



**FINANCE, LEGAL, AND ADMINISTRATION
COMMITTEE MEETING
OF THE BOARD OF DIRECTORS
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CALIFORNIA**

**WEDNESDAY, DECEMBER 14, 2016
11:00 A.M.**

*Or immediately following the
Engineering, Operations, and Biosolids Management
Committee Meeting*

CALL TO ORDER

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a "Request to Speak" form which is available on the table in the Board Room. Comments will be limited to five minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

1. CONSENT ITEMS

A. MINUTES

The Committee will be asked to approve the Finance, Legal and Administration Committee meeting minutes of November 9, 2016.

B. REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Committee/Board approve the total disbursements for the month of October 2016, in the amount of \$17,069,654.56.

2. ACTION ITEMS

A. IEUA FISCAL YEAR 2015/16 COMPREHENSIVE ANNUAL FINANCIAL REPORT

It is recommended that the Committee/Board:

1. Approve the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year (FY) ended June 30, 2016; and
2. Direct staff to distribute the report as appropriate, to the various federal, state, and local agencies, financial institutions, bond rating agencies, and other interested parties.

B. RESOLUTION FOR THE USBR TITLE XVI WATER RECLAMATION AND REUSE PROGRAM FUNDING

It is recommended that the Committee/Board:

1. Adopt Resolution No. 2016-12-3, authorizing the Agency to enter into financial assistance agreements with the U.S. Department of Interior – Bureau of Reclamation (USBR) WaterSMART: Title XVI Water Reclamation and Reuse Program Funding for Fiscal Year 2017; and
2. Authorize the General Manager, or in his absence, his designees, to execute the financial assistance agreement, any amendments, and any grant related documents thereto.

C. APPROVAL OF CITY OF UPLAND'S EXTRA-TERRITORIAL REQUEST FOR THE SYCAMORE HILLS DEVELOPMENT

It is recommended that the Committee/Board adopt the resolution approving the extra-territorial request for sewer service from the City of Upland for the Sycamore Hills Development.

3. INFORMATIONAL ITEMS

RECEIVE AND FILE INFORMATION ITEMS

A. TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN)

B. FY 2016/17 FIRST QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFERS (WRITTEN)

4. GENERAL MANAGER'S COMMENTS


5. COMMITTEE MEMBER COMMENTS

6. COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

7. **ADJOURN**

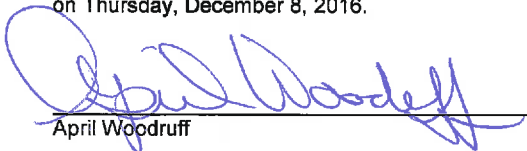
*A Municipal Water District

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary (909-993-1736), 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

Proofed by: 

DECLARATION OF POSTING

I, April Woodruff, Board Secretary/Office Manager of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of the agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Ave., Building A, Chino, CA on Thursday, December 8, 2016.



April Woodruff

**CONSENT
ITEM**

1A



MINUTES

FINANCE, LEGAL, AND ADMINISTRATION COMMITTEE MEETING INLAND EMPIRE UTILITIES AGENCY* AGENCY HEADQUARTERS, CHINO, CA

WEDNESDAY, NOVEMBER 9, 2016
11:00 A.M.

COMMITTEE MEMBERS PRESENT

Steven J. Elie, Chair
Paul Hofer

STAFF PRESENT

P. Joseph Grindstaff, General Manager
Chris Berch, Executive Manager of Engineering/AGM
Randy Lee, Executive Manager of Operation/AGM
Christina Valencia, Chief Financial Officer/ AGM
Javier Chagoyen-Lazaro, Manager of Finance and Accounting
Tina Cheng, Budget Officer
Sylvie Lee, Manager of Planning & Environmental Resources
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT

Brian Thomas, Public Financial Management (PFM)

The meeting was called to order at 10:12 a.m. There were no public comments received or additions to the agenda.

CONSENT CALENDAR ITEMS

The Committee:

- ◆ Approved the Finance, Legal, and Administration Committee meeting minutes of August 10, and September 14, 2016.
- ◆ Recommended that the Board approve the total disbursements for the month of August 2016, in the amount of \$10,282,194.52;

as a Consent Calendar Item on the November 16, 2016 Board meeting agenda.
- ◆ Recommended that the Board approve the total disbursements for the month of September 2016, in the amount of \$13,658,483.29;

as a Consent Calendar Item on the November 16, 2016 Board meeting agenda.

ACTION ITEMS

The Committee:

- ◆ Recommended that the Board approve the selection of Citi as sole managing underwriter for the advance refunding of the Chino Basin Regional Financing Authority Revenue Bonds, Series 2008A Revenue Bonds (Inland Empire Utilities Agency);

as a Consent Calendar Item on the November 16, 2016 Board meeting agenda.

- ◆ Recommended that the Board approve the updated Debt Management Policy governing all Agency's debt;

as a Consent Calendar Item on the November 16, 2016 Board meeting agenda.

- ◆ Recommended that the Board:

1. Approve the proposed Letter Agreement between IEUA and the County of San Bernardino regarding the implementing recycled water requests; and
2. Authorize the General Manager to execute the Agreement;

as a Consent Calendar Item on the November 16, 2016 Board meeting agenda.

- ◆ Recommended that the Board:

1. Adopt the PA 22 and PA 23 Committee Budgets for Fiscal Year Ending (FYE) 2017 for the SARCCUP; and
2. Authorize the General Manager to execute the requisite documents;

as an Action Item on the November 16, 2016 Board meeting agenda.

INFORMATION ITEMS

The following information items were presented, or received and filed by the Committee:

- ◆ Treasurer's Report of Financial Affairs for August 2016.
- ◆ Treasurer's Report of Financial Affairs for September 2016.

GENERAL MANAGER'S COMMENTS

General Manager P. Joseph Grindstaff had no additional comments.

COMMITTEE MEMBER COMMENTS

There were no additional Committee Member comments.

COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

There were no Committee Member requests for future agenda items.

With no further business, Director Elie adjourned the meeting at 11:50 a.m.

Respectfully submitted,

April Woodruff
Board Secretary/Office Manager

*A Municipal Water District

APPROVED: DECEMBER 14, 2016


**CONSENT
ITEM
1B**





Date: December 21, 2016

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (12/14/16)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Christina Valencia
Chief Financial Officer/Assistant General Manager

 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Report on General Disbursements

RECOMMENDATION

It is recommended that the Board of Directors approve the total disbursements for the month of October 2016, in the amount of \$17,069,654.56.

BACKGROUND

October disbursement activity includes vendor payments (check numbers 216108-216487) of \$3,316,096.50 and workers compensation payments (check numbers 04636-04657) of \$6,124.92. The total amount of ACH and wire transfer payments is \$13,744,498.63, which includes payroll taxes in the amount of \$1,060,730.39. The total employee pay was \$1,406,803.52. The total pay for the Board of Directors was \$4,410.85.

Payment Type		Transactions	Total Amount
Check	Vendors	380	3,316,096.50
	Workers-Comp	22	6,124.92
	Payroll-Directors'	3	2,934.51
	Payroll-Others	0	0.00
Subtotal Check		405	\$3,325,155.93
ACH		162	\$8,457,229.57
Wire Transfer	Payroll-Net Pay	2	1,406,803.52
	Payroll-Directors'	1	1,476.34
	Others	19	3,878,989.20
Subtotal Wires		22	\$5,287,269.06
TOTAL		589	\$17,069,654.56

Payments to vendors this month above \$500,000 include:

Vendor	Amount	Description
CHINO BASIN DESALTER	7,131,073.27	EN16021.90-IEUA Contrib #7-Proj Clean-Up
MWD	1,988,241.80	August 2016 Water Purchase
IRS	884,642.72	P/R 20,21,DIR 010 Taxes
PERS	820,640.60	P/R 20,21,DIR 010 PERS Cont,10/16 Hlth Ins
SO CAL EDISON	570,278.06	September, October 2016 Electricity Usage
KEMP BROS CONST	561,783.23	EN15008-9/16 Pay Est 1

The report on general disbursements is consistent with the Agency's Business Goal of Fiscal Responsibility in providing financial reporting that accounts for general disbursements associated with operating requirements.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The cash held by the Agency's various funds, including the Administrative Services (GG) Fund, is reduced as a result of paying the Agency's authorized expenditures.

Bank	CBB	CITIZENS BUSINESS BANK		ONTARIO CA 91761000		
Bank Key	122234149					
Acct number	CHECK	231167641				
Check						
Check number from to	Payment	Print date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca /void
216108	2200078028	10/06/2016	USD	115.46	ACCUSTANDARD INC NEW HAVEN CT	10/14/2016
216109	2200078022	10/06/2016	USD	391.96	ABRATON INDUSTRIES INT'L INC CHASKA MN	10/12/2016
216110	2200078017	10/06/2016	USD	338.64	AIRGAS WEST INC PASADENA CA	10/11/2016
216111	2200078039	10/06/2016	USD	1,540.00	ALLIANCE FOR WATER EFFICIENCY CHICAGO IL	10/12/2016
216112	2200078053	10/06/2016	USD	22,706.25	ALLISON MECHANICAL, INC. REDLANDS CA	10/12/2016
216113	2200078040	10/06/2016	USD	3,140.00	AMP MECHANICAL INC COSTA MESA CA	10/13/2016
216114	2200078024	10/06/2016	USD	273.18	ANIXTER INC DALLAS TX	10/11/2016
216115	2200078072	10/06/2016	USD	30.08	ARAMBULA, BLANCA CHINO HILLS CA	10/25/2016
216116	2200078027	10/06/2016	USD	30.00	ARMA RIVERSIDE CA	10/17/2016
216117	2200078077	10/06/2016	USD	451.47	ASH, THOMAS CHINO HILLS CA	10/11/2016
216118	2200078078	10/06/2016	USD	282.89	ASPRER, KEVIN CHINO HILLS CA	10/11/2016
216119	2200078046	10/06/2016	USD	561.56	AUTOZONE INC ATLANTA GA	10/11/2016
216120	2200078080	10/06/2016	USD	23.50	BELTRAN, MIA CHINO HILLS CA	10/20/2016
216121	2200078063	10/06/2016	USD	57.25	BERCH, CHRISTOPHER CHINO HILLS CA	
216122	2200078033	10/06/2016	USD	129.89	BOOT BARN INC IRVINE CA	10/12/2016
216123	2200078076	10/06/2016	USD	393.66	BOUGHAN, ARIN CHINO HILLS CA	10/13/2016
216124	2200078049	10/06/2016	USD	16,918.83	BRIGHTVIEW LANDSCAPE SERVICES LOS ANGELES CA	10/11/2016
216125	2200078025	10/06/2016	USD	82.00	CALIF WATER ENVIRONMENT ASSOC OAKLAND CA	10/14/2016
216126	2200078051	10/06/2016	USD	10,995.72	CALIFORNIA WATER TECHNOLOGIES PASADENA CA	10/11/2016
216127	2200078073	10/06/2016	USD	211.36	CAMACHO, MICHAEL CHINO HILLS CA	10/17/2016
216128	2200078029	10/06/2016	USD	44,993.88	CAROLLO ENGINEERS SACRAMENTO CA	10/19/2016
216129	2200078038	10/06/2016	USD	3,087.49	CINTAS CORPORATION LOC#150 PHOENIX AZ	10/14/2016
216130	2200078059	10/06/2016	USD	3,314.49	CITY OF CHINO CHINO CA	10/11/2016
216131	2200078057	10/06/2016	USD	42,738.02	COAST TO COAST COMPUTER PRODUCTS MI VALLEY CA	10/12/2016
216132	2200078050	10/06/2016	USD	564.89	COMMUNICATIONS USA INC ESCONDIDO CA	10/12/2016
216133	2200078042	10/06/2016	USD	312.51	CRUMP & CO INC PASADENA CA	10/12/2016
216134	2200078060	10/06/2016	USD	424.05	CUCAMONGA VALLEY WATER DISTRICT LOS ANGELES CA	10/12/2016
216135	2200078058	10/06/2016	USD	1,733.00	D R HORTON CORONA CA	10/14/2016
216136	2200078043	10/06/2016	USD	298.56	DAVID WHEELER'S PEST CONTROL, NORCO CA	10/24/2016
216137	2200078045	10/06/2016	USD	8,042.52	ELECTRO-CHEMICAL DEVICES, INC ANAHEIM CA	10/11/2016
216138	2200078074	10/06/2016	USD	98.44	ELIE, STEVE CHINO HILLS CA	10/14/2016
216139	2200078055	10/06/2016	USD	3,780.00	ENVIRONMENTAL CONCRETE COMP INMISSION VIEGO CA	10/12/2016
216140	2200078054	10/06/2016	USD	7,250.00	FERRERA COASTAL CONSTRUCTION BRANCBURG NJ	10/12/2016
216141	2200078013	10/06/2016	USD	433.79	FISHER SCIENTIFIC LOS ANGELES CA	10/11/2016
216142	2200078031	10/06/2016	USD	436.11	FLORENCE FILTER CORP COMPTON CA	10/17/2016
216143	2200078023	10/06/2016	USD	937.04	FLW INC HUNTINGTON BEACH CA	10/11/2016
216144	2200078062	10/06/2016	USD	1,891.54	FRONTIER COMMUNICATIONS CORP CINCINNATI OH	10/12/2016
216145	2200078021	10/06/2016	USD	4,066.17	GRAINGER PALATINE IL	10/14/2016
216146	2200078075	10/06/2016	USD	205.20	HALL, JASMIN CHINO HILLS CA	10/12/2016
216147	2200078014	10/06/2016	USD	730.11	HARRINGTON INDUSTRIAL PLASTICS CHINO CA	10/12/2016
216148	2200078015	10/06/2016	USD	324.27	HOME DEPOT CREDIT SERVICES DES MOINES IA	10/17/2016
216149	2200078069	10/06/2016	USD	45.97	HURST, ELIZABETH CHINO HILLS CA	
216150	2200078019	10/06/2016	USD	4,598.81	INTERSTATE BATTERY SYSTEM ALTA LOMA CA	10/12/2016
216151	2200078035	10/06/2016	USD	1,300.05	KAESER COMPRESSORS FREDERICKSBURG VA	10/13/2016

Bank	CBB	CITIZENS BUSINESS BANK					ONTARIO CA 917610000
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Check							
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216152	2200078067	10/06/2016	USD	234.36	KING, JEFFREY L CHINO HILLS CA	10/19/2016	
216153	2200078064	10/06/2016	USD	40.21	LEE, SYLVIE CHINO HILLS CA	11/08/2016	
216154	2200078052	10/06/2016	USD	179.43	LINDSAY ENGINEERING, INC. CAMARILLO CA	10/12/2016	
216155	2200078030	10/06/2016	USD	1,408.03	MCMASTER-CARR SUPPLY CO CHICAGO IL	10/11/2016	
216156	2200078041	10/06/2016	USD	21,528.58	MEYERS NAVE OAKLAND CA	10/14/2016	
216157	2200078056	10/06/2016	USD	9,822.35	MICRO MOTION INC BOULDER CO	10/14/2016	
216158	2200078048	10/06/2016	USD	2,530.80	MICROAGE PHOENIX AZ	10/13/2016	
216159	2200078018	10/06/2016	USD	3,859.42	MISSION REPROGRAPHICS RIVERSIDE CA	10/13/2016	
216160	2200078079	10/06/2016	USD	23.50	MORRIS, SHANEKA CHINO HILLS CA	10/17/2016	
216161	2200078044	10/06/2016	USD	1,296.00	MULTY INDUSTRIES PRECISION MACONTARIO CA	10/12/2016	
216162	2200078036	10/06/2016	USD	1,206.70	NATIONAL CONSTRUCTION RENTALS PACOLMA CA	10/12/2016	
216163	2200078037	10/06/2016	USD	500.00	NEWSPAPERS IN EDUCATION SAN ANTONIO TX	10/12/2016	
216164	2200078012	10/06/2016	USD	51.43	OFFICE DEPOT LOS ANGELES CA	10/11/2016	
216165	2200078020	10/06/2016	USD	530.05	PETTY CASH EXPENDITURES CHINO CA	10/13/2016	
216166	2200078016	10/06/2016	USD	952.70	RAMONA TIRE & SERVICE CENTERS HEMET CA	10/20/2016	
216167	2200078032	10/06/2016	USD	408.04	RED WING SHOE STORE CORONA CA	10/11/2016	
216168	2200078065	10/06/2016	USD	101.81	REYBS, RAYMOND CHINO HILLS CA	11/08/2016	
216169	2200078069	10/06/2016	USD	140.18	RILEY, STEPHANIE CHINO CA	10/13/2016	
216170	2200078071	10/06/2016	USD	361.80	ROBISON, JOHN CHINO HILLS CA	10/11/2016	
216171	2200078061	10/06/2016	USD	111,968.85	SO CALIF EDISON ROSEMEAD CA	10/13/2016	
216172	2200078047	10/06/2016	USD	1,800.00	STARFING NETWORK LLC ITASCA IL	10/25/2016	
216173	2200078026	10/06/2016	USD	80.00	STATE WATER RESOURCES CNTRL BR SACRAMENTO CA	10/14/2016	
216174	2200078034	10/06/2016	USD	42,410.39	SWRCB ACCOUNTING OFFICE SACRAMENTO CA	10/13/2016	
216175	2200078066	10/06/2016	USD	54.00	TRAUOGOTT, JEFF CHINO HILLS CA	10/17/2016	
216176	2200078070	10/06/2016	USD	23.50	WATERS-LEIVA, TORRES CHINO HILLS CA		
216177	2200078095	10/06/2016	USD	1,361.15	BURRTEC WASTE INDUSTRIES INC FONTANA CA	10/13/2016	
216178	2200078089	10/06/2016	USD	250.00	CAL POLY POMONA FOUNDATION INCPOMONA CA	11/09/2016	
216179	2200078091	10/06/2016	USD	20,297.51	RDO TRUST # 80-5800 LAKESIDE CA	10/13/2016	
216180	2200078083	10/06/2016	USD	2,734.25	RMA GROUP RANCHO CUCAMONGA CA	10/17/2016	
216181	2200078094	10/06/2016	USD	451.15	SO CALIF GAS MONTEREY PARK CA	10/13/2016	
216182	2200078086	10/06/2016	USD	151.63	U S HEALTHWORKS MEDICAL GROUP LOS ANGELES CA	10/11/2016	
216183	2200078090	10/06/2016	USD	18,084.51	VAGGIAN'S INDUSTRIAL REPAIR COPARAMOUNT CA	10/12/2016	
216184	2200078093	10/06/2016	USD	30,926.29	VIRAMONTES EXPRESS INC CORONA CA	10/13/2016	
216185	2200078084	10/06/2016	USD	1,309.50	WAXIE SANITARY SUPPLY LOS ANGELES CA	10/14/2016	
216186	2200078085	10/06/2016	USD	90.00	WESTERN ANALYTICAL LABORATORIECHINO CA	10/11/2016	
216187	2200078087	10/06/2016	USD	64.91	WESTERN WATER WORKS SUPPLY CO CHINO HILLS CA	10/12/2016	
216188	2200078092	10/06/2016	USD	2,970.00	WIN 911 SOFTWARE AUSTIN TX	10/25/2016	
216189	2200078088	10/06/2016	USD	1,045.51	WORLDWIDE EXPRESS ALBANY NY	10/12/2016	
216190	2200078108	10/11/2016	USD	48,028.30	SO CALIF EDISON ROSEMEAD CA	10/14/2016	
216191	2200078148	10/13/2016	USD	705.34	ACCUSTANDARD INC NEW HAVEN CT	10/19/2016	
216192	2200078147	10/13/2016	USD	686.34	AGILENT TECHNOLOGIES INC LOS ANGELES CA	10/17/2016	
216193	2200078131	10/13/2016	USD	617.63	AIRGAS WEST INC PASADENA CA	10/18/2016	
216194	2200078189	10/13/2016	USD	1,050.00	ALS ENVIRONMENTAL DALLAS TX	10/21/2016	
216195	2200078142	10/13/2016	USD	185.20	AMERICAN COMPRESSOR CO SANTA FE SPRINGS CA	10/19/2016	

Bank	CBB	CITIZENS BUSINESS BANK	ONTARIO CA 917610000
Bank Key	122234149		
Acct number	CHECK	231167641	

Check number	Payment	Pmt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca /void
216196	2200078138	10/13/2016	USD	59.27	ANIXTER INC DALLAS TX	10/17/2016
216197	2200078127	10/13/2016	USD	898.80	APPLIED INDUSTRIAL TECHNOLOGIES PASADENA CA	10/19/2016
216198	2200078216	10/13/2016	USD	101.31	ARCHER, WILLIAM CHINO HILLS CA	10/25/2016
216199	2200078173	10/13/2016	USD	947.43	ASAP INDUSTRIAL SUPPLY FONTANA CA	10/18/2016
216200	2200078178	10/13/2016	USD	259.97	BERLIN PACKAGING LLC CHICAGO IL	10/20/2016
216201	2200078139	10/13/2016	USD	171.92	BLAZE CONE COMPANY PORTLAND OR	10/18/2016
216202	2200078179	10/13/2016	USD	1,565.00	BRIGHTVIEW LANDSCAPES LLC ROCKVILLE MD	10/20/2016
216203	2200078202	10/13/2016	USD	5,402.27	BURRTEC WASTE INDUSTRIES INC FONTANA CA	10/20/2016
216204	2200078181	10/13/2016	USD	18,249.37	CALIFORNIA WATER TECHNOLOGIES, PASADENA CA	10/19/2016
216205	2200078211	10/13/2016	USD	147.63	CARD H TAYLOR III CRYSTAL RIVER FL	10/20/2016
216206	2200078156	10/13/2016	USD	7,343.00	CASC ENGINEERING AND CONSULT INC COLTON CA	10/18/2016
216207	2200078184	10/13/2016	USD	1,250.00	CHAESS CHINO CA	
216208	2200078136	10/13/2016	USD	52,571.88	CHINO BASIN WATERMASTER RANCHO CUCAMONGA CA	10/20/2016
216209	2200078159	10/13/2016	USD	1,250.00	CHINO HILLS HIGH SCHOOL CHINO HILLS CA	11/01/2016
216210	2200078153	10/13/2016	USD	4,068.80	CINTAS CORPORATION LOC#150 PHOENIX AZ	10/24/2016
216211	2200078209	10/13/2016	USD	404.50	CITY EMPLOYEES ASSOCIATES LONG BEACH CA	10/25/2016
216212	2200078183	10/13/2016	USD	118.80	CITY OF LOS ANGELES LOS ANGELES CA	10/28/2016
216213	2200078176	10/13/2016	USD	21,614.63	CONSERV CONSTRUCTION INC MURRIETA CA	10/18/2016
216214	2200078164	10/13/2016	USD	2,769.74	CUMMINS PACIFIC LLC LOS ANGELES CA	10/17/2016
216215	2200078214	10/13/2016	USD	221.03	CUNNINGHAM, RICHARD CHINO HILLS CA	10/19/2016
216216	2200078172	10/13/2016	USD	400.00	DAVID WHEELER'S PEST CONTROL, NORCO CA	10/20/2016
216217	2200078135	10/13/2016	USD	711.61	DELL MARKETING L P PASADENA CA	10/19/2016
216218	2200078177	10/13/2016	USD	698.80	ELECTRO-CHEMICAL DEVICES, INC ANAHEIM CA	10/21/2016
216219	2200078157	10/13/2016	USD	1,688.75	ENVIRONMENTAL ENGINEERING ORANGE CA	10/18/2016
216220	2200078124	10/13/2016	USD	749.19	FISHER SCIENTIFIC LOS ANGELES CA	10/17/2016
216221	2200078180	10/13/2016	USD	1,250.00	FONTANA UNIFIED SCHOOL DISTRICT FONTANA CA	
216222	2200078200	10/13/2016	USD	271.40	FONTANA WATER COMPANY FONTANA CA	10/19/2016
216223	2200078204	10/13/2016	USD	4,903.97	FRONTIER COMMUNICATIONS CORP CINCINNATI OH	10/19/2016
216224	2200078132	10/13/2016	USD	7,079.49	GRANINGER PALATINE IL	10/18/2016
216225	2200078125	10/13/2016	USD	3,166.22	HARRINGTON INDUSTRIAL PLASTICS CHINO CA	10/19/2016
216226	2200078141	10/13/2016	USD	357.50	HI-WAY SAFETY RENTALS INC CHINO CA	10/19/2016
216227	2200078126	10/13/2016	USD	160.92	HOMB DEPOT CREDIT SERVICES DES MOINES IA	10/21/2016
216228	2200078152	10/13/2016	USD	320.00	INDUSTRIAL HEARING & PULMONARY UPLAND CA	10/21/2016
216229	2200078206	10/13/2016	USD	66.00	INLAND EMPIRE UNITED WAY RANCHO CUCAMONGA CA	10/28/2016
216230	2200078171	10/13/2016	USD	1,625.00	KITCHELL CEM SACRAMENTO CA	10/18/2016
216231	2200078145	10/13/2016	USD	2,705.40	KONICA MINOLTA PASADENA CA	10/19/2016
216232	2200078144	10/13/2016	USD	322.44	KONICA MINOLTA BUSINESS SOLUTIONS PASADENA CA	10/24/2016
216233	2200078188	10/13/2016	USD	1,860.00	LABORATORY SERVICE AND CONSULT VACAVILLE CA	10/19/2016
216234	2200078203	10/13/2016	USD	915.64	LEVEL 3 COMMUNICATIONS LLC DENVER CO	10/19/2016
216235	2200078208	10/13/2016	USD	17,407.25	LIFE INSURANCE COMPANY OF PHILADELPHIA PA	10/19/2016
216236	2200078182	10/13/2016	USD	40.00	LITTLE SISTER'S TRUCK WASH INBONSALL CA	10/19/2016
216237	2200078212	10/13/2016	USD	288.00	MARIA FRESQUEZ LAS VEGAS NV	10/21/2016
216238	2200078168	10/13/2016	USD	426.57	MARS ENVIRONMENTAL INC YORBA LINDA CA	10/24/2016
216239	2200078165	10/13/2016	USD	520.00	MEYERS NAVE OAKLAND CA	10/19/2016

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216242	2200078193	10/13/2016	USD	25,420.00	MWH CONSTRUCTORS INC BROOMFIELD CO	10/21/2016	
216243	2200078155	10/13/2016	USD	485.00	NATIONAL BUSINESS INVESTIGATION MURRIETA CA	10/18/2016	
216244	2200078161	10/13/2016	USD	211.60	NATIONAL CONSTRUCTION RENTALS PACOIMA CA	10/18/2016	
216245	2200078217	10/13/2016	USD	269.24	NOBITE, JEFF CHINO HILLS CA	10/19/2016	
216246	2200078221	10/13/2016	USD	53.51	OCELO, MARISSA CHINO HILLS CA	10/17/2016	
216247	2200078123	10/13/2016	USD	1,619.39	OFFICE DEPOT LOS ANGELES CA	10/17/2016	
216248	2200078158	10/13/2016	USD	825.00	OSTS INC CHINO CA	10/18/2016	
216249	2200078153	10/13/2016	USD	2,016.00	PALM AUTO-DETAIL INC COLTON CA	10/24/2016	
216250	2200078210	10/13/2016	USD	357.50	PATRICK W HUNTER PHELAN CA	10/19/2016	
216251	2200078207	10/13/2016	USD	96.54	PERS LONG TERM CARE PROGRAM PASADENA CA	10/24/2016	
216252	2200078220	10/13/2016	USD	255.00	PIVOVAROFF, JASON CHINO HILLS CA	10/17/2016	
216253	2200078191	10/13/2016	USD	13,394.00	PRIORITY BUILDING SERVICES LLC BREA CA	10/18/2016	
216254	2200078215	10/13/2016	USD	39.62	QUIROZ, OSCAR CHINO HILLS CA		
216255	2200078128	10/13/2016	USD	935.23	RAMONA TIRE & SERVICE CENTERS HEMET CA	10/20/2016	
216256	2200078170	10/13/2016	USD	86.80	RDO EQUIPMENT COMPANY LAKESIDE CA	10/19/2016	
216257	2200078213	10/13/2016	USD	86.01	RODRIGUEZ, VICTOR CHINO HILLS CA	11/07/2016	
216258	2200078129	10/13/2016	USD	409.85	ROYAL WHOLESALE ELECTRIC ORANGE CA	10/18/2016	
216259	2200078162	10/13/2016	USD	326.00	RSD LAKE FOREST CA	10/18/2016	
216260	2200078219	10/13/2016	USD	120.96	RUSSO, EPRAIN CHINO HILLS CA	10/31/2016	
216261	2200078166	10/13/2016	USD	133.05	RUTAN & TUCKER LLP COSTA MESA CA	10/18/2016	
216262	2200078196	10/13/2016	USD	14,899.01	SAITECH INC FREMONT CA	10/24/2016	
216263	2200078174	10/13/2016	USD	2,013.53	SCHNEVEL ENGINEERING LLC ANAHEIM CA	10/17/2016	
216264	2200078205	10/13/2016	USD	544.16	SHERIFF'S COURT SERVICES SAN BERNARDINO CA	10/27/2016	
216265	2200078194	10/13/2016	USD	3,348.75	SIERRA WATER GROUP INC LAGUNA NIGUEL CA	10/21/2016	
216266	2200078198	10/13/2016	USD	12,077.63	SO CALIF EDISON ROSEMead CA	10/18/2016	
216267	2200078199	10/13/2016	USD	101.38	SO CALIF GAS MONTEREY PARK CA	10/20/2016	
216268	2200078143	10/13/2016	USD	2,169.60	SOLINST CANADA LTD GEORGETOWN ON	10/28/2016	
216269	2200078195	10/13/2016	USD	393.20	STORETRIEVE LLC MONTEBELLO CA	10/18/2016	
216270	2200078190	10/13/2016	USD	677.61	STOTZ EQUIPMENT MONCLAIR CA	10/19/2016	
216271	2200078187	10/13/2016	USD	5,003.68	SUPERIOR ELECTRIC MOTOR SERVICE VERNON CA	10/16/2016	
216272	2200078154	10/13/2016	USD	76,274.86	SYSTEMS SOURCE INC IRVINE CA	10/18/2016	
216273	2200078175	10/13/2016	USD	16,850.00	TECHNICAL ASSOCIATES OF CHARLOTTE CHARLOTTE NC	10/19/2016	
216274	2200078160	10/13/2016	USD	26,553.00	THE AUSTIN COMPANY CLEVELAND OH	10/18/2016	
216275	2200078192	10/13/2016	USD	420.00	TRIBOLOGIX CORPORATION HAMMOND IN	10/25/2016	
216276	2200078186	10/13/2016	USD	1,691.25	TRIEPI SMITH AND ASSOCIATES, IRVINE CA	10/21/2016	
216277	2200078197	10/13/2016	USD	1,000.00	TRUST FOR CONSERVATION INNOVATOAKLAND CA	10/19/2016	
216278	2200078149	10/13/2016	USD	1,500.98	ULTRA SCIENTIFIC NORTH KINGSTOWN RI	10/19/2016	
216279	2200078130	10/13/2016	USD	354.00	UNDERGROUND SERVICE ALERT/SC CORONA CA	10/18/2016	
216280	2200078169	10/13/2016	USD	21,272.30	UNIVERSAL PROTECTION SERVICE PASADENA CA	10/19/2016	
216281	2200078167	10/13/2016	USD	8,657.12	US BANK VOYAGER FLEET SYSTEMS KANSAS CITY MO	10/19/2016	
216282	2200078185	10/13/2016	USD	18,191.00	V3IT CONSULTING INC NAPERVILLE IL	10/19/2016	
216283	2200078218	10/13/2016	USD	54.12	VELARDE, TERESA CHINO HILLS CA	10/27/2016	

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216284		2200078201	10/13/2016	USD	55.84	VERIZON ALBANY NY	10/28/2016
216285		2200078151	10/13/2016	USD	5,714.01	VERIZON WIRELESS DALLAS TX	10/19/2016
216286		2200078146	10/13/2016	USD	571.80	WASTE MANAGEMENT OF LOS ANGELES CA	10/19/2016
216287		2200078137	10/13/2016	USD	5,000.00	WATER EDUCATION FOUNDATION SACRAMENTO CA	10/20/2016
216288		2200078133	10/13/2016	USD	235.00	WATER ENVIRONMENT FEDERATION BOSTON MA	10/18/2016
216289		2200078140	10/13/2016	USD	288.00	WESTERN ANALYTICAL LABORATORIECHINO CA	10/18/2016
216290		2200078265	10/20/2016	USD	319.68	AIRGAS WEST INC PASADENA CA	10/24/2016
216291		2200078284	10/20/2016	USD	218.75	ALBERT A WEBB ASSOCIATES RIVERSIDE CA	11/03/2016
216292		2200078292	10/20/2016	USD	1,262.52	ALTA FOODCRAFT COFFEE ORANGE CA	10/24/2016
216293		2200078270	10/20/2016	USD	237.29	ANIXTER INC DALLAS TX	10/24/2016
216294		2200078293	10/20/2016	USD	1,054.11	ASAP INDUSTRIAL SUPPLY FONTANA CA	10/25/2016
216295		2200078295	10/20/2016	USD	1,147.93	AUTOZONE INC ATLANTA GA	10/26/2016
216296		2200078297	10/20/2016	USD	755.00	BRIGHTVIEW LANDSCAPE SERVICES LOS ANGELES CA	10/24/2016
216297		2200078302	10/20/2016	USD	16,996.89	BUSINESS CARD WILMINGTON DE	10/24/2016
216298		2200078271	10/20/2016	USD	516.00	CALIF WATER ENVIRONMENT ASSOC OAKLAND CA	10/31/2016
216299		2200078275	10/20/2016	USD	382.32	CALIFORNIA NEWSPAPER SERVICE BLOS ANGELES CA	10/26/2016
216300		2200078299	10/20/2016	USD	10,740.07	CALIFORNIA WATER TECHNOLOGIES PASADENA CA	10/25/2016
216301		2200078253	10/20/2016	USD	295.96	CARL WARREN & CO SANTA ANA CA	10/24/2016
216302		2200078288	10/20/2016	USD	1,887.03	CINTAS CORPORATION LOC#150 PHOENIX AZ	10/27/2016
216303		2200078310	10/20/2016	USD	3,108.17	CITY OF CHINO CHINO CA	10/24/2016
216304		2200078309	10/20/2016	USD	25,000.00	COALITION FOR ENVIRONMENTAL BUNKER HILL STATION CA	
216305		2200078308	10/20/2016	USD	2,870.44	COMPRESSOR DESIGN AND SERVICESPALM DESERT CA	10/26/2016
216306		2200078321	10/20/2016	USD	101.51	CONCERNING FRANCIS CHINO HILLS CA	11/08/2016
216307		2200078304	10/20/2016	USD	1,134.31	FACILITY SOLUTIONS GROUP INC PLACENTIA CA	10/25/2016
216308		2200078300	10/20/2016	USD	107,850.65	FERREIRA COASTAL CONSTRUCTION BRANCBURG NJ	10/26/2016
216309		2200078256	10/20/2016	USD	372.47	FISHER SCIENTIFIC LOS ANGELES CA	10/24/2016
216310		2200078315	10/20/2016	USD	916.38	FRONTIER COMMUNICATIONS CORP CINCINNATI OH	10/25/2016
216311		2200078272	10/20/2016	USD	156,275.00	GENESIS CONSTRUCTION HEMET CA	10/26/2016
216312		2200078306	10/20/2016	USD	14,460.00	GILLIS + PANICHAPAN ARCHITECTSCOSTA MESA CA	10/25/2016
216313		2200078267	10/20/2016	USD	906.74	GRAINGER PALATINE IL	10/25/2016
216314		2200078317	10/20/2016	USD	93.18	GU, JASON CHINO HILLS CA	11/01/2016
216315		2200078257	10/20/2016	USD	1,822.76	HARRINGTON INDUSTRIAL PLASTICSCHINO CA	10/25/2016
216316		2200078298	10/20/2016	USD	1,353.20	HIGH IMPACT INC. LA HABRA CA	10/31/2016
216317		2200078258	10/20/2016	USD	1,069.48	HOME DEPOT CREDIT SERVICES DES MOINES IA	10/28/2016
216318		2200078305	10/20/2016	USD	1,635.23	IMPERIAL SPRINKLER SUPPLY ANAHEIM CA	10/24/2016
216319		2200078282	10/20/2016	USD	8,000.00	INNOVATIVE FEDERAL STRATEGIES WASHINGTON DC	10/26/2016
216320		2200078283	10/20/2016	USD	60.00	INSTITUTE OF INTERNAL AUDITORSRIVERSIDE CA	10/28/2016
216321		2200078274	10/20/2016	USD	27,145.01	J F SHEA CONSTRUCTION INC WALNUT CA	10/25/2016
216322		2200078259	10/20/2016	USD	137,378.30	J R FILANC CONSTRUCTION CO. INCESCONDIDO CA	10/25/2016
216323		2200078260	10/20/2016	USD	261.19	JOHNSON POWER SYSTEMS LOS ANGELES CA	10/24/2016
216324		2200078319	10/20/2016	USD	574.13	JOHNSON, LINDA CHINO HILLS CA	11/01/2016
216325		2200078273	10/20/2016	USD	3,040.66	KONICA MINOLTA BUSINESS SOLUTIONSPASADENA CA	10/28/2016
216326		2200078303	10/20/2016	USD	28,188.00	MAG TROL WEST INC CHINO CA	10/25/2016
216327		2200078318	10/20/2016	USD	25.00	MELENDREZ, MATTHEW CHINO HILLS CA	10/26/2016

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216330	2200078268	10/20/2016	USD	1,072.17	MOTION INDUSTRIES INC LOS ANGELES CA	10/24/2016
216331	2200078290	10/20/2016	USD	832.11	NESTLE WATERS NORTH AMERICA LOUISVILLE KY	11/01/2016
216332	2200078307	10/20/2016	USD	7,450.00	NEXXSOL CORPORATION WALNUT CA	10/26/2016
216333	2200078255	10/20/2016	USD	900.19	OFFICE DEPOT LOS ANGELES CA	10/24/2016
216334	2200078311	10/20/2016	USD	7,209.59	ONTARIO MUNICIPAL UTILITIES COONTARIO CA	10/24/2016
216335	2200078262	10/20/2016	USD	1,546.36	PERKINELMER HEALTH SCIENCES INCHICAGO IL	10/24/2016
216336	2200078316	10/20/2016	USD	164.70	POMERLEAU TOM CHINO HILLS CA	11/04/2016
216337	2200078281	10/20/2016	USD	3,586.28	PONTON INDUSTRIES INC YORBA LINDA CA	10/31/2016
216338	2200078254	10/20/2016	USD	2,183.08	RBM LOCK & KEY ONTARIO CA	10/28/2016
216339	2200078279	10/20/2016	USD	1,115.77	ROSEMOUNT INC CHICAGO IL	10/27/2016
216340	2200078263	10/20/2016	USD	5,921.75	ROYAL WHOLESALE ELECTRIC ORANGE CA	10/24/2016
216341	2200078286	10/20/2016	USD	8,517.40	RSD LAKE FOREST CA	10/24/2016
216342	2200078285	10/20/2016	USD	25.00	SARIS FOUNTAIN VALLEY CA	
216343	2200078287	10/20/2016	USD	102,715.75	SCW CONTRACTING CORPORATION FALLBROOK CA	10/27/2016
216344	2200078294	10/20/2016	USD	48,636.68	SINNOTT, PUBBLA, CAMPAGNE & CULOS ANGELES CA	11/02/2016
216345	2200078264	10/20/2016	USD	166.26	SMART & FINAL LOS ANGELES CA	10/31/2016
216346	2200078312	10/20/2016	USD	326,798.60	SO CALIF EDISON ROSEMEAD CA	10/24/2016
216347	2200078313	10/20/2016	USD	50.00	SO CALIF GAS MONTEREY PARK CA	10/25/2016
216348	2200078291	10/20/2016	USD	155.00	SOCIETY FOR MAINTENANCE AND MCLEAN VA	11/14/2016
216349	2200078269	10/20/2016	USD	2,000.00	SOUTHERN CALIFORNIA WATER COMMSTUDIO CITY CA	11/04/2016
216350	2200078296	10/20/2016	USD	900.00	STAFFING NETWORK LLC CAROL STREAM IL	10/25/2016
216351	2200078301	10/20/2016	USD	51,301.87	TECHNICAL SYSTEMS INC LYNNWOOD WA	10/25/2016
216352	2200078277	10/20/2016	USD	40.00	THREE VALLEYS MWD CLAREMONT CA	10/31/2016
216353	2200078280	10/20/2016	USD	3,106.97	TRIMAX SYSTEMS INC BREA CA	10/25/2016
216354	2200078278	10/20/2016	USD	5,303.19	U S BANK NA ST PAUL MN	10/26/2016
216355	2200078320	10/20/2016	USD	1,025.15	VELARDE, MARIO CHINO HILLS CA	10/21/2016
216356	2200078314	10/20/2016	USD	444.01	VERIZON BUSINESS ALBANY NY	10/25/2016
216357	2200078340	10/20/2016	USD	465.77	Ø RINGS AND THINGS FONTANA CA	10/27/2016
216358	2200078324	10/20/2016	USD	451.67	OFFICE DEPOT LOS ANGELES CA	10/24/2016
216359	2200078342	10/20/2016	USD	14,926.36	GRACLE AMERICA INC SAN FRANCISCO CA	10/25/2016
216360	2200078330	10/20/2016	USD	653.25	PETE'S ROAD SERVICE FULLERTON CA	10/25/2016
216361	2200078325	10/20/2016	USD	1,994.33	RAMONA TIRE & SERVICE CENTERS HEMET CA	10/31/2016
216362	2200078323	10/20/2016	USD	862.60	RBM LOCK & KEY ONTARIO CA	10/28/2016
216363	2200078338	10/20/2016	USD	49,225.85	RMC WATER AND ENVIRONMENT WALNUT CREEK CA	10/26/2016
216364	2200078347	10/20/2016	USD	2,218.89	ROCKWELL SOLUTIONS INC NEWPORT COAST CA	10/28/2016
216365	2200078326	10/20/2016	USD	1,732.92	ROYAL WHOLESALE ELECTRIC ORANGE CA	10/25/2016
216366	2200078339	10/20/2016	USD	1,681.30	SKALAR INC BUFORD GA	
216367	2200078331	10/20/2016	USD	8,091.95	SPARKING INSTRUMENTS LLC PHOENIX AZ	10/25/2016
216368	2200078329	10/20/2016	USD	466.56	TELL STEEL INC LONG BEACH CA	10/28/2016
216369	2200078343	10/20/2016	USD	3,397.50	THOMAS HARDER & CO INC ANAHEIM CA	11/02/2016
216370	2200078334	10/20/2016	USD	69,919.89	TOM DODSON & ASSOCIATES SAN BERNARDINO CA	10/26/2016
216371	2200078345	10/20/2016	USD	350.00	TRIPLEI SMITH AND ASSOCIATES, IRVINE CA	11/03/2016

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216374	2200078344	10/20/2016	USD	10,843.33	UTILIQUEST LLC ATLANTA GA	10/24/2016
216375	2200078335	10/20/2016	USD	2,802.21	VERIZON WIRELESS DALLAS TX	10/26/2016
216376	2200078346	10/20/2016	USD	6,387.56	VIRAMONTES EXPRESS INC CORONA CA	10/29/2016
216377	2200078328	10/20/2016	USD	3,076.38	WAXIE SANITARY SUPPLY LOS ANGELES CA	10/27/2016
216378	2200078332	10/20/2016	USD	216.00	WESTERN ANALYTICAL LABORATORIECHINO CA	10/26/2016
216379	2200078337	10/20/2016	USD	152.29	WESTERN WATER WORKS SUPPLY CO CHINO HILLS CA	10/26/2016
216380	2200078528	10/27/2016	USD	445.00	ADVANCED CHEMICAL TECHNOLOGY IRANCHO CUCAMONGA CA	11/02/2016
216381	2200078477	10/27/2016	USD	2,157.06	AIRGAS WEST INC PASADENA CA	10/31/2016
216382	2200078576	10/27/2016	USD	203.85	ALMASRI, ADHAM CHINO HILLS CA	11/02/2016
216383	2200078547	10/27/2016	USD	1,050.00	ALS ENVIRONMENTAL DALLAS TX	11/04/2016
216384	2200078524	10/27/2016	USD	1,480.00	AMP MECHANICAL INC COSTA MESA CA	11/02/2016
216385	2200078490	10/27/2016	USD	376.40	ANIXTER INC DALLAS TX	11/01/2016
216386	2200078485	10/27/2016	USD	722.48	ARPLEBONE EMPLOYMENT SERVICES GLENDALE CA	11/04/2016
216387	2200078579	10/27/2016	USD	30.00	ARELLANO, TONY CHINO HILLS CA	11/07/2016
216388	2200078483	10/27/2016	USD	965.00	ARIZONA INSTRUMENT LLC CHANDLER AZ	11/01/2016
216389	2200078530	10/27/2016	USD	11.26	ASAF INDUSTRIAL SUPPLY FONTANA CA	11/01/2016
216390	2200078508	10/27/2016	USD	270.00	BABCOCK LABORATORIES, INC RIVERSIDE CA	11/02/2016
216391	2200078549	10/27/2016	USD	29,567.54	BANNER BANK SACRAMENTO CA	11/02/2016
216392	2200078498	10/27/2016	USD	682.72	BATTERY SPECIALTIES COSTA MESA CA	11/02/2016
216393	2200078567	10/27/2016	USD	84.30	BRUCH, CHRISTOPHER CHINO HILLS CA	
216394	2200078507	10/27/2016	USD	1,139.32	BOOT BARN INC IRVINE CA	11/07/2016
216395	2200078562	10/27/2016	USD	172.23	BREIG, ANNA VICTORVILLE CA	11/07/2016
216396	2200078538	10/27/2016	USD	1,500.00	BRIGHTVIEW LANDSCAPES LLC ROCKVILLE MD	10/31/2016
216397	2200078523	10/27/2016	USD	8,000.00	CALIFORNIA STRATEGIES LLC SACRAMENTO CA	11/02/2016
216398	2200078540	10/27/2016	USD	7,233.14	CALIFORNIA WATER TECHNOLOGIES, PASADENA CA	11/01/2016
216399	2200078541	10/27/2016	USD	3,125.00	CAMET RESEARCH, INC. GOLETA CA	
216400	2200078504	10/27/2016	USD	45.00	CHAFFEY COLLEGE RANCHO CUCAMONGA CA	11/09/2016
216401	2200078493	10/27/2016	USD	2,220.00	CHINO BASIN WATER CONSERVATIONMONTCLAIR CA	11/07/2016
216402	2200078489	10/27/2016	USD	51,448.95	CHINO BASIN WATERMASTER RANCHO CUCAMONGA CA	11/08/2016
216403	2200078518	10/27/2016	USD	608.93	CINTAS CORPORATION LOC150 PHOENIX AZ	11/03/2016
216404	2200078505	10/27/2016	USD	858.40	CINTAS FIRST AID & SAFETY LOCCINCINNATI OH	11/01/2016
216405	2200078491	10/27/2016	USD	11,268.68	CITY OF RANCHO CUCAMONGA RANCHO CUCAMONGA CA	11/04/2016
216406	2200078464	10/27/2016	USD	431.39	CITY RENTALS INC ONTARIO CA	11/03/2016
216407	2200078543	10/27/2016	USD	1,040.00	CLINICAL HEALTH SYSTEMS ANAHEIM CA	10/31/2016
216408	2200078517	10/27/2016	USD	1,799.62	CS-AMSCO HUNTINGTON BEACH CA	11/02/2016
216409	2200078556	10/27/2016	USD	55.20	CUCAMONGA VALLEY WATER DISTRICTLOS ANGELES CA	11/03/2016
216410	2200078522	10/27/2016	USD	3,470.00	DAVE'S PLUMBING CHINO HILLS CA	11/03/2016
216411	2200078529	10/27/2016	USD	763.08	DAVID WHEELER'S PEST CONTROL, NORCO CA	11/07/2016
216412	2200078544	10/27/2016	USD	550.80	DC INTERNATIONAL INC LAFAYETTE LA	11/02/2016
216413	2200078553	10/27/2016	USD	9,282.12	DDR UNLIMITED INC PAULS VALLEY OK	11/01/2016
216414	2200078479	10/27/2016	USD	2,122.50	DEPT OF TOXIC SUBSTANCES CONTRSACRAMENTO CA	11/09/2016
216415	2200078509	10/27/2016	USD	16,837.50	DUDEK & ASSOCIATES INC ENCINITAS CA	11/03/2016

Bank		CBB	CITIZENS BUSINESS BANK		ONTARIO CA 917610000		
Bank Key		122234149					
Acct number		CHECK	231167641				
Check							
Check number from to	Payment	Print date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca /void	
216416	2200078535	10/27/2016	USD	1,390.49	ELECTRO-CHEMICAL DEVICES, INC ANAHEIM CA	11/02/2016	
216417	2200078545	10/27/2016	USD	1,595.00	ENVIRONMENTAL CONCEPTS COMP INMISSION VIEJO CA	11/01/2016	
216418	2200078536	10/27/2016	USD	11,587.20	ENVIRONMENTAL SCIENCE ASSOCIATSAN FRANCISCO CA	11/02/2016	
216419	2200078534	10/27/2016	USD	1,250.00	EUROFINS EATON ANALYTICAL, INC GRAPEVINE TX	11/01/2016	
216420	2200078466	10/27/2016	USD	1,587.87	FISHER SCIENTIFIC LOS ANGELES CA	10/31/2016	
216421	2200078503	10/27/2016	USD	375.46	FLORENCE FILTER CORP COMPTON CA	11/01/2016	
216422	2200078572	10/27/2016	USD	350.00	FLORES, MARIA E CHINO HILLS CA	11/01/2016	
216423	2200078484	10/27/2016	USD	181.00	FONTANA HERALD NEWS FONTANA CA	11/02/2016	
216424	2200078560	10/27/2016	USD	2,799.45	FOUNDATION HA ENERGY GENERATIO SAN FRANCISCO CA	11/03/2016	
216425	2200078570	10/27/2016	USD	512.00	FRESQUEZ, ADRIAN CHINO HILLS CA	11/02/2016	
216426	2200078514	10/27/2016	USD	4,363.75	GOLDEN STATE LABOR COMPLIANCE PALMDALE CA		
216427	2200078482	10/27/2016	USD	593.74	GRAINGER PALATINE IL	11/01/2016	
216428	2200078566	10/27/2016	USD	350.00	GUARDIANO, GARY CHINO HILLS CA	11/07/2016	
216429	2200078513	10/27/2016	USD	1,839.03	HACH COMPANY CHICAGO IL	11/01/2016	
216430	2200078577	10/27/2016	USD	864.12	HALL, JASMIN CHINO HILLS CA	11/02/2016	
216431	2200078467	10/27/2016	USD	4,156.69	HARRINGTON INDUSTRIAL PLASTICS CHINO CA	11/03/2016	
216432	2200078499	10/27/2016	USD	1,393.84	HAWTHORNE LIFT SYSTEMS PHOENIX AZ	11/03/2016	
216433	2200078565	10/27/2016	USD	463.46	HOBBS, DIANA APPLE VALLEY CA	11/02/2016	
216434	2200078469	10/27/2016	USD	197.37	HOME DEPOT CREDIT SERVICES DES MOINES IA	11/04/2016	
216435	2200078563	10/27/2016	USD	469.46	HORNE, WILLIAM YUCCA VALLEY CA	11/02/2016	
216436	2200078574	10/27/2016	USD	79.00	HUBER, JENNIFER CHINO HILLS CA	11/08/2016	
216437	2200078551	10/27/2016	USD	2,084.91	IMPERIAL SPRINKLER SUPPLY ANAHEIM CA	11/07/2016	
216438	2200078561	10/27/2016	USD	67,641.88	INLAND BIOENERGY LLC FONTANA CA	11/08/2016	
216439	2200078470	10/27/2016	USD	467.00	INLAND VALLEY DAILY BULLETIN COVINA CA	11/01/2016	
216440	2200078480	10/27/2016	USD	1,105.42	INTERSTATE BATTERY SYSTEM ALTA LOMA CA	11/01/2016	
216441	2200078573	10/27/2016	USD	350.00	JONES, LONDON CHINO HILLS CA	11/07/2016	
216442	2200078548	10/27/2016	USD	561,783.23	KEMP BROS CONSTRUCTION INC SANTA FE SPRINGS CA	11/01/2016	
216443	2200078533	10/27/2016	USD	156.00	KIM'S MASTER AUTO REPAIR CHINO CA	11/08/2016	
216444	2200078568	10/27/2016	USD	44.93	KLING, WANDA CHINO HILLS CA	11/07/2016	
216445	2200078554	10/27/2016	USD	3,992.70	LAW OFFICE OF KATHY M GANDARA RANCHO CUCAMONGA CA	11/07/2016	
216446	2200078569	10/27/2016	USD	75.30	LEE, RANDY CHINO HILLS CA	11/04/2016	
216447	2200078526	10/27/2016	USD	100.00	LOS ANGELES WORLD AIRPORTS ONTARIO CA		
216448	2200078575	10/27/2016	USD	90.00	MALKANI, SURESH CHINO HILLS CA	11/07/2016	
216449	2200078546	10/27/2016	USD	726.85	MANAGED MOBILE INC PLACENTIA CA	11/01/2016	
216450	2200078527	10/27/2016	USD	1,627.03	MARS ENVIRONMENTAL INC ANAHEIM CA	11/07/2016	
216451	2200078502	10/27/2016	USD	92.81	MCMASTER-CARR SUPPLY CO CHICAGO IL	11/01/2016	
216452	2200078525	10/27/2016	USD	12,435.50	MEYERS NAVE OAKLAND CA	11/01/2016	
216453	2200078539	10/27/2016	USD	1,500.00	MICHAEL J KOLODISNER LAGUNA HILLS CA		
216454	2200078512	10/27/2016	USD	811.00	MIELE INC PRINCETON NJ	11/02/2016	
216455	2200078564	10/27/2016	USD	716.06	MILLER, ELMER L BLUE JAY CA	11/02/2016	
216456	2200078487	10/27/2016	USD	3,116.49	MISCO WATER FOOTHILL RANCH CA	11/14/2016	
216457	2200078478	10/27/2016	USD	879.08	MISSION REPROGRAPHICS RIVERSIDE CA	11/02/2016	
216458	2200078550	10/27/2016	USD	21,141.32	NEW MILLENNIUM CONSTRUCTION CHINO HILLS CA	10/31/2016	
216459	2200078465	10/27/2016	USD	1,563.88	OFFICE DEPOT LOS ANGELES CA	10/31/2016	

Bank		CBB	CITIZENS BUSINESS BANK		ONTARIO CA 917610000		
Bank Key		122234149					
Acct number		CHECK	231167641				
Check							
Check number from to	Payment	Print date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void	
216460	2200078486	10/27/2016	USD	1,200.00	ONTARIO FIRE EXTINGUISHER CO ONTARIO CA		10/31/2016
216461	2200078555	10/27/2016	USD	65.27	ONTARIO MUNICIPAL UTILITIES COONTARIO CA		11/08/2016
216462	2200078510	10/27/2016	USD	2,569.63	PANTHER PROTECTION ORANGE CA		11/03/2016
216463	2200078552	10/27/2016	USD	4,945.27	PATCHETT & ASSOCIATES CARLSBAD CA		10/31/2016
216464	2200078472	10/27/2016	USD	18,504.00	PERKINELMER HEALTH SCIENCES INCHICAGO IL		11/01/2016
216465	2200078481	10/27/2016	USD	506.24	PEPTY CASH EXPENDITURES CHINO CA		11/01/2016
216466	2200078492	10/27/2016	USD	9,097.92	POLYDYNE INC ATLANTA GA		11/01/2016
216467	2200078473	10/27/2016	USD	2,865.17	RAMONA TIRE & SERVICE CENTERS HEMET CA		11/01/2016
216468	2200078500	10/27/2016	USD	14,120.00	RMS ENGINEERING & DESIGN CORONA DEL MAR CA		11/01/2016
216469	2200078474	10/27/2016	USD	7,013.69	ROYAL WHOLESALE ELECTRIC ORANGE CA		11/01/2016
216470	2200078557	10/27/2016	USD	71,404.68	SO CALIF EDISON ROSEMEAD CA		11/01/2016
216471	2200078558	10/27/2016	USD	137.89	SO CALIF GAS MONTEREY PARK CA		11/02/2016
216472	2200078497	10/27/2016	USD	1,361.94	SOLINST CANADA LTD GEORGETOWN ON		11/08/2016
216473	2200078537	10/27/2016	USD	900.00	STAFFING NETWORK LLC CAROL STREAM IL		11/03/2016
216474	2200078496	10/27/2016	USD	340.00	STATE WATER RESOURCES CNTRL BRSACRAMENTO CA		11/04/2016
216475	2200078506	10/27/2016	USD	497.00	U S HEALTHWORKS MEDICAL GROUP LOS ANGELES CA		11/03/2016
216476	2200078532	10/27/2016	USD	1,078.92	UPS PROTECTION INC ANAHEIM CA		11/02/2016
216477	2200078516	10/27/2016	USD	36.72	URIMAGE BLOOMINGTON CA		11/08/2016
216478	2200078476	10/27/2016	USD	1,673.36	WAXIE SANITARY SUPPLY LOS ANGELES CA		11/03/2016
216479	2200078494	10/27/2016	USD	144.00	WESTERN ANALYTICAL LABORATORIECHINO CA		10/31/2016
216480	2200078515	10/27/2016	USD	7,351.24	KYLEM DEWATERING SOLUTIONS INCCHICAGO IL		11/03/2016
216481	2200078571	10/27/2016	USD	1,673.63	ZIEGENBEIN, JEFF CHINO HILLS CA		11/08/2016
216482	2200078589	10/27/2016	USD	147.63	CARL H TAYLOR III CRYSTAL RIVER FL		11/02/2016
216483	2200078587	10/27/2016	USD	104.50	CITY EMPLOYEES ASSOCIATE LONG BEACH CA		11/08/2016
216484	2200078583	10/27/2016	USD	66.00	INLAND EMPIRE UNITED WAY RANCHO CUCAMONGA CA		11/03/2016
216485	2200078590	10/27/2016	USD	288.00	MARÍA PRESQUEZ LAS VEGAS NV		11/03/2016
216486	2200078588	10/27/2016	USD	357.50	PATRICK W HUNTER PHELAN CA		11/02/2016
216487	2200078585	10/27/2016	USD	243.33	US DEPARTMENT OF EDUCATION ATLANTA GA		11/02/2016
* Payment method Check			USD	3,316,096.50			

Check Payee / Description Amount

Wire	EMPLOYMENT DEVELOPMENT DEPARTM			
	P/R 20 9/30/16 Taxes	HR	0047100	44,077.31
	P/R 20 9/30/16 Taxes	HR	0047100	8,326.12
	P/R 20 9/30/16 Taxes	PR 20	9/30/16	3,396.31
				- - - - -
	EMPLOYMENT DEVELOPMENT DEPARTMS			55,799.74

Wire	INTERNAL REVENUE SERVICE			
	P/R 20 9/30/16 Taxes	HR	0047100	270,809.50
	P/R 20 9/30/16 Taxes	PR 20	9/30/16	14,924.28
				- - - - -
	INTERNAL REVENUE SERVICE	\$		285,733.78

Wire	EMPLOYMENT DEVELOPMENT DEPARTM			
	P/R DIR 010 10/14 Taxes	HR	0047200	372.02
				- - - - -
	EMPLOYMENT DEVELOPMENT DEPARTMS			372.02

Wire	INTERNAL REVENUE SERVICE			
	P/R DIR 010 10/14 Taxes	HR	0047200	2,231.56
				- - - - -
	INTERNAL REVENUE SERVICE	\$		2,231.56

Wire	EMPLOYMENT DEVELOPMENT DEPARTM			
	P/R 21 10/14 Taxes	HR	0047200	50,233.09
	P/R 21 10/14 Taxes	HR	0047200	8,426.16
	P/R 21 10/14 Taxes	101416		2,706.09
	P/R 21 10/14 Void Taxes	P/R 21 VOID C		266.12
				- - - - -
	EMPLOYMENT DEVELOPMENT DEPARTMS			61,631.46

Wire	INTERNAL REVENUE SERVICE			
	P/R 21 10/14 Taxes	HR	0047200	293,132.61
	P/R 21 10/14 Taxes	101416		10,794.61
	P/R 21 10/14 Void Taxes	P/R 21 VOID C		972.68
				- - - - -
	INTERNAL REVENUE SERVICE	\$		304,899.90

Wire	EMPLOYMENT DEVELOPMENT DEPARTM			
	P/R 22 10/28 Taxes	HR	0047300	48,124.92
	P/R 22 10/28 Taxes	HR	0047300	7,772.42
				- - - - -
	EMPLOYMENT DEVELOPMENT DEPARTMS			55,897.34

Wire	EMPLOYMENT DEVELOPMENT DEPARTM			
	P/R 22 10/28 Taxes - 9/30 Void Check	P/R 22 VOID C		266.12-
	P/R 22 10/28 Taxes	102816		2,653.23
				- - - - -
	EMPLOYMENT DEVELOPMENT DEPARTMS			2,387.11

Wire	INTERNAL REVENUE SERVICE			
	P/R 22 10/28 Taxes	HR	0047300	282,551.69
				- - - - -
	INTERNAL REVENUE SERVICE	\$		282,551.69

Wire	INTERNAL REVENUE SERVICE			
	P/R 22 10/28 Taxes - 9/30 Void Check	P/R 22 VOID C		972.68-
	P/R 22 10/28 Taxes	102816		10,198.47

