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**FISCAL
CONTROL
ORDINANCE 117**

ORDINANCE NO. 117
AN ORDINANCE OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN
BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING FISCAL
CONTROL

BE IT ORDAINED by the Board of Directors of the Inland Empire Utilities Agency* as follows:

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PART I - DESIGNATIONS

SECTION 101 - PURPOSE

The Fiscal Control Ordinance of the Inland Empire Utilities Agency sets forth the requirements for fiscal control that provide a framework for ensuring accountability in the Agency's budgetary and financial operations. These requirements provide for a system of financial administration, accounting, fiscal, and budgetary control that is consistent with the audited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) and with the budgeting best practices recommended by the Government Finance Officers Association of the United States of America.

SECTION 102 - DEFINITIONS

- A. Account Categories – Shall mean Operating and Non-Operating account groups as defined in the Agency's budget to report sources and uses of funds and to execute budget control.
- B. Adopted Budget - Shall mean the plan of financial operations adopted by the Board of Directors embodying an estimate of proposed revenues and funding sources, operating expenses, capital expenditures, debt service costs, and other uses of funds for a given fiscal year (annual budget), or for two consecutive fiscal years (biennial budget), and the proposed means of financing them.
- C. Agency – Shall mean the Inland Empire Utilities Agency.
- D. Amended Budget - Shall mean the Adopted Budget inclusive of approved budget amendments and budget transfers.
- E. AGM – Shall mean the Assistant General Manager of the Inland Empire Utilities Agency.
- F. Appropriation/Appropriated Expense – Shall mean an expense which has been authorized by the Board of Directors for a specific fund or project which permits designated Agency employees, as defined in the Agency's Procurement Ordinance, to incur obligations against, and to incur expenses for a specified purpose. Appropriations approved by the Board of Directors in the Adopted or Amended Budget are limited to the fiscal year they are approved for unless otherwise specified. All unexpended appropriations shall lapse at the end of the fiscal year, unless approved by the Board to be carried forward to the following fiscal year. The Agency's annual appropriation is subject to the State's Article XIII Gann Appropriation Limit. [Modified to reference the Agency's Procurement Ordinance]

- G. Board of Directors - Shall mean the Board of Directors (Board) of the Inland Empire Utilities Agency, which sometimes is referred to as the Board within this document.
- H. Budget Amendment – Shall mean a change to the Adopted Budget of a fund in a fiscal year, including the reallocation of budget either between funds, or account categories within the same fund, as defined in Budget Transfer & Amendment Policy. Budget amendments are subject to approval or ratification by a majority of the Board.
- I. Budget Control – Shall mean a system of management control in which actual costs, revenues, and resources are compared to the Agency’s Adopted or Amended Budget to ensure consistency with the Board approved appropriations, and identify if changes are needed, as defined in Agency’s Budget Transfer & Amendment Policy.
- J. Budget Transfer – Shall mean the reallocation of appropriations or resources within the same fund and the same account category in a given fiscal year, as defined in the Budget Transfer & Amendment Policy.
- K. Capital Expenditures – Shall mean costs associated with acquisition, construction, replacement and rehabilitation (R&R), and improvement of fixed and real assets. Based on the scope and duration of a capital project, the total project budget can be established for one or multiple years.
- L. CIP – Shall mean the Agency’s capital improvement plan provided in the Adopted Budget document, Capital section.
- M. Debt Service – Shall mean the payment of current year portion of principal and interest costs incurred on long-term debt issued by the Agency.
- N. Designated Agency Employee/Designee – Shall mean employees of the Agency empowered under the provision of the Fiscal Control Ordinance and Procurement Ordinance to incur obligation against and to make expenses of appropriated resources.
- O. Emergency Procurement – Shall mean any procurement required for the prevention against imminent danger, or to mitigate the loss or impairment of: life, health, or safety of the public, Agency employees, suppliers, contractors; public or private property; compliance with critical permit and regulatory requirements; or any other condition which cannot reasonably be foreseen and would have a significant effect on the public’s health/safety or that could have a significant adverse financial impact on the Agency.
- P. Enterprise Fund – Shall mean a fund which is used to account for operations that are financed and operated in a manner similar to a private business enterprise. Enterprise funds account for operations, capital and debt service costs which are substantially financed by revenue derived from user charges and fees.
- Q. Fund – Shall mean Agency’s enterprise funds as established for a specific program to account for operations, capital, debt service costs, and funding sources.

