Principal and interest on both funding sources are paid annually for thirty years beginning July 01, 2021, one year after the completion of construction at an annual interest rate of 1.4 percent. The outstanding balance at June 30, 2023 is \$2,040,577.

- The RP-5 Expansion Construction Project was funded in part by the State Revolving Fund (SRF). Principal and interest on the SRF loan is paid annually for \$3,818,025, one year after the completion of construction at an annual interest rate of 0.80 percent. The outstanding balance at June 30, 2023 is \$67,884,931.
- The Montclair Basin Improvement Project was funded in part by the State Revolving Fund (SRF). Principal and interest on the SRF loan is paid annually for \$109,554, one year after the completion of construction at an annual interest rate of 0.55 percent. The outstanding balance at June 30, 2023 is \$443,844.
- The Distribution System / Wineville / Jurupa / RP-3 Recharge Improvements Project was funded in part by the State Revolving Fund (SRF). Principal and interest on the SRF loan is paid annually for \$622,797.95, one year after the completion of construction at an annual interest rate of 0.55 percent. The outstanding balance at June 30, 2023 is \$5,458,042.
- The Lower Day Basin Improvement Project was funded in part by the State Revolving Fund (SRF). Principal and interest on the SRF loan is paid annually for \$158,408.51, one year after the completion of construction at an annual interest rate of 0.55 percent. The outstanding balance at June 30, 2023 is \$2,733,317.

As of June 30, 2023, the future payments for the remaining loan obligations by year are as follows:

<b>Year Ending June 30</b>	<b>Principal Payments</b>	<b>Interest Payment</b>	<b>Total</b>
2024	\$ 4,488,623	\$ 956,544	\$ 5,445,167
2025	5,212,006	966,923	6,178,929
2026	8,340,671	1,688,514	10,029,185
2027	8,347,874	1,409,396	9,757,270
2028	8,412,241	1,345,029	9,757,270
2029/2033	37,724,795	5,736,763	43,461,558
2034/2038	27,920,725	4,175,139	32,095,864
2039/2043	29,034,609	2,646,549	31,681,158
2044/2048	22,206,183	1,067,414	23,273,597
2049/2053	4,569,869	95,565	4,665,434
<b>Total SRF Loans</b>	<b>\$156,257,596</b>	<b>\$20,087,836</b>	<b>\$176,345,432</b>



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## WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT LOAN (WIFIA LOAN)

- On May 27, 2020, the Chino Basin Regional Financing Authority and the Agency executed a Water Infrastructure Finance and Innovation Act loan (WIFIA loan) agreement with the United States Environmental Protection Agency for the Regional Plant 5 Expansion Project. The Agency has not drawn any amounts from the WIFIA loan as of June 30, 2023. The WIFIA loan amount up to \$196,436,445 will be drawn upon completion of the project to repay the 2020B Revenue notes. The WIFIA loan carries an annual interest of 1.36 percent and has a maturity on November 1, 2060, with principal and interest payments due one year after project substantial completion.
- On March 24, 2022, the Chino Basin Regional Financing Authority and the Agency executed a second Water Infrastructure Finance and Innovation Act loan (WIFIA loan) agreement with the United States Environmental Protection Agency for the Regional Wastewater System Improvements Program. The Agency has not drawn any amounts from this WIFIA loan as of June 30, 2023. The WIFIA loan amount up to \$120,000,000 will be drawn as needed. The WIFIA loan carries an annual interest of 2.61 percent and matures on November 1, 2060, with principal and interest payments due one year after the project's substantial completion.

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## SOUTHERN CALIFORNIA EDISON

On January 27, 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison (SCE) for zero-percent interest financing for the installation of energy efficient lighting at the RP-4 facility. The Agency received \$235,151 on April 24, 2017 to be paid in ninety-five installments added to the monthly SCE utility bill. The energy efficient lighting is estimated to save 230,192 kilowatt hours annually which is equivalent to \$29,802 in annual savings. Monthly savings are estimated at \$2,483. As of June 30, 2023, the balance of this note is \$52,153.

On October 30, 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison (SCE) for zero-percent interest financing of the installation of energy efficient lighting at the CCWRF facility. The Agency received \$180,300 on March 08, 2018 to be paid in 116 installments added to the monthly SCE utility bill. Energy efficient lighting is estimated to save 134,052 kilowatt hours annually which is equivalent to \$18,781 in annual savings. Monthly savings are estimated at \$1,565. As of June 30, 2023, the balance of this note is \$86,078.

On November 17, 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison (SCE) for zero-percent interest financing of the installation of energy efficient lighting at the RP-1 facility. The Agency received \$479,539 on March 08, 2018 to be paid in seventy-three installments added to the monthly SCE utility bill. The energy efficient lighting is estimated to save 629,988 kilowatt hours annually which is equivalent to \$78,938 in annual savings. Monthly savings are estimated at \$6,578. As of June 30, 2023, the balance of this note is \$78,938.

On November 22, 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison (SCE) for zero-percent interest financing of the installation of energy efficient lighting at the at the RP-5 facility. The Agency received \$105,500 on March 08, 2018 to be paid in 120 installments added to the monthly SCE utility bill. The energy efficient lighting is estimated to save 89,819 kilowatt hours annually which is equivalent to \$10,550 in annual savings. Monthly savings are estimated at \$879. As of June 30, 2023, the balance of this note is \$50,992.

On November 27, 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison (SCE) for zero-percent interest financing of the installation of energy efficient lighting at the Agency's headquarters.

The Agency received \$87,600 on March 08, 2018 to be paid in 120 installments added to the monthly SCE utility bill. The energy efficient lighting is estimated to save 74,578 kilowatt hours annually which is equivalent to \$8,760 in annual savings. Monthly savings are estimated at \$730. As of June 30, 2023, the balance of this note is \$42,340.

As of June 30, 2023, the remaining note payable obligation is \$310,501.

<b>Year Ending June 30</b>	<b>Principal Payments</b>
2024	\$ 133,674
2025	73,598
2026	38,091
2027	38,091
2028	27,047
<b>Total SCE Loan</b>	<b>\$ 310,501</b>

## NOTES PAYABLE – OTHER DEBT

### 2020B REVENUE NOTES

On June 30, 2020, the Chino Basin Regional Financing Authority issued the Chino Basin Regional Financing Authority Revenue Notes, Series 2020B in the amount of \$196,435,000.

- The notes were issued to (i) to finance, on an interim basis, a portion of the cost of the Regional Plant No.5 (RP-5) Expansion Project, (ii) to pay a portion of the capitalized interest with respect to the Notes, and (iii) to pay the costs of issuing the Notes.
- On May 27, 2020, the Chino Basin Regional Financing Authority and the Agency executed a Water Infrastructure Finance and Innovation Act loan (WIFIA loan) agreement with the United States Environmental Protection Agency for \$196,436,445 to finance a portion of the Regional Plant 5 (RP-5) Expansion project. The Agency expects to draw on the WIFIA loan to pay the principal of the 2020B Revenue Notes at maturity.
- The Notes mature and are payable on November 1, 2025. Interest payments are due semi-annually on November 1 and May 1 each year and range from \$2,640,959 to \$3,928,700 with an interest rate of 4 percent per annum. The balance outstanding on June 30, 2023, is comprised of the principal amount of \$196,435,000 plus unamortized deferred premium of \$15,274,423, for a total of \$211,709,423. This includes capitalized interest of \$15,272,398 to be used toward interest payments due. In the event of default, the entire principal amount of the unpaid installment payments and accrued interest thereon, are due and payable immediately.

<b>Year Ending June 30</b>	<b>Principal Payments</b>	<b>Interest Payment</b>	<b>Total</b>
2024	\$ -	\$ 7,587,400	\$ 7,857,400
2025	-	7,587,400	7,857,400
2026	196,435,000	3,928,700	200,363,700
<b>Total Revenue Notes</b>	<b>196,435,000</b>	<b>19,103,500</b>	<b>216,078,500</b>

## CITY OF FONTANA

On October 18, 2005, the Agency entered into a reimbursement agreement with the City of Fontana for the design and construction of the San Bernardino Avenue lift station and force main, to convey wastewater to the Agency's RP-4 regional water recycling facility, located south of San Bernardino Avenue. The City of Fontana received a State Revolving Fund (SRF) loan of \$9,577,747 from the State Water Resources Control Board, less \$1,596,323 in deferred interest charges for a net loan amount of \$7,981,424, for the cost of construction. The project was completed by June 30, 2010, and title and ownership of the regional lift station and force main were transferred to the Agency from the City of Fontana. The Agency is responsible for making repayments to the City of Fontana for payments made on this SRF loan.

As of June 30, 2023, the future payments for the remaining note payable obligation by year are as follows:

Year Ending June 30	Principal Payments	Interest Amortization	Total
2024	\$ 482,578	\$ 79,824	\$ 562,402
2025	482,578	79,824	562,402
2026	482,578	79,824	562,402
2027	482,578	79,824	562,402
2028	482,578	79,824	562,402
2029	213,176	5,720	218,896
<b>Total SRF Loans</b>	<b>\$ 2,626,066</b>	<b>\$ 404,840</b>	<b>\$ 3,030,906</b>

## CUCAMONGA VALLEY WATER DISTRICT

On August 21, 2002, the Agency entered into an agreement with Cucamonga Valley Water District (CVWD) to provide recycled water services, construct various system upgrades, apply for loans on behalf of CVWD, as well as other provisions. The agreement provides that revenues from the recycled water sales to customer Reliant Inc. which are in excess of the Agency's wholesale recycled water rate will be used to fund recycled water laterals within CVWD's service area or satellite water recycling plant for the exclusive recycled water service benefit of CVWD. These funds are held to fund future construction and other related expenditures due to CVWD as outlined in the agreement. As of June 30, 2023, the balance of this account is \$589,298.

### NOTE 13: ARBITRAGE REBATE OBLIGATION

Arbitrage rebate refers to the required payment to the U.S. Treasury of excess earnings received on tax exempt bond proceeds that are invested at a higher yield than the yield of the tax-exempt bond issue. Federal law requires that arbitrage liability, and cumulative excess arbitrage earnings, be calculated and remitted to the U.S. Treasury at the end of the fifth bond year, and every fifth year thereafter.

- The 2017A and 2020A Refunding Revenue bonds and the 2020B Revenue Notes are subject to arbitrage limitations.
  - The arbitrage rebate on the 2017A bonds was due in February 2018, resulted in no arbitrage rebate due. The next installment computation date is February 2027.

- The initial arbitrage rebate computation on the 2020A bonds and the 2020B notes was prepared in August 2021. The Agency has elected to have the arbitrage liability on this bond issue to be calculated annually for the first five years, and the computation that was performed in August 2023 resulting in a positive arbitrage rebate due as of FY 22/23. The next installment computation date is June 2025.

The Agency's arbitrage rebate liability is calculated by Willdan Financial Services, formerly MuniFinancial Inc. The arbitrage liability is included in "Other noncurrent liabilities" in the Regional Wastewater Fund and reflected on the Statement of Net Position on June 30, 2023, as a combined total of \$1,527,984.

## NOTE 14: ADVANCES TO/FROM OTHER FUNDS

The composition of advances to/from other funds balances as of June 30, 2023, is as follows:

Funds	Advances To Other Funds:		Total
	Recycled Water Fund	Recharge Water Fund	
<b>Advances From Other Funds:</b>			
Major Funds:			
Regional Wastewater Capital Improvement Fund	\$ 13,500,000	\$ 10,105,000	\$ 23,605,000
Recycled Water Fund	-	7,933,000	7,933,000
Subtotal	13,500,000	18,038,000	31,538,000
Non-Major Funds:			
Non-Reclaimable Wastewater Fund	3,000,000	-	3,000,000
Subtotal	3,000,000	-	3,000,000
<b>Total Advances</b>	<b>\$ 16,500,000</b>	<b>\$ 18,038,000</b>	<b>\$ 34,538,000</b>

## REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND & RECYCLED WATER FUND

On June 30, 2023, the Regional Wastewater Capital Improvement Fund reported an advance to the Recycled Water Fund in the amount of \$23,605,000. This advance supported the capital construction expenditures related to the Regional Recycled Water Distribution System as part of the Agency's Recycled Water Business Program Strategy. Repayment is scheduled over several fiscal years from increased recycled water sales.

At June 30, 2023, the Recycled Water Fund reported an advance to the Recharge Water Fund, in the amount of \$7,933,000. This advance supports the implementation of the Recharge Master Plan Updates projects that are included in the Recharge Water Fund. The Recharge Water fund has outstanding receivables related to State loans and grants related to the Recharge Master Plan Update projects and will repay the interfund loan as soon as the Agency receive those proceeds.

## NON-MAJOR FUNDS

At June 30, 2023, the Non-Reclaimable Wastewater Fund reported an advance to the Recycled Water Fund, with an outstanding balance in the amount of \$3,000,000. This advance supported the capital construction expenditures related to the Regional Recycled Water Distribution System as part of the Agency's Recycled Water Program Strategy. The remainder is scheduled to be repaid over several fiscal years from increased recycled water deliveries.

Interest on the advances is applied using the average monthly LAIF rate for the Fiscal Year.

### NOTE 15: INTERFUND TRANSFERS

In FY 2022/23, the Agency allocated inter-fund transfers of \$13,272,472 supporting debt service requirements, the Agency's pro-rata share of groundwater recharge O&M costs, capital and O&M/non-capital project costs based upon information defined in 2015 and 2020 Rate Studies.

#### Transfers In

The Regional Wastewater Capital Improvement Fund received a Transfer In of \$3,024,324 from the Regional Wastewater Operations & Maintenance fund to support the portion of the capital project costs for existing excess capacity in the Regional Wastewater system.

The Regional Wastewater Operations & Maintenance Fund received a Transfer In of \$1,349,954 from the Regional Wastewater Capital Improvement Fund for regional wastewater system management and expansion project costs, and to support its share of debt service costs for the Water Quality Laboratory State Revolving Fund (SRF) loan.

The Recycled Water Fund received Transfers In of \$2,534,530 from the Regional Wastewater Capital Improvement Fund for its share of the 2017A Refunding Revenue Bonds debt service costs and from the Regional Wastewater Operations & Maintenance Fund to support its share of debt service costs for the SCADA Enterprise/Wineville project.

The Water Resources Fund received Transfers In of \$828,608 in One Water Connection Fees from the Recycled Water Fund to support capital and O&M/non-capital project costs for water resource management, water expansion, and conservation projects.

Non-Major Enterprise funds received Transfers In the amount of \$5,535,056.

The Administrative Services Fund received Transfers In of \$3,300,135 from the Regional Wastewater Capital Improvement Fund to support capital and O&M/ non-capital project costs; from the Regional Wastewater Operations & Maintenance Fund for operating costs; the Recycled Water Fund to support capital and O&M/non-capital projects and operating costs; and from the Non-Major Non-Reclaimable Wastewater fund to support capital project and operating costs.

The Non-Reclaimable Wastewater Fund received Transfer In of \$468,308 from the Regional Wastewater Capital Improvement Fund to support capital and O&M/non-capital project costs.

The Recharge Water Fund received Transfers In of \$1,766,613 from the Regional Wastewater Capital Improvement Fund to support its share of the 2020A Refunding Revenue Bonds; and from the Recycled Water Fund to support

the Agency's pro rata share of basin maintenance costs per Peace I and II agreements with Chino Basin Watermaster and for support of O&M/non-capital projects.

### Transfers Out

The Regional Wastewater Capital Improvement Fund sent transfers out of \$7,657,017 to the Regional Wastewater Operations Fund to support or regional wastewater system management and expansion costs, and for debt service support; to the Recycled Water fund to support its share of the 2017A Refunding Revenue Bonds annual principal and interest expense; to the Administrative Services Fund, the Non-Reclaimable Wastewater Fund to support capital project costs; and to the Recharge Water Fund to support the Agency's share of principal and interest expense for the 2020A Refunding Revenue Bonds.

The Regional Wastewater Operations & Maintenance Fund sent transfers out of \$3,368,340 to the Regional Wastewater Capital Improvement Fund to support its share of capital project costs related to RP-5 Expansion project; to the Recycled Water Fund for its share of the SCADA Enterprise/Wineville project costs; and to the Administrative Services Fund to support operating cost.

The Recycled Water Fund sent transfers out of \$2,165,517 to the Water Resources Fund to support water use efficiency and conservation project costs; to the Recharge Water Fund to support operations support and capital and O&M/non-capital projects; and to the Administrative Services Fund to support capital and O&M/non-capital projects and operating costs.

The Non-Reclaimable Wastewater Fund sent transfers out of \$81,598 to the Administrative Services Fund to support capital projects and operating costs.

The following table reflects the interfund transfer balances in and out by fund as of June 30, 2023

#### FY 2022/23 Summary of Transfers In and Transfers Out by Fund

Funds	Transfers In:					Total
	Regional Wastewater Capital Imprv Fund	Regional Wastewater O & M Fund	Recycled Water Fund	Water Resources Fund	Non-Major Enterprise Funds	
<b>Transfers Out:</b>						
Regional Wastewater Capital Improvement Fund	\$ -	\$ 1,349,954	\$ 2,387,223	\$ -	\$ 3,919,840	\$ 7,657,017
Regional Wastewater Operations & Maintenance Fund	3,024,324		147,307		196,709	3,368,340
Recycled Water Fund				828,608	1,336,909	2,165,517
Non-Major Enterprise Funds					81,598	81,598
<b>Total Transfers</b>	<b>\$ 3,024,324</b>	<b>\$ 1,349,954</b>	<b>\$ 2,534,530</b>	<b>\$ 828,608</b>	<b>\$ 5,535,056</b>	<b>\$ 13,272,472</b>

## NOTE 16: LEASES

The Agency leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2028.