Check	Payee / Description	Amount
	INTERNAL REVENUE SERVICE	\$ 9,225.79
Wire	BANK OF AMERICA NT&SA P/R 22 10/28/16 EFT Direct Deposit 102816	705,494.08
	BANK OF AMERICA NT&SA	\$ 705,494.08
Wire	BANK OF AMERICA NT&SA P/R 120 10/3/16 EFT Direct Deposit 100316 P/R 21 10/14/16 EFT Direct Deposit 101416 P/R 10 DIR 10/14/16 EFT Direct Deposit 101416 DIR	2,563.55 703,872.99 1,476.34
	BANK OF AMERICA NT&SA	\$ 702,785.78
ACH	AQUA BEN CORPORATION DAFT-6,900 Lbs Polymer 748E 34945 RP1-23,000 Lbs Polymer 750A 34946	7,489.26 30,573.07
	AQUA BEN CORPORATION	\$ 38,062.33
ACH	NAPA GENUINE PARTS COMPANY 1 Lip Seal 203107 1 Battery, 1 Core Charge 203106	35.24 144.86
	NAPA GENUINE PARTS COMPANY	\$ 180.10
ACH	ALFA LAVAL INC 5 Turbo Oil Shells 276755248 Field Service—Billing Error 276757525 Field Service—Credit for Billing Error 676750391	5,261.21 68,498.27 71,124.17
	ALFA LAVAL INC	\$ 2,635.31
ACH	OLIN CORP TP1-4,706 Gals Sodium Hypochlorite 2211948	2,682.42
	OLIN CORP	\$ 2,682.42
ACH	GK & ASSOCIATES INC 46-2054-7/16 Prof Svcs 16-052-R 46-2054-7/16 Prof Svcs 16-053-R 46-2054-7/16 Prof Svcs 16-054-R	17,568.00 12,800.00 14,560.00
	GK & ASSOCIATES INC	\$ 44,928.00
ACH	SIEMENS INDUSTRY INC Hydroranger, Transducer 5601102421	2,359.42
	SIEMENS INDUSTRY INC	\$ 2,359.42
ACH	JC LAW FIRM 8/16 General Legal 00062	20,900.00
	JC LAW FIRM	\$ 20,900.00
ACH	SOLAR STAR CALIFORNIA V LLC 8/16 Solar Energy IEUA0094	64,472.82

Check	Payee / Description	Amount
	SOLAR STAR CALIFORNIA V LLC \$	64,472.82
ACH	CHINO BASIN DESALTER AUTHORITY CDA-EN16021.90-IEUA Contrib # 7--Proj C1 RSTRCTD CNTRB	7,131,073.27
	CHINO BASIN DESALTER AUTHORITYS	7,131,073.27
ACH	US BANK - PAYMENT PLUS Testing ACH Payments	TEST ACH PYMT 1.00
	US BANK - PAYMENT PLUS \$	1.00
ACH	AQUA BEN CORPORATION RP1-20,700 Lbs Polymer 750A 34967	27,515.76
	DAFT-6,900 Lbs Polymer 748E 34966	7,489.26
	AQUA BEN CORPORATION \$	35,005.02
ACH	HASCO OIL COMPANY, INC. RP5-Mobil SHC 630, Mobil Grease XHP 222 0204507-IN	4,433.25
	RP5-Mobil Delvac 1300 Super, Mobilgear 60 0204553-IN	3,370.87
	HASCO OIL COMPANY, INC. \$	7,804.12
ACH	SANTA ANA WATERSHED August 2016 Truck Discharge 8911	2,249.79
	SANTA ANA WATERSHED \$	2,249.79
ACH	AGRICULTURAL RESOURCES 11/16 Wtr Quality Consult 11/16 WTR QLT	6,000.00
	AGRICULTURAL RESOURCES \$	6,000.00
ACH	ALFA LAVAL INC Uppr Belt, Lower Belt 276041558	4,211.41
	1 Bottom Belt 276049629	2,164.18
	ALFA LAVAL INC \$	6,375.59
ACH	INLAND EMPIRE REGIONAL 9/16 Biosolids 90018863	263,708.50
	INLAND EMPIRE REGIONAL \$	263,708.50
ACH	PEST OPTIONS INC August 2016 Weed Abatement Services 263534	2,920.48
	PEST OPTIONS INC \$	2,920.48
ACH	OLIN CORP TP1-4,998 Gals Sodium Hypochlorite 2223469	2,848.86
	TP1-4,940 Gals Sodium Hypochlorite 2222401	2,815.80
	CCWRP-4,984 Gals Sodium Hypochlorite 2220273	2,840.88
	TP1-4,936 Gals Sodium Hypochlorite 2220272	2,813.52
	TP1-4,958 Gals Sodium Hypochlorite 2221622	2,826.06
	RP5-4,990 Gals Sodium Hypochlorite 2221621	2,844.30
	CCWRP-2,990 Gals Sodium Hypochlorite 2222961	1,704.30
	RP4-2,998 Gals Sodium Hypochlorite 2221620	1,708.86

Check	Payee / Description		Amount
	TP1-4,962 Gals Sodium Hypochlorite	2222962	2,828.34
	TP1-4,970 Gals Sodium Hypochlorite	2220938	2,832.90
	TP1-4,646 Gals Sodium Hypochlorite	2222963	2,648.22
	TP1-4,962 Gals Sodium Hypochlorite	2217475	2,828.34
	RP4-2,508 Gals Sodium Hypochlorite	2222400	1,429.56
	RP4-1,988 Gals Sodium Hypochlorite	2222964	1,133.16
	TP1-4,908 Gals Sodium Hypochlorite	2219579	2,797.56
	CCWRP-4,984 Gals Sodium Hypochlorite	2223899	2,840.88
	CCWRP-3,038 Gals Sodium Hypochlorite	2217476	1,731.66
	RP5-4,952 Gals Sodium Hypochlorite	2217477	2,822.64
	TP1-4,766 Gals Sodium Hypochlorite	2218114	2,716.62
	TP1-4,926 Gals Sodium Hypochlorite	2217478	2,807.82
	RP4-2,510 Gals Sodium Hypochlorite	2218113	1,430.70
	CCWRP-4,520 Gals Sodium Hypochlorite	2218663	2,576.40
	TP1-4,640 Gals Sodium Hypochlorite	2219264	2,644.80
	TP1-4,968 Gals Sodium Hypochlorite	2223339	2,831.76
	OLIN CORP	\$	59,303.94
ACH	JC LAW FIRM		
	8/16 IEUA vs Martin	00067	2,070.00
	3/16 IEUA vs PM	00058	510.00
	JC LAW FIRM	\$	2,580.00
ACH	SHELL ENERGY NORTH AMERICA LP		
	8/16 Gas Commodity-Non Core	2826905	36.58
	8/16 Gas Cmmdty-Core,6/16 Adj	1100002880308	554.17
	SHELL ENERGY NORTH AMERICA LP	\$	517.59
ACH	ICMA RETIREMENT TRUST 457		
	P/R 21 10/14 Deferred Comp	101416	200.00
	P/R 21 10/14 Deferred Comp	HR 0047200	9,320.73
	ICMA RETIREMENT TRUST 457	\$	9,520.73
ACH	LINCOLN NATIONAL LIFE INS CO		
	P/R 21 10/14 Deferred Comp Ded	HR 0047200	19,857.83
	P/R 21 10/14 Deferred Comp	101416	2,057.84
	LINCOLN NATIONAL LIFE INS CO	\$	21,915.67
ACH	ICMA RETIREMENT TRUST 401		
	P/R 21 10/14 Exec Deferred Comp	HR 0047200	5,464.67
	P/R 21 10/14 Exec Deferred Comp	101416	2,513.26
	ICMA RETIREMENT TRUST 401	\$	7,977.93
ACH	IEUA EMPLOYEES' ASSOCIATION		
	P/R 21 10/14 Employee Deduction	101416	9.00
	IEUA EMPLOYEES' ASSOCIATION	\$	9.00
ACH	IEUA EMPLOYEES' ASSOCIATION		
	P/R DIR 010 10/14 Employee Ded	HR 0047200	12.00
	P/R 21 10/14 Employee Ded	HR 0047200	186.00
	IEUA EMPLOYEES' ASSOCIATION	\$	198.00

Check	Payee / Description	Amount
ACH	IEUA SUPERVISORS UNION ASSOCIA P/R 21 10/14 Employee Ded 101416	15.00
	IEUA SUPERVISORS UNION ASSOCIAS	15.00
ACH	IEUA SUPERVISORS UNION ASSOCIA P/R 21 10/14 Employee Ded HR 0047200	345.00
	IEUA SUPERVISORS UNION ASSOCIAS	345.00
ACH	IEUA GENERAL EMPLOYEES ASSOCIA P/R 21 10/14 Employee Ded 101416	12.50
	IEUA GENERAL EMPLOYEES ASSOCIAS	12.50
ACH	IEUA GENERAL EMPLOYEES ASSOCIA P/R 21 10/14 Employee Ded HR 0047200	1,119.10
	IEUA GENERAL EMPLOYEES ASSOCIAS	1,119.10
ACH	IEUA PROFESSIONAL EMPLOYEES AS P/R 21 10/14 Employee Ded 101416	10.00
	P/R 21 10/14 Employee Ded HR 0047200	460.00
	IEUA PROFESSIONAL EMPLOYEES ASS	470.00
ACH	DISCOVERY BENEFITS INC P/R 21 10/14 Cafeteria Plan 101416	168.75
	DISCOVERY BENEFITS INC \$	168.75
ACH	DISCOVERY BENEFITS INC P/R 21 10/14 Cafeteria Plan HR 0047200	2,832.73
	DISCOVERY BENEFITS INC \$	2,832.73
ACH	DISCOVERY BENEFITS INC P/R 19 & 20 September Admin Fees 0000688263-IN	156.75
	DISCOVERY BENEFITS INC \$	156.75
ACH	AQUA BEN CORPORATION RP2-18,400 Lbs Polymer 748E 35029	19,971.36
	RP1-20,700 Lbs Polymer 750A 34985	27,515.76
	DAFT-6,900 Lbs Polymer 748E 34984	7,489.26
	AQUA BEN CORPORATION \$	54,976.38
ACH	LASER LINE Inv-Toner Cartridges 29040	1,158.37
	LASER LINE \$	1,158.37
ACH	OLIN CORP RP4-2,030 Gals Sodium Hypochlorite 2226168	1,157.10
	RP4-2,004 Gals Sodium Hypochlorite 2223900	1,142.28
	RP5-5,000 Gals Sodium Hypochlorite 2223901	2,850.00
	TP1-4,876 Gals Sodium Hypochlorite 2225263	2,779.32

Check	Payee / Description	Amount
	CCWRP-4,982 Gals Sodium Hypochlorite 2225857	2,839.74
	TP1-4,930 Gals Sodium Hypochlorite 2225858	2,810.10
	TP1-4,944 Gals Sodium Hypochlorite 2226167	2,818.08
	TP1-4,994 Gals Sodium Hypochlorite 2226864	2,846.58
	TP1-4,942 Gals Sodium Hypochlorite 2226326	2,816.94
	RP1-2,976 Gals Sodium Hypochlorite 2226169	1,696.32
	OLIN CORP \$	23,756.46
ACH	STONE, SHAUN Reim-12/14/16 Lunch Meeting With Managem 12/14/15 LUNC	75.03
	STONE, SHAUN \$	75.03
ACH	UNIVAR USA INC RP1-13,158 Lbs Sodium Bisulfite LA272415	2,847.78
	PradoLS-12,944 Lbs Sodium Bisulfite LA275977	2,801.40
	UNIVAR USA INC \$	5,649.18
ACH	OLIN CORP RP5-4,944 Gals Sodium Hypochlorite 2228107	2,818.08
	TP1-4,958 Gals Sodium Hypochlorite 2230147	2,826.06
	RP4-2,014 Gals Sodium Hypochlorite 2228108	1,147.98
	RP4-2,002 Gals Sodium Hypochlorite 2230148	1,141.14
	TP1-4,888 Gals Sodium Hypochlorite 2228109	2,786.16
	TP1-4,952 Gals Sodium Hypochlorite 2227521	2,822.64
	TP1-4,820 Gals Sodium Hypochlorite 2228740	2,747.40
	TP1-4,910 Gals Sodium Hypochlorite 2229283	2,798.70
	TP1-4,956 Gals Sodium Hypochlorite 2229547	2,824.92
	TP1-5,008 Gals Sodium Hypochlorite 2229714	2,854.56
	OLIN CORP \$	24,767.64
ACH	ESTRADA, JIMMIE J Reim Monthly Health Prem HEALTH PREM	469.46
	ESTRADA, JIMMIE J \$	469.46
ACH	LICHTI, ALICE Reim Monthly Health Prem HEALTH PREM	172.23
	LICHTI, ALICE \$	172.23
ACH	MORASSE, EDNA Reim Monthly Health Prem HEALTH PREM	172.23
	MORASSE, EDNA \$	172.23
ACH	NOWAK, THEO T Reim Monthly Health Prem HEALTH PREM	469.46
	NOWAK, THEO T \$	469.46
ACH	SONNENBURG, ILSE Reim Monthly Health Prem HEALTH PREM	172.23
	SONNENBURG, ILSE \$	172.23

Check	Payee / Description	Amount
ACH	DYKSTRA, BETTY Reim Monthly Health Prem	HEALTH PREM 172.23
	DYKSTRA, BETTY	\$ 172.23
ACH	TORRES, ROBERT G Reim Monthly Health Prem	HEALTH PREM 469.46
	TORRES, ROBERT G	\$ 469.46
ACH	MUELLER, CAROLYN Reim Monthly Health Prem	HEALTH PREM 172.23
	MUELLER, CAROLYN	\$ 172.23
ACH	GRIFFIN, GEORGE Reim Monthly Health Prem	HEALTH PREM 172.23
	GRIFFIN, GEORGE	\$ 172.23
ACH	CANADA, ANGELA Reim Monthly Health Prem	HEALTH PREM 172.23
	CANADA, ANGELA	\$ 172.23
ACH	CUPERSMITH, LEIZAR Reim Monthly Health Prem	HEALTH PREM 172.23
	CUPERSMITH, LEIZAR	\$ 172.23
ACH	DELGADO-ORAMAS JR, JOSE Reim Monthly Health Prem	HEALTH PREM 297.23
	DELGADO-ORAMAS JR, JOSE	\$ 297.23
ACH	GRANGER, BRANDON Reim Monthly Health Prem	HEALTH PREM 148.62
	GRANGER, BRANDON	\$ 148.62
ACH	GADDY, CHARLES L Reim Monthly Health Prem	HEALTH PREM 148.62
	GADDY, CHARLES L	\$ 148.62
ACH	BAKER, CHRIS Reim Monthly Health Prem	HEALTH PREM 23.62
	BAKER, CHRIS	\$ 23.62
ACH	WEBB, DANNY C Reim Monthly Health Prem	HEALTH PREM 125.00
	WEBB, DANNY C	\$ 125.00
ACH	HUMPHREYS, DEBORAH E Reim Monthly Health Prem	HEALTH PREM 148.62
	HUMPHREYS, DEBORAH E	\$ 148.62

Check	Payee / Description	Amount
ACH	MOUAT, FREDERICK W Reim Monthly Health Prem	HEALTH PREM 148.62
	MOUAT, FREDERICK W	\$ 148.62
ACH	MORGAN, GARTH W Reim Monthly Health Prem	HEALTH PREM 125.00
	MORGAN, GARTH W	\$ 125.00
ACH	ALLINGHAM, JACK Reim Monthly Health Prem	HEALTH PREM 23.62
	ALLINGHAM, JACK	\$ 23.62
ACH	MAZUR, JOHN Reim Monthly Health Prem	HEALTH PREM 451.14
	MAZUR, JOHN	\$ 451.14
ACH	RUDDER, LARRY Reim Monthly Health Prem	HEALTH PREM 23.62
	RUDDER, LARRY	\$ 23.62
ACH	INTERLICCHIA, RANDY Reim Monthly Health Prem	HEALTH PREM 125.00
	INTERLICCHIA, RANDY	\$ 125.00
ACH	HAMILTON, MARIA Reim Monthly Health Prem	HEALTH PREM 125.00
	HAMILTON, MARIA	\$ 125.00
ACH	PICENO, TONY Reim Monthly Health Prem	HEALTH PREM 172.23
	PICENO, TONY	\$ 172.23
ACH	RAMOS, CAROL Reim Monthly Health Prem	HEALTH PREM 23.62
	RAMOS, CAROL	\$ 23.62
ACH	FISHER, JAY Reim Monthly Health Prem	HEALTH PREM 125.00
	FISHER, JAY	\$ 125.00
ACH	KING, PATRICK Reim Monthly Health Prem	HEALTH PREM 23.62
	KING, PATRICK	\$ 23.62
ACH	HOWARD, ROBERT JAMES Reim Monthly Health Prem	HEALTH PREM 23.62

Check	Payee / Description	Amount
	HOWARD, ROBERT JAMES	\$ 23.62
ACH	DIETZ, JUDY Reim Monthly Health Prem	HEALTH PREM 125.00
	DIETZ, JUDY	\$ 125.00
ACH	DAVIS, GEORGE Reim Monthly Health Prem	HEALTH PREM 148.62
	DAVIS, GEORGE	\$ 148.62
ACH	MONZAVI, TAGHI Reim Monthly Health Prem	HEALTH PREM 23.62
	MONZAVI, TAGHI	\$ 23.62
ACH	PETERSEN, KENNETH Reim Monthly Health Prem	HEALTH PREM 172.23
	PETERSEN, KENNETH	\$ 172.23
ACH	TRAUTERMAN, HELEN Reim Monthly Health Prem	HEALTH PREM 172.23
	TRAUTERMAN, HELEN	\$ 172.23
ACH	TIEGS, KATHLEEN Reim Monthly Health Prem	HEALTH PREM 841.06
	TIEGS, KATHLEEN	\$ 841.06
ACH	DIGGS, GEORGE Reim Monthly Health Prem	HEALTH PREM 777.28
	DIGGS, GEORGE	\$ 777.28
ACH	HAYES, KENNETH Reim Monthly Health Prem	HEALTH PREM 469.46
	HAYES, KENNETH	\$ 469.46
ACH	HUNTON, STEVE Reim Monthly Health Prem	HEALTH PREM 148.62
	HUNTON, STEVE	\$ 148.62
ACH	RODRIGUEZ, LOUIS Reim Monthly Health Prem	HEALTH PREM 148.62
	RODRIGUEZ, LOUIS	\$ 148.62
ACH	VARBEL, VAN Reim Monthly Health Prem	HEALTH PREM 543.83
	VARBEL, VAN	\$ 543.83
ACH	CLIFTON, NEIL Reim Monthly Health Prem	HEALTH PREM 418.83

Check	Payee / Description	Amount
	CLIFTON, NEIL	\$ 418.83
ACH	DELGADO, FRANCOIS Reim Monthly Health Prem	HEALTH PREM 125.00
	DELGADO, FRANCOIS	\$ 125.00
ACH	WELLMAN, JOHN THOMAS Reim Monthly Health Prem	HEALTH PREM 543.83
	WELLMAN, JOHN THOMAS	\$ 543.83
ACH	SPEARS, SUSAN Reim Monthly Health Prem	HEALTH PREM 23.62
	SPEARS, SUSAN	\$ 23.62
ACH	TROXEL, WYATT Reim Monthly Health Prem	HEALTH PREM 172.23
	TROXEL, WYATT	\$ 172.23
ACH	CORLEY, WILLIAM Reim Monthly Health Prem	HEALTH PREM 451.14
	CORLEY, WILLIAM	\$ 451.14
ACH	CALLAHAN, CHARLES Reim Monthly Health Prem	HEALTH PREM 340.15
	CALLAHAN, CHARLES	\$ 340.15
ACH	LESNIAKOWSKI, NORBERT Reim Monthly Health Prem	HEALTH PREM 172.23
	LESNIAKOWSKI, NORBERT	\$ 172.23
ACH	VER STEEG, ALLEN J Reim Monthly Health Prem	HEALTH PREM 465.15
	VER STEEG, ALLEN J	\$ 465.15
ACH	HACKNEY, GARY Reim Monthly Health Prem	HEALTH PREM 420.53
	HACKNEY, GARY	\$ 420.53
ACH	CAREL, LARRY Reim Monthly Health Prem	HEALTH PREM 23.62
	CAREL, LARRY	\$ 23.62
ACH	TOL, HAROLD Reim Monthly Health Prem	HEALTH PREM 326.14
	TOL, HAROLD	\$ 326.14
ACH	BANKSTON, GARY	

Check	Payee / Description	Amount
	Reim Monthly Health Prem	480.05
	BANKSTON, GARY	\$ 480.05
ACH	ATWATER, RICHARD Reim Monthly Health Prem	125.00
	ATWATER, RICHARD	\$ 125.00
ACH	FIESTA, PATRICIA Reim Monthly Health Prem	451.14
	FIESTA, PATRICIA	\$ 451.14
ACH	DIGGS, JANET Reim Monthly Health Prem	902.28
	DIGGS, JANET	\$ 902.28
ACH	CARAZA, TERESA Reim Monthly Health Prem	146.92
	CARAZA, TERESA	\$ 146.92
ACH	ANDERSON, JOHN Reim Monthly Health Prem	469.46
	ANDERSON, JOHN	\$ 469.46
ACH	SANTA CRUZ, JACQUELYN Reim Monthly Health Prem	706.98
	SANTA CRUZ, JACQUELYN	\$ 706.98
ACH	HECK, ROSELYN Reim Monthly Health Prem	23.62
	HECK, ROSELYN	\$ 23.62
ACH	SOPICKI, LEO Reim Monthly Health Prem	297.23
	SOPICKI, LEO	\$ 297.23
ACH	HERNANDEZ, BENJAMIN Reim Monthly Health Prem	369.79
	HERNANDEZ, BENJAMIN	\$ 369.79
ACH	GOSE, ROSEMARY Reim Monthly Health Prem	125.00
	GOSE, ROSEMARY	\$ 125.00
ACH	KEHL, BARRETT Reim Monthly Health Prem	125.00
	KEHL, BARRETT	\$ 125.00

Check	Payee / Description	Amount
ACH	RITCHIE, JANN Reim Monthly Health Prem	HEALTH PREM 125.00
	RITCHIE, JANN	\$ 125.00
ACH	LONG, ROCKWELL DEE Reim Monthly Health Prem	HEALTH PREM 418.83
	LONG, ROCKWELL DEE	\$ 418.83
ACH	FATTAHI, MIR Reim Monthly Health Prem	HEALTH PREM 125.00
	FATTAHI, MIR	\$ 125.00
ACH	VERGARA, FLORENTINO Reim Monthly Health Prem	HEALTH PREM 297.23
	VERGARA, FLORENTINO	\$ 297.23
ACH	WARMAN, RALPH Reim Monthly Health Prem	HEALTH PREM 172.23
	WARMAN, RALPH	\$ 172.23
ACH	ROGERS, SHIRLEY Reim Monthly Health Prem	HEALTH PREM 172.23
	ROGERS, SHIRLEY	\$ 172.23
ACH	WALL, DAVID Reim Monthly Health Prem	HEALTH PREM 271.92
	WALL, DAVID	\$ 271.92
ACH	CHUNG, MICHAEL Reim Monthly Health Prem	HEALTH PREM 148.62
	CHUNG, MICHAEL	\$ 148.62
ACH	ADAMS, PAMELA Reim Monthly Health Prem	HEALTH PREM 172.23
	ADAMS, PAMELA	\$ 172.23
ACH	BLASINGAME, MARY Reim Monthly Health Prem	HEALTH PREM 962.66
	BLASINGAME, MARY	\$ 962.66
ACH	ANDERSON, KENNETH Reim Monthly Health Prem	HEALTH PREM 23.62
	ANDERSON, KENNETH	\$ 23.62
ACH	MOE, JAMES Reim Monthly Health Prem	HEALTH PREM 23.62
	MOE, JAMES	\$ 23.62

Check	Payee / Description	Amount
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ACH	POLACEK, KEVIN Reim Monthly Health Prem	HEALTH PREM	706.98
	POLACEK, KEVIN	\$	706.98
ACH	ELROD, SONDR Reim Monthly Health Prem	HEALTH PREM	271.92
	ELROD, SONDR	\$	271.92
ACH	FRAZIER, JACK Reim Monthly Health Prem	HEALTH PREM	177.53
	FRAZIER, JACK	\$	177.53
ACH	HOAK, JAMES Reim Monthly Health Prem	HEALTH PREM	125.00
	HOAK, JAMES	\$	125.00
ACH	DEZHAM, PARIVASH Reim Monthly Health Prem	HEALTH PREM	146.92
	DEZHAM, PARIVASH	\$	146.92
ACH	FOLEY III, DANIEL J. Reim Monthly Health Prem	HEALTH PREM	146.92
	FOLEY III, DANIEL J.	\$	146.92
ACH	CLEVELAND, JAMES Reim Monthly Health Prem	HEALTH PREM	125.00
	CLEVELAND, JAMES	\$	125.00
ACH	LANGNER, CAMERON Reim Monthly Health Prem	HEALTH PREM	845.41
	LANGNER, CAMERON	\$	845.41
ACH	HAMILTON, LEANNE Reim Monthly Health Prem	HEALTH PREM	146.92
	HAMILTON, LEANNE	\$	146.92
ACH	HOOSHMAND, RAY Reim Monthly Health Prem	HEALTH PREM	125.00
	HOOSHMAND, RAY	\$	125.00
ACH	SCHLAPKOHL, JACK Reim Monthly Health Prem	HEALTH PREM	125.00
	SCHLAPKOHL, JACK	\$	125.00
ACH	POOLE, PHILLIP Reim Monthly Health Prem	HEALTH PREM	177.53

Check	Payee / Description	Amount
	POOLE, PHILLIP	\$ 177.53
ACH	ADAMS, BARBARA Reim Monthly Health Prem	HEALTH PREM 148.62
	ADAMS, BARBARA	\$ 148.62
ACH	RUESCH, GENECE Reim Monthly Health Prem	HEALTH PREM 458.68
	RUESCH, GENECE	\$ 458.68
ACH	VANDERPOOL, LARRY Reim Monthly Health Prem	HEALTH PREM 480.05
	VANDERPOOL, LARRY	\$ 480.05
ACH	AMBROSE, JEFFREY Reim Monthly Health Prem	HEALTH PREM 543.83
	AMBROSE, JEFFREY	\$ 543.83
ACH	MERRILL, DIANE Reim Monthly Health Prem	HEALTH PREM 271.92
	MERRILL, DIANE	\$ 271.92
ACH	HOUSER, ROD Reim Monthly Health Prem	HEALTH PREM 613.76
	HOUSER, ROD	\$ 613.76
ACH	RUSSO, VICKI Reim Monthly Health Prem	HEALTH PREM 146.92
	RUSSO, VICKI	\$ 146.92
ACH	HUSS, KERRY Reim Monthly Health Prem	HEALTH PREM 418.83
	HUSS, KERRY	\$ 418.83
ACH	BINGHAM, GREGG Reim Monthly Health Prem	HEALTH PREM 581.98
	BINGHAM, GREGG	\$ 581.98
ACH	CHARLES, DAVID Reim Monthly Health Prem	HEALTH PREM 125.00
	CHARLES, DAVID	\$ 125.00
ACH	YEBOAH, ERNEST Reim Monthly Health Prem	HEALTH PREM 125.00
	YEBOAH, ERNEST	\$ 125.00
ACH	ALVARADO, ROSEMARY Reim Monthly Health Prem	HEALTH PREM 418.83

Check	Payee / Description	Amount
	ALVARADO, ROSEMARY	\$ 418.83
ACH	ICMA RETIREMENT TRUST 457	
	P/R 22 10/28 Deferred Comp Ded HR 0047300	12,911.31
	P/R 22 10/28 Deferred Comp Ded 102816	200.00
	ICMA RETIREMENT TRUST 457	\$ 13,111.31
ACH	LINCOLN NATIONAL LIFE INS CO	
	P/R 22 10/28 Deferred Comp Ded HR 0047300	19,867.12
	P/R 22 10/28 Deferred Comp Ded 102816	2,057.84
	LINCOLN NATIONAL LIFE INS CO	\$ 21,924.96
ACH	ICMA RETIREMENT TRUST 401	
	P/R 22 10/28 Exec Deferred Comp 102816	2,513.26
	P/R 22 10/28 Exec Deferred Comp HR 0047300	5,658.34
	ICMA RETIREMENT TRUST 401	\$ 8,171.60
ACH	AQUA BEN CORPORATION	
	RP1-23,000 Lbs Polymer 750A 35011	30,573.07
	AQUA BEN CORPORATION	\$ 30,573.07
ACH	HASCO OIL COMPANY, INC.	
	RP5-Mobil Delvac 1300 Super 15W40 0204881-IN	2,679.33
	HASCO OIL COMPANY, INC.	\$ 2,679.33
ACH	NAPA GENUINE PARTS COMPANY	
	Wheel Charger 203720	247.32
	Service Jack, Vehicle Stands 204401	339.11
	NAPA GENUINE PARTS COMPANY	\$ 586.43
ACH	SANTA ANA WATERSHED	
	August 2016 Service 8922	160,353.06
	SANTA ANA WATERSHED	\$ 160,353.06
ACH	MARK IV COMMUNICATIONS INC	
	HQA/B-Clean TV Cables, Install Loom 21240	1,928.60
	Remove Cables, Extend Copy Room Voice Cab 21229	979.00
	MARK IV COMMUNICATIONS INC	\$ 2,907.60
ACH	GENESIS CONSTRUCTION	
	EN16019.08-8/15-9/30 RP1 Pipe Replacemen 16-584-101-1	65,777.00
	EN16019.08-8/15-9/30 RP1 Pipe Replacemen 16584101 T&M	1,200.96
	GENESIS CONSTRUCTION	\$ 66,977.96
ACH	THATCHER COMPANY OF CALIFORNIA	
	TP1-45,760 Lbs Aluminum Sulfate 241734	4,042.06
	CCWRP-44,580 Lbs Aluminum Sulfate 241784	3,918.59
	TP1-44,320 Lbs Aluminum Sulfate 241763	3,910.09

Check	Payee / Description		Amount
	THATCHER COMPANY OF CALIFORNIA		11,870.74
ACH	ALFA LAVAL INC Foot, Spacer, Fittings Dismount	276757368	2,496.65
	ALFA LAVAL INC	\$	2,496.65
ACH	SUNGARD AVAILABILITY SERVICES 7/16 Disaster Recovery Overage	120147614	75.00
	SUNGARD AVAILABILITY SERVICES	\$	75.00
ACH	OLIN CORP TP1-5,012 Gals Sodium Hypochlorite	2232794	2,856.84
	RP5-4,870 Gals Sodium Hypochlorite	2230816	2,775.90
	TP1-4,772 Gals Sodium Hypochlorite	2230815	2,720.04
	TP1-4,964 Gals Sodium Hypochlorite	2231973	2,829.48
	TP1-4,912 Gals Sodium Hypochlorite	2231974	2,799.84
	TP1-4,962 Gals Sodium Hypochlorite	2232536	2,828.34
	CCWRP-3,000 Gals Sodium Hypochlorite	2230814	1,710.00
	CCWRP-2,996 Gals Sodium Hypochlorite	2232537	1,707.72
	RP4-2,492 Gals Sodium Hypochlorite	2232538	1,420.44
	TP1-4,908 Gals Sodium Hypochlorite	2232539	2,797.56
	TP1-4,968 Gals Sodium Hypochlorite	2233381	2,831.76
	RP1-3,010 Gals Sodium Hypochlorite	2232793	1,715.70
	TP1-4,968 Gals Sodium Hypochlorite	2232942	2,831.76
	OLIN CORP	\$	31,825.38
ACH	GK & ASSOCIATES INC 46-2054-8/16 Prof Svcs	16-059	16,744.00
	46-2054-8/16 Prof Svcs	16-057	20,496.00
	46-2054-8/16 Prof Svcs	16-058	14,080.00
	GK & ASSOCIATES INC	\$	51,320.00
ACH	YORK RISK SERVICES GROUP INC 10/16-12/16 W/C Adm Fee - 4Q16	500015107	4,488.75
	YORK RISK SERVICES GROUP INC	\$	4,488.75
ACH	EVOQUA WATER TECHNOLOGIES LLC 10/1-12/31/2016 DI Tank Rental	902817041	99.29
	EVOQUA WATER TECHNOLOGIES LLC	\$	99.29
ACH	SHELL ENERGY NORTH AMERICA LP CCWRP/TP/RWPS-9/1-9/30 14950 Tlphn 6/1-6 2046 9/16		37,707.01
	RP1-9/1-9/30 2450 Phila St 6/1-6/30 Adj 2042 9/16		122,560.31
	RP2/RP5-9/1-9/30 16400 El Prado Rd 6/1-6 2044 9/16		6,672.41
	SHELL ENERGY NORTH AMERICA LP	\$	166,939.73
ACH	STONE, SHAUN Stone,S-ExpRpt-9/23/16 RMPU/Lower Day Mt 9/23/16 RMPU		36.44
	STONE, SHAUN	\$	36.44
ACH	IEUA EMPLOYEES' ASSOCIATION		

Check	Payee / Description		Amount
	P/R 22 10/28 Employee Ded	102816	9.00
	P/R 22 10/28 Employee Ded	HR 0047300	186.00
	IEUA EMPLOYEES' ASSOCIATION	\$	195.00
ACH	IEUA SUPERVISORS UNION ASSOCIA		
	P/R 22 10/28 Employee Ded	102816	30.00
	P/R 22 10/28 Employee Ded	HR 0047300	345.00
	IEUA SUPERVISORS UNION ASSOCIAS		375.00
ACH	IEUA GENERAL EMPLOYEES ASSOCIA		
	P/R 22 10/28 Employee Ded	HR 0047300	1,156.60
	IEUA GENERAL EMPLOYEES ASSOCIAS		1,156.60
ACH	IEUA PROFESSIONAL EMPLOYEES AS		
	P/R 22 10/28 Employee Ded	HR 0047300	460.00
	P/R 22 10/28 Employee Ded	102816	10.00
	IEUA PROFESSIONAL EMPLOYEES ASS		470.00
ACH	DISCOVERY BENEFITS INC		
	P/R 22 10/28 Cafeteria Plan	HR 0047300	2,832.73
	P/R 22 10/28 Cafeteria Plan	102816	168.75
	DISCOVERY BENEFITS INC	\$	3,001.48
Wire	STATE DISBURSEMENT UNIT		
	P/R 20 9/30/16	HR 0047100	1,145.06
	P/R 20 9/30/16	HR 0047100	198.00
	STATE DISBURSEMENT UNIT	\$	1,343.06
Wire	PUBLIC EMPLOYEES RETIREMENT SY		
	P/R 20 9/30/16 PERS	PR 20 9/30/16	19,761.24
	P/R 20 9/30/16 PERS	HR 0047100	259,688.65
	PUBLIC EMPLOYEES RETIREMENT SY\$		279,449.89
Wire	PUBLIC EMPLOYEES' RETIREMENT S		
	10/16 Health Ins-Retirees, Board, Employee 2121 10/16		239,114.18
	PUBLIC EMPLOYEES' RETIREMENT S\$		239,114.18
Wire	PUBLIC EMPLOYEE'S RETIREMENT S		
	P/R 21 10/14 Deferred Comp Ded	101416	568.08
	PUBLIC EMPLOYEE'S RETIREMENT S\$		568.08
Wire	PUBLIC EMPLOYEE'S RETIREMENT S		
	P/R 21 10/14 Deferred Comp Ded	HR 0047200	14,984.58
	PUBLIC EMPLOYEE'S RETIREMENT S\$		14,984.58
Wire	STATE DISBURSEMENT UNIT		
	P/R 21 10/14	HR 0047200	1,145.06
	P/R 21 10/14	HR 0047200	198.00

Check	Payee / Description		Amount
	STATE DISBURSEMENT UNIT	\$	1,343.06
Wire	STATE BOARD OF EQUALIZATION		
	9/16 Sales Tax Deposit	23784561 9/16	6,690.00
	STATE BOARD OF EQUALIZATION	\$	6,690.00
Wire	PUBLIC EMPLOYEES RETIREMENT SY		
	P/R 21 10/14 PERS	HR 0047200	254,553.64
	P/R 21 10/14 PERS	101416	16,605.39
	PUBLIC EMPLOYEES RETIREMENT SY\$		271,159.03
Wire	PUBLIC EMPLOYEE'S RETIREMENT S		
	P/R 22 10/28 Deferred Comp Ded	102816	568.08
	P/R 22 10/28 Deferred Comp Ded	HR 0047300	14,797.05
	PUBLIC EMPLOYEE'S RETIREMENT S\$		15,365.13
Wire	METROPOLITAN WATER DISTRICT		
	August 2016 Water Purchase	8782	1,988,241.80
	METROPOLITAN WATER DISTRICT	\$	1,988,241.80

Grand Total Payment Amount: \$ 13,744,498.63

Non-Board Member	Qtr 1	Qtr 2	Qtr 3	Period 120 Void	Period 21	Period 22	October	Qtr 4	Year-To-Date
PAYROLL COSTS									
GROSS PAYROLL	\$ 7,416,337.82	\$ 8,603,068.42	\$ 8,536,467.07	\$ (3,773.55)	\$ 1,250,042.63	\$ 1,243,750.43	\$ 2,490,019.51	\$ 2,490,019.51	\$ 27,045,892.82
CLAIMS	\$ -	\$ (40.23)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40.23)
DEDUCTIONS	\$ (1,494,901.05)	\$ (1,678,628.87)	\$ (1,769,601.60)	\$ 259.88	\$ (260,050.66)	\$ (264,538.33)	\$ (524,329.11)	\$ (524,329.11)	\$ (5,467,460.63)
TAXES	\$ (1,718,763.91)	\$ (1,991,549.90)	\$ (1,948,761.85)	\$ 950.12	\$ (286,118.98)	\$ (273,718.02)	\$ (558,886.88)	\$ (558,886.88)	\$ (6,217,962.54)
NET PAY TO EE	\$ 4,202,672.86	\$ 4,932,849.42	\$ 4,818,103.62	\$ (2,563.55)	\$ 703,872.99	\$ 705,494.08	\$ 1,406,803.52	\$ 1,406,803.52	\$ 15,360,429.42
ER CONTRIBUTIONS									
TAXES	\$ 512,330.05	\$ 596,217.34	\$ 577,716.40	\$ (288.68)	\$ 80,412.38	\$ 77,582.71	\$ 157,706.41	\$ 157,706.41	\$ 1,843,970.20
LIFE INSURANCE	\$ 8,479.46	\$ 11,582.77	\$ 8,895.47	\$ -	\$ 1,482.02	\$ 1,492.02	\$ 2,974.04	\$ 2,974.04	\$ 31,931.74
CALPERS ER (subsidy)	\$ 119,469.99	\$ 174,992.48	\$ 66,537.27	\$ -	\$ 7,835.44	\$ 7,852.02	\$ 15,687.46	\$ 15,687.46	\$ 376,687.20
PERS ER MATCH	\$ 1,058,608.85	\$ 1,245,490.18	\$ 1,321,539.14	\$ (696.18)	\$ 188,580.82	\$ 191,424.37	\$ 379,309.01	\$ 379,309.01	\$ 4,004,947.18
RETRO PERS (subsidy & Match)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ER CONTRIBUTIONS	\$ 1,698,888.35	\$ 2,028,282.77	\$ 1,974,688.28	\$ (984.86)	\$ 278,310.66	\$ 278,351.12	\$ 555,676.92	\$ 555,676.92	\$ 6,257,536.32
TOTAL AGENCY PAYROLL	\$ 9,115,226.17	\$ 10,631,351.19	\$ 10,511,155.35	\$ (4,758.41)	\$ 1,528,353.29	\$ 1,522,101.55	\$ 3,045,696.43	\$ 3,045,696.43	\$ 33,303,429.14
Number of Employees Processed	1803	2071	2090	1	298	305	604	604	6568

INLAND EMPIRE UTILITIES AGENCY

PAYROLL FOR OCTOBER 14, 2016

PRESENTED AT BOARD MEETING ON DECEMBER 21, 2016

GROSS PAYROLL COSTS			\$1,246,269.08
DEDUCTIONS			(\$544,959.64)
NET PAYROLL			<u>\$701,309.44</u>
NET PAYROLL BREAKDOWN	CHECKS	EFT	TOTAL
CHECKS USED	-		
TRANSACTION PROCESSED	0	351	351
AMOUNT	\$0.00	\$701,309.44	<u>\$701,309.44</u>

INLAND EMPIRE UTILITIES AGENCY

RATIFICATION OF BOARD OF DIRECTORS

PAYROLL FOR OCTOBER 14, 2016
PRESENTED AT BOARD MEETING ON DECEMBER 21, 2016

DIRECTOR NAME	GROSS PAYROLL	NET PAYROLL
MICHAEL CAMACHO	\$3,403.39	\$956.30
TERRY L. CATLIN	\$3,190.25	\$1,032.62
STEVEN J. ELIE	\$3,640.25	\$945.59
JASMIN A. HALL	\$2,422.04	\$1,476.34
PAUL HOFER	\$0.00	\$0.00
TOTALS	\$12,655.93	\$4,410.85

TOTAL EFTS PROCESSED	1
BEGINNING CHECK NO.	105753
ENDING CHECK NO.	105755
TOTAL CHECKS PROCESSED	3


IEUA DIRECTOR PAYSHEET

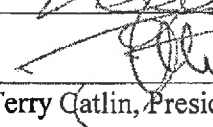
MICHAEL CAMACHO
 EMPLOYEE NO. 1140
 ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-07-16	Board Workshop	Yes	\$225.00
09-08-16	Southern Coalition/Inland Caucus Meeting	Yes	\$225.00
09-14-16	Public Affairs, Legislative & Water Resources Committee	Yes	\$225.00
09-14-16	Engineering, Operations and Biosolids Management Committee	Yes (same day)	\$-0-
09-21-16	IEUA Board Meeting	Yes	\$225.00
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83, including MWD meetings)			\$900.00
Total No. of Meetings Attended			5
Total No. of Meetings Paid			4

DIRECTOR
SIGNATURE





 Terry Catlin, President, Board of Directors

Approved by:

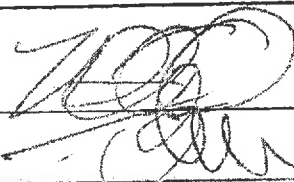
**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON MWD BOARD**

MICHAEL CAMACHO
EMPLOYEE NO. 1140
ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-06-16	OP&T Committee Telecon Update	Yes	\$225.00
09-12-16	MWD Standing Committee Mtgs	Yes	\$225.00
09-13-16	MWD Standing Committee Meetings and Board Meeting	Yes	\$225.00
09-27-16	MWD other Committee meeting	Yes	\$225.00
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83)			\$900.00
Total No. of Meetings Attended			4 ,
Total No. of Meetings Paid			4 ,

DIRECTOR
SIGNATURE



Approved by:

Terry Catlin
President, Board of Directors

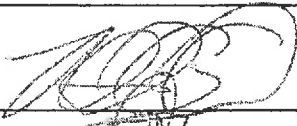
**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON REGIONAL POLICY COMMITTEE (ALTERNATE)**


MICHAEL CAMACHO
EMPLOYEE NO. 1140
ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-01-16	Regional Policy Committee Mtg.	No (Cancelled)	\$-0-
TOTAL REIMBURSEMENT			\$-0-
Up to 10 days of service per month per Ordinance No. 73, Section 1 (d) (i.e., \$125.00 – difference between Regional Policy Committee (\$100.00 and Agency meetings \$225.00) including Agency meetings			
Total No. of Meetings Attended			0
Total No. of Meetings Paid			0

**DIRECTOR
SIGNATURE**





Approved by:

Terry Catlin
President, Board of Directors

IEUA DIRECTOR PAYSHEET

TERRY CATLIN
 EMPLOYEE NO. 615
 ACCOUNT NO. 10200 110100 100000 501010

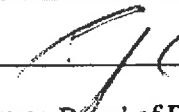
SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-07-16	IEUA Board Workshop	Yes	\$225.00
09-14-16	Audit Committee	Yes	\$225.00
09-14-16	Engineering & Operations Committee	Yes (same day)	\$-0-
09-21-16	Board Meeting	Yes	\$225.00
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83)			\$675.00
Total No. of Meetings Attended			4
Total No. of Meetings Paid			3

**DIRECTOR
 SIGNATURE**



Approved by:



 Steven J. Elie
 Secretary/Treasurer, Board of Directors

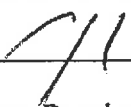
**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON SAWPA COMMISSION**

TERRY CATLIN
EMPLOYEE NO. 615
ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-06-16	SAWPA Commission Workshop	Yes	\$225.00
09-20-16	SAWPA Commission Meeting	Yes	\$225.00
TOTAL REIMBURSEMENT			\$450.00
Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) including Agency meetings* (SAWPA \$197.82 (eff. 2/16/16))			
Total No. of SAWPA Meetings Attended			2
Total No. of SAWPA Meetings Paid			2

DIRECTOR SIGNATURE  _____

Approved by:  _____
Steven J. Elie
Secretary/Treasurer, Board of Directors

*SAWPA will pay \$197.82 (eff. 2/16/16) per meeting directly to the Agency.

**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON REGIONAL POLICY COMMITTEE**


TERRY CATLIN
EMPLOYEE NO. 615
ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016


DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-01-16	Regional Policy Committee Mtg.	Yes (same day)	\$-0-

TOTAL REIMBURSEMENT Up to 10 days of service per month per Ordinance No. 73, Section 1 (d) (i.e., \$125.00 – difference between Regional Policy Committee (\$100.00 and Agency meetings \$225.00) including Agency meetings	\$-0-
Total No. of Meetings Attended	1
Total No. of Meetings Paid	0

**DIRECTOR
SIGNATURE**



Approved by:



Steven J. Elie
Secretary/Treasurer, Board of Directors

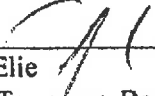
**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON CHINO DESALTER AUTHORITY**

TERRY CATLIN
EMPLOYEE NO. 615
ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-01-16	CDA Special Board Meeting	Yes	\$225.00
TOTAL REIMBURSEMENT			\$225.00
Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) (i.e., \$75.00 – difference between CDA (\$150.00 And Agency meetings \$225.00) including Agency meetings			
Total No. of CDA Meetings Attended			1
Total No. of CDA Meetings Paid			1

DIRECTOR SIGNATURE 

Approved by: 
Steven J. Elie
Secretary/Treasurer, Board of Directors

*Chino Desalter Authority will pay \$150.00 per meeting directly to the Agency.

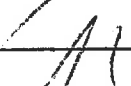
**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON WATERMASTER BOARD (ALTERNATE)**

TERRY CATLIN
EMPLOYEE NO. 615
ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-15-16	CBWM Advisory Cmte. Meeting	No	\$-0-
09-22-16	CBWM Board Meeting	No	\$-0-
TOTAL REIMBURSEMENT			\$-0-
Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) (i.e., \$100.00 – difference between Watermaster \$125.00 and District meetings \$225.00), including District meetings			
Total No. of Watermaster Meetings Attended			0
Total No. of Watermaster Meetings Paid			0

DIRECTOR SIGNATURE 

Approved by: 
Steven J. Elie
Secretary/Treasurer, Board of Directors

*Decline IEUA payment portion.

**DIRECTOR PAYSHEET FOR IEUA
ON WATERMASTER BOARD**

STEVEN J. ELIE
EMPLOYEE NO. 1175
ACCOUNT NO. 10200 110100 100000 501010

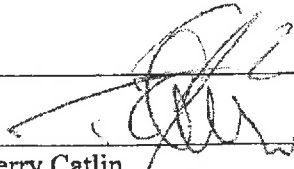
SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-09-16	Lunch mtg. w/CBWM GM P. Kavounas	Yes	\$-0-
09-13-16	CBWM Workshop – Committee and Board Roles and Responsibilities	Yes (same day)	\$-0-
09-15-16	CBWM Advisory Committee	No	\$-0-
09-19-16	CBWM Board Agenda Review Meeting	Yes	\$-0-
09-21-16	CBWM telecom Mtg. to discuss tentative ruling	Yes (same day)	\$-0-
09-22-16	CBWM Board Meeting	Yes (same day)	\$-0-
09-27-16	Telecon meeting w/S. Slater	Yes	\$-0-

TOTAL REIMBURSEMENT Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) (i.e., \$100.00 – difference between Watermaster \$125.00 and District meetings \$225.00), including District meetings	\$-0-
Total No. of Watermaster Meetings Attended	6
Total No. of Watermaster Meetings Paid	0

***Decline IEUA portion**

DIRECTOR
SIGNATURE _____

Approved by:  _____
Terry Catlin
President, Board of Directors

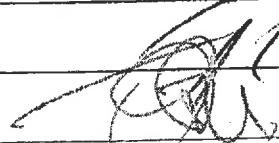
IEUA DIRECTOR PAYSHEET

STEVEN J. ELIE
 EMPLOYEE NO. 1175
 ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-06-16	SCWC Leg. Task Force Telecon Meeting	Yes	\$225.00
09-07-16	IEUA Board Workshop Meeting	Yes	\$225.00
09-12-16	Brkfst. Mtg. w/ P. Rogers, Chino Hills Councilmember	Yes	\$225.00
09-14-16	Public, Legislative Affairs and Water Resources Committee	Yes	\$225.00
09-14-16	Finance, Legal & Administration Committee	Yes (same day)	\$-0-
09-16-16	Regional Board Mtg. at IRWD, re. clean-up order	Yes	\$225.00
09-21-16	Board meeting	Yes	\$225.00
09-22-16	Chino Valley State of the Fire District	Yes	\$225.00
09-26-16	Lunch meeting w/Curtis Paxton, CDA	Yes	\$225.00
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83)			\$1,800.00
Total No. of Meetings Attended			9
Total No. of Meetings Paid			8

DIRECTOR
SIGNATURE



Approved By:

Terry Catlin
President, Board of Directors

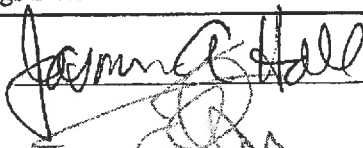
IEUA DIRECTOR PAYSHEET

JASMIN A. HALL
 EMPLOYEE NO. 1256
 ACCOUNT NO. 10200 110100 100000 501010

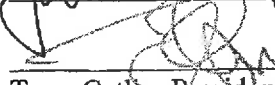
SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-06-16	Bloomington Muni Advisory Committee	Yes	\$225.00
09-07-16	IEUA Board Workshop	Yes	\$225.00
09-13-16	CBWM Workshop – Board and Committee Roles and Responsibilities	Yes	\$225.00
09-14-16	Audit Committee	Yes	\$225.00
09-14-16	E & O Committee	Yes (same day)	\$-0-
09-14-16	Finance, Legal & Admin Committee	Yes (same day)	\$-0-
09-16-16	Senator Liu's – Thank You Reception for SD25	Yes	\$225.00
09-19-16	IEUA Update Mtg w/ C Hays and Councilmember Sandoval	Yes	\$225.00
09-19-16	ASBCSD Dinner Meeting	Yes (same day)	\$-0-
09-21-16	IEUA Board Meeting	Yes	\$225.00
09-21-16	Meeting w/CFO C. Valencia re: Agency Financials	Yes (same day)	\$-0-
09-22-16	CHCC California Nature Resources –Energy Poverty in California	Yes	\$225.00
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83)			\$1,800.00
Total No. of Meetings Attended			12
Total No. of Meetings Paid			8

DIRECTOR
SIGNATURE



Approved by:

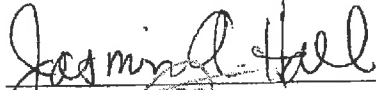


Terry Catlin, President, Board of Directors

**DIRECTOR PAYSHEET FOR IEUA
ON SAWPA COMMISSION (ALTERNATE)**

JASMIN A. HALL
EMPLOYEE NO. 1256
ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-06-16	SAWPA Commission Workshop	Yes (same day)	\$-0-
09-20-16	SAWPA Commission Meeting	Yes	\$27.18
TOTAL REIMBURSEMENT			\$27.18
Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) (i.e., \$27.18 – difference between SAWPA (\$197.82 (eff. 2/16/16) and Agency meetings \$225.00 including Agency meetings			
Total No. of SAWPA Meetings Attended			<u>2</u>
Total No. of SAWPA Meetings Paid			1


DIRECTOR SIGNATURE 
 Approved by: 
 Terry Catlin
 President, Board of Directors

**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON CHINO DESALTER AUTHORITY (ALTERNATE)**

JASMIN A. HALL
 EMPLOYEE NO. 1256
 ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-01-16	CDA Special Board Meeting	No	\$-0-
TOTAL REIMBURSEMENT			\$-0-
Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) (i.e., \$75.00 – difference between CDA (\$150.00 And Agency meetings \$225.00 excludes alternate) including Agency meetings			
Total No. of CDA Meetings Attended			0
Total No. of CDA Meetings Paid			0

DIRECTOR SIGNATURE 

Approved by: 
 Terry Catlin
 President, Board of Directors

IEUA DIRECTOR PAYSHEET


PAUL HOFER
 EMPLOYEE NO. 1349
 ACCOUNT NO. 10200 110100 100000 501010

SEPTEMBER 2016

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
09-07-16	Board Workshop	Yes (waived pymt)	\$-0-
09-14-16	Finance, Legal & Administration Committee	Yes (waived pymt)	\$-0-
09-21-16	Board meeting	Yes (waived pymt)	\$-0-
09-21-16	Meeting w/S. Acosta-Grijalva	Yes (waived pymt)	\$-0-
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83)			\$-0-
Total No. of Meetings Attended			4
Total No. of Meetings Paid			0

DIRECTOR
 SIGNATURE

Approved By:



 Terry Catlin
 President, Board of Directors

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INLAND EMPIRE UTILITIES AGENCY

PAYROLL FOR OCTOBER 28, 2016

PRESENTED AT BOARD MEETING ON DECEMBER 21, 2016

GROSS PAYROLL COSTS			\$1,243,750.43
DEDUCTIONS			(\$538,256.35)
NET PAYROLL			\$705,494.08 =====
NET PAYROLL BREAKDOWN	CHECKS	EFT	TOTAL
CHECKS USED	-		
TRANSACTION PROCESSED	0	358	358
AMOUNT	\$0.00	\$705,494.08	<u>\$705,494.08</u>


**ACTION
ITEM**


2A


Date: December 21, 2016

To: The Honorable Board of Directors

Through: Audit Committee (12/14/16)
Finance, Legal, and Administration Committee (12/14/16)

From:  P. Joseph Grindstaff
General Manager

Submitted By:  Christina Valencia
Chief Financial Officer/Assistant General Manager

 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: IEUA Fiscal Year 2015/16 Comprehensive Annual Financial Report

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year (FY) ended June 30, 2016; and
2. Direct staff to distribute the report as appropriate, to the various federal, state, and local agencies, financial institutions, bond rating agencies, and other interested parties.

BACKGROUND

On March 16, 2016, the Board approved a contract with Lance, Soll & Lunghard, LLP (LSL), an independent CPA firm, for professional annual financial and single audit services for three fiscal years, with the option for an additional two fiscal years, beginning in FY 2015/16. The agreement covers the audit of the Inland Empire Utilities Agency (Agency) financial statements, review of the annual appropriations limit calculation, and audit of the Agency's federal awards in accordance with Office of Management and Budget (OMB) Circular A-133 (Single Audit).

Comprehensive Annual Financial Report (CAFR)

The Agency' CAFR for fiscal year ended June 30, 2016 was prepared in conformity with generally accepted accounting principles in the United States of America (GAAP), as set forth by the

Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Agency. To the best of staff's knowledge, the data presented is accurate in all material respects, and reported in a manner designed to fairly present the financial position and results of operations for the various funds and account groups in the Agency. Disclosures are included within the CAFR to enable the reader to gain an understanding of the Agency's financial activities. Exhibit A is a copy of the Agency CAFR in substantially final form and was presented to the Audit and Finance, Legal and Administrative Committees on December 14, 2016.

FY 2015/16 Financial Highlights

The Agency's statement of net position for FY ended June 30, 2016, reflects \$530.6 million, an increase of \$37.3 million compared to the prior FY. The gain is primarily due to higher operating revenues resulting from the rates and charges adopted by the Board structured to achieve cost of service over multiple years. A higher number of new connections to the regional wastewater system, higher property tax receipts from enhanced assessed values in the Agency's service area, and lower operating expenses contributed to the increase in net position.

Water Inventory

On February 17, 2015, the Board approved the Water Storage Agreement between the Agency and Cucamonga Valley Water District (CVWD) for the purchase of up to 5,000 acre-feet (AF) of supplemental water. As of June 30, 2016, the Agency had over 2,200 AF of water inventory under the CVWD account. These water purchases will help CVWD maintain minimum Metropolitan Water of Southern California (MWD) turnout flow rate, as well as maintain the Agency's regional allocation of Tier 1 water from MWD.

Additionally, the Agency holds 225 AF of water rights per the Agreement for the Provision of Sewer and Recycled Water Service (Agreement) with the California Speedway Corporation (Speedway) executed on November 24, 2015. The Agreement was the result of a cooperative effort with the City of Fontana, Fontana Water Company, and Speedway to extend wastewater treatment and recycled water services to unincorporated areas in the vicinity of the Agency service area. Pursuant to the Agreement, Speedway can assign water rights to the Agency to pay for its share of any capital costs and connection fees for both wastewater and recycled water systems. Assuming, Speedway continues to exercise this option, water rights will increase in the future years.

Imported Water Pass-Through Sales and Purchases

FY 2015/16 is the second year the Agency is reporting the purchase and resale of imported water from MWD. This change in accounting treatment will provide a more complete account of the Agency's water related activities under the Water Resources (WW) fund. The ongoing drought and the Governor's mandatory water conservation cutbacks resulted in historically low MWD imported water deliveries of 31,714 AF; a decrease of 27,194 AF with respect to FY 2014/15. The

decrease reflects the Region's successful conservation efforts in partnership with our contracting agencies in meeting the mandatory cutbacks.

Project Closures

An important part of the accuracy in the financial statements resides in the proper classification of cost between capital and non-capital expenses. The reclassification of project costs incorrectly included as "capital projects" in the Agency's jobs in progress was noted in the FY 2014/15 by the external auditors as a significant deficiency in internal control. A significant deficiency is less severe than a material weakness, yet important enough to merit attention. Staff's ongoing analysis of the job in progress category to ensure capitalization principles are appropriately applied was a key emphasis throughout FY 2015/16 and resulted in the closure of over 80 capital projects by the end of FY 2015/16. As of June 30, 2016 the total value of jobs in progress was slightly under \$18 million: a historic low for the Agency.

External Auditors' Independent Audit

The Agency's independent audit firm, Lance, Soll & Lunghard, LLP (LSL) performed the annual financial audit. LSL issued an unmodified ("clean") opinion over the financial statements for the Fiscal Year ended June 30, 2016, indicating that the financial statements are presented fairly and in accordance with GAAP.

LSL found no material deficiency in internal controls over financial reporting.

The Single Audit Report is performed on a cash basis, and has been postponed until the beginning of 2017 to allow for all pending billing activity for Fiscal Year 2015/16 to be processed by the Federal Clearing House. The Single Audit will be completed to meet the March 2017 due date.

Internal Audit Department Review

Internal Audit staff performed an additional quality control check/review of the draft financial statements with emphasis on; overall mathematical accuracy, validation of the MD&A, notes, and statistical sections to the financial statements or to other supporting information.

Internal Audit staff's review did not include tests of transactions, or tests of the reliability of the totals and amounts included in the various categories, accounts, funds, statements, etc. Staff relies on the work of the external auditors to test the reliability of the financial information reported. Staff's review is only one of an additional quality control to ensure a professional presentation, consistent with prior years.

Government Financial Officers Association (GFOA) CAFR Award

For the past fifteen years, the Agency has applied for and received the GFOA CAFR Award for excellence in financial reporting. The deadline to submit the FY 2015/16 CAFR is December 31, 2016.

The IEUA FY 2015/16 Comprehensive Annual Financial Report is consistent with the Agency's Business Goal of Fiscal Responsibility in providing transparent communication of the Fiscal Year activity and the net position of the different programs of the Agency.

PRIOR BOARD ACTION

On December 16, 2015, the Board of Directors approved the Agency's Comprehensive Annual Financial Report for FY 2014/15 reviewed by the Audit Committee & Finance and Administration Committee on December 9, 2015.

On March 16, 2016, the Board approved Contract No. 4600002079 with Lance, Soll & Lunghard, LLP for financial auditing and single audit services, for three fiscal years, with the option to extend two additional fiscal years, beginning in FY 2015/16.

IMPACT ON BUDGET

There is no impact on the Agency's FY 2016/17 Budget as a result of this item, since related audit service fees are budgeted in the Administrative Services (GG) Fund under Professional Services.