- R. GM – Shall mean the General Manager of the Inland Empire Utilities Agency.
- S. General Manager (GM) Contingency Account – Shall mean an account budgeted with contingency funds which the GM or his designee can transfer to any funds to meet unplanned requirements for any account or project under the Operating account category. Replenishment of the GM Contingency Account appropriation is considered a budget amendment and requires approval by a majority of the Board. Use of the GM contingency funds and requests for replenishment to the account will be submitted as part of the budget variance reporting process, or if necessary, at the next regularly scheduled meeting of the Board of Directors.
- T. Lapsed Appropriations – Shall mean all appropriations which are not obligated, encumbered, or expended and which lapse at the end of the fiscal year.
- U. Non-Operating Accounts – Shall mean classification of accounts utilized by the Agency which are not directly related to day-to-day operational activities. The non-operating expense classification includes capital, debt service and other non-operating expenditures. The non-operating revenue classification includes tax receipts, capital contributions, interest income, grant and debt proceeds, and other non-operating miscellaneous receipts.
- V. Operating Accounts – Shall mean classification of accounts utilized by the Agency to track revenues and expenses associated with day-to-day activities. The operating expense classification includes, among others, chemicals and utilities. The operating revenue classification includes, among others, service charges and recycled water sales and miscellaneous operating income.
- W. Special Assessment Fund – Shall mean fund that is used to account for special assessments levied to finance public improvements or services deemed to benefit the properties, against which the assessments are levied.
- X. State’s Article XIII Gann Appropriation Limit – Shall mean Article XIII B of the California Constitution which was added by the November 1979 passage of the Gann Initiative. This legislation mandates the Agency compute, and establish by resolution, an annual appropriation limit that places a ceiling on the total amount of tax revenues that can be appropriated annually.
- Y. Total Project Budget – Shall mean the total amount planned to complete project tasks. The total project budget for an operations and maintenance (O&M) project, or special project, should be limited to one fiscal year. The total project budget for a capital project may extend over multiple fiscal years.

SECTION 103 - FISCAL YEAR

The fiscal year shall begin on July 1 of each year and ends on June 30 of the succeeding year.

SECTION 104 - FUND STRUCTURE

The Agency may established fund types as needed to provide for the proper accounting of all financial activities, including enterprise fund and special assessment funds. All Agency funds operate as enterprise funds and include both capital and operating activities.

SECTION 105 - SELF-BALANCING ACCOUNTS

A complete self-balancing set of accounts will be established and maintained for each fund in accordance with Governmental Accounting Standards Board (GASB) requirements. This set of accounts will include all general ledger accounts and subsidiary records necessary to demonstrate compliance with applicable legal and financial reporting requirements, and to set forth the financial position and the results of operations of the fund.

SECTION 106 - BASIS OF ACCOUNTING

The Agency will use accrual basis of accounting, under which expenses are recorded when liabilities are incurred and revenues are recorded when earned in accordance with Generally Accepted Accounting Principles (GAAP). All receipts and disbursements will be posted promptly and, at a minimum, on a monthly basis.

SECTION 107 - ADOPTION OF THE BUDGET

The Agency's budget will be adopted by the Board prior to the first day of the fiscal year. The proposed budget will be submitted by the Assistant General Manager or Designee (designated by the AGM) and transmitted to members of the Board for review at a minimum of 10 days before the required date of adoption. If, for a valid and sufficient reason, the budget cannot be adopted by the first day of the fiscal year, the budget must be adopted no later than 45 days subsequent to the beginning of the fiscal year. If the budget is not adopted prior to the beginning of the fiscal year, the board will adopt a resolution authorizing the continuation of necessary and essential expenses to operate the Agency.

The adopted budget will constitute a balanced budget with anticipated sources of funds including appropriated unencumbered fund balances and reserves equal to appropriated uses of funds. Each fund within the budget will also be balanced.

The adoption of the budget will occur through approval of a budget resolution. The resolution must be entered into the minutes of the Board meeting at which the resolution is adopted.

SECTION 108 - BUDGET, A PUBLIC RECORD

At the time the proposed budget is submitted by the Assistant General Manager or Designee (designated by the AGM) and provided to the Board for review, a summary of the proposed budget shall be made available for public inspection during regular business hours at the Agency's

administrative office and website for a minimum of 10 days before the required date of adoption. At a minimum, the proposed budget summary should include the Sources and Uses of Funds by Fund, program rates and fees, and a listing of capital and O&M projects.

Once the proposed budget is approved by the Board, the adopted budget document shall be made available for public inspection during regular business hours at the Agency's administrative office and on the Agency's website (www.ieua.org).

SECTION 109 - BUDGET AMENDMENTS

Budget amendments must be approved by a majority of the Board prior to obligating funds in excess of the budgeted appropriations to ensure such actions pose no financial risk to the Agency's overall financial health. The only exceptions to prior Board approval are emergency procurements and the use of the GM Contingency Account(s) to support unplanned expenditures.

- Emergency procurements will be approved by the GM or designee and submitted for ratification by the Board at the next regularly scheduled meeting, as defined in the Agency's Procurement Ordinance.
- Solely for the GM Contingency Account(s), the GM or designee is authorized to transfer GM Contingency budget to other funds and account categories as needed to support unplanned expenditures, as defined in the Agency's Budget Transfer & Amendment Policy. Replenishment of the GM Contingency Account are considered budget amendments and are subject to approval by a majority of the Board.