<b>Lease Payable</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Equipment	\$ 119,272	\$ 69,600	\$ (56,672)	\$ 132,200	\$ 61,021
<b>Total Lease Payable</b>	<b>\$ 119,272</b>	<b>\$ 69,600</b>	<b>\$ (56,672)</b>	<b>\$ 132,200</b>	<b>\$ 61,021</b>

Total future minimum lease payments under lease agreements are as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 61,021	\$ 1,544	\$ 62,565
2025	34,569	538	35,107
2026	14,939	209	15,148
2027	12,661	109	12,770
2028	9,010	25	9,035
<b>Totals</b>	<b>\$ 132,200</b>	<b>\$ 2,425</b>	<b>\$ 134,625</b>

## NOTE 17: WATER INVENTORY

On February 17, 2016, the Board approved the Water Storage Agreement between the Agency and the Cucamonga Valley Water District (CVWD) for the purchase of up to 5,000 acre-feet (AF) of supplemental water. This agreement, effective March 1, 2016, will enable the Agency to purchase and store water in the Chino Basin as part of CVWD's storage account. As of June 30, 2023, 3,599.272 AF are held in storage by CVWD on behalf of the Agency until such time the Agency elects to sell or transfer the stored water.

## NOTE 18: DEFINED OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

### GENERAL INFORMATION ABOUT THE OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

#### PLAN DESCRIPTION

The Agency contributes to the California Public Employees Retirement System (CalPERS) Public Employees Medical and Hospital Care Act (PEMHCA) health program, an agent multiple employer- defined benefit retiree healthcare plan. CalPERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the state of California.

Benefit provisions, and all other requirements, are established by State statutes within the Public Employees' Retirement Law. The Agency's Plan selects optional provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate annual comprehensive financial report.



Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 "Q" Street - Sacramento, CA 95811.

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## BENEFITS PROVIDED

In accordance with the Agency Memorandum of Understanding (MOU), the Agency provides monthly longevity benefits to each retiree minus the minimum PEMHCA contribution or \$149.00, whichever is greater. Each retiree who simultaneously retires from the Agency through CalPERS and who is a minimum age of fifty-five (55) receives the benefit, as shown in the chart below.

Hire Date	Retirement Date	Benefit Level	Minimum Years of Agency Service	Benefit
Before July 2, 1980	N/A	Employee and/or eligible dependent(s)	15	100% of applicable Kaiser Rate
Before Jan. 1, 1992	N/A	Employee and/or eligible dependent(s)	20	50% of applicable Kaiser Rate
After Dec. 31, 1991	N/A	Employee only or surviving spouse	12	50% of applicable Kaiser Rate

The longevity benefit is available to qualifying retirees whether they enroll in a CalPERS medical plan or not. The retiree will be reimbursed on a monthly basis for his/her retiree longevity benefit via direct deposit to the retiree's (or surviving spouse's) bank account, up to the maximum benefit provided. Retirees are responsible for any taxes that may be due on reimbursement of retiree longevity benefits.

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## EMPLOYEES COVERED

As of the June 30, 2023 (measurement date as of June 30, 2022) actuarial valuation, the following current and former employees were covered by the benefit terms under the Agency Plan:

Inactive employees or beneficiaries currently receiving benefits	174
Inactive employees entitled to, but not yet receiving benefits	0
Active employees	280
<b>Total</b>	<b>454</b>

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## CONTRIBUTIONS

The OPEB Plan and its contribution requirements are established by a Memorandum of Understanding with the applicable employee bargaining units and may be amended by agreements between the Agency and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2023, the Agency's contributions were \$684,611.

## NET OPEB LIABILITY

The Agency's net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2021, rolled forward to June 30, 2022, using standard update procedures, and based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Payroll growth	2.75% per annum, in aggregate
Investment Rate of Return	6.25% (net of pension plan investment and administration expenses; includes inflation)
Mortality Rate <sup>(1)</sup>	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover <sup>(2)</sup>	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	5.00% HMO/5.00% PPO decreasing to 4.50% HMO/4.50% PPO

### Notes:

<sup>(1)</sup> Pre-retirement mortality information was derived from the 2017 Experience Study. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

<sup>(2)</sup> The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2017 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation
<b>CERBT</b>	
Global Entity	40.00%
Global Debt Securities	43.00%
Inflation Assets	5.00%
Commodities	4.00%
REITs	8.00%
<b>Total</b>	<b>100.00%</b>

Long-term expected rate of return is 6.25%

## DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## CHANGES IN THE OPEB ASSET

The changes in the net OPEB asset for the Agency's Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (Asset)	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
<b>Balances at June 30, 2022</b> <i>(Measurement Date June 30, 2021)</i>	\$ 17,943,906	\$ 22,909,514	\$ (4,965,608)
<b>Changes in Current Year:</b>			
Service cost	543,200	-	543,200
Interest on the total OPEB liability	1,108,983	-	1,108,983
Contributions - employer	-	943,554	(943,554)
Projected earnings on investment	-	1,431,664	(1,431,664)
Differences between projected and actual earnings on OPEB plan investment	-	(4,313,238)	4,313,238
Administrative expenses	-	(5,793)	5,793
Benefit payments, including refunds of employee contributions	(943,554)	(943,554)	-
<b>Current Year Net Changes</b>	<b>\$ 708,629</b>	<b>\$ (2,887,367)</b>	<b>\$ 3,595,996</b>
<b>Balance at June 30, 2023</b> <i>(Measurement Date June 30, 2022)</i>	<b>\$ 18,652,535</b>	<b>\$ 20,022,147</b>	<b>\$ (1,369,612)</b>

## SENSITIVITY OF THE NET OPEB ASSET TO CHANGES IN THE DISCOUNT RATE

The following presents the net OPEB asset of the Agency Plan, calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Asset	\$ 803,922	\$ (1,369,612)	\$ (3,190,225)

## SENSITIVITY OF THE NET OPEB ASSET TO CHANGES IN THE HEALTH CARE COST TREND RATES

The following presents the net OPEB asset of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	<b>1% Decrease</b> (4.00% HMO/4.00% PPO decreasing to 3.50% HMO/3.50% PPO)	<b>Current Healthcare Cost Trend Rates</b> (5.00% HMO/5.00% PPO decreasing to 4.50% HMO/4.50% PPO)	<b>1% Increase</b> (6.00% HMO/6.00% PPO decreasing to 5.50% HMO/5.50% PPO)
Net OPEB Asset	\$ (3,649,284)	\$ (1,369,612)	\$ 1,415,708

## OPEB PLAN FIDUCIARY NET POSITION

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial reports.

## RECOGNITION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

<b>Net difference between projected and actual earnings on OPEB plan investments</b>	<b>5-year straight-line amortization</b>
All other amounts	Expected average remaining service lifetime (EARSL) (5.0 Years at June 30, 2023)

For the fiscal year ended June 30, 2023, the Agency recognized OPEB expense of \$337,187. As of fiscal year ended June 30, 2023, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement date	\$ 684,611	\$ -
Change in experience	632,825	1,492,381

Change in assumptions	122,585	157,632
Net differences between projected and actual earnings on OPEB plan investments	2,022,143	-
<b>Total</b>	<b>\$ 3,462,164</b>	<b>\$ 1,650,013</b>

The \$684,611 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024.

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future pension expense as follows:

<b>Fiscal Year Ending June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2024	\$301,317
2025	306,497
2026	261,876
2027	607,651
2028	(249,854)
Thereafter	(\$ 99,947)

## NOTE 19: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Agency has a variety of arrangements for the purchase of information technology services, including Subscription-Based information Technology arrangements (SBITAs) for the purchase of the right to use software. The subscriptions expire at various dates through 2028.

<b>SBITAs Payable</b>	<b>Beginning Balance*</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Subscription	\$ 560,687	\$ 139,865	\$ (161,877)	\$ 538,675	\$ 164,004
<b>Total SBITAs Payable</b>	<b>\$ 560,687</b>	<b>\$ 139,865</b>	<b>\$ (161,877)</b>	<b>\$ 538,675</b>	<b>\$ 164,004</b>

\*Restated due to implementation of GASB 96

Total future minimum subscription payments under SBITAs are as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 164,004	\$ 14,214	\$ 178,218
2025	158,571	9,226	167,797
2026	163,484	4,084	167,568
2027	46,863	558	47,421
2028	5,753	15	5,768
<b>Total</b>	<b>\$ 538,675</b>	<b>\$ 28,097</b>	<b>\$ 566,772</b>

## NOTE 20: RESTATEMENT OF NET POSITION

The effect of the restatement of net position is as follows:

	<u>Water Resources</u>	<u>Non-Major</u>
Net position as previously reported July 1, 2022	\$ 44,074,108	\$ 114,737,808
Reversal of prior year revenue	-	(523,084)
Recognition of prior year expense	(1,497,330)	(1,271,306)
Net position as restated, July 1, 2022	<u>42,576,778</u>	<u>112,943,418</u>

In the prior year the Agency recognized grant revenue that was a pass-through grant related to the Chino Desalter Authority (CDA.) This grant revenue should have been recognized as a liability, pending receipt of funds from the State and billing from the CDA. As a result, grant revenue was overstated by \$523,084 in the Administrative Services non-major fund.

In prior years the Agency classified project related expenses as work in progress, which were not capital expenditures and should have been expensed. As a result, expenses were understated by \$2,768,636 of which \$1,497,330 was applicable to the Water Resources Fund and \$1,271,306 to the Recharge Water non-major fund.





# Regional Plant No. 5

## Aerial and Clarifier



**INLAND EMPIRE UTILITIES AGENCY  
Required Supplementary Information**

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**CalPERS Miscellaneous Pension Plan Schedule of Contributions**

**Schedule of Changes in Net Pension Liability and Related Ratios**

**CalPERS Retiree Healthcare Plan Schedule of Contributions**

**Schedule of Changes in the Net Other Post-Employment Benefit (OPEB)  
Liability and Related Ratios**

**CALPERS MISCELLANEOUS PENSION PLAN**  
**SCHEDULE OF CONTRIBUTIONS**  
**AS OF JUNE 30, 2023**  
**LAST TEN YEARS\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Actuarially determined contribution	\$ 6,750,008	\$ 6,474,472	\$ 6,192,868	\$ 5,751,862	\$ 4,266,593
Contributions in relation to the actuarially determined contributions	(11,250,008)	(10,974,472)	(10,692,868)	(10,251,862)	(9,766,593)
Contribution deficiency (excess)	<b>(\$ 4,500,000)</b>	<b>(\$ 4,500,000)</b>	<b>(\$ 4,500,000)</b>	<b>(\$ 4,500,000)</b>	<b>(\$ 4,500,000)</b>
Covered payroll	\$ 34,260,811	\$ 31,560,357	\$ 30,559,735	\$ 29,615,605	\$ 28,525,130
Contributions as a percentage of covered payroll	32.84%	34.77%	34.99%	34.62%	34.24%

Notes to Schedule:

Valuation Date 6/30/2020

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll closed
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Inflation	2.5%
Salary increases	Varies by entry age and service
Investment rate of return	7.00%, net of pension plan investment and administrative expense, includes inflation
Retirement age	55 years (2.5%@55, 2%@55, and 2%@62)
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using Society of Actuaries 90 percent of scale MP 2016.

\*Fiscal year 2014/15 was the first year of GASB 68 implementation, therefore only nine years of data are shown.

**CALPERS MISCELLANEOUS PENSION PLAN**  
**SCHEDULE OF CONTRIBUTIONS (continued)**  
**AS OF JUNE 30, 2023**  
**LAST TEN YEARS\***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 4,785,958	\$ 4,986,891	\$ 4,653,741	\$ 3,854,702
Contributions in relation to the actuarially determined contributions	(9,285,958)	(9,486,891)	(9,153,741)	(8,354,702)
Contribution deficiency (excess)	<b>(\$ 4,500,000)</b>	<b>(\$ 4,500,000)</b>	<b>(\$ 4,500,000)</b>	<b>(\$ 4,500,000)</b>
Covered payroll	\$ 29,042,418	\$ 27,131,239	\$ 25,127,054	\$ 23,007,322
Contributions as a percentage of covered payroll	31.97%	34.97%	36.43%	36.31%

**CALPERS MISCELLANEOUS PENSION PLAN**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN YEARS\***

	2023 (Measurement Date June 30, 2022)	2022 (Measurement Date June 30, 2021)	2021 (Measurement Date June 30, 2020)	2020 (Measurement Date June 30, 2019)	2019 (Measurement Date June 30, 2018)
<b>Total Pension Liability:</b>					
Service Cost	\$ 5,434,679	\$ 4,811,976	\$ 4,763,123	\$ 4,618,250	\$ 4,646,509
Interest on total pension liability	17,352,110	16,526,308	15,744,171	14,817,042	13,746,742
Differences between expected and actual experience	139,541	(100,156)	2,118,811	4,490,811	2,100,628
Changes in assumptions	9,057,034	-	-	-	(1,453,107)
Changes in benefits		-	-	-	-
Benefit payments, including refunds of employee contributions	(11,068,468)	(9,938,530)	(9,046,642)	(8,272,800)	(7,528,545)
Net Change in Total Pension Liability	20,914,896	11,299,598	13,579,463	15,653,303	11,512,227
Total Pension Liability - Beginning of Year	245,100,195	233,800,597	220,221,134	204,567,831	193,055,604
Total Pension Liability - End of Year (a)	<b>\$ 266,015,091</b>	<b>\$ 245,100,195</b>	<b>\$ 233,800,597</b>	<b>\$ 220,221,134</b>	<b>\$ 204,567,831</b>
<b>Plan Fiduciary Net Position:</b>					
Contributions- employer	\$ 10,946,066	\$ 10,661,065	\$ 10,209,060	\$ 9,747,753	\$ 9,461,289
Contributions- employee	2,234,169	2,223,360	2,265,833	2,207,304	2,374,114
Net investment income	(18,257,157)	44,239,171	9,174,676	11,107,508	13,002,740
Benefit payments	(11,068,468)	(9,938,530)	(9,046,642)	(8,272,800)	(7,528,545)
Net plan to plan resources movement	-	-	-	-	(385)
Administrative expense	(149,795)	(193,268)	(255,343)	(118,785)	(233,464)
Other miscellaneous income (expense)	-	-	-	385	(443,351)
Net Change in Plan Fiduciary Net Position	(16,295,185)	46,991,798	12,347,584	14,671,365	16,632,398
Plan Fiduciary Net Position - Beginning of Year	240,464,948	193,473,150	181,125,566	166,454,201	149,821,803
Plan Fiduciary Net Position - End of Year (b)	<b>\$ 224,169,763</b>	<b>\$ 240,464,948</b>	<b>\$ 193,473,150</b>	<b>\$ 181,125,566</b>	<b>\$ 166,454,201</b>
<b>Net Pension on Liability - Ending</b>	<b>\$ 41,845,328</b>	<b>\$ 4,635,247</b>	<b>\$ 40,327,447</b>	<b>\$ 39,095,568</b>	<b>\$ 38,113,630</b>
<b>Plan Fiduciary Net Position as Percentage of the Total Pension Liability</b>	<b>84.27%</b>	<b>98.11%</b>	<b>82.75%</b>	<b>82.25%</b>	<b>81.37%</b>
<b>Covered Payroll</b>	<b>\$ 31,560,357</b>	<b>\$ 30,559,735</b>	<b>\$ 29,615,605</b>	<b>\$ 28,525,130</b>	<b>\$ 29,042,418</b>
<b>Net Pension Liability as Percentage of Covered Payroll</b>	<b>132.59%</b>	<b>15.17%</b>	<b>136.17%</b>	<b>137.06%</b>	<b>131.23%</b>

**Notes to schedule:**

Benefit Changes: There were no changes in benefits.

Changes in Assumptions: From fiscal year June 30, 2022 to June 30, 2023, the discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

\*Fiscal Year 2014/2015 was the first year of GASB 68 implementation, therefore only nine years of data is shown.

**CALPERS MISCELLANEOUS PENSION PLAN**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (continued)**  
**LAST TEN YEARS\***

	2018 (Measurement Date June 30, 2017)	2017 (Measurement Date June 30, 2016)	2016 (Measurement Date June 30, 2015)	2015 (Measurement Date June 30, 2014)
<b>Total Pension Liability:</b>				
Service Cost	\$ 4,454,352	\$ 3,749,410	\$ 3,685,630	\$ 3,768,503
Interest on total pension liability	12,950,950	12,103,023	11,654,818	10,818,920
Differences between expected and actual experience	1,897,341	(3,516,255)	2,049,978	-
Changes in assumptions	11,206,890	-	(2,979,771)	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(6,509,351)	(6,263,541)	(5,730,808)	(5,304,990)
Net Change in Total Pension Liability	24,000,182	6,072,637	8,679,847	9,282,433
Total Pension Liability - Beginning of Year	169,055,422	162,982,785	154,302,938	145,020,505
Total Pension Liability - End of Year (a)	<b>\$ 193,055,604</b>	<b>\$ 169,055,422</b>	<b>\$ 162,982,785</b>	<b>\$ 154,302,938</b>
<b>Plan Fiduciary Net Position:</b>				
Contributions- employer	\$ 9,481,188	\$ 9,014,122	\$ 8,330,807	\$ 3,733,583
Contributions- employee	2,170,535	1,949,174	1,812,908	2,374,649
Net investment income	15,011,231	649,762	2,718,511	17,346,113
Benefit payments	(6,509,351)	(6,263,541)	(5,730,808)	(5,304,990)
Net plan to plan resources movement	-	-	-	-
Administrative expense	(191,729)	(75,929)	(140,237)	-
Other miscellaneous income (expense)	-	-	-	-
Net Change in Plan Fiduciary Net Position	19,961,874	5,273,588	6,991,181	18,149,355
Plan Fiduciary Net Position - Beginning of Year	129,859,929	124,586,341	117,595,160	99,445,805
Plan Fiduciary Net Position - End of Year (b)	<b>\$ 149,821,803</b>	<b>\$ 129,859,929</b>	<b>\$ 124,586,341</b>	<b>\$ 117,595,160</b>
<b>Net Pension on Liability - Ending</b>	<b>\$ 43,233,801</b>	<b>\$ 39,195,493</b>	<b>\$ 38,396,444</b>	<b>\$ 36,707,778</b>
<b>Plan Fiduciary Net Position as Percentage of the Total Pension Liability</b>	<b>77.61%</b>	<b>76.82%</b>	<b>76.44%</b>	<b>76.21%</b>
<b>Covered Payroll</b>	<b>\$ 27,131,239</b>	<b>\$ 25,127,054</b>	<b>\$ 23,007,322</b>	<b>\$ 23,082,763</b>
<b>Net Pension Liability as Percentage of Covered Payroll</b>	<b>159.35%</b>	<b>155.99%</b>	<b>166.89%</b>	<b>159.03%</b>

**CALPERS RETIREE HEALTHCARE PLAN**  
**SCHEDULE OF CONTRIBUTIONS**  
**AS OF JUNE 30, 2023**  
**LAST TEN YEARS\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 1,051,267	\$ 980,151	\$ 607,966	\$ 593,115	\$ 608,943	\$ 561,354
Contributions in relation to the actuarially determined contributions	(684,611)	(724,738)	(661,074)	(1,637,271)	(2,608,943)	(2,561,354)
Contribution deficiency (excess)	<b>\$ 366,656</b>	<b>\$ 255,413</b>	<b>(\$ 53,108)</b>	<b>(\$1,044,156)</b>	<b>(\$2,000,000)</b>	<b>(\$2,000,000)</b>
Covered-employee payroll	\$ 4,404,218	\$ 4,335,613	\$ 4,216,543	\$ 4,008,335	\$ 3,737,662	\$ 3,788,381
Contributions as a percentage of covered-employee payroll	15.54%	16.72%	15.68%	40.85%	69.80%	67.61%

Notes to Schedule:

Valuation Date 6/30/2021

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method/period	Level percentage of payroll over a closed rolling 15-year period
Asset valuation method	Market value of assets
Inflation	2.50%
Payroll growth	2.75% per annum, in aggregate
Investment rate of return	6.25% (net of OPEB plan investment and administration expenses; includes inflation)
Healthcare cost-trend rates	4.50% HMO/6.50% PPO initial. Decreasing 0.5% per year to trend rate that reflects medical price inflation.
Retirement age	55 years (2.5%@55, 2%@55, and 2%@62)
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience. Pre-retirement mortality probability based on 2017 CalPERS Experience Study. Post-retirement mortality probability based on 2007 to 2011 CalPERS Experience Study covering participants in CalPERS.