Attachments:

Exhibit A – FY 2015/16 Comprehensive Annual Financial Report (in substantive)

**Comprehensive Annual Financial
Report
Fiscal Year Ended June 30, 2016**

**December 2016
Board Meeting**

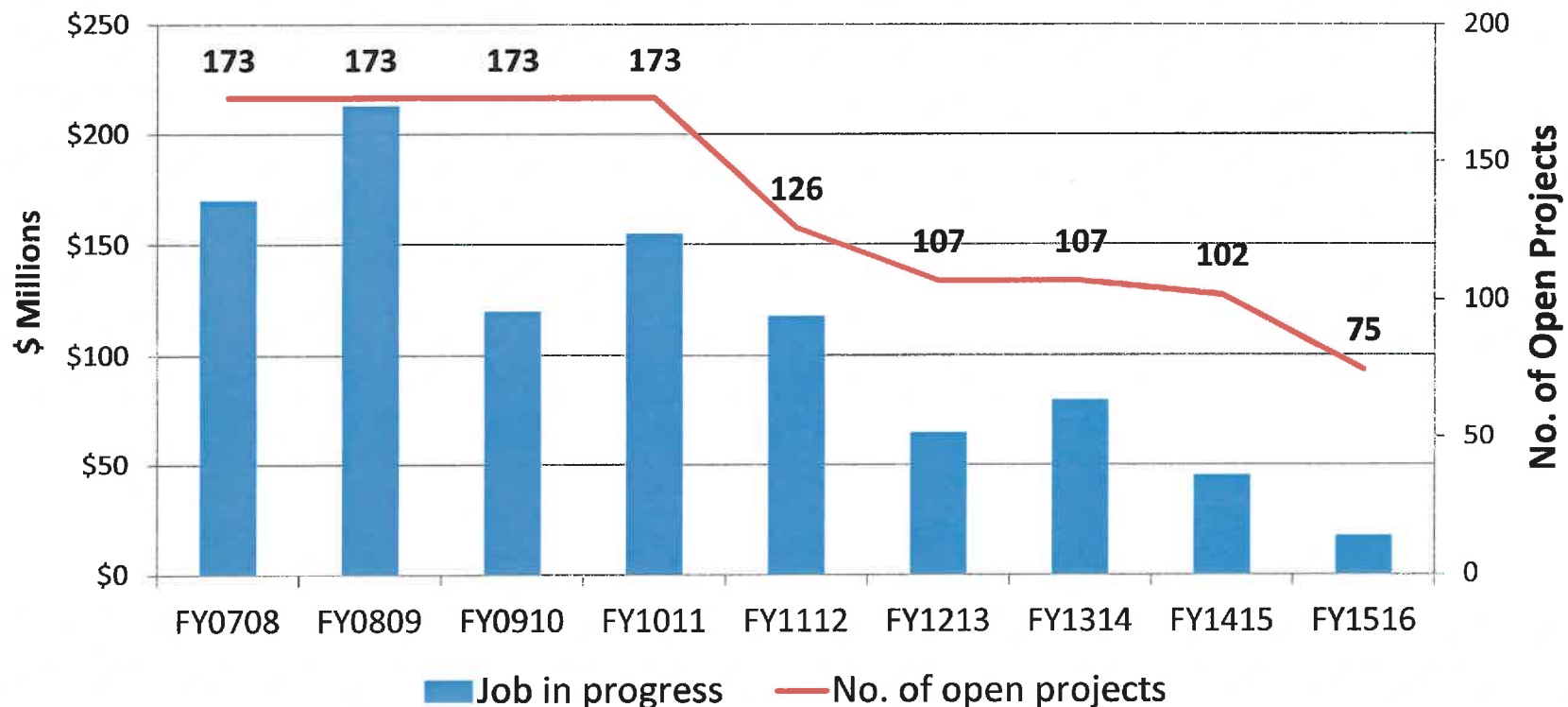
FY 2015/16 Highlights



- ❖ Established water inventory
 - Over 2,200 AF purchased from Cucamonga Valley Water District
 - 225 AF water rights from California Speedway
- ❖ Water Connection fee started January 1, 2016, \$0.9 million.
- ❖ Wastewater Connection fees activity, \$24.9 million
- ❖ Imported water deliveries 31,714 AF year low
- ❖ Continued funding of employee retirement liabilities
- ❖ External Auditors unmodified (“clean”) opinion
- ❖ Single audit postponed until January 2018

FY 2015/16 Highlights

- ❖ 30% reduction in number of open projects
- ❖ Project closures reduced Jobs in Progress to a 9 year low



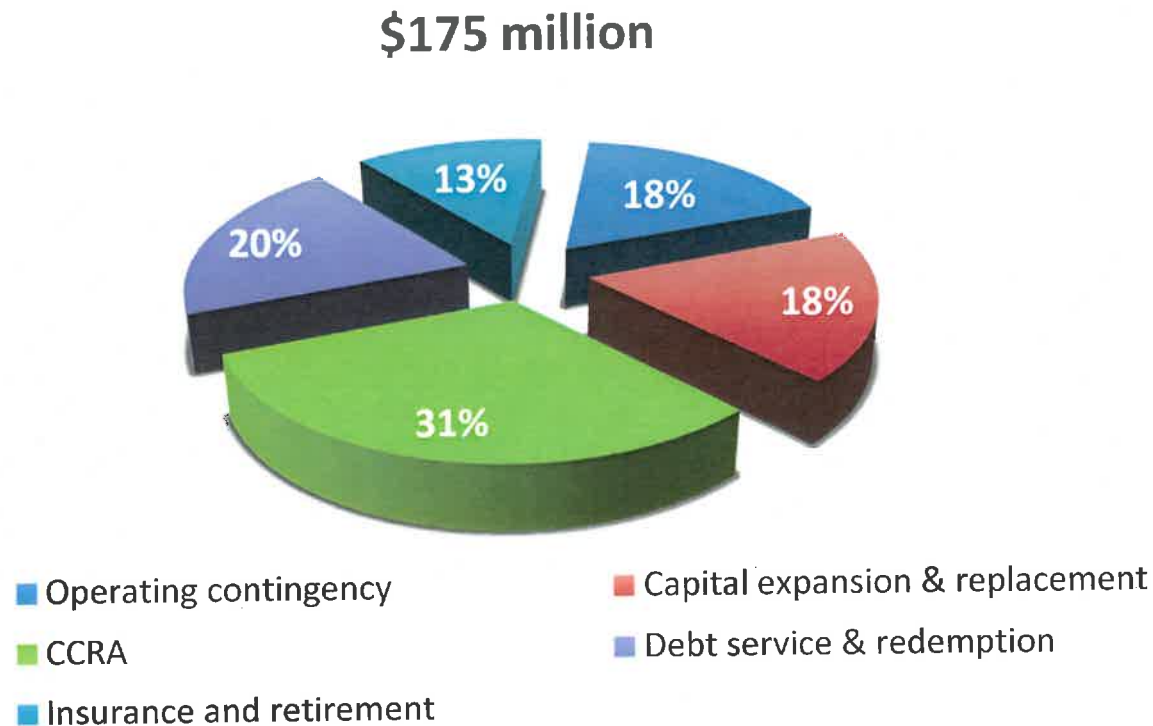
Change in Operating and Non-Operating Activities

in \$ million	FY 2015/16	FY 2014/15	change	
			Amount	%
Operating revenues	\$ 99	\$ 110	\$ (11)	-9.8%
Operating expenses	\$ (130)	\$ (141)	\$ 11	-7.7%
Net operating activities	\$ (31)	\$ (31)	\$ 0	-0.1%
Non Operating revenues	\$ 93	\$ 70	\$ 23	32.9%
Non Operating expenses	\$ (25)	\$ (17)	\$ (8)	46.8%
Net Non Operating activities	\$ 68	\$ 53	\$ 15	28.5%
Total increase (decrease) in net position	\$ 37	\$ 22	\$ 15	68.6%
Beginning net position	\$ 493	\$ 471		
ending net position	\$ 531	\$ 493	\$ 37	7.6%

Operating expenses includes \$36.9 million depreciation and amortization.

FY 2015/16 ENDING CASH POSITION

- ❖ \$44.4 million increase from prior fiscal year
 - Higher connection fees and property taxes
 - Lower than anticipated project expenditures





Questions?

The comprehensive annual financial report is consistent with the Agency's business goal of fiscal responsibility

FY 2015/16 COMPREHENSIVE ANNUAL
FINANCIAL REPORT

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The intent of the 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, 2016. 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 part of either a major fund group, if the fund meets both of the following conditions: 1) Exceeds 10% of fund category and 2) Exceeds 5% of the total of Assets, Liabilities, Revenues, and Expense; or Non-major fund group. Because of the nature of the Agency's business, all funds are classified as "Proprietary" funds, using full accrual method of accounting, which 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 regional management of water resources; 2) production and sale of recycled water and construction of the recycled water distribution system; 3) collection and treatment of domestic wastewater and the acquisition and construction 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 biogas, solar, wind, and fuel cell.

Total revenues, including grants and subsidies, of \$192,266,238 for Fiscal Year (FY) 2015/16 reported an increase of \$12,199,597 compared to \$180,066,641 recorded for FY 2014/15. The net increase was primarily due to: 1) \$9,836,353 increase in wastewater capital connection fees as a result of an additional 1,223 units of new wastewater capital; 2) \$5,527,156 increase in other non-operating revenue is primarily due to forgiveness of \$4,308,104 interfund loan; 3) \$4,685,110 increase in property tax receipts; 4) \$3,287,518 increase in service charges due to higher rates; 5) 1,612,884 increase in capital grants; 6) \$1,421,018 increase in recycled water sales due to higher rates; 7) \$997,010 increase as a result of new water capital connection fees; and 8) \$325,678 increase in interest income. These increases were partially offset by a decrease of \$15,493,130 in imported water sales, mainly due to a drop in total deliveries as a result of the Governor's Executive Order requiring statewide reduction in water usage of 25%.

Total expenses of \$154,961,829 for FY 2015/16 reported a decrease of \$2,977,485 compared to \$157,939,314 recorded in FY 2014/15. The overall decrease includes a decrease in operating expenses of \$11,278,226 and an increase in non-operating expense of \$8,300,740. The decrease in operating expenses was primarily due to: 1) a decrease of \$15,493,130 in water purchases mainly due to a drop in total deliveries; 2) a decrease of \$4,559,923 in administration and general expenses; and 3) a decrease of \$450,647 in interest on long-term debt. These decreases were partially offset by 1) a cumulative increase of \$4,676,118 in wastewater collection, treatment, and disposal costs; 2) an increase of \$2,742,862 in depreciation and amortization; and 3) an increase of \$1,806,494 in operation and maintenance expenses.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued):

The Agency’s Operations – an Overview (continued):

The increase in non-operating expenses of \$8,300,740 is primarily due to 1) forgiveness of \$4,308,104 interfund loan; 2) an increase of \$2,684,544 for retirement of obsolete assets and 3) an increase of \$898,106 for capitalization of operation and maintenance (O&M) special project costs related to water conservation programs.

FINANCIAL HIGHLIGHTS

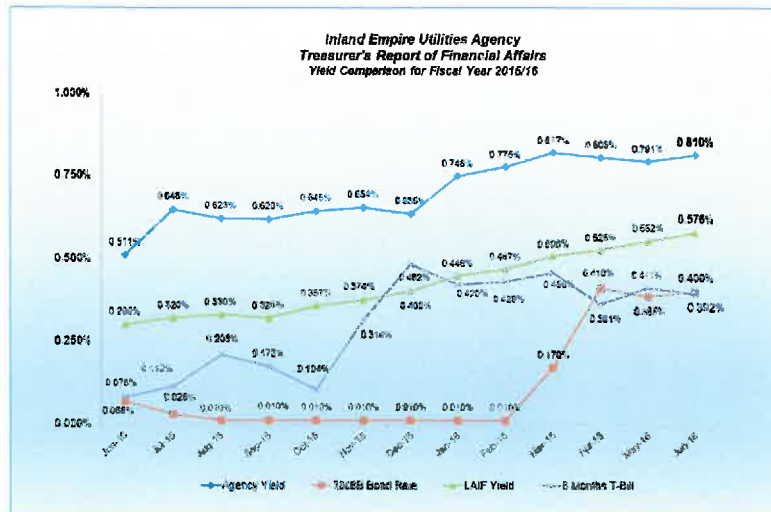
Cash and Investment Management

The Agency has a comprehensive cash and investment program subject to California State Code and bond covenants. These regulations are incorporated into the Agency’s Investment Policy and Master Resolution which identify the authorized investment types and any restrictions. Consistent with the State of California Government Code, the Agency annually adopts an investment policy that is intended to remain sufficiently liquid to meet all operating requirements reasonably anticipated for six months, safeguard the principal investment and minimize credit and market risks, 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, 2016, 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 a pooled investment fund administered by the State of California.

Investment Portfolio Performance

The continued US economic recovery is evident as the Agency’s interest yield level rose from prior fiscal year performance. The Agency’s overall portfolio rate of return increased from 0.511% in June 2015 to 0.810% by June 30, 2016.

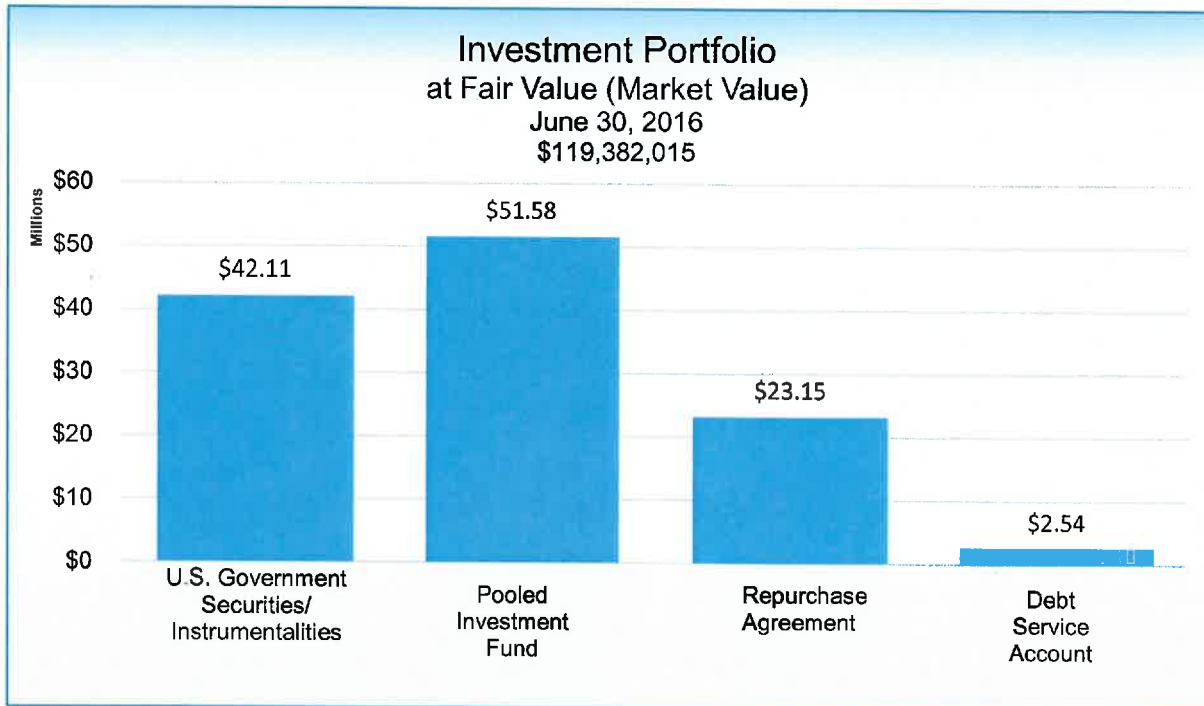
Total interest income for FY 2015/16 of \$760,730 increased 74.4% compared to \$436,200 in FY 2014/15, the increase in interest income is primarily due increase in the investment funds held by the Agency, and due to higher interest yield in Government-Sponsored Enterprise and pooled investments such as Local Agency Investment Fund, California Asset Management Program and CalTRUST.



FINANCIAL HIGHLIGHTS (continued):

Investment Portfolio Performance (continued):

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



The Agency's portfolio fund balance for the fiscal years ended June 30, 2016 and June 30, 2015 were \$119,382,015 and \$86,002,997 respectively.

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 deployed the appropriate personnel to manage the production, treatment and distribution of the water produced by the Chino I desalination facility (Chino I Desalter).

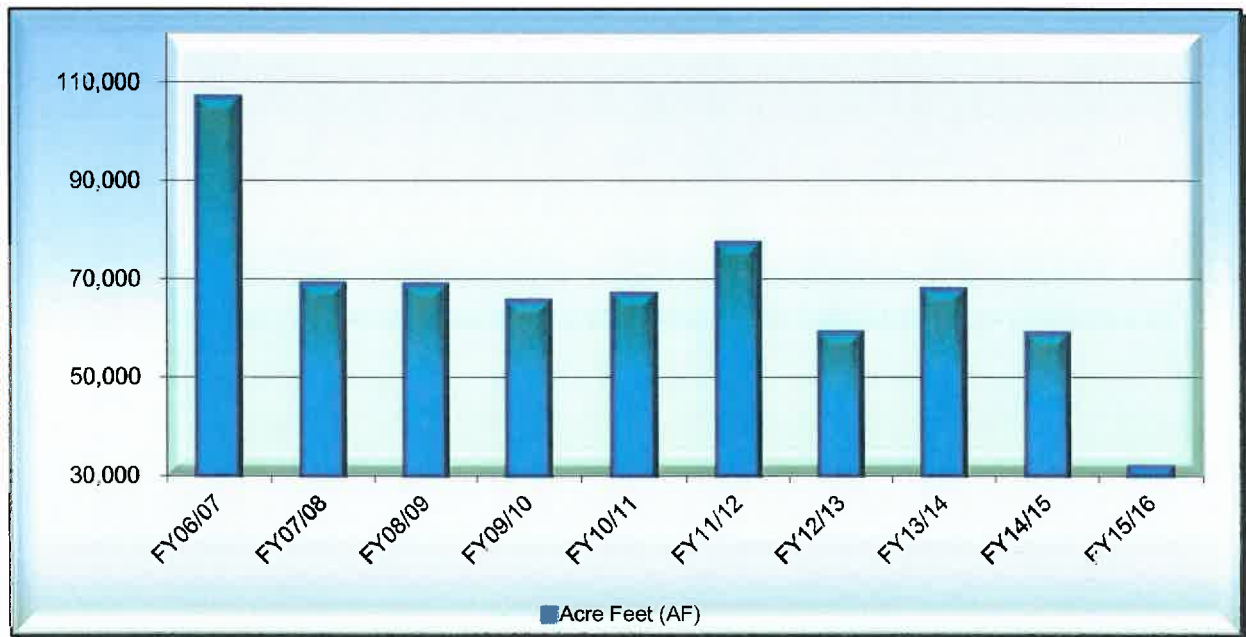
All operations and maintenance expenses related to the Chino I Desalter operations, including labor incurred by the Agency, are recorded in the Agency's Administrative Service Fund. These expenses are billed to the CDA monthly. In FY 2015/16, the total amount billed and reimbursed was \$1,369,921 and reported as non-operating revenue.

FINANCIAL HIGHLIGHTS (continued):

Imported Water Deliveries

Imported water deliveries for FY 2015/16 were 31,714 acre feet (AF) compared to 58,908 AF reported in FY 2014/15, a decrease of 27,194 AF. The decrease is due to mandatory drought restrictions set by Governor Brown to cut water usage. A surcharge of \$15 per AF was levied by the Agency for all imported water deliveries to support the conservation program, water resources planning, and drought related projects and activities. Below is a comparative of imported water deliveries for the past ten fiscal years; the decline of imported water deliveries beginning in FY 2007/08 is a result of water conservation measures and state legislative and regulatory requirements designed to sustain and meet future water supply needs.

Comparative Acre Feet (AF) Deliveries
(Includes Conjunctive Program Use AF)
For the Past Ten Fiscal Years



The total operating revenue decreased by \$15,869,073 in FY 2015/16 to \$23,968,212 from \$39,837,285 in FY 2014/15, the decrease was primarily due to lower imported water deliveries.

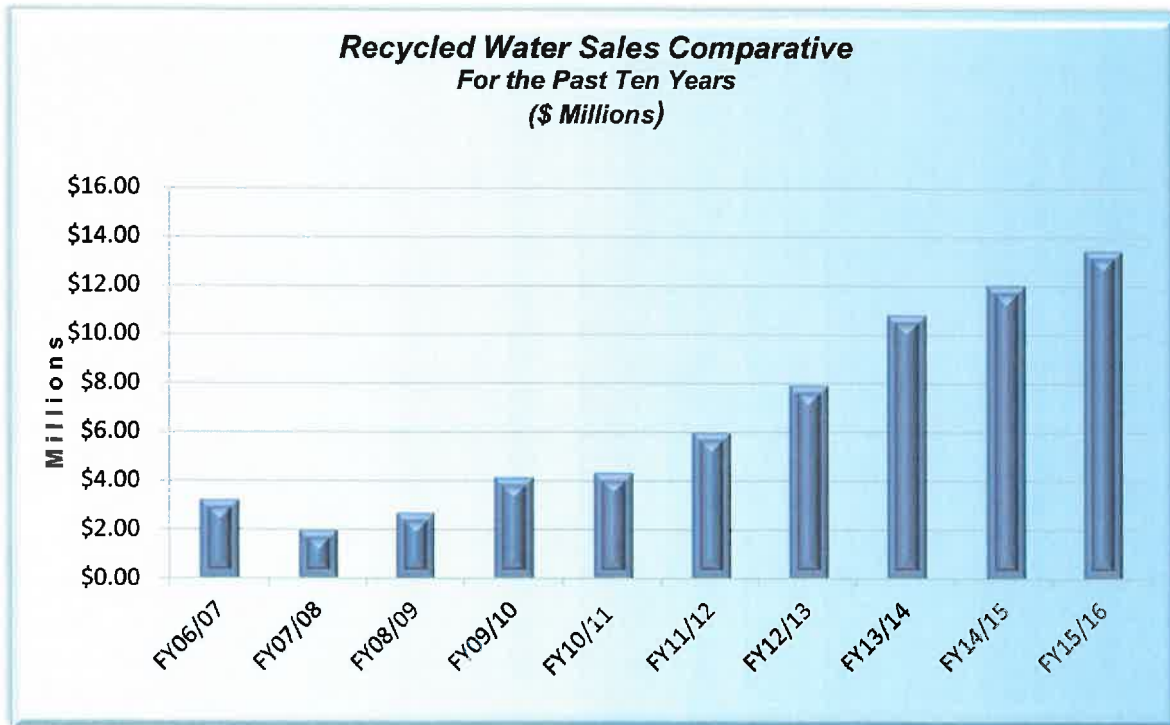
The meter service charges for FY 2015/16 increased to \$4,851,385 from \$4,789,827 in FY 2014/15, due to the higher number of retail water meters in FY 2015/16 2,304,696 units compared to 2,275,452 units in FY 2014/15. This revenue is used to meet the Readiness to Serve (RTS) obligation from Metropolitan Water District of Southern California (MWD), and to support water use efficiency programs. Additionally, revenue from the \$15 per AF administrative surcharge decrease by 50% as a result of lower imported water deliveries.

The total operating expenses decreased from \$40,146,766 in FY 2014/15 to \$25,949,069 in FY 2015/16, this decrease was primarily due to less imported water purchases from MWD.

FINANCIAL HIGHLIGHTS (continued):

Recycled Water Sales

Total recycled water sales increased by \$1,421,018 to \$13,468,182 in FY 2015/16, compared to \$12,047,164 in FY 2014/15.



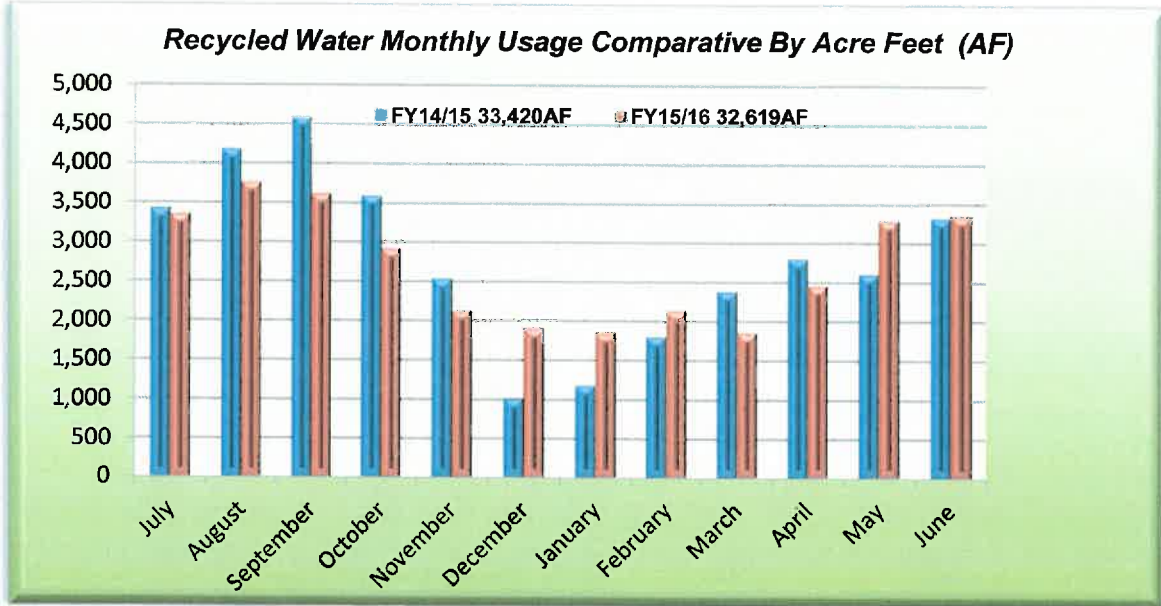
The 12% increase in revenues was primarily driven by an increase in recycled water rates for direct deliveries from \$290 to \$350 per acre foot (AF), effective October 1, 2015. Additionally, there was an increase in the groundwater recharge rate from \$335 to \$410 per AF. Included in total operating revenues was \$2,079,000 for the MWD Local Project Program (LPP) rebate of \$154 per AF for recycled water sales above 3,500 AF and up to 17,000 AF. The MWD rebate was the same as in FY 2014/15. Grants receipts totaled \$4,370,528 in support of the Regional Recycled Water Expansion capital construction programs. Total operating expenses increased by \$2,121,451 or 15%, to \$16,490,498 as a result of increase in depreciation expense of \$1,609,390 and increase in other operating expense of \$512,061. Total interfund transfer out increased by \$3,537,902, which was offset by a transfer in of \$1,389,654.

Total net position at June 30, 2016 was \$65,369,115, a decrease of \$1,828,185. The decrease was primarily due to an increase in operations & maintenance and depreciation expenses.

FINANCIAL HIGHLIGHTS (continued):

Recycled Water Sales (continued):

A total of 32,619 AF were registered for direct and recharged recycled water deliveries, compared to 33,420 AF for last fiscal year. The demand for direct sales of recycled water decreased due to lower agriculture use and loss of customers but was partially offset with the increase in groundwater recharge deliveries.



Regional Wastewater Program Activities

The Regional Wastewater program, comprised of the Regional Wastewater Capital Improvement (RC) and Regional Wastewater Operations and Maintenance (RO) funds, reported combined total revenue of \$116,983,048 in FY 2015/16, an increase of \$14,780,817, or 14% over last fiscal year.

Revenues by Category – Regional Wastewater Program
 For the Fiscal Year Ended June 30, 2016
 (With Comparative Totals for the Fiscal Year Ended June 30, 2015)

Revenue Category	2015/16		2014/15		Increase/Decrease from 2014/15	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Service Charges	\$ 50,073,868	43.0%	\$ 47,022,954	46.0%	\$ 3,050,914	6.0%
Property Tax Receipts	37,231,448	32.0%	35,554,077	35.0%	1,677,371	5.0%
Wastewater Connection Fees	24,910,235	21.0%	15,073,882	15.0%	9,836,353	65.0%
Other Non-operating Revenues	4,348,713	4.0%	4,262,635	4.0%	86,078	2.0%
Interest Income	418,784	0.0%	288,683	0.0%	130,101	45.0%
Total Revenues	\$ 116,983,048	100.0%	\$ 102,202,231	100.0%	\$ 14,780,817	14.0%

FINANCIAL HIGHLIGHTS (continued):

Regional Wastewater Program Activities (continued):

The Agency's FY 2015/16 service charges were \$50,073,868, 6% higher, compared to FY 2014/15 total of \$47,022,954. The increase is primarily due to an Equivalent Dwelling Unit (EDU) rate increase from \$14.39 to \$15.89 per EDU (effective October 1, 2015) which is partially offset by a decrease in the number of EDU's by 1.3% as a result of the Governor's Executive Order requiring statewide reduction in water usage by 25%.

Property tax receipts allocated to the Regional Wastewater Program increased from \$35,554,077 in FY 2014/15 to \$37,231,448 in FY 2015/16, reporting a 5% increase. The primary reason for the increase is the continuing recovery of the real estate market and improvement of assessed property values.

New EDU connection fees reported by the contracting agencies in FY 2015/16 were 4,176 units compared to 2,953 units reported in FY 2014/15, an increase of approximately 1,223 units at \$5,415 per unit (effective January 1, 2016). Cucamonga Valley Water District, City of Fontana, and City of Ontario reported a combined number of new connections of approximately 66% of the Agency wide total. In addition, there was \$3.1 million in new connection fees from three sewer service agreements with California Steel Industry, Prologist and Auto Club Speedway.

Other Non-Operating Revenues were \$4,348,713 in FY 2015/16 compared to \$4,262,635 in FY 2014/15. The increase is primarily due to an adjustment of FY14/15 electricity usage charge in error to RP-4 due to a faulty meter, and due to a decrease of contract service reimbursements from San Bernardino County Regional Park for O&M Cost related to the dechlorination station.

Interest income increased from \$288,683 in FY 2014/15 to \$418,784 in FY 2015/16 due to increased balances held by the program.

Expenses by Category – Regional Wastewater Program

For the Fiscal Year Ended June 30, 2016

(With Comparative Totals for the Fiscal Year Ended June 30, 2015)

Expense Category	2015/16		2014/15		Increase/<Decrease> from 2014/15	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Wastewater Collection	\$ 1,377,333	2.0%	\$ 805,353	1.0%	\$ 571,980	71.0%
Wastewater Treatment	21,104,320	25.0%	19,001,130	23.0%	2,103,190	11.0%
Wastewater Disposal	11,148,524	13.0%	7,996,871	10.0%	3,151,653	39.0%
Total Wastewater Expenses	33,630,177	40.0%	27,803,354	34.0%	5,826,823	21.0%
Administration & General	14,801,870	17.0%	20,262,896	25.0%	(5,461,026)	(27.0)%
Depreciation & Amortization	24,071,692	28.0%	23,154,752	28.0%	916,940	4.0%
Interest on long-term debt	6,049,290	7.0%	6,368,586	8.0%	(319,296)	(5.0)%
Other nonoperating exp	6,371,221	8.0%	4,523,072	5.0%	1,848,149	41.0%
Total Expenses	84,924,250	100.0%	82,112,660	100.0%	2,811,590	3.0%

FINANCIAL HIGHLIGHTS (continued):

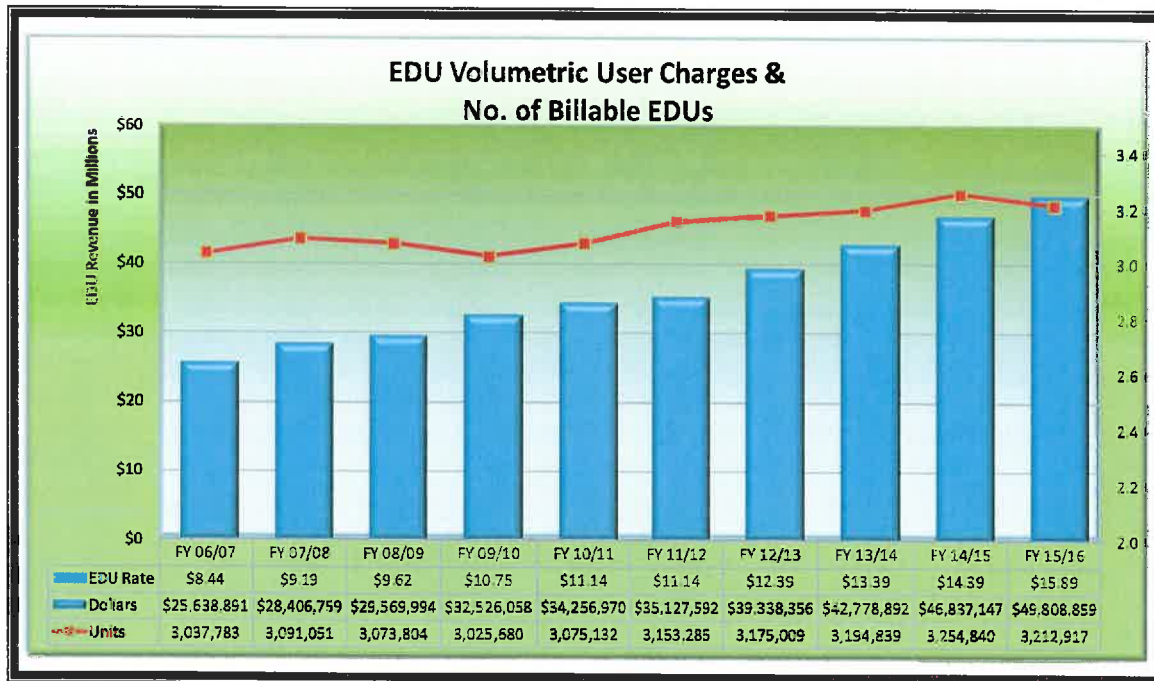
Regional Wastewater Program Activities (continued):

Total expenses for FY 2015/16 were \$84,924,250 or a 3% increase compared to FY 2014/15 actual of \$82,112,660. Total wastewater collection, treatment, and disposal costs increased by \$5,826,823, primarily the result of an increase in work orders assigned to operations and maintenance (O&M) to maintain processes in good condition and higher chemical cost. The \$5,461,028 decrease in administration and general costs was primarily due to a reduction in work orders assigned to administration and general.

Total other non-operating expenses of \$6,371,221 represent a 41% increase compared to FY 2014/15 actual of \$4,523,072. The increase in this category is primarily due to 1) a Inland Empire Regional Composting Authority (IERCA) investment loss; 2) an increase for Contributions in Aid for the clean-up of the So Archibald Plume Project; 3) Loss on disposal/retirement of assets; and 4) the reclassification of prior year project costs from capital to O&M expenses. The reclassification was identified as part of the fiscal year-end process of closing projects completed during the fiscal year.

A final evaluation was performed by Finance and Accounting to determine whether the actual project costs were capital or O&M in nature. This is particularly important for replacement and refurbishment related projects in excess of the \$5,000 established capitalization threshold, and determined to either enhance the functionality or extend the original useful life of the assets, which are capitalized. Project costs not meeting these criteria are classified as O&M expenses.

Comparative EDU Volumetric Revenues



FINANCIAL HIGHLIGHTS (continued):

Non-reclaimable Wastewater Treatment

The Non-reclaimable Wastewater (NRW) System provides pipelines and pump stations to export the high-salinity industrial wastewater generated within the Agency's service area for treatment and eventual discharge to the Pacific Ocean. The NRW collection system is physically separated from the Regional Wastewater System to ensure further compliance with the Regional Board and state regulation related to environmental criteria. By diverting high nitrogen brine to the NRW system and away from Regional Wastewater, the quality of the recycled water is improved for local use and also helps ensure that the Agency complies with final effluent permit requirements. The NRW system is operated by the Agency and is comprised of two sectors namely the North and South systems. The North system conveys wastewater to sewer lines owned and operated by the Sanitation Districts of Los Angeles County (SDLAC). Flows in the South system, known as Inland Empire Brine Line (IEBL), are conveyed through pipelines owned by the Santa Ana Watershed Project Authority (SAWPA) to the County Sanitation Districts of Orange County (CSDOC) facility. Both systems discharge to the Pacific Ocean.

Pass through rates are adopted annually for volumetric, capacity, and excessive strength charges to allow the Agency to recover rates billed by SDLAC (North) and SAWPA (South). As a result, North and South Systems have different rate structures. These agency program costs are recovered as follows:

- North System – prorated based on the number of capacity units issued per customer
- South System – a 50% operating surcharge is imposed on volumetric, capacity and strength charges

The Agency and SDLAC entered into a new NRWS Wastewater Disposal agreement effective July 1, 2014, with 30-year term and four additional five year extensions. Under the new Agreement, the pass-through rates from SDLAC are expected to be more stable and predictable, making it easier for NRW industries to effectively plan for their annual budgets. The ability to acquire wastewater discharge rights as capacity units and connect to the system will also be more attractive to new industries as they now have the option to purchase or lease discharge rights rather than make a mandatory purchase as required under the prior agreement.

Total service charges in FY 2015/16, for the North and South systems, increased \$612,547 to \$11,854,847, compared to \$11,242,300 reported in FY 2014/15. The increase in revenues is primarily due to an increase in monthly volumetric fees for the North system customers from \$835.80 to \$948.00 per million gallons of discharge, increase in non-compliance fees, and capacity purchase from Eastside Water Treatment.

Total operating expenses in FY 2015/16 decreased \$1,341,896 to \$8,750,446 compared to \$10,092,342 in FY 2014/15. The decrease in operating expenses is mainly due to reduction in wastewater collection fees and lower strength discharges by industries in the North system. The net position balance at June 30, 2016, increased \$2,871,659 to \$24,890,236.

FINANCIAL HIGHLIGHTS (continued):

Non-reclaimable Wastewater Treatment (continued):

**NRW Pass through Rates
For the Fiscal Year Ended June 30, 2016**

Rate Description	2014/15	2015/16
<i>North System</i>		
Monthly Capital Improvement Fee	\$90.00	\$90.00
Monthly Volumetric Fee	\$835.80	\$948.00
Total Suspended Solids (TSS)	\$418.22	\$433.00
Chemical Oxygen Demand (COD)	\$147.84	\$210.00
Peak Flow Fee	\$317.54	\$360.00
4R Capital Fee	\$212.60	\$212.60
<i>South System</i>		
Monthly Capital Improvement Fee	\$90.00	\$90.00
Monthly Capacity Unit Fee	\$334.43	\$351.17
Monthly Volumetric Fee	\$777.00	\$817.00
Total Suspended Solids (TSS)	\$411.00	\$420.00
Biochemical Oxygen Demand (BOD)	\$295.00	\$301.00

A total of 51 users were connected to the NRW System (North and South) during FY 2015/16, with a total flow of 1,704 million gallons.

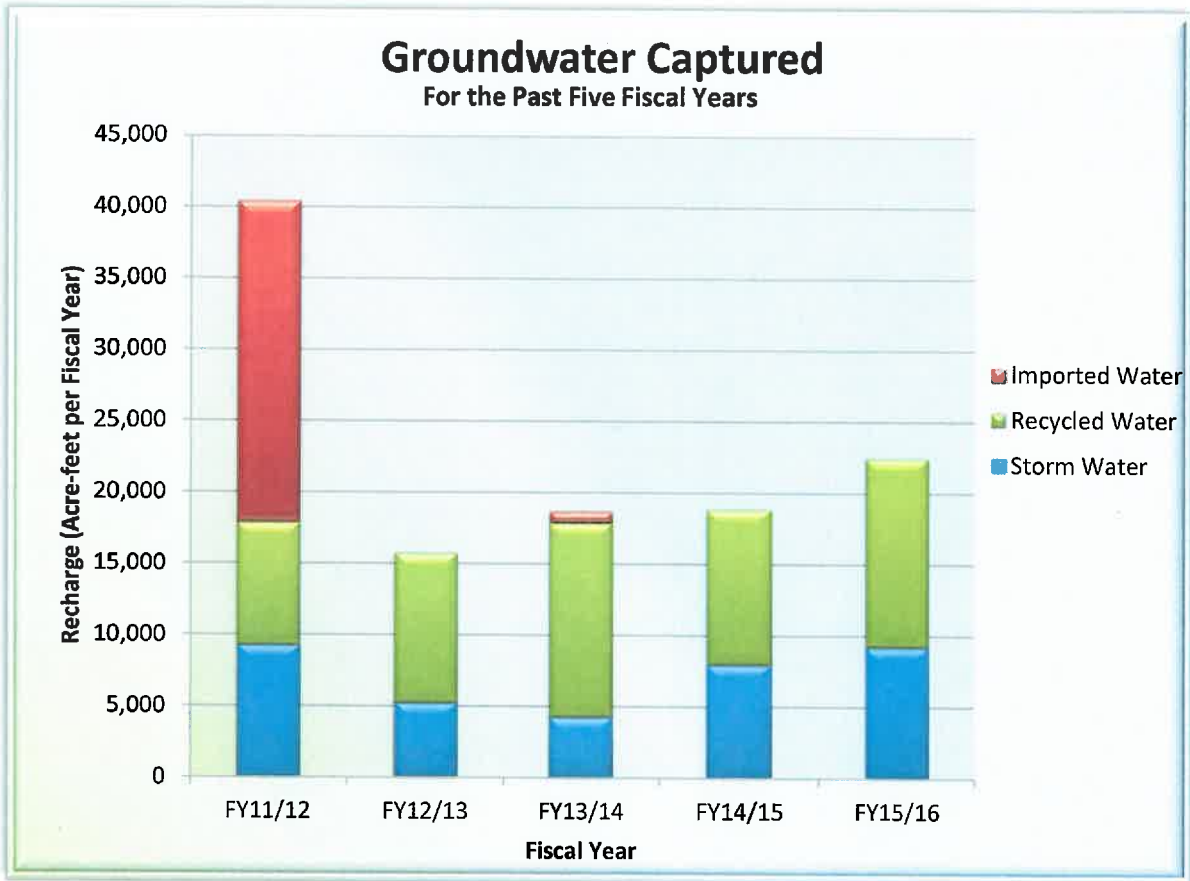
Recharge Water Fund

The Recharge Water Fund records the activities related to the operation and maintenance of the nineteen groundwater recharge basins 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 performs all of the operation and financial functions related to the program. Costs include general basin maintenance and restoration, groundwater administration, compliance reporting, environmental documentation and contracted services that are fully funded by CBWM, with the Agency funding its pro-rata share of costs based on recharged deliveries of recycled water.

Total operating expenses recorded in FY 2015/16 were \$2,673,208 compared to \$2,435,603 in FY 2014/15, resulting in an increase of \$237,605. The increase was due to higher expenses for professional and contract services related to midge fly treatment services at Turner, Ely, San Sevaine, and Victoria Basins. At June 30, 2016, total net position was \$32,286,312 an increase of \$117,872 over the prior fiscal year.

FINANCIAL HIGHLIGHTS (continued):

Recharge Water Fund (continued):



FINANCIAL HIGHLIGHTS (continued):

Revenues

Combined revenues and other funding sources for the fiscal year totaled \$192,266,238, an increase of \$12,199,597, compared to the prior fiscal year. The following table presents a comparison of revenues and other funding sources by category for fiscal years 2015/16 and 2014/15.

For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for the Fiscal Year Ended June 30, 2015)

Revenue & Other Funding Sources	2015/16		2014/15		Increase/<Decrease> from 2014/15	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Service Charges	\$ 67,243,134	35.0%	\$ 63,955,616	36.0%	\$ 3,287,518	5.0%
Water Sales	18,653,793	10.0%	34,146,923	19.0%	(15,493,130)	(45.0)%
Recycled Water Sales	13,468,182	7.0%	12,047,164	7.0%	1,421,018	12.0%
Interest Income	761,878	1.0%	436,200	1.0%	325,678	75.0%
Property Tax Receipts	45,631,113	23.0%	40,946,003	22.0%	4,685,110	11.0%
Water Capital Connection Fees	997,010	1.0%	-	0.0%	997,010	100.0%
Wastewater Connection Fees	24,910,235	13.0%	15,073,882	8.0%	9,836,353	65.0%
Other Non-operating Revenues	13,070,445	6.0%	7,543,289	4.0%	5,527,156	73.0%
Capital Grants	7,530,448	4.0%	5,917,564	3.0%	1,612,884	27.0%
Total Revenues & Contributions	\$ 192,266,238	100.0%	\$ 180,066,641	100.0%	\$ 12,199,597	7.0%

Water Sales

Decrease is due to reduced deliveries from 58,908 AF to 31,714 AF as a result of the Governor's Executive Order requiring statewide water reduction of 25%.

Wastewater Connection Fees

Increase is primarily due to a 41% increase in new connections from 2,953 units in FY 2014/15 to 4,176 units in FY 2015/16 and a fee increase from \$5,107 to \$5,415 per connection.

Recycled Water Sales

Increase is primarily due to a \$75/AF increase in direct rates, from \$335 to \$410 per AF.

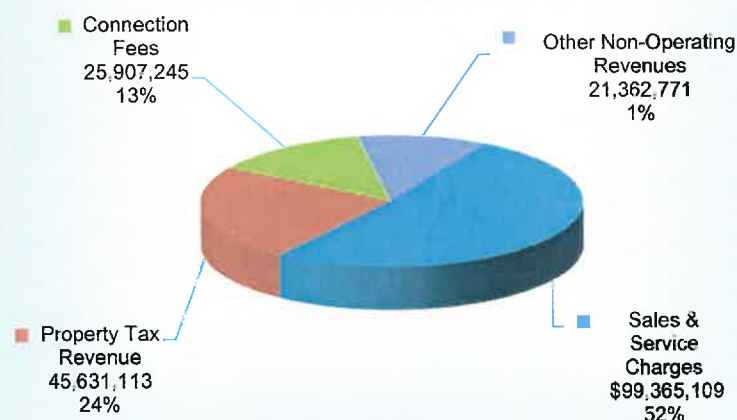
Service Charges

Increase is primarily due to a volumetric fee increase from \$14.39 to \$15.89 per EDU and higher strength fees for the NRW system.

Capital Grants

Secured a significant amount in grant funding to support recycled water capital investments.

**Combined Revenue & Other Funding Sources
by Category - All Funds
Fiscal Year 2015/16
\$192,266,238**



FINANCIAL HIGHLIGHTS (continued):

Expenses

Combined expenses for the fiscal year totaled \$154,961,829, a decrease of \$2,977,485, compared to the prior fiscal year. The following table presents a comparison of expenses by category for fiscal years 2015/16 and 2014/15.

Combined Expenses by Category - All Funds
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for the Fiscal Year Ended June 30, 2015)

Expense Category	2015/16		2014/15		Increase/<Decrease> from 2014/15	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Water Purchases	\$ 18,653,793	12.0%	\$ 34,146,923	22.0%	\$ (15,493,130)	(45.0)%
Wastewater Collection	7,510,150	5.0%	8,088,875	5.0%	(578,725)	(7.0)%
Wastewater Treatment	21,104,320	14.0%	19,001,130	12.0%	2,103,190	11.0%
Wastewater Disposal	11,148,524	7.0%	7,996,871	5.0%	3,151,653	39.0%
Operations and Maintenance	6,199,759	4.0%	4,393,265	3.0%	1,806,494	41.0%
Administration and General	28,866,058	18.0%	33,425,981	20.0%	(4,559,923)	(14.0)%
Depreciation and Amortization	36,855,892	24.0%	34,113,030	22.0%	2,742,862	8.0%
Interest on Long-Term Debt	9,142,219	6.0%	9,592,866	6.0%	(450,647)	(5.0)%
Other Non-Operating Expenses	15,481,114	10.0%	7,180,373	5.0%	8,300,741	116.0%
Total Expenses	\$ 154,961,829	100.0%	\$ 157,939,314	100.0%	\$ (2,977,485)	144.0%

Water Purchases

Decrease is due to the drought and the Governor's Executive Order requiring statewide water reductions of 25%.

Wastewater Treatment/Disposal

Increase is due to higher work orders in operation and maintenance to maintain processes in good condition. FY 2014/15 amounts are not associated with the administration and general amount.

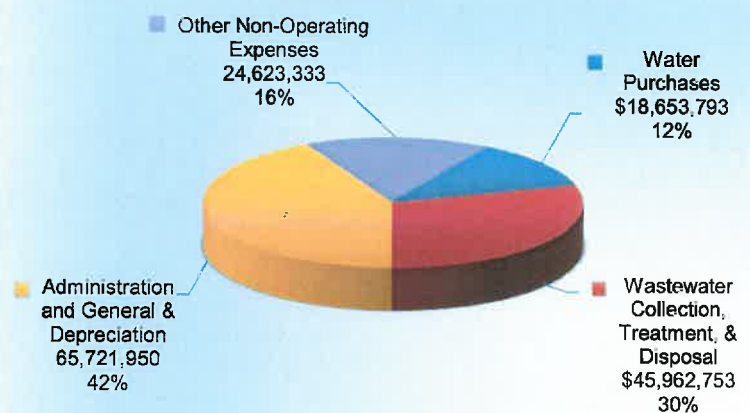
Administration and General

Decrease is due to reduction in work orders assigned to administration and general

Non-operating Expenses

Increase is primarily due to forgiveness of an interfund loan from the Administrative Services Fund to the Water Resources Fund, retirement of obsolete assets, and capitalization of O&M project costs related to water conservation programs.

Combined Expense by Category - All Funds
Fiscal Year 2015/16
\$154,961,829



FINANCIAL HIGHLIGHTS (continued):

Changes in Financial Conditions of the Agency

Combined Net Position-All Funds				
For the Fiscal Year Ended June 30, 2016				
(With Comparative Totals for the Fiscal Year Ended June 30, 2015)				
	FY 2015/16	FY 2014/15	Increase/<Decrease> from FY 2014/15	
Assets				
Current assets	\$ 156,914,352	\$ 140,136,167	\$ 16,778,185	12.0%
Restricted assets	57,746,164	44,990,323	12,755,841	28.4%
Capital assets	639,223,080	655,163,227	(15,940,147)	(2.4)%
Other assets	81,400,317	85,086,463	(3,686,146)	(4.3)%
Total Assets	935,283,913	925,376,180	9,907,733	1.1%
Deferred Outflows of Resources				
Deferred loss on refunding	946,974	1,102,641	(155,667)	(14.1)%
Deferred outflow-net pension liability	10,678,084	8,354,702	2,323,382	27.8%
Total deferred outflows	11,625,058	9,457,343	2,167,715	22.9%
Liabilities				
Current liabilities	39,342,446	47,244,777	(7,902,331)	(16.7)%
Non-current liabilities	373,920,094	386,369,706	(12,449,612)	(3.2)%
Total liabilities	413,262,540	433,614,483	(20,351,943)	(4.7)%
Deferred Inflows of Resources				
Deferred inflow-net pension liability	3,052,067	7,929,085	(4,877,018)	(61.5)%
Total deferred inflows	3,052,067	7,929,085	(4,877,018)	(61.5)%
Net Position				
Net investment in capital assets	325,272,927	332,066,908	(6,793,981)	(2.0)%
Restricted	82,064,270	67,080,838	14,983,432	22.3%
Unrestricted	123,257,167	94,142,209	29,114,958	30.9%
TOTAL NET POSITION	\$ 530,594,364	\$ 493,289,955	\$ 37,304,409	7.6%

The following denotes explanations on some of the changes between fiscal years, as compared in the above table.

- ✦ The \$16.8 million increase in Current Assets is due to the \$17.9 million rise in Cash and Investments in the Regional Wastewater Capital Improvement (RC) Fund.
- ✦ The Restricted assets increase of \$12.8 million is primarily due to wastewater capital connection deposits held by contracting Agencies.
- ✦ The Deferred Outflow of Resources related to net pension liability decreased \$4.8 million mainly due to net differences between projected and actual earnings on pension plan investments of \$5.1 million.

FINANCIAL HIGHLIGHTS (continued):

Changes in Financial Conditions of the Agency (continued):

Combined Schedule of Revenues, Expenses and Changes in Net Position - All Funds
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for the Fiscal Year Ended June 30, 2015)

Item Category	FY 2015/16		FY 2014/15		Increase/<Decrease> from FY 2014/15	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Total Revenue	\$ 184,735,790	34.8%	\$ 174,149,077	35.4%	\$ 10,586,713	6.1%
Total Expenses	154,961,829	29.2%	157,939,314	32.0%	(2,977,485)	(1.9)%
Excess (deficiency) before contrib.	29,773,961	5.6%	16,209,763	3.3%	13,564,198	(83.7)%
Capital Grants	7,530,448	1.4%	5,917,564	1.1%	1,612,884	27.3%
Change in Net Position	37,304,409	7.0%	22,127,327	4.5%	15,177,082	(68.6)%
Prior Period Adjustment	-	0.0%	(1,418,441)	(0.3)%	1,418,441	100.0%
Beginning Net Position	493,289,955	93.0%	472,581,069	95.8%	20,708,886	4.4%
Ending Net Position	\$ 530,594,364	100.0%	\$ 493,289,955	100.0%	\$ 37,304,409	7.6%

The prior period adjustment of \$1,418,441 is related to prior year project costs re-classed from capital to operations and maintenance identified during the project closure review.

Capital Assets

The Agency had total net capital assets of \$639,223,080 in FY 2015/16, compared to \$655,163,227 in FY 2014/15. The \$15,940,147 decrease is due to an increase in accumulated depreciation, partially offset by \$19,174,785 in new capital project cost.

FINANCIAL HIGHLIGHTS (continued):

Capital Assets (continued):

**Capital Asset Summary – All Funds
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for the Fiscal Year Ended June 30, 2015)**

Asset Category	2015/16	2014/15	Increase/<Decrease> from 2014/15	% of Change
Land	\$ 14,067,874	\$ 14,067,874	\$ -	0.0%
Land Improvements	29,871,098	29,863,055	8,043	0.0%
Structures and Improvements	731,587,506	704,331,463	27,256,043	3.9%
Equipment	221,258,924	203,549,709	17,709,215	8.7%
Capacity Rights	14,826,587	14,826,589	(2)	0.0%
Water Rights	133,650	-	133,650	0.0%
Computer Software	11,165,450	10,937,114	228,336	2.1%
Jobs in Progress	17,632,197	43,792,697	(26,160,500)	(59.7%)
Sub-total	1,040,543,286	1,021,368,501	19,174,785	1.9%
Less: Accumulated Depreciation & Amortization	(401,320,206)	(366,205,274)	(35,114,932)	9.6%
Net Capital Assets	\$ 639,223,080	\$ 655,163,227	\$ (15,940,147)	-2.4%

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

Debt Management

At June 30, 2016, the Agency had outstanding principal bond debt of \$194,200,000.

Bond Issue	Principal	Premium (discount)	Outstanding on 06/30/16
2008A Revenue Bonds	\$ 125,000,000	\$ 3,720,988	\$ 128,720,988
2008B Variable Rate	42,195,000	-	42,195,000
2010A Revenue Bonds	27,005,000	1,707,563	28,712,563
TOTAL	\$ 194,200,000	\$ 5,428,551	\$ 199,628,551

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

Additionally, the Agency had outstanding Notes and Loans Payable at June 30, 2016:

- 1) A note from the Santa Ana Watershed Project Authority (SAWPA) pertaining to the purchases of pipeline capacity, with an outstanding balance of \$489,861.
- 2) Various State Revolving Fund (SRF) loans from the State Water Resources Control Board (SWRCB), with an outstanding balance of \$107,450,944.

FINANCIAL HIGHLIGHTS (continued):

Debt Management (continued):

- 3) A loan from the City of Fontana for the Agency's cost share of the San Bernardino Regional Lift Station and Force Main capital project with an outstanding balance of \$6,004,112.
- 4) A reimbursement agreement with SDLAC for the Agency's proportionate share of 4R's (Relocation, Reconstruction, Repair or Replacement) capital charges, funded with SRF loans with an outstanding balance of \$2,788,113.

In June 2016, the Agency's credit rating for long-term debt was affirmed by two major credit rating agencies:

Moody's: Aa2
Standard and Poor's: AA

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 of the revenues it receives. If you have any question about this report or need additional financial information, please contact the Agency's Finance and Accounting Department at departmentaccounting@ieua.org.