Changes to the second year of the Adopted Biennial Budget are considered budget amendments. These budget amendments shall be made through the mid-year budget review process which takes place in the second half of the first year of the biennial budget cycle.

Encumbered, obligated, or unexpended funds carried forward to the following fiscal year, as defined in the Agency's Fiscal Year End Carry Forward of Encumbrances and Related Budget, are considered budget amendments and require approval by the majority of the Board.

PART II – RESPONSIBILITIES

SECTION 201 - APPROVAL AND RESPONSIBILITIES

All Agency employees shall comply with the provisions of this Ordinance to ensure the responsible and prudent use of public funds, and to maintain the preservation of the public trust.

The Assistant General Manager or Designee (designated by the AGM), under the direction of GM, is authorized as follows:

- Administration, control, oversight, and reporting of the financial affairs of the Agency;
- Oversight of disbursement of all monies;
- Exercise budgetary control over expenditures to ensure that annual appropriations and total project budget as approved by the Board are not exceeded; and
- No appropriation will be encumbered and no expenditure shall be made prior to confirming sufficient unencumbered fund balance is available.

The GM and the Assistant General Manager or Designee (designated by the AGM) are authorized to approve reallocation of appropriations between departments within the same fund and account category, as defined in the Budget Transfer & Amendment Policy.

Department managers are responsible for monitoring their budgets and determining if a budget amendment or budget transfer is necessary.

SECTION 202 - UNENCUMBERED FUND BALANCE

All appropriations which are not obligated, encumbered, or expended at the end of the fiscal year shall lapse and shall become part of the unrestricted fund balance after adjustment for required fund reservations. The final unrestricted fund balance at the end of a fiscal year may be appropriated in the following fiscal year.

SECTION 203 - FINANCIAL POLICY AND REPORTING

Financial Policies to support the Agency's business goals of fiscal responsibility at the direction of the GM and/or AGM shall be presented to the Board upon revision or update, based on regulatory changes or staff recommendations and updated in accordance with California code.

The Agency's adopted financial policies, including the Investment Policy, Reserve Policy, and Debt Management Policy, will guide and support the implementation of this Ordinance.

Financial reports shall be prepared and presented to the Board during the fiscal year, amongst them:

- Monthly report on the Agency's cash and investments activities and status.
- Monthly report on detailed disbursements.
- Quarterly report on current conditions of all major accounts compared to the Adopted or Amended Budget, including budget transfers during the report period.
- Quarterly report on budget amendments implemented during the report period.
- A Comprehensive Annual Financial Report shall be prepared and published no later than six months after the conclusion of each fiscal year.
- Single Audit, as required.

All financial reports shall be posted on the Agency's website.

SECTION 204 - ANNUAL INDEPENDENT AUDIT

All funds, accounts, and financial transactions of the Agency, including a single audit for grants related activities if required, shall be subjected to an annual audit by an independent certified public accountant selected by the Agency's Audit Committee and approved by the Board. The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts.

SECTION 205 - IMPLEMENTATION RESPONSIBILITY

The responsibility for the proper execution of the provisions of this Fiscal Control Ordinance shall be with the Assistant General Manager or Designee (designated by the AGM) under the direction of the GM, except where responsibility is explicitly given to the Board.

SECTION 206 - SEVERABILITY

In the event any section, subsection, sentence, clause, or phrase of this Ordinance shall be declared or adjusted invalid or unconstitutional, such adjudication shall in no manner affect the other sections, subsections, sentences, clauses, or phrases of this Ordinance, which shall remain in full force and effect, as if the section, subsection, sentence, clause or phrase so declared or adjudged invalid or unconstitutional were not originally part hereof.

SECTION 207 - REPEAL OF PRIOR ORDINANCES

Upon adoption of Ordinance No. 117, Ordinance No. 102 is hereby repealed in its entirety.

SECTION 208 - EFFECTIVE DATE AND EXECUTION

This Ordinance shall take effect immediately upon adoption by the Board, and execution of said Ordinance by the President and Secretary/Treasurer thereof.

ADOPTED, this 21st day of January, 2026.



Steven J. Elie
President of Inland Empire Utilities
Agency*, and of the Board of Directors
thereof

ATTEST:



Michael Camacho,
Secretary of the Inland Empire Utilities
Agency* and the Board of Directors
Thereof

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency
By Devin Ho Date 1/21/2026

* A MUNICIPAL WATER DISTRICT

STATE OF CALIFORNIA)
COUNTY OF) SS
SAN BERNARDINO)

I, Michael Camacho, Secretary of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Ordinance being No. 117, was adopted at a
regular Board Meeting on January 21, 2026, of said Agency by the following vote:

- AYES: Camacho, Elie, Hall, Hofer, Tule
- NOES: None
- ABSTAIN: None
- ABSENT: None



Michael Camacho,
Secretary of the Inland Empire Utilities
Agency* and the Board of Directors
Thereof

(SEAL)

* A MUNICIPAL WATER DISTRICT