\*Fiscal year 2017/18 was the first year of GASB 75 implementation, therefore only six years of data is shown.

**CALPERS RETIREE HEALTHCARE PLAN**  
**SCHEDULE OF CHANGES IN THE NET OTHER POST EMPLOYMENT BENEFITS (OPEB)**  
**LIABILITY AND RELATED RATIOS**  
**LAST TEN YEARS\***

	2023	2022	2021	2020	2019	2018
	(Measurement Date June 30, 2022)	(Measurement Date June 30, 2021)	(Measurement Date June 30, 2020)	(Measurement Date June 30, 2019)	(Measurement Date June 30, 2018)	(Measurement Date June 30, 2017)
<b>Total OPEB Liability:</b>						
Service cost	\$ 543,200	\$ 477,604	\$ 464,821	\$ 534,995	\$ 520,676	\$ 491,205
Interest on total OPEB Liability	1,108,983	1,218,216	1,186,978	1,068,735	1,005,737	954,618
Differences between expected and actual experience	-	(2,016,914)	-	1,476,597	-	-
Changes in assumptions	-	167,989	(36,017)	(367,808)	(1,161,761)	-
Changes in benefits	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(943,554)	(893,863)	(878,603)	(731,819)	(666,542)	(580,077)
Net Change in the Total OPEB Liability	708,629	(1,046,968)	737,179	1,980,700	(301,890)	865,746
Total OPEB Liability - Beginning of Year	17,943,906	18,990,874	18,253,695	16,272,995	16,574,885	15,709,139
Total OPEB Liability - End of Year (a)	<b>\$ 18,652,535</b>	<b>\$ 17,943,906</b>	<b>\$ 18,990,874</b>	<b>\$ 18,253,695</b>	<b>\$ 16,272,995</b>	<b>\$ 16,574,885</b>
<b>Plan Fiduciary Net Position:</b>						
Contributions - employer	943,554	893,863	1,878,603	\$ 2,731,819	\$ 2,666,542	\$ 2,580,077
Contributions - employee	-	-	-	-	-	-
Net Investment income	1,431,664	1,244,592	1,152,203	1,015,006	551,142	372,066
Difference between expected and actual investment income	(4,313,238)	2,520,839	(223,090)	-	-	-
Benefit payments	(943,554)	(893,863)	(878,603)	(731,819)	(666,542)	(580,077)
Administrative expense	(5,793)	(6,975)	(8,519)	(3,076)	(6,115)	(4,884)
Other expense	-	-	-	-	(15,471.00)	-
Net Change in Plan Fiduciary Net Position	(2,887,367)	3,758,456	1,920,594	3,011,930	2,529,556	2,367,182
Plan Fiduciary Net Position - Beginning of Year	22,909,514	19,151,058	17,230,464	14,218,534	11,688,978	9,321,796
Plan Fiduciary Net Position - End of Year (b)	<b>\$ 20,022,147</b>	<b>\$ 22,909,514</b>	<b>\$ 19,151,058</b>	<b>\$ 17,230,464</b>	<b>\$ 14,218,534</b>	<b>\$ 11,688,978</b>
<b>Net OPEB Liability (Asset) - Ending (a)-(b)</b>	<b>\$ (1,369,612)</b>	<b>\$ (4,965,608)</b>	<b>\$ (160,184)</b>	<b>\$ 1,023,231</b>	<b>\$ 2,054,461</b>	<b>\$ 4,885,907</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>107.34%</b>	<b>127.67%</b>	<b>100.84%</b>	<b>94.39%</b>	<b>87.38%</b>	<b>70.52%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 4,335,613</b>	<b>\$ 4,216,543</b>	<b>\$ 4,008,335</b>	<b>\$ 3,737,662</b>	<b>\$ 3,788,381</b>	<b>\$ 3,507,284</b>
<b>Net OPEB Liability as Percentage of Covered-Employee Payroll</b>	<b>-31.59%</b>	<b>-117.76%</b>	<b>-4.00%</b>	<b>27.38%</b>	<b>54.23%</b>	<b>139.31%</b>

**Notes to Schedule:**

Benefit Changes: There were no changes in benefits.

\*Fiscal year 2017/2018 was the first year of GASB 75 implementation, therefore only six years of data is shown.





# Regional Plant No. 1

## Settling Bridge Conduit Work

# INLAND EMPIRE UTILITIES AGENCY

## Supplementary Information

### SUPPLEMENTARY SCHEDULES

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#### Non-Major Enterprise Fund Statements

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##### NON-RECLAIMABLE WASTEWATER FUND

The Non-reclaimable Wastewater System (NRWS) Fund records the transactions for the acquisition, construction, expansion, replacement, and operations of the Agency's non-reclaimable wastewater sewer lines, interceptors, and appurtenant facilities. It also accounts for the revenues and operating costs directly related to providing collection services, wastewater conveyance/transport, and wastewater treatment.

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##### RECHARGE WATER FUND

The Recharge Water Fund accounts for the revenues and expenses associated with the groundwater recharge operations and maintenance through the joint effort of the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the San Bernardino County Flood Control District (SBCFCD), and the Inland Empire Utilities Agency. Expenses include general basin maintenance or restoration costs, groundwater administration (e.g.: labor, utilities, equipment, and tools), contracted services (e.g.: weeding and vector control), as well as compliance reporting and environmental documentation for the program's Fish & Game Permit. The operations and maintenance budget is partially funded by the Chino Basin Watermaster (CBWM) and the Agency. Revenues include reimbursements from CBWM; the Agency's share is supported by fund transfer from the Recycled Water fund, grant proceeds, and interest earnings on the program's reserve balance.

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##### ADMINISTRATIVE SERVICES FUND

The Agency's employment costs and general and administrative expenses not specific to other Agency funds are initially budgeted in the Administrative Services Fund. These costs include capital acquisitions for Agency-wide use, purchases of non-capital and non-project related materials, supplies, tools, and contract services. Throughout the year, pertinent expenses such as staff labor, equipment, and facilities maintenances costs are allocated to the Agency's various programs, departments, and external clients on a cost reimbursement basis, based on either estimated staff work time, frequency of equipment usage, or full time equivalent (FTE) participation for specific programs or activities.

**INLAND EMPIRE UTILITIES AGENCY**  
**Combining Statement of Net Position**  
**June 30, 2023**

	Non-Major Enterprise Funds			Totals
	Non-reclaimable	Recharge	Administrative	
	Wastewater	Water	Services	2023
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 22,106,644	\$ 568,816	\$ 25,369,320	\$48,044,780
Accounts receivable	3,688,824	16,626,277	2,905,783	23,220,884
Interest receivable	1,613,831	-	53,855	1,667,686
Taxes receivable	-	-	31,200	31,200
Notes receivable, current portion (note 10)	-	-	-	-
Other receivables	-	-	31,434	31,434
Inventory	-	-	1,592,141	1,592,141
Prepaid items	-	-	178,763	178,763
<b>Total current assets</b>	<b>27,409,299</b>	<b>17,195,093</b>	<b>30,162,496</b>	<b>74,766,888</b>
Noncurrent assets				
Restricted assets				
Deposits held by retentions	-	759,873	-	759,873
Investments held with trustee/fiscal agent	41	-	-	41
<b>Total restricted assets</b>	<b>41</b>	<b>759,873</b>	<b>-</b>	<b>759,914</b>
Capital assets				
Land	-	-	20,829	20,829
Jobs in progress	9,223,007	27,067,006	8,291,945	44,581,958
Capital assets, net of accumulated depreciation	10,651,796	33,627,317	10,268,648	54,547,761
Intangible assets, net of accumulated amortization	877,436	-	990,684	1,868,120
<b>Total capital assets</b>	<b>20,752,239</b>	<b>60,694,323</b>	<b>19,572,106</b>	<b>101,018,668</b>
Other assets				
Advances to other funds	3,000,000	-	-	3,000,000
Net other postemployment benefit	88,909	4,993	40,923	134,825
<b>Total other assets</b>	<b>3,088,909</b>	<b>4,993</b>	<b>40,923</b>	<b>3,134,825</b>
<b>Total noncurrent assets</b>	<b>23,841,190</b>	<b>61,459,189</b>	<b>19,613,029</b>	<b>104,913,407</b>
<b>Total assets</b>	<b>51,250,489</b>	<b>78,654,282</b>	<b>49,775,526</b>	<b>179,680,295</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow related to debt refunding	231,102	-	-	231,102
Deferred outflow net other postemployment benefit liability	167,402	91,424	168,587	427,413
Deferred outflow related to net pension liability	1,465,396	857,956	1,465,164	3,788,516
<b>Total deferred outflows of resources</b>	<b>1,863,900</b>	<b>949,380</b>	<b>1,633,751</b>	<b>4,447,031</b>

INLAND EMPIRE UTILITIES AGENCY

Combining Statement of Net Position (Continued from previous page)

June 30, 2023

LIABILITIES	Non-Major Enterprise Funds			Totals 2023
	Non-reclaimable	Recharge	Administrative	
	Wastewater	Water	Services	
<b>Current liabilities</b>				
Accounts payable	\$ 3,251,786	\$ 718,647	\$ 3,136,211	\$ 7,106,644
Accrued liabilities	-	-	1,859,750	1,859,750
Compensated absences	-	-	2,401,192	2,401,192
Retentions payable	11,454	118,578	78,044	208,076
Long-term debt, due within one year	398,273	616,980	-	1,015,253
Lease payable, due within one year	-	-	61,021	61,021
SBITA payable, due within one year	-	-	164,004	164,004
Interest payable	37,944	208,912	-	246,856
Retentions deposits and escrows	-	759,873	-	759,873
<b>Total current liabilities</b>	<b>3,699,457</b>	<b>2,422,990</b>	<b>7,700,222</b>	<b>13,822,669</b>
<b>Noncurrent liabilities</b>				
Compensated absences	-	-	3,905,585	3,905,585
Long-term debt, due in more than one year (note 12)	4,841,327	7,959,245	-	12,800,572
Notes payable, due in more than one year (note 12)	-	8,635,202	-	8,635,202
Lease payable, due in more than one year (note 16)	-	-	71,179	71,179
SBITA payable, due in more than one year (note 19)	-	-	374,671	374,671
Advances from other funds (note 14)	-	18,038,000	-	18,038,000
Other noncurrent liabilities	-	-	-	-
Net pension liability (note 5)	2,087,702	1,098,812	2,038,240	5,224,754
<b>Total noncurrent liabilities</b>	<b>6,929,029</b>	<b>35,731,259</b>	<b>6,389,675</b>	<b>49,049,963</b>
<b>Total liabilities</b>	<b>10,628,486</b>	<b>38,154,249</b>	<b>14,089,897</b>	<b>62,872,632</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow net other postemployment benefit liability	88,166	30,551	66,869	185,586
Deferred inflow related to net pension liability	2,628	791	1,828	5,247
<b>Total deferred inflows of resources</b>	<b>90,794</b>	<b>31,342</b>	<b>68,697</b>	<b>190,833</b>
<b>NET POSITION</b>				
Net investment in capital assets	15,671,898	42,922,284	18,620,959	77,215,141
<b>Restricted for:</b>				
SRF loan debt service	-	407,042	-	407,042
Bond operating contingency requirement	3,934,357	-	1,161,644	5,096,001
Net other postemployment benefit	88,909	4,993	40,923	134,825
<b>Total restricted</b>	<b>4,023,266</b>	<b>412,035</b>	<b>1,202,567</b>	<b>5,637,868</b>
Unrestricted	22,699,945	(1,916,248)	17,427,157	38,210,854
<b>Total net position</b>	<b>\$ 42,395,109</b>	<b>\$ 41,418,071</b>	<b>\$ 37,250,683</b>	<b>\$ 121,063,863</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2023**

	Non-Major Enterprise Funds			Totals 2023
	Non-reclaimable	Recharge	Administrative	
	Wastewater	Water	Services	
<b>OPERATING REVENUES</b>				
Service charges	\$ 13,604,248	\$ -	\$ -	\$ 13,604,248
Total operating revenues	<u>13,604,248</u>	<u>-</u>	<u>-</u>	<u>13,604,248</u>
<b>OPERATING EXPENSES</b>				
Wastewater collection	9,854,944	-	345	9,855,289
Administration and general	1,948,128	2,016,080	3,484,588	7,448,796
Depreciation and amortization	659,219	1,149,495	1,644,418	3,453,132
Total operating expenses	<u>12,462,291</u>	<u>3,165,575</u>	<u>5,129,351</u>	<u>20,757,217</u>
Operating income (loss)	<u>1,141,957</u>	<u>(3,165,575)</u>	<u>(5,129,351)</u>	<u>(7,152,969)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	561,433	-	471,473	1,032,906
Property tax revenue	2	-	3,564,818	3,564,820
Other nonoperating revenues	313,234	1,523,096	137,538	1,973,868
Interest on long-term debt	(233,468)	(543,105)	(20,901)	(797,474)
Other nonoperating expenses	-	-	(960,535)	(960,535)
Total nonoperating revenues (expenses)	<u>641,201</u>	<u>979,991</u>	<u>3,192,393</u>	<u>4,813,585</u>
Income (loss) before capital contributions and transfers	1,783,158	(2,185,584)	(1,936,958)	(2,339,384)
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>				
Transfers in	468,308	1,766,613	3,300,135	5,535,056
Transfers out	(81,598)	-	-	(81,598)
Capital grants	-	5,004,371	2,000	5,006,371
Change in net position	<u>2,169,868</u>	<u>4,585,400</u>	<u>1,365,177</u>	<u>8,120,445</u>
Total net position - beginning, as restated	<u>40,225,241</u>	<u>36,832,671</u>	<u>35,885,506</u>	<u>112,943,418</u>
Total net position - ending	<u>\$ 42,395,109</u>	<u>\$ 41,418,071</u>	<u>\$ 37,250,683</u>	<u>\$ 121,063,863</u>

**INLAND EMPIRE UTILITIES AGENCY**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year ended June 30, 2023**

	Non-Major Enterprise Funds			Totals 2023
	Non-Reclaimable Wastewater	Recharge Water	Administrative Services	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 12,451,335	\$ -	\$ (1,418,232)	\$ 11,033,103
Cash received from interfund services provided	-	-	39,333,701	39,333,701
Cash payments to suppliers for goods and services	(10,548,975)	(2,721,881)	(11,993,526)	(25,264,382)
Cash payments to employees for services	(1,263,001)	(798,163)	(31,860,782)	(33,921,947)
Net cash provided by (used for) operating activities	639,359	(3,520,044)	(5,938,839)	(8,819,524)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	468,308	1,766,613	3,300,135	5,535,056
Transfers out	(81,598)	-	-	(81,598)
Contract reimbursement from others	313,237	1,523,094	1,744,234	3,580,565
Tax revenues	6	-	3,570,496	3,570,502
Cash paid to others	-	-	(964,492)	(964,492)
Advances from other funds	-	10,105,000	-	10,105,000
Net cash provided by (used for) noncapital financing activities	699,953	13,394,707	7,650,373	21,745,032
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,262,442)	(9,856,374)	(3,173,341)	(14,292,157)
Proceeds from sale of assets	-	-	2,438	2,438
Capital grants received	-	1,625,138	2,000	1,627,138
Principal paid on leases	-	-	(56,672)	(56,672)
Principal paid on SBITA	-	-	(161,877)	(161,877)
Principal paid on capital debt	(306,195)	(581,385)	-	(887,580)
Interest paid on capital debt	(280,426)	(369,258)	(16,942)	(666,626)
Bond administration fees	(42,115)	(196,765)	-	(238,880)
Net cash provided by (used for) capital and related financing activities	(1,891,178)	(9,378,644)	(3,404,395)	(14,674,216)

**INLAND EMPIRE UTILITIES AGENCY**  
**Combining Statement of Cash Flows - (Continued from previous page)**  
**For the Fiscal Year ended June 30, 2023**