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, 2016, 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:

- 1) **Statement of Net Position** – the statement denotes the increase/(decrease) of net assets of the Agency.
- 2) **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.
- 3) **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.
- 4) **Notes to the Basic Financial Statements.**

INLAND EMPIRE UTILITIES AGENCY**Statement of Net Position**

June 30, 2016

(With Comparative Totals for June 30, 2015)

	Enterprise Funds	
	Regional Wastewater	Recycled Water
ASSETS		
Current assets		
Cash and investments (note 3)	\$ 69,842,677	\$ 11,372,754
Accounts receivable	10,586,862	9,699,821
Interest receivable	270,767	15,560
Taxes receivable	348,803	20,224
Other receivables	254,040	85,735
Inventory	-	-
Water inventory (note 17)	-	-
Prepaid items	1,200	3,500
Net OPEB (note 1d.)	-	-
Total current assets	81,304,349	21,197,594
Restricted assets (note 3)		
Deposits held by governmental agencies	55,201,435	-
Assets held with trustee/fiscal agent	1,685,460	-
Total restricted assets	56,886,895	-
Noncurrent assets		
Capital assets (note 7)		
Land	14,047,045	-
Jobs in progress	13,175,594	2,929,514
Capital assets, net of accumulated depreciation	341,321,221	185,244,010
Intangible assets, net of accumulated amortization	5,412,667	651,509
Total capital assets	373,956,527	188,825,033
Other assets		
Long-term agreements (note 11)	45,167,514	-
Long-term receivables (note 10)	3,947,279	1,094,508
Advances to other funds (note 14)	13,500,000	-
Prepaid bond insurance	406,202	134,312
Prepaid interest -SRF loans	963,608	1,154,162
Total other assets	63,984,603	2,382,982
Total noncurrent assets	437,941,130	191,208,015
Total assets	576,132,374	212,405,609
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	946,974	-
Deferred outflow related to net pension liability	7,916,176	954,415
Total deferred outflows of resources	8,863,150	954,415

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

Water		Totals	
Resources	Non-Major	2016	2015
\$ 6,842,536	\$ 29,903,334	\$ 117,961,301	\$ 86,311,686
5,356,382	8,367,949	34,011,014	50,781,052
3,575	584,141	874,043	687,783
-	32,615	401,642	346,159
-	62,238	402,013	223,341
-	1,558,521	1,558,521	1,660,129
1,350,043	-	1,350,043	-
-	103,916	108,616	126,017
-	247,159	247,159	-
<u>13,552,536</u>	<u>40,859,873</u>	<u>156,914,352</u>	<u>140,136,167</u>
-	-	55,201,435	41,023,148
-	859,269	2,544,729	3,967,175
-	859,269	57,746,164	44,990,323
-	20,829	14,067,874	14,067,874
-	1,527,089	17,632,197	43,792,697
19,382	69,718,190	596,302,803	585,063,217
20,008	5,136,022	11,220,206	12,239,439
<u>39,390</u>	<u>76,402,130</u>	<u>639,223,080</u>	<u>655,163,227</u>
-	-	45,167,514	45,577,499
-	-	5,041,787	3,814,580
-	15,000,000	28,500,000	32,808,104
-	32,732	573,246	598,170
-	-	2,117,770	2,288,110
-	15,032,732	81,400,317	85,086,463
<u>39,390</u>	<u>91,434,862</u>	<u>720,623,397</u>	<u>740,249,690</u>
<u>13,591,926</u>	<u>133,154,004</u>	<u>935,283,913</u>	<u>925,376,180</u>
-	-	946,974	1,102,641
451,493	1,356,000	10,678,084	8,354,702
<u>451,493</u>	<u>1,356,000</u>	<u>11,625,058</u>	<u>9,457,343</u>

(continued)

INLAND EMPIRE UTILITIES AGENCY
Statement of Net Position (Continued from previous page)
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Enterprise Fund Types	
	Regional Wastewater	Recycled Water
LIABILITIES		
Current liabilities		
Accounts payable	\$ 3,769,469	\$ 451,148
Accrued liabilities	31,083	22,628
Compensated absences (note 1)	-	-
Retentions payable	100,897	188,524
Notes payable, due within one year (note 12)	1,906,841	3,918,543
Long-term debt, due within one year (note 12)	5,367,542	-
Interest payable	1,323,443	1,420,795
Retention deposits and escrows	-	-
Total current liabilities	<u>12,499,275</u>	<u>6,001,638</u>
Noncurrent liabilities		
Compensated absences (note 1)	-	-
Long-term debt, due in more than one year (note 12)	142,447,402	30,159,329
Notes payable, due in more than one year (note 12)	28,630,573	79,143,491
Advances from other funds (note 14)	-	28,500,000
Other noncurrent liabilities	-	355,771
Net pension liability (note 5)	28,519,226	3,530,352
Net OPEB liability (note 1d.)	-	-
Total noncurrent liabilities	<u>199,597,201</u>	<u>141,688,943</u>
Total liabilities	<u>212,096,476</u>	<u>147,690,581</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to net pension liability	<u>2,277,772</u>	<u>300,328</u>
Total deferred inflows of resources	<u>2,277,772</u>	<u>300,328</u>
NET POSITION		
Net Investment in capital assets	<u>197,156,329</u>	<u>75,603,669</u>
Restricted for:		
Capital construction	55,201,435	-
SRF Loan debt service	1,447,479	6,265,167
Bond operating contingency requirement	16,144,016	-
Total restricted	<u>72,792,930</u>	<u>6,265,167</u>
Unrestricted	<u>100,672,017</u>	<u>(16,499,721)</u>
Total net position	<u>\$ 370,621,276</u>	<u>\$ 65,369,115</u>

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

Water		Totals	
Resources	Non-Major	2016	2015
\$ 4,593,888	\$ 9,985,690	\$ 18,800,195	\$ 25,556,171
691,674	2,012,616	2,758,001	3,724,495
-	1,939,639	1,939,639	1,606,386
10,296	-	299,717	964,656
-	832,004	6,657,388	6,666,109
-	647,458	6,015,000	5,810,000
-	128,268	2,872,506	2,749,490
-	-	-	167,470
<u>5,295,858</u>	<u>15,545,675</u>	<u>39,342,446</u>	<u>47,244,777</u>
-	2,978,684	2,978,684	2,732,734
-	21,006,820	193,613,551	200,127,428
-	2,301,578	110,075,642	112,434,954
-	-	28,500,000	32,808,104
-	-	355,771	267,184
1,379,162	4,967,706	38,396,446	36,707,778
-	-	-	1,291,524
<u>1,379,162</u>	<u>31,254,788</u>	<u>373,920,094</u>	<u>386,369,706</u>
<u>6,675,020</u>	<u>46,800,463</u>	<u>413,262,540</u>	<u>433,614,483</u>
<u>60,722</u>	<u>413,245</u>	<u>3,052,067</u>	<u>7,929,085</u>
<u>60,722</u>	<u>413,245</u>	<u>3,052,067</u>	<u>7,929,085</u>
<u>39,390</u>	<u>52,473,539</u>	<u>325,272,927</u>	<u>331,855,633</u>
-	-	55,201,435	41,023,148
-	-	7,712,646	6,609,876
-	3,006,173	19,150,189	19,447,814
-	3,006,173	82,064,270	67,080,838
<u>7,268,287</u>	<u>31,816,584</u>	<u>123,257,167</u>	<u>94,353,484</u>
<u>\$ 7,307,677</u>	<u>\$ 87,296,296</u>	<u>\$ 530,594,364</u>	<u>\$ 493,289,955</u>

INLAND EMPIRE UTILITIES AGENCY
Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Enterprise Fund Types	
	Regional Wastewater	Recycled Water
OPERATING REVENUES		
Service charges	\$ 50,073,868	\$ -
Water Sales	-	-
Recycled water sales	-	13,468,182
Total operating revenues	<u>50,073,868</u>	<u>13,468,182</u>
OPERATING EXPENSES		
Water Purchases	-	-
Wastewater collection	1,377,333	-
Wastewater treatment	21,104,320	-
Wastewater disposal	11,148,524	-
Operations and maintenance	-	4,788,211
Administration and general	14,801,870	3,211,019
Depreciation and amortization	24,071,692	8,491,268
Total operating expenses	<u>72,503,739</u>	<u>16,490,498</u>
Operating income (loss)	<u>(22,429,871)</u>	<u>(3,022,316)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	418,784	106,314
Property tax revenue	37,231,448	2,161,509
Water capital connection fees	-	997,010
Wastewater capital connection fees	24,910,235	-
Other nonoperating revenues	4,348,713	688,741
Interest on long-term debt	(6,049,290)	(2,625,576)
Other nonoperating expenses	(6,371,221)	(307,460)
Total nonoperating revenues (expenses)	<u>54,488,669</u>	<u>1,020,538</u>
Income (loss) before capital contributions and transfers	<u>32,058,798</u>	<u>(2,001,778)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers in (note 15)	6,984,888	1,389,654
Transfers out (note 15)	(6,335,390)	(5,586,589)
Capital grants	1,766,918	4,370,528
Change in net position	<u>34,475,214</u>	<u>(1,828,185)</u>
Total net position - beginning		
Prior period adjustment (note 18)		
Total net position - beginning, as restated	<u>336,146,062</u>	<u>67,197,300</u>
Total net position - ending	<u>\$ 370,621,276</u>	<u>\$ 65,369,115</u>

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

Water		Totals	
Resources	Non-Major	2016	2015
\$ 5,314,419	\$ 11,854,847	\$ 67,243,134	\$ 63,955,616
18,653,793	-	18,653,793	34,146,923
-	-	13,468,182	12,047,164
23,968,212	11,854,847	99,365,109	110,149,703
18,653,793	-	18,653,793	34,146,923
-	6,132,817	7,510,160	8,088,875
-	-	21,104,320	19,001,130
-	-	11,148,524	7,996,871
1,411,548	-	6,199,759	4,393,265
5,878,361	4,974,808	28,866,058	33,425,981
5,367	4,287,565	36,855,892	34,113,030
25,949,069	15,395,190	130,338,496	141,166,075
(1,980,857)	(3,540,343)	(30,973,387)	(31,016,372)
40,107	196,673	761,878	436,200
4,295,184	1,942,972	45,631,113	40,946,003
-	-	997,010	-
-	-	24,910,235	15,073,882
4,335,340	3,697,651	13,070,445	7,543,289
-	(467,353)	(9,142,219)	(9,592,866)
(1,960,692)	(6,841,741)	(15,481,114)	(7,180,373)
6,709,939	(1,471,798)	60,747,348	47,226,135
4,729,082	(5,012,141)	29,773,961	16,209,763
294,955	3,265,554	11,935,051	3,459,302
-	(13,072)	(11,935,051)	(3,459,302)
1,393,002	-	7,530,448	5,917,564
6,417,039	(1,759,659)	37,304,409	22,127,327
			472,581,069
			(1,418,441)
890,638	89,055,955	493,289,955	471,162,628
\$ 7,307,677	\$ 87,296,296	\$ 530,594,364	\$ 493,289,955

INLAND EMPIRE UTILITIES AGENCY
Statement of Cash Flows
For the Fiscal Year ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Enterprise Funds	
	Regional Wastewater	Recycled Water
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 49,227,299	\$ 25,554,179
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(22,099,532)	(7,189,425)
Cash payments to employees for services	(10,848,574)	(1,271,938)
Cash payments for interfund services used	(19,530,953)	(3,154,129)
Net cash provided by (used for) operating activities	(3,251,760)	13,938,687
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	6,984,888	1,389,654
Transfers out	(6,335,390)	(5,586,589)
Contract reimbursement from others	4,348,713	688,741
Tax revenues	37,183,256	2,158,718
Collection of long-term receivable	(1,312,942)	85,735
Cash paid to others	(5,301,127)	(338,867)
Investment in IERCA	-	-
Advances from other funds	-	-
Advances to other funds	-	-
Net cash provided by (used for) noncapital financing activities	35,567,398	(1,602,608)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(13,349,434)	(5,098,558)
Proceeds from State Revolving Funds	1,449,597	2,848,480
Connection fees on deposit held by members	24,910,235	-
Water Connection Fees	-	997,010
Capital grants received	1,766,918	4,370,528
Principal paid on capital debt	(6,186,543)	-
Interest paid on capital debt	(5,842,539)	(2,317,495)
Payments on State Revolving Funds	(1,338,839)	(3,962,026)
Bond administration fees	(660,106)	(38,182)
Contractor deposits collected	-	-
Net cash provided by (used for) capital and related financing activities	749,289	(3,200,243)

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

Water Resources		Totals	
	Non-Major	2016	2015
\$ 22,675,870	\$ 17,666,115	\$ 115,123,463	\$ 96,391,720
-	26,372,772	26,372,772	25,642,003
(23,793,848)	(18,430,434)	(71,513,239)	(70,224,402)
(792,682)	(24,865,571)	(37,778,765)	(44,355,638)
<u>(1,335,380)</u>	<u>(1,289,083)</u>	<u>(25,309,545)</u>	<u>(24,774,098)</u>
<u>(3,246,040)</u>	<u>(546,201)</u>	<u>6,894,686</u>	<u>(17,320,415)</u>
294,955	3,265,554	11,935,051	3,459,302
-	(13,072)	(11,935,051)	(3,459,302)
27,236	2,587,758	7,652,448	7,360,810
4,295,184	1,938,472	45,575,630	41,077,212
-	-	(1,227,207)	251,249
(1,960,692)	(2,418,566)	(10,019,252)	(6,934,557)
-	-	-	864,374
-	-	-	14,808,104
-	-	-	<u>(14,808,104)</u>
<u>2,656,683</u>	<u>5,360,146</u>	<u>41,981,619</u>	<u>42,619,088</u>
-	(2,456,882)	(20,904,874)	(51,469,739)
-	-	4,298,077	24,541,466
-	-	24,910,235	15,073,882
-	-	997,010	-
1,393,002	-	7,530,448	5,917,564
-	(1,440,092)	(7,626,635)	(23,957,150)
-	(593,327)	(8,753,361)	(8,374,274)
-	-	(5,300,865)	(4,105,255)
-	(7,882)	(706,170)	(248,416)
-	(72,324)	(72,324)	(393)
<u>1,393,002</u>	<u>(4,570,507)</u>	<u>(5,628,459)</u>	<u>(42,622,315)</u>

(Continued)

INLAND EMPIRE UTILITIES AGENCY
Statement of Cash Flows (Continued from previous page)
For the Fiscal Year ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Enterprise Funds	
	Regional Wastewater	Recycled Water
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	\$ 317,556	\$ 91,902
Purchase of investments	-	-
Net cash provided by (used for) investing activities	317,556	91,902
Net increase (decrease) in cash and cash equivalents	33,382,483	9,227,738
Cash and cash equivalents - beginning	93,347,090	2,145,016
Cash and cash equivalents - ending	\$ 126,729,573	\$ 11,372,754
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (22,429,871)	\$ (3,022,316)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and amortization	24,071,692	8,491,268
Changes in assets and liabilities		
(Increase) decrease in		
Accounts receivable	(662,184)	12,061,709
Water inventory	-	-
Other receivables	-	-
Short-term receivable	(184,385)	24,288
Inventory	-	-
Prepaid items	-	-
Increase (decrease) in		
Deferred outflow related to net pension liability	(1,706,493)	(178,656)
Accounts payable	193,830	(2,563,206)
Accrued liabilities	(10,603)	(50,267)
Net pension liability	1,235,949	121,925
Deferred inflow related to net pension liability	(3,615,568)	(435,911)
Other liabilities	-	88,587
Change in contractor deposits	(144,127)	(598,734)
Compensated absences	-	-
Net cash provided by (used for) operating activities	\$ (3,251,760)	\$ 13,938,687

Water Resources	Non-Major	Totals	
		2016	2015
\$ 40,770	\$ 125,393	\$ 575,621	\$ 477,301
-	581,991	581,991	(61,472)
40,770	707,384	1,157,612	415,829
844,415	950,822	44,405,458	(16,907,813)
5,998,121	29,811,782	131,302,009	148,209,822
<u>\$ 6,842,536</u>	<u>\$ 30,762,604</u>	<u>\$ 175,707,467</u>	<u>\$ 131,302,009</u>
\$ (1,980,857)	\$ (3,540,343)	\$ (30,973,387)	\$ (31,016,372)
5,367	4,287,565	36,855,892	34,113,030
57,701	5,829,843	17,287,069	(13,828,372)
(1,350,043)	-	(1,350,043)	-
-	-	-	28,503
-	(18,575)	(178,672)	41,886
-	101,608	101,608	(43,841)
-	17,401	17,401	(9,172)
(170,232)	(243,485)	(2,298,866)	(4,621,119)
93,598	(4,480,198)	(6,755,976)	1,894,089
178,466	(1,084,091)	(966,495)	(322,762)
143,395	(643,845)	857,424	(6,679,644)
(206,211)	187,399	(4,070,291)	5,741,809
-	(1,538,683)	(1,450,096)	(2,984,475)
(17,224)	-	(760,085)	71,049
-	579,203	579,203	294,976
<u>\$ (3,246,040)</u>	<u>\$ (546,201)</u>	<u>\$ 6,894,686</u>	<u>\$ (17,320,415)</u>
			(Continued)

INLAND EMPIRE UTILITIES AGENCY
Statement of Cash Flows - (Continued from previous page)
For the Fiscal Year Ended June 30, 2016
 (With Comparative Totals for June 30, 2015)

	<u>Enterprise Funds</u>	
	<u>Regional</u>	<u>Recycled</u>
	<u>Wastewater</u>	<u>Water</u>
RECONCILIATION OF CASH & CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and short-term investments	\$ 69,842,678	\$ 11,372,754
Restricted assets	56,886,895	-
Cash & cash equivalents at end of year	<u>\$ 126,729,573</u>	<u>\$ 11,372,754</u>

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

<u>Water</u>		<u>Totals</u>	
<u>Resources</u>	<u>Non-Major</u>	<u>2016</u>	<u>2015</u>
\$ 6,842,536	\$ 29,903,334	\$ 117,961,302	\$ 86,311,686
-	859,269	57,746,164	44,990,323
<u>\$ 6,842,536</u>	<u>\$ 30,762,603</u>	<u>\$ 175,707,466</u>	<u>\$ 131,302,009</u>

INLAND EMPIRE UTILITIES AGENCY
Index of Notes to the Basic Financial Statements

June 30, 2016

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NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Organization and Summary of Significant Accounting Policies:

a. 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 of 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. The blended component unit has a June 30 year end.

The Authority was established on May 1, 1993 pursuant to California Government Code, Section 6500. The Authority was established to provide, through the issuance of debt, financing necessary for the construction of various public improvements. A separate fund is not maintained for the Authority as principal and interest payments on debt issued by the Authority is paid directly by the Agency. The 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 within the Agency's boundaries, identified as a Division. As of June 30, 2016, the Agency's staff is led by the Board-appointed General Manager, Executive Manager of Policy Development/Assistant General Manager (AGM), Executive Manager of Operations/AGM, Executive Manager of Engineering/AGM, and the Chief Financial Officer/AGM. The Agency's staff consisted of 290 regular authorized positions, of which 266 were filled as of June 30, 2016. The Board also appointed legal counsel and independent auditors to serve as consultants to Agency staff.

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.

(1) Organization and Summary of Significant Accounting Policies (continued):

b. 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 the means by which 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, Recycled Water, and Water Resources. These major funds are comprised of certain sub-funds within the Agency's accounting system. The composition of the major funds by sub-fund is indicated in the accompanying supplementary information schedules. (Refer to "Supplementary Schedules" section, and the "Individual Funds" section.) The composition of the non-major funds by sub-fund is indicated in the accompanying supplementary information schedules. (Refer to the "Individual Funds" section.)

c. 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 treatment of domestic wastewater flows based on Equivalent Dwelling Units (EDU's) connected to the Contracting Agencies local collection systems, 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, imported water acre foot surcharge for the agency's administrative and operational cost associated with the delivery of imported water supplies and water resource development and planning activities, water meter service charge to meet the Agency's readiness-to-serve (RTS) obligation pass through from Metropolitan Water District and to help support a portion of the Agency's ground water recharge program, and the sale of recycled water. The principal operating expenses include the costs associated with the primary and secondary 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, biosolids recycling and direct and recharged deliveries of recycled water. 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 maintenance" measurement focus. This means that all assets, deferred outflows of resources and all liabilities (whether current or non-current) associated with their activity are included on their statement of net position. Their reported fund equity (net total 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 net total position.

(1) Organization and Summary of Significant Accounting Policies (continued):

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

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.

The Regional Wastewater Capital Improvement Fund

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

Regional Wastewater Operations and Maintenance Fund

The Regional Wastewater Operations and Maintenance (RO) Fund accounts for the revenues and operating expenses associated with the primary, secondary, and tertiary treatment of domestic wastewater delivered by the contracting agencies to the Agency's 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 tertiary process includes chlorination, and dechlorination, to remove excess chlorine residuals thus protecting the habitats in the receiving waters, as required by the Agency's National Pollution Discharge Elimination System (NPDES) permits.

Recycled Water Fund

The Recycled Water (WC) 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. Additionally, the Recycled Water Fund records all of the 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. A key goal of the RWBP is to increase the connected demand for recycled water to 50,000 acre foot per year (AFY) with the expansion of the Regional Recycled Water Distribution System. This goal is anticipated to be reached by fiscal year 2024/25. 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.

(1) Organization and Summary of Significant Accounting Policies (continued):

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

Enterprise Funds (continued):

Water Resources Fund

The Water Resources (WW) 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 drain management.

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.

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. 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.

Recognition of Revenues and Expenses

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

Effective June 30, 2015, the Agency returned to recording the water deliveries to contracting agencies as gross revenue and corresponding imported water purchases from Metropolitan Water District of Southern California (MWD) as expenses instead of recognizing certain imported water sales and purchases as pass-through transactions. For these transactions, the Agency is merely a conduit or accommodator for the transactions between the MWD, and the contracting agencies. The Agency, other than its role as a member of the MWD, has no control over the pricing of the imported water delivered to the contracting agencies by MWD.

(1) **Organization and Summary of Significant Accounting Policies (continued):**

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

Operating and Non-operating Revenues and Expenses

Operating revenues relate to the direct revenues generated as a result of services performed or sale of commodities. Examples include sewage treatment and disposal service charges, sales of recycled water, and surcharges on the deliveries of imported domestic water. Non-operating revenues do not directly relate to the Agency's core operations, such as: 1) property tax receipts; 2) interest income; 3) regional capital connection fees; and 4) reimbursement for contract services provided to Chino Basin Desalter Authority (CDA) and Inland Empire Regional Composting Authority (IERCA).

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 sewage treatment, biosolids disposal costs, and the cost of delivering recycled water. In contrast, non-operating expenses are not directly related to the Agency's core operations, such as costs related to administrative and operational support provided to CDA and IERCA, interest expense and the cost of financial services.

Budgetary Policy and Control

The Agency's Board approves a biennial budget submitted by the Chief Financial Officer prior to the beginning of the new fiscal year. All amendments to the budget, or transfers of operating budget appropriations to or from reserve accounts, 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. All appropriations lapse at year-end.

New Accounting Pronouncements

Current Year Standards

In fiscal year 2015/16, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*"

(1) Organization and Summary of Significant Accounting Policies (continued):

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

New Accounting Pronouncements

GASB has issued the following statements which may impact the Agency's financial reporting requirements in the future:

- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," effective for periods beginning after June 15, 2017.

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

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.

For the purpose of the Statement of Cash Flows at June 30, 2016, and in accordance with the Governmental Accounting Standards Board Statement Number 9, the Agency's cash and cash equivalents are considered to be petty cash, demand deposits and savings accounts that are readily available on demand. 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. Additionally, guidelines provided by GASB Statement No. 40 regarding risk disclosures on deposits and investments have been followed.

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.

(1) Organization and Summary of Significant Accounting Policies (continued):

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued):

Receivables and Payables (continued):

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."

Property taxes payable to the San Bernardino County Tax Assessor (The County) are annually attached as an enforceable lien on property as of January 1. Taxes are levied annually on July 1; and, are payable to the County in two installments on December 10 and April 10. 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.

The County is permitted by State Law, (Article XIII A of the California Constitution, Proposition 13,) to levy taxes at 1% of full market value (at the time of purchase) and can increase the property's value no more than 2% per year.

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 a bad debt expense in the period so determined, following Board approval.

Inventories and Prepaids

The Agency uses the consumption method of accounting for inventories, and 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 (GG) Non-Major Fund.

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

(1) Organization and Summary of Significant Accounting Policies (continued):

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued):

Restricted Assets

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

Assets held with Trustee/Fiscal Agents include: (a) unspent bond proceeds available for capital construction payments; (b) proceeds from bonds which are restricted to making payments for debt service; (c) deposits held by contracting agencies for Regional Wastewater Capital Connection Fees collected on behalf of the Agency to fund regional capital construction expenditures, and (d) 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.

Capital Assets

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

Type of Expenditure	Total Cost	Estimated Life	Increase Estimated Life	Enhances Performance
Office Equipment	≥\$5,000	>1 Year	N/A	N/A
Computer Equipment	≥\$1,000	>1 Year	N/A	N/A
Other Equipment	≥\$5,000	>1 Year	N/A	N/A
Maintenance & Repair Expenditures	≥\$5,000	≥3 Years	-----	Yes
Single Year Capital Projects	≥\$5,000	≥3 Years	N/A	N/A
Multi-Year Capital Projects	≥\$15,000	≥1 Years	N/A	N/A

The Agency capitalizes interest on tax exempt debt issued to finance construction projects. The amount of interest capitalized is calculated after offsetting interest expense incurred from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period.

During the year ended June 30, 2016, total interest of \$133,017 was capitalized on jobs in process related to the 2008A Revenue Bonds proceeds and is comprised of \$3,146 recorded in the Regional Wastewater Capital Improvement Fund, \$74,474 in the Recycled Water Fund and \$55,397 in the Regional Wastewater and Operations and Maintenance Fund.

(1) Organization and Summary of Significant Accounting Policies (continued):

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued):

Capital Assets (continued):

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 are capitalized and depreciated, as applicable, over the remaining useful life of the related capital assets. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency has two items that qualify for reporting in this category. One is the deferred loss on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other is the deferred outflow of resources related to net pension liability equal to employer contributions made in the current year after the measurement date of the net pension liability and the difference between expected and actual and experiences.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Agency has one item that qualifies for reporting in this category. It is the deferred inflow for the net difference between projected and actual earnings on investments of the pension plan fiduciary net position and change in assumption. These amounts are amortized over either a five year period or expected average remaining service life beginning with the current year.

(1) **Organization and Summary of Significant Accounting Policies (continued):**

d. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued):**

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 City'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.

Compensated Absences

The Agency records a liability for vacation, sick 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.

The accumulated vacation leave payable at July 1, 2015 was \$1,945,897 with additions and deletions during the year of \$4,156,708, and \$3,876,596 respectively, resulting in an ending June 30, 2016 balance of \$2,226,009. There was a net increase of \$280,112 over the previous fiscal year.

The sick and compensatory leave balance at July 1, 2015 was \$2,393,223 with additions and deletions during the year of \$2,092,782 and \$1,793,691 respectively, resulting in an ending June 30, 2016 balance of \$2,692,314. There was a net increase of \$299,091 over the previous fiscal year.

The compensated absences liability has been recorded in the Administrative Service Non-Major Fund as a combined total of \$4,918,323. The current year liability is estimated to be \$1,939,639.

(1) Organization and Summary of Significant Accounting Policies (continued):

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued):

Other Post - Employment Benefits

In accordance with the Agency's Memorandum of Understanding (MOU), the Agency provides post-employment benefits to all retired employees through the California Public Employees' Retirement System (CalPERS) Public Employees Medical and Hospital Care Act (PEMHCA) health program.

The Agency contributes an additional monthly longevity benefit to each retiree minus the minimum PEMHCA contribution or \$125.00, whichever is greater, according to the chart below to each retiree who simultaneously retires from the Agency through CalPERS and who is a minimum age of fifty-five (55).

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
N/A	After July 3, 2004	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.

In accordance with GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pension (OPEB), public entities are required to accrue OPEB costs throughout the employee's working lifetime and record the actuarially calculated cost as a liability. The Agency contracted an independent pension consultant and actuaries to perform an actuarial valuation of the OPEB as of June 30, 2015. The report used the "Entry Age Normal" actuarial cost method and an attribution period that runs from the date of hire until the expected retirement date. Normal costs can be defined to be the present value of future benefits that are "earned" by employees for service rendered during the current year. The report used the level-percentage of pay method with which the Agency's unfunded actuarial accrued liability is being amortized over a 22 year closed period. Under the level-percentage of pay method, the amortization payment is scheduled to increase in future years based on wage inflation.

(1) Organization and Summary of Significant Accounting Policies (continued):

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued):

Other Post - Employment Benefits (continued):

On June 4, 2014, the Agency entered into an agreement to prefund OPEB through CalPERS California Employer's Retiree Benefit Trust (CERBT). As of June 30, 2016, the Agency has funded \$9,000,000 into the CERBT trust fund towards the OPEB obligation.

The following table presents the summary of the Actuarial Accrued Liability (AAL), Plan Assets and Annual Required Contribution for the Fiscal Year 2015/16.

	2015/16
Annual Required Contribution (ARC)	\$ 965,811
Interest on Net OPEB Obligation	79,041
Adjustment to ARC	(81,642)
Annual OPEB Costs	\$ 963,210
IEUA Contribution	(2,501,893)
Percentage Contributed	259%
Increase or Decrease in Net OPEB	\$ (1,538,683)
Net OPEB Obligation - Beginning of Year	1,291,524
Net OPEB Obligation - End of Year	(247,159)
Annual Covered Payroll	\$ 23,671,357

Three-year trend information for OPEB

Fiscal Year Ending	Annual OPEB Costs	% of OPEB Contributed	Net OPEB Obligation
6/30/2014	\$ 1,516,123	262%	\$ 4,355,322
6/30/2015	\$ 938,202	426%	\$ 1,291,254
6/30/2016	\$ 963,210	259%	\$ (247,159)

(1) Organization and Summary of Significant Accounting Policies (continued):

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued):

Other Post - Employment Benefits (continued):

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was 48% funded. The actuarial accrued liability (AAL) for benefits was \$15,080,188 and the actuarial value of assets was \$6,992,580, resulting in unfunded actuarial accrued liabilities (UAAL) of \$8,087,608. As of June 30, 2016, the value of assets was \$9,318,938, resulting in unfunded actuarial accrued liabilities (UAAL) of \$5,731,250. The covered-employee payroll (annual total payroll of active employees covered by the plan) was \$23,671,357, and the ratio of the UAAL to the covered-employee payrolls was 24.21%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations of the ongoing plan reflects a long-term perspective.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan between the employer and the plan members and include the types of benefits provided at the time of each valuation, and the historical pattern of sharing of benefits costs between the employer and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Since retiree health benefits will be paid over the next 50 years or more, a projection of future benefits payments and liabilities requires the use of actuarial assumptions to reflect the estimate of what is likely to occur over the long-term.

(1) Organization and Summary of Significant Accounting Policies (continued):

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued):

Other Post - Employment Benefits (continued):

The valuation process uses a mathematical model to project the number of retirees and dependents in each future year based on the retirees at the beginning of the year who are expected to survive until the end of the year, and the active employees expected to retire during the year. The expected benefits payable in future years are calculated based on the number of projected retirees and dependents and the anticipated future per capita costs. Actuarial assumptions used for the June 30, 2015 valuation were:

Actuarial report makes use of the following assumptions:

Discount Rate	–	6.12% per annum
Inflation Rate	–	2.75% per annum
Payroll Increases	–	3% per annum
Asset Return Rate	–	6.12% per year

Health Care Trend – based on recent rate increases, the projected trend for the actuarial valuation was developed, assuming an annual increase in CalPERS Kaiser rates, as follows:

<u>Year</u>	<u>PPO</u>	<u>HMO</u>
2017	7.0%	6.5%
2018	6.5%	6.0%
2019	6.0%	5.5%
2020	5.5%	5.0%
2021 and after	5.0%	5.0%

A separate audited post-employment benefit plan report is not available

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 using the effective interest method. Bonds payable are reported net of applicable bond premium or discount.

Prior Fiscal Year Data

The information included in the accompanying financial statements for the prior fiscal year has been presented for comparison purposes only, and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

II. STEWARDSHIP

(2) Stewardship, Compliance & Accountability

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 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.

III. DETAILED NOTES ON ALL FUNDS

(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.

Cash and investments as of June 30, 2016 are classified in the accompanying financial statement as follows:

Statement of net position:	
Cash and investments	\$ 117,961,301
Restricted deposits held by governmental agencies	55,201,435
Restricted assets held with trustee/fiscal agent	2,544,729
Total cash and investments	\$ 175,707,465
Cash and investments as of June 30, 2016 consist of the following:	
Cash on hand (Petty Cash)	\$ 2,051
Deposits with financial institutions	1,121,964
Deposits held by other governmental agencies	55,201,435
Investments	119,382,015
Total cash and investments	\$ 175,707,465

Fair Value

The Agency reports its investments at fair value in the balance sheet. 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 the investment types that are 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 interest rate risk, credit risk, and concentration of credit risk.

(3) Cash and Investments (continued):

Investments Authorized by the California Government Code and the Agency's Investment Policy (continued):

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

<u>Authorized Investment Type</u>	<u>Minimum Rating</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	None	None	None	None
U.S. Agency Securities	None	None	None	None
Money Market Funds	AA-m / Aa2	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
Local Agency Investment Fund	None	N/A	None	None

(3) Cash and Investments (continued):

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 California Government Code Section 16429 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 upon 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 basis.

Investment Trust of California (CalTRUST)

The Agency is a voluntary participant in the CalTRUST, a Joint Powers Authority established by public agencies in California for the purpose of pooling and investing local agency funds. A Board of Trustees supervises and administers the investment program of the Trust. CalTRUST invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601, et. Seq. and 53635, et. Seq. Investment guidelines adopted by the Board of Trustees may further restrict the types of investments held by the Trust.

California Asset Management Program (CAMP)

The Agency is a voluntary participant in the CAMP, a Joint Powers Authority established on 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 (of which the Agency is a member), which is made up of experienced local government finance directors and treasurers.

Deposits

At June 30, 2016, the carrying amount of the Agency's deposits was \$1,121,964 and the bank balance was \$1,731,438. The \$609,474 difference represents outstanding checks and other reconciling items.

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% 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% of the Agency's total deposits. California law also allows financial institutions to secure Entity deposits by pledging first mortgage notes having a value of 150% of the District'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.

(3) Cash and Investments (continued):

Deposits (continued):

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 considered to be 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. 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, 2016 for each investment type:

Investment Type	Amount	Minimum Legal Rating	Moody's Rating as of June 30, 2016			
			Aaa to Aa3	A1 to A3	Baa1 to Baa3	Unrated
Repurchase Agreement	\$ 23,149,836	N/A	\$ 23,149,836	\$ -	\$ -	\$ -
U.S. Agency Securities	27,578,233	N/A	27,578,233	-	-	-
Medium Term Notes	9,634,166	A	7,626,366	2,007,800	-	-
US Treasury	1,001,020	A	1,001,020	-	-	-
LAIF	30,517,594	N/A	-	-	-	30,517,594
Cal Trust	16,052,880	N/A	-	-	-	16,052,880
CAMP	5,005,834	N/A	-	-	-	5,005,834
Brokered Certificate of Deposit	3,897,723	N/A	-	-	-	3,897,723
<i>Held by Bond Trustee:</i>						
Money Market Mutual Funds	2,544,729	N/A	-	-	-	2,544,729
Total	\$ 119,382,015		\$ 59,355,455	\$ 2,007,800	\$ -	\$ 58,018,760

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. Investments in any one issuer (excluding investment pools) that represents 5% or more of the total Agency's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage</u>
FHLMC	CBB Repurchase Agreement	\$ 24,668,182	20.67%
FNMA	and US Agency Securities	\$ 14,809,081	12.41%
Federal Farm Credit	US Agency Securities	\$ 11,250,806	9.43%

(3) Cash and Investments (continued):

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 market value of the pledged securities in the collateral pool must equal 110% 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 150% of the secured public deposits.

As of June 30, 2016, 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 state maturity not to exceed five years. The Agency manages its exposure to interest rate risk is by purchasing a combination of short term and long term investments. Investment maturities are spread out evenly 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.

(3) Cash and Investments (continued):

Interest Rate Risk (continued):

As of June 30, 2016, 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	\$ 23,149,836	\$ -	\$ -	\$ -	\$ 23,149,836
U.S Agency Securities	-	7,205,116	20,373,117	-	27,578,233
Medium Term Notes	-	3,990,960	5,643,206	-	9,634,166
US Treasury Note	1,001,020	-	-	-	1,001,020
State Investment Pool	30,517,594	-	-	-	30,517,594
Cal Trust	16,052,880	-	-	-	16,052,880
CAMP	5,005,834	-	-	-	5,005,834
Brokered Certificate of Deposit	730,686	1,945,088	1,221,949	-	3,897,723
<i>Held by Bond Trustee:</i>					
Money Market Mutual Fund	2,544,729	-	-	-	2,544,729
Total	\$ 79,002,579	\$ 13,141,164	\$ 27,238,272	\$ -	\$ 119,382,015

Fair Value Measurement (GASB 72)

The information below shows the Agency's investments fair value measurements (market approach) as of June 30, 2016. 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.

Investments by Fair Value Level	June 30			
	2016	Level 1 ^(A)	Level 2 ^(B)	Level 3 ^(C)
Repurchase Agreement	\$ 23,149,836		\$ 23,149,836	
U.S. Agency Securities	27,578,233		27,578,233	
Medium Term Notes	9,634,166		9,634,166	
US Treasury Notes	1,001,020	1,001,020		
State Investment Pool	30,517,594		30,517,594	
Cal Trust	16,052,880		16,052,880	
CAMP	5,005,834		5,005,834	
Brokered Certificate of Deposit	3,897,723	3,897,723		
Money Market Mutual Fund	2,544,729	2,544,729		
Total	\$ 119,382,015	\$ 7,443,472	\$ 111,938,543	\$ -

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

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

^(C) Level 3 - Quoted prices in active markets for significant unobservable inputs

(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. The Agency makes no contributions under this plan.

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 \$53,000 for 2016. All contributions are made with pre-tax income and are solely obtained from the employee's 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, he/she cannot change his/her contribution amount or withdraw from the plan until he/she leaves Agency employment.

On July 1, 1998, the Agency adopted GASB Statement No. 32 "*Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*" The implementation of GASB Statement No. 32 required the Agency to change its accounting for its Deferred Compensation Plan to exclude it from the financial statements, since the Agency neither has custody of the plan assets, nor directs or accounts for the plan investments.

(5) Defined Benefit Pension Plan

General information about the Pension Plans

Plan Description

The Agency contributes to the California Public Employees Retirement System (PERS), 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). PERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS 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 comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 "Q" Street - Sacramento, CA 95811.

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.

(5) Defined Benefit Pension Plan (continued):

General information about the Pension Plans (continued):

Benefits Provided (continued):

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Prior to January 1, 2012	On or After January 1, 2012	After January 1, 2013
Hire date			
Benefit formula	2.5%@55	2%@55	2%@62
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%	1.426% - 2.418%	1% - 2.5%
FY2014/15 required employee contribution rates*	8%	7%	6.25%
FY2014/15 required employer contribution rates	16.641%	16.641%	16.641%

* Effective the first pay period of each fiscal year, full-time and limited-term employees will contribute an additional fixed percentage per respective memorandum of understanding (MOU) until the employees are fully funding the employee paid contribution rate. Employees hired after January 1, 2013 pays for one half (1/2) of their total normal cost rate as determined by CalPERS. See table below for the additional fixed percentage per the MOUs:

Fiscal Year	Hired Prior to January 1, 2012	Hired On or After January 1, 2012	Hired After January 1, 2013
2015/16	5.5%	6.5%	6.25%
2016/17	7.0%	7.0%	6.25%
2017/18	8.0%	7.0%	6.25%
Employee contribution rates	8.0%	7.0%	6.25%

Employees Covered

At June 30, 2016, the following employees were covered by the Plans' terms:

Inactive employees or beneficiaries currently receiving benefits	212
Inactive employees entitled to but not yet receiving benefits	192
Active employees	277
Total	681

(5) Defined Benefit Pension Plan (continued):

General information about the Pension Plans (continued):

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.

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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial accounting valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% (net of pension plan investment and administration expenses; includes inflation)
Mortality	The probabilities of mortality are derived using CalPERS membership data for all funds. The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using society of actuaries scale BB. For more details on this table please refer to the 2014 experience study report.

(5) Defined Benefit Pension Plan (continued):

General information about the Pension Plans (continued):

Actuarial Assumptions (continued):

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a 2010 actuarial experience study for the period 1997 to 2007. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the Agency's Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.70%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time a change in methodology occurs.

(5) Defined Benefit Pension Plan (continued):

General information about the Pension Plans (continued):

Discount Rate (continued):

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 as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+(b)</u>
Global Entity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	(0.55%)	(1.05%)
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

(5) Defined Benefit Pension Plan (continued):

General information about the Pension Plans (continued):

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)
Balances at June 30, 2014	\$ 154,302,938	\$ 117,595,160	\$ 36,707,778
Changes in the Year:			
Service cost	3,685,630	-	3,685,630
Interest on the total pension liability	11,654,818	-	11,654,818
Differences between actual and expected experience	2,049,978	-	2,049,978
Changes in assumptions	(2,979,771)	-	(2,979,771)
Changes in benefit terms	-	-	-
Contribution - employer	-	8,330,807	(8,330,807)
Contribution - employee	-	1,812,908	(1,812,908)
Net investment income	-	2,718,511	(2,718,511)
Administrative expenses	-	(140,237)	140,237
Benefit payments, including refunds of employee contributions	(5,730,808)	(5,730,808)	-
Net Changes	\$ 8,679,847	\$ 6,991,181	\$ 1,688,666
Balance at June 30, 2015	\$ 162,982,785	\$ 124,586,341	\$ 38,396,444

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability 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:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Net Pension Liability	\$ 61,382,684	\$ 38,396,444	\$ 19,437,679

Pension Plan Fiduciary Net Position

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

(5) Defined Benefit Pension Plan (continued):

General information about the Pension Plans (continued):

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

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 expense.

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

Difference between projected and actual earnings	5 year straight-line amortization
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, 2015, the Agency recognized pension expense of \$3,642,007. As of June 30, 2015, the Agency has deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,153,741	0
Differences between actual and expected experience	1,524,343	0
Change in assumptions	0	(2,215,727)
Net differences between projected and actual earnings on plan investments	0	(836,340)
Total	\$ 10,678,084	\$ (3,052,067)

(5) Defined Benefit Pension Plan (continued):

General information about the Pension Plans (continued):

Deferred outflows of resources related to contributions subsequent to the measurement date of \$9,153,741 will be recognized as a reduction of net pension liability in the year ending June 30, 2017.

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

Measurement Period Ending June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (943,061)
2017	(943,061)
2018	(919,219)
2019	1,277,617
2020	0
Thereafter	0

Payable to the Pension Plan

As of June 30, 2016, the Agency had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

(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 \$500,000 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.

(6) Risk Management (continued):

- ✚ 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 \$50,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage's, and computer fraud; with a deductible of \$1,000 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 expenditure 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, 2016, 2015, and 2014. Additionally, there have been no reductions in insurance coverage since the establishment of the risk management program.

Claim Liabilities

Claim liabilities of the Agency are reported when it is probable that a loss has 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 amount 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	
	2015/16	2014/15	2015/16	2014/15
Unpaid Claims, beginning of fiscal year	\$ 249,879	\$ 229,358	\$ 500,000	\$ 500,000
Incurred claims (including IBNRs)	234,689	123,752	51,569	15,661
Claim payments	(126,949)	(103,231)	(51,569)	(15,661)
Unpaid claims, end of fiscal year	\$ 367,619	\$ 249,879	\$ 500,000	\$ 500,000

(7) Changes in Capital Assets

Jobs in Progress

At the Fiscal Year ended June 30, 2016, the Agency had several jobs in progress designed to expand the Regional Recycled Water Distribution System as part of the amendments to the Recycled Water Business Plan adopted in December 2007. Other significant projects are also underway to expand, improve, and refurbish existing treatment facilities in the Agency's Regional Wastewater Program, including the disposition of wastewater by-products and provide for ancillary facilities that support operating activities.

Other Projects (less than \$500,000 each)	4,780,063
SCADA Enterprise System	4,708,038
New Water Quality Laboratory	2,152,455
Montclair Diversion Structure Improvement	1,068,186
RP-5 Expansion Preliminary Design Report (PDR)	982,524
Agency-Wide HVAC Improvements- Pckg No. 3	742,334
RP-1 Mixed Liquor Return Pumps	567,463
1630 W. Recycled Water Pump Station - Surge Tank Installation	546,124
San Sevaine Basin Improvements	535,568
SBCFCD Recycled Water Easement	534,759
Recharge Master Plan Update (Softcost)	510,016
East Avenue 1630 E. Recycled Water Pipeline Relocation	504,666
Total Jobs in Progress	<u>\$ 17,632,197</u>

(7) Changes in Capital Assets (continued):

The following is a summary of jobs in progress, property, plants, equipment, and intangible assets at June 30, 2016:

Capital Assets

Capital Assets	Balance at 6/30/15 (As Restated)	Additions	Transfers & Retirements	Balance at 6/30/16	Accumulated Depreciation at 6/30/16	Net Book Value at 6/30/16
Capital Assets-not being depreciated:						
Land	\$ 14,067,874	\$ -	\$ -	\$ 14,067,874	\$ -	\$ 14,067,874
Jobs in Progress	43,792,697	23,466,639	(49,627,139)	17,632,197	-	17,632,197
Total Capital Assets, not being depreciated	\$ 57,860,571	\$ 23,466,639	\$ (49,627,139)	\$ 31,700,071	\$ -	\$ 31,700,071
Capital Assets-being depreciated:						
Interceptors, trunk lines and inter-ties	\$ 36,721,245	\$ -	\$ -	\$ 36,721,245	(10,822,897)	\$ 25,898,348
Office facilities	12,076,619	-	-	12,076,619	(2,947,876)	9,128,743
Collection, outfall, and transmission lines	123,643,101	962,259	-	124,605,360	(72,353,266)	52,252,094
Reservoirs, setting basins, ponds, and chlorination station	119,404,397	77,186	(1,104,000)	118,377,583	(29,627,987)	88,749,596
Recycled water distribution system	140,607,473	23,719,659	-	164,327,132	(21,449,409)	142,877,723
Treatment plants, pump stations and office buildings	271,878,633	4,403,047	(802,114)	275,479,566	(123,690,588)	151,788,978
Equipment	203,549,704	20,228,609	(2,519,390)	221,258,923	(113,972,495)	107,286,428
Land improvement	29,863,056	8,042	-	29,871,098	(11,550,206)	18,320,892
Total capital assets, being depreciated	\$ 937,744,228	\$ 49,398,802	\$ (4,425,504)	\$ 982,717,526	\$ (386,414,724)	\$ 596,302,802
Less accumulated depreciation for:						
Interceptors, trunk lines and inter-ties	\$ (9,969,037)	\$ (853,860)	\$ -	\$ (10,822,897)		
Office facilities	(2,708,841)	(239,035)		(2,947,876)		
Collection, outfall, and transmission lines	(68,895,583)	(3,457,683)		(72,353,266)		
Reservoirs, setting basins, ponds, and chlorination station	(26,979,215)	(2,833,185)	184,413	(29,627,987)		
Recycled water distribution system	(17,939,454)	(3,549,785)	39,830	(21,449,409)		
Treatment plants, pump stations and office buildings	(117,327,512)	(6,645,783)	282,707	(123,690,588)		
Equipment	(98,653,718)	(16,604,193)	1,285,416	(113,972,495)		
Land improvement	(10,207,652)	(1,342,554)		(11,550,206)		
Total accumulated depreciation	\$ (352,681,012)	\$ (35,526,078)	\$ 1,792,366	\$ (386,414,724)		
Total capital assets, being depreciated, net	\$ 585,063,216	\$ 13,872,724	\$ (2,633,138)	\$ 596,302,802		
Total capital assets- Enterprise Funds, Net	\$ 642,923,787	\$ 37,339,363	\$ (52,260,277)	\$ 628,002,873		

(7) Changes in Capital Assets (continued):

Intangible Assets

Intangible Assets	Balance at 6/30/15	Additions	Transfers & Retirements	Balance at 6/30/16	Accumulated Amortization at 6/30/16	Net Book Value at 6/30/16
Intangible assets-being amortized:						
Computer software	\$ 10,937,114	\$ 228,336	\$ -	\$ 11,165,450	\$ (7,279,154)	\$ 3,886,296
Contributed capital-lease	129,324	-	-	129,324	(16,165)	113,159
Metropolitan Water District connections	198,891	-	-	198,891	(180,991)	17,900
Corps of Engineers-Cucamonga Creek	43,489	-	-	43,489	(27,317)	16,172
Auto Club Speedway Water Rights	133,650	-	-	133,650	-	133,650
San Bernardino Conty Flood Control-Chino Road Barrier	48,076	-	-	48,076	(20,032)	28,044
Santa Ana Watershed Project Authority capacity rights	12,467,002	-	-	12,467,002	(6,692,333)	5,774,669
Organization and master planning	1,939,805	-	-	1,939,805	(689,489)	1,250,316
Total intangible assets being-amortized	\$ 25,897,351	\$ 228,336	\$ -	\$ 26,125,687	\$ (14,905,481)	\$ 11,220,206
Less accumulated amortization for:						
Computer software	\$ (6,245,909)	\$ (1,033,245)	\$ -	\$ (7,279,154)		
Contributed capital-lease	(9,699)	(6,466)	-	(16,165)		
Metropolitan Water District connections	(177,013)	(3,978)	-	(180,991)		
Corps of Engineers-Cucamonga Creek	(26,448)	(869)	-	(27,317)		
San Bernardino Conty Flood Control-Chino Road Barrier	(18,429)	(1,603)	-	(20,032)		
Santa Ana Watershed Project Authority capacity rights	(6,394,749)	(297,584)	-	(6,692,333)		
Organization and master planning	(652,014)	(37,475)	-	(689,489)		
Total accumulated amortization	\$ (13,524,261)	\$ (1,381,220)	\$ -	\$ (14,905,481)		
Total intangible assets-Enterprise Funds, Net	\$ 12,373,090	\$ (1,152,884)	\$ -	\$ 11,220,206		
Total capital assets-Enterprise Funds, net	\$ 655,296,877	\$ 36,186,479	\$ (52,260,277)	\$ 639,223,080		

The ending balance of accumulated depreciation and amortization for all capital assets has been adjusted to the Statement of Net Position for 2016 (rounding difference). For the Fiscal year ended June 30, 2016, depreciation was \$33,733,712 and amortization expense was \$1,381,220.

(8) Construction Commitments

The Agency is committed to several significant construction contracts. Total outstanding obligations were \$2,309,432 at June 30, 2016. Some of the contracts for ongoing projects at the Agency's regional plants are listed below:

- **Agency-wide Energy Efficiency Study and RP-4 Lighting Improvements Phase I - EN16013.** Evaluation of existing lighting and process equipment systems, to determine a long-term plan for process improvements; lighting replacements and improvements; and, pump efficiency improvements. This project has an outstanding obligation of \$1,221,528.
- **1630 East & West Recycled Water Pump Stations Surge Protection Improvements - EN15055.** This project encompasses the design and construction of a surge tank to dampen the surges in the 1299 recycled water pipeline. This project has an outstanding obligation of \$521,323.
- **Wineville Recycled Water Extension Pipeline Segment B - EN13045.** The Wineville Recycled Water Extension Pipeline Segment B has installed 2.8 miles of 30-inch recycled water pipeline in addition to the associated appurtenances, and is located in the central service area. The new pipeline consists of approximately 12,000 linear feet of 36-inch cement lined and coated steel pipeline in the City of Fontana. The pipeline connects to Segment A terminus on one end (west), and terminates at RP-3 and Declerz recharge basins where approximately 1,000 linear feet of 16-inch PVC is installed inside RP-3. The pipeline will provide recycled water of approximately 4,100 acre-feet per year for direct use and groundwater recharge. This project has an outstanding obligation of \$182,525.
- **RP-4 MCC Power Center Five Roof Access - EN13056.01.** The scope of this project includes the design, fabrication, and installation of stairs to the RP-4 Microbial Culture Collection Power Center Five building along with installation of gantry platform from the stairs' top landing to the A/C units. This project scope also includes installation of hand guard rails around the perimeter of the building rooftop for personnel protection. This project has an outstanding obligation of \$178,999.
- **Montclair Diversion Structure Rehabilitation - EN13018.** The rehabilitation of the Montclair Diversion structure will include evaluation of available and viable options for the installation of a new odor control system, and the construction of new fine screens. This project has an outstanding obligation of \$105,938.
- **Supervisory Control and Data Acquisition (SCADA) Enterprise System - EN13016.** The SCADA Enterprise system will eliminate the multi-vendor platforms currently operating as islands of automation. The design and construction of a highly-reliable and scalable Enterprise SCADA system that enables the control of any facility from any location, remote operations as well as integration with the Business system, and supports wastewater treatment, recycled water, and groundwater supply-demand management. This project has an outstanding obligation of \$64,845.

(8) Construction Commitments (continued):

- **Agency-Wide HVAC Improvements #3 - EN15032.** The scope of this project is to evaluate electrical and control building Heating, Ventilation and Air Conditioning systems, and provide solutions/upgrades for the Carbon Canyon Facility switchgear room, and the RP-1 maintenance building. It will also replace the evaporative coolers for the Carbon Canyon Facility switchgear with an air conditioning system, and modify the ventilation system configuration. This project scope includes the design, procurement and installation of all necessary HVAC equipment to address the deficient HVAC systems, and ensure process safety and reliability. This project has an outstanding obligation of \$21,387.
- **San Bernardino Lift Station Fiber Optic Upgrades - EN15030.02.** The rehabilitation and upgrade of the San Bernardino Lift Station fiber optics system. This project has an outstanding obligation of \$12,887.

(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, 2016, 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.

(10) Long-Term Receivables

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, 2016, the long term receivable amount is \$2,530,298 and is recorded in the Regional Wastewater Capital Improvement (RC) 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. Monte Vista Water District agreed to reimburse the Agency \$1,068,418 for the construction costs, payable yearly beginning June, 2009, plus interest at an annum rate of 2.2% for 20 years. As of June 30, 2016, the long term receivable amount is \$644,535, and is recorded in the Recycled Water (WC) Fund.

(10) Long-Term Receivables (continued):

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 annum rate of 0.74% for 20 years. As of June 30, 2016, the long term receivable amount is \$449,973, and is recorded in the Recycled Water (WC) Fund.

Auto Club Speedway

On 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 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 connection cost. The assignment shall have a term of sixty (60) years. As of June 30, 2016, the Agency has incurred \$1,700,631 in connections costs. During the same period, Speedway has assigned 225 acre feet to the Agency, leaving and outstanding long term receivable of \$1,416,981 recorded in the Regional Wastewater Capital (RC) fund.

(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 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.

(11) Joint Ventures - Long-Term Agreements (continued):

Santa Ana Watershed Project Authority (continued):

Audited financial information for the operation of SAWPA as of and for the fiscal year ended June 30, 2016 is summarized as follows:

	2016	2015
Total Assets	\$ 175,164,843	\$ 173,051,031
Deferred Outflows of Resources	358,101	273,547
Total Liabilities	107,830,177	107,505,347
Deferred Inflows of Resources	525,022	784,673
Total Net Position	67,167,745	65,034,558
Total Revenues	17,113,620	15,228,824
Total Expenses	(14,980,433)	(14,084,505)
Net Change in Net Position	\$ 2,133,187	\$ 1,144,319

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 County Sanitation Districts of Orange County (CSDOC) for the construction of a 30 million gallon per day (mgd) increment of capacity in a brine removal interceptor, to be constructed by CSDOC 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. The Agency's share of the construction costs not funded by grants was \$1,179,204.

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).

As of June 30, 2005, the Agency had 4.0 mgd IEBL pipeline and 2.25 mgd treatment capacity. This consisted of the following:

- A) On June 10, 1981, the Agency entered into Project Agreement #7. The Agency purchased through its Non-reclaimable Capital Improvement (NC) Fund capacity use rights of 2.5 mgd in the IEBL pipeline capacity, for a cost of \$2,621,204 per mgd. Subsequent annual capital replacement and supplemental costs were \$3,318,846, which brought the total expenditures to \$9,871,856 as of June 30, 2001.

(11) Joint Ventures - Long-Term Agreements (continued):

Santa Ana Watershed Project Authority (continued):

- B) The Agency assumed the future liability of payments for supplemental treatment facilities billed by CSDOC after July 1, 1981, to provide treatment and capacity for up to 2.5 mgd of wastewater.
- C) On June 30, 1989, the Agency purchased through its Regional Wastewater Capital Improvement (RC) Fund 1.5 mgd of IEBL pipeline and treatment capacity. In September 1993, the Agency's Board approved the sale of 0.4 mgd IEBL discharge right to the State of California Department of Corrections. The net cost of the 1.1 mgd of IEBL pipeline and 1.5 mgd capacity is \$4,650,970. Subsequent annual capital replacement and supplemental costs were \$1,442,010, which brought the total expenditures to \$6,092,980 as of June 30, 2001.
- D) On June 19, 1998, the Agency entered into an agreement with SAWPA for the purchase of an additional 1.5 mgd of IEBL pipeline capacity. One third of this capacity is earmarked for the Regional Wastewater Program. The Agency, through Regional Wastewater Capital Improvement (RC) Fund, purchased 0.5 mgd. The remaining 1.0 mgd was purchased with monies from the Non-reclaimable Capital Improvement (NC) Fund. The total cost of the purchase was \$5,625,000, with a 5% down payment. The balance is payable over 20 years with a zero interest rate, and has been discounted by \$2,095,253 at an imputed interest rate of 6%.
- E) In July 7, 1999, the Agency Board of Directors approved the purchase of 1.0 mgd of IEBL pipeline capacity from SAWPA. The purchase price was \$3,750,000, and is recorded in the Non-reclaimable Wastewater (NC) Fund. The agreement called for a 5% down payment of \$187,500, and the balance of \$3,562,500 to be financed by SAWPA for a 20 year-period at a 6% interest rate. This note was paid in full as approved by the Board on May 21, 2003 for a principal balance of \$2,961,171 plus accrued interest of \$167,935.
- F) On April 21, 2004, the Agency Board of Directors approved the sale of 2.10 mgd of pipeline capacity and 2.05 mgd of treatment and disposal capacity to the Chino Basin Desalter Authority (CDA). The sale price totaled \$14.25 million payable in three equal installments within one year. This sale was recorded in two separate funds with \$4.73 million going to the Regional Wastewater Capital Improvement (RC) Fund and \$9.52 million going to the Non-reclaimable Wastewater (NC) Fund.

(11) Joint Ventures - Long-Term Agreements (continued):

Santa Ana Watershed Project Authority (continued):

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. In June 2015, the Parties submitted a grant application to the State Department of Water Resources through SAWPA for the SARCCUP project elements. The estimated costs of SARCCUP Phase 1 projects total \$100 million and will be funded by the \$55 million grant funding application and \$45 million shared equally between the five SAWPA member agencies.

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, 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). In August of 2008, Western Municipal Water District was added as an additional member of CDA.

As of June 30, 2016, Desalter 1 and Desalter 2 delivered a total of 24,597 acre feet of water. Financial data is available at the CDA's main office located at 2151 S. Haven Avenue, Suite 202, Ontario, CA 91761.

Inland Empire Regional Composting Authority

In February 2002, the Agency entered into a Joint Power Authority Agreement (JPA) with the Sanitation District No. 2 of Los Angeles County (SDLAC) 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.

(11) Joint Ventures - Long-Term Agreements (continued):

Inland Empire Regional Composting Authority (continued):

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 Plant No. 4 (RP-4) was acquired in December, 2001 at a cost of \$15,116,229. Subsequent to 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% 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 (RO) fund.

As of June 30, 2016, the Agency's equity share is \$45,167,514 recorded in the Regional Wastewater Capital Improvement (RC) Fund. There was an additional write-down of \$409,985 (50% of the Agency's equity share) of the JPA's net position at June 30, 2016; this reduction is recorded in the non-operating expenses on the statement of revenues in RC Fund. The Agency records the JPA labor costs for operating the facility in the RO Fund. IERCA financial data is available at the Agency's main office.

(11) Joint Ventures - Long-Term Agreements (continued):

Santa Ana River Watermaster

The Santa Ana River Watermaster (Watermaster), was formally established on April 23, 1969 as part of a judgment 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 20 percent.

(11) Joint Ventures - Long-Term Agreements (continued):

Santa Ana River Watermaster (continued):

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	20%
Total	<u>100%</u>

Financial information for the operation of Watermaster as of and for the fiscal year ended June 30, 2015 is summarized as follows:

	2015
Total Assets	<u>\$ 12,039</u>
Fund Balance	<u>\$ 12,039</u>
Total Revenues	30,000
Total Expenses	<u>(30,662)</u>
Net Increase/(Decrease) in Equity	<u>\$ (662)</u>

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

(12) Long-term Debt and Notes Payable

Long-term Debt

Summary of changes in Long-Term debt for the fiscal year ended June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Amounts Due after One Year
<u>Bonds Payable:</u>						
2008A Revenue Bonds	\$ 125,000,000	\$ -	\$ -	\$ 125,000,000	\$ -	\$ 125,000,000
2008B Variable Rate (2002A Refinancing)	44,060,000	-	1,865,000	42,195,000	1,910,000	40,285,000
2010A Revenue Bonds (1994 Refinancing)	30,950,000	-	3,945,000	27,005,000	4,105,000	22,900,000
Sub-Total	200,010,000	-	5,810,000	194,200,000	6,015,000	188,185,000
Bond Premium	5,927,428		498,877	5,428,551		5,428,551
Revenue Bonds	\$ 205,937,428	\$ -	\$ 6,308,877	\$ 199,628,551	\$ 6,015,000	\$ 193,613,551

(12) Long-term Debt and Notes Payable

Long-term Debt (continued):

2008A Revenue Bonds

On February 5, 2008, the Chino Basin Regional Financing Authority issued the Chino Basin Regional Financing Authority Revenue Bonds, Series 2008A in the amount of \$125,000,000.

The Bonds were issued to (i) finance the cost of certain replacements of the Inland Empire Utilities Agency wastewater facilities and certain improvements to the wastewater recycled water and non-reclaimable wastewater facilities, (ii) to refund the outstanding Chino Basin Regional Financing Authority Commercial Paper, (iii) to purchase a debt service surety bond for deposit in the Reserve Fund, (iv) to capitalize interest on a portion of the Bonds, and (v) to pay the cost of issuing the Bonds.

The bonds maturing through 2028 are Serial Bonds payable in annual installments ranging from \$2,620,000 to \$4,305,000 with an interest rate of 5.00%.

The bonds maturing through 2034 are Term Bonds payable in annual installments ranging from \$5,495,000 to \$10,735,000 with an interest rate of 5.00%.

- The bonds maturing through 2039 are Term Bonds payable in annual installments ranging from \$11,285,000 to \$13,785,000 with an interest rate of 5.00%.
- The balance outstanding at June 30, 2016 is comprised of the principal of \$125,000,000, plus a bond premium of \$3,720,988 for a total of \$128,720,988.

2008B Variable Rate Demand Revenue Bonds

On March 1, 2008, the Chino Basin Regional Financing Authority issued the Chino Basin Regional Financing Authority Variable Rate Demand Revenue Refunding Bonds, Series 2008B in the total amount of \$55,675,000.

- The bonds were issued to refund all of the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Variable Rate Revenue Bond Series 2002A. The refunding resulted in a \$700,406 amortization in the deferred cost balance of the Series 2002A Bonds, expensed in 2008, and the recording of \$249,242 of deferred charge on refunding for the Series 2008B bonds to be amortized through the year 2032.
- The bonds maturing through 2032 are serial bonds payable in annual installments ranging from \$1,910,000 to \$3,480,000 with a variable interest rate no higher than 12.00% per annum. The balance outstanding at June 30, 2016 comprised the principal amount of \$42,195,000.

(12) Long-term Debt and Notes Payable

Long-term Debt (continued):

2010A Refunding Revenue Bonds

On July 15, 2010, the Chino Basin Regional Financing Authority issued the Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2010A in the amount of \$45,570,000.

- The bonds were issued to (i) refund the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Revenue Bond Series 1994 (Chino Basin Municipal Water District Sewer System Project), and (ii) pay the costs of issuing the bonds. The agency reduced its aggregate debt service payment by almost \$9,434,527 over the duration of the bonds. Net present value of this economic gain was \$8,022,916.
- The bonds maturing through 2022 are payable in annual installments ranging from \$4,105,000 to \$5,075,000 with an interest rate from 1.35% to 5.00% per annum, payable semi-annually. The balance outstanding on June 30, 2016 is comprised of the principal amount of \$27,005,000, plus unamortized deferred bond premium of \$1,707,563, for a total of \$28,712,563.

Aggregate Long Term Debt

As of June 30, 2016, the aggregate debt service requirements on bonded indebtedness to maturity are summarized as follows:

(12) Long-term Debt and Notes Payable (continued):

Long-term Debt (continued):

Aggregate Long Term Debt (continued):

Year Ending June 30	Principal Payments	Interest Payments	Total
2017	\$ 6,015,000	\$ 7,838,300	\$ 13,853,300
2018	6,180,000	7,652,750	13,832,750
2019	6,380,000	7,441,375	13,821,375
2020	6,800,000	7,196,950	13,996,950
2021	7,025,000	6,939,875	13,964,875
2022-2026	27,175,000	31,952,875	59,127,875
2027-2031	41,285,000	26,457,050	67,742,050
2032-2036	53,970,000	16,719,700	70,689,700
2037-2039	39,370,000	3,053,050	42,423,050
Subtotal	194,200,000	115,251,925	309,451,925
Plus: Net Premium	5,428,551		5,428,551
Total Debt Service Payable	\$ 199,628,551	\$ 115,251,925	\$ 314,880,476

The 2008B Variable Rate Demand Revenue bond interest payments are calculated using a 1.0% interest rate.

Debt Covenants

In accordance with bond covenants, net revenues (less the operations and maintenance costs) comprised of user charges and connection fees and property tax revenues are pledged to fund bond debt service costs. San Bernardino County property tax revenues are distributed November through June 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 with respect to the Agency System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 1.15. Management has determined that the Agency has complied with all covenants related to the outstanding debt issues as of June 30, 2016. (Refer to the Agency System Total Debt Coverage Ratio Schedule included in the statistical section).

(12) Long-term Debt and Notes Payable (continued):

Notes Payable

Summary of notes payable activity for the Fiscal Year ended June 30, 2016 was as follows:

<u>Notes Payable :</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
SARI Pipeline Cap. 1.5mgd	\$ 714,196	\$ -	\$ 224,335	\$ 489,861	\$ 237,796	\$ 252,065
State Revolving Fund Loan	108,453,732	4,298,077	5,300,865	107,450,944	5,263,541	102,187,403
City of Fontana	6,486,690	-	482,578	6,004,112	482,578	5,521,534
CSDLAC Past 4R's	3,446,445	-	658,332	2,788,113	673,473	2,114,640
Total Notes Payable	\$ 119,101,063	\$ 4,298,077	\$ 6,666,110	\$ 116,733,030	\$ 6,657,388	\$ 110,075,642

Santa Ana Watershed Project Authority

As a result of the purchase of 1.5 million gallons per day (mgd) SARI pipeline capacity from the Santa Ana Watershed Project Authority (SAWPA) in Fiscal Year 1997/98, the Agency signed a 20-year term note in the amount of \$5,625,000 with an initial deposit of \$281,250, and zero interest.

The balance of \$5,343,750 is payable in 20 annual installments of \$267,188 through July 15, 2017. The June 30, 1998 note balance was discounted at 6%, to derive a principal balance of \$2,981,310. The nineteenth installment is due on July 15, 2016. This is a combined note payable recorded in the Non-reclaimable Wastewater Capital Improvement (NC) and Regional Wastewater Capital Improvement (RC) Funds.

As of June 30, 2016, the future payments for the remaining note payable obligation by year is as follows:

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Imputed Interest</u>	<u>Total</u>
2017	\$ 237,796	\$ 29,392	\$ 267,188
2018	252,065	15,122	267,187
Total SAWPA Note	\$ 489,861	\$ 44,514	\$ 534,375

State Water Resources Control Board

- The Regional Recycled Water Distribution System Phase I-V projects are in part funded by the State Revolving Fund (SRF) loans financed by the State Water Resources Control Board. As of June 30, 2007, the five projects in Phase I had been completed and received \$15,141,192 of SRF funding. Payments on SRF loans commenced one year after the completion of construction, with principal and interest paid annually for 20 years at an annual rate of 2.5%. As of June 30, 2016, the balance is \$7,692,837.

(12) Long-term Debt and Notes Payable (continued):

Notes Payable (continued):

State Water Resources Control Board (continued):

- The RP-1 Pump Station and West Edison San Antonio Channel Recycled Water Pipeline A & B projects (Phase II) are also in part funded by the State Revolving Fund (SRF). The three projects were completed as of June 30, 2010 and received \$14,752,201 of SRF funding. Principal and interest are paid annually for 20 years at an annual rate of 2.2%. The current balance as of June 30, 2016 is \$9,769,259.
- The RP-4 Pump Station, Pipeline and Reservoir projects (Phase III) are also in part funded by the State Revolving Fund (SRF). The three projects were completed as of June 30, 2010 and received \$10,862,198 of SRF funding, with a current balance as of June 30, 2016 of \$7,090,392. These are interest free these loans with principal paid annually for 20 years.
- The Recycled Water projects included in Phase IV are also in part funded by the State Revolving Fund (SRF). As of June 30, 2012, the four projects were completed and received \$15,061,175 of SRF funding. Principal and interest are paid annually for 20 years at an annual rate ranging from .074 % to .214%. The current balance as of June 30, 2016 is \$11,340,834.
- The Recycled Water Project (Construction of 2 Monitoring Wells) in Phase V is also in part funded by the State Revolving Fund (SRF). The project was completed by June 30, 2011 and received \$999,024 of SRF funding. Principal and interest are paid annually for 20 years at an annual rate of 1.0%. The current balance at June 30, 2016 is \$719,591.
- The Recycled Water Project (Southern Area) in Phase VI is also in part funded by the State Revolving Fund (SRF). Principal and interest are paid annually for 20 years at an annual rate of 2.6%. As of June 30, 2016, we reflect a current balance of \$25,983,387.
- The Recycled Water Project (Wineville Area) in Phase X is also partially funded by the State Revolving Fund (SRF). Principal and interest are paid annually for 30 years at an annual rate of 1.0%. As of June 30, 2016, we reflect a current balance of \$20,465,734.
- The RP-1 Dewatering Facility Expansion project is also in part funded by the State Revolving Fund (SRF) and received \$27,546,972 of SRF funding. This project is the first ARRA funded project in the state and is qualified as a "green project". Principal and interest are paid annually for 20 years at an annual rate of .460%. As of June 30, 2016, we reflect a current balance of \$22,278,583.

(12) Long-term Debt and Notes Payable (continued):

Notes Payable (continued):

State Water Resources Control Board (continued):

- The Regional Water Quality Laboratory project is also funded in part by the State Revolving Fund (SRF). As of June 30, 2016, we reflect a current balance of \$2,110,327 with 100% of the design phase being completed and construction to begin in FY2016/2017. Payments on SRF loans commence one year after the completion of construction, with principal and interest paid annually for 30 years at an annual rate of 2.1%.

As of June 30, 2016, the future payments for the remaining loan obligations by year are as follows:

Year Ending June 30	Principal Payments	Interest Payment	Total
2017	\$ 5,263,541	\$ 1,207,703	\$ 6,471,244
2018	5,974,040	1,385,740	7,359,780
2019	6,053,526	1,306,254	7,359,780
2020	6,134,720	1,225,059	7,359,779
2021	6,217,665	1,142,114	7,359,779
2022/2026	31,339,583	4,404,263	35,743,846
2027/2031	25,499,748	2,487,182	27,986,930
2032/2036	11,816,896	1,074,781	12,891,677
2037/2041	4,022,079	420,596	4,442,675
2042/2046	4,250,428	192,248	4,442,676
2047/2051	878,718	9,816	888,534
Total SRF Loans	\$ 107,450,944	\$ 14,855,756	\$ 122,306,700

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 at south of San Bernardino Avenue. The City of Fontana received \$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.

(12) Long-term Debt and Notes Payable (continued):

Notes Payable (continued):

City of Fontana (continued):

As of June 30, 2016, the future payments for the remaining note payable obligation by year are as follows:

Year Ending June 30	Principal Payments	Interest Amortization	Total
2017	\$ 482,578	\$ 79,824	\$ 562,402
2018	482,578	79,824	562,402
2019	482,578	79,824	562,402
2020	482,578	79,824	562,402
2021	482,578	79,824	562,402
2022/2026	2,412,890	399,120	2,812,010
2027/2028	1,178,332	165,368	1,343,700
Total SRF Loans	\$ 6,004,112	\$ 963,608	\$ 6,967,720

Sanitation District of Los Angeles County

On June 30, 2014, the Agency recorded the reimbursement agreement with the Sanitation District No. 21 of Los Angeles County (SDLAC) for the 4R (Relocation, Reconstruction, Repair or Replacement) Capital Charges that were allowed to be funded to SDLAC by State Revolving Fund loans under Prior Contracts. The Agency has agreed to pay SDLAC the balance in annual installments over a six year term with an interest rate of 2.3%. As of June 30, 2016, the remaining note payable obligation is \$2,788,113.

Year Ending June 30	Principal Payments
2017	\$ 673,473
2018	688,963
2019	704,809
2020	720,868
Total SDLAC Loans	\$ 2,788,113

(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 Agency has elected to have the arbitrage liability calculated annually.

- ✚ The 2008A Revenue, 2008B Variable Rate Demand, and 2010A Refunding Revenue bonds are all subject to arbitrage limitations.

(13) Arbitrage Rebate Obligation (continued):

- ⚡ On the 2008A and 2008B bonds, the initial arbitrage rebate will be due in June, 2018.
- ⚡ The initial arbitrage rebate on the 2010A bonds would have due in July, 2015, but the calculation resulted in no arbitrage rebate due.

(14) Advance to/from Other Funds

The composition of advances to/from other funds balances as of June 30, 2016, is as follows:

Funds	Advances From Other Funds:	
	Recycled Water Fund	Total
Advances To Other Funds:		
Major Funds:		
Regional Wastewater Capital Improvement Fund	\$13,500,000	\$13,500,000
Non-reclaimable Wastewater Fund	15,000,000	15,000,000
Total advances	\$28,500,000	\$28,500,000

Regional Wastewater Capital Improvement Fund & Recycled Water Fund

At June 30, 2016, the Regional Wastewater Capital Improvement (RC) Fund reported an advance to the Recycled Water (WC) Fund in the amount of \$13,500,000. This advance supported the capital construction expenditures related to the Regional Recycled Water Distribution System as part of the Agency's Recycled Water Business Plan adopted in December 2007. Repayment is scheduled over several fiscal years from increased recycled water sales.

Non-Major Funds & Recycled Water Fund & Water Resources Fund

At June 30, 2016, the Non-Reclaimable Wastewater (NC) Fund reported an advance to the Recycled Water (WC) Fund, in the amount of \$15,000,000. This advance supported the capital construction expenditures related to the Regional Recycled Water Distribution System as part of the Agency's Recycled Water Business Plan adopted in December 2007. Repayment is scheduled over several fiscal years from increased recycled water deliveries.

On June 15, 2016, the Board of Directors approved the forgiveness of the advance from the Administrative Services (GG) Fund to the Water Resources (WW) Fund, in the amount of \$4,308,104.

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

(15) Interfund Transfers

The Regional Wastewater Operations & Maintenance (RO) Fund received capital support from the Regional Wastewater Capital Improvement Fund (RC) Fund and the Recycled Water (WC) Fund in the amount of \$3,555,238 and \$3,429,650, respectively.

The WC Fund received \$1,389,654 from the RC Fund for debt service support and the Water Fund (WW) Fund received \$294,955 from the WC Fund for capital support.

Non-Major enterprise funds received transfers in the amount of \$3,265,554. These transfers included \$917,793 in capital support from various funds to the Administrative Services (GG) Fund and \$122,775 to the Non-reclaimable Wastewater (NRW) Fund. The remaining amount consisted of \$382,000 in debt service support, \$466,000 in operating support, and \$1,376,986 in capital support to the Recharge Water (RW) Fund.

The following table reflects the interfund transfer balances in and out by fund as of June 30, 2016.

Transfers Out:	Transfers In:				Total
	Regional Wastewater (RO)	Recycled Water (WC)	Water Resources (WW)	Non-Major Enterprise Funds	
Regional Capital Improvement (RC) Fund	\$ 3,555,238	\$ 1,389,654		\$ 1,390,498	\$ 6,335,390
Recycled Water (WC) Fund	3,429,650		294,955	1,861,984	5,586,589
Non-Major Enterprise Funds	-			13,072	13,072
Total Transfers	\$ 6,984,888	\$ 1,389,654	\$ 294,955	\$ 3,265,554	\$ 11,935,051

(16) Operating Leases

The Agency has two operating leases at June 30, 2016:

- ✦ One postage meter lease extending to June 30, 2019.
 - ✦ One lease for fourteen copiers extending to June 30, 2019.
- Total operating lease costs were \$39,113 for the year ended June 30, 2016. The future minimum lease payments for equipment leases are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2017	40,287
2018	41,495
2019	42,740
2020	44,023
2021	45,343
	<u>213,888</u>

(17) Water Inventory

In February 17, 2016, the Board approved the Water Storage Agreement between the Agency and the Cucamonga Valley Water District (CVWD), effective March 1, 2016, for the purchase of up to 5,000 acre-feet (AF) of supplemental water. This agreement would enable the Agency to purchase and store water in the Chino Basin. As of June 30, 2016, 2,273 AF are held in storage by CVWD on behalf of the Agency until such time that the Agency elects to sell or transfer the stored water.

(18) Restatement of Net Position and Related Accounts

Regional Wastewater Fund

Net Position as of July 1, 2015 has been restated to reflect prior years' recording of financial impact.

The effects of the restatement of net position are as follows:

Regional Wastewater Capital Improvement Fund

Net position at July 1, 2015 as previously reported	\$	292,200,296
Cost for prior year recorded as capital assets		(443,022)
Net position at July 1, 2015 as restated	\$	<u>291,757,274</u>

Regional Wastewater Operation & Maintenance Fund

Net position at July 1, 2015 as previously reported	\$	45,053,310
Cost for prior year recorded as capital assets		(664,522)
Net position at July 1, 2015 as restated	\$	<u>44,388,788</u>

Combined net position at July 1, 2015 as restated	\$	<u>336,146,062</u>
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Recycled Water Fund

Net Position as of July 1, 2015 has been restated to reflect prior years' recording of financial impact.

The effects of the restatement of net position are as follows:

Net position at July 1, 2015 as previously reported	\$	67,296,922
Cost for prior year recorded as capital assets		(99,622)
Net position at July 1, 2015 as restated	\$	<u>67,197,300</u>

(18) Restatement of Net Position and Related Accounts (continued):

Water Resources Fund

Net Position as of July 1, 2015 has been restated to reflect prior years' recording of financial impact.

The effects of the restatement of net position are as follows:

Net position at July 1, 2015 as previously reported	\$	1,101,913
Cost for prior year recorded as capital assets		(211,275)
Net position at July 1, 2015 as restated	\$	<u>890,638</u>

(19) Subsequent Events

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through December 1, 2016, the date the financial statements were available to be issued, and found no subsequent events that would affect the 2016 financial statements.

INLAND EMPIRE UTILITIES AGENCY SUPPLEMENTARY INFORMATION

SUPPLEMENTARY SCHEDULES

Non-Major Enterprise Fund Statements.

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.

Recharge Water Fund

The Recharge Water (RW) 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 (WC) fund, grant proceeds, and interest earnings on the programs reserve balance.

Administrative Services Fund

The Agency's costs of general and administrative expenses for various cost centers and staff labor pool are initially budgeted in the Administrative Services (GG) Fund. These costs include capital acquisitions for general administrative purposes, 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 and other indirect 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 program or activities.

INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Net Position
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Non-Major Enterprise Funds	
	Non-reclaimable	Recharge
	Wastewater	Water
ASSETS		
Current assets		
Cash and investments	\$ 3,637,467	\$ 1,904,048
Accounts receivable	1,776,340	712,203
Interest receivable	551,120	2,626
Taxes receivable	1	-
Other receivables	-	-
Inventory	-	-
Prepaid items	-	-
Net OPEB	-	-
Total current assets	5,964,928	2,618,877
Restricted assets		
Assets held with trustee/fiscal agent	-	859,269
Total restricted assets	-	859,269
Noncurrent assets		
Capital assets		
Land	-	-
Jobs in progress	3,662	827,900
Capital assets, net of accumulated depreciation	15,032,736	43,222,482
Intangible assets, net of accumulated amortization	2,022,688	13,061
Total capital assets	17,059,086	44,063,443
Other assets		
Advances to other funds	15,000,000	-
Prepaid bond insurance	32,732	-
Total other assets	15,032,732	-
Total noncurrent assets	32,091,818	44,063,443
Total assets	38,056,746	47,541,589
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to net pension liability	521,726	188,859
Total deferred outflows of resources	521,726	188,859

Administrative Services	Totals	
	2016	2015
\$ 24,361,819	\$ 29,903,334	\$ 28,880,156
5,879,406	8,367,949	13,680,761
30,395	584,141	512,858
32,614	32,615	28,115
62,238	62,238	43,663
1,558,521	1,558,521	1,660,129
103,916	103,916	121,317
247,159	247,159	-
<u>32,276,068</u>	<u>40,859,873</u>	<u>44,926,999</u>
-	859,269	931,626
-	859,269	931,626
20,829	20,829	20,829
695,527	1,527,089	2,650,428
11,462,972	69,718,190	69,514,190
3,100,273	5,136,022	6,036,495
<u>15,279,601</u>	<u>76,402,130</u>	<u>78,221,942</u>
-	15,000,000	19,308,104
-	32,732	34,156
-	15,032,732	19,342,260
<u>15,279,601</u>	<u>91,434,862</u>	<u>97,564,202</u>
<u>47,555,669</u>	<u>133,154,004</u>	<u>143,422,827</u>
<u>645,415</u>	<u>1,356,000</u>	<u>1,087,999</u>
<u>645,415</u>	<u>1,356,000</u>	<u>1,087,999</u>

(continued)

INLAND EMPIRE UTILITIES AGENCY

Combining Statement of Net Position (Continued from previous page)

June 30, 2016

(With Comparative Totals for June 30, 2015)

	Non-Major Enterprise Funds	
	Non-reclaimable Wastewater	Recharge Water
LIABILITIES		
Current liabilities		
Accounts payable	\$ 769,084	\$ 357,586
Accrued liabilities	121	-
Compensated absences	-	-
Notes payable, due within one year	832,004	-
Long-term debt, due within one year	-	647,458
Interest payable	123,606	4,662
Retentions deposits and escrows	-	-
Total current liabilities	<u>1,724,815</u>	<u>1,009,706</u>
Noncurrent liabilities		
Compensated absences	-	-
Long-term debt, due in more than one year	7,349,970	13,656,850
Notes payable, due in more than one year	2,301,578	-
Net pension liability	2,100,091	713,875
Net OPEB liability	-	-
Total noncurrent liabilities	<u>11,751,639</u>	<u>14,370,725</u>
Total liabilities	<u>13,476,454</u>	<u>15,380,431</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to net pension liability	<u>211,782</u>	<u>63,705</u>
Total deferred inflows of resources	<u>211,782</u>	<u>63,705</u>
NET POSITION		
Net investment in capital assets	<u>6,575,535</u>	<u>30,618,403</u>
Restricted for:		
Bond operating contingency requirement	<u>2,600,312</u>	<u>-</u>
Total restricted	<u>2,600,312</u>	<u>-</u>
Unrestricted	<u>15,714,389</u>	<u>1,667,909</u>
Total net position	<u>\$24,890,236</u>	<u>\$ 32,286,312</u>

	Administrative	Totals	
	Services	2016	2015
\$	8,859,020	\$ 9,985,690	\$ 14,465,888
	2,012,495	2,012,616	3,096,707
	1,939,639	1,939,639	1,606,386
	-	832,004	807,888
	-	647,458	632,203
	-	128,268	139,171
	-	-	72,324
	<u>12,811,154</u>	<u>15,545,675</u>	<u>20,820,567</u>
	2,978,684	2,978,684	2,732,734
	-	21,006,820	21,663,583
	-	2,301,578	3,133,583
	2,153,740	4,967,706	4,780,307
	-	-	1,291,524
	<u>5,132,424</u>	<u>31,254,788</u>	<u>33,601,731</u>
	<u>17,943,578</u>	<u>46,800,463</u>	<u>54,422,298</u>
	<u>137,758</u>	<u>413,245</u>	<u>1,032,573</u>
	<u>137,758</u>	<u>413,245</u>	<u>1,032,573</u>
	<u>15,279,601</u>	<u>52,473,539</u>	<u>52,843,986</u>
	<u>405,861</u>	<u>3,006,173</u>	<u>3,425,731</u>
	<u>405,861</u>	<u>3,006,173</u>	<u>3,425,731</u>
	<u>14,434,286</u>	<u>31,816,584</u>	<u>32,786,238</u>
\$	<u>30,119,748</u>	<u>\$ 87,296,296</u>	<u>\$ 89,055,955</u>

INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	<u>Non-Major Enterprise Funds</u>	
	<u>Non-reclaimable Wastewater</u>	<u>Recharge Water</u>
OPERATING REVENUES		
Service charges	\$ 11,854,847	\$ -
Total operating revenues	<u>11,854,847</u>	<u>-</u>
OPERATING EXPENSES		
Wastewater collection	6,132,817	-
Administration and general	1,668,118	1,301,432
Depreciation and amortization	<u>949,511</u>	<u>1,371,776</u>
Total operating expenses	<u>8,750,446</u>	<u>2,673,208</u>
Operating income (loss)	<u>3,104,401</u>	<u>(2,673,208)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	65,316	13,504
Property tax revenue	3	-
Other nonoperating revenues	34,489	1,600,316
Interest on long-term debt	(449,919)	(17,434)
Other nonoperating expenses	<u>7,666</u>	<u>(1,030,292)</u>
Total nonoperating revenues (expenses)	<u>(342,445)</u>	<u>566,094</u>
Income (loss) before capital contributions and transfers	2,761,956	(2,107,114)
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers in	122,775	2,224,986
Transfers out	(13,072)	-
Capital grants	<u>-</u>	<u>-</u>
Change in net position	<u>2,871,659</u>	<u>117,872</u>
Total net position - beginning		
Prior period adjustment (note 17)		
Total net position - beginning as restated	<u>\$22,018,577</u>	<u>32,168,440</u>
Total net position - ending	<u>\$ 24,890,236</u>	<u>\$ 32,286,312</u>

Administrative Services	Totals	
	2016	2015
\$ -	\$ 11,854,847	\$ 11,242,300
-	11,854,847	11,242,300
-	6,132,817	7,283,522
2,005,258	4,974,808	4,183,815
1,966,278	4,287,565	3,961,923
3,971,536	15,395,190	15,429,260
(3,971,536)	(3,540,343)	(4,186,960)
117,853	196,673	135,653
1,942,969	1,942,972	1,828,099
2,062,846	3,697,651	2,631,612
-	(467,353)	(480,211)
(5,819,115)	(6,841,741)	(1,472,681)
(1,695,447)	(1,471,798)	2,642,472
(5,666,983)	(5,012,141)	(1,544,488)
917,793	3,265,554	2,185,745
-	(13,072)	(37,330)
-	-	69,922
(4,749,190)	(1,759,659)	673,849
		88,382,106
		-
34,868,938	89,055,955	88,382,106
\$ 30,119,748	\$ 87,296,296	\$ 89,055,955

INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Non-Major Enterprise Funds	
	Non-Reclaimable Wastewater	Recharge Water
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 11,982,698	\$ -
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(7,665,622)	(666,235)
Cash payments to employees for services	(908,150)	(369,268)
Cash payments for interfund services used	<u>(1,103,495)</u>	<u>(185,588)</u>
Net cash provided by (used for) operating activities	<u>2,305,431</u>	<u>(1,221,091)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	122,775	2,224,986
Transfers out	(13,072)	-
Contract reimbursement from others	34,490	1,083,285
Tax revenues	2	-
Cash paid to others	-	(911,929)
Advances to other funds	<u>-</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>144,195</u>	<u>2,396,342</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(491,836)	(1,060,002)
Capital grants	-	-
Principal paid on capital debt	(807,889)	(632,203)
Interest paid on capital debt	(457,045)	(131,910)
Bond administration fees	(7,882)	-
Contractor deposits collected	<u>(72,324)</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>(1,836,976)</u>	<u>(1,824,115)</u>

Administrative Services	Totals	
	2016	2015
\$ 5,683,417	\$ 17,666,115	\$ 7,754,662
26,372,772	26,372,772	25,642,003
(10,098,577)	(18,430,434)	(8,463,944)
(23,588,153)	(24,865,571)	(25,924,205)
-	(1,289,083)	(1,780,495)
<u>(1,630,541)</u>	<u>(546,201)</u>	<u>(2,771,979)</u>
917,793	3,265,554	2,185,745
-	(13,072)	(37,330)
1,469,983	2,587,758	2,449,132
1,938,470	1,938,472	1,838,764
(1,506,637)	(2,418,566)	(1,397,811)
-	-	(4,308,104)
<u>2,819,609</u>	<u>5,360,146</u>	<u>730,396</u>
(905,044)	(2,456,882)	(3,369,977)
-	-	69,922
-	(1,440,092)	(1,391,403)
(4,372)	(593,327)	(570,153)
-	(7,882)	(7,882)
-	(72,324)	(393)
<u>(909,416)</u>	<u>(4,570,507)</u>	<u>(5,269,886)</u>

(Continued)

INLAND EMPIRE UTILITIES AGENCY

Combining Statement of Cash Flows - (Continued from previous page)

For the Fiscal Year Ended June 30, 2016

(With Comparative Totals for June 30, 2015)

	Non-Major Enterprise Funds	
	Non-Reclaimable Wastewater	Recharge Water
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	\$ 11,383	\$ 12,797
Sale of investments	-	-
Net cash provided by (used for) investing activities	<u>11,383</u>	<u>12,797</u>
Net increase (decrease) in cash and cash equivalents	<u>624,033</u>	<u>(636,067)</u>
Cash and cash equivalents - beginning	<u>3,013,434</u>	<u>3,399,384</u>
Cash and cash equivalents - ending	<u>\$ 3,637,467</u>	<u>\$ 2,763,317</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ 3,104,401	\$ (2,673,208)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and amortization	949,512	1,371,775
Changes in assets and liabilities (Increase) decrease in		
Accounts receivable	127,851	-
Other receivables	-	-
Short term receivables	-	-
Inventory	-	-
Prepaid items	-	-
Increase (decrease) in		
Deferred outflow related to net pension liability	(47,496)	(6,331)
Accounts payable	(1,600,495)	177,971
Accrued liabilities	(6,537)	(145)
Other noncurrent liabilities	-	-
Deferred Inflow related to net pension liability	(238,289)	(110,774)
Net pension liability	16,484	19,621
Compensated absences	-	-
Net cash provided by (used for) operating activities	<u>\$ 2,305,431</u>	<u>\$ (1,221,091)</u>

Administrative Services	Totals	
	2016	2015
\$ 101,213	\$ 125,393	\$ 132,858
581,991	581,991	(61,472)
683,204	707,384	71,386
962,856	950,822	(7,240,083)
23,398,964	29,811,782	37,051,865
<u>\$ 24,361,820</u>	<u>\$ 30,762,604</u>	<u>\$ 29,811,782</u>
\$ (3,971,536)	\$ (3,540,343)	\$ (4,186,960)
1,966,278	4,287,565	3,961,923
5,701,992	5,829,843	(3,507,813)
-	-	28,503
(18,575)	(18,575)	(8,328)
101,608	101,608	(43,841)
17,401	17,401	(9,172)
(189,658)	(243,485)	(601,789)
(3,057,674)	(4,480,198)	4,687,069
(1,077,409)	(1,084,091)	(200,619)
(1,538,683)	(1,538,683)	(3,063,798)
(294,782)	(643,845)	1,032,573
151,294	187,399	(1,154,703)
579,203	579,203	294,976
<u>\$ (1,630,541)</u>	<u>\$ (546,201)</u>	<u>\$ (2,771,979)</u>

(Continued)

INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Cash Flows - (Continued from previous page)
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

<u>Non-Major Enterprise Funds</u>	
<u>Non-Reclaimable</u>	<u>Recharge</u>
<u>Wastewater</u>	<u>Water</u>

**RECONCILIATION OF CASH & CASH EQUIVALENTS
TO THE STATEMENT OF NET POSITION:**

Cash and short-term investments	\$ 3,637,467	\$ 1,904,048
Restricted assets	-	859,269
Cash & cash equivalents at end of year	<u>\$ 3,637,467</u>	<u>\$ 2,763,317</u>

<u>Administrative</u> <u>Services</u>	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>
\$ 24,361,819	\$ 29,903,334	\$ 28,880,156
-	859,269	931,626
<u>\$ 24,361,819</u>	<u>\$ 30,762,603</u>	<u>\$ 29,811,782</u>

INLAND EMPIRE UTILITIES AGENCY REGIONAL WASTEWATER FUND

The Regional Wastewater Fund consists of the following sub-funds:

Regional Wastewater Capital Improvement Fund

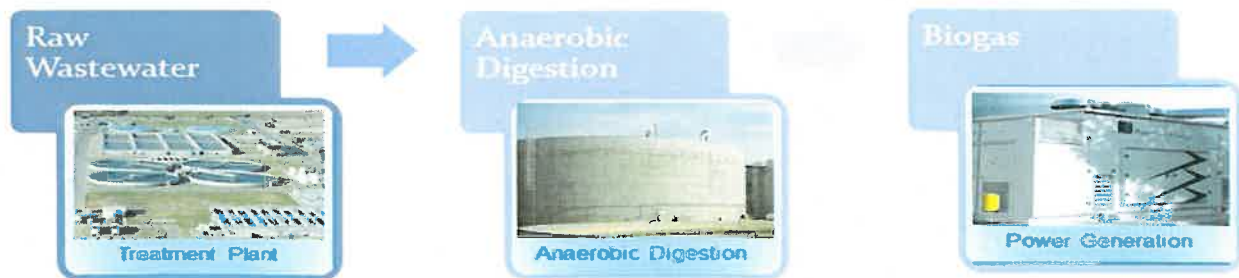
The Regional Wastewater Capital Improvement (RC) Fund records the activities associated with the acquisition, construction, replacement, and expansion of the Agency's wastewater treatment facilities, energy cogeneration facilities, solids handling facilities, large sewer interceptors, and appurtenant facilities. In addition, the fund also records, principal payments, interest expenses, and related administrative costs associated with the administration of the Regional Capital program.

The RC Fund revenues include property tax receipts, fees levied for new connections to the regional wastewater system which are referred to as connection fees, and interest income earned. Additionally, the fund may record state loans and grants received for various capital projects within the fund.

Regional Wastewater Operations and Maintenance Fund

The Regional Wastewater Operations and Maintenance (RO) Fund accounts for the revenue and operating costs directly related to the Agency's domestic sewage treatment service provided to the contracting member agencies (wastewater collection and treatment) and organics management activities, including employment costs to operate and support the Inland Empire Regional Composting Facility.

The fund's major source of revenue is the service charge applied to the regional municipal wastewater flows billed on an Equivalent Dwelling Units (EDU's) volumetric basis. Other revenue sources include property tax receipts and reimbursement from the Inland Empire Regional Composting Authority for providing operations and maintenance services at the facility.



INLAND EMPIRE UTILITIES AGENCY
Regional Wastewater Fund
Combining Schedule of Net Position by Subfund
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Regional	Regional	Totals	
	Capital Improvement	Operations & Maintenance	2016	2015
ASSETS				
Current assets				
Cash and investments	\$ 17,935,399	\$ 51,907,278	\$ 69,842,677	\$ 50,543,386
Accounts receivable	362,602	10,224,260	10,586,862	9,924,678
Interest receivable	198,325	72,442	270,767	169,539
Taxes receivable	259,222	89,581	348,803	300,611
Other receivables	254,040	-	254,040	69,655
Prepaid items	1,200	-	1,200	1,200
Total current assets	19,010,788	62,293,561	81,304,349	61,009,069
Restricted assets				
Deposits held by governmental agencies	55,201,435	-	55,201,435	41,023,148
Assets held with trustee/fiscal agents	1,685,460	-	1,685,460	1,780,556
Total restricted assets	56,886,895	-	56,886,895	42,803,704
Noncurrent assets				
Capital assets				
Land	14,047,045	-	14,047,045	14,047,045
Jobs in progress	6,028,641	7,146,953	13,175,594	12,869,489
Capital assets, net of accumulated depreciation	316,208,855	25,112,366	341,321,221	352,329,573
Intangible assets, net of accumulated amortization	5,241,022	171,645	5,412,667	5,432,679
Total capital assets	341,525,563	32,430,964	373,956,527	384,678,786
Other assets				
Long-term investments	45,167,514	-	45,167,514	45,577,499
Advances to other funds	13,500,000	-	13,500,000	13,500,000
Long-term receivables	3,947,279	-	3,947,279	2,634,337
Prepaid bond insurance	386,540	19,662	406,202	423,863
Prepaid interest -SRF loans	963,608	-	963,608	1,043,432
Total other assets	63,964,941	19,662	63,984,603	63,179,131
Total noncurrent assets	405,490,504	32,450,626	437,941,130	447,857,917
Total assets	481,388,187	94,744,187	576,132,374	551,670,690
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	946,974	-	946,974	1,102,641
Deferred outflow related to net pension liability	929,160	6,987,016	7,916,176	6,209,683
Total deferred outflows of resources	1,876,134	6,987,016	8,863,150	7,312,324

(Continued) (Continued)

	Regional	Regional	Totals	
	Capital Improvement	Operations & Maintenance	2016	2015
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,498,048	\$ 2,271,421	\$ 3,769,469	\$ 3,575,639
Accrued liabilities	21,385	9,698	31,083	41,685
Retentions payable	50,389	50,508	100,897	149,878
Notes payable, due within one year	1,906,841	-	1,906,841	1,896,195
Long-term debt, due within one year	5,367,542	-	5,367,542	5,177,797
Interest payable	1,273,794	49,649	1,323,443	1,369,844
Retention deposits and escrows	-	-	-	95,146
Total current liabilities	10,117,999	2,381,276	12,499,275	12,306,184
Noncurrent liabilities				
Long-term debt, due in more than one year	138,032,275	4,415,127	142,447,402	148,266,334
Notes payable, due in more than one year	28,520,246	2,110,327	28,630,573	29,087,817
Net pension liability	4,284,011	24,235,215	28,519,226	27,283,277
Total noncurrent liabilities	168,836,532	30,760,669	199,597,201	204,637,428
Total liabilities	178,954,531	33,141,945	212,096,476	216,943,612
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to net pension liability	529,270	1,748,502	2,277,772	5,893,340
Total deferred inflows of resources	529,270	1,748,502	2,277,772	5,893,340
NET POSITION				
Net investment in capital assets	171,250,820	25,905,509	197,156,329	201,122,239
Restricted for:				
Capital construction	55,201,435	-	55,201,435	41,023,148
SRF Loan debt service	1,447,479	-	1,447,479	1,447,479
Bond operating contingency requirement	1,852,838	14,291,178	16,144,016	16,022,083
Total restricted	58,501,752	14,291,178	72,792,930	58,492,710
Unrestricted	74,027,948	26,644,069	100,672,017	76,531,113
Total net position	\$ 303,780,520	\$ 66,840,756	\$ 370,621,276	\$ 338,146,082

INLAND EMPIRE UTILITIES AGENCY
Regional Wastewater Fund
Combining Schedule of Revenues, Expenses and
Changes in Net Position by Subfund
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Regional	Regional	Totals	
	Capital Improvement	Operations & Maintenance	2016	2015
OPERATING REVENUES				
Service charges	\$ -	\$ 50,073,868	\$ 50,073,868	\$ 47,022,954
Total operating revenues	-	50,073,868	50,073,868	47,022,954
OPERATING EXPENSES				
Wastewater collection	-	1,377,333	1,377,333	805,353
Wastewater treatment	-	21,104,320	21,104,320	19,001,130
Wastewater disposal	-	11,148,524	11,148,524	7,996,871
Administration and general	5,558,514	9,243,356	14,801,870	20,262,896
Depreciation and amortization	22,114,601	1,957,091	24,071,692	23,154,752
Total operating expenses	27,673,115	44,830,624	72,503,739	71,221,002
Operating income (loss)	(27,673,115)	5,243,244	(22,429,871)	(24,198,048)
NONOPERATING REVENUES (EXPENSES)				
Interest income	134,575	284,209	418,784	288,683
Property tax revenue	27,658,602	9,572,846	37,231,448	35,554,077
Wastewater capital connection fees	24,910,235	-	24,910,235	15,073,882
Other nonoperating revenues	10,177	4,338,536	4,348,713	4,262,635
Interest on long-term debt	(5,882,095)	(167,195)	(6,049,290)	(6,368,586)
Other nonoperating expenses	(799,743)	(5,571,478)	(6,371,221)	(4,523,072)
Total nonoperating revenues (expenses)	46,031,751	8,456,918	54,488,669	44,287,619
Income (loss) before capital contributions and transfers	18,358,636	13,700,162	32,058,798	20,089,571
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers in	-	6,984,888	6,984,888	1,273,557
Transfers out	(6,335,390)	-	(6,335,390)	(1,373,285)
Capital grants	-	1,766,918	1,766,918	381,525
Change in net position	12,023,246	22,451,968	34,475,214	20,371,368
Total net position - beginning				316,882,238
Prior period adjustment (note 17)				(1,107,544)
Total net position - beginning, as restated	291,757,274	44,388,788	336,146,062	315,774,694
Total net position - ending	\$ 303,780,520	\$ 66,840,756	\$ 370,621,276	\$ 336,146,062

INLAND EMPIRE UTILITIES AGENCY RECYCLED WATER FUND

Recycled Water Fund

The Recycled Water (WC) Fund records the revenues and expenses associated with the operations and maintenance of facilities that support the distribution of recycled water supplied from the Agency's water recycling plants. The Recycled Water fund also records revenues and costs related to capital construction and a portion of operating and maintenance costs for regional recharge basins recharged with recycled water.

The WC fund generates operating revenue from the sale of recycled water to member agencies and industries, non-operational revenues recorded in the fund include property tax receipts, fees levied for new connections to the regional potable and recycled water systems and interest income earned. Additionally, the fund records state loans and grants received for various capital projects within the fund.

INLAND EMPIRE UTILITIES AGENCY
Recycled Water Fund
Schedule of Net Position
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Totals	
	2016	2015
ASSETS		
Current assets		
Cash and investments	\$ 11,372,754	\$ 890,023
Accounts receivable	9,699,821	21,761,530
Interest receivable	15,560	1,148
Taxes receivable	20,224	17,433
Other receivable	85,735	110,023
Prepaid items	3,500	3,500
Total current assets	<u>21,197,594</u>	<u>22,783,657</u>
Restricted assets		
Assets held with trustee/fiscal agents	-	1,254,993
Total restricted assets	<u>-</u>	<u>1,254,993</u>
Noncurrent assets		
Capital assets		
Jobs in progress	2,929,514	28,272,780
Capital assets, net of accumulated depreciation	185,244,010	163,199,526
Intangible assets, net of accumulated amortization	651,509	745,436
Total capital assets	<u>188,825,033</u>	<u>192,217,742</u>
Other assets		
Long term receivables	1,094,508	1,180,243
Prepaid bond insurance	134,312	140,151
Prepaid interest - SRF loans	1,154,162	1,244,678
Total other assets	<u>2,382,982</u>	<u>2,565,072</u>
Total noncurrent assets	<u>191,208,015</u>	<u>194,782,814</u>
Total assets	<u>212,405,609</u>	<u>218,821,464</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to net pension liability	954,415	775,759
Total deferred outflows of resources	<u>954,415</u>	<u>775,759</u>

(Continued)

	Totals	
	2016	2015
LIABILITIES		
Current liabilities		
Accounts payable	\$ 451,148	\$ 3,014,354
Accrued liabilities	22,628	72,895
Retentions payable	188,524	787,258
Notes payable, due within one year	3,918,543	3,962,026
Interest payable	1,420,795	1,240,475
Total current liabilities	<u>6,001,638</u>	<u>9,077,008</u>
Noncurrent liabilities		
Advances from other funds	28,500,000	28,500,000
Long-term debt, due in more than one year	30,159,329	30,197,511
Notes payable, due in more than one year	79,143,491	80,213,554
Other noncurrent liabilities	355,771	267,184
Net pension liability	3,530,352	3,408,427
Total noncurrent liabilities	<u>141,688,943</u>	<u>142,586,676</u>
Total liabilities	<u>147,690,581</u>	<u>151,663,684</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow related to net pension liability	300,328	736,239
Total deferred inflows of resources	<u>300,328</u>	<u>736,239</u>
NET POSITION		
Net Investment in capital assets	75,603,669	77,844,651
Restricted for:		
SRF Loan debt service	6,265,167	5,162,397
Total restricted	<u>6,265,167</u>	<u>5,162,397</u>
Unrestricted	(16,499,721)	(15,809,748)
Total net position	<u>\$ 65,369,115</u>	<u>\$ 67,197,300</u>

INLAND EMPIRE UTILITIES AGENCY
Recycled Water Fund
Schedule of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Totals	
	2016	2015
OPERATING REVENUES		
Recycled water sales	\$ 13,468,182	\$ 12,047,164
Total operating revenue	<u>13,468,182</u>	<u>12,047,164</u>
OPERATING EXPENSES		
Operations and Maintenance	4,788,211	3,262,561
Administration and general	3,211,019	4,115,498
Depreciation and amortization	8,491,268	6,990,988
Total operating expenses	<u>16,490,498</u>	<u>14,369,047</u>
Operating income (loss)	<u>(3,022,316)</u>	<u>(2,321,883)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	106,314	132
Property tax revenue	2,161,509	2,063,827
Water capital connection fees	997,010	-
Other nonoperating revenues	688,741	511,095
Other nonoperating expenses	(307,460)	(188,763)
Interest on long-term debt	(2,625,576)	(2,744,069)
Total nonoperating revenues (expenses)	<u>1,020,538</u>	<u>(357,778)</u>
Income (loss) before capital contributions and transfers	(2,001,778)	(2,679,661)
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers in	1,389,654	-
Transfers out	(5,586,589)	(2,048,687)
Capital grants	4,370,528	4,901,476
Change in net position	<u>(1,828,185)</u>	<u>173,128</u>
Total net position - beginning		67,123,794
Prior period adjustment (note 17)		(99,622)
Total net position - beginning, as restated	<u>67,197,300</u>	<u>67,024,172</u>
Total net position - ending	<u>\$ 65,369,115</u>	<u>\$ 67,197,300</u>

INLAND EMPIRE UTILITIES AGENCY WATER RESOURCES FUND

Water Resources Fund

The Water Resources (WW) Fund records the fiscal activities associated with providing water resources and water use efficiency programs throughout 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 water, groundwater recharge, and storm water management.

The WW Fund's major revenue source can be attributed to the surcharge for imported water sold within the service area and a monthly meter service charge per meter. Revenues for the WW fund includes a property tax allocation of \$1.5 million or 3.4% and a one-time Board approved \$2.8 million of the Agency's total property tax receipts and \$0.3 million of inter-fund water connection fee transfer from the Recycled Water (WC) Fund. The regional water conservation programs receive dedicated funding, including a portion of the imported water acre foot surcharge and water meter service charge, and program grants and reimbursements from various sources including State, Federal, and local agencies.

INLAND EMPIRE UTILITIES AGENCY
Water Resources Fund
Schedule of Net Position
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Totals	
	2016	2015
ASSETS		
Current assets		
Cash and investments	\$ 6,842,536	\$ 5,998,121
Accounts receivable	5,356,382	5,414,083
Interest receivable	3,575	4,238
Water inventory	1,350,043	-
Total current assets	13,552,536	11,416,442
Noncurrent assets		
Capital assets		
Capital assets, net of accumulated depreciation	19,382	19,928
Intangible assets, net of accumulated amortization	20,008	24,829
Total capital assets	39,390	44,757
Total noncurrent assets	39,390	44,757
Total assets	13,591,926	11,461,199
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to net pension liability	451,493	281,261
Total deferred outflows of resources	451,493	281,261
LIABILITIES		
Current liabilities		
Accounts payable	4,593,888	4,500,290
Accrued liabilities	691,674	513,208
Retentions payable	10,296	27,520
Current liabilities	5,295,858	5,041,018
Noncurrent liabilities		
Advances from other funds	-	4,308,104
Net pension liability	1,379,162	1,235,767
Total noncurrent liabilities	1,379,162	5,543,871
Total liabilities	6,675,020	10,584,889
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to net pension liability	60,722	266,933
Total deferred inflows of resources	60,722	266,933
NET POSITION		
Net Investment in capital assets	39,390	44,757
Unrestricted	7,268,287	845,881
Total net position	\$ 7,307,677	\$ 890,638

INLAND EMPIRE UTILITIES AGENCY
Water Resources Fund
Schedule of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Totals	
	2016	2015
OPERATING REVENUES		
Sales	\$ 18,653,793	\$ 34,146,923
Service charges	5,314,419	5,690,362
Total operating revenues	<u>23,968,212</u>	<u>39,837,285</u>
OPERATING EXPENSES		
Water Purchases	18,653,793	34,146,923
Operations and maintenance	1,411,548	1,130,704
Administration and general	5,878,361	4,863,772
Depreciation and amortization	5,367	5,367
Total operating expenses	<u>25,949,069</u>	<u>40,146,766</u>
Operating income (loss)	<u>(1,980,857)</u>	<u>(309,481)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	40,107	11,732
Property tax revenue	4,295,184	1,500,000
Other nonoperating revenues	4,335,340	137,947
Other nonoperating expenses	<u>(1,960,692)</u>	<u>(995,857)</u>
Total nonoperating revenues (expenses)	<u>6,709,939</u>	<u>653,822</u>
Income (loss) before capital contributions and transfers	4,729,082	344,341
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers in	294,955	-
Capital grants	<u>1,393,002</u>	<u>564,641</u>
Change in net position	<u>6,417,039</u>	<u>908,982</u>
Total net position - beginning		192,931
Prior period adjustment (note 17)		(211,275)
Total net position - beginning, as restated	<u>890,638</u>	<u>(18,344)</u>
Total net position - ending	<u>\$ 7,307,677</u>	<u>\$ 890,638</u>

INLAND EMPIRE UTILITIES AGENCY NON-RECLAIMABLE WASTEWATER FUND

Non-reclaimable Wastewater Fund

The Non-reclaimable Wastewater System (NRW) Fund records the transactions for 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.

A pass-through rate structure was implemented to allow the Agency to recover operating and capital fees billed by Sanitation District of Los Angeles (SDLAC) and Santa Ana Watershed Project Authority (SAWPA) for the north and south systems, respectively. These charges are comprised of volumetric, peaking factor, and strength fees for the North System; capacity, volumetric, and strength fees for the South System. Different rates apply to the North and South Systems.

In addition to the pass-through rates which fully recover operating and capital costs from SDLAC and SAWPA, the Agency collects a capacity charge from the NRW industries in the north system. Additionally, the Agency collects a 50% operating surcharge on the volumetric, capacity and strength charges for non-recycled water users is collected from NRW industries in the south system to recover operating costs not supported by the pass-through rates.

INLAND EMPIRE UTILITIES AGENCY
Non-reclaimable Wastewater Fund
Schedule of Net Position
June 30, 2016
(With Comparative Totals for June 30, 2015)

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash and investments	\$ 3,637,467	\$ 2,941,110
Short-term investments		
Accounts receivable	1,776,340	1,904,191
Interest receivable	551,120	497,187
Taxes receivable	<u>1</u>	<u>-</u>
Total current assets	<u>5,964,928</u>	<u>5,342,488</u>
Restricted assets		
Assets held with trustee/fiscal agent	<u>-</u>	<u>72,324</u>
Total restricted assets	<u>-</u>	<u>72,324</u>
Noncurrent assets		
Capital assets		
Jobs in progress	3,662	2,320,840
Capital assets, net of accumulated depreciation	15,032,736	13,008,162
Intangible assets, net of accumulated amortization	<u>2,022,688</u>	<u>2,187,760</u>
Total capital assets	<u>17,059,086</u>	<u>17,516,762</u>
Other assets		
Advances to other funds	15,000,000	15,000,000
Prepaid bond insurance	<u>32,732</u>	<u>34,156</u>
Total other assets	<u>15,032,732</u>	<u>15,034,156</u>
Total noncurrent assets	<u>32,091,818</u>	<u>32,550,918</u>
Total assets	<u>38,056,746</u>	<u>37,965,730</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to net pension liability	<u>521,726</u>	<u>474,230</u>
Total deferred outflows of resources	<u>521,726</u>	<u>474,230</u>

(Continued)

	2016	2015
LIABILITIES		
Current liabilities		
Accounts payable	\$ 769,084	\$ 2,369,579
Accrued liabilities	121	6,658
Notes payable, due within one year	832,004	807,888
Interest payable	123,606	138,398
Retention deposits and escrows	-	72,324
Total current liabilities	1,724,815	3,394,847
Noncurrent liabilities		
Long-term debt, due in more than one year	7,349,970	7,359,275
Notes payable, due in more than one year	2,301,578	3,133,583
Net pension liability	2,100,091	2,083,607
Total noncurrent liabilities	11,751,639	12,576,465
Total liabilities	13,476,454	15,971,312
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to net pension liability	211,782	450,071
Total deferred inflows of resources	211,782	450,071
NET POSITION		
Net Investment in capital assets	6,575,535	6,216,016
Restricted for:		
Bond operating contingency requirement	2,600,312	3,092,159
Total restricted	2,600,312	3,092,159
Unrestricted	15,714,389	12,710,402
Total net position	\$ 24,890,236	\$ 22,018,577

INLAND EMPIRE UTILITIES AGENCY
Non-reclaimable Wastewater Fund
Schedule of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Service charges	\$ 11,854,847	\$ 11,242,300
Total operating revenues	<u>11,854,847</u>	<u>11,242,300</u>
OPERATING EXPENSES		
Wastewater collection	6,132,817	7,283,522
Administration and general	1,668,118	1,992,955
Depreciation and amortization	949,511	815,865
Total operating expenses	<u>8,750,446</u>	<u>10,092,342</u>
Operating income (loss)	<u>3,104,401</u>	<u>1,149,958</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	65,316	35,461
Property tax revenue	3	4
Other nonoperating revenues	34,489	15,135
Interest on long-term debt	(449,919)	(472,828)
Other nonoperating expenses	7,666	7,669
Total nonoperating revenues (expenses)	<u>(342,445)</u>	<u>(414,559)</u>
Income (loss) before transfers	2,761,956	735,399
TRANSFERS		
Transfers in	122,775	-
Transfers out	(13,072)	(37,330)
Change in net position	<u>2,871,659</u>	<u>698,069</u>
Total net position - beginning	22,018,577	21,320,508
Prior period adjustment (note 17)		-
Total net position - beginning, as restated	<u>22,018,577</u>	<u>21,320,508</u>
Total net position - ending	<u>\$ 24,890,236</u>	<u>\$ 22,018,577</u>

INLAND EMPIRE UTILITIES AGENCY RECHARGE WATER FUND

Recharge Water Fund

The Recharge Water (RW) 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 for operating, debt service and capital project costs, interfund transfers from the Recycled Water (WC) fund for the Agency's share of costs, grant proceeds, and interest earnings on the programs reserve balance.

Debt service costs are for the Ground Water Basin Enhancement Project funded by the 2008B Variable Rate Bonds (refinancing the 2002A Bonds in May 2008). Debt service costs are equally shared by CBWM and the Agency. The Agency's portion is supported by a fund transfer from the Regional Wastewater Capital Improvement (RC) Fund.

INLAND EMPIRE UTILITIES AGENCY
Recharge Water Fund
Schedule of Net Position
June 30, 2016
(With Comparative Totals for June 30, 2015)

	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash and investments	\$ 1,904,048	\$ 2,540,082
Accounts receivable	712,203	195,172
Interest receivable	2,626	1,916
Total current assets	<u>2,618,877</u>	<u>2,737,170</u>
Restricted assets		
Assets held with trustee/fiscal agents	<u>859,269</u>	<u>859,302</u>
Total restricted assets	<u>859,269</u>	<u>859,302</u>
Noncurrent assets		
Capital assets		
Jobs in progress	827,900	160,308
Capital assets net of accumulated depreciation	43,222,482	44,193,141
Intangible assets, net of accumulated amortization	<u>13,061</u>	<u>21,768</u>
Total capital assets	<u>44,063,443</u>	<u>44,375,217</u>
Total noncurrent assets	<u>44,063,443</u>	<u>44,375,217</u>
Total assets	<u>47,541,589</u>	<u>47,971,689</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to net pension liability	<u>188,859</u>	<u>158,012</u>
Total deferred outflows of resources	<u>188,859</u>	<u>158,012</u>

(Continued)

	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 357,586	\$ 179,615
Accrued liabilities	-	145
Long-term debt, due within one year	647,458	632,203
Interest payable	4,662	773
Total current liabilities	<u>1,009,706</u>	<u>812,736</u>
Noncurrent liabilities		
Long-term debt, due in more than one year	13,656,850	14,304,308
Net pension liability	713,875	694,254
Total noncurrent liabilities	<u>14,370,725</u>	<u>14,998,562</u>
Total liabilities	<u>15,380,431</u>	<u>15,811,298</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to net pension liability	63,705	149,963
Total deferred inflows of resources	<u>63,705</u>	<u>149,963</u>
NET POSITION		
Net investment in capital assets	<u>30,618,403</u>	<u>30,298,007</u>
Unrestricted	<u>1,667,909</u>	<u>1,870,433</u>
Total net position	<u>\$32,286,312</u>	<u>\$32,168,440</u>

INLAND EMPIRE UTILITIES AGENCY
Recharge Water Fund
Schedule of Revenues, Expenses
and Changes in Net Position
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Totals	
	2016	2015
OPERATING REVENUES		
Recycled water sales	\$ -	\$ -
Total operating revenues	-	-
OPERATING EXPENSES		
Administration and general	1,301,432	1,190,144
Depreciation and amortization	1,371,776	1,245,459
Total operating expenses	2,673,208	2,435,603
Operating income (loss)	(2,673,208)	(2,435,603)
NONOPERATING REVENUES (EXPENSES)		
Interest income	13,504	13,409
Other nonoperating revenues	1,600,316	1,221,438
Interest on long-term debt	(17,434)	(7,383)
Other nonoperating expenses	(1,030,292)	(85,664)
Total nonoperating revenues (expenses)	566,094	1,141,800
Income (loss) before capital contributions and transfers	(2,107,114)	(1,293,803)
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers in	2,224,986	1,087,800
Capital grants	-	69,922
Change in net position	117,872	(136,081)
Total net position - beginning	32,168,440	32,304,521
Prior period adjustment (note 17)		-
Total net position - beginning, as restated	32,168,440	32,304,521
Total net position - ending	\$ 32,286,312	\$ 32,168,440

INLAND EMPIRE UTILITIES AGENCY ADMINISTRATIVE SERVICES FUND

Administrative Services Fund

The Agency's total employment costs and general and administrative expenses are initially recorded in the Administrative Services (GG) Fund. General and administrative expenses include capital acquisitions of "Agency-wide" assets, such as fleet vehicles and computer hardware, as well as supplies, equipment, tools, and contract services. Throughout the year, pertinent expenses such as staff labor, equipment, and facilities maintenance and other indirect 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 program or activities.

Revenues for the GG fund includes 4.3% of the Agency's total property tax receipts, contract cost reimbursements, and interest. Other funding sources include inter-fund transfers for capital support from the Regional Wastewater, Recycled Water, and Non-Reclaimable Wastewater Programs.

INLAND EMPIRE UTILITIES AGENCY
Administrative Services Fund
Schedule of Net Position
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Totals	
	2016	2015
ASSETS		
Current assets		
Cash and investments	\$ 24,361,819	\$ 23,398,964
Accounts receivable	5,879,406	11,581,398
Interest receivable	30,395	13,755
Taxes receivable	32,614	28,115
Other receivables	62,238	43,663
Inventory	1,558,521	1,660,129
Prepaid items	103,916	121,317
Net OPEB	247,159	-
Total current assets	32,276,068	36,847,341
Noncurrent assets		
Capital assets		
Land	20,829	20,829
Jobs in progress	695,527	169,280
Capital assets, net of accumulated depreciation	11,462,972	12,312,887
Intangible assets, net of accumulated amortization	3,100,273	3,826,967
Total capital assets	15,279,601	16,329,963
Other assets		
Advance to other funds	-	4,308,104
Total other assets	-	4,308,104
Total noncurrent assets	15,279,601	20,638,067
Total assets	47,555,669	57,485,408
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to net pension liability	645,415	455,757
Total deferred outflows of resources	645,415	455,757

(Continued)

	Totals	
	2016	2015
LIABILITIES		
Current liabilities		
Accounts payable	\$ 8,859,020	\$ 11,916,694
Accrued liabilities	2,012,495	3,089,904
Compensated absences	1,939,639	1,606,386
Current liabilities	12,811,154	16,612,984
Noncurrent liabilities		
Compensated absences	2,978,684	2,732,734
Net pension liability	2,153,740	2,002,446
Net OPEB liability	-	1,291,524
Total noncurrent liabilities	5,132,424	6,026,704
Total liabilities	17,943,578	22,639,688
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to net pension liability	137,758	432,539
Total deferred inflows of resources	137,758	432,539
NET POSITION		
Net Investment in capital assets	15,279,601	16,329,963
Restricted for:		
Bond operating contingency requirement	405,861	333,572
Total restricted	405,861	333,572
Unrestricted	14,434,286	18,205,403
Total net position	\$ 30,119,748	\$ 34,868,938

INLAND EMPIRE UTILITIES AGENCY
Administrative Services Fund
Schedule of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Totals	
	2016	2015
OPERATING REVENUES		
Service charges	\$ -	\$ -
Total operating revenues	-	-
OPERATING EXPENSES		
Administration and general	2,005,258	1,000,716
Depreciation and amortization	1,966,278	1,900,599
Total operating expenses	3,971,536	2,901,315
Operating income (loss)	(3,971,536)	(2,901,315)
NONOPERATING REVENUES (EXPENSES)		
Interest income	117,853	86,783
Property tax revenue	1,942,969	1,828,095
Other nonoperating revenues	2,062,846	1,395,039
Other nonoperating expenses	(5,819,115)	(1,394,686)
Total nonoperating revenues (expenses)	(1,695,447)	1,915,231
Income (loss) before capital contributions and transfers	(5,666,983)	(986,084)
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers in	917,793	1,097,945
Change in net position	(4,749,190)	111,861
Total net position - beginning	34,868,938	34,757,077
Prior period adjustment (note 17)		-
Total net position - beginning, as restated	34,868,938	34,757,077
Total net position - ending	\$ 30,119,748	\$ 34,868,938


**ACTION
ITEM**


2B


Date: December 21, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (12/14/16)
Finance, Legal, and Administration Committee (12/14/16)

From: P. Joseph Grindstaff
General Manager 

Submitted by: Chris Berch 
Executive Manager of Engineering/Assistant General Manager

Jason Gu 
Grants Officer

Subject: Resolution for the USBR Title XVI Water Reclamation and Reuse
Program Funding

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2016-12-3, authorizing the Agency to enter into financial assistance agreements with the U.S. Department of Interior - Bureau of Reclamation (USBR) WaterSMART: Title XVI Water Reclamation and Reuse Program Funding for Fiscal Year 2017; and
2. Authorize the General Manager, or in his absence, his designees, to execute the financial assistance agreement, any amendments, and any grant related documents thereto.

BACKGROUND

USBR WaterSMART: WaterSMART: Title XVI Water Reclamation and Reuse Program:

In October 2016, the USBR announced the WaterSMART: Title XVI Water Reclamation and Reuse Program Funding for Fiscal Year 2017 to provide assistance to sponsors of authorized Title XVI Projects on competitive basis in the seventeen west states.

In 2009, IEUA received an authorization for the Lower Chino Dairy Area Desalination Demonstration and Reclamation Project in the amount of \$26,000,000. IEUA has been participating in the competitive grant funding program since 2011. Five grant awards have been

participating in the competitive grant funding program since 2011. Five grant awards have been received in the past, and the remaining balance under the Title XVI authorization is currently \$5,248,905. Prior awards received under this authorization are as follows:

Contract Number	Project Name	Amount	Date
R11AC35306	Chino Creek Well Field Wells 1, 2, and 3	\$1,551,095	9/26/2011
R12AC35339	1010 Zone Pump Station and Product Water Pipelines	\$4,000,000	9/24/2012
R14AC00049	Groundwater Supply Wells and Raw Water Pipelines	\$3,000,000	9/17/2014
R15AC00059-1	Brine Concentrate Reduction Facility	\$5,000,000	9/14/2015
R15AC00059-2	Lower Chino Dairy Area Desalination Demonstration and Reclamation Project	\$7,200,000	9/15/2016
	Grant Award Received	\$20,751,095	
Authorization	Lower Chino Project	\$26,000,000	
	Authorization Balance	\$5,248,905	

PRIOR BOARD ACTION

In 2007, the Board of Directors approved Resolution No. 2007-11-5, authorizing IEUA to apply and manage grants for CDA related projects.

IMPACT ON BUDGET

Contract Nos. R14AC00049 and R15AC00059-2 will aid in the reduction of IEUA’s approved budgeted costs for the South Archibald TCE Plume Cleanup Project, Project No. EN16021, which is currently listed in the approved Ten-Year Capital Improvement Plan (TYCIP) and FY16/17 budget. Upon approval of the Proposition 1 Groundwater Quality funding in the amount of \$11.5 million, the TYCIP will be aligned with the grant.

Attachment:
 Resolution No. 2016-12-3

RESOLUTION NO. 2016-12-3

THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE INLAND EMPIRE UTILITIES AGENCY TO ENTER INTO A FINANCIAL ASSISTANCE AGREEMENT UNDER THE WATERSMART: 2017 WATER RECLAMATION AND REUSE PROGRAM FUNDING FOR FISCAL YEAR 2017 WITH THE U.S. DEPARTMENT OF INTERIOR - BUREAU OF RECLAMATION AND DESIGNATING A REPRESENTATIVE TO EXECUTE THE FINANCIAL ASSISTANCE AGREEMENT, AND ANY AMENDMENTS THERETO

WHEREAS, the United States Department of the Interior, Bureau of Reclamation under the WaterSMART: Title XVI Water Reclamation and Reuse Program will make funding available to qualifying applicants; and

WHEREAS, the Board of Directors of the Inland Empire Utilities Agency has identified a project that exemplifies the objectives of the WaterSMART Grant in the Lower Chino Dairy Area Project.

BE IT RESOLVED, that the Inland Empire Utilities Agency* is authorized to enter into a financial assistance agreement under the WaterSMART: Title XVI Water Reclamation and Reuse Program Funding for Fiscal Year 2017;

BE IT RESOLVED, the General Manager has reviewed and supports the application being submitted;

BE IT RESOLVED, that the Inland Empire Utilities Agency* Board of Directors authorizes the General Manager, Assistant General Managers, or his/her designees to execute the financial assistance agreement, any amendments, and any grant related documents thereto;

BE IT RESOLVED, that the Inland Empire Utilities Agency, along with the Chino Basin Desalter Authority and its member agencies, are capable of providing the amount of funding and/or in-kind contributions specified in the grant application funding plan; and

BE IT RESOLVED, that the Inland Empire Utilities Agency will work with the Bureau of Reclamation to meet established deadlines for entering into a cooperative agreement.

ADOPTED this 21st day of December, 2016.

Michael Camacho, Vice President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:

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

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2016-12-3, was adopted at a regular
meeting on December 21, 2016, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

(SEAL)

Steven J. Elie
Secretary/Treasurer

* A Municipal Water District

Grant Application for the Title XVI Water Reuse and Reclamation Program



U.S. Department of Interior, Bureau of Reclamation (USBR)



Jason H. Gu
Grants Officer

Title XVI Grant Program Background

- * A Federal Program for Water Reuse, Desalination and Reclamation in the 17 Western States
- * \$590M were authorized for Southern California projects between 2007-2009, including the following 3 IEUA projects
 1. RW Distribution System - \$20M (\$20M awarded)
 2. GW Desalination & Reclamation - \$26M (\$20.8M awarded)
 3. WW Satellite Treatment Plant in CVWD area - \$10M
- * USBR administers the program and makes annual funding announcement. Authorized agencies must compete for awards

GW Authorization Status

- Lower Chino Dairy Area Desalination Demonstration & Reclamation Project
- Known as CDA II Expansion & South Archibald TCE Plume Cleanup Projects

- **\$20.8M have been awarded in 5 grant contracts**

- **This application is for the final part (\$5.2M) of the GW Desalination & Reclamation Authorization**

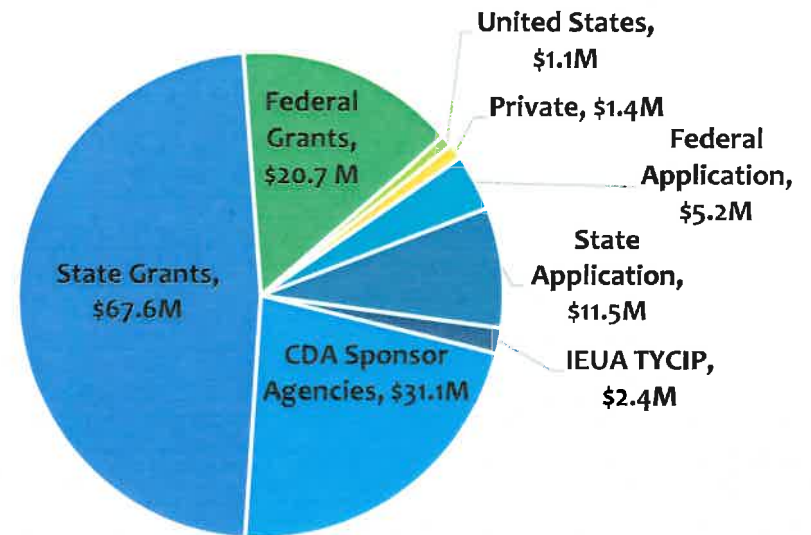
Contract Number	Project Name	Amount	Date
R11AC35306	Chino Creek Wellfield Wells	\$1,551,095	9/26/2011
R12AC35339	Pump Station and Product Water Pipelines	\$4,000,000	9/24/2012
R14AC00049	Groundwater Supply Wells and Raw Water Pipelines	\$3,000,000	9/17/2014
R15AC00059-1	Brine Concentrate Reduction Facility	\$5,000,000	9/14/2015
R15AC00059-2	Lower Chino Dairy Area Desalination Demonstration and Reclamation	\$7,200,000	9/15/2016
Current Application		\$5,248,905	
Total Title XVI Authorization		\$26,000,000	

Funding Sources

CDA II Expansion & South Archibald TCE Plume Cleanup Projects

Funding Sources	(Million)	%
State Grants	\$ 67.6	
Federal Grants	\$ 20.8	
United States (TCE Cleanup)	\$ 1.1	
Private Parties (TCE Cleanup)	\$ 1.4	
State Prop 1 GWQ (TCE Cleanup) *	\$ 11.5	
Federal (Title XVI for GW) *	\$ 5.2	
Total External Funding	\$ 107.6	76%
CDA Member Agencies	\$ 31.1	
IEUA TYCIP Budget	\$ 2.4	
Total Regional Funding	\$ 33.5	24%
Total Project Cost	\$ 141.1	100%

* Grant application pending



Recommendation

- * Adopt Resolution No. 2016-12-1, authorizing the Agency to enter into financial assistance agreement with the USBR for the grant application to be submitted in December 2016
- * Authorize the General Manager to execute the financial assistance agreements, and any grant associated documents related thereto

This action supports the Agency's mission to increase sustainability through the development of reliable local water supplies and is consistent with the Agency's mission of pursuing grants and low-interest financing.

**ACTION
ITEM**

2C

Date: December 21, 2016

To: The Honorable Board of Directors

Through: Finance, Legal & Administration Committee (12/14/16)

From: P. Joseph Grindstaff
General Manager

Submitted by: Chris Berch
Executive Manager of Engineering/Assistant General Manager

Sylvie Lee
Manager of Planning and Environmental Resources

Subject: Approval of City of Upland's Extra-Territorial Request for the Sycamore Hills Development

RECOMMENDATION

It is recommended that the Board of Directors adopt the resolution approving the extra-territorial request for sewer service from the City of Upland for the Sycamore Hills Development.