	Non-Major Enterprise Funds			Totals 2023
	Non-Reclaimable Wastewater	Recharge Water	Administrative Services	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	\$ 479,724	\$ -	\$ 466,881	\$ 946,605
Sale of investments	-	-	39,060,898	39,060,898
Purchase of investments	(3,684,078)	-	(15,140,713)	(18,824,791)
Net cash provided by (used for) investing activities	<u>(3,204,354)</u>	<u>-</u>	<u>24,387,067</u>	<u>21,182,712</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,756,220)</u>	<u>496,019</u>	<u>22,694,205</u>	<u>19,434,005</u>
Cash and cash equivalents - beginning	<u>9,635,954</u>	<u>272,762</u>	<u>2,675,115</u>	<u>12,583,831</u>
Cash and cash equivalents - ending	<u>\$ 5,879,734</u>	<u>\$ 768,781</u>	<u>\$ 25,369,320</u>	<u>\$ 32,017,836</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

Operating income (loss)	\$ 1,141,957	\$ (3,165,575)	\$ (5,129,352)	\$ (7,152,970)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation and amortization	659,219	1,149,495	1,644,418	3,453,132
Changes in assets and liabilities				
(Increase) decrease in				
Accounts receivable	(1,152,913)	-	(1,549,520)	(2,702,433)
Other receivables	-	-	-	-
Short term receivables	-	-	131,288	131,288
Taxes receivable	-	-	-	0
Inventory	-	-	(214,631)	(214,631)
Prepaid items	-	-	(53,268)	(53,268)
Increase (decrease) in				
Deferred outflow related to net pension liability	(808,524)	(601,000)	(752,369)	(2,161,894)
Deferred outflow related to net other post employment benefit	(79,915)	(58,554)	(91,603)	(230,072)
Accounts payable	424,541	(1,429,377)	(465,751)	(1,470,587)
Retention payable	(181,813)	-	-	(181,813)
Accrued liabilities	-	-	(854,760)	(854,760)
Deferred inflow related to net pension liability	(1,287,093)	(469,832)	(881,713)	(2,638,638)
Deferred inflow related to net other post employment benefit	(131,415)	(51,842)	(104,569)	(287,826)
Net other postemployment benefits liability	182,225	95,899	169,898	448,022
Net pension liability	1,873,090	1,010,743	1,772,640	4,656,473
Compensated absences	-	-	440,453	440,453
Due to other funds	-	-	-	0
Net cash provided by (used for) operating activities	<u>\$ 639,359</u>	<u>\$ (3,520,044)</u>	<u>\$ (5,938,838)</u>	<u>\$ (8,819,524)</u>

Supplemental disclosure of non-cash capital and related financing and investing activities:

Acquisition and construction of capital assets in accounts payable	60,430	442,034	202,227	704,691
Acquisition and construction of capital assets in retention payable	-	518,232	47,608	565,840
SRF Loan payable in accounts receivables	-	1,679,312	-	1,679,312
Acquisition of lease and SBITA assets	-	-	770,152	770,152



**INLAND EMPIRE UTILITIES AGENCY**  
**Combining Statement of Cash Flows - (Continued from previous page)**  
**For the Fiscal Year ended June 30, 2023**

	Non-Major Enterprise Funds			Totals 2023
	Non-Reclaimable Wastewater	Recharge Water	Administrative Services	
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:</b>				
Cash and short-term investments	\$ 22,106,644	\$ 568,816	\$ 25,369,320	\$ 48,044,778
Deposits held by retentions	-	759,873	-	759,873
Restricted investments	-	-	-	-
Investments held with trustee/fiscal agent	41	-	-	41
Less: Investments with maturities greater than three months	(16,226,950)	(559,908)	-	(16,786,855)
Cash and cash equivalents at end of year	\$ 5,879,734	\$ 768,781	\$ 25,369,320	\$ 32,017,836



## Turnout to San Sevaine Basins

# INLAND EMPIRE UTILITIES AGENCY

## Index of Statistical Section Schedules

JUNE 30, 2023

This part of Inland Empire Utilities Agency’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency’s overall financial health.

<b>1.</b>	<b><i>Financial Trends</i></b> .....	<b>114</b>
	<i>These schedules contain trend information to help the reader understand how IEUA’s financial performance and well-being has changed over time.</i>	
<b>2.</b>	<b><i>Revenue Capacity</i></b> .....	<b>118</b>
	<i>These schedules contain information to help the reader assess IEUA’s most significant revenue sources.</i>	
<b>3.</b>	<b><i>Debt Capacity</i></b> .....	<b>127</b>
	<i>These schedules present information to help the reader assess the affordability of IEUA’s current levels of outstanding debt and ability to issue additional debt in the future.</i>	
<b>4.</b>	<b><i>Operating Indicators</i></b> .....	<b>133</b>
	<i>These schedules contain service and infrastructure data to help the reader understand the information in IEUA’s financial reports and how it relates to the services that IEUA provides and the activities it performs.</i>	
<b>5.</b>	<b><i>Demographic and Economic Indicators</i></b> .....	<b>139</b>
	<i>These schedules contain service and infrastructure data to help the reader understand the environment within which IEUA’s financial activities take place</i>	
<b>6.</b>	<b><i>Appropriations Limit</i></b> .....	<b>141</b>
	<i>This section shows the trend of the Agency’s appropriations limit under the California Constitution Amendment XIII B. The Appropriations limit is adopted every year by Board Resolutions and represents the limit or “upper bound” of tax proceeds that can be spent in a fiscal year.</i>	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**INLAND EMPIRE UTILITIES AGENCY**

Financial Trends - Historical Operating Results

**Wastewater Revenue Funds' Combined Statement of Revenues, Expenses  
and Changes in Fund Net Position (excludes Water Resource Fund)  
Fiscal Years Ended June 30, 2014 through 2023  
(Dollars in Thousands)**

	<u>2022/23</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>
<b>Operating revenues</b>					
Service charges	\$ 92,162	\$ 89,540	\$ 83,833	\$ 81,189	\$ 78,954
Recycled Water Sales	18,693	19,643	18,095	15,349	13,902
Total operating revenues	<u>110,855</u>	<u>109,183</u>	<u>101,928</u>	<u>96,538</u>	<u>92,856</u>
<b>Operating expenses</b>					
Wastewater collection	11,356	10,294	8,965	9,189	10,334
Wastewater treatment	27,817	24,878	22,548	20,959	23,829
Wastewater disposal	8,102	12,146	10,778	11,077	11,317
Operations and maintenance	5,998	6,497	4,125	3,972	3,860
Administration and general	51,391	33,461	37,881	37,398	31,364
Depreciation and amortization	33,430	35,090	36,817	37,610	36,298
Total operating expenses	<u>138,095</u>	<u>122,366</u>	<u>121,114</u>	<u>120,205</u>	<u>117,002</u>
Operating income (loss)	<u>(27,241)</u>	<u>(13,183)</u>	<u>(19,186)</u>	<u>(23,667)</u>	<u>(24,146)</u>
<b>Non-operating revenues (expenses)</b>					
Interest income	8,095	1,983	2,798	3,944	4,227
Property tax revenue	76,525	69,079	57,329	49,839	48,167
Wastewater capital connection fees	26,544	37,705	36,732	24,259	22,914
Water connection fees	4,302	8,749	5,700	8,048	5,916
Other nonoperating revenues	14,142	12,244	6,056	15,679	11,484
Interest on long-term debt	(13,825)	(14,048)	(13,884)	(7,629)	(6,333)
Other nonoperating expenses	(5,358)	(12,338)	(4,494)	(17,934)	(7,110)
Total nonoperating revenues (expenses)	<u>110,425</u>	<u>103,374</u>	<u>90,237</u>	<u>76,206</u>	<u>79,265</u>
Income (loss) before contributions and transfers	<u>83,185</u>	<u>90,191</u>	<u>71,051</u>	<u>52,539</u>	<u>55,119</u>
Capital grants	5,006	5,007	22,544	4,373	1,946
Transfers (to Water Resource Fund)	(829)	(486)	(748)	(683)	(436)
<b>Change in net position</b>	<u>\$ 87,362</u>	<u>\$ 94,712</u>	<u>\$ 92,847</u>	<u>\$ 56,229</u>	<u>\$ 56,629</u>
Total net position - beginning	936,795	842,083	749,236	693,007	636,378
Prior period adjustment	(1,794)	-	-	-	-
<b>Total net position - ending</b>	<u>\$ 1,022,363</u>	<u>\$ 936,795</u>	<u>\$ 842,083</u>	<u>\$ 749,236</u>	<u>\$ 693,007</u>

**INLAND EMPIRE UTILITIES AGENCY**

Financial Trends - Historical Operating Results

**Wastewater Revenue Funds' Combined Statement of Revenues, Expenses  
and Changes in Fund Net Position (excludes Water Resource Fund)**

**Fiscal Years Ended June 30, 2014 through 2023**

**(Dollars in Thousands)**

	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
\$	75,105	\$ 68,589	\$ 61,929	\$ 58,265	\$ 51,248
	16,878	16,385	13,468	12,047	10,830
	<u>91,983</u>	<u>84,974</u>	<u>75,397</u>	<u>70,312</u>	<u>62,078</u>
	9,991	8,757	7,510	8,089	5,623
	26,618	24,242	21,104	19,001	20,506
	10,236	11,688	11,149	7,997	7,705
	3,324	3,056	4,788	3,262	3,765
	29,685	24,872	22,988	28,562	30,658
	35,698	37,108	36,851	34,108	32,289
	<u>115,552</u>	<u>109,723</u>	<u>104,390</u>	<u>101,019</u>	<u>100,546</u>
	<u>(23,569)</u>	<u>(24,749)</u>	<u>(28,993)</u>	<u>(30,707)</u>	<u>(38,468)</u>
	2,302	1,347	722	424	555
	45,160	43,379	41,336	39,446	38,487
	32,850	30,508	24,910	15,074	9,789
	7,889	5,415	997	-	-
	10,331	6,196	8,735	7,405	6,311
	(5,999)	(7,947)	(9,142)	(9,593)	(7,120)
	<u>(10,278)</u>	<u>(11,650)</u>	<u>(13,520)</u>	<u>(6,184)</u>	<u>(31,066)</u>
	<u>82,255</u>	<u>67,248</u>	<u>54,038</u>	<u>46,572</u>	<u>16,956</u>
	<u>58,686</u>	<u>42,499</u>	<u>25,045</u>	<u>15,865</u>	<u>(21,512)</u>
	5,889	12,144	6,137	5,353	2,314
	<u>(321)</u>	<u>(59)</u>	<u>(295)</u>	<u>-</u>	<u>100</u>
<b>\$</b>	<b><u>64,254</u></b>	<b><u>54,584</u></b>	<b><u>30,887</u></b>	<b><u>21,218</u></b>	<b><u>(19,098)</u></b>
	577,870	523,286	493,606	513,805	532,113
	<u>(5,746)</u>	<u>-</u>	<u>(1,207)</u>	<u>(41,417)</u>	<u>790</u>
<b>\$</b>	<b><u>636,378</u></b>	<b><u>577,870</u></b>	<b><u>523,286</u></b>	<b><u>493,606</u></b>	<b><u>513,805</u></b>



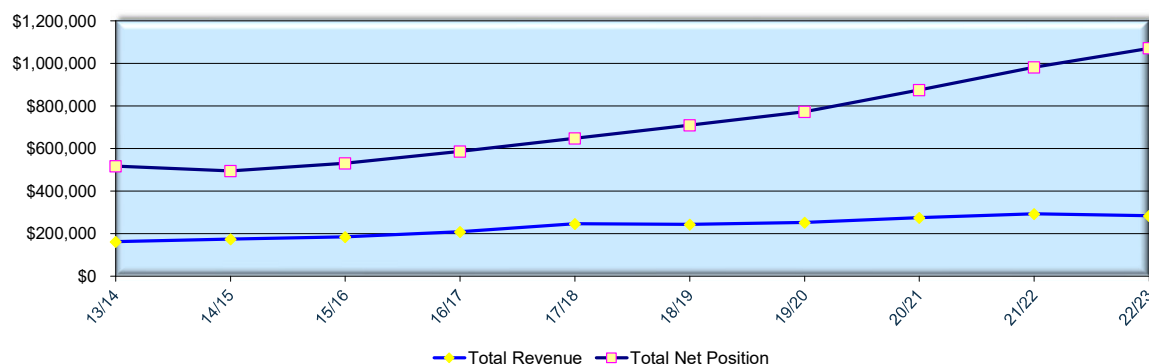
**INLAND EMPIRE UTILITIES AGENCY**

Financial Trends - Combined Schedule of Revenues, Expenses and Changes in Net Position

**- All Funds -  
Fiscal Years Ended June 30, 2014 through 2023  
(Dollars in Thousands)**

	2022-2023	2021-2022	2020/21	2019/20	2018/19
<b>Operating revenues</b>					
Service charges	\$ 101,452	\$ 97,825	\$ 91,325	\$ 88,034	\$ 85,220
Potable Water sales	30,516	42,976	45,561	40,768	45,519
Recycled water sales	18,693	19,643	18,095	15,349	13,902
Total operating revenues	<u>150,661</u>	<u>160,444</u>	<u>154,981</u>	<u>144,151</u>	<u>144,641</u>
<b>Operating expenses</b>					
Potable Water purchases	30,516	42,937	45,561	40,480	45,519
Wastewater collection	11,356	10,294	8,965	9,188	10,334
Wastewater treatment	27,817	24,878	22,549	20,959	23,829
Wastewater disposal	8,102	12,146	10,778	11,077	11,317
Operations and maintenance	8,092	7,989	5,975	5,113	5,317
Administration and general	58,841	39,370	44,067	43,208	36,618
Depreciation and amortization	33,431	35,091	36,819	37,615	36,303
Total operating expenses	<u>178,155</u>	<u>172,705</u>	<u>174,714</u>	<u>167,640</u>	<u>169,237</u>
Operating income (loss)	<u>(27,494)</u>	<u>(12,261)</u>	<u>(19,733)</u>	<u>(23,489)</u>	<u>(24,596)</u>
<b>Non-Operating revenues (expenses)</b>					
Interest income	8,905	2,153	3,011	4,230	4,453
Property tax revenue	79,365	71,585	67,135	55,613	53,040
Wastewater capital connection fees	4,302	8,749	5,700	8,048	5,916
Water connection fees	26,544	37,705	36,732	24,259	22,914
Other non-operating revenues	14,338	12,547	6,390	16,075	11,752
Interest on long-term debt	(13,825)	(14,048)	(13,883)	(7,629)	(6,333)
Other non-operating expenses	(6,119)	(13,060)	(5,332)	(18,885)	(7,628)
Total non-operating revenues (expenses)	<u>113,510</u>	<u>105,630</u>	<u>99,753</u>	<u>81,711</u>	<u>84,114</u>
Income (loss) before contributions and transfers	86,017	93,370	80,020	58,222	59,518
Capital grants	7,737	12,339	22,667	5,500	2,169
<b>Change in net position.....A</b>	<u>\$ 93,754</u>	<u>\$ 105,708</u>	<u>\$ 102,687</u>	<u>\$ 63,722</u>	<u>\$ 61,687</u>
<b>Total net position - beginning</b>	\$ 980,869	\$ 875,161	\$ 772,473	\$ 708,752	\$ 647,065
Prior Period Adjustment	(3,291)	-	-	-	-
<b>Total net position - beginning, as restated....B</b>	<u>\$ 977,578</u>	<u>\$ 875,161</u>	<u>\$ 772,473</u>	<u>\$ 708,752</u>	<u>\$ 647,065</u>
<b>Net position by component:</b>					
Net Investment in capital assets	546,577	427,838	339,651	453,236	441,827
Restricted for Debt service & Capital construction	217,796	267,447	309,562	142,168	112,710
Unrestricted	306,958	285,584	225,948	177,069	154,215
<b>Total net position - ending.....A+B</b>	<u>\$ 1,071,331</u>	<u>\$ 980,869</u>	<u>\$ 875,161</u>	<u>\$ 772,473</u>	<u>\$ 708,752</u>

**Operating & Non-Operating Revenues & Net Position Trends  
Fiscal Years Ended June 30, 2014 through 2023  
(Dollars in Thousands)**



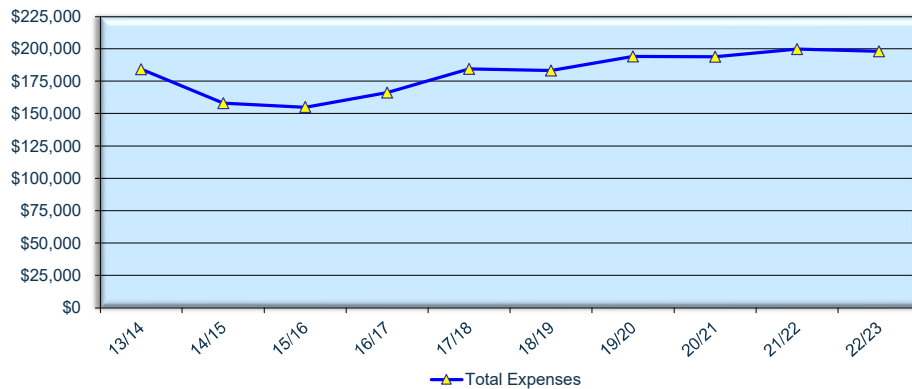
INLAND EMPIRE UTILITIES AGENCY

Financial Trends - Combined Schedule of Revenues, Expenses and Changes in Net Position

**- All Funds -**  
**Fiscal Years Ended June 30, 2014 through 2023**  
**(Dollars in Thousands)**

2017/18	2016/17	2015/16	2014/15	2013/14
\$ 80,449	\$ 73,384	\$ 67,243	\$ 63,956	\$ 56,171
45,999	29,897	18,654	34,147	40,225
16,878	16,385	13,468	12,047	10,831
<u>143,326</u>	<u>119,666</u>	<u>99,365</u>	<u>110,150</u>	<u>107,227</u>
45,999	29,897	18,654	34,147	40,225
9,991	8,757	7,510	8,089	5,623
26,618	24,242	21,104	19,001	20,506
10,236	11,688	11,148	7,997	7,705
4,723	4,139	6,200	4,393	4,255
34,567	30,085	28,866	33,426	35,191
35,704	37,114	36,856	34,113	32,295
<u>167,838</u>	<u>145,922</u>	<u>130,338</u>	<u>141,166</u>	<u>145,800</u>
<u>(24,512)</u>	<u>(26,256)</u>	<u>(30,973)</u>	<u>(31,016)</u>	<u>(38,573)</u>
2,402	1,399	762	436	564
48,413	45,674	45,631	40,946	38,487
7,889	30,508	24,910	15,074	9,789
32,850	5,415	997	-	-
10,752	6,265	13,070	7,543	6,337
(5,999)	(7,947)	(9,142)	(9,593)	(8,565)
<u>(10,658)</u>	<u>(12,231)</u>	<u>(15,481)</u>	<u>(7,180)</u>	<u>(29,841)</u>
<u>85,649</u>	<u>69,083</u>	<u>60,747</u>	<u>47,226</u>	<u>16,771</u>
61,137	42,827	29,774	16,210	(21,802)
6,108	12,295	7,530	5,917	2,663
<u>\$ 67,245</u>	<u>\$ 55,122</u>	<u>\$ 37,304</u>	<u>\$ 22,127</u>	<u>\$ (19,139)</u>
\$ 585,716	\$ 530,594	\$ 494,708	\$ 517,421	\$ 535,771
(5,896)	-	(1,418)	(44,841)	790
<u>\$ 579,820</u>	<u>\$ 530,594</u>	<u>\$ 493,290</u>	<u>\$ 472,580</u>	<u>\$ 536,561</u>
394,965	373,886	325,406	333,274	318,292
99,176	61,446	82,064	67,081	63,073
152,924	150,384	123,124	94,353	136,056
<u>\$ 647,065</u>	<u>\$ 585,716</u>	<u>\$ 530,594</u>	<u>\$ 494,708</u>	<u>\$ 517,421</u>

**Operating & Non-Operating Expense Trends**  
**Fiscal Years Ended June 30, 2014 through 2023**  
**(Dollars in Thousands)**





**INLAND EMPIRE UTILITIES AGENCY**

**Revenue Capacity - Wastewater Capital Connection Deposits Held  
For the Past Ten Fiscal Years**

**Table 1**

<b>Fiscal Year</b>	<b>CVWD*</b>	<b>Chino</b>	<b>Chino Hills</b>	<b>Fontana</b>
2013/14	8,831,383	9,492,302	2,918,210	6,041,082
2014/15	7,149,423	11,203,738	2,905,891	6,502,473
2015/16	11,594,817	12,461,412	5,250,644	9,488,546
2016/17	3,305,358	4,095,005	6,136,173	4,703,455
2017/18	10,905,036	10,465,835	6,724,584	6,477,198
2018/19	11,280,117	10,665,100	6,275,501	9,363,869
2019/20	12,788,543	14,914,149	6,722,022	14,248,914
2020/21	11,578,030	12,540,351	4,892,678	20,217,464
2021/22	14,039,076	13,190,068	3,178,934	15,889,037
2022/23	14,664,298	14,426,452	3,454,378	24,168,430
<b>Percentage</b>	<b>13.6%</b>	<b>13.4%</b>	<b>3.2%</b>	<b>22.4%</b>

***Wastewater Capital Connection Fee Agreement***

On April 12, 1984, an amendment was made to the Chino Basin Regional Sewage Service Contract (Regional Contract), wherein each contracting member agency agreed to contribute funds to Inland Empire Utilities Agency (IEUA) for the improvement and expansion of the regional wastewater system. While the source of these funds is left to the discretion of the individual agencies, it is generally obtained by a connection fee assessment against new construction when connecting to the regional sewer system. Connection fees are restricted to finance capital acquisition, construction, equipment, and process improvement costs for the IEUA regional wastewater system.

Pursuant to Ordinance 111 Regional Sewerage Service, new connection fees are collected by each of the contracting member agencies and held in trust in a Capital Capacity Reimbursement Account (CCRA) until requested, or "called", by IEUA. Each contracting member agency must report monthly building (permit) activity and the ending monthly balance of funds in each respective CCRA to IEUA. IEUA must provide each contracting member agency: a) a semi-annual report concerning the level of CCRA reserves, b) regional wastewater capital improvement expenditures and, c) the identified and projected capital needs of the Agency over the ensuing nine months to call for funds from each contracting member agency. Capital calls are calculated based on the percentage of each contracting member agency's CCRA account balance relative to the aggregate amount.

Table 1 & 2 represent the connection fee balances reported in the respective contracting member agency's annual financial reports. Balances reported for FY 2022/23 are subject to further adjustment after audit.

\*Cucamonga Valley Water District

**INLAND EMPIRE UTILITIES AGENCY**

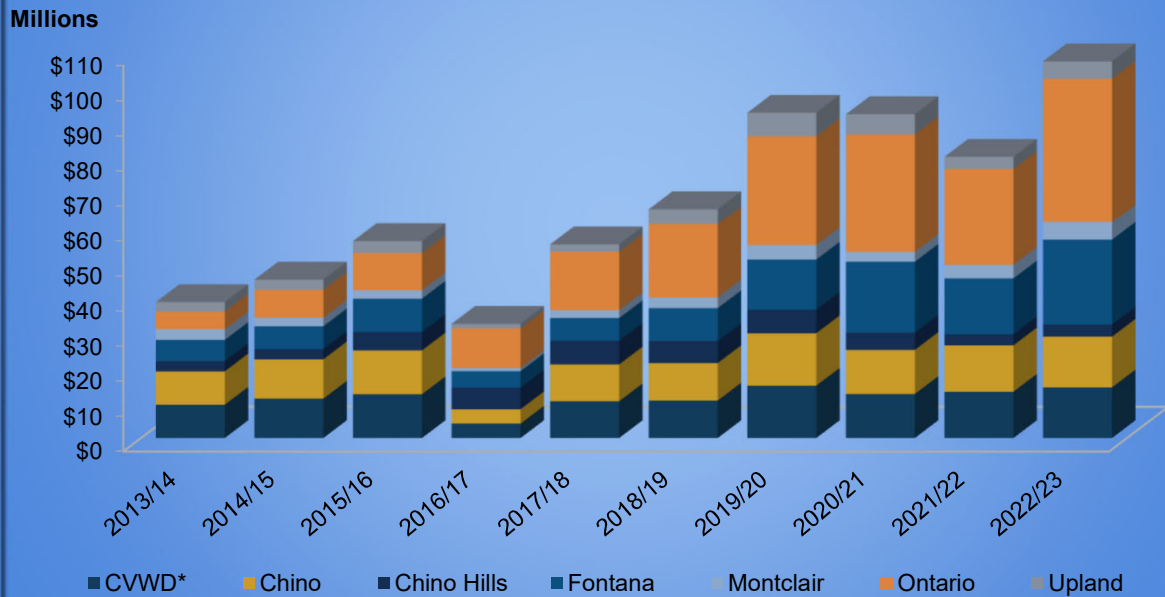
**Revenue Capacity - Wastewater Capital Connection Deposits**

For the Past Ten Fiscal Years

**Table 2**

Year	Montclair	Ontario	Upland	Total
2013/14	3,009,462	5,011,733	2,731,441	<b>38,035,613</b>
2014/15	2,450,727	7,945,174	2,865,723	<b>41,023,149</b>
2015/16	2,406,672	10,579,795	3,419,549	<b>55,201,435</b>
2016/17	846,653	11,331,273	1,291,709	<b>31,709,626</b>
2017/18	2,287,904	16,603,065	2,095,916	<b>55,559,538</b>
2018/19	3,081,312	20,904,691	4,424,270	<b>65,994,860</b>
2019/20	4,137,040	31,200,345	6,721,632	<b>90,732,645</b>
2020/21	2,770,381	33,717,646	5,748,459	<b>91,465,009</b>
2021/22	3,867,909	27,532,572	3,472,301	<b>81,169,897</b>
2022/23	5,084,428	40,977,539	4,938,855	<b>107,714,379</b>
Percentage	4.7%	38.0%	4.6%	100.0%

**Contracting Agencies Wastewater Capital Connection Fee Deposits Held For the Past Ten Fiscal Years**



**INLAND EMPIRE UTILITIES AGENCY**

Revenue Capacity - Regional Wastewater Program Capital Requirements  
For the Ten Fiscal Years Ending June 30, 2033\*

Project Description	Actual		Projected	
	2022/23	2023/24	2024/25	
<b>Replacement Projects</b>				
RP-1 Disinfection Pump Improvements	\$ 3,978,651	\$ 4,119,750	\$ 457,750	
RP-4 Influent Screen Replacement	3,944	-	-	
RP-1 Plant 3 Primary Cover Replacement	-	-	200,000	
RSS Haven Ave Repair/Replace from Airport	668	-	-	
RP-1 TP-1 Waste Wash Water Basin Pumps	3,219	-	-	
RP-1 Dewatering Centrate and Drainage	1,521	-	-	
Collection System Upgrades 21/22	201,260	-	-	
RP-1 Digester Area Utility Water (UW)	137,841	-	-	
Collection System Upgrades 22/23	437,162	500,000	500,000	
CCWRF RAS Header Replacement	130,316	180,000	-	
CWRF HVAC System Upgrade	42,543	199,000	-	
RP1 Headworks Bar Screen System Improvement	570,397	2,790,000	310,000	
RP-1 Utility Water Piping Asset Management Phase I	-	213,397	335,338	
Collection System Upgrades FY 23/24	-	500,000	500,000	
SSI Aeration Disk Replacement	-	-	100,000	
North Major Facilities Repair/Replacement	(2,000)	-	-	
North Major Facilities Repair/Replacement	118,212	-	-	
North Major Facilities Repair/Replacement	417,715	-	-	
Heavy Equipment Replacement	455,426	670,000	-	
GapVax Replacement	-	-	-	
RP-1 Operations Bldg HVAC System Upgrades	-	210,000	-	
RP4 HVAC System Upgrades (various locations)	-	310,000	-	
RP5 Central Plant HVAC System Upgrade	-	170,000	-	
OT Infrastructure Asset New	-	100,000	600,000	
<b>Total Replacement Projects</b>	<b>\$ 6,496,874</b>	<b>\$ 9,962,147</b>	<b>\$ 3,003,088</b>	
<b>Equipment Projects</b>				
South Major Facilities Repair/Replacement	\$ 111,902	\$ -	\$ -	
South Major Facilities Repair/Replacement	45,993	-	-	
South Major Facilities Repair/Replacement	177,134	-	-	
Agency Wide Major Facilities O&M Repair/Replacement	-	1,000,000	-	
Agency Wide Major Facilities O&M Repair/Replacement	-	-	1,000,000	
Control System Ent Historian Enhancement	-	150,000	850,000	
6B Communication Tower Standby-Generator	-	-	-	
SCADA Network Infrastructure Replacement	340,847	300,000	300,000	
RP-1 and RP-2 DCS Upgrade	186,157	-	-	
Operation Electronic Log Book	38,090	-	-	
Operational AI and Machine Learning	-	-	-	
Bioassay Room Incubator	80,857	-	-	
<b>Total Equipment Projects</b>	<b>\$ 980,979</b>	<b>\$ 1,450,000</b>	<b>\$ 2,150,000</b>	

\*Source: Projections were derived from the 2023/24 IEUA Ten Year Forecast.

**INLAND EMPIRE UTILITIES AGENCY**

Revenue Capacity - Regional Wastewater Program Capital Requirements  
For the Ten Fiscal Years Ending June 30, 2033\*

Project Description	Actual		Projected	
	2022/23	2023/24	2024/25	
<b>Construction Projects</b>				
Old VFD Replacement (Wastewater)	\$ 24,108	\$ 340,000	\$ 400,000	
SCADA Enterprise System	1,676,481	6,800,000	7,400,000	
CCWRF Asset Management and Improvements	3,032,200	8,775,000	12,975,000	
Digester 6 and 7 Roof Repairs	270,119	2,800,000	2,200,000	
RP4 Primary Clarifier Rehab	16,150	-	-	
RP-1 Mechanical Restoration and Upgrades	122,822	-	-	
RP-4 Process Improvements	360,059	-	-	
RP-1 Flare Improvements	998,637	116,000	-	
RP-1 Secondary System Rehabilitation	-	-	500,000	
RP-5 Expansion to 30 mgd	299,621,705	46,572,930	33,135,970	
RP-5 Biosolids Facility	60,188,129	29,027,070	18,842,230	
RP-1 Energy Recovery	-	1,500,000	1,500,000	
Regional Force Main Improvements	1,037,816	685,000	15,000	
RP-1 Centrifuge Foul Air Line	1,052	-	-	
RP-1 Tertiary Treatment FM-1 Bleach Mixer	75,797	-	-	
RP-1 TP-1 Level Sensor Replacement	217	-	-	
RP-1 MCB and Old Lab Building Rehab	156,342	972,900	978,100	
RP-4 Process Improvements Phase II	374,854	1,125,000	6,325,000	
RP-1 East Influent Gate Replacement	225,329	150,000	-	
Montclair Force Main Improvements	518,571	1,800,000	3,800,000	
RP-1 Old Effluent Structure Rehabilitation	318,953	1,350,000	750,000	
RP-1 Evaporative Cooling for Aeration	237,705	760,000	400,000	
RO Asset Management	75,937	250,000	30,000	
RC Asset Management	5,250	250,000	2,400,000	
RP-1 Air Compressor Upgrades	164,172	1,440,000	2,860,000	
RP-1 Dump Station	-	-	-	
RP-1 Repurpose Lab	149,956	1,236,600	1,137,400	
RP-1 Intermediate Pump Station Electrical	267,511	900,000	6,300,000	
RP-5 Emergency Generator Load Bank	39,547	-	-	
RP-1 Generator Control Panel Retrofit/Mo	408,106	-	-	
RP-4 SCADA Performance Improvement	60	250,000	750,000	
NFPA 70E Arc Flash Labels	83,772	-	-	
RP-1 Aeration Basins Utility Water System	876,770	500,000	-	
RP-4 Ammonia Analyzer and Support System	61,872	-	-	
Agency Wide Chemical Containment Area	14,043	-	-	
RP-1 Thickening Building & Acid Phase	4,992,692	15,000,000	45,000,000	
Prado Basin Assests Retrofit-SEWER	44,827	-	-	
RP1 Device Net Replacement	119,236	1,200,000	2,000,000	
CCWRF Aeration Basins 1-6 Drain Valves	95,154	320,000	-	
CCWRF Filter Effluent Sodium Hypochlorite	63,620	55,000	-	
RP-1 TP-1 Stormwater Drainage Upgrades	89,808	150,000	-	
Agency Power Monitoring	503	30,000	500,000	
San Bernardino Ave LS Reliability Improvments	132,258	320,000	1,900,000	
CCWRF Influent Box Rehab at the Primary	133,090	324,000	-	
New Regional Project PDR's FY22/23	-	-	-	
RP1 Instrumentation and Control Enhancement	77,933	-	-	
RP4 Headworks Utility Water Addition	162,157	-	-	
RP-1 Motor Control Center 9M Upgrades	-	-	-	
RP-1 Liquid Treatment Capacity Recovery	650	-	-	
RP-1 Solids Treatment Expansion	433	900,000	4,100,000	
RSS - Collection System Pipe Rehabilitation and Lining	-	500,000	1,000,000	
RP-1 Dewatering Centrate Pumps	262,720	500,000	250,000	
IEUA SCADA Master Plan	-	-	750,000	
RP3 Regional Sewer Diversion Structure Rehab	-	200,000	635,000	
REEP Return to Service Capital	-	4,000,000	1,800,000	
RP-2 UW Valve Installation	-	58,745	-	
Fall Protection and Prevention Solutions	-	300,000	1,000,000	
RP-1 Tertiary Asset Manager Phase I	-	400,000	2,000,000	
Headquarter B additional Office Space	-	260,000	-	
RP-4 Manhole Surcharge Remediation	-	200,000	600,000	
RP-1 Primary Clarifier #1 and #10 Rehabilitation	-	500,000	2,241,014	
Annular Seals	-	380,000	-	
RO Project PDR's FY 23/24	-	250,000	250,000	
New Regional Project PDR's FY23/24	-	500,000	500,000	
CCWRF Primary Clarifier Coating	-	-	140,000	
RP-1 Plant Air Expansion Tank Replacement	-	-	100,000	
RP-1 Digester Cleaning Lagoon (DCL) Lini	-	-	-	
RP-1 Equilization Basin #1 Access Ramp	-	-	-	

**INLAND EMPIRE UTILITIES AGENCY**

Revenue Capacity - Regional Wastewater Program Capital Requirements  
**For the Ten Fiscal Years Ending June 30, 2033\***

<b>Project Description</b>	<b>Actual</b>	<b>Projected</b>	
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
RP-1 Centrate Treatment	-	-	-
Replace Aeration Basin Influent / RAS, Step feed Gates	-	-	-
CCWRF Secondary Clarifier Weir Covers	-	-	-
RP5 O&M Building	-	-	-
RP-1 Dewatering Silos Levelers Relocation	-	-	-
RP-1 Operations and Maintenance Building Rehabilitation	-	-	-
CCWRF Outfall Discharge Structure and Culvert Rehab	-	-	-
Agency Wide Electric Fleet	-	-	150,000
HQ Solar Photovoltaic Power Plants Ph. 2	-	-	-
Purchase Existing Solar Installation	-	-	-
Advanced Water Purification Facility	-	600,000	2,500,000
<b>Total Construction Projects</b>	<b>\$ 377,579,121</b>	<b>\$ 134,548,245</b>	<b>\$ 170,114,714</b>
<b>Total Capital Projects</b>	<b>\$ 385,056,974</b>	<b>\$ 145,960,392</b>	<b>\$ 175,267,802</b>

\*Source: Projections were derived from the 2023/24 IEUA Ten Year Forecast.