BACKGROUND

The Regional Sewage Service Contract (Regional Contract) defines sewer service areas to be within the Inland Empire Utilities Agency (IEUA) boundary; when a service area is immediately adjacent to the IEUA boundary, service conditions are provided as extra-territorial (ET) service.

The City of Upland (Upland) submitted an ET request to IEUA on November 1, 2016. The area is part of a development known as Sycamore Hills (Sycamore) and is located on 16th Street, west of Benson Avenue and includes two commercial buildings primarily within Upland, with a small portion located in the City of Claremont. The ET request is for 2.483 acres located in the City of Claremont as shown in Attachment 1. Upland has indicated that upon approval, the wastewater will discharge to the western portion of Upland's sewer system and flow to Carbon Canyon Water Recycling Facility (CCWRF). Based on a review of the IEUA Wastewater Facilities Master Plan, it is expected that CCWRF will be able to accommodate the estimated increase in flows from the ET area based on the preliminary maximum flow estimate from the developer of 0.2 million gallons per day. Based on the information contained within the request and an evaluation of available capacity by IEUA staff, it is recommended by staff to process Upland's request.

In accordance with the Regional Contract, IEUA notified the contracting agencies on November 4, 2016 of the receipt of Upland's ET request (Attachment 2). Per Section 12(A)(2) of the Regional Contract, the contracting agencies have the opportunity to request a public hearing on the sewer service to the proposed ET area. The request for a public hearing must be in writing to IEUA and received within thirty (30) days of the date on the notification letter. IEUA did not receive any requests for a public hearing within the 30-day notification period. Therefore, staff recommends the Board of Directors approve the ET request for sewer service from Upland for Sycamore upon payment of all applicable fees per the Regional Contract.

This approval of Upland's ET service request aligns with IEUA's Business Goals of *Business Practices and Wastewater Management* objectives by accommodating Upland and the commercial development with wastewater service and to accept and maintain wastewater capacity to meet essential service demands for the benefit of the IEUA service area.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The approval of Upland's ET service request will result in connection fees (Regional Wastewater Capital RC Fund) and ongoing monthly user fees (Regional Operations & Maintenance RO Fund) that include applicable ET charges.

Attachments:

1. Attachment 1: City of Upland Extra-Territorial Request Letter
2. Attachment 2: IEUA Notification Letter to RCAs
3. Resolution No. 2016-12-5 – Approval of City of Upland Extra-Territorial Request



Public Works Department
1370 N. Benson Ave.
Upland, CA 91786-0460
Telephone (909) 291-2930
Facsimile (909) 291-2974

November 1, 2016

Mr. Chris Berch
Executive Manager of Engineering
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91710

Subject: Extraterritorial Wastewater Discharge from City of Claremont to City of Upland

Dear Mr. Berch:

The Sycamore Hills Development (Development) in the City of Upland (Upland), as shown in the attached Exhibit 1, includes an area of two commercial buildings situated in the City of Claremont (Claremont). Due to its geographical location, no sewer service is currently available. As part of the sewer service to be provided to the entire Development, it would be economically practical for Upland to provide such service to this area, and Claremont has found this service arrangement acceptable.

Upland is requesting the Regional Technical Committee to consider and approve this extraterritorial area's wastewater discharge to the Upland sewer system (on 16th Street, west of Benson Avenue) and to the regional sewerage treatment facilities operated by the Inland Empire Utilities Agency (Agency). Below is its specific information:

Property Contact: Mr. Joe Cebina
LStar Communities
516 N. West St., Raleigh, NC 27603
joe@lstarland.com, 919.256.1981

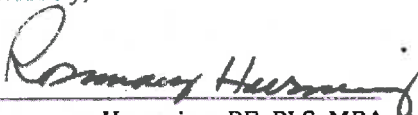
Est. Area Discharge: 100 - 115 gpm

Area Acreage: 2.483 acres

If approved, the subject wastewater will enter the western portion of the Upland sewer system and flows to the Agency's Carbon Canyon Wastewater Reclamation Facility.

Should you have any questions regarding this matter, please feel free to contact me or Harrison Nguyen of my staff at the above telephone number.

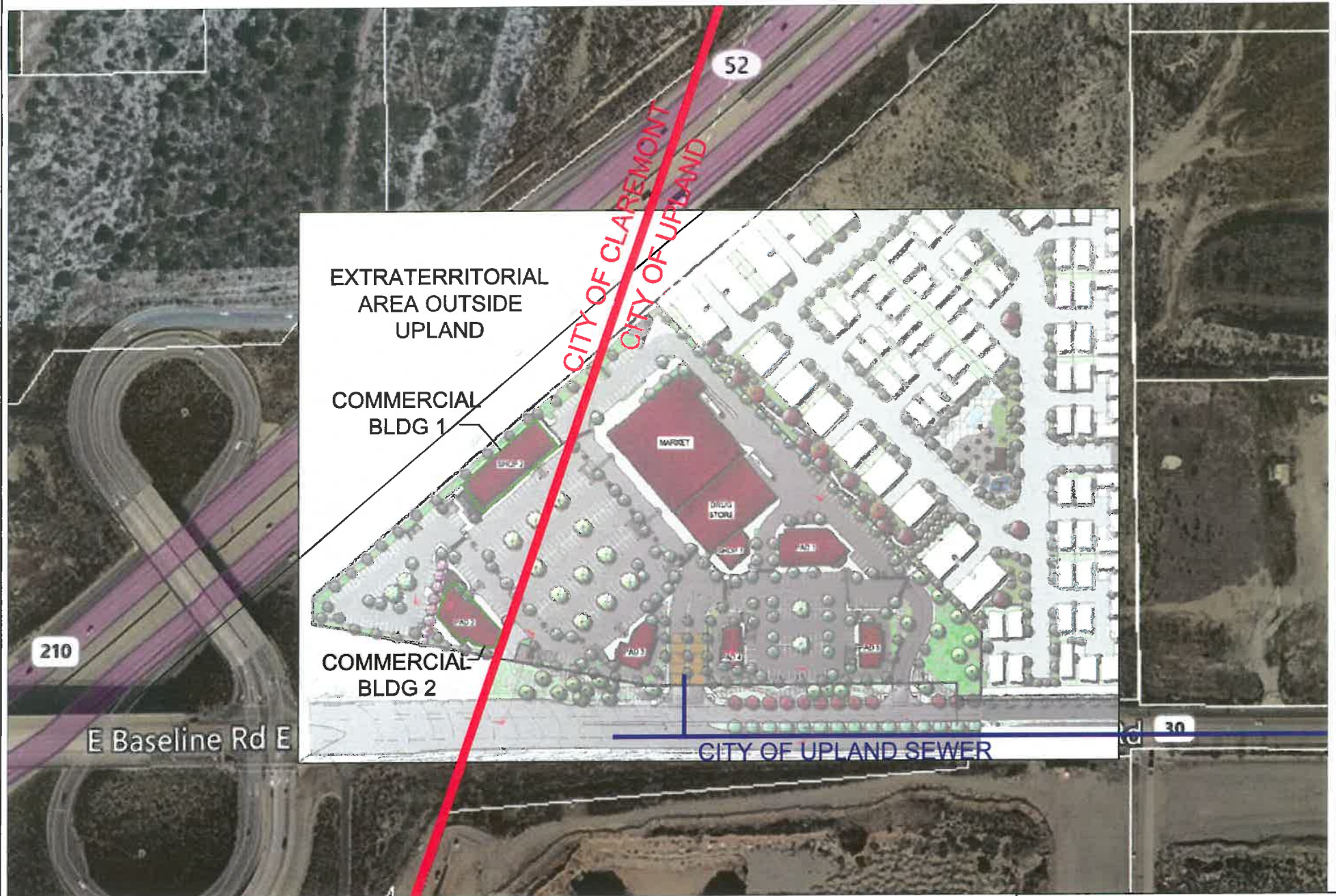
Sincerely,

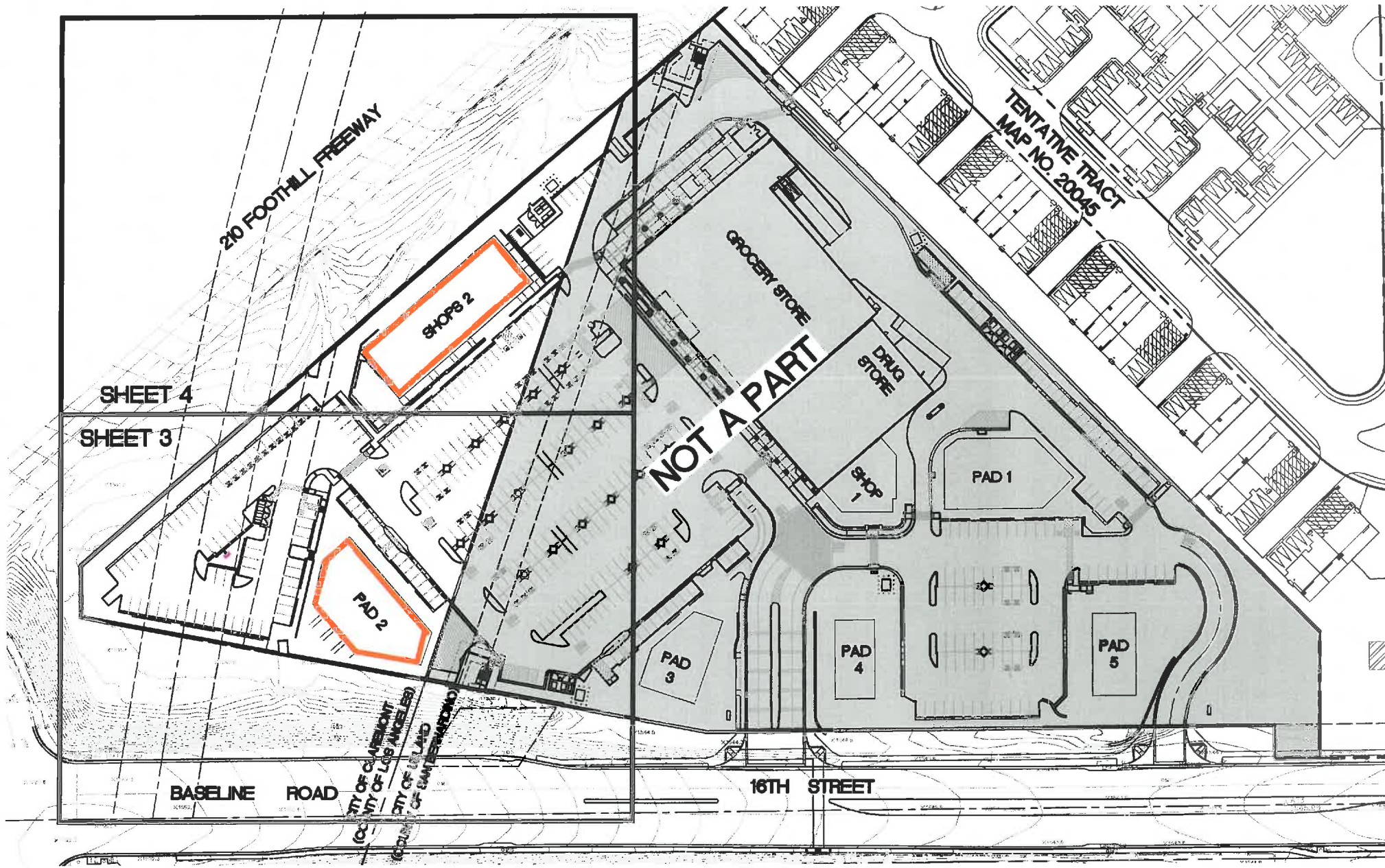

Rosemary Hoerning, PE, PLS, MPA
Public Works Director

Attachment: Exhibit 1
Copy: Harrison Nguyen, City of Upland

Ken Tam, Inland Empire Utilities Agency

SYCAMORE HILLS DEVELOPMENT





INDEX MAP
SCALE: 1"=100'



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

6075 Kimball Avenue • Chino, CA 91708
P.O. Box 9020 • Chino Hills, CA 91709
TEL (909) 993-1600 • FAX (909) 993-1985
www.ieua.org

November 4, 2016

TO: Regional Policy Committee Members
Regional Technical Committee Members

Subject: City of Upland Extra-Territorial Service Request

IEUA is in receipt of an extra-territorial sewer service request from the City of Upland for a 2.483 acre area located in the City of Claremont. The area is part of a development known as Sycamore Hills (Sycamore) located on 16th Street, west of Benson Avenue and includes two commercial buildings which are in the City of Claremont as shown in the attached map (Exhibit 1) provided by the City of Upland.

The City of Upland has indicated that the two buildings in the extra-territorial area will discharge to the western portion of Upland's sewer system and ultimately flow to IEUA's Carbon Canyon Water Recycling Facility (CCWRF). The tenants of the two commercial buildings are unknown at this time. It is expected that CCWRF will be able to accommodate the additional flows from this extra-territorial area based on a preliminary maximum flow estimate from the developer of 0.2 MGD.

In accordance with the provisions of the Regional Sewage Service Contract (Regional Contract), the contracting agencies are being notified of the extra-territorial service request. The procedures established in the Regional Contract provide the contracting agencies with an opportunity to request a public hearing on the question of authorizing sewer service to the proposed extra-territorial area. All requests for a public hearing must be in writing to IEUA, and received within thirty (30) days of the date of this correspondence. Barring any request for a public hearing, the extra-territorial areas shown in Exhibit 1 will be forwarded to the IEUA Board of Directors for approval by resolution during the December 21, 2016 Board meeting, subject to payment of all applicable fees.

Should you have any questions regarding the pending extra-territorial sewer service request, please contact Sylvie Lee at (909) 993-1646 or Ken Tam at (909) 993-1917.

Sincerely,


P. Joseph Grindstaff
General Manager

Water Smart – Thinking in Terms of Tomorrow

Terry Catlin
President

Michael E. Camacho
Vice President

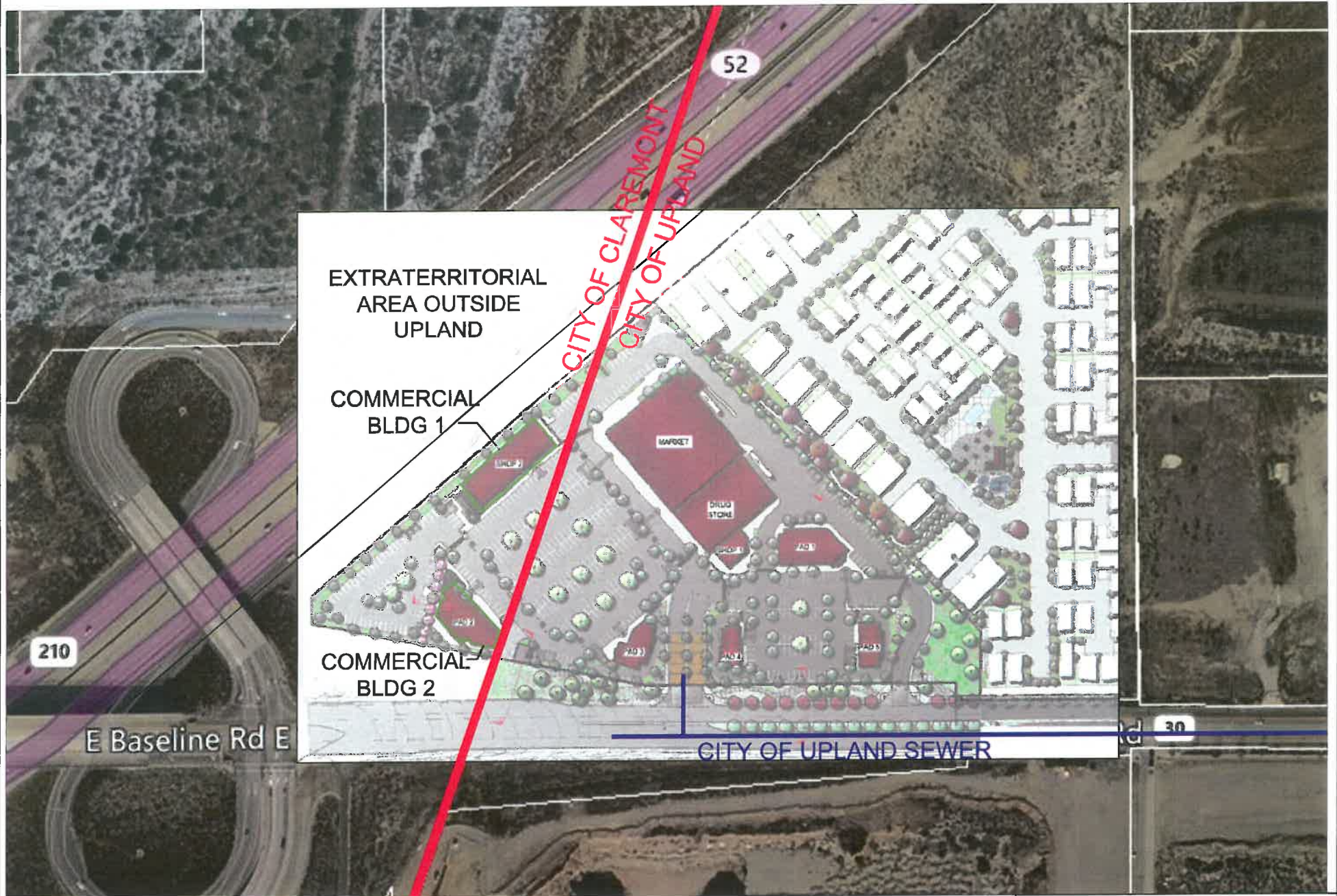
Steven J. Elie
Secretary/Treasurer

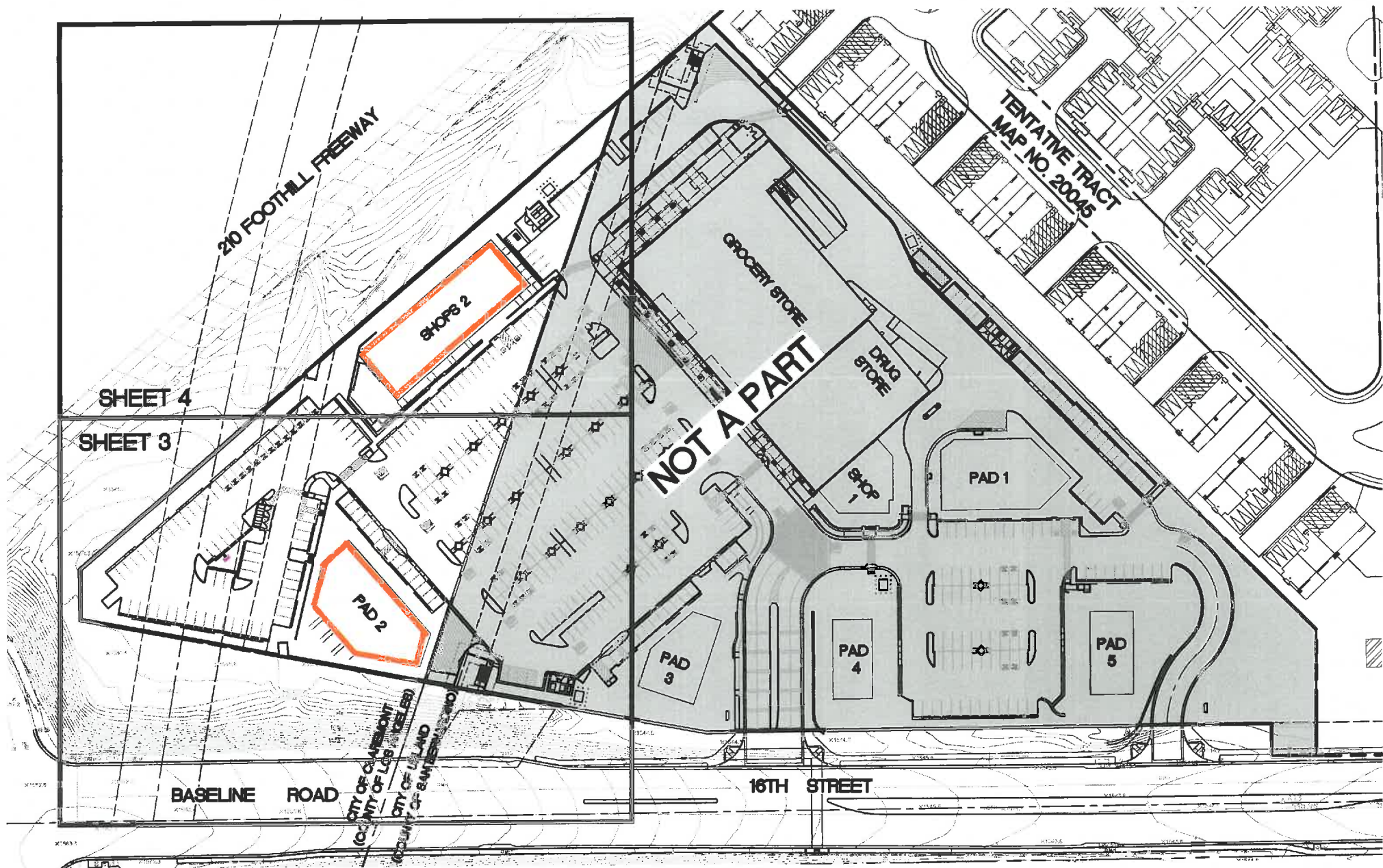
Jasmin A. Hall
Director

Paul Hofer
Director

P. Joseph Grindstaff
General Manager

SYCAMORE HILLS DEVELOPMENT





INDEX MAP
SCALE: 1"=100'

RESOLUTION NO. 2016-12-5

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY*, SAN
BERNARDINO COUNTY, CALIFORNIA, APPROVAL OF
CITY OF UPLAND EXTRA-TERRITORIAL REQUEST FOR
SYCAMORE HILLS DEVELOPMENT**

WHEREAS, the Regional Sewerage System is governed by the Regional Sewage Service Contract (Regional Contract) between the Regional Contracting Agencies and IEUA;

WHEREAS, the City of Upland has submitted a request to IEUA for extra-territorial sewer service for a 2.483 acre area located in the City of Claremont located on 16th Street, west of Benson Avenue (Attachment 1) in accordance with the Regional Contract per Section 12;

WHEREAS, correspondence was submitted to the Regional Contracting Agencies as notification per Section 12 for the opportunity of a public hearing upon written request to IEUA within 30 days of the City's extra-territorial sewer service request;

WHEREAS, a public hearing was not requested by the regional contracting agencies per Section 12 of the Regional Contract; and

WHEREAS, the wastewater flow from the requested extra-territorial service area can be accommodated by the Regional Sewerage System and Carbon Canyon Water Recycling Facility.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, that the extra-territorial service area requested by the City of Upland be approved for sewer service upon the payment of all applicable fees per Section 12.

ADOPTED this 21st day of December, 2016

President of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

ATTEST:

Secretary of the Inland Empire
Utilities Agency* and of the Board
of Directors thereof

* A Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2016-12-5 was adopted at a Board
Meeting on December 21, 2016, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary/Treasurer of the Inland
Empire Utilities Agency* and of the
Board of Directors thereof

(SEAL)

* A Municipal Water District

Extra-Territorial Sewer Service Request – City of Upland

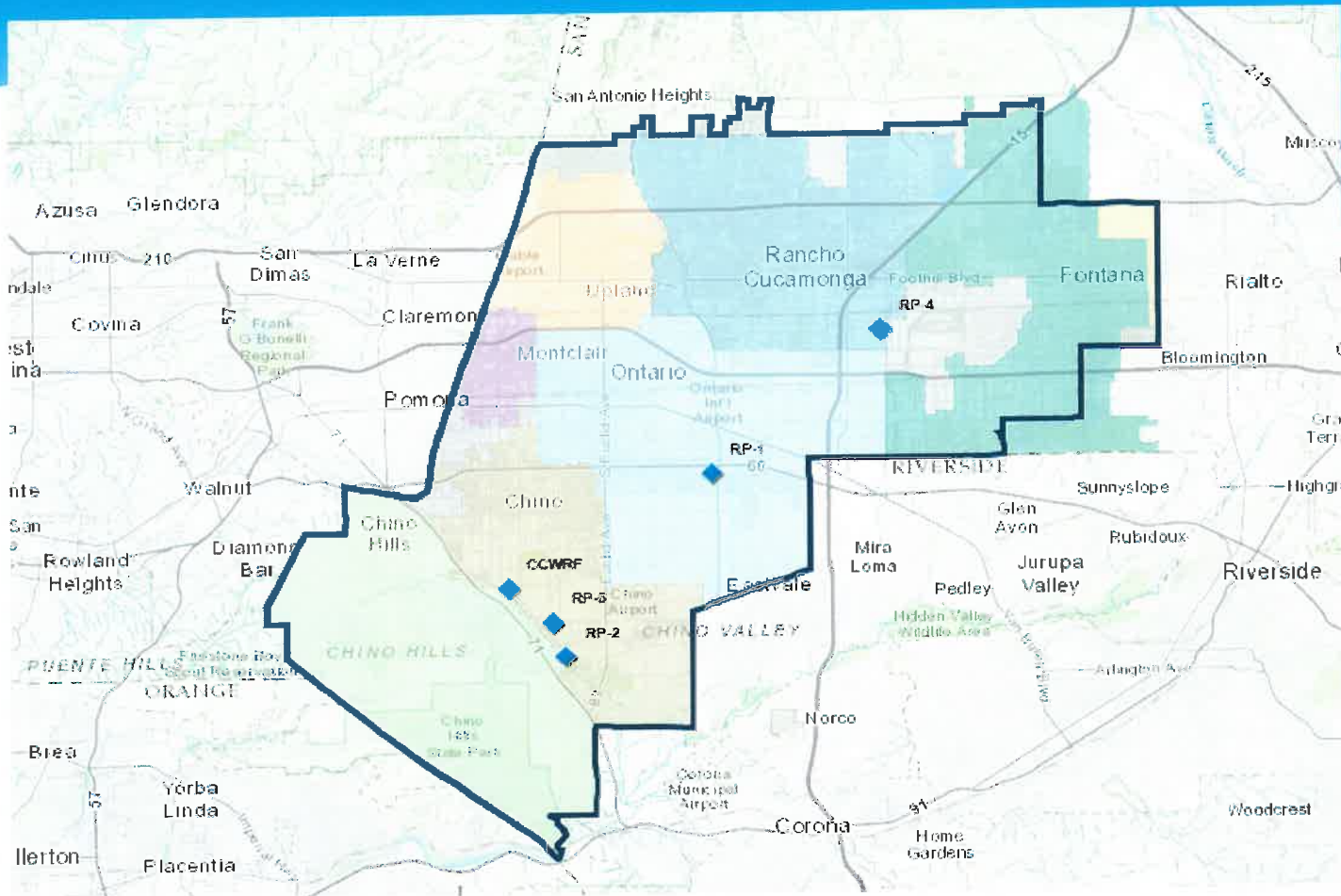


Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Ken Tam

IEUA Board of Directors Meeting
December 2016

Background



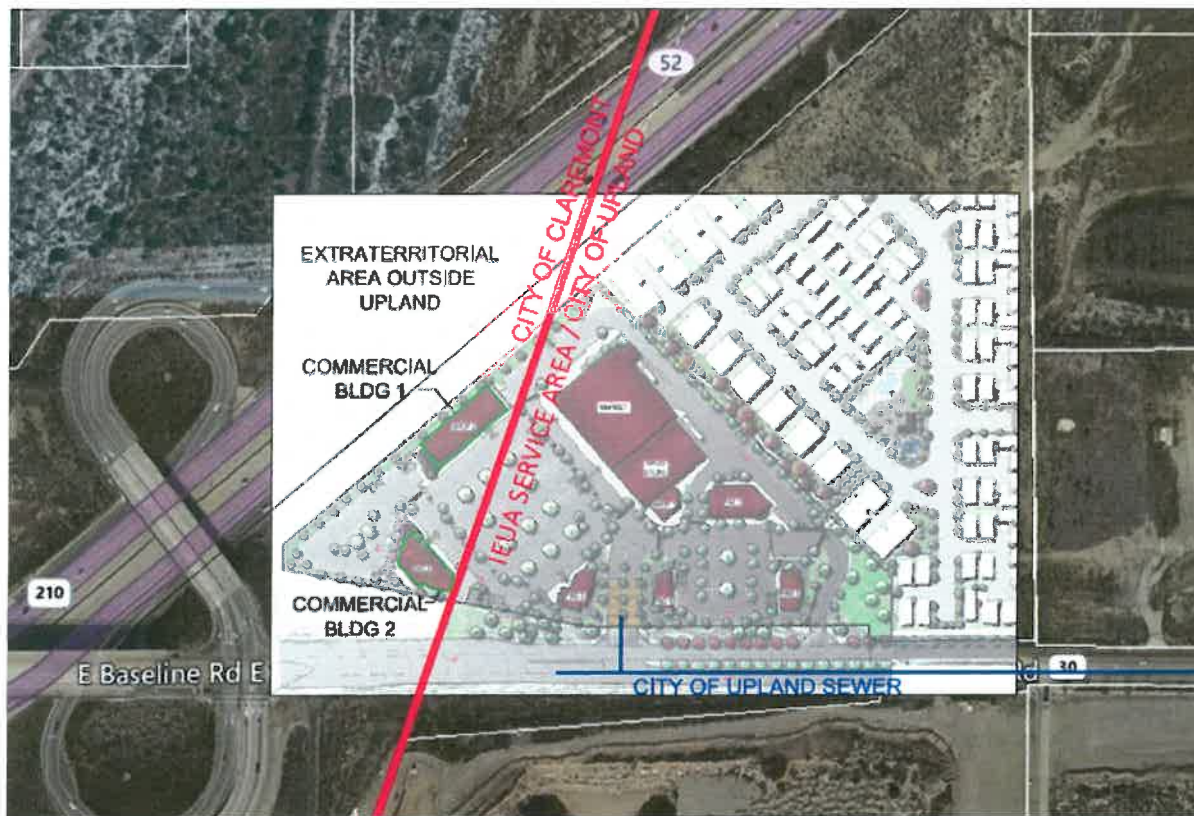
- Extra-territorial sewer service is defined as area outside of IEUA Boundary

Background

- City of Upland is requesting extra-territorial (ET) sewer service
 - Commercial Development located partly in the City of Claremont
- ET Sewer Service
 - Requires notification to Contracting Agencies
 - If requested, public hearing to discuss authorization of sewer service
- Financial Impact
 - Requires payment of back taxes to 1973
 - Charged ongoing extra-territorial monthly fees

Project Location

SYCAMORE HILLS DEVELOPMENT



- 2.483 Acres
- ~16,000 sq. ft. of commercial building space
- ~0.2 MGD of preliminary maximum flow
- Flows to CCWRF
- Within IEUA Treatment Capacity

Notification and Approval

- Nov. 4, 2016 - IEUA notified Contracting Agencies of ET request
- No requests for public hearing
- Per Regional Contract, IEUA Board may authorize ET request
- Upon IEUA Board approval, ET sewer service will commence upon payment of applicable fees



Recommendation

Staff recommends the Board of Directors approve the extra-territorial request for sewer service from the City of Upland for the Sycamore Hills Development.

The approval of the City of Upland's extra-territorial request aligns with the **Agency's Business Goal of Business Practices and Wastewater Management** by accommodating Upland and Sycamore Hills with wastewater service and to accept and maintain wastewater capacity to meet the essential service demands for the benefit of the IEUA service area.


**INFORMATION
ITEM**


3A


Date: December 21, 2016

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (12/14/16)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Christina Valencia
Chief Financial Officer/ Assistant General Manager

 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Treasurer's Report of Financial Affairs

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended October 31, 2016 is an informational item for the Board of Director's review.

BACKGROUND

The Treasurer's Report of Financial Affairs for the month ended October 31, 2016 is submitted in a format consistent with State requirements. The monthly report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2016-5-1).

Total cash, investments, and restricted deposits of \$178,779,415 reflects a decrease of \$3,043,177 compared to the total reported for September 2016. The decrease can be attributed to payment of grant receipts passed-through to the Chino Basin Desalter Authority. As a result, the average days of cash on hand for the month ended October 31, 2016 decreased to 276 days from 287 days as reported in September 2016. Average days of cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating expenses, debt service, and capital expenditures as recorded in the Agency's cash flow. New connection fees collected and held by member agencies are excluded from the days of cash on hand calculation.

The Agency's investment portfolio average rate of return in October 2016 was 0.881%, a slight increase of 0.052% compared to the average yield of 0.829% reported in September 2016. The

increase can be attributed to cash deposits into LAIF and CalTrust, local government investment pool accounts, with yields of 0.654% and 0.929% respectively. Deposits are in preparation of the refinancing of the 2008A Revenue Bonds.

The Financial Affairs report is consistent with the Agency's Business Goal of Fiscal Responsibility in providing financial reporting that accounts for cash and investment activities to fund operating requirements and to optimize investment earnings.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The interest earned on the Agency's investment portfolio increases the Agency's reserves.

Attachment: October 2016 Treasurer's Report of Financial Affairs

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended October 31, 2016



All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2016-5-1) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on May 18, 2016.

The funds anticipated to be available during the next six-month period are expected to be sufficient to meet all foreseen expenditures during the period.

* A Municipal Water District

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
October 31, 2016

	October	September
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	\$560,011	\$819,185
<u>Investments</u>		
Citizens Business Bank (CBB) Repurchase (Sweep)	\$11,581,992	\$27,085,624
Local Agency Investment Fund (LAIF)	29,584,481	25,542,452
CalTrust	16,068,774	16,069,016
California Asset Management Program (CAMP)	13,022,781	8,016,570
Certificates of Deposit	3,630,000	3,630,000
Medium Term Notes	9,600,082	9,602,066
U.S. Treasury Notes	999,978	999,963
U.S. Government Sponsored Entities	28,429,033	29,428,799
Total Investments	\$112,917,121	\$120,374,490
 Total Cash and Investments Available to the Agency	 \$113,477,132	 \$121,193,675
 <u>Restricted Deposits</u>		
Debt Service Accounts	\$5,669,810	\$2,544,810
CCRA Deposits Held by Member Agencies	50,244,301	48,569,971
OPEB (CERBT) Account	9,358,604	9,514,136
Escrow Deposits	29,568	0
Total Restricted Deposits	\$65,302,283	\$60,628,917
 Total Cash, Investments, and Restricted Deposits	 \$178,779,415	 \$181,822,592

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
October 31, 2016

Cash, Bank Deposits, and Bank Investment Accounts

CBB Demand Account (Offset by CBB Sweep Balance)	\$370,673
CBB Workers' Compensation Account	32,755
Bank of America (BofA) Payroll Account	37,664
BofA Payroll Taxes Account	34,840
Subtotal Demand Deposits	\$475,932
Other Cash and Bank Accounts	
Petty Cash	\$2,250
Subtotal Other Cash	\$2,250
US Bank Pre-Investment Money Market Account	\$81,829
Total Cash and Bank Accounts	\$560,011

Investments

CBB Repurchase (Sweep) Investments	
Fannie Mae	\$3,407,228
Freddie Mac	8,174,764
Subtotal CBB Repurchase (Sweep)	\$11,581,992
Local Agency Investment Fund (LAIF)	
LAIF Non-Restricted Fund	\$29,584,481
Subtotal Local Agency Investment Fund	\$29,584,481
CalTrust	
Short Term	\$10,110,119
Medium Term - Restricted	5,958,655
Subtotal CalTrust	\$16,068,774
California Asset Management Program (CAMP)	
Pool	\$13,022,781
Subtotal CAMP	\$13,022,781

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
October 31, 2016

Investments Continued

Certificates of Deposit

Brokered Certificates of Deposit	\$3,630,000
Subtotal Certificates of Deposit	\$3,630,000

Medium Term Notes

John Deere Capital Corp.	\$1,000,785
Toyota Motor Credit Corp.	2,000,000
JP Morgan Chase & Co.	999,459
Johnson & Johnson	2,020,136
Microsoft	2,069,565
Wells Fargo Bank N.A.	1,510,137
Subtotal Medium Term Notes	\$9,600,082

U.S. Treasury Notes

Treasury Note	\$999,978
Subtotal U.S. Treasury Notes	\$999,978

U.S. Government Sponsored Entities

Fannie Mae Bank	\$7,749,526
Freddie Mac Bank	7,481,413
Federal Farm Credit Bank	10,198,094
Federal Home Loan Bank	3,000,000
Subtotal U.S. Government Sponsored Entities	\$28,429,033

Total Investments

\$112,917,121

Restricted Deposits

Debt Service Reserves

08A Debt Service Accounts	\$3,125,000
08B Debt Service Accounts	\$2,544,719
10A Debt Service Accounts	91
Subtotal Debt Service Reserves	\$5,669,810

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
October 31, 2016

CCRA Deposits Held by Member Agencies

City of Chino	\$11,398,481
Cucamonga Valley Water District	10,465,707
City of Fontana	8,617,283
City of Montclair	2,209,297
City of Ontario	10,081,457
City of Chino Hills	4,485,378
City of Upland	2,986,698
Subtotal CCRA Deposits Held by Member Agencies	\$50,244,301

CalPERS

OPEB (CERBT) Account	\$9,358,604
Subtotal CalPERS Accounts	\$9,358,604

Escrow Deposits

Kemp Brothers Construction	\$29,568
Subtotal Escrow Deposits	\$29,568

Total Restricted Deposits

\$65,302,283

Total Cash, Investments, and Restricted Deposits as of October 31, 2016

\$178,779,415

Total Cash, Investments, and Restricted Deposits as of 10/31/16

\$178,779,415

Less: Total Cash, Investments, and Restricted Deposits as of 9/30/16

181,822,592

Total Monthly Increase (Decrease)

(\$3,043,177)

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
October 31, 2016

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par	Cost Basis	Term	October	October	% Coupon	% Yield to Maturity	Maturity	Market
	S&P	Moody's	S&P	Moody's	Amount	Amount	(Days)	Amortization	Value		Date	Value	
Cash, Bank Deposits, and Bank Investment Accounts													
Citizens Business Bank (CBB)													
Demand Account*					\$370,673	\$370,673	N/A	N/A	\$370,673		N/A	N/A	\$370,673
Workers' Compensation Account					32,755	\$32,755	N/A	N/A	\$32,755		N/A	N/A	\$32,755
Subtotal CBB Accounts					\$403,428	\$403,428			\$403,428				\$403,428
Bank of America (BoFA)													
Payroll Checking					\$37,664	\$37,664	N/A	N/A	\$37,664		N/A	N/A	\$37,664
Payroll Tax Checking					34,840	34,840	N/A	N/A	34,840		N/A	N/A	34,840
Subtotal B of A Accounts					\$72,504	\$72,504			\$72,504		N/A		\$72,504
US Bank (USB)													
Federated Automated MMA					\$81,829	\$81,829	N/A	N/A	\$81,829		0.02%	N/A	\$81,829
Subtotal USB Account					\$81,829	\$81,829			\$81,829		0.02%		\$81,829
Petty Cash					\$2,250	\$2,250	N/A	N/A	\$2,250		N/A	N/A	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts					\$560,011	\$560,011			\$560,011				\$560,011
<i>*Negative demand checking balance is offset by the Daily Repurchase (Sweep) Account balance</i>													
Investments													
CBB Daily Repurchase (Sweep) Accounts													
Fannie Mae					\$3,407,228	\$3,407,228	N/A	N/A	\$3,407,228		0.40%	N/A	\$3,407,228
Freddie Mac					8,174,764	8,174,764	N/A	N/A	8,174,764		0.40%		8,174,764
Subtotal CBB Repurchase Accounts					\$11,581,992	\$11,581,992			\$11,581,992		0.40%		\$11,581,992
LAIF Accounts													
Non-Restricted Funds					\$25,584,481	\$25,584,481	N/A	N/A	\$25,584,481		0.654%	N/A	\$25,584,481
LAIF Sinking Fund					4,000,000	4,000,000	N/A	N/A	4,000,000		0.654%	N/A	4,000,000
Subtotal LAIF Accounts					\$29,584,481	\$29,584,481			\$29,584,481		0.654%		\$29,584,481
CALTRUST Accounts													
Short-Term					\$10,110,119	\$10,110,119	N/A	N/A	\$10,110,119		0.87%	N/A	\$10,110,119
Medium-Term (Self Insurance Reserves)					5,958,655	5,958,655	N/A	N/A	5,958,655		1.03%	N/A	5,958,655
Subtotal CalTrust Accounts					\$16,068,774	\$16,068,774			\$16,068,774		0.929%		\$16,068,774
CAMP Accounts													
Short-Term					\$8,022,781	\$8,022,781	N/A	N/A	\$8,022,781		0.66%	N/A	\$8,022,781
CAMP Sinking Fund					5,000,000	5,000,000			5,000,000		0.66%		5,000,000
Subtotal CAMP Accounts					\$13,022,781	\$13,022,781			\$13,022,781		0.66%		\$13,022,781

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
October 31, 2016

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par	Cost Basis	Term	October	October	% Coupon	% Yield to Maturity	Maturity	Market
	S&P	Moody's	S&P	Moody's	Amount	Amount	(Days)	Amortization	Value			Date	Value
Investments (continued)													
Brokered Certificates of Deposit (CDs)													
Ally Bank	N/A				\$245,000	\$245,000	551		\$245,000	0.80%	0.80%	01/17/17	\$245,130
Capital One National Association	N/A				240,000	240,000	552		240,000	0.80%	0.80%	01/17/17	240,127
Compass Bank	N/A				245,000	245,000	552		245,000	0.85%	0.85%	01/17/17	245,186
Comenity Capital Bank	N/A				240,000	240,000	731		240,000	1.15%	1.15%	07/13/17	240,674
Discover Bank	N/A				240,000	240,000	552		240,000	1.15%	1.15%	07/17/17	240,936
Medallion Bank	N/A				240,000	240,000	733		240,000	1.20%	1.20%	07/17/17	240,665
Sallie Mae Bank	N/A				248,000	248,000	743		248,000	1.15%	1.15%	11/06/17	249,086
Key Bank National Association	N/A				248,000	248,000	732		248,000	1.10%	1.10%	11/13/17	249,123
Capital One Bank	N/A				240,000	240,000	916		240,000	1.35%	1.35%	01/16/18	241,598
Goldman Sachs Bank USA	N/A				240,000	240,000	916		240,000	1.40%	1.40%	01/16/18	241,742
BMW Bank of North America	N/A				240,000	240,000	915		240,000	1.40%	1.40%	01/17/18	241,745
American Express Bank	N/A				240,000	240,000	1097		240,000	1.70%	1.70%	07/16/18	242,417
American Express Centurion	N/A				240,000	240,000	1097		240,000	1.70%	1.70%	07/16/18	242,417
HSBC Bank USA, NA Step	N/A				244,000	244,000	1827		244,000	1.25%	2.51%	07/29/20	244,886
Synchrony Bank	N/A				240,000	240,000	1827		240,000	2.25%	2.25%	10/02/20	248,719
Subtotal Brokered CDs					\$3,630,000	\$3,630,000		\$0	\$3,630,000		1.366%		\$3,654,451
US Treasury Note													
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463	1092	15	\$999,978	0.63%	0.64%	12/15/16	\$1,000,450
Subtotal US Treasuries					\$1,000,000	\$999,463		15	\$999,978		0.64%		\$1,000,450
U.S. Government Sponsored Entities													
Federal Farm Credit Bank (<i>Sinking Fund Reserves</i>)	AA+	AAA			\$5,195,000	\$5,199,431	447	(303)	\$5,198,094	0.75%	0.68%	09/13/17	\$5,198,325
Freddie Mac Bond	AA+	AAA			2,000,000	2,000,000	714		2,000,000	1.05%	1.05%	05/10/18	2,000,040
Fannie Mae Bond	AA+	AAA			2,000,000	2,000,000	1,097		2,000,000	1.20%	1.20%	11/28/18	2,000,620
Fannie Mae Bond	AA+	AAA			2,000,000	2,000,000	1,459		2,000,000	1.63%	1.63%	12/28/18	2,002,660
Federal Farm Credit Bank	AA+	AAA			3,000,000	3,000,000	1,079		3,000,000	1.15%	1.15%	02/22/19	3,000,270
Freddie Mac Bond	AA+	AAA			1,000,000	1,003,132	1,023	(95)	1,002,648	1.25%	1.14%	03/15/19	1,005,710
Federal Home Loan Bank	AA+	AAA			3,000,000	3,000,000	1,186		3,000,000	1.50%	1.50%	04/26/19	3,002,790
Federal Farm Credit Bank	AA+	AAA			2,000,000	2,000,000	1,460		2,000,000	1.52%	1.52%	06/24/19	2,020,600
Freddie Mac Bond	AA+	AAA			1,500,000	1,500,000	1,080		1,500,000	1.15%	1.15%	07/26/19	1,492,755
Fannie Mae Step Bond	AA+	AAA			1,500,000	1,500,000	1,080		1,500,000	0.88%	1.33%	07/26/19	1,494,315
Fannie Mae Bond	AA+	AAA			900,000	899,460	1,153	14	899,526	1.25%	1.25%	08/23/19	898,587
Fannie Mae Bond	AA+	AAA			1,350,000	1,350,000	1,157		1,350,000	1.25%	1.25%	08/26/19	1,348,110
Freddie Mac Bond	AA+	AAA			3,000,000	2,972,928	1,359	618	2,978,765	1.25%	1.50%	10/02/19	3,015,360
Subtotal U.S. Gov't Sponsored Entities					\$28,445,000	\$28,424,951		\$234	\$28,429,033		1.211%		\$28,480,142

(As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
October 31, 2016

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par	Cost Basis	Term	October	October	%	%	Maturity	Market
	S&P	Moody's	S&P	Moody's	Amount	Amount	(Days)	Amortization	Value	Coupon	Yield to Maturity	Date	Value
Medium Term Notes													
John Deere Capital Corp	A	A2			\$1,000,000	\$1,004,000	1,754	(71)	\$1,000,785	1.20%	1.11%	10/10/17	\$1,001,620
Toyota Motor Credit Corp	AA-	AA3			2,000,000	2,000,000	1,045		2,000,000	1.10%	1.10%	04/25/18	1,978,920
JP Morgan Chase & Co	A-	A3			1,000,000	999,000	1,037	30	999,459	1.63%	1.66%	05/15/18	1,001,690
Johnson & Johnson	AAA	AAA			2,000,000	2,027,480	1,044	(816)	2,020,136	1.65%	1.16%	12/05/18	2,021,180
Microsoft	AAA	AAA			2,050,000	2,076,691	1,045	(792)	2,069,565	1.63%	1.16%	12/06/18	2,075,359
Wells Fargo Bank	AA-	Aa2			1,500,000	1,511,655	1,061	(336)	1,510,137	1.75%	1.48%	05/24/19	1,505,835
Subtotal Medium Term Notes					\$9,550,000	\$9,618,826		(\$1,985)	\$9,600,082		1.25%		\$9,584,604
Total Investments					\$112,883,028	\$112,931,268			\$112,917,121				\$112,977,675
<i>(Source of Investment Market Value: US Bank)</i>													
Restricted Deposits													
Debt Service and Arbitrage Accounts													
08A Debt Service Accounts					\$3,125,000	\$3,125,000	N/A	N/A	\$3,125,000		0.00%		\$3,125,000
08B Debt Service Accounts					\$2,544,719	\$2,544,719	N/A	N/A	\$2,544,719		0.00%		\$2,544,719
10A Debt Service Accounts					91	91	N/A	N/A	91		0.10%		91
Total Debt Service Accounts					\$5,669,810	\$5,669,810			\$5,669,810		0.00%		\$5,669,810
CCRA Deposits Held by Member Agencies													
City of Chino					\$11,398,481	\$11,398,481	N/A	N/A	\$11,398,481		N/A	N/A	\$11,398,481
Cucamonga Valley Water District					10,465,707	10,465,707	N/A	N/A	10,465,707		N/A	N/A	10,465,707
City of Fontana					8,617,283	8,617,283	N/A	N/A	8,617,283		N/A	N/A	8,617,283
City of Montclair					2,209,297	2,209,297	N/A	N/A	2,209,297		N/A	N/A	2,209,297
City of Ontario*					10,081,457	10,081,457	N/A	N/A	10,081,457		N/A	N/A	10,081,457
City of Chino Hills					4,485,378	4,485,378	N/A	N/A	4,485,378		N/A	N/A	4,485,378
City of Upland					2,986,698	2,986,698	N/A	N/A	2,986,698		N/A	N/A	2,986,698
Subtotal CCRA Deposits Held by Member Agencies					\$50,244,301	\$50,244,301			\$50,244,301				\$50,244,301
<i>Reported total as of October 31, 2016 - net of received Capital Call proceeds. (Anticipated 1st Qtr. Call receipts will be deducted from total when received.)</i>													
<i>* Has not reported for October.</i>													
CalPERS Deposits													
OPEB (CERBT) Account					\$9,000,000	\$9,000,000	N/A	N/A	\$9,358,604		N/A	N/A	\$9,358,604
Subtotal CalPERS Deposits					\$9,000,000	\$9,000,000			\$9,358,604				\$9,358,604
Escrow Deposits													
Kemp Brothers Construction Escrow					\$29,568	\$29,568	N/A	N/A	\$29,568		N/A	N/A	\$29,568
Subtotal Escrow Deposits					\$29,568	\$29,568			\$29,568				\$29,568
Total Restricted Deposits					\$64,943,679	\$64,943,679			\$65,302,283				\$65,302,283
Total Cash, Investments, and Restricted Deposits as of October 31, 2016					\$178,386,718	\$178,434,958			\$178,779,415				\$178,839,969

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 October 31, 2016

October Purchases

No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield
			None	\$ -	
Total Purchases				\$ -	

October Investment Maturities, Calls & Sales

No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
1	10/27/16	Full Call	Federal Farm Credit Bank Bond	\$ 1,000,000	1.420%
Total Maturities, Calls & Sales				\$ 1,000,000	

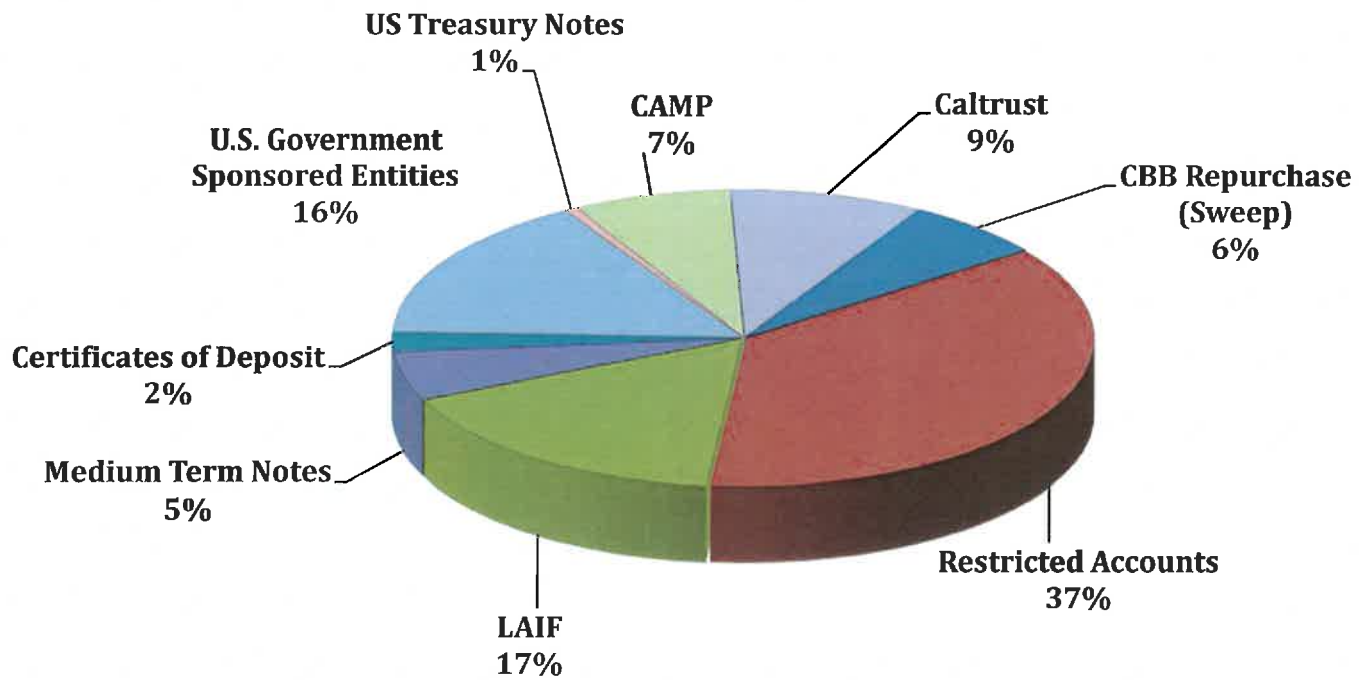
INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
October 31, 2016

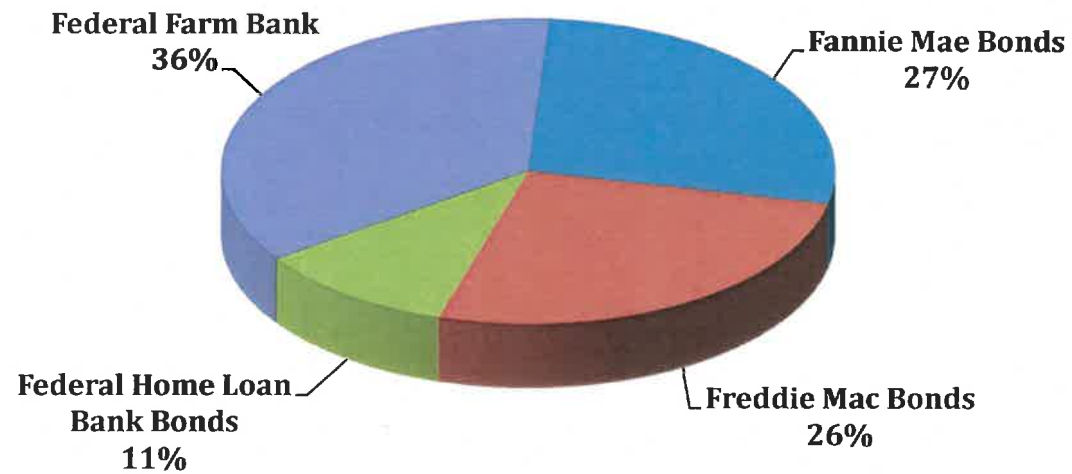
<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$11,581,992	0.400%
LAIF	29,584,481	0.654%
CalTrust	16,068,774	0.929%
CAMP	13,022,781	0.660%
Medium Term Notes	9,600,082	1.245%
US Treasury Notes	999,978	0.640%
U.S. Government Sponsored Entities	28,429,033	1.211%
	\$109,287,121	0.865%
Bank Deposit and Investment Accounts		
Various Banks - Brokered Certificates of Deposit	\$3,630,000	1.366%
	\$3,630,000	1.366%
Total Investment Portfolio	\$112,917,121	
Investment Portfolio Rate of Return		0.881%
<u>Restricted/Transitory/Other Demand Accounts</u>	<u>Amount Invested</u>	<u>Yield</u>
CCRA Deposits Held by Member Agencies	\$50,244,301	N/A
CalPERS OPEB (CERBT) Account	9,358,604	N/A
US Bank - 2008B Debt Service Accounts	2,544,719	0.000%
Citizens Business Bank - Demand Account	370,673	N/A
US Bank - 2010A Debt Service Accounts	91	0.100%
US Bank - Pre-Investment Money Market Account	81,829	0.020%
Citizens Business Bank - Workers' Compensation Account	32,755	N/A
Other Accounts*	74,754	N/A
	\$65,832,726	
Total Other Accounts		
Average Yield of Other Accounts		0.001%
Total Agency Directed Deposits	\$178,749,847	

* Note: Bank of America Payroll Deposits used as compensating balances for bank services.

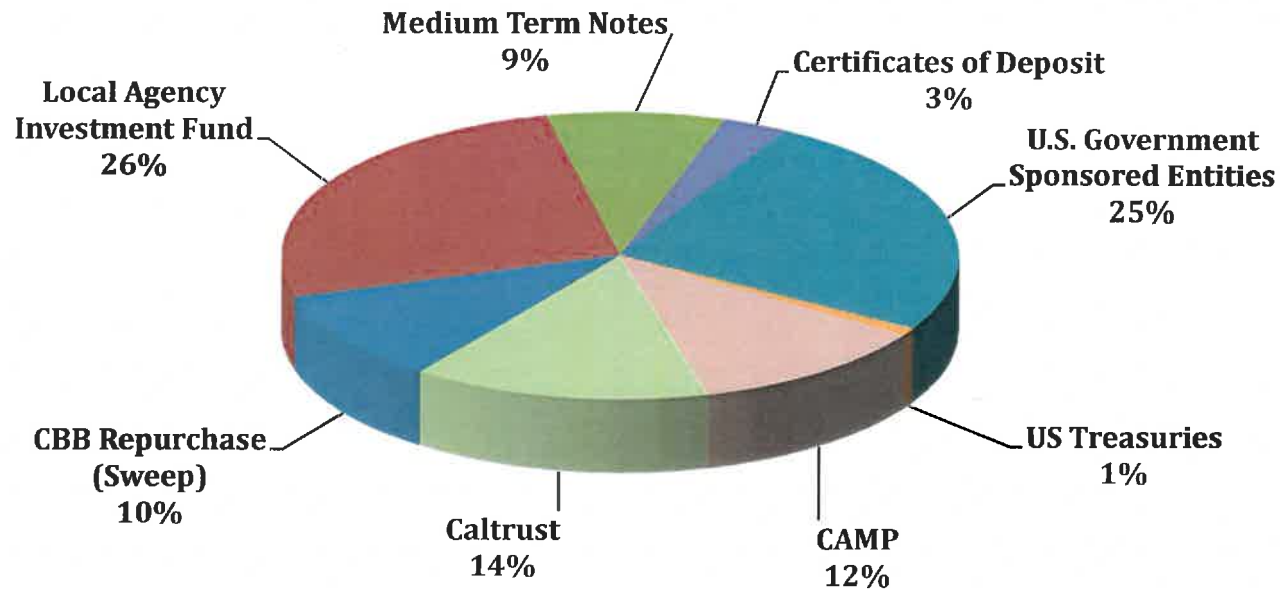
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended October 31, 2016
Agency Investment Portfolio (net of escrow accounts)
\$178,749,847



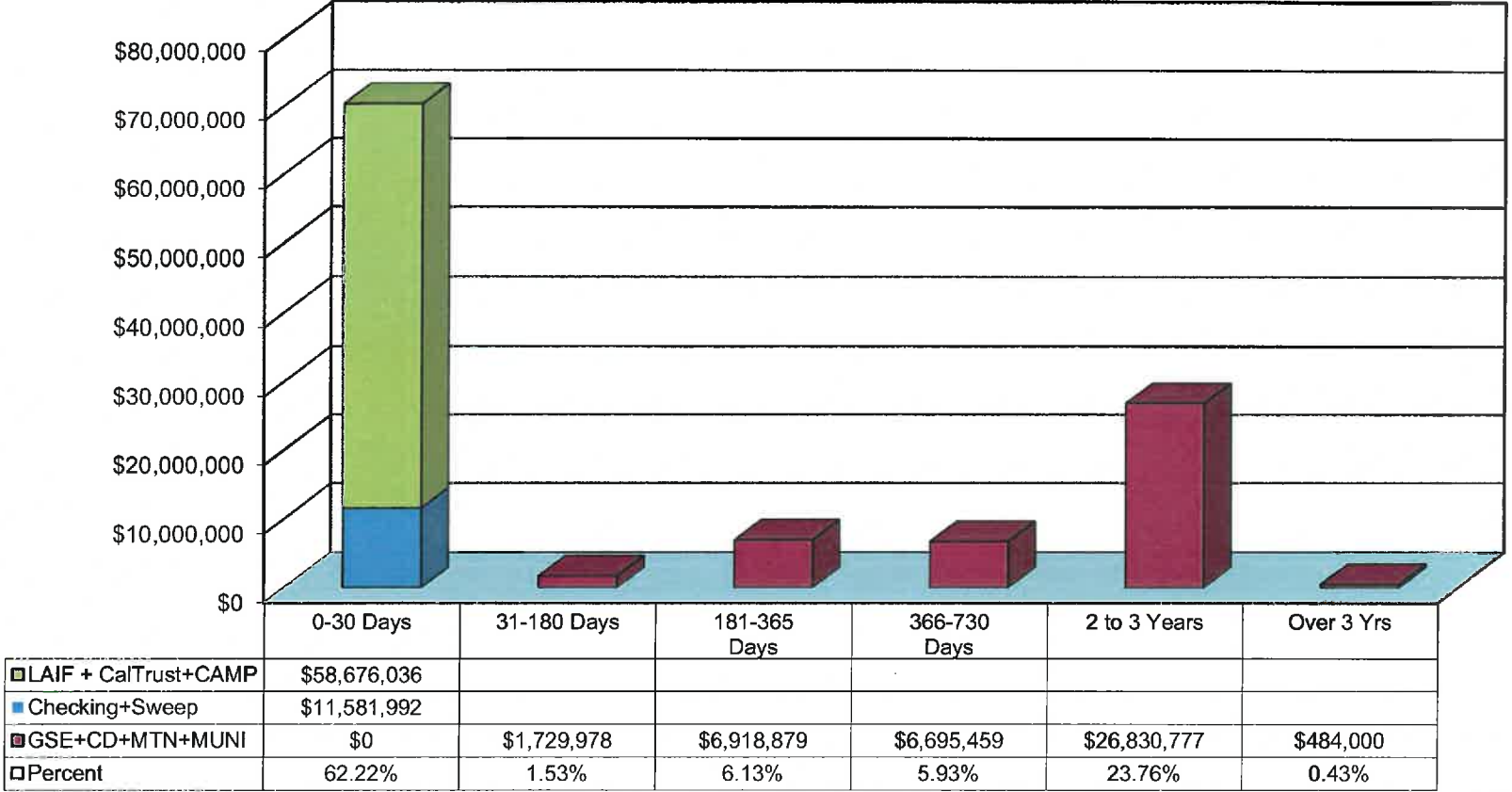
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended October 31, 2016
U.S. Government Sponsored Entities Portfolio
\$28,429,033



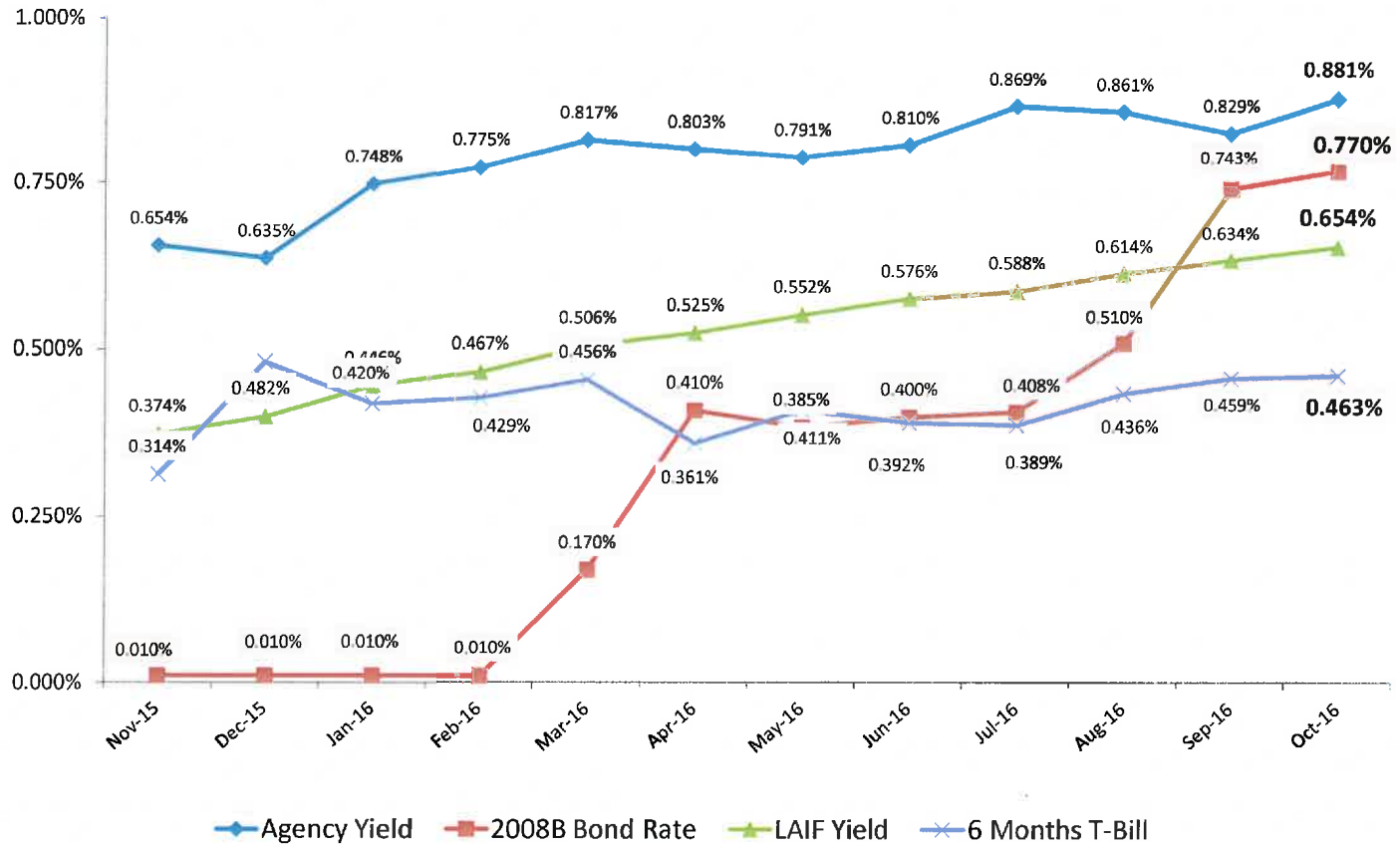
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended October 31, 2016
Unrestricted Agency Investment Portfolio
\$112,917,121



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended October 31, 2016
Agency Investment Portfolio Maturity Distribution
\$112,917,121



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
Agency Investment Portfolio Yield Comparison



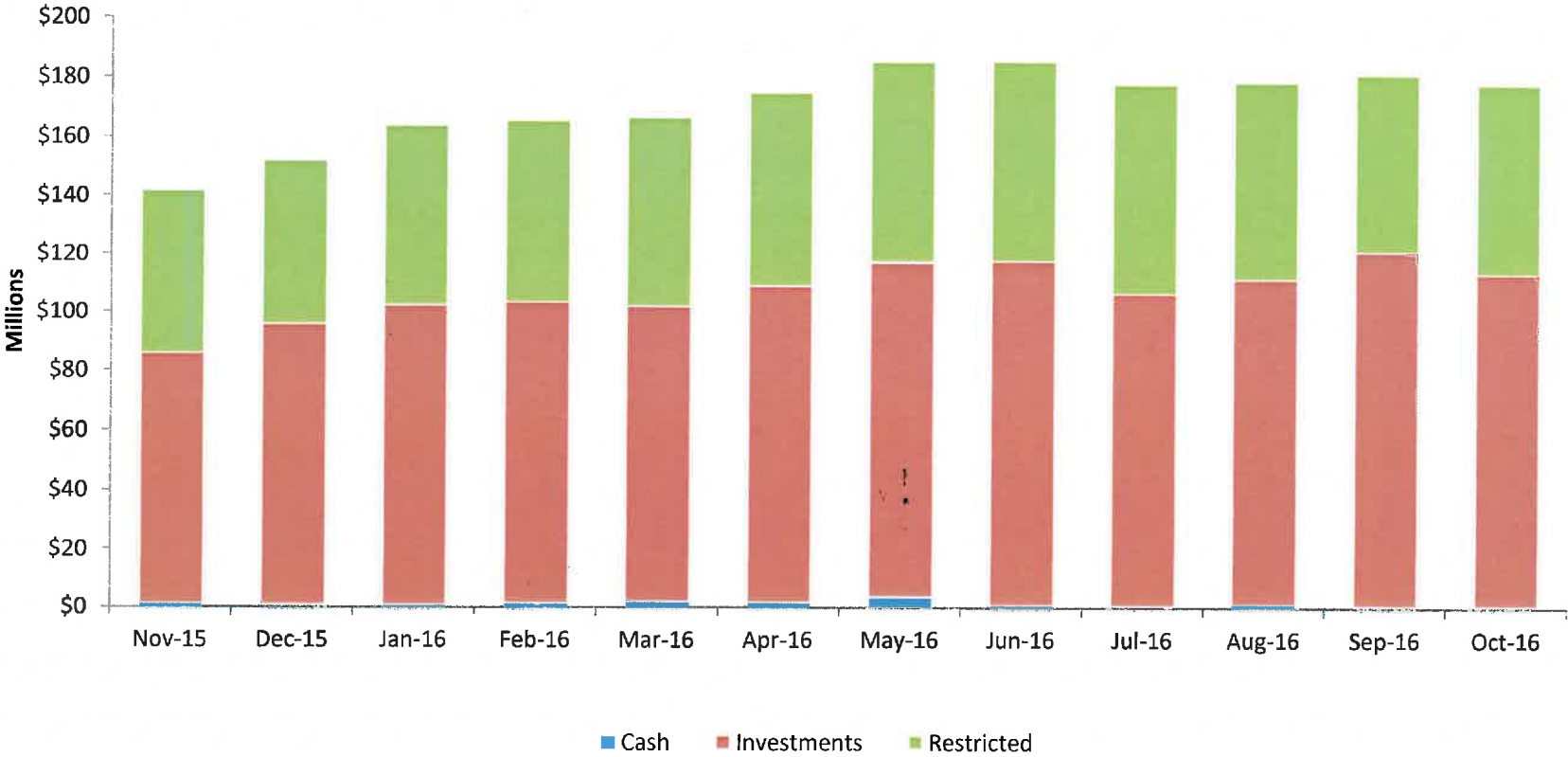
Treasurer's Report of Financial Affairs for October 31, 2016

**December 2016
Board Meeting**

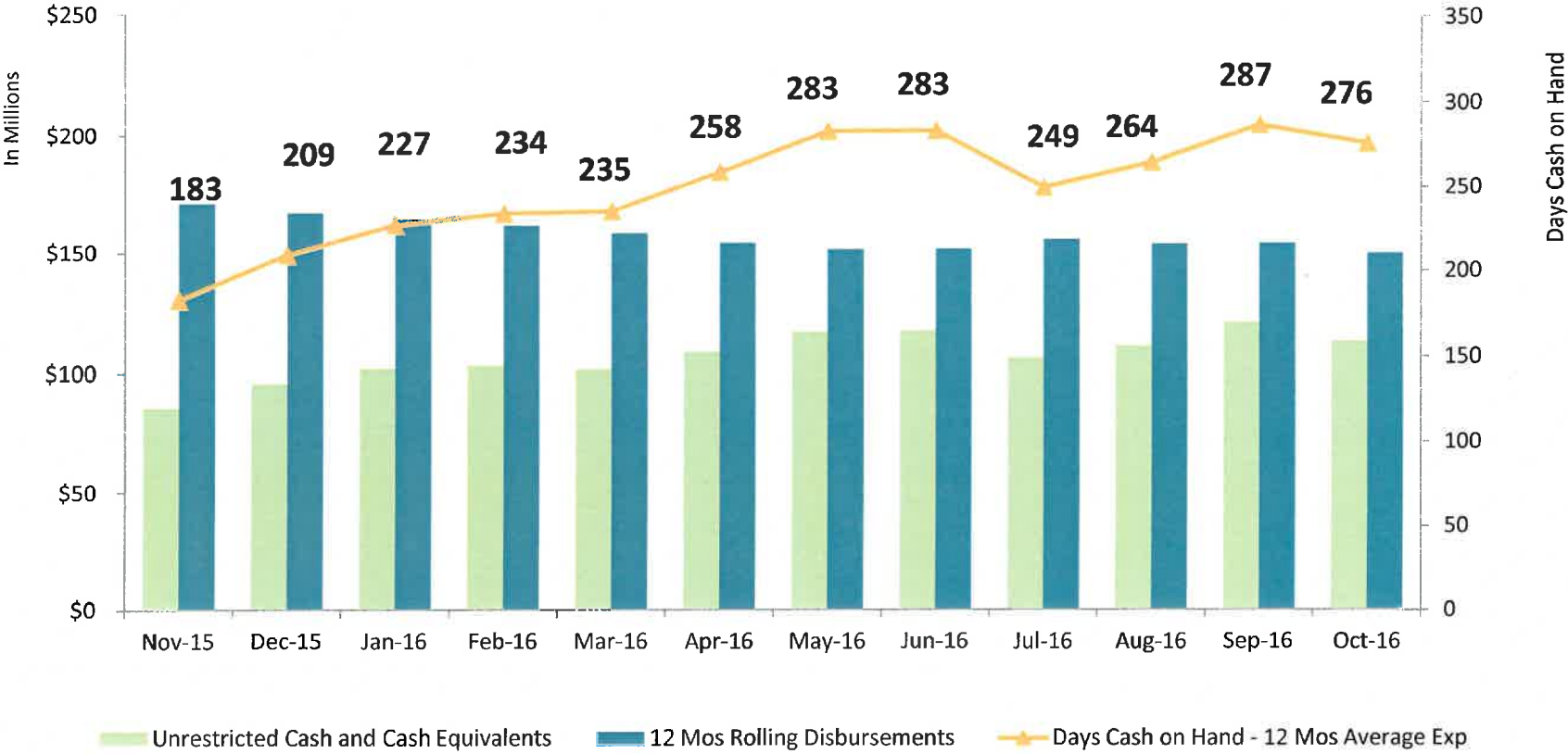
Report of Financial Affairs

Liquidity					
Description		October 2016 (\$ million)	September 2016 (\$ million)	Increase (Decrease) (\$ million)	
Total Cash, Investments, and Restricted Deposits		\$178.8	\$181.8	(\$3.0)	
Total Investment Portfolio		\$112.9	\$120.4	(\$7.5)	
Investment Portfolio Yield		0.881%	0.829%	0.052%	
Weighted Average Duration (years)		0.70	0.78	(0.08)	
Average Cash on Hand (days)		276	287	(11)	
Portfolio					
Term	Description	Allowable Threshold (\$ million)	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year:	LAIF	\$65	\$29.6	0.654%	26.2%
	CalTrust	\$20	\$16.1	0.929%	14.2%
	Citizens Business – Sweep	40%	\$11.6	0.40%	10.3%
	CAMP	\$20	\$13.0	0.66%	11.5%
	Brokered CD's	30%	\$1.4	0.99%	1.3%
	Medium Term Notes	10%	\$1.0	1.11%	0.9%
	US Treasury Note	n/a	\$1.0	0.64%	0.9%
	US Government Securities	n/a	\$5.2	0.68%	4.6%
1 to 3 Years:	Brokered CDs	30%	\$1.7	1.40%	1.5%
	US Government Securities	n/a	\$23.2	1.33%	20.6%
	Medium Term Notes	10%	\$8.6	1.26%	7.6%
Over 3 Years:	Brokered CDs	30%	\$0.5	2.38%	0.4%

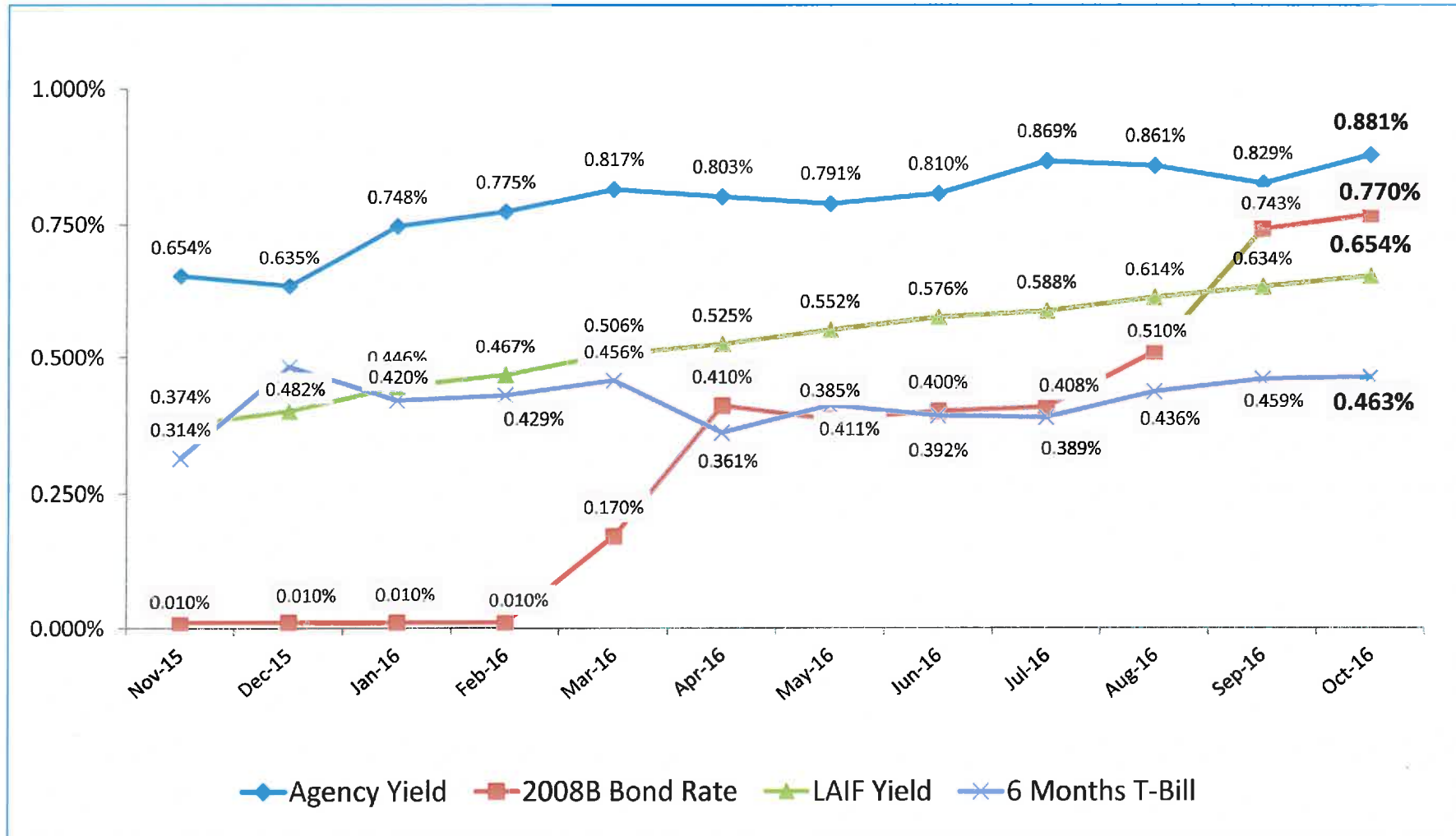
Cash, Investments and Restricted Deposits



Day Cash On Hand 12 Months Rolling Average



Month End Portfolio Yield Comparison





Questions?

The Treasurer's Report of Financial Affairs is consistent with the Agency's business goal of fiscal responsibility


**INFORMATION
ITEM**


3B


Date: December 21, 2016

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (12/14/16)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Christina Valencia
Chief Financial Officer/Assistant General Manager

 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: FY 2016/17 First Quarter Budget Variance, Performance Goals Updates,
and Budget Transfers

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

The Budget Variance report presents the Agency's financial performance through the first quarter ending September 30, 2016, includes various analyses in the following attachments:

- Exhibit A provides a comparison of actual revenues and expenses against the current FY 2016/17 amended budget including a discussion of major categories with the most significant variances.
- Exhibit B provides a progress status of Division and Department Goals and Objectives as established in the FY 2016/17 amended budget.
- Exhibit C-1 presents a summary of Operations and Maintenance (O&M) budget transfers approved by management during the first quarter.
- Exhibit C-2 presents a summary of the GM contingency account activity.
- Exhibit D lists Board approved budget amendments and management approved budget transfers for capital and O&M projects.
- Attachment A provides a FY 2016/17 financial overview of each of the Agency's programs.

TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency received total revenues and other funding sources during the first quarter of FY 2016/17 of \$38.5 million, or 17.1% of the amended budget (Exhibit A detail). The following section highlights key variances:

- **User Charges** – User charges were \$18.2 million or 25.3% of amended budget. This category includes \$14.6 million from equivalent dwelling unit (EDU) volumetric charges, \$2.2 million for non-reclaimable wastewater fees, \$1.4 million for imported potable water meter service charges, and associated surcharge and other fees.
- **Recycled Water Sales** – Recycled water sales at the end of first quarter were \$4.8 million, or 30.9% of the amended budget. Direct sales were \$3.4 million at 8,499 acre feet (AF) and groundwater recharge sales were \$1.4 million at 2,996 AF. Total year to date deliveries of 11,495 AF compared to the 37,100 AF projected for the fiscal year accounts for the favorable variance. Sales demand for direct use and groundwater recharge varies depending on weather pattern, water use conservation efforts, and reuse supply and basin availability.
- **MWD Imported Water Sales** – Total MWD pass-through imported water revenue was \$9.1 million or 31.9% of amended budget. A total of 15,382 AF of pass through water was delivered compared to 50,000 AF budgeted for the fiscal year.
- **MWD LPP Rebate** – Direct recycled water sales in excess of 3,500 AF and up to 17,000 AF are eligible for the Metropolitan Water District (MWD) Local Project Program (LPP) rebate at a rate of \$154/AF, for a maximum amount of \$2.1 million per fiscal year. Rebate is expected to be received at the second quarter. The MWD LPP rebate is set to expire at the end of June 2017.
- **Property Taxes** –General ad-valorem property tax receipts from the San Bernardino County Tax Assessor (County) will commence in November 2016 as collection on the first installment from property owners will be due on November 1st to the County. Payment of incremental pass through taxes are due from the County in January and June.
- **Wastewater/ Water Connection Fees** – Total connection fee receipts were \$3.8 million, or 18.8% of the amended budget. This category includes \$3.4 million for 529 new EDU connection through September 2016, compared to the 3,000 new EDU budgeted for the fiscal year. This category also includes water connection fees implemented in this fiscal year. Amount received during the first quarter was \$0.4 million, or 10% of the \$2.9 million budget. Water connection fees are a one-time fee paid directly to the Agency for any new or upsized water meter connection to the Agency's regional water distribution system.
- **Grants & Loans** – Amended budget is comprised of \$10.7 million of grants and \$17.3 million of State Revolving Fund (SRF) loan proceeds. Grants and loans proceeds are

primarily reimbursable in nature thus are dependent on related capital projects expenditures.

- *Grants budget* at \$10.7 million consists of: \$3.1 million for the Regional Recycled Water Distribution System; \$3.0 million plume cleanup project; \$2.8 million for Central/Wineville project; \$0.5 million new water quality laboratory (RO fund); \$0.4 million for San Sevaine; \$0.9 million for SARCUP projects; and \$60 thousand for ground water supply wells and basins.
- *SRF loan budget* at \$17.3 million includes \$7.6 million for the new water quality laboratory, \$4.6 million for the Wineville area project, \$2.9 million for the RP-1 and RP-5 Expansion, \$0.9 million for Napa lateral, Speedway and CSI projects, \$0.7 million for the Northeast area project, and \$0.6 million for Jurupa recycled water connection project.
- ***Cost Reimbursements from JPA*** – Total cost reimbursements were \$1.7 million, or 29.5% of the amended budget. Reimbursements include \$0.9 million from the Inland Empire Regional Composting Authority (IERCA) and \$0.3 million from Chino Basin Desalter Authority (CDA) for the Agency’s operation & maintenance of the IERCA composter and CDA Desalter facilities. Also included is \$0.5 million from Chino Basin Watermaster (CBWM) for the operations & maintenance cost related to the groundwater recharge basins; net of the Agency pro-rata share for recycled recharge costs. Total cost reimbursement budget of \$5.9 million includes; \$3.5 million from IERCA, \$1.5 million from CDA, and \$0.9 million from CBWM.
- ***Other Revenues*** – Total other revenues were \$0.8 million, or 9.6% of the amended budget, include reimbursements of project cost which are still in the early design phase, lease revenue and energy rebates.

TOTAL EXPENSES AND USES OF FUNDS

The Agency’s total expenses and uses of funds through the first quarter were \$41.8 million, or 17.3% of the amended budget.

The amended budget includes \$12.5 million of encumbrances and commitments carried forward from FY 2015/16 comprised of \$1.5 million for O&M expenses, \$6.5 million for special projects (non-capital), and \$4.5 million for capital projects. In accordance with Agency Policy A-81 (Fiscal Year-End Carry Forward of Encumbrances and Related Budget), carry forward encumbrances, commitments and related budget not expended by December 31st are subject to cancellation unless otherwise approved by Executive Management.

Key expense variance highlights are:

- **Employment Expenses** – Employment expenses were \$11.6 million or 27.2% of amended budget. In addition to the extra pay period processed during the month of September for \$1 million, actual expenses also include approximately \$850,000 for floating holiday issued in July 2016. These were partially offset by savings in wages and benefits from a higher than anticipated vacancy factor of 9%, equivalent to 21 full-time (FTE) positions, compared to budgeted vacancy rate of 2% (6 FTEs). Recruitment of key positions as part of the Agency’s succession planning effort will lower the vacancy factor going forward.
- **Professional Fees & Services** – Total expenses were \$1.3 million, or 11.6% of the amended budget. The positive variance can be attributed to the timing of contracts and services that are anticipated to be executed in the subsequent months by outside contractors and consultants, for example, calibration of critical compliance equipment and treatment process improvements; conservation research studies, system analysis technical studies, and water use investigation; financial services for bond refinancing; grant application support to secure water bonds; and software and licensing support cost for business continuity efforts.
- **Chemicals** – Chemicals through the first quarter were \$1.1 million, or 23.0% of the amended budget. An increase in *polymer* was used to the primary clarifier to enhance solids settling and to the sludge to achieve the desired thickening and dewatering process. The increase was partially offset by a decrease in the use of *sodium hypochlorite and ferric chloride*. Bypassed sewer flows caused a reduction in the amount of raw waste water treated due to the rehabilitation of critical aeration equipment.
- **Utilities** – Expenses in this category were \$2.3 million or 20.1% of the amended budget. *Natural gas* was favorable due to a lower rate averaging \$0.4105/therm compared to the budgeted rate of \$0.80/therm and less usage measured at 35,083 therms of annual agency average of 1,200,000 therms. *Fuel cell* has been offline since July 2016 and electricity was pulled from Southern California Edison to make up for the loss in output, resulting in higher use of imported electricity.
- **MWD Imported Water Purchases** – Total MWD pass-through imported water purchases were \$9.1 million for 15,382 AF or 28.7% of 50,000 AF budgeted for the fiscal year.
- **Special and Reimbursable Projects** – O&M project costs were \$0.8 million or 3.0% of the amended budget. Favorable variance is due to lower actuals related to the Chino Basin Groundwater Wells and Raw Water Pipeline, agency-wide aeration projects, SAWPA Action Santa Ana River Conservation & Conjunctive Use Program (SARCCUP), and intertie projects budgeted at \$11 million.
- **Capital Projects**–Total capital project expenditures were \$2.7 million or 4.6% of the amended budget of \$59.4 million which includes \$4.5 million carry forward from prior fiscal year. Regional wastewater projects account for approximately 61% of total capital project budget, and 23% were related to recycled water projects. Spending levels are

largely driven by changes in project scope and schedule, construction bid results, regulatory issues, and available resources associated with such undertakings.

- **Debt Service** – Total principal, interest, and financial expenses for the first quarter were \$7.8 million or 35.6% of the amended budget. Actual costs included \$5.6 million in principal payment (\$4.1 million for the 2010A Bonds) and \$2.2 million in interest and other financial administration fees.

A detailed explanation of significant revenue and expenses are included in the attached Exhibit A.

FUND BALANCES AND RESERVES

The net result through the end of the first quarter indicated a decrease of \$3.3 million in total fund balance, resulted in an ending fund balance of \$186.5 million. The timing of receipts such as property tax commencing in November and payment of certain debt obligations account for the unfavorable variance. Table 3 provides an overview of the first quarter budget variance in revenue, expense, and fund balance.

Table 3: First Quarter Revenues, Expenses, and Fund Balance (\$Millions)

Operating	FY 2016/17 Amended Budget	First Quarter Ended 9/30/16	Actual % of Amended Budget
Operating Revenue	\$126.8	\$33.9	26.8 %
Operating Expense	\$158.9	\$30.9	19.4%
Operating Net Increase/(Decrease)	(\$32.1)	\$3.0	
Non- Operating			
Non-Operating Revenue	\$99.0	\$4.6	4.6%
Non-Operating Expense	\$82.1	\$10.9	13.3%
Non-Operating Net Increase/(Decrease)	\$16.9	(\$6.3)	
Consolidated	FY 2016/17 Amended Budget	First Quarter Ended 9/30/16	Actual % of Amended Budget
Total Sources of Funds	\$225.8	\$38.5	17.1%
Total Uses of Funds	\$241.0	\$41.8	17.3%
Total Net Increase/(Decrease)	(\$15.2)	(\$3.3)	
Beginning Fund Balance (Unaudited)	\$189.8	\$189.8	
Ending Fund Balance	\$174.6	\$186.5	

GOALS AND OBJECTIVES

Exhibit B provides information on division and related department goals and objectives and the status of each through the end of the first quarter. The goals and objective indicators are used to track the volume and complexity of work by type and to track the effort invested to accomplish that work. Staff will use the indicators to track productivity and to justify current resource allocations, re-allocation and requests for additional staff.

BUDGET TRANSFERS AND AMENDMENTS

O&M budget transfers for this quarter accounted for \$62,200 as detailed in Exhibit C-1.

General Manager (GM) Contingency Account budget for \$700,000 includes \$400,000 in the Regional Wastewater Operations & Maintenance (RO) Fund and \$300,000 in the Administrative Services (GG) Fund. At the end of the first quarter, \$20,000 from RO Fund and \$23,700 from the GG Fund was utilized to support the unexpected and necessary expenses as listed in Exhibit C-2.

Capital and O&M projects budget transfers accounted for approximately \$2.0 million, including changes in total project budget of approximately \$0.5 million approved by management during the second quarter as listed in Exhibit D.

The budget variance analysis report is consistent with the Agency's business goal of Fiscal Responsibility: to demonstrate the Agency appropriately funded operational, maintenance, and capital costs.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

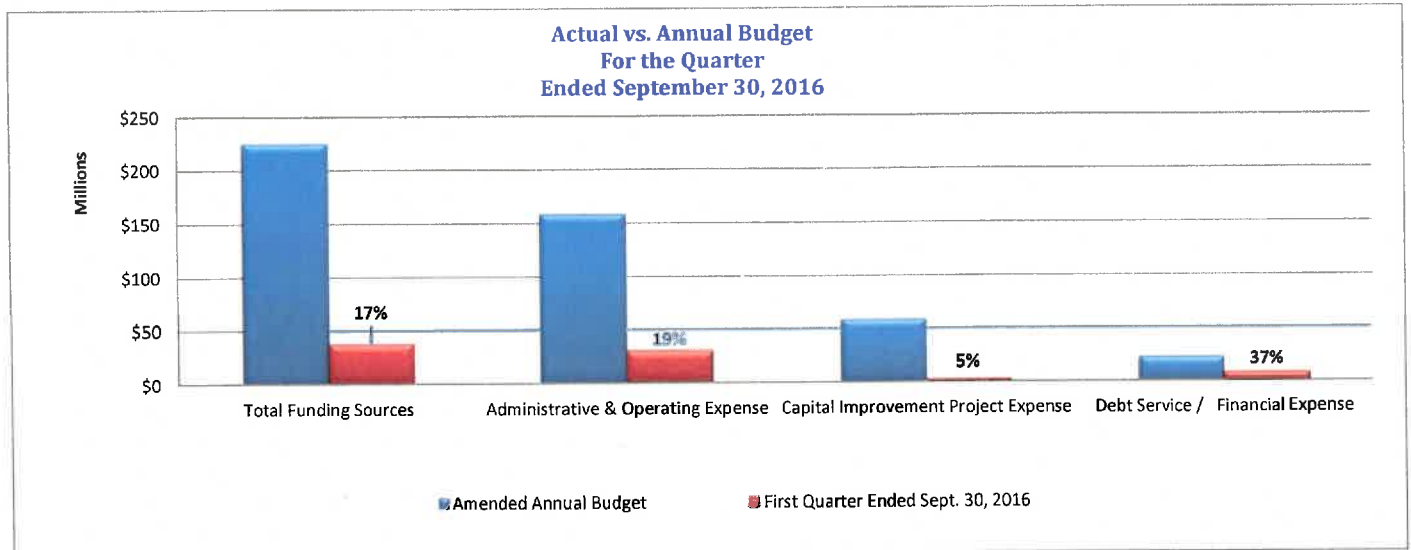
The net change in total revenues over total expenses in the amount of \$3.3 million resulted in a total estimated fund balance of \$186.5 million, for the first quarter ended September 30, 2016.

I. Actual vs. Budget Summary:

% of the Year
Elapsed: 25%

First Quarter Ended September 30, 2016

	Adopted Annual Budget	Amended Annual Budget	First Quarter Ended Sept. 30, 2016	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$145,491,867	\$126,771,084	\$33,957,868	(\$92,813,216)	26.8%
Non-Operating (Other Sources of Fund)	110,412,477	99,057,672	4,558,091	(94,499,581)	4.6%
TOTAL FUNDING SOURCES	255,904,344	225,828,756	38,515,960	(187,312,797)	17.1%
Administrative & Operating Expense	(149,735,902)	(158,966,965)	(30,870,928)	128,096,037	19.4%
Capital Improvement Project Expense	(52,529,527)	(59,718,635)	(2,746,786)	56,971,849	4.6%
Debt Service / Financial Expense	(23,474,188)	(22,358,268)	(8,166,385)	14,191,883	36.5%
TOTAL USES OF FUNDS	(225,739,617)	(241,043,867)	(41,784,098)	199,259,769	17.3%
Surplus/(Deficit)	\$30,164,727	(\$15,215,112)	(\$3,268,139)	\$11,946,972	21.5%



2. Actual Revenue vs. Budget:

% of the Year
Elapsed: 25%

	Adopted Annual Budget	Amended Annual Budget	First Quarter Ended Sept. 30, 2016	Amended vs. Actual	% of Amended Budget
Operating Revenues:					
User Charges	\$76,664,709	\$71,872,436	\$18,197,800	\$53,674,636	25.3%
Recycled Water Sales	15,735,000	15,734,996	4,859,045	10,875,950	30.9%
MWD Water Sales	42,062,442	28,670,598	9,137,088	19,533,510	31.9%
MWD LPP Rebate	2,079,000	2,079,000	0	2,079,000	0.0%
Property Tax - O&M	1,891,306	1,891,306	0	1,891,306	0.0%
Cost Reimbursement	5,738,121	5,913,343	1,745,799	4,167,544	29.5%
Interest	1,321,289	609,405	18,135	591,270	3.0%
OPERATING REVENUES	145,491,867	126,771,084	33,957,868	92,813,216	26.8%
Non-Operating Revenues:					
Property Tax - Debt, Capital, Reserves	\$40,500,022	\$42,813,494	\$0	\$42,813,494	0.0%
Connection Fees	30,636,200	20,068,020	3,768,221	16,299,799	18.8%
Grants & Loans	31,351,635	28,008,655	3,684	28,004,971	0.0%
Other Revenue	7,924,620	8,167,503	786,186	7,381,317	9.6%
NON-OPERATING REVENUES	110,412,477	99,057,672	4,558,091	94,499,581	4.6%
Total Revenues	\$255,904,344	\$225,828,756	\$38,515,960	\$187,312,797	17.1%

- User Charges, 25.3%** User charges were \$18.2 million, or 25.3% of the Amended Budget. The category includes equivalent dwelling unit (EDU) volumetric charges of \$14.6 million, \$2.2 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system; \$1.4 million monthly meter charge (MEU) imposed on all potable water connections and water meter service charge to meet our Readiness-to-Serve obligation from MWD and water use efficiency programs.
- Property Tax/ AdValorem, 0%** General ad-valorem property tax receipts from the San Bernardino County Tax Assessor will commence in November 2016 as collection on the first installment from property owners will be due on November 1st to the County. Payment of incremental pass through taxes are due from the County in January and June.
- Recycled Water Sales, 30.9%** Recycled water actual direct and groundwater recharge sales were \$3.4 million (8,499 AF) and \$1.4 million (2,996 AF) respectively, for a combined total \$4.8 million. Total year to date deliveries are 11,495 AF compared to the 37,100 AF (24,200 AF Direct and 12,900 AF Recharge) budgeted for the fiscal year. Sales demand for direct use and groundwater recharge varies depending on weather pattern, water use conservation efforts, and reuse supply and basin availability.
- Interest Income, 3%** Interest income is \$0.01 million or 3% of the annual budget. The current low interest rate environment accounts for low interest earnings.
- MWD Water Sales, 31.9%** Total MWD pass-through imported water revenue was \$9.1 million or 31.9% of amended budget. A total of 15,382 AF of pass through water was delivered at the end of the first quarter compared to 50,000 AF budgeted for FY 2016/17.
- MWD LPP Rebates, 0%** MWD LPP rebate is budgeted at \$2.1 million or \$154/AF for direct recycled water deliveries up to 17,000 AFY, excluding the initial 3,500 AFY. Rebate is expected to be received at the second quarter. The MWD LPP rebate is set to expire in June 2017.
- Connection Fees, 18.8%** Total connection fees were \$3.8 million, or 18.8% of the amended budget. This category includes \$3.4 million for 529 new EDU connections compared to the 3,000 budgeted for the fiscal year. This category also includes water connection fees implemented in this fiscal year. Amount received during the first quarter was \$0.4 million, or 10% of the \$2.9 million budget. Water connection fees are a one-time fee paid directly to the Agency for any new or upsized water meter connection to the Agency's regional water distribution system.

Grants and Loans, 0%

Grants and loans proceeds are primarily reimbursable in nature and thus are dependent on related capital projects expenditures and are reimbursable.

Grants Budget at \$10.7 million consists of: \$3.1 million for the Regional Recycled Water Distribution System; \$3.0 million plume cleanup project; \$2.8 million for Central/Wineville project; \$0.5 million new water quality laboratory (RO fund); \$0.4 million for San Sevaire; \$0.9 million for SARCUP projects; and \$60 thousand for ground water supply wells and basins.

State Revolving Fund (SRF) Loan Budget at \$17.3 million includes: \$7.6 million new water quality laboratory; \$4.6 million Wineville area project; \$2.9 million RP-1 and RP-5 Expansion PDR; \$0.9 million Napa lateral/ Speedway and CSI; \$0.7 million Northeast area; and \$0.6 million Jurupa recycled water connection.

**Cost Reimbursements
JPA, 29.5%**

Total cost reimbursements were \$1.7 million, or 29.5% of the amended budget. Category actuals include reimbursements of \$0.9 million from the Inland Empire Regional Composting Authority (IERCA) and \$0.3 million from Chino Basin Desalter Authority (CDA) for the Agency's operation & maintenance of the IERCA Composter and CDA Desalter facilities. Also included is \$0.5 million from Chino Basin Watermaster (CBWM) for operations & maintenance costs related to the groundwater recharge basins; net of the Agency's pro-rata share for the recycled water recharge costs. Total cost reimbursement budget of \$5.9 million includes: \$3.5 million from IERCA, \$1.5 million from CDA, and \$0.9 million from CBWM.

Other Revenues, 9.6%

Total other revenues were \$0.8 million, or 9.6% of the amended budget. Budget at \$8.2 million include:
* \$0.7 million from lease revenue and energy rebates
* \$7.3 million in project reimbursements. Delays in the reimbursable projects from recycled water and water resources programs accounted for the lower revenue.

3. Actual Operating and Capital Expense vs. Budget:

% of the Year
Elapsed: 25%

	Adopted Annual Budget	Amended Annual Budget	First Quarter Ended Sept. 30, 2016	Amended vs. Actual	% of Amended Budget
Operating Expenses:					
Employment	\$42,737,341	\$42,601,461	\$11,586,882	\$31,014,579	27.2%
Admin & Operating	106,998,561	116,365,503	19,284,046	\$97,081,458	16.6%
OPERATING EXPENSES	\$149,735,902	\$158,966,965	\$30,870,928	\$128,096,037	19.4%
Non-Operating Expenses:					
Capital	52,529,527	59,718,635	2,746,786	\$56,971,849	4.6%
Debt Service and All Other Expenses	23,474,188	22,358,268	8,166,385	\$14,191,883	36.5%
NON-OPERATING EXPENSES	\$76,003,715	\$82,076,903	\$10,913,171	\$71,163,732	13.3%
Total Expenses	\$225,739,617	\$241,043,867	\$41,784,098	\$199,259,769	17.3%

Employment Expense

Employment , 27.2%

Employment expenses were \$11.6 million or 27.2% of the Amended Budget. In addition to the extra pay period processed during the month of September for \$1 million, actual expenses also include approximately \$850,000 for floating holiday issued in July 2016. These were partially offset by savings from a higher than anticipated vacancy factor of 9% (21 positions) compared to the budgeted vacancy rate of 2% (6 positions). Recruitment of key positions as part of the Agency's succession planning effort will lower the vacancy factor going forward.

Administrative & Operating Expense

Office and Administrative, 9.9%

The favorable variance was due to the inclusion of \$646,300 (23% of budget) for the GM contingency and election expense for \$300k (11% of budget). Staff continues to assess future training needs and priorities such as in-house training versus hiring consultants; efficient use of collaboration and communication tools to engage in online conferences and meetings; and use of less expensive advertising campaign through social and digital media, radio and some outdoor advertising.

Professional Fees & Services , 11.6%

Favorable variance is attributed to the timing of contracts and services that were deferred and anticipated to be executed in the subsequent months for costs associated with work performed by outside contractors and consultants, for example, calibration of critical compliance equipment and treatment process improvements; conservation research studies, system analysis technical studies, and water use investigation; financial services for bond refinancing; grant application support to secure water bonds; and software and licensing support costs for business continuity efforts.

Materials & Supplies/Leases/Contribution , 17.6%

The favorable variance was primarily due to staff's effort to monitor operational equipment usage to ensure maximum use from supplies, replacement parts and consumables used by treatment plants/facilities such as pumps, conveyors, process analyzer, mechanical & electrical devices for motor, control panels and valve actuators. The lease and rental reflects the current cost for reprographic equipment and roll off bin for refuse.

Biosolids Recycling , 19.4%

Residual disposal is under budget due to the optimization of the RP-1 centrifuge and the continuous use of the solar pad at RP-2 to further dry biosolids which helps reduce operating costs. Total tonnage shipped to IERCA was 14,231 tons at \$55 per ton. Total tonnage hauled was 12,879 tons at a blended rate of \$5.80 per ton which is lower than the budgeted transportation blended cost of \$8.29 per ton.

Chemicals , 23%

Chemicals were \$1.1 million or 23% of budget. An increase in polymer was used to the primary clarifier to enhance solids settling and to the sludge to achieve the desired thickening and dewatering process. This increase was partially offset by a decrease in the use of sodium hypochlorite and ferric chloride. Bypassed sewer flows caused a reduction in the amount of raw waste water treated due to the rehabilitation of critical aeration equipment.

Operating Fees - 23%

Favorable variance in this category was contributed by lower strength and imbalance charges (pass through) in the Non Reclaimable Waste (NRW) system. In addition to industries being proactive in treating their water before discharging to the system helped reduced the strength charges. This category also includes readiness-to-serve obligation collected by MWD budgeted at \$3.1 million.

MWD Water Purchases , 28.7%

Total MWD pass-through imported water purchases were \$9.1 million for 15,382 AF or 31% of 50,000 AF budgeted for the fiscal year.

Utilities , 20.1%

Natural gas expense was low due to the lower rate averaging \$0.4105/therm compared to the budgeted rate of \$0.80/therm and less usage measured at 35,083 therms of the annual agency average of 1,200,000 therms.

Fuel cell has been offline since July 2016 and electricity was pulled from Southern California Edison to make up for the loss outpost resulting in higher use of imported electricity. The increase in electricity was offset by the decrease in fuel cell and natural gas.

Special and Reimbursable Projects , 2.4% and 2.2%

The combined special and reimbursable project costs were \$0.8 million or 3% of the amended budget. The favorable variance is mainly due to lower actuals related to the Chino Basin Groundwater Wells, Agency-wide aeration projects, SAWPA Action Santa Ana River Conservation & Conjunction Use Program (SARCCUP), various planning documents, and Intertie projects budgeted at \$11 million or 38% of the category's amended budget, of which only \$1.1 million has been spent. A total of \$6.5 million of the amended budget has been identified to be carried forward to FY 2016/17. The table below provides a summary of the major projects and current status.

Financial Expenses

Financial Expense , 35.6%

Total financial expenses were \$7.8 million or 35.6% compared to budget through the end of the first quarter. Actual costs included \$5.6 million in principal payments (*\$4.1 million for 2010A Bond paid in August 2016*) and \$2.2 million in interest, and other financial administration fees.

Capital Expense

Capital Costs , 4.6%

Capital expenditures through the end of first quarter were \$2.7 million or 4.6% when compared to the amended budget of \$59.7 million which includes encumbrances of \$4.5 million of capital project budget carried forward from FY 2015/16 budget. Favorable variances in spending are largely driven by changes in project scope and schedule, construction bid results, regulatory issues, and external resources associated with such undertakings. Budgeted amount related to regional wastewater projects were \$36.2 million or 61% of budget, and \$13.6 million or 23% of the budget costs were related to recycled water projects. Listed below is a brief status report for some of the major projects currently under construction.

Summary of major capital and special project expenses and status as of September 30, 2016

Capital Project		Amended FY 2016/17	YTD Expenditure	Budgeted Amount Remaining
EN13001	San Sevaine Basin Improvements As part of the 2013 Amendment to the 2010 Recharge Master Plan Update (RMPU), this project will evaluate, design, and construct basin improvements needed to maximize infiltration and recharge capture at the San Sevaine basins. The final recommendation from the preliminary development report proposes to implement, a new stormwater/recycled water pump station in Basin 5, directly tie it into all existing RW pipeline, place new pipelines and headwalls in Basins 1, 2 and 3, and install monitoring wells and lysimeters. The proposed improvements will add 642 AF per year of stormwater and 4,100 AF per year of recycled water for groundwater recharge.	3,250,000	45,068	3,204,932
EN15008	Water Quality Laboratory Construct new, state of the art, 17,000 sq. laboratory and expand existing central plant to supply chilled water for the laboratory air conditioning and heating system. Completed the environmental biological survey (nesting birds) in compliance with CEQA requirements. Issued the notice to proceed to the contractor for mobilization and commencement of the construction work. Shopped for drawings and submittal review and approval, building information modeling, underground utilities exploration and layout, duct bank RFD review and finalization, geotechnical excavation finalization, schedule of values completion, and project control schedule.	7,000,000	264,231	6,735,769
RW15003	Recharge Master Plan Update Projects The scope for this project is to implement only the soft cost efforts such as: preliminary design, environmental review, permitting, and final design. All construction efforts (hard cost) will be implemented separately under a later project.	3,100,000	263,755	2,836,245
EN16024	RP-1 Mixed Liquor Return Pumps The required volume to perform sufficient biological nutrient removal to meet current NPDES and GWR permits is at or near capacity. Additional recirculation of nitrates/nitrites to the feed source at the inlet of the aeration basin will improve removal efficiencies. Issues the notice to award contract and the conditional notice to proceed to J.F. Shea Construction. Held a kick-off meeting and pre-construction meeting on September 26, 2016.	2,850,000	134,586	2,715,414

O&M & Reimbursable Projects		Amended FY 2016/17	YTD Expenditure	Budgeted Amount Remaining
EN16021	Chino Basin Groundwater Wells Project work was delayed because the Agency's agreement with CDA is contingent upon final project approval from the Regional Board. The Regional Board recently issued a draft Cleanup and Abatement Order (CAO), which is expected to be approved in September 2016. Design and construction work on the project is expected to begin immediately upon Regional Board approval.	7,481,073	307,441	7,173,632
WR15009	CII Rebate Incentives The project provides funding for any Commercial, Industrial, and Institutional (CII) rebates available for customers. The Agency is currently awaiting invoices from MWD upon completion of the turf removal rebate projects for both residential and CII customers. A total of \$1.1 million of the amended budget has been carried forward to FY 2016/17	1,129,389	-	1,129,389
WR16024	SAWPA Action SARCCUP The Santa Ana River Conservation & Conjunctive Use Program is known as SARCCUP. It was created with various other water agencies to utilize funds from SAWPA Prop 84 grants to develop a watershed-scale conjunctive use program. IEUA cost sharing for the SARCCUP project has yet to be initiated. A total of \$355 thousand of the amended budget has been carried forward to FY 2016/17	1,854,492	15,343	1,839,149

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2016/17

CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
First Quarter Ended September 30, 2016

	Adopted FY 2016/17 Annual Budget	Amended FY 2016/17 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<u>OPERATING REVENUES</u>					
User Charges	\$76,664,709	\$71,872,436	\$18,197,800	(\$53,674,636)	25.3%
Recycled Water	15,735,000	15,734,996	4,859,045	(10,875,951)	30.9%
MWD Water Sales	42,062,442	28,670,598	9,137,088	(19,533,510)	31.9%
MWD LPP Rebates	2,079,000	2,079,000	-	(2,079,000)	0.0%
Property Tax - O&M	1,891,306	1,891,306	-	(1,891,306)	0.0%
Cost Reimbursement from JPA	5,738,121	5,913,343	1,745,799	(4,167,544)	29.5%
Interest Revenue	1,321,289	609,405	18,135	(591,270)	3.0%
TOTAL OPERATING REVENUES	\$145,491,867	\$126,771,084	\$33,957,868	(\$92,813,216)	26.8%
<u>NON-OPERATING REVENUES</u>					
Property Tax - Debt, Capital, Reserves	\$40,500,022	\$42,813,494	\$0	(\$42,813,494)	0.0%
Connection Fees	30,636,200	20,068,020	3,768,221	(16,299,799)	18.8%
Grants	7,710,169	10,715,256	3,684	(10,711,572)	0.0%
SRF Loan Proceeds	23,641,466	17,293,399	0	(17,293,399)	0.0%
Project Reimbursements	5,418,539	7,292,963	478,580	(6,814,383)	6.6%
Other Revenue	2,506,081	874,540	307,606	(566,934)	35.2%
TOTAL NON OPERATING REVENUES	\$110,412,477	\$99,057,672	\$4,558,091	(\$94,499,581)	4.6%
TOTAL REVENUES	\$255,904,344	\$225,828,756	\$38,515,960	(\$187,312,797)	17.1%
<u>ADMINISTRATIVE and OPERATING EXPENSES</u>					
EMPLOYMENT EXPENSES					
Wages	\$23,102,187	\$22,966,307	\$7,037,095	\$15,929,212	30.6%
Benefits	19,635,154	19,635,154	4,549,786	15,085,367	23.2%
TOTAL EMPLOYMENT EXPENSES	\$42,737,341	\$42,601,461	\$11,586,882	\$31,014,579	27.2%
ADMINISTRATIVE EXPENSES					
Office & Administrative	\$2,465,005	\$2,806,064	\$277,906	\$2,528,158	9.9%
Insurance Expenses	840,500	840,498	216,301	624,197	25.7%
Professional Fees & Services	8,539,414	11,447,439	1,324,463	10,122,976	11.6%
O&M Projects	15,952,815	33,307,674	800,949	32,506,724	2.4%
Reimbursable Projects	164,185	466,272	10,056	456,216	2.2%
TOTAL ADMINISTRATIVE EXPENSES	\$27,961,919	\$48,867,946	\$2,629,675	\$46,238,271	5.4%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2016/17

CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
First Quarter Ended September 30, 2016

	Adopted FY 2016/17 Annual Budget	Amended FY 2016/17 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
OPERATING EXPENSES					
Material & Supplies/Leases	\$2,882,838	\$3,516,528	\$617,874	\$2,898,654	17.6%
Biosolids Recycling	4,299,648	4,407,405	853,820	3,553,585	19.4%
Chemicals	4,524,371	4,674,015	1,072,803	3,601,212	23.0%
MWD Water Purchases	42,062,442	31,856,220	9,137,088	22,719,132	28.7%
Operating Fees/RTS Fees/Exp. Alloc.	13,650,700	11,435,343	2,635,094	8,800,249	23.0%
Utilities	11,616,643	11,608,046	2,337,691	9,270,355	20.1%
TOTAL OPERATING EXPENSES	\$79,036,642	\$67,497,557	\$16,654,370	\$50,843,187	24.7%
TOTAL ADMINISTRATIVE and OPERATING EXPENSES	\$149,735,902	\$158,966,965	\$30,870,928	\$128,096,037	19.4%
<u>NON-OPERATING EXPENSES</u>					
CAPITAL OUTLAY	\$52,529,527	\$59,718,635	\$2,746,786	\$56,971,849	4.6%
FINANCIAL EXPENSES					
Principal, Interest and Financial Expenditure	22,718,386	22,016,968	7,835,332	14,181,636	35.6%
OTHER NON OPERATING EXPENSES	755,802	341,300	331,053	10,247	97.0%
TOTAL NON-OPERATING EXPENSES	\$76,003,715	\$82,076,903	\$10,913,171	\$71,163,732	13.3%
TOTAL EXPENSES	\$225,739,617	\$241,043,867	\$41,784,098	\$199,259,769	17.3%
REVENUES IN EXCESS/ (UNDER) EXPENSES					
	\$30,164,727	(\$15,215,112)	(\$3,268,139)	\$11,946,972	
FUND BALANCE SUMMARY					
Unaudited Beginning Balance, July 01	\$127,671,218	189,770,404	\$189,770,404	\$0	
Surplus/ (Deficit)	30,164,727	(15,215,112)	(3,268,139)	11,946,972	
ENDING BALANCE, June 30	\$157,835,945	\$174,555,292	\$186,502,265	\$11,946,972	

Business Goals & Objectives Report By Department

FY 2016/17

Exhibit B

Department: ALL
Report Months: July, August, September : Year: 2016

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
11/15/2016														
<u>Agency Management</u>														
217	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean Management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop and implement a standardized procedure for writing and processing committee/board letter	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	November	2016	On Schedule		First draft written and under review
219	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop and implement a standardized procedure for writing and processing committee/board letter	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	November	2016	On Schedule		Same notes as above
220	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop a standard operating procedure handbook for the Executive Management Department area	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	November	2016	On Schedule		4 Standard Operating Procedures for the Department written and under review
221	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Update and maintain "Duties and Annual Calendar or Responsibilities" manual for the Board Secretary position	Completed by June 30, 2017	Update 25% per quarter	April Woodruff	November	2016	On Schedule		Ongoing as time permits
222	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Increase the efficiency of the executive administrative group through streamlining processes	Ongoing	Review and improve two processes per quarter	April Woodruff	November	2016	On Schedule		Agency Management staff works to continually improve procedures within the department to further streamline processes.
<u>Business Information Services</u>														
177	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Determine requirements for new SAP enhancement that improves cost tracking for projects that qualify for multiple grants – Timeline 15/16 reads: Establish baseline date; develop requirements; implement prototype	Ongoing	< 3 systems in use	Kanes Pantayatiwong	September	2016	On Schedule	No	A combination of both Grants department transitioning to a different division and BIS analyst, specialized in grants management in SAP, being occupied with payroll retro analysis and GU MOU changes, this project was deferred until resources can be available. Various discussion sessions took place in Q1 with planned training classes scheduled for Q2 of FY2017.
178	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Evaluate potential improvements to budgeting process, if appropriate, through enhancing SAP functionality	Ongoing	< 3 systems in use	Kanes Pantayatiwong	September	2016	On Schedule	No	BIS and Accounting & Finance will team up to work on the SAP Finance roadmap, which will address this needs along with other finance-related needs by all users. Also, as part of the ECMS project, there will be a new process for submitting a budget transfer electronically. The feedback from this enhancement can help expanding the use of ECMS process flow for other areas.
179	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Assess challenges with Agency's financial processes: develop RFP for long term modifications	Ongoing	< 3 systems in use	Kanes Pantayatiwong	September	2016	On Schedule	No	Due to resource constraint with emphasis on improving the payroll process, BIS staff was allocated to assist with the improvements (through process changes and system enhancements). This project was reassessed and scheduled to be completed by May 2017, with the intent of issuing the RFP by that date.

Business Goals & Objectives Report By Department

FY 2016/17

Exhibit B

Department: ALL
Report Months: July, August, September : Year: 2016

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
180	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Reduce the number of external spreadsheets utilized to address NRW rate questions	Ongoing	< 3 systems in use	Kanes Pantayatiwong	September	2016	On Schedule	No	This project will be driven by business process owner (Planning Department). At this time, there is no active activity.
249	FY 2016/17	Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Release new enhancements to Agency's various software applications at fixed intervals (every 4 months).	Ongoing by June 2016	100% of enhancements released plus or minus two calendar weeks from scheduled release date	Kanes Pantayatiwong	September	2016	On Schedule		Completed a major upgrade for SAP, from Enhancement Pack 5 (EHP5) to EHP8. The enhancements will allow the Agency to begin implementing new functionality provided by SAP, minimizing the need to purchase third-party solutions. Explored new methods for developing dashboard that enabling shorter development time and with greater user experience. Developed a pilot solution for converting existing paper/manual process for Operations Log Book to digital format within SAP. Developed the Maintenance dashboard using SharePoint, scheduled to go live in November.
251	FY 2016/17	Monthly	Finance and Administration	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Implement recommended disaster plan per TMP.	Ongoing	BIS to lead the Business Continuity / Disaster Recover Subcommittee	Kanes Pantayatiwong	September	2016	On Schedule		Coordinated with ISS team to perform disaster recovery test for both on Agency's premise as well as offsite location. Worked with ISS to establish requirements for disaster recovery of SAP systems. These requirements will be used in evaluating the proposals for new services planned for FY2017 that may potentially replace the existing services provided by current vendor.
39	FY 2016/17	Quarterly	Finance and Administration	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Implement recommended disaster plan per TMP	Per TMP schedule	Plan adoption and in place	Kanes Pantayatiwong	September	2016	On Schedule	No	Coordinated with ISS team to perform disaster recovery test for both on Agency's premise as well as offsite location. Worked with ISS to establish requirements for disaster recovery of SAP systems. These requirements will be used in evaluating the proposals for new services planned for FY2017 that may potentially replace the existing services provided by current vendor.
<u>Contracts and Facilities Services</u>														
172	FY 2015/16	Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Implement new solicitation tool for expanded competition cost savings	Complete by Jan. 2016	Increase of 5% in cost savings	Warren Green	November	2016	On Schedule	No	We continue to analyze the purchase requests we receive in order to maximize the best value to the Agency. We utilize direct quotes and Planet Bids to solicit competition.
173	FY 2016/17	Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Conduct Agency training on department processes that are in line with the Agency's MVV	Ongoing		Warren Green	November	2016	On Schedule	No	This is an ongoing goal for the department. We conducted external vendor training on 10/27. Additionally, Risk training regarding security was presented to Engineering on 10/18.
174	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Maintain average processing time within CFS's published service level objectives =95%	Ongoing		Warren Green	November	2016	On Schedule	No	Staff continues to monitor their ME5A as well as the dashboard that provides CAP staff with PR's and contract times.

Business Goals & Objectives Report By Department

FY 2016/17

Exhibit B

Department: ALL
Report Months: July, August, September : Year: 2016

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
175	FY 2016/17	Quarterly	Finance and Administration	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Identify and participate in organizations that advance the Agency MV and key initiatives	Ongoing		Warren Green	November	2016	On Schedule	No	Staff participated in ISM/NCMA/CPFM training in Riverside, additionally we participated in a webinar "What Procurement Orgs need Most - Flexibility & Agility" on 9/28.
176	FY 2015/16	Quarterly	Finance and Administration	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible.	Ensure all current and future landscaping, as well as new facilities, are in cooperation with current LEED and water-efficiency programs and advancements	complete by June 2016	Increase educational signage for Agency facilities where accessible by the public by 15%.	Warren Green	November	2016	On Schedule	No	Signs were added to the park and to Regional Plant No. 5 to provide educational value to tours.
242	FY 2016/17	Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public recors requirement and eliminates redundant archiving systems	Implement the new ECM System, Agency taxonomy project, and legal holds process	Ongoing	Will conduct inventory of both paper and electronic records by October 15, 2016	Linda Johnson	October	2016	On Schedule		The Implementation of the ECM Systems in continuing. Departmental taxonomies are scheduled to be completed within a week. The schedule for Inventory of Agency records was changed to compliment the completion on departmental taxonomies.
243	FY 2016/17	Annual	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public recors requirement and eliminates redundant archiving systems	In collaboration with BIS, implement an email or Electronic Data Interchange (EDI) solution for purchase order transmission to the vendors.	Ongoing	Transmission of purchase orders to vendors via direct email or EDI by January 2017.	Warren Green	November	2016	On Schedule		We have limitations on the ability to send PO's via EDI with our vendors as there are fees. We will continue to explore functionality of SAP with respect to eP2P.
244	FY 2016/17	Annual	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public recors requirement and eliminates redundant archiving systems	In collaboration with BIS, establish purchase requisition accessible Open Catalog Interface (OCI) catalogs for end user.	Ongoing	Add two new OCI vendors, open for use by all staff through the PR process, by June 2017	Warren Green	November	2016	On Schedule		We have added several vendors to our OCI list. Until additional vendors are available, we will hold this goal.
245	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Maintain average processing time within CFS's published service level objectives = 95%	Ongoing	Run quarterly staff and department service level reports and publish in the General Manager's quarterly report	Warren Green	November	2016	On Schedule		We continue to review the processing time for delays and overall effectiveness to our customers. We meet every two weeks with Maintenance to ensure their needs are addressed in a timely manner.
246	FY 2016/17	Monthly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Provide exceptional and responsive customer service.	Continuous	Increase facilities services response time for support services by 15%.	Warren Green	November	2016	On Schedule		Facilities continues to monitor the activities associated with the Track it system in response to the level of service. There are times where staff is dependent upon other departments for support.
247	FY 2016/17	Quarterly	Finance and Administration	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible	Identify educational opportunities for environmentally friendly facilities and landscapes	Ongoing	Increase educational signage by 10% for Agency facilities that are accessible by the public.	Lucia Diaz	November	2016	On Schedule		Additional signage was posted in the park as well as at Regional Plant No. 5 in support of educational value for tours and visitors.
Engineering														
156	FY 2016/17	Once Complete	Engineering, Planning and Science	E	Evaluate advances in laboratory design for inclusion in the construction of the Water Quality Laboratory facility	Upon funding, design and construct latest technology lab	48 months after funding is received	Upon funding 12 months for design and 36 months to construct	Shaun Stone	November	2016	On Schedule	No	The consultant contract was awarded in May 2015 and the design was completed 9 months later in February 2016. The construction contract was awarded in May 2016. The construction work is scheduled to be completed in August 2018

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Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
214	FY 2016/17	Quarterly	Engineering, Planning and Science	E	Provide engineers training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house designs to complete more projects in a shorter timeframe by July 2022	Provide high quality project management design for Capital Improvement Projects.	Ongoing	In-House Design Engineer = 10%	Shaun Stone	November	2016	Behind Schedule		For projects that finish construction during or after FY1617 the overall percentage is 15.38% 8 of 52 projects are in house design
215	FY 2016/17	Quarterly	Engineering, Planning and Science	E	Provide engineers training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house designs to complete more projects in a shorter timeframe by July 2022	Provide high quality project management design for Capital Improvement Projects.	Ongoing	Fiscal Year Capital Spending = 90%	Shaun Stone	November	2016	Behind Schedule		FY Budget = \$60m; Projected spending = \$52M Overall projection = 86%. As of 11/30 Engineering had 6 projects representing \$5M in budget variance. Please see our November 2016 GM report for detail variances for the 6 projects.
216	FY 2016/17	Quarterly	Engineering, Planning and Science	E	Conduct Lesson's Learned sessions to evaluate key construction implementations	Review and evaluate all projects for best practices that can be applied to future projects.	Ongoing	10x/year > 90%	Shaun Stone	November	2016	On Schedule		Conducted 1 Lesson Learned; Battery Project Lessons Learned
External Affairs														
166	FY 2016/17	Quarterly	Agency Management	C	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Cultivate positive relationships with local and regional media	Ongoing	Present to 6 associations /groups	Kathy Besser	November	2016	On Schedule	No	Presented to three community groups on educational opportunities and drought.
167	FY 2016/17	Quarterly	Agency Management	D	13. Advocate strategies that help anticipate and mitigate the impacts of droughts and climate change on the region	Develop, support, promote, and participate in water education programs	Ongoing		Kathy Besser	November	2016	On Schedule	No	Restructured education programs to include more drought and conservation activities during the tours. Changed digital marketing campaign to include appropriate messaging for fall, which includes utilizing new marketing logos and new platforms.
168	FY 2016/17	Quarterly	Agency Management	F	Support legislation to reduce drugs in waterways through take back programs	Support legislation to reduce drugs in waterways through take back programs	Completed by FY 16/17		Kathy Besser	November	2016	On Schedule	No	Sent press releases and used digital outreach to spread the word about national drug take back day in October.
223	FY 2016/17	Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Incorporate the Agency's Mission, Vision, and Values into all staff activities including: creating collateral materials, employee newsletter, and posting to the IEUA website. Increase public recognition of Agency brand	By June 2016 and ongoing	Continue to update printed materials, newsletters, and website with current content	Kathryn Besser	November	2016	On Schedule		Assisted with development of updated Agency business goals to ensure mission, vision and values are included in our long term planning. Website content is kept current, newsletters are sent out quarterly and brochures are updated on a rotating schedule.
224	FY 2016/17	Monthly	Agency Management	C	Update and maintain the Agency's website to clearly communicate key activities, issues, policies, and key documents, and continue to optimize use of social network media	Serve as the Agency Webmaster and provide current and timely information	By June 2016 and ongoing	Review the website for accuracy on a continual basis	Kathryn Besser	November	2016	On Schedule		Began meeting with department managers in September to ensure content remains accurate. Continue to switch out front page "sliders" on a timely basis to ensure current programs are being promoted.
228	FY 2016/17	Quarterly	Agency Management	C	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Communicate the importance of regional/local water independence and conservation	By June 2016 and ongoing	Form a Drought Task Force with member agencies. Continue marketing campaigns and social media outreach, Present to associations or	Kathryn Besser	November	2016	On Schedule		Regional drought campaign throughout the service area continues, changing messaging for fall months to address different water usage and needs. All marketing continues to be done in Spanish and English.