**INLAND EMPIRE UTILITIES AGENCY**

Revenue Capacity - Regional Wastewater Program Capital Requirements (continued)  
**For the Ten Fiscal Years Ending June 30, 2033\***

Projected									10 Year Projected Total
2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	Projected Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,577,500
-	-	-	-	-	-	-	-	-	\$ -
400,000	-	-	-	-	-	-	-	-	\$ 600,000
-	-	-	-	-	-	-	-	-	\$ -
-	-	-	-	-	-	-	-	-	\$ -
-	-	-	-	-	-	-	-	-	\$ -
500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	\$ 5,000,000
-	-	-	-	-	-	-	-	-	\$ 180,000
-	-	-	-	-	-	-	-	-	\$ 199,000
-	-	-	-	-	-	-	-	-	\$ 3,100,000
983,512	983,512	-	-	-	-	-	-	-	\$ 2,515,759
500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	\$ 5,000,000
-	550,000	200,000	1,200,000	-	250,000	1,250,000	-	-	\$ 3,550,000
-	-	-	-	-	-	-	-	-	\$ -
-	-	-	-	-	-	-	-	-	\$ -
-	-	-	-	-	-	-	-	-	\$ -
-	-	-	-	-	-	-	-	-	\$ 670,000
-	-	-	-	-	-	-	-	-	\$ -
-	-	-	-	-	-	-	-	-	\$ 210,000
-	-	-	-	-	-	-	-	-	\$ 310,000
-	-	-	-	-	-	-	-	-	\$ 170,000
-	-	-	-	-	-	-	-	-	\$ 700,000
<b>\$ 2,383,512</b>	<b>\$ 2,533,512</b>	<b>\$ 1,200,000</b>	<b>\$ 2,200,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,250,000</b>	<b>\$ 2,250,000</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>	<b>\$ 26,782,259</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	\$ -
-	-	-	-	-	-	-	-	-	\$ -
-	-	-	-	-	-	-	-	-	\$ 1,000,000
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	\$ 9,000,000
-	-	-	-	-	-	-	-	-	\$ 1,000,000
-	-	-	-	-	-	-	-	-	\$ -
324,000	349,920	377,914	408,147	440,798	476,062	514,147	555,279	-	\$ 4,046,267
-	-	-	-	-	-	-	-	-	\$ -
-	-	-	-	-	-	-	-	-	\$ -
-	-	-	300,000	300,000	-	-	-	-	\$ 600,000
-	-	-	-	-	-	-	-	-	\$ -
<b>\$ 1,324,000</b>	<b>\$ 1,349,920</b>	<b>\$ 1,377,914</b>	<b>\$ 1,708,147</b>	<b>\$ 1,740,798</b>	<b>\$ 1,476,062</b>	<b>\$ 1,514,147</b>	<b>\$ 1,555,279</b>	<b>\$ -</b>	<b>\$ 15,646,267</b>

**INLAND EMPIRE UTILITIES AGENCY**

Revenue Capacity - Regional Wastewater Program Capital Requirements (continued)  
**For the Ten Fiscal Years Ending June 30, 2033\***

Projected								
2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	10 Year Projected Total
\$ 600,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 4,840,000
4,500,000	-	-	-	-	-	-	-	18,700,000
3,000,000	-	-	-	-	-	-	-	24,750,000
-	-	-	-	-	-	-	-	5,000,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	116,000
2,000,000	7,000,000	2,000,000	-	-	-	-	-	11,500,000
7,000,000	-	-	-	-	-	-	-	86,708,900
2,000,000	-	-	-	-	-	-	-	49,869,300
-	-	-	-	-	-	-	-	3,000,000
-	-	-	-	-	-	-	-	700,000
-	-	-	-	-	-	-	-	-
500,000	-	-	-	-	-	-	-	500,000
-	-	-	-	-	-	-	-	1,951,000
500,000	-	-	-	-	-	-	-	7,950,000
-	-	-	-	-	-	-	-	150,000
2,000,000	-	-	-	-	-	-	-	7,600,000
-	-	-	-	-	-	-	-	2,100,000
-	-	-	-	-	-	-	-	1,160,000
-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,280,000
8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	66,650,000
650,000	-	-	-	-	-	-	-	4,950,000
-	-	-	250,000	750,000	1,100,000	-	-	2,100,000
900,000	-	-	-	-	-	-	-	2,374,000
-	-	-	-	-	-	-	-	8,100,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,000,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	500,000
-	-	-	-	-	-	-	-	-
65,000,000	26,500,000	500,000	-	-	-	-	-	152,000,000
-	-	-	-	-	-	-	-	-
500,000	-	-	-	-	-	-	-	3,700,000
-	-	-	250,000	600,000	185,000	-	-	1,355,000
-	-	-	-	-	-	-	-	55,000
-	-	-	800,000	200,000	-	-	-	1,150,000
-	-	-	-	-	-	-	-	530,000
900,000	-	-	-	-	-	-	-	3,120,000
-	-	-	-	-	-	-	-	324,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	2,000,000	13,000,000	13,000,000	13,000,000	13,000,000	54,000,000
4,000,000	4,000,000	4,000,000	4,000,000	-	-	-	-	21,000,000
1,000,000	-	-	200,000	1,000,000	1,000,000	1,000,000	1,000,000	6,700,000
-	-	-	-	-	-	-	-	750,000
-	-	-	-	-	-	-	-	750,000
-	-	-	-	-	-	-	-	835,000
-	-	-	-	-	-	-	-	5,800,000
-	-	-	-	-	-	-	-	58,745
1,000,000	1,000,000	1,000,000	1,300,000	1,000,000	1,000,000	1,000,000	1,000,000	9,600,000
1,600,000	-	-	-	-	-	-	-	4,000,000
-	-	-	-	-	-	-	-	260,000
-	-	-	-	-	-	-	-	800,000
-	-	-	-	-	-	-	-	2,741,014
-	-	-	1,000,000	-	-	-	-	1,380,000
250,000	250,000	250,000	500,000	500,000	500,000	500,000	500,000	3,750,000
500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000
1,260,000	-	-	-	-	-	-	-	1,400,000
-	-	-	-	-	-	-	-	100,000
-	-	-	-	-	-	100,000	600,000	700,000
-	-	-	35,000	120,500	300,000	-	-	441,500



**INLAND EMPIRE UTILITIES AGENCY**

Revenue Capacity - Regional Wastewater Program Capital Requirements (continued)  
**For the Ten Fiscal Years Ending June 30, 2033\***

<b>Projected</b>								
<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>	<b>2031/32</b>	<b>2032/33</b>	<b>10 Year Projected Total</b>
-	-	1,600,000	3,300,000	3,300,001	-	-	-	8,200,001
-	-	-	100,000	200,000	3,800,000	-	-	4,100,000
-	-	-	100,000	300,000	1,050,000	-	-	1,450,000
-	-	-	3,000,000	20,000,000	15,000,000	10,000,000	-	48,000,000
-	-	-	500,000	1,400,000	-	-	-	1,900,000
-	-	-	60,000	100,000	1,009,852	8,261,185	7,068,963	16,500,000
-	-	-	-	200,000	520,000	-	-	720,000
150,000	200,000	200,000	200,000	250,000	250,000	250,000	300,000	1,950,000
-	300,000	1,100,000	-	-	-	-	-	1,400,000
-	3,500,000	-	-	-	-	-	-	3,500,000
12,450,000	22,700,000	19,500,000	46,500,000	35,750,000	18,250,000	7,250,000	-	165,500,000
<b>\$ 120,260,000</b>	<b>\$ 74,450,000</b>	<b>\$ 39,150,000</b>	<b>\$ 74,095,000</b>	<b>\$ 88,656,501</b>	<b>\$ 66,964,852</b>	<b>\$ 51,361,185</b>	<b>\$ 33,468,963</b>	<b>\$ 853,069,460</b>
<b>\$ 123,967,512</b>	<b>\$ 78,333,432</b>	<b>\$ 41,727,914</b>	<b>\$ 78,003,147</b>	<b>\$ 91,397,299</b>	<b>\$ 69,690,914</b>	<b>\$ 55,125,332</b>	<b>\$ 36,024,242</b>	<b>\$ 895,497,986</b>

## INLAND EMPIRE UTILITIES AGENCY

### Revenue Capacity - Regional Wastewater Funds

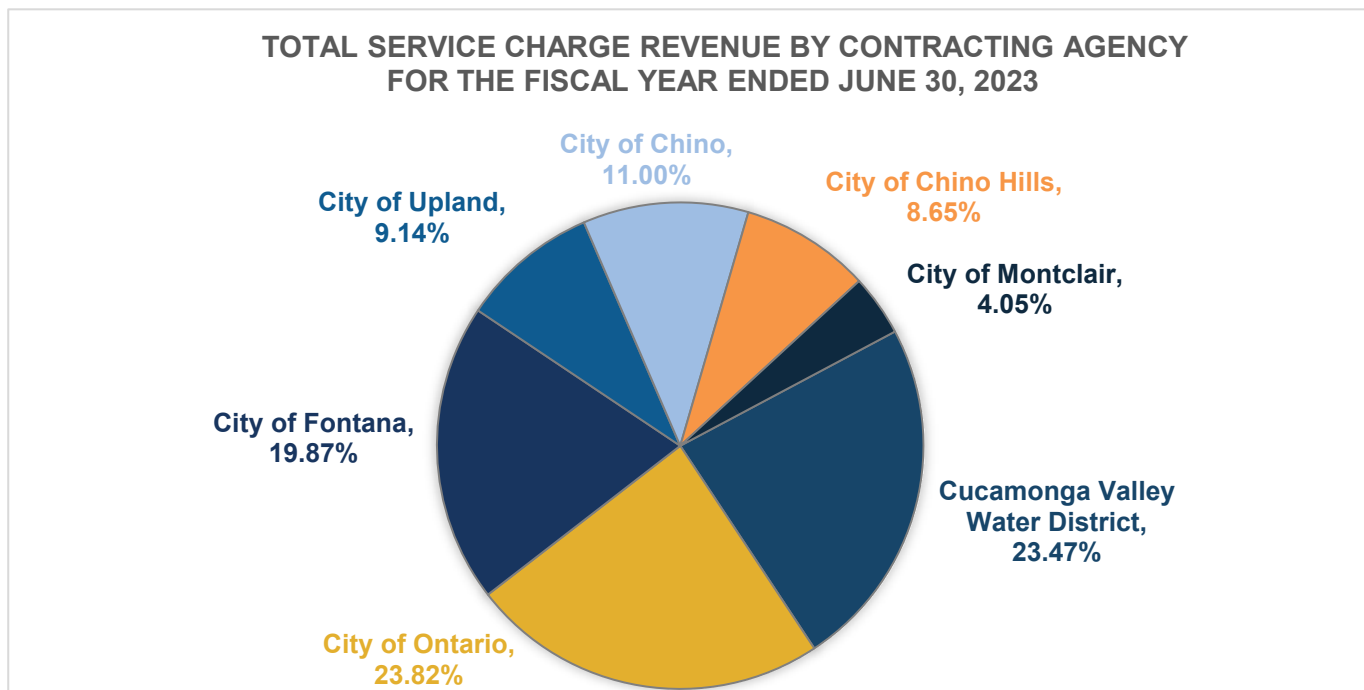
#### Monthly Sewer Service Charge Revenue and Rates by Contracting Agency

### For the Fiscal Year Ended June 30, 2023

Through hard work, commitment, and discipline the IEUA team provides the communities they live and work in with wastewater and related utility services at some of the lowest rates in the State. The following table displays data for FY 2022/23.

Contracting Agency	Total EDU's*	Rate*	Service Charge Revenue	% of Service Charge Revenue
Cucamonga Valley Water District	836,138	21.86	18,253,018	23.47%
City of Ontario	847,409	21.86	18,524,357	23.82%
City of Fontana	706,819	21.86	15,451,059	19.87%
City of Chino	391,324	21.86	8,554,334	11.00%
City of Upland	325,285	21.86	7,110,731	9.14%
City of Chino Hills	307,933	21.86	6,731,408	8.65%
City of Montclair	144,096	21.86	3,149,928	4.05%
<b>Total Contracting Agency's Service Charge Revenue</b>	<b>3,559,002</b>		<b>\$ 77,774,835</b>	<b>100.0%</b>

\*EDU - Equivalent Dwelling Unit

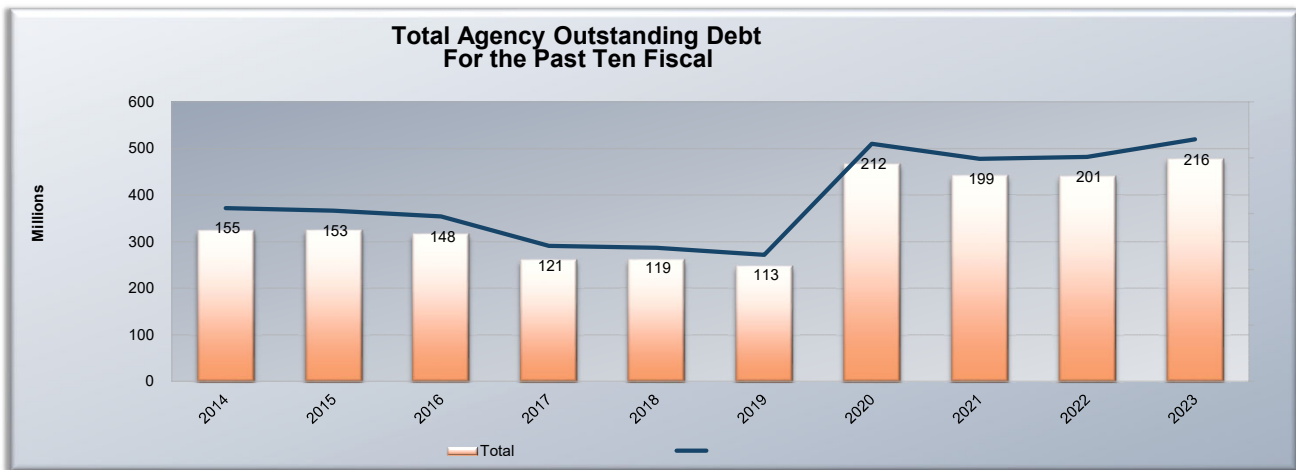


\*Effective July 1, 2022, the total service rate is \$21.86 per equivalent service unit (EDU).

**INLAND EMPIRE UTILITIES AGENCY**  
**Debt Capacity - Ratios of Outstanding Debt**  
**For the Past Ten Fiscal Years**

The following table and chart reflect the Agency's outstanding debt ratio's and percentage of personal income per capita for the past ten fiscal years.

Fiscal Year Ended	IEUA Revenue Bonds (2)	State of California Loans (2)	SDLAC Note (2)	SAWPA Note (2)	City of Fontana(2)	Southern California Edison	2020B Revenue Notes	Lease	SBITA	Total Outstanding Debt (2)	Per Capita (1)	Percentage of Personal Income(1)
2014	228,604,318	88,017,521	-	925,834	6,969,268	-	-	-	-	324,516,941	155	0.449%
2015	205,937,429	108,453,732	3,446,445	714,196	6,486,690	-	-	-	-	325,038,493	153	0.377%
2016	199,628,550	107,450,944	2,788,113	489,861	6,004,112	-	-	-	-	316,361,580	148	0.359%
2017	143,571,309	110,195,651	2,114,640	252,064	5,521,535	230,963	-	-	-	261,886,160	121	0.294%
2018	133,347,456	119,305,744	1,425,677	-	5,038,956	1,023,581	-	-	-	260,141,414	119	0.288%
2019	122,843,604	119,330,235	720,868	-	4,556,378	880,846	-	-	-	248,331,931	113	0.273%
2020	137,826,905	92,979,745	-	-	4,073,800	720,860	231,347,967	-	-	466,949,277	212	0.504%
2021	123,811,493	88,663,779	-	-	3,591,222	595,973	224,801,786	-	-	441,464,253	199	0.486%
2022	114,601,677	103,290,287	-	-	3,108,644	440,956	218,255,605	119,272	-	439,816,441	201	0.443%
2023	105,041,863	156,257,596	-	-	2,626,066	310,501	211,709,423	132,200	538,675	476,616,324	216	0.470%



(1) Statistical information derived from San Bernardino County demographics at California Department of Transportation and quick facts.

(2) Data Source: Inland Empire Utilities Agency - Finance & Accounting Department

**INLAND EMPIRE UTILITIES AGENCY**

Debt Capacity - Agency System Total Debt Coverage Ratio (Excludes Water Resources Fund)

**For Fiscal Years Ended June 30, 2023  
(With Comparative Total for the Fiscal Year Ended June 2022)**

	<u>2023</u>	<u>2022</u>
<b><u>Revenues:</u></b>		
Wastewater System Service Charges	\$ 78,557,281	\$ 75,728,668
Wastewater Capital Connection Fees	26,544,482	37,704,888
Water Connection Fees	4,301,542	8,749,472
Property Tax	76,524,736	69,079,380
NRW System Service Charges	13,604,248	13,811,596
Interest	7,727,496	1,902,493
Recycled Water Sales	18,693,110	19,642,939
Desalter/Composter Services	5,423,038	4,898,076
Other	1,409,419	1,766,781
<b>Total Revenues</b>	<b>\$ 232,785,352</b>	<b>\$ 233,284,293</b>
<b><u>Operation and Maintenance Costs:</u></b>		
Wastewater Treatment	\$ 27,816,531	\$ 24,877,528
Administration and General	51,391,399	33,460,773
Wastewater Disposal	8,102,499	12,145,857
Wastewater Collection	11,356,036	10,294,319
Operations and maintenance	5,998,831	6,497,183
Desalter/Composter Services	5,399,878	4,870,741
Other	543,551	58,372
<b>Total Operation and Maintenance Costs:</b>	<b>\$ 110,608,725</b>	<b>\$ 92,204,773</b>
<b>Revenues Available to Debt Service</b>	<b>\$ 122,176,627</b>	<b>\$ 141,079,520</b>
<b><u>Parity Obligation Debt Service</u></b>		
2008B Installment Payments	-	-
2010A Installment Payments	-	-
2017 Installment Payments	6,143,750	6,142,250
<b>Total Parity Obligation Debt Service</b>	<b>\$ 6,143,750</b>	<b>\$ 6,142,250</b>
<b>Parity Obligation Debt Service Coverage</b>	<b>19.89</b>	<b>22.97</b>
<b>Net Revenues</b>	<b>\$ 116,032,877</b>	<b>\$ 134,937,270</b>
<b><u>Subordinate Obligations</u></b>		
State Revolving Fund Loan	\$ 5,517,517	\$ 5,445,166
2020A Installment Payments	6,214,500	6,237,250
2020B Revenue Notes	350,795	527,441
City of Fontana	482,578	482,578
SCE On-Bill Financing	150,234	155,017
CSDLAC Past 4R's	-	-
<b>Total Subordinate Obligations</b>	<b>\$ 12,715,624</b>	<b>\$ 12,847,452</b>
<b>Other Debt Service Coverage</b>	<b>9.13</b>	<b>10.50</b>
<b>Remaining Net Revenue</b>	<b>\$ 103,317,253</b>	<b>\$ 122,089,818</b>
Revenues available after O&M expenses	\$ 122,176,627	\$ 141,079,520
Total debt service	\$ 18,859,374	\$ 18,989,702
<b>Total Debt Coverage Ratio</b>	<b>6.48</b>	<b>7.43</b>

## INLAND EMPIRE UTILITIES AGENCY

### Debt Capacity - Agency System Total Debt Coverage Ratio (With Comparative Totals for the Fiscal Year ended June 2022)

In July 2003, the Chino Basin Regional Financing Authority (CBRFA) issued Variable Rate Revenue Bonds, Series 2002A. In March 2008, the CBRFA issued Variable Rate Demand Refunding Revenue Bonds, Series 2008B to refund all of the outstanding 2002A Bonds.