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Exhibit B

Department: ALL
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Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
229	FY 2016/17	Quarterly	Agency Management	D	Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water	Work with the cities of Chino, Chino Hills, and Ontario to pass the water softener ordinance	By June 2016 and ongoing	community organizations quarterly Remaining cities to pass ordinance by end of FY 2015/16	Kathryn Besser	November	2016	On Schedule		Bi-annual audit was conducted, demonstrating only one store reverted to selling salt-based softeners. Three remaining cities have not passed ordinance -- will work with Planning Department to address new city councils beginning in January.
230	FY 2016/17	Monthly	Agency Management	F	Develop a communication plan to promote being a good neighbor	Communicate the Agency-wide goals, services, and functions to our entire service area, including all community members, businesses, and stakeholders.	By June 2016 and ongoing	FY2015/16 will continue to increase number of events attended in order to reach the entire service area	Kathryn Besser	November	2016	On Schedule		Brochures and technical illustrations were delayed due to new executive manager. Expect printing by end of 2016. Outreach list for press materials continues to grow, adding almost 135 in the past year. Significantly increased number of press releases and social media postings.
Finance and Accounting														
258	FY 2016/17	Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Ongoing	Review program fund allocations and adjust if necessary to meet program needs.	Tina Cheng	November	2016	On Schedule		Implement the property tax allocations to various programs as adopted by the Board in May 2016.
184	FY 2016/17	Quarterly	Finance and Administration	A	Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating	Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating	Ongoing		Tina Cheng	November	2016	On Schedule	No	One of the element of credit rating evaluation is governance and management. Staff support this area with the development of debt management policy, update of fiscal ordinance, and reserve policy. the Agency has accelerated the schedule for the refinancing of the 2008A bonds. Currently in the process of selecting an underwriter, defining the structure of the refinancing, and during this process obtain a rating for the new transaction and a reviewed rating for the Agency overall.
185	FY 2016/17	Quarterly	Finance and Administration	A	Continue to monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Ongoing		Tina Cheng	November	2016	On Schedule	No	Working with financial advisor and bond counsel in the preparation of refinancing/defeasance of the 2008A bonds in leveraging the current low interest rate market for interest cost savings
186	FY 2016/17	Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Ongoing		Tina Cheng	November	2016	On Schedule	No	Staff attended required safety trainings as recommended by the safety policy.
Grants														
273	FY 2016/17	Semi-Annual	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Manage congressional grant authorizations for water desalination projects in the Chino Basin	Ongoing	Until completion of the \$26M congressional authorization	Jason Gu	October	2016	On Schedule		IEUA has received \$20.8 million out of the \$26M Congressional Grant Authorization.
274	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize	Collaborate with departments that have	Ongoing	Collaborating with IEUA and member	Jason Gu	October	2016	On Schedule		Collaborated with member agencies and other local agencies on preparing,

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Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
					grants and other funding sources to support Agency and regional investments	projects that need grant funding.		agencies on preparing, submitting and monitoring grant and SRF loan applications for eligible projects.						submitting and monitoring grant and SRF loan applications for eligible projects.
275	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Find grants that match with Member and Regional Agencies capital and conservation programs	Ongoing	Continues as Federal and State grants are available	Jason Gu	October	2016	On Schedule		Collaborated with member agencies and other local agencies on preparing, submitting and monitoring grant and SRF loan applications for eligible projects. Will continue to locate opportunities to coordinate with others for regional benefits.
181	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Recommend potential grant opportunities that align with the Agency mission and financial goal	Ongoing		Jason Gu	October	2016	On Schedule	No	Recommended multiple State and Federal Grant and SRF loan opportunities that align with the Agency mission and financial goal. Several applications and pre-applications were submitted.
182	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Pursue new grant awards to diversify revenue	Ongoing		Jason Gu	October	2016	On Schedule	No	Major new grant applications and pre-applications were submitted to the State Water Resources Control Board and USBR. Opportunities through the CEC's Electric Program Investment Charge (EPIC) Program and through the DOE (Department of Energy) are continually being reviewed for potential grants.
183	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Collaborate with departments that have projects that need grant funding	Ongoing		Jason Gu	October	2016	On Schedule	No	Collaborating with Planning, Engineering, Construction Management, and Operations on preparing, submitting and monitoring grant and SRF loan applications for eligible projects.
Human Resources														
262	FY 2016/17	Semi-Annual	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Promote a positive work environment that holds managers, supervisors and employees accountable for creating and maintaining positive work relationships.	Ongoing	Survey and employee feedback	Sharmeen Bhojani	September	2016	On Schedule		Supervisors and managers attended 2 in-house workshop in July and August, 2016. The training topics covered were on Agency Discipline Procedures and Performance Appraisals.
263	FY 2016/17	Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Develop creative communication methods and continue education of employee benefits to increase knowledge of benefit programs and services including visiting and scheduling appointments with employees at other facilities, holding continuous lunch and learn sessions and other educational workshops/presentations.	Ongoing	Number of onsite visits, lunch and learns, and other educational sessions held	Sharmeen Bhojani	September	2016	On Schedule		Benefits Fair was held on September 14th with 102 employees attending. Additionally, ICMA-RC was on site on August 3rd and September 14th. Lincoln Financial and CalPERS 457 were also onsite on September 14th.
264	FY 2016/17	Quarterly	Finance and Administration	B	Develop and implement plan to mentor and prepare the next generation of Agency leaders by July 2017	Develop a process to identify potential leaders within the Agency; utilize the Leadership Academy	Leadership Academy January – June 2016	Number of employee participants in the Academy and other training programs.	Sharmeen Bhojani	September	2016	On Schedule		All Supervisors and Managers attended 2 Agency workshops in September, 2016 on Leadership Training

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Exhibit B

Department: ALL
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265	FY 2016/17	Semi-Annual	Finance and Administration	B	Develop a plan to conduct a feedback study to measure employee satisfaction.	and other training opportunities to enhance existing talent. Create and distribute an employee satisfaction survey	Employee Climate Survey by June 2016	Percentage of internal promotions Conduct an Employee Climate Survey after Class and Comp Study implementation	Sharmeen Bhojani	September	2016	Behind Schedule		Climate survey was postponed due to payroll discrepancies issues project.
266	FY 2016/17	Quarterly	Finance and Administration	B	Develop a plan to conduct a feedback study to measure employee satisfaction.	Identify strategies to increase employee morale and promote employee retention.	Ongoing	Surveys and employee feedback/Retention of employees	Sharmeen Bhojani	September	2016	On Schedule		The benefits fair survey feedback indicated that overall employees felt the Fair met their expectations (66%), that it was relevant to their needs (59%), and that they were able to gather new information about programs, benefits, and services (53%).
267	FY 2016/17	Semi-Annual	Finance and Administration	B	Implement the Agency-wide Classification and Compensation Study.	Finalize the Agency-wide Classification and Compensation Study to develop a fair, consistent and competitive compensation program	Complete by June 2016	Successfully ratify and implement the new structure for remaining represented units.	Sharmeen Bhojani	September	2016	Behind Schedule		Negotiations are still ongoing with the Supervisors' Unit regarding unit modifications. The Supervisors' Unit is the only unit that has not implemented the Study and a decision was made to revisit this in 2018.
268	FY 2016/17	Annual	Finance and Administration	B	Review and update the STAR Award program to more effectively recognize outstanding performance	Change the format of the STAR Award Program to ensure more employees have an opportunity to receive the award	Review and recommendation by June 2016	Updated Agency Policy A-79.	Sharmeen Bhojani	September	2016	On Schedule		Policy review is deferred to future quarter of FY 16 17 due to higher priority for other policies which have been identified by labor and agency counsel.
269	FY 2016/17	Quarterly	Finance and Administration	B	Achieve a Cal Star Award certification from OSHA by June 2019	Research requirements needed to obtain the award/certification by OSHA; work with Maintenance and Operations to develop a plan that ensures commendable safety and risk management practices.	Schedule meetings with Operations and Maintenance to review requirements and develop an action plan by June 2016	Prepare applications submittal(s) by November 2016.	Sharmeen Bhojani	September	2016	On Schedule		A tour of Eastern Municipal Water District was conducted earlier in October. Eastern is Cal-Star certified. The tour provided information on what our Agency can expect and what areas our staff need to focus on over the next few years in preparation for a Cal-Star audit. Future meetings will be scheduled to begin addressing Action Log items.
187	FY 2016/17	Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Assist in the development of the cross-training program by providing guidance, coordination, and administrative skills in the program design, course content development, marketing and evaluation with various stakeholders and subject matter experts	Ongoing June 2015???	Survey and employee feedback/ Number of on-site visits, lunch and learns and other educational sessions held	Sharmeen Bhojani	September	2016	Behind Schedule	No	Meet with the new Executive Manager of Operations in the 2nd quarter of FY 16 17 to determine the priorities and timeline for this project
188	FY 2016/17	Quarterly	Finance and Administration	B	Implement strategies and recruitment practices that provide flexible and responsive solutions to assist the Agency in filling positions in a timely and effective manner	Draft a new consolidated Personnel Rules and Regulations	Ongoing	Track the average number of weeks it takes to complete the recruitment process from beginning to end	Sharmeen Bhojani	September	2016	On Schedule	No	Average number of weeks is 2.743 weeks. This low number is due to the selection of internal candidates which result in quicker turnaround time for appointment than external candidates.
40	FY 2016/17	Quarterly	Finance and Administration	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Work with all Agency departments to institute a holistic Disaster Preparedness Plan; coordinate table top exercises for disaster drills for all Managers and Supervisors on an annual or biennial basis	July-2017	Distribute a draft plan for review to all departments by January 2016	Sharmeen Bhojani	September	2016	On Schedule	No	Draft Disaster Preparedness Plans have been completed by all applicable departments/divisions and are in review. As plans change, discussions are now pending to conduct a real-time Agency wide drill in 2017. A firm date cannot be provided at this time as many factors will dictate scheduling. Currently, initial trainings with those staff listed on the

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														Incident Organization Chart are providing an overview of each section's responsibilities in the event of an emergency/disaster.
57	FY 2016/17	Quarterly	Finance and Administration	B	Review and revise the Emergency Preparedness Plan by July 2017	Enhance current Emergency Preparedness Manual by adding department action plans and ensure coordination with the Disaster Preparedness Plan; review and revise the manual on an annual basis	July-2017	Distribute a draft plan for review to all departments by January 2016	Sharmeen Bhojani	September	2016	On Schedule	No	The Agency's Emergency Manual is reviewed each December and as needed throughout the year. This manual will be tied in with the Disaster Preparedness Plan which includes department action plans. As this is a live document, it will continue to be revised annually and as necessary.
33	FY 2016/17	Quarterly	Finance and Administration	B	Draft a new consolidated Personnel Rules and Regulations for the Agency across all bargaining units, thereby streamlining individual Unit MOUs by July 2016	Draft a new consolidated Personnel Rules and Regulations	July-2016	Prepare a first draft for review by April 2016	Sharmeen Bhojani	September	2016	On Schedule	No	Began the review process in September to identify changes and updates needed to streamline and consolidate items in all MOUs. First draft is complete.
Internal Audit														
132	FY 2016/17	Annual	Agency Management	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Update and maintain the IAD's Disaster Preparedness Plan and submit to the Audit Committee for review and submittal to the Board	Annually as part of the review of all IAD procedures and Charter .	Reviewed at the Audit Committee level with the Audit Committee Advisor and Audit Committee members as well as Executive Management.	Teresa Velarde	November	2016	On Schedule	No	IA has SOP #006 "IA Internal Audit Department Business Continuity and Disaster Recovery." the purpose of the SOP is to document the role and responsibility of IA. IAs role will be to assist in the continuance of critical activities and to help Agency Management minimize the impact of the incident to the Agency's core operations. Additionally, as part of the Agency's effort to implement a disaster plan in place, IA staff are placed on the Incident Organizational Chart.
231	FY 2016/17	Monthly	Agency Management	A	Continue commitment to cost containment for operating and capital costs.	Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost containment	On-going and through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation	Completed planned and scheduled audits approved through the Annual Audit Plan. Comments and discussions during Audit Committee Meetings and exit meeting	Teresa Velarde	October	2016	On Schedule		Achieved with the completion of each operational audit and project that IA completes. Recommendations are discussed and provided and communicated for implementation. Each audit provides opportunities to evaluate Agency processes and procedures, improve on those processes, contain costs, and consider more effective and efficient processes. By completing operational audits, this objective is realized every time. The items revealed through the audit are discussed in detailed during the regularly scheduled Audit Committee meetings and during meetings with management and line supervisors. Recommendations are provided to promote a strong control environment by conducting independent and objective audits.
232	FY 2016/17	Monthly	Agency Management	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Close out and finalize the Regional Contract Review with recommendations to improve the consistent and fair application of the	On-going follow-up review or additional evaluation as needed or requested by Management or the Board	Completion. Comments and discussions during Executive Management	Teresa Velarde	November	2016	On Schedule		Completed in October 2015. Completed the audits of the 7 member agencies, discussed the results with the contracting agencies and the Audit Committee and the Board as well as with

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						Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract. And provide workshops for the Board of Directors and the Regional Policy and Technical Committees, and provide workshops for the Board of Directors and the Regional Policy and Technical Committees		Meetings, Audit Committee Meetings and exit meetings						Tech Committee. The Final Report for the Regional Contract Audit was completed in October of 2015. Over 20 recommendations were provided to evaluate, change and improve: the monthly sewer billing, the connection fee billing, the business model of the Regional Contract. Various meetings, discussions and presentations were provided by IAD. IAD continues to stay involved with various discussions of moving forward with the recommendations provided, and resolving issues identified. IA stands ready to assist in any way possible and requested.
235	FY 2016/17	Monthly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations	Promote a strong control environment by conducting independent objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for strong internal controls, effectiveness and efficiency in operations. Broaden, improve and expand knowledge, reliance and utilization of financial and information systems to gather, research, analyze, and examine different types, more detailed and larger scopes of data to evaluate and test during audit procedures for any type of audit or reviewed. Promote a strong control environment that preserve the public perception of the Agency and safeguard Agency assets where the focus is identifying areas and providing recommendations to improve customer service that is effective and responsive Per direction or	Ongoing and through approved audits as approved through the Annual Audit Plan	Completed audits. Comments and discussions from stakeholders and during Executive Management Meetings, Audit Committee Meetings and exit meetings	Teresa Velarde	November	2016	On Schedule		IA promotes a strong control environment by conducting independent objective audits of Agency operations where the focus and audit scope includes identifying areas where controls can be made more effective or areas where costs can be contained and providing recommendations for strong internal controls, effectiveness and efficiency in operations and processes and procedures. Improve and expand knowledge, reliance and utilization of financial and information systems to gather, research, analyze, and examine different types, more detailed and larger scopes of data to evaluate and test during audit procedures for any type of audit. Promote a strong control environment that preserve the public perception of the Agency and safeguard Agency assets where the focus is identifying areas and providing recommendations to improve customer service that is effective and responsive Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to goals and identify areas for improvement, make recommendations to

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						approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to goals and identify areas for improvement, make recommendations to improve efficiencies. Conduct independent objective audits of Agency operations								improve efficiencies.
236	FY 2016/17	Monthly	Agency Management	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Update and maintain the IAD's Disaster Preparedness Plan and submit to the Audit Committee for review and submittal to the Board	Annually as part of the review of all IAD procedures and Charter	Review with the Audit Committee Advisor and Audit Committee members as well as Executive Management	Teresa Velarde	November	2016	On Schedule		IA has SOP #006 "IA Internal Audit Department Business Continuity and Disaster Recovery." the purpose of the SOP is to document the role and responsibility of IA. IAs role will be to assist in the continuance of critical activities and to help Agency Management minimize the impact of the incident to the Agency's core operations. Additionally, as part of the Agency's effort to implement a disaster plan in place, IA staff are placed on the Incident Organizational Chart.
241	FY 2016/17	Monthly	Agency Management	C	Leverage private/public partnership opportunities	Establish, maintain and strengthen audit-related private/public partnership opportunities to have network ties and associates where audit-related topics can be shared, discussed, and evaluated with the goal of continuous internal audit processes improvement	On-going	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, the Audit Committee and Board	Teresa Velarde	November	2016	On Schedule		Because the profession of internal audit, requires that all auditors be professional and are expected to achieve continuous professional development including professional association networking, this goal is achieved through those requirements and participating in conference and training events. Additionally, this goal is achieved through every audit project as it becomes an opportunity to promote friendly, helpful customer service, build the business networks and provide any assistance or information necessary. This is achieved both internally with internal Agency staff, externally, with employees in outlying locations and non-Agency employees that are business professional peers and contacts.
Laboratory														
197	FY 2015/16	Quarterly	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Complete a Review/Update of the Laboratory Chemical Hygiene Plan annually. (CHP)	Complete by December 2015		Nel Groenveld	October	2016	On Schedule	No	Completed in May 2016
300	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Continue commitment to cost containment for operating and capital costs	Evaluate advances in laboratory design for inclusion in the construction of the new Water Quality Laboratory	December 2016	Support Engineering during design phase by participation in design review.	Nel Groenveld	October	2016	On Schedule		Lab responds to RFIs for shop drawings when needed from the contractor.

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302	FY 2016/17	Monthly	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Meet the bi-weekly safety tailgate meeting requirement	December 2016	Hold bi-weekly safety meetings	Nel Groenveld	October	2016	On Schedule		Laboratory holds bi-weekly safety tailgate meetings.
<u>Maintenance</u>														
308	FY 2016/17	Quarterly	Operations	B	Establish a cross training program across departments and divisions to enhance understanding of Agency programs	Develop and implement a division-wide training program to enhance understanding by Agency staff of wastewater treatment process and compliance; modern maintenance practices; and recycled water maintenance.	By June 30, 2017	Hold one training session each quarter	Randy Lee	October	2016	On Schedule		Currently focusing on the Maintenance training to address Class & Comp requirements. Training is scheduled through February 2017. After that, we will look into a division-wide training program.
<u>Operations</u>														
306	FY 2016/17	Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Support the development and implementation of the Energy Management Plan to ensure 100% use of digester gas	By June 2016 Ongoing	Meet 100% of established implementation goals; on-going	Chander Letulle, Matt	October	2016	On Schedule		Operations has supported all implementation goals. Due to equipment issues at RP-1 and RP-2 gas utilization is lower than expected.
307	FY 2016/17	Monthly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Maximize use of biosolids by sending 90% of organics to IERCF	By June 2016 Ongoing	Send 90% of organics to IERCF; on-going	Randy Lee	October	2016	On Schedule		All Agency biosolids have been sent to the IERCF, processed into compost and sold into landscape and agricultural markets.
198	FY 2016/17	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Measure baseline usage of potable and recycled water usage.	Ongoing through June 2016		Matt Melendrez and	October	2016	On Schedule	No	Potable water usage data is collected and monitored for all sites. Recycled water usage data is collected and monitored at RP-5, CCWRF, and RP-2. A project has been identified to add a meter at RP-4. A construction project is currently in progress to install a meter at RP-1.
199	FY 2016/17	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Maintain peak demand management readiness	Ongoing through June 2016		Andy Campbell	November	2016	On Schedule	No	
200	FY 2016/17	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Maintain pump station readiness	Ongoing through June 2016		Andy Campbell	November	2016	On Schedule	No	
201	FY 2016/17	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Continue weekly Peak Demand Management meetings with key operations staff for start of 2016 Peak Demand season.	Ongoing through June 2016		Andy Campbell	November	2016	On Schedule	No	
202	FY 2016/17	Quarterly	Operations	D	Develop plan to improve the quality of recycled water to meet customer's needs by June 2017	Prepare and submit to CDPH start-up reports for new basin as delivery mechanisms are completed	Completed by June 2016 and Ongoing		Andy Campbell	October	2016	On Schedule	No	Declez Basin start-up is complete; start-up report will be completed in third quarter.
203	FY 2016/17	Quarterly	Operations	D	Identify and protect the best recharge land sites in the service region by June 2016	Ensure all treatment standards are met to maximize availability of recycled water.	Completed by June 2016 and Ongoing		Matt Melendrez and	October	2016	On Schedule	No	According to Compliance's Incident Report Summary all facilities are meeting or exceeding standards.
204	FY 2016/17	Quarterly	Operations	D	Identify and protect the best	Identify projects necessary	Completed by June 2016		Matt	October	2016	On	No	Projects have been identified to switch

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					recharge land sites in the service region by June 2016	to reduce potable and promote recycled water usage	and Ongoing		Melendrez and			Schedule		processes from potable to recycle water. Operations is working with Maintenance, and Engineering to complete these projects. For example San Bernardino Lift Station packing water system.
205	FY 2015/16	Quarterly	Operations	D	Identify and protect the best recharge land sites in the service region by June 2016	Develop recycled and groundwater recharge SCADA improvements that implement storage and delivery strategies by working with the DCS department	Completed by June 2016		Steve Smith	November	2016	On Schedule	No	Several RW/GWR department work orders were completed that resulted in more efficiency while managing the RW/GWR activities. 1) developed code to auto-report monthly RW deliveries (Vantagepoint), 2) improved SCADA screens to more accurately reflect critical basin structure elevations, and 3) refined code to increase RW deliveries and decrease discharge to creeks.
206	FY 2016/17	Quarterly	Operations	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Maintain basin readiness through basin cleanings	Completed by June 2016 and Ongoing		Andy Campbell	October	2016	On Schedule	No	Contracts have been issued for Turner 3&4, Decluz, and Jurupa and will be completed in November.
207	FY 2015/16	Quarterly	Operations	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands	Completed by June 2016	Written strategies and forecasts to be developed by RW and GWR staff	Steve Smith	November	2016	On Schedule	No	Continuing to work with both Ops and Planning staff to develop written RW storage and delivery strategies.
143	FY 2016/17	Annual	Operations	B	Review and revise the Emergency Preparedness Plan by July 2017	Support Human Resources in the development of an Emergency Preparedness Plan for the Operations Division.	FY 2014/15	Not applicable	Chander Letulle	October	2016	On Schedule	No	The Operations Interim Emergency Response Plan is continually being reviewed to ensure accuracy and availability of the latest information.
80	FY 2016/17	Quarterly	Operations	D	Optimize IEUA's use of potable and recycled water by July 2016	Identify projects necessary to reduce potable and recycled water usage.	FY 2016/17	One facility per quarter	Matt Melendrez	October	2016	On Schedule	No	A project has been identified to convert the RP-1 centrifuge oil coolers from potable water to utility water.
Planning and Environmental Compliance														
89	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Implement the schedule consistent with the IRP	continuous	Meet the schedule as defined by the IRP	Sylvie Lee	November	2016	On Schedule	No	This is an ongoing process working with CBWM on the recharge master plan projects, and investigating projects as they arise from IRP and RW Program Strategy.
76	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Advocate for ordinances requiring use of permeable pavement in new parking lots	Work with member agencies to develop ordinances to promote stormwater capture	June-2017	Development of ordinances or policies to support stormwater capture	Sylvie Lee	November	2016	Behind Schedule	No	Staff will be scheduling workshops with member agencies to begin planning in spring 2017
190	FY 2016/17	Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Apply LEAN management principles to streamline current practices and develop long-term strategy for permitting of the O&M activities of recharge basins	To be Completed by June 2017		Sylvie Lee	October	2016	On Schedule	No	IEUA staff is currently reviewing the draft public notice prepared by ACOE.
191	FY 2016/17	Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop a regulatory permitting strategy to support the implementation of the regional water and wastewater programs as identified in the planning documents	To be Completed by June 2017		Sylvie Lee	October	2016	Behind Schedule	No	IEUA staff is currently reviewing the draft Programmatic Environmental Impact Report. Distribution for public review is expected by late November.
193	FY 2016/17	Quarterly	Engineering, Planning	D	Identify and protect the best	Evaluate new projects and	Continuous	Meet the schedule as	Sylvie Lee	November	2016	On	No	Issuing RFP for IRP phase II, SARCCUP,

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			and Science		recharge land sites in the service region by June 2016	programs to support regional water reliability		defined by the IRP				Schedule		and water bank development.
195	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Complete the MWD Foundational Action Research Program and develop a tertiary injection research project plan to find new methods to safely recharge more water in to Chino Basin	Through June 2016 and Ongoing	Develop the plans	Sylvie Lee	October	2016	On Schedule	No	RW Injection Pilot Demonstration Project - The demonstration was placed on hold since the regulations have not been developed and due to the potential to implement reverse osmosis in the 5-15 year time frame, which would utilize available recycled water.
196	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Accelerate implementation of capital projects where appropriate to "drought proof" regional water supplies and optimize use of available federal and state grants and low interest rate financing	Accelerate implementation of "Drought Proof" projects to optimize use of federal and state grants and loans; develop the project list based on priority.	Continuous	Keep updated project list and be coordinated with member agencies	Sylvie Lee	October	2016	On Schedule	No	IRP Phase 2 was initiated in September 2016. Drought projects are being identified as part of the initial projects listing to help with drought resilience.
270	FY 2015/16	Monthly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Recommend potential grant opportunities that align with the Agency mission and financial goal.	Ongoing	Grants Opportunities announcements to Agency departments and member agencies.	Sylvie Lee	November	2016	On Schedule		Staff continuously monitors and applies for funding opportunities as they arise. Staff is preparing to issue professional services contract in preparation of the Proposition 1 Funding application.
271	FY 2016/17	Monthly	Engineering, Planning and Science	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs	Ongoing	Collaborating with IEUA and member agencies on preparing, submitting and monitoring grant and SRF loan applications for eligible projects.	Sylvie Lee	October	2016	On Schedule		CEQA Plus is being prepared for the Pomona/MVWD/IEUA Recycled Water Intertie Project. The grant application will be updated following completion of the CEQA Plus. The Feasibility Study may be expanded to include evaluation of additional alternatives.
272	FY 2016/17	Monthly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Recommend and pursue new grant awards/opportunities to diversify revenue.	Ongoing	Grants Opportunities announcements to Agency departments and member agencies.	Sylvie Lee	November	2016	On Schedule		Staff continuously monitors and applies for funding opportunities as they arise. Staff is preparing to issue professional services contract in preparation of the Proposition 1 Funding application.
278	FY 2016/17	Annual	Engineering, Planning and Science	C	Identify and participate in organizations that advance the Agency's mission, vision, and key initiatives	Participate in local and regional meetings such as CASA, SCAP, Water Reuse, SCWC, CWEA, and ACWA, to advance the Agency's mission, vision and key initiatives.	Continuous	Attend at regular meetings	Sylvie Lee	October	2016	On Schedule		Staff is actively participating in meetings, workshops, conferences, task forces, and attending seminars to maintain coordination and tracking important issues as it relates to the Agency's goals.
279	FY 2016/17	Quarterly	Engineering, Planning and Science	C	Promote regional projects and initiatives to boost business and industry relocations and promote economic development in the region	Promote local initiatives; consider and recognize the business impacts when developing regulations, policies, and planning documents	Continuous	Maintain the schedules as established in the regulations, policies and planning documents	Sylvie Lee	November	2016	On Schedule		Staff in process of evaluating the Exhibit J sewer fee calculation methodology, which will modernize the calculations.
280	FY 2016/17	Monthly	Engineering, Planning and Science	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Provide regular updates to the Regional Committees and IEUA Board on long term planning needs.	Continuous	Provide monthly/quarterly/annual updates as needed.	Sylvie Lee	November	2016	On Schedule		Updates have been provided on planning issues through the quarter.
282	FY 2015/16	Annual	Engineering, Planning and Science	D	Develop new targets and programs to achieve 20 x 2020 requirement through water use efficiency measures, including: improve rate structures, integrate water use in to billing, expand	Revise and develop annual targets, tools, and programs to achieve the 20 x 2020 requirements	6/3/2016	226 gpcd by 2015	Sylvie Lee	November	2016	On Schedule		Our department has been actively involved in the development of the State Executive Order. This establishes a legislative environment where the goals listed in 282 are within the context of overall State direction. The State

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					outdoor water use efficiency, and increase local use of stormwater									<p>direction helps to inform/direct how we can assist member agencies on these goals.</p> <p>Our assist with the State was successful and resulted in an Executive Order (May 2016). That created continuing assistance to the State in the form of Martha Davis conducting education across water stakeholders, my ongoing discussion with DWR and State Board staff on implementation details of the Ex. Order, attending meetings, addressing questions from the State, etc.</p> <p>This process will continue well into 2017 and beyond. The Executive Order will take a few years to fully implement. Our role in advising or assisting the State will continue, perhaps at a lesser scale. Our assistance to our member agencies will increase with respect to assisting our member agencies to get into position to comply with the Ex. Order.</p> <p>This is a game-changing order for water use across the state. It was a major goal of Joe to see this happen. With a collective effort on the part of IEUA, and our offering a practical approach to statewide water use efficiency, the change in what agencies and customers do will be changed for the better...but it will take time, twists and turns are inevitable. But, the "framework" has been established at the State level.</p> <ul style="list-style-type: none"> - Water Use Efficiency programs will continue (Lisa's programs) on a path to help agencies meet their 20x2020 water use goals - IEUA continues to explore new technology and/or methods to assist member agencies with cost effective and more efficient targeting of conservation programs, including the use of aerial imagery and agency by agency dashboards (Omni Earth as a vendor); continued support and direct input to the California Data Collaborative (Tom programs) - New focus shift toward the State's Executive Order on water use efficiency including consideration of how to comply with goals from the order for agencies to meet, such as leak detection and eliminating water loss from leaks (Tom programs) - This will mean continuing to look for and evaluate new methods to assist our member agencies to meet water use

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288	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Evaluate new projects and programs to support regional water reliability	Continuous	Identify and evaluate new opportunities for water reliability	Sylvie Lee	November	2016	On Schedule		goals and comply with new State regulations (Tom and Lisa evolving programs)
295	FY 2016/17	Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor	Develop a communication plan to neighboring businesses of odor performance monitoring.	Continuous	Periodic/as needed monitoring performed	Sylvie Lee	October	2016	On Schedule		issuing professional services RFP for developing IRP Phase II, SARCCUP within Chino basin and the Water Bank. Perform quarterly odor survey at all facilities.
296	FY 2016/17	Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor	Assist Operations and External Affairs with odor complaint investigations and assist with mitigation.	Continuous	Provide support as needed	Sylvie Lee	October	2016	On Schedule		Perform odor monitoring, as needed to assist Operations, External Affairs during complaints investigation and mitigation.
297	FY 2016/17	Quarterly	Engineering, Planning and Science	F	Lead efforts to advocate for emerging trends and proposed changes to rules and regulations	Actively participate in the legislative process through advice letters and comments	Continuous	Actively participate and submit comments/letters as issues arise through ACWA, WaterReuse, SCAP.	Sylvie Lee	November	2016	On Schedule		Provided comments to External Affairs regarding P&ER's legislative priorities.
Technical Services														
208	FY 2016/17	Quarterly	Operations	D	Work with other agencies on the implementation of local regional programs to meet the region's goal of reaching 50,000 AFY of recycled water use by June 2022	Perform evaluations to identify measures to improve recycled water quality and implement measures based on priority.	Ongoing	Install recycle water screens at RP-1 and RP-5	Jeff Noelte	October	2016	On Schedule	No	Engineering is leading a project that includes the evaluation of strainers on the discharge of the RP-5 RW pump station. The pre-design phase of the project started in October 2016.

**Inland Empire Utilities Agency
Inter-Departmental / Division Transfers FY 2016/2017
Budget Transfer**

Fund	Date	O&M Transfer From	Category	Amt Transfer Out	O&M Transfer To	Category	Amount Transfer In	Description	QTR
10200	7/21/16	520930	Public Information	\$10,000	512730	Equipment Rentals	\$10,000	A new GL for lease and rentals was created and budget must be transferred for a rental that was budgeted under a different line item.	1
10200	8/16/16	520930	Prof Svcs - Public Info	\$1,100	516010	Ads/Newspaper	\$1,100	Transfer needed due to invoices that were paid out of External Affairs that belong to Pretreatment.	1
10200	8/16/16	521080	Other Contract Svcs	\$1,100	516010	Ads/Newspaper	\$1,100	Transfer needed due to invoices that were paid out of External Affairs that belong to Pretreatment.	1
			Total O&M Transfers Out	\$12,200		Total O&M Transfers In	\$12,200		

Fund	Date	Project	Project Description	Amt Transfer Out	Project	Project Description	Amt Transfer In	Justification	QTR
10600	8/10/16	EN17053	Recy Water Pump Eff	\$25,000	EN17053	Recy Wtr Pump Eff	\$25,000	Transfer from Capital to O&M per Board approved item.	1
10800	8/10/16	EN16070	Sewage Pump Eff Imp	\$25,000	EN16070	Sewage Pump Eff. Imp.	\$25,000	Transfer from Capital to O&M per Board approved item.	1
			Total Project Transfers Out	\$50,000		Total Project Transfers In	\$50,000		

**Inland Empire Utilities Agency
FY 2016/17 GM Contingency Account Activity**

Exhibit C-2

Date	Description		Account/Project No.	Requestor	GM Contingency Budget	Transfers	Balance
7/1/2016	FY 2016/16 Adopted budget	RO Fund	10800-112100-501000-519010		\$400,000		\$400,000
9/27/2016	Transfer to cover unforeseen clean-up and abatement fees	RO Fund	10800-112100-501000-520210	A. Woodruff		\$20,000	\$380,000
RO Fund GM Contingency					\$400,000	\$20,000	\$380,000
7/1/2016	FY 2016/17 Adopted budget	GG Fund	10200-112100-100000-519010		\$300,000		\$300,000
8/31/2016	Transfer to cover the purchase of computers for new staff in External Affairs	GG Fund	10200-146100-105000-570005	K. Besser		\$3,700	\$296,300
GG Fund GM Contingency					\$300,000	\$3,700	\$296,300
GM CONTINGENCY GRAND TOTAL					\$700,000	\$23,700	\$676,300

cc: Joe Grindstaff, Christina Valencia

Inland Empire Utilities Agency
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2016/17

Exhibit D

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Changes in Current FY	Current Total Project Budget	Amt of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification		
10600	Capital	8/10/16	Yes	Yes	No	EN17053	Agency-Wide Recycled Water Pump Efficiency	\$0	\$0	\$0	\$625,000	\$625,000	\$0	\$625,000	\$625,000	(EN16070)	Board approved transfer from EN16070, RO fund, to EN16070, WC fund, to fund the contract awards to PAMCO Industries for the 2 projects.		
	Capital	9/27/16	Yes	Yes	No	IS17022	Versa View Replacement	\$47,000	\$0	\$47,000	(\$4,000)	\$43,000	\$47,000	(\$4,000)	\$43,000	IS17017	Transfer from IS17022 to IS17017 to cover additional costs of upgrading the microwave radio hardware at the 1630 E Pump Station due to frequent communication failures.		
						IS17017	1630 East Licensed Radio Upgrade	\$30,500	\$0	\$30,500	\$4,000	\$34,500	\$30,500	\$4,000	\$34,500	(IS17022)			
	Capital	9/28/16	Yes	Yes	Yes	EN13045	Wineville RW Extension Segment B	\$11,880,300	\$0	\$11,880,300	(\$15,000)	\$11,865,300	\$100,000	(\$15,000)	\$85,000	EN17057	Transfer to create new project, EN17057, to fund the acquisition of an AC unit at the RP-3 electrical panel to help prevent panel component damages that could be caused by overheating.		
						EN17057	Wineville AC for the Electrical Panel	\$0	\$0	\$0	\$15,000	\$15,000	\$0	\$15,000	\$15,000	(EN13045)			
Subtotal Recycled Water (WC)								\$11,957,800				\$12,582,800	\$177,500		\$802,500				
10800	Capital	7/29/16	Yes	Yes	Yes	EP17002	Major Facilities Repair/Replacement	\$400,000	\$0	\$400,000	(\$9,000)	\$391,000	\$400,000	(\$9,000)	\$391,000	LB17004	Transfer from EP17002 to fund new project, LB17004, to purchase IDEXX Colliert equipment used to perform Colliform analysis.		
						LB17004	IDEXX Colliert	\$0	\$0	\$0	\$9,000	\$9,000	\$0	\$9,000	\$9,000	(EP17002)			
	Capital	8/10/16	Yes	Yes	No	EN16070	Agency-wide Sewage Pump Efficiency	\$1,275,000	\$0	\$1,275,000	(\$625,000)	\$650,000	\$1,260,000	(\$625,000)	\$635,000	EN17053	Board approved transfer from EN16070, RO fund, to EN16070, WC fund, to fund the contract awards to PAMCO Industries for the 2 projects.		
Subtotal Regional Operations (RO)								\$1,675,000				\$1,050,000	\$1,660,000		\$1,035,000				
Capital Total Project Budget								\$13,632,800				\$13,632,800			\$1,837,500		\$1,837,500		
Capital Total Project Budget								\$13,632,800				\$13,632,800			\$1,837,500		\$1,837,500		
Total Annual Capital Budget														\$1,837,500		\$1,837,500			
10200	O&M Proj	8/31/16	Yes	Yes	Yes	IS17025	New Workstations - External Affairs	\$0	\$0	\$0	\$3,700	\$3,700	\$0	\$3,700	\$3,700	(O&M: 519010)	Transfer from O&M to create new project, IS17025, to cover the purchase of new computers for newly hired staff within the External Affairs department.		
Subtotal Administration (GG)								\$0				\$3,700			\$0		\$3,700		
10800	O&M Proj	9/20/16	Yes	Yes	No	PA17006	Agency-wide Aeration Panel Repair & Replacement	\$2,400,000	\$0	\$2,400,000	(\$200,000)	\$2,200,000	\$2,400,000	(\$200,000)	\$2,200,000	EN17040	Transfer from Agency-wide Panel Repair to RP-1 specific project for easier cost tracking and project management.		
						EN17040	RP-1 Aeration Basin Panel Repairs	\$0	\$0	\$0	\$200,000	\$200,000	\$0	\$200,000	\$200,000	(PA17006)			
Subtotal Regional Operations (RO)								\$2,400,000				\$2,400,000			\$2,400,000				
O&M Total Project Budget								\$2,400,000				\$2,400,000			\$2,400,000		\$2,400,000		
O&M Total Project Budget								\$2,400,000				\$2,400,000			\$2,400,000		\$2,400,000		
Total Annual O&M Project Budget														\$2,400,000		\$2,400,000			
Adopted								\$2,400,000				\$2,400,000			\$2,400,000		\$2,400,000		
Amended											\$3,700			\$2,403,700		\$2,403,700			
Total Capital and O&M Project Transfers											\$856,700								
Total Project Budget Change - Capital											\$0								
Total Project Budget Change - O&M Proj											\$3,700								
Total Project Budget - Net Change											\$3,700								

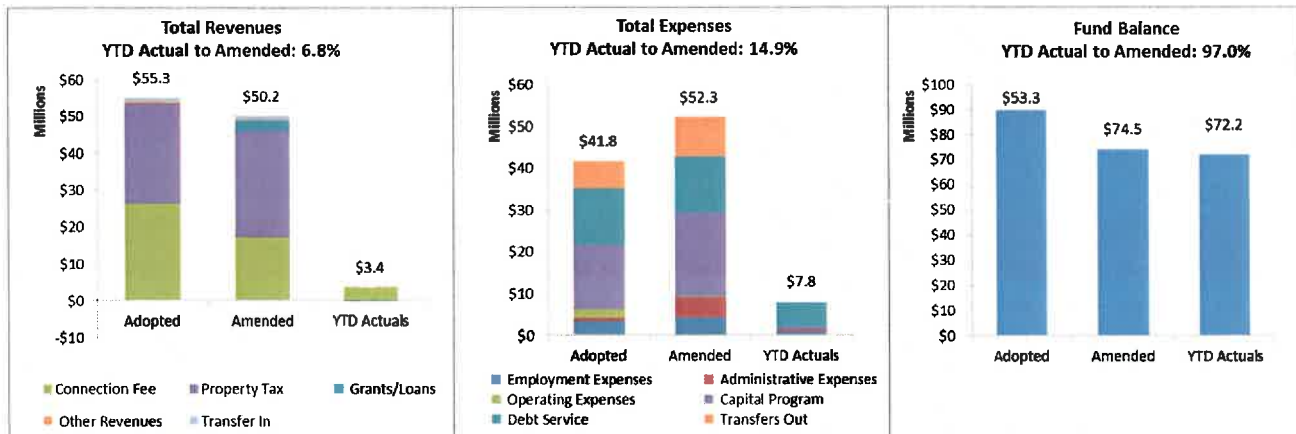
**Inland Empire Utilities Agency
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2016/17**

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Changes in Current FY	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification	
10600	Capital	8/10/16	Yes	Yes	No	EN17053	Agency-Wide Recycled Water Pump Efficiency	\$0	\$0	\$0	\$625,000	\$625,000	\$0	\$625,000	\$625,000	(EN16070)	Board approved transfer from EN16070, RO fund, to EN16070, WC fund, to fund the contract awards to PAMCO Industries for the 2 projects.	
	Capital	9/27/16	Yes	Yes	No	IS17022	Versa View Replacement	\$47,000	\$0	\$47,000	(\$4,000)	\$43,000	\$47,000	(\$4,000)	\$43,000	IS17017	Transfer from IS17022 to IS17017 to cover additional costs of upgrading the microwave radio hardware at the 1630 E Pump Station due to frequent communication failures.	
						IS17017	1630 East Licensed Radio Upgrade	\$30,500	\$0	\$30,500	\$4,000	\$34,500	\$30,500	\$4,000	\$34,500	(IS17022)		
Capital	9/28/16	Yes	Yes	Yes	EN13045	Wineville RW Extension Segment B	\$11,880,300	\$0	\$11,880,300	(\$15,000)	\$11,865,300	\$100,000	(\$15,000)	\$85,000	EN17057	Transfer to create new project, EN17057, to fund the acquisition of an AC unit at the RP-3 electrical panel to help prevent panel component damages that could be caused by overheating.		
					EN17057	Wineville AC for the Electrical Panel	\$0	\$0	\$0	\$15,000	\$15,000	\$0	\$15,000	\$15,000	(EN13045)			
Subtotal Recycled Water (WC)							\$11,957,800			\$12,582,800	\$177,500		\$802,500					
10800	Capital	7/29/16	Yes	Yes	Yes	EP17002	Major Facilities Repair/Replacement	\$400,000	\$0	\$400,000	(\$9,000)	\$391,000	\$400,000	(\$9,000)	\$391,000	LB17004	Transfer from EP17002 to fund new project, LB17004, to purchase IDEXX Colilert equipment used to perform Coliform analysis.	
						LB17004	IDEXX Colilert	\$0	\$0	\$0	\$9,000	\$9,000	\$0	\$9,000	\$9,000	(EP17002)		
Capital	8/10/16	Yes	Yes	No	EN16070	Agency-wide Sewage Pump Efficiency	\$1,275,000	\$0	\$1,275,000	(\$625,000)	\$650,000	\$1,260,000	(\$625,000)	\$635,000	EN17053	Board approved transfer from EN16070, RO fund, to EN16070, WC fund, to fund the contract awards to PAMCO Industries for the 2 projects.		
Subtotal Regional Operations (RO)							\$1,675,000			\$1,050,000	\$1,660,000		\$1,035,000					
								Capital Total Project Budget		Capital Total Project Budget		Total Annual Capital Budget						
								Adopted	Adopted	Adopted	Adopted	Adopted	Adopted					
								\$13,632,800	\$13,632,800	\$1,837,500	\$1,837,500							
10200	O&M Proj	8/31/16	Yes	Yes	Yes	IS17025	New Workstations - External Affairs	\$0	\$0	\$0	\$3,700	\$3,700	\$0	\$3,700	\$3,700	(O&M: 519010)	Transfer from O&M to create new project, IS17025, to cover the purchase of new computers for newly hired staff within the External Affairs department.	
Subtotal Administration (GG)							\$0			\$3,700	\$0	\$3,700						
10800	O&M Proj	9/20/16	Yes	Yes	No	PA17006	Agency-wide Aeration Panel Repair & Replacement	\$2,400,000	\$0	\$2,400,000	(\$200,000)	\$2,200,000	\$2,400,000	(\$200,000)	\$2,200,000	EN17040	Transfer from Agency-wide Panel Repair to RP-1 specific project for easier cost tracking and project management.	
						EN17040	RP-1 Aeration Basin Panel Repairs	\$0	\$0	\$0	\$200,000	\$200,000	\$0	\$200,000	\$200,000	(PA17006)		
Subtotal Regional Operations (RO)							\$2,400,000			\$2,400,000	\$2,400,000		\$2,400,000					
								O&M Total Project Budget		O&M Total Project Budget		Total Annual O&M Project Budget						
								Adopted	Adopted	Adopted	Adopted	Adopted						
								\$2,400,000	\$2,403,700	\$2,400,000	\$2,403,700							
											Total Capital and O&M Project Transfers		\$856,700					
											Total Project Budget Change - Capital:		\$0					
											Total Project Budget Change - O&M Proj:		\$3,700					
											Total Project Budget - Net Change:		\$3,700					

**Financial Overview of Agency's Programs
 FY 2016/17 Fiscal Year ended September , 2016
 Total Revenues, Expenses, and Fund Balance
 (Unaudited)**

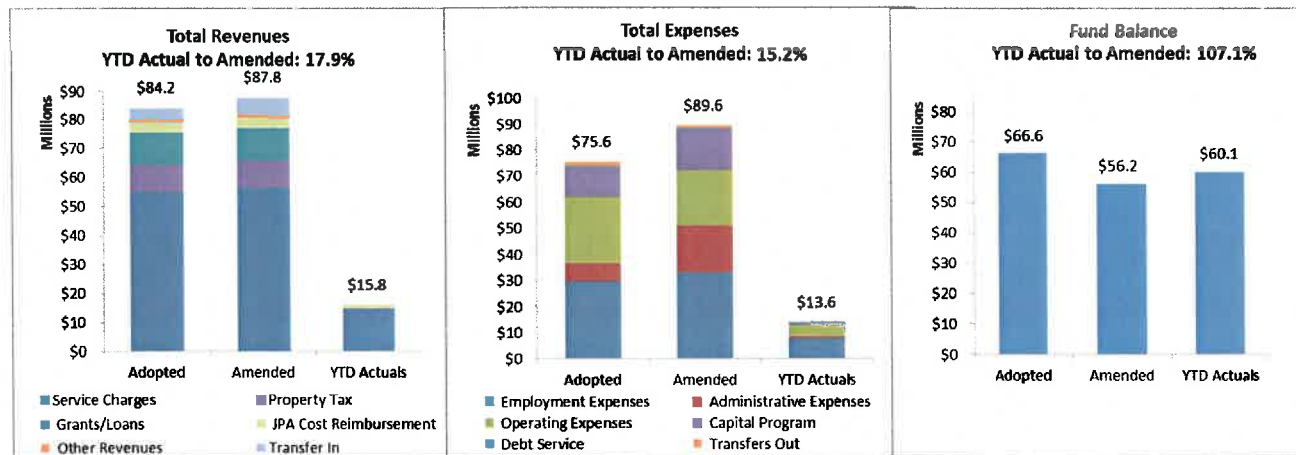
Regional Wastewater Capital Improvement (RC) Fund

The unaudited ending fund balance indicated a decrease of \$2.3 million compared to the amended budget primarily due to lower connection fee revenues, capital spending, inter-fund transfer activities, as well as the timing of collection of property tax receipts, A total of \$1.1 million of FY 2015/16 encumbrances was identified to be carried forward to FY 2016/17.



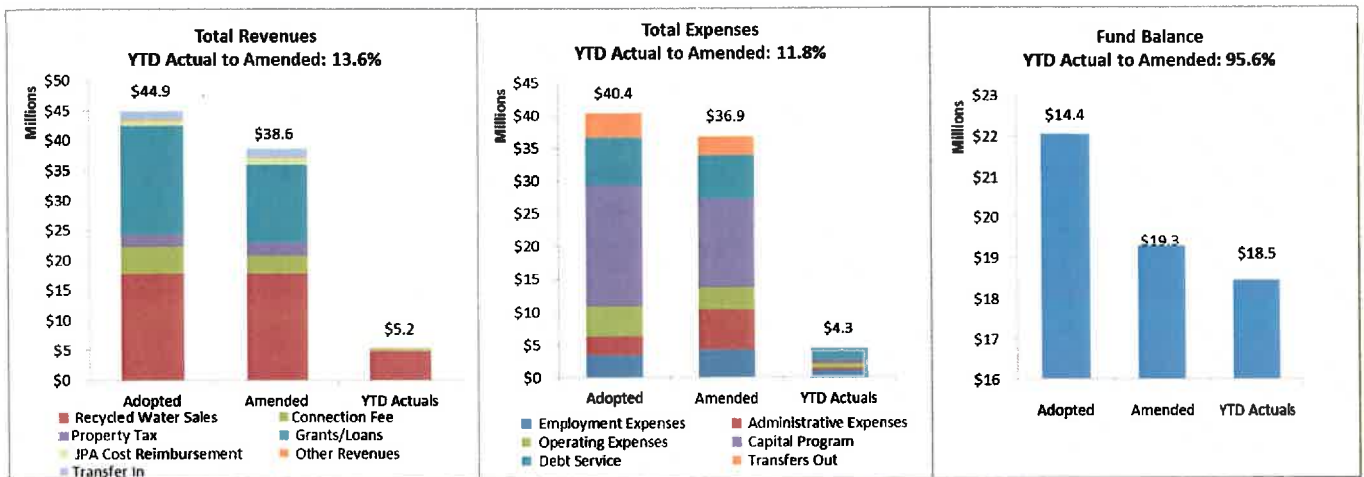
Regional Wastewater Operations and Maintenance (RO) Fund

The unaudited ending fund balance indicated an increase of \$4.0 million compared to the amended budget mainly due to the timing of execution of O&M and capital replacement and rehabilitation projects and low administrative expenses. A total of \$2.5 million of FY 2015/16 encumbrances was identified to be carried forward to FY 2016/17.



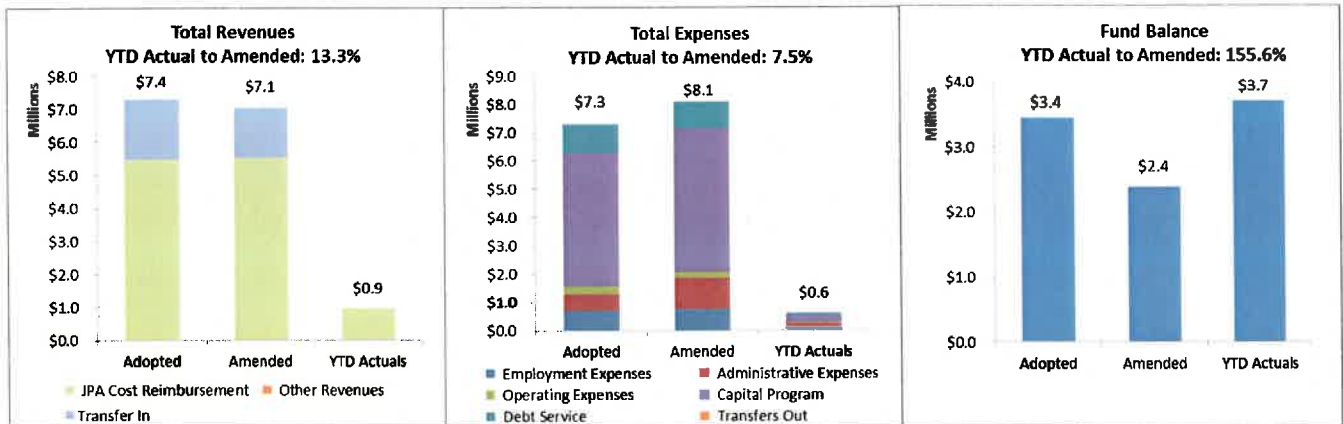
Recycled Water (WC) Fund

The unaudited ending fund balance indicated a decrease of \$0.8 million compared to the amended budget primarily due to low administrative expenses and timing in the execution of capital projects. A total of \$2.6 million of FY 2015/16 encumbrances was identified to be carried forward to FY 2016/17.



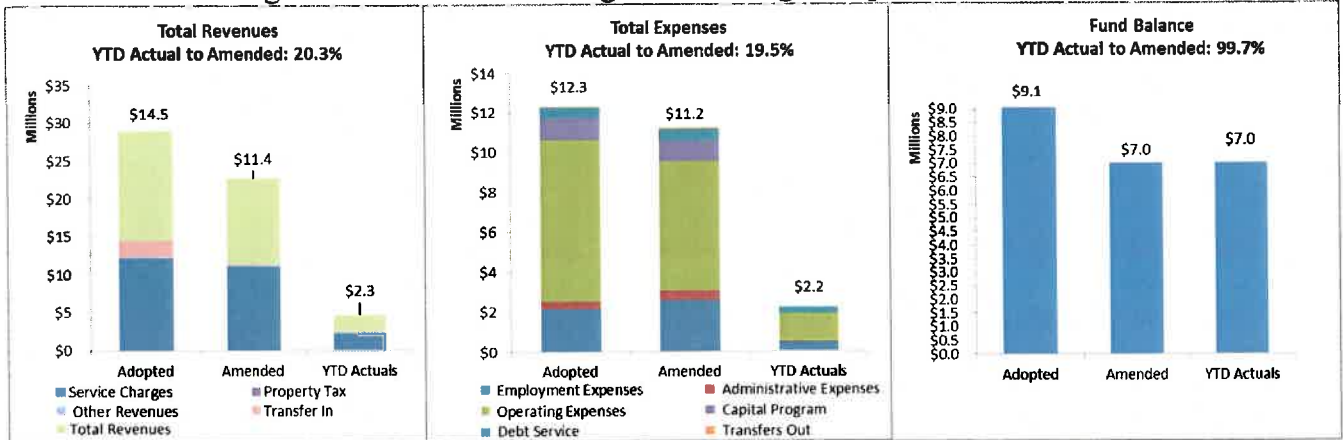
Recharge Water (RW) Fund

The unaudited ending fund balance shows an increase of \$1.3 million compared to the amended budget due to timing of operation spending & delays in capital project execution. A total of \$0.8 million of FY 2015/16 encumbrances was identified to be carried forward to FY 2016/17.



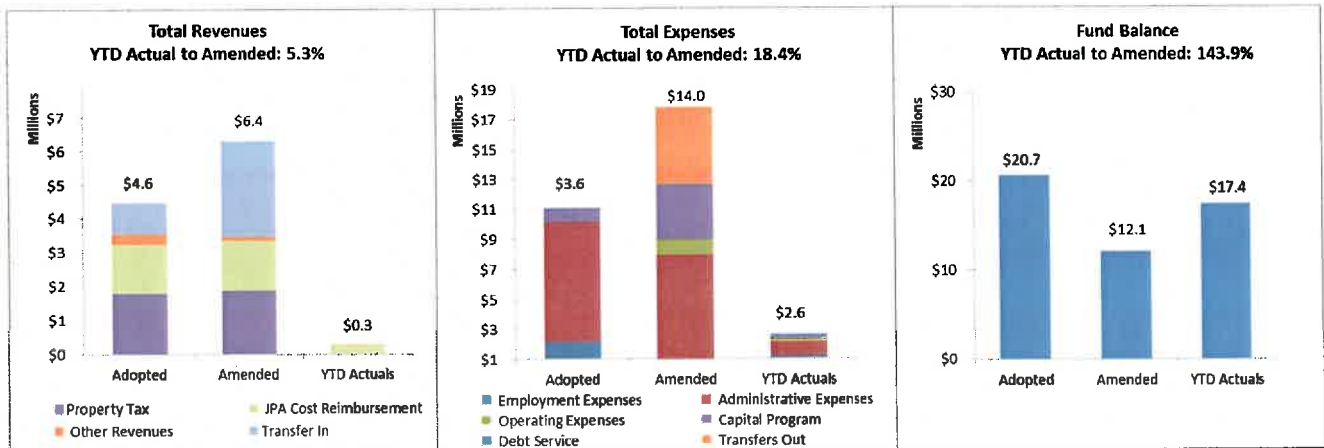
Non-Reclaimable Wastewater (NRW) Fund

The unaudited ending fund balance shows no significant change compared to the amended budget.



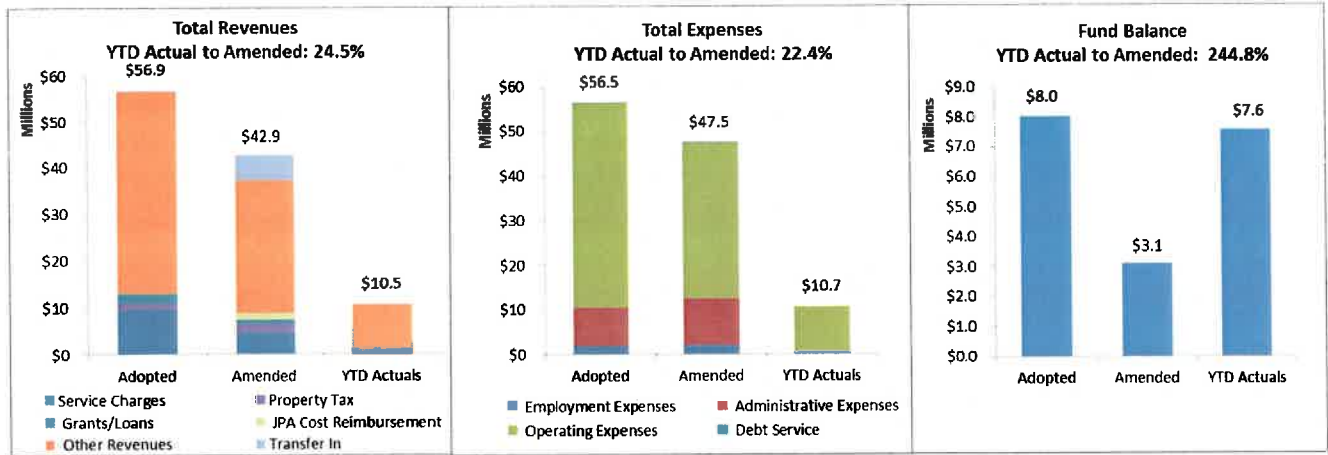
Administrative Services (GG) Fund

The unaudited ending fund balance indicated an increase of \$5.3 million compared to the amended budget lower capital spending and the timing of inter-fund loan activities. A total of \$1.9 million of FY 2015/16 encumbrances was identified to be carried forward to FY 2016/17.



Water Resources (WW) Fund

The unaudited ending fund balance indicates an increase of \$4.5 million compared to the amended budget due to collection of user charges and lower administrative spending. A total of \$3.5 million of FY 2015/16 encumbrances was identified to be carried forward to FY 2016/17.



FY 2016/17
Budget Variance Report
1st Quarter ended September 30, 2016

Board of Directors
December 21, 2016

Sources of Funds Highlights

Actuals compared to Amended Budget

Favorable Variance:

❖ **Recycled Water Sales: \$4.8M, 30.9%**

- 11,495 AF actual year to date vs. 37,100 AFY budgeted

❖ **Water Sales: \$9.1M, 31.9%**

- 15,382 AF vs. 50,000 AF budgeted

Unfavorable Variance:

❖ **Wastewater/Water Connection Fees: \$3.84M, 18.8%**

- 529 new EDU connections vs. 3,000 budgeted
- 529 new Water Connection vs. 2,730 budgeted

❖ **Property Tax:**

- County payments to begin in November 2016



Uses of Funds Highlights

Actuals compared to Amended Budget

Favorable Variance:

- ❖ **Office & Administration:** \$0.3M, 9.9%
 - Included unspent GM contingency & election expense for a total of \$0.9M
- ❖ **Professional Fees:** \$1.3M, 11.6%
 - Timing of contracts & services to be executed in subsequent months
- ❖ **Capital Projects:** \$2.7M, 4.6%
 - Delayed project execution primarily due to the implementation of the new Program Management Plan (PMP) to standardize project delivery

Unfavorable Variance:

- ❖ **Employment Expenses:** \$11.6M, 27.2%
 - Included an extra pay period during the month of September and issuance of floating holiday