In February 2008, the Chino Basin Regional Financing Authority issued Revenue Bonds, Series 2008A. The Bonds were primarily used for improvements to the wastewater, recycled water, and non-reclaimable wastewater facilities. In February 2017, the Chino Basin Regional Financing Authority issued Refunding Revenue Bonds, Series 2017A to refund the outstanding 2008A Bonds, with a net of \$50 million of defeased amount.

In July 2010, the Chino Basin Regional Financing Authority issued Refunding Revenue Bonds, Series 2010A. The Bonds were primarily used to refund the outstanding Chino Basin Regional Financing Authority Revenue Bond Series 1994.

In June 2020, the Chino Basin Regional Financing Authority issued the Chino Basin Refunding Revenue Bonds, Series 2020A. The bonds were issued to (i) refund the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Variable Rate Demand Refunding Revenue Bond Series 2008B, (ii) refund the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Refunding Revenue Bonds Series 2010A, (iii) refund eight Clean Water State Revolving Fund Financing Agreements from the State Water Resources Control Board, and (iv) pay the costs of issuing the bonds.

In June 2020, the Chino Basin Regional Financing Authority issued the Chino Basin Revenue Notes, Series 2020B. The revenue notes were issued to (i) pay for construction cost of RP-5 Expansion project, as interim financing, and (ii) pay the costs of issuing the revenue notes. The revenue notes will be paid off at the end of substantial completion of the project with Water Infrastructure Finance and Innovation Act loan from the U.S. Environmental Protection Agency, signed in May 2020.

In addition, Agency funds are required to maintain operating reserves sufficient to cover four months of budgeted operating and maintenance expenses.

- ◆ The amended budget FY 2022/23 for operating and maintenance expenses for four months was \$38,761,464.
- ◆ As of the Fiscal Year Ended June 30, 2023, the Agency had designated debt service reserve of \$15,272,860 which has been included in Net Investment in Capital Assets, and SRF Loan debt service of \$8,949,536 included in Restricted Net Position.

INLAND EMPIRE UTILITIES AGENCY			
Debt Capacity - Continuing Disclosure Compliance Report			
	2017A Bond	2020A Bond	FY22/23 ACFR Section
Audited Financial Statements	Yes		Introductory Section
Debt Service Reserve Fund	Not Required		Statistical Section: Agency System Total Debt Coverage Ratio
Statement of the reserve requirement	"The Agency has covenanted that, to the fullest extent permitted by law, the Agency will fix and prescribe, at the commencement of each fiscal year, rates and charges reasonably expected to yield net revenue equal to 115 percent of debt service during each fiscal year."		Note 12: Long-term Debt and Notes Payable/Debt Covenants
NRW Rates and Charges: North System: Volumetric Fee Chemical Oxygen Demand (COD) Total Suspended Solids (TSS)  South System: Capacity Fee Volumetric Fee Biochemical Oxygen Demand (BOD) Total Suspended Solids (TSS)	\$842.08/mgd \$168.63/klb \$402.50/klb  \$435.43 \$1,018.00/mgd \$353.00/klb \$520.00/klb		MD & A: Financial Highlights/Non-reclaimable wastewater treatment states: NRW Pass through Rates table
NRW Revenues	\$13,604,248		MD & A: Financial Highlights/Non-reclaimable wastewater treatment Individual Funds: Non-reclaimable wastewater Fund Schedule of Revenue, Expenses and Changes in Net Position Statistical Section: Agency System Total Debt Coverage Ratio
Principal Amount of Bonds Outstanding	\$47,845,000	\$39,765,000	MD & A: Financial Highlights/Debt Management Note 12: Long-term Debt and Notes Payable
Recycled Water Rates: Direct Delivery Groundwater Recharge Connection Fee	\$516/Acre Feet (AF) \$616/Acre Feet Varies by Meter Size		MD & A: Financial Highlights/Recycled Water Sales Introductory: Major Initiatives and Accomplishments/Other Agency accomplishments
Recycled Water Revenues (AF, Sales, Conn Fee, MWD Rebates): Acre Feet (af)  Recycled Water Sales Water Connection Fee Less Conn. Fee Allotted to Water Fund Total	31,187 AF  \$ 18,693,110 \$ 4,301,542 <u>\$ 828,608</u> \$ 22,166,044		MD & A: Financial Highlights/Recycled Water Sales Individual Funds: Recycled Water Fund Schedule of Revenue, Expenses and Changes in Net Position Statistical Section: Agency System Total Debt Coverage Ratio
Assessed Valuation and Property Tax: Assessed Value of Service Area Property Tax Revenue Less Allocation to Water Fund Net Property Tax Revenue	Yes \$ 79,364,633 <u>\$ 2,839,895</u> \$ 76,524,738		MD & A: Financial Highlights/Revenues Statistical Section: Combined Schedule of Revenue, Expenses and Changes in Net Position Statistical Section: Agency System Total Debt Coverage Ratio
Wastewater Program Capital Requirements - Regional	\$385,056,974	Not Required	Statistical Section: Regional Wastewater Program Capital Requirements
Wastewater System Rates and Charges: Volumetric Fee per Month Wastewater Connection Fee	\$21.86/Equivalen Dwelling Unit (EDU) \$7,600/EDU		MD & A: Financial Highlights/Regional Wastewater Program Activities Statistical Section: Regional Wastewater Funds Service Charge Revenue and Rates by Contracting Agency
Wastewater System Revenues: Service Charge Wastewater Capital Connection Fee Total	\$78,557,281 <u>\$26,544,482</u> \$105,101,763		MD & A: Financial Highlights/Regional Wastewater Program Activities Individual Funds: Regional Wastewater Fund Statistical Section: Agency System Total Debt Coverage Ratio
Wastewater Facility Total EDU Usage:	3,559,002		Statistical Section: Regional Wastewater Monthly Sewer Service Charge Revenue and Rates by Contracting Agency
Wastewater Production/Flow within the Agency's services area:	51.7/mgd		Statistical Section: Operating Indicators -Wastewater Facilities Statistical Section: Operating Indicators - Actual Wastewater Flow

## INLAND EMPIRE UTILITIES AGENCY

### Debt Capacity - Computation of Direct and Overlapping Bonded Debt

As of June 30, 2023

2022/23 ASSESSED VALUATION: \$147,412,814,066

<u><b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</b></u>	<u><b>Total Debt</b></u> <u><b>6/30/23</b></u>	<u><b>%</b></u> <u><b>Applicable (1)</b></u>	<u><b>Agency's Share of</b></u> <u><b>Debt 6/30/23</b></u>
Metropolitan Water District	\$ 19,215,000	4.054%	\$ 778,976
Chaffey Community College District	290,030,000	98.331	285,189,399
San Bernardino Community College District	708,007,978	1.746	12,361,819
Chino Valley Unified School District	675,369,867	100.	675,369,867
Colton Joint Unified School District	181,552,661	1.093	1,984,371
Fontana Unified School District	264,519,841	89.777	237,477,978
Rialto Unified School District	85,586,514	11.998	10,268,670
Upland Unified School District	81,880,003	99.777	81,697,411
Chaffey Union High School District	600,532,563	99.868	599,739,860
Alta Loma School District	55,603,304	99.857	55,523,791
Central School District	73,572,479	100.	73,572,479
Etiwanda School District	104,723,083	99.812	104,526,204
Mountain View School District and School Facilities Improvement District No. 1 and 2	25,664,676	100.	25,664,676
Ontario-Montclair School District	102,180,015	100.	102,180,015
<b>Inland Empire Utilities Agency</b>	<b>0</b>	<b>100.</b>	<b>0</b>
City of Chino Community Facilities Districts	223,985,000	100.	223,985,000
City of Chino Hills Community Facilities Districts	16,890,000	100.	16,890,000
Cucamonga School District Community Facilities District No 97-1	3,700,000	100	3,700,000
Etiwanda School District Community Facilities Districts	66,060,000	100.	66,060,000
Upland Unified School District Community Facilities Districts	2,316,000	100.	2,316,000
City of Fontana Community Facilities Districts	82,660,000	4.930-100.	75,601,749
Mountain View School District Community Facilities Districts	371,000	100.	371,000
San Bernardino County Community Facilities District No. 2002-1	15,010,000	100.	15,010,000
City of Ontario Community Facilities Districts	194,915,000	100.	194,915,000
City of Rancho Cucamonga Community Facilities Districts	53,587,000	100.	53,587,000
City of Upland Community Facilities Districts	66,420,000	100.	66,420,000
California Statewide Community Development Authority 1915 Act Bonds	824,000	100.	824,000
San Bernardino County Assessment District No. 2018-1	5,464,092	100.	5,464,092
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b><u>\$2,991,479,357</u></b>
 <u><b>TOTAL OVERLAPPING GENERAL FUND DEBT:</b></u>			
San Bernardino County General Fund Obligations	\$ 160,860,000	50.742%	\$ 81,623,581
San Bernardino County Pension Obligation Bonds	62,960,000	50.742	31,947,163
San Bernardino County Flood Control General Fund Obligations	41,065,000	50.742	20,837,202
Chaffey Community College District Certificates of Participation	25,815,000	98.331	25,384,148
Fontana Unified School District Certificates of Participation	18,865,000	89.777	16,936,431
Rialto Unified School District Certificates of Participation	7,329,915	11.998	879,443
Cucamonga School District Certificates of Participation	2,616,000	100.	2,616,000
City of Fontana Certificates of Participation	51,255,000	80.549	41,285,390
City of Montclair General Fund Obligations	82,120,000	100.	82,120,000
City of Ontario General Fund and Pension Obligation Bonds	372,630,000	100.	372,630,000
City of Rialto General Fund Obligations	10,257,254	21.544	2,209,823
City of Upland General Fund Obligations	6,282,423	100.	6,282,423
West Valley Vector Control District Certificates of Participation	1,682,042	99.984	1,681,773
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b><u>\$686,433,377</u></b>

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$641,874,300 32.895-100.% \$526,789,815

<b>DIRECT DEBT</b>	<b>\$0</b>
<b>TOTAL OVERLAPPING DEBT</b>	<b>\$4,204,702,549</b>
<b>NET COMBINED TOTAL DEBT</b>	<b>\$4,204,792,549(2)</b>



INLAND EMPIRE UTILITIES AGENCY

Debt Capacity - Computation of Direct and Overlapping Bonded Debt

As of June 30, 2023

RATIOS TO 2022-23 ASSESSED VALUATION:

<b>Direct Debt</b> .....	<b>0.00%</b>
Total Direct and Overlapping Tax and Assessment Debt.....	2.03%
Combined Direct Debt.....	2.85%

RATIOS TO REDEVELOPMENT SUCCESSOR AGENCIES INCREMENTAL VALUATION  
(\$50,428,925,971):

Total Overlapping Tax Increment Debt .....	1.04%
--	-------

**Footnotes:**

- (1) The percentage of overlapping debt applicable to the agency is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the agency divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

## INLAND EMPIRE UTILITIES AGENCY

### Operating Indicators - Wastewater Facilities

#### Design Capacity and Average Flow

**As of June 30, 2023**

The Agency operates four water recycling plants: Regional Plant No. 1 (RP-1) located in the City of Ontario, Carbon Canyon Water Recycling Facility (CCWRF) located in the City of Chino, Regional Plant No. 4 (RP-4) located in the northeast service area in the City of Rancho Cucamonga and Regional Plant No. 5 (RP-5) located in the unincorporated area of the City of Chino.

The following table presents the design capacities and average flows of the Agency's water recycling facilities as of June 30, 2023:

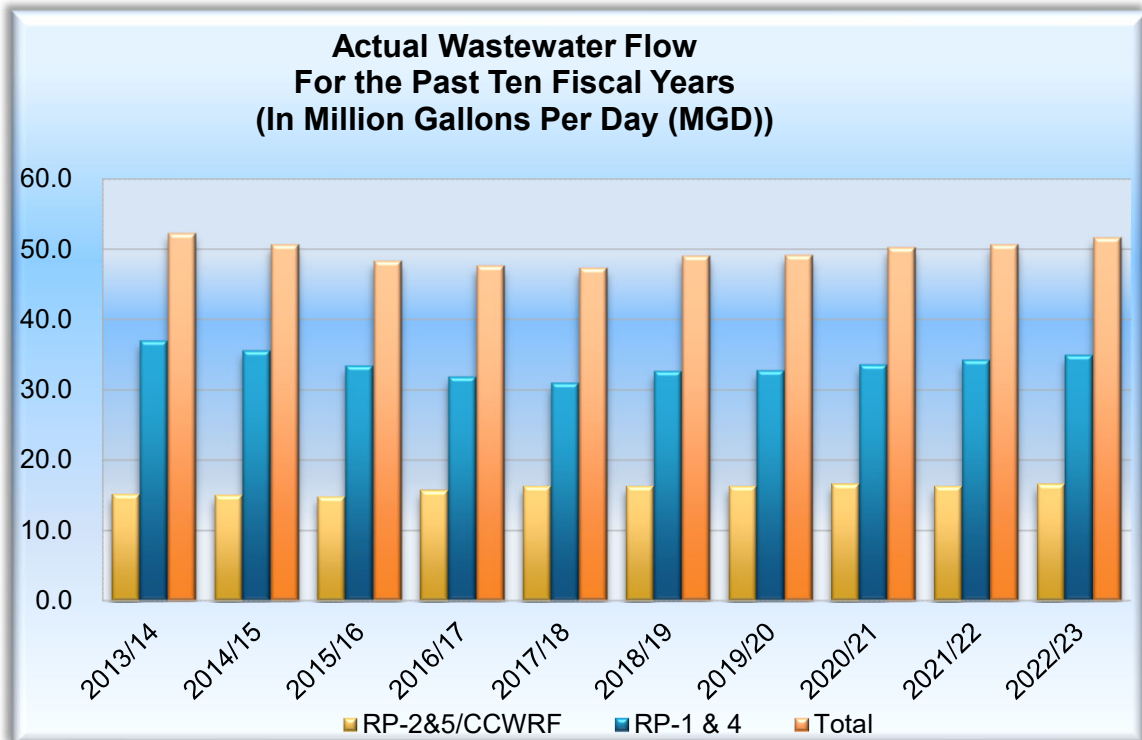
<b>Facility</b>	<b>Design Capacity (MGD)*</b>	<b>Average Flow (MGD)*</b>	<b>Average Flow as % of Design Capacity</b>
RP-1	44.0	26.2	59.5%
RP-4	14.0	8.8	62.9%
RP-5	16.3	8.7	53.4%
CCWRF	12.0	8.0	66.7%
<b>Total</b>	<b>86.3</b>	<b>51.7</b>	<b>59.9%</b>

\*MGD = million gallons per day

## INLAND EMPIRE UTILITIES AGENCY

Operating Indicators - Actual Wastewater Flow  
For the Past Ten Fiscal Years  
(In Million Gallons Per Day (MGD))

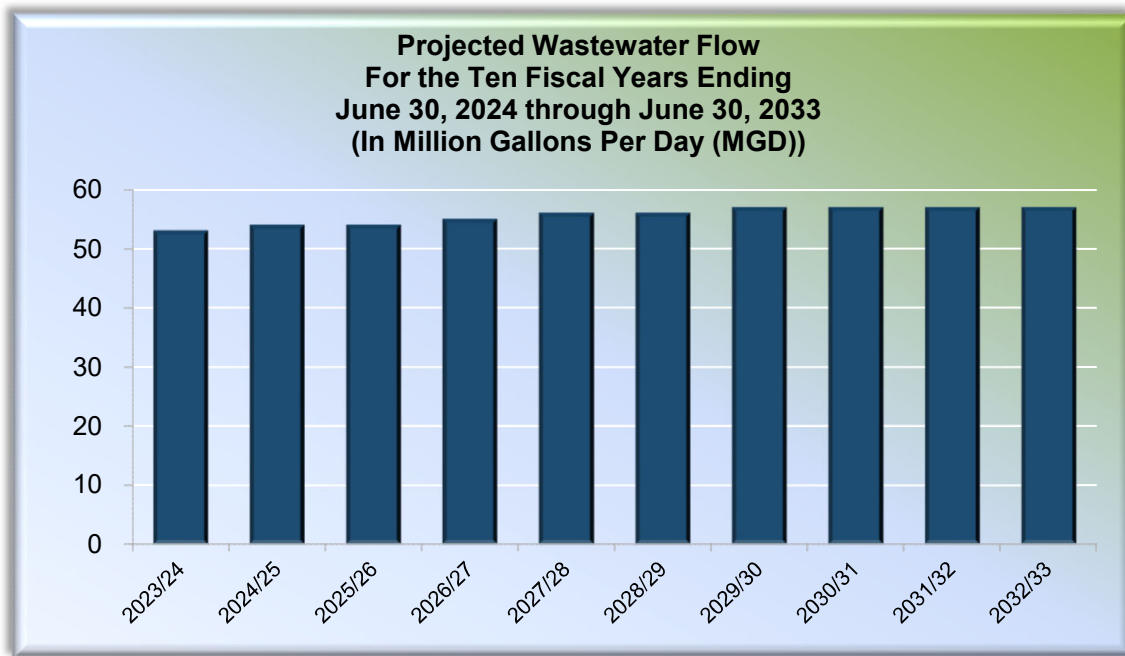
Fiscal Year	RP-1 & 4 (MGD)	RP-2&5/CCWRF (MGD)	Total (MGD)
2013/14	37.0	15.3	52.3
2014/15	35.6	15.1	50.7
2015/16	33.5	14.9	48.4
2016/17	31.9	15.8	47.7
2017/18	31.0	16.4	47.4
2018/19	32.7	16.4	49.1
2019/20	32.8	16.4	49.2
2020/21	33.6	16.7	50.3
2021/22	34.3	16.4	50.7
2022/23	35.0	16.7	51.7



**INLAND EMPIRE UTILITIES AGENCY**

**Operating Indicator - Projected Wastewater Flow  
For the Ten Fiscal Years Ending June 30, 2024 through June 30, 2033\*  
(In Million Gallons Per Day (MGD))**

<b>Fiscal Year</b>	<b>Total (MGD)</b>
2023/24	53
2024/25	54
2025/26	54
2026/27	55
2027/28	56
2028/29	56
2029/30	57
2030/31	57
2031/32	57
2032/33	57

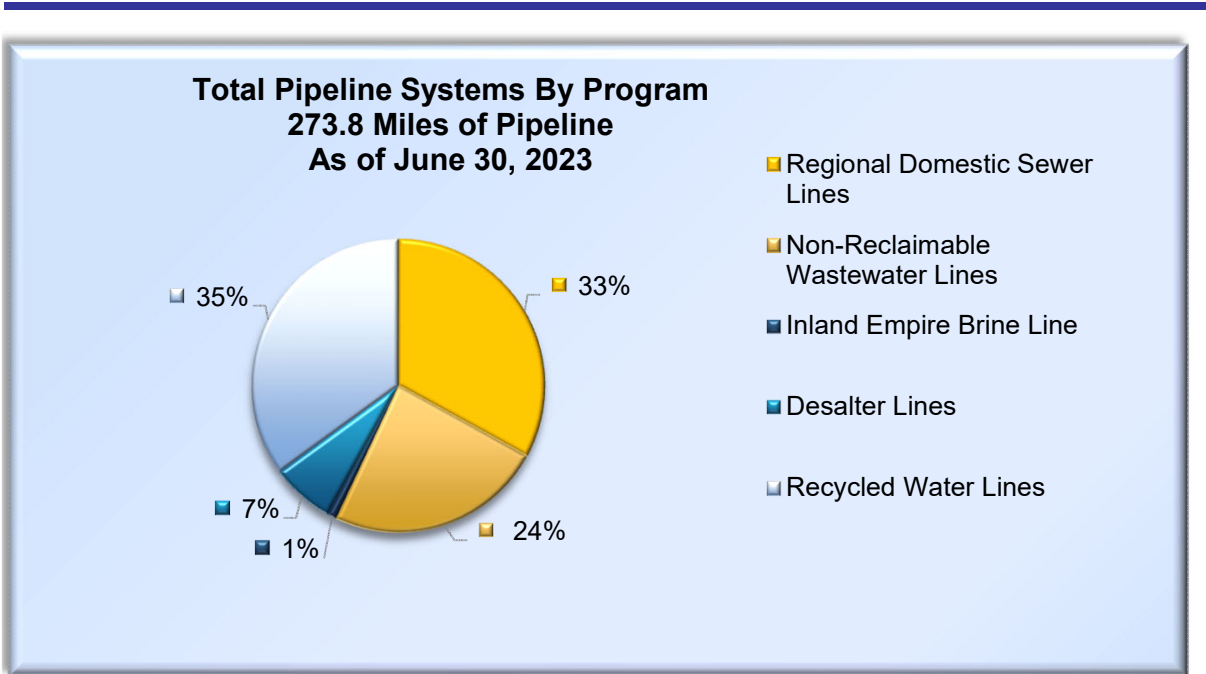


\* Source: Statistics were Provided by IEUA Planning and Water Resources Department.

The Agency owns and operates four interconnected wastewater recycling plants. These plants function as a whole, and Agency staff use influent bypass and diversion facilities to route flows between regional plants in order to optimize capacity utilization, and minimize overall pumping and treatment costs. The Agency's aggregate designed treatment capacity is 85 million gallons per day (mgd). Although historically wastewater recycling plant capacity has been limited by hydraulic capacity (mgd), the volume of wastewater flows are expected to increase gradually as the new housing development increase in the Agency's service area. The Agency is currently evaluating other limiting wastewater treatment capacity factors such as strength loading (BOD, TSS, Ammonia).

**INLAND EMPIRE UTILITIES AGENCY**  
 Operating and Capacity Indicators - Pipeline Systems By Program  
 As of June 30, 2023

Program	Miles of Pipeline	Percentage of Pipelines
Regional Domestic Sewer Lines	89.9	33%
Non-Reclaimable Wastewater Lines	66.7	24%
Inland Empire Brine Line	4.0	1%
Desalter Lines	19.6	7%
Recycled Water Lines	93.6	35%
<b>Total Miles of Pipeline</b>	<b>273.8</b>	<b>100%</b>



Source: IEUA Business Information Services Dept.

**INLAND EMPIRE UTILITIES AGENCY**

Operating Indicators - FY 2022/23 Staffing Allocations

As of June 30, 2023

<b>Actual staffing allocation by Agency Program</b>	<b>*FTE</b>
Regional Wastewater Operations and Capital Programs	206.2
Recycled Water Programs	20.1
Inland Empire Regional Composting Authority Operations	24.0
Non-reclaimable Wastewater System Programs	14.6
Chino Basin Desalter Operations & Capital Programs	6.0
Recharge Water Programs	5.5
Water Resources Related Activities & Conservation Programs	11.9
General Administration	2.7
<b>Total Filled FTE Count</b>	<b>291</b>
<b>Total Authorized FTE</b>	<b>316</b>
<b>Vacancy Factor Percentage</b>	<b>7.9%</b>

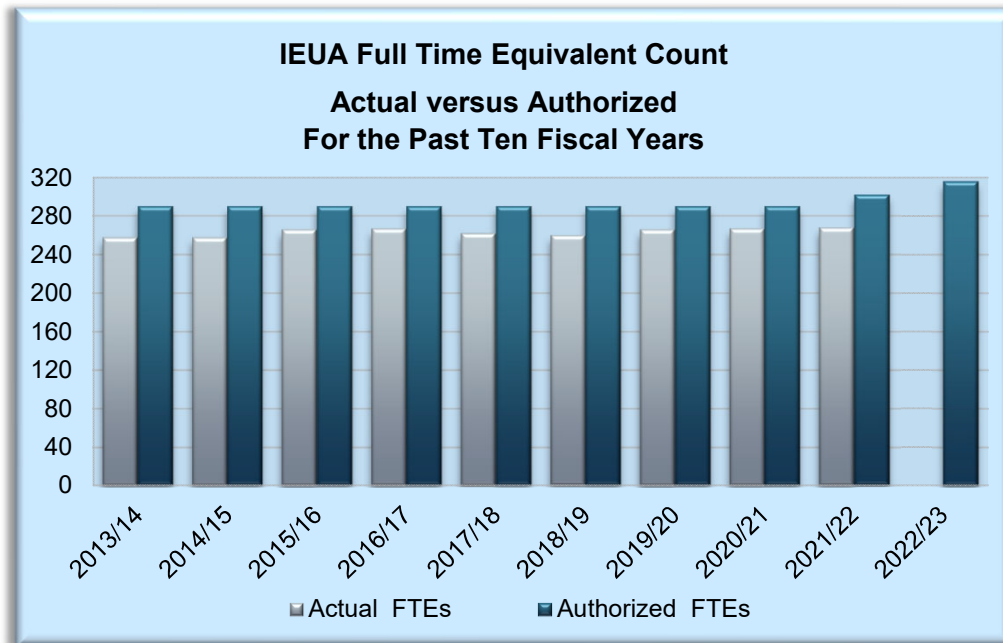
Source: IEUA June 2023 Position Control Report

*\*FTE- Full Time Equivalent*

## INLAND EMPIRE UTILITIES AGENCY

### Operating Indicators - Budgeted Positions versus Staffing Actuals For the Past Ten Fiscal Years

Fiscal Year	Actual FTEs	Authorized FTEs
2013/14	258	290
2014/15	258	290
2015/16	266	290
2016/17	267	290
2017/18	262	290
2018/19	260	290
2019/20	266	290
2020/21	267	290
2021/22	268	302
2022/23	291	316



The chart and table above compared the number of authorized full time equivalent (FTE) positions to actual employees at the end of the fiscal year for the past ten years.

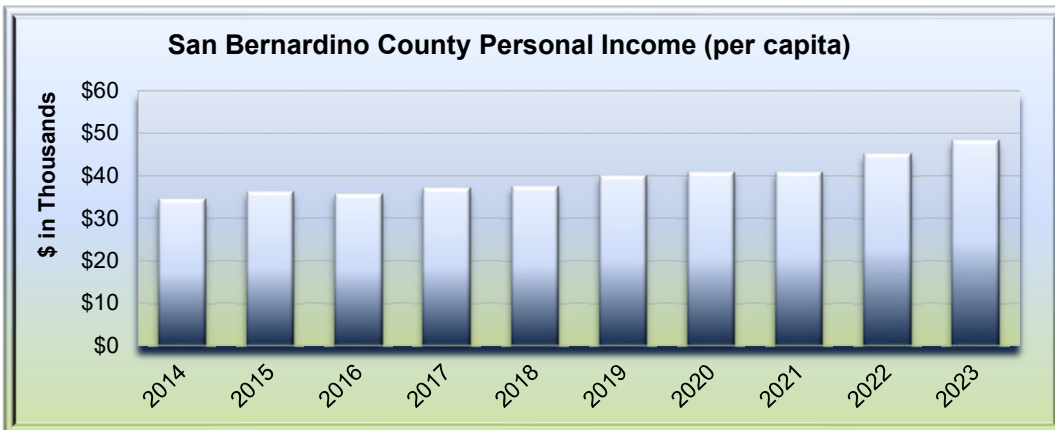
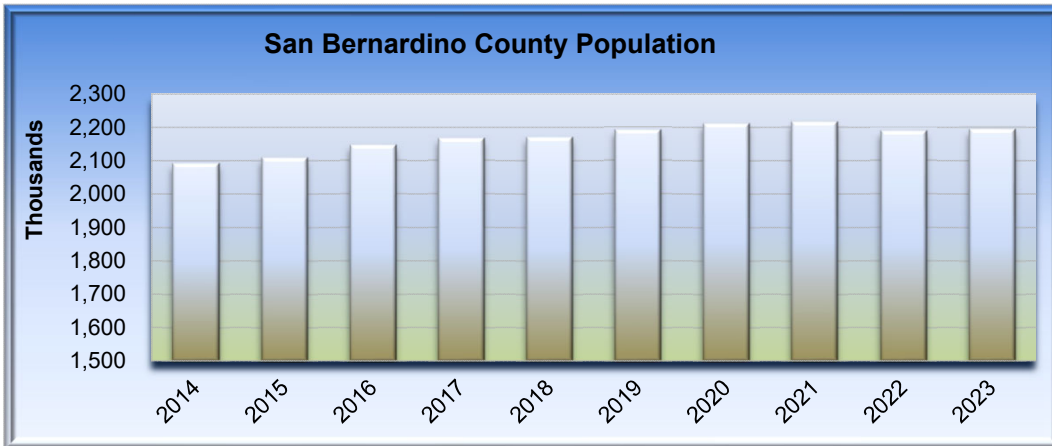


**INLAND EMPIRE UTILITIES AGENCY**

Demographic and Economic Statistics - Population and Personal Income Statistics  
For the Past Ten Fiscal Years

**San Bernardino County (1)**

<u>Year</u>	<u>Population</u>	<u>Personal Income (billions)</u>	<u>Personal Income (per capita)</u>
2011	2,053,974	63.6	30,245
2012	2,074,668	67.3	31,007
2013	2,106,217	68.1	30,990
2014	2,092,660	73.5	34,561
2015	2,110,557	77.4	36,335
2016	2,146,798	77.9	35,645
2017	2,166,777	82.3	37,091
2018	2,171,517	86.3	37,628
2019	2,192,203	87.3	40,012
2020	2,213,153	95.6	40,959
2021	2,218,010	93.3	40,943
2022	2,189,230	104.0	45,356
2023	2,195,939	118.0	48,337



**Footnotes:**

- (1) Source: San Bernardino County Economic Forecast 2022.
- (2) The County data is representative of the conditions and experience of the Agency's service area.
- (3) Data for Year 2023 has been estimated.

**INLAND EMPIRE UTILITIES AGENCY**  
 Demographic and Economic Statistics  
 Agency Service Area's Largest Public and Private Employers

Firm	Location	Number of Employees
Ontario International Airport	Ontario	5,000-9,999
United Parcel Services (UPS)	Ontario	5,000-9,999
Kaiser Medical Center	Fontana	6,248
Fontana Unified School District	Fontana	5,898
Chino Valley Unified School District	Chino	3,350
Amazon.com Services LLC	Fontana	3,008
Ontario-Montclair School District	Montclair	1,000-4,999
San Antonio Community Hospital	Upland	1,000-4,999
Inland Empire Health Plan	Rancho Cucamonga	1,000-4,999
Primary Care Assoc Med Group	Ontario	1,000-4,999

Sources: San Bernardino Area Chamber of Commerce, City's websites and financial documents



**Ontario International Airport**



**Amazon**



**Inland Empire Health Plan**



**Kaiser Medical Center**

**Footnote:** No data available prior to most recent information.

**INLAND EMPIRE UTILITIES AGENCY**

**Appropriations Limit**

**Fiscal Years Ended June 30, 2018 through 2023\***

Fiscal Year	Annual Appropriations Limit	Proceeds of Taxes (Appropriations)
2017/18	\$ 178,006,894	\$ 46,046,000
2018/19	\$ 186,293,115	\$ 47,887,800
2019/20	\$ 195,207,240	\$ 52,364,002
2020/21	\$ 203,521,116	\$ 53,934,900
2021/22	\$ 215,549,215	\$ 57,486,000
2022/23	\$ 232,148,660	\$ 74,017,999

\* Source: Board Resolution No. 2022-6-8

**INLAND EMPIRE UTILITIES AGENCY, CALIFORNIA**

**APPROPRIATIONS LIMIT WORKSHEET NO. 6**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON AGREED-UPON PROCEDURES APPLIED TO  
APPROPRIATIONS LIMIT WORKSHEET NO. 6**

**YEAR ENDED JUNE 30, 2023**



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Inland Empire Utilities Agency  
Chino, California

We have performed the procedures enumerated below on the accompanying Appropriations Limit Worksheet No. 6 of the Inland Empire Utilities Agency, California, (the Agency) for the year ended June 30, 2023. The Agency's management is responsible for the Appropriations Limit Worksheet No. 6.

The Agency and the League of California Cities (as presented in the League publication entitled Article XIII-B Appropriations Limit Uniform Guidelines) have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

- a. We obtained the completed Appropriations Limit Worksheet No. 6 for the year ended June 30, 2023, and compared the limit and annual adjustment factors included in that worksheet to the limit and annual adjustment factors that were adopted by resolution of the board of directors. We also compared the population and inflation options included in the aforementioned worksheet to those that were selected by a recorded vote of the board of directors.

No exceptions were noted as a result of our performing this procedure.

- b. For the Appropriations Limit Worksheet No. 6, we added last year's limit to the total adjustments, and compared the resulting amount to this year's limit. We also recalculated the adjustment factor and the adjustment for inflation and population, and compared the results to the amounts on Appropriations Limit Worksheet No. 6.

No exceptions were noted as a result of our performing this procedure.

- c. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet No. 6 to the prior year appropriations limit adopted by the board of directors for the prior year.

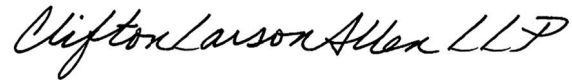
No exceptions were noted as a result of our performing this procedure.

Board of Directors  
Inland Empire Utilities Agency

We were engaged by the Agency to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriations Limit Worksheet No. 6. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the board of directors and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Irvine, California  
January 25, 2023

**INLAND EMPIRE UTILITIES AGENCY  
 APPROPRIATIONS LIMIT WORKSHEET NO. 6  
 YEAR ENDED JUNE 30, 2023**

Appropriations Limit for Fiscal Year Ended June 30, 2022 (see Note 2) \$ 215,549,215

Adjustments Factors for the Fiscal Year Ended June 30, 2023 (see Note 2):

Inflation Factor (Note 3)	Population Factor (Note 4)	Combined Factor	
1.0755000	1.0014000	1.0770100	x 0.07701000
Adjustment for Inflation and Population			16,599,445
Other Adjustments (Note 5)			-
Total Adjustments			16,599,445
Appropriations Limit for Fiscal Year Ended June 30, 2023			\$ 232,148,660

*See accompanying Notes to Appropriations Limit Worksheet No. 6.*



**INLAND EMPIRE UTILITIES AGENCY  
NOTES TO APPROPRIATIONS LIMIT WORKSHEET NO. 6  
JUNE 30, 2023**

**NOTE 1 PURPOSE OF AGREED-UPON PROCEDURES**

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to agreed-upon procedures in connection with the annual audit.

**NOTE 2 METHOD OF CALCULATION**

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed at Notes 3 and 4 below.

**NOTE 3 INFLATION FACTORS**

A California governmental agency may adjust its appropriations limit by either the percentage change in California per capita personal income from the preceding year (which is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the Inland Empire Utilities Agency (the Agency) for fiscal year 2022-2023 represents the percentage change in California per capita personal income from the preceding year.

**NOTE 4 POPULATION FACTORS**

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the Agency for fiscal year 2022-2023 represents the annual percentage change in the population in the County where the Agency is located.

**NOTE 5 OTHER ADJUSTMENTS**

A California governmental agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another governmental agency or private entity. The Agency had no such adjustments for the year ended June 30, 2023.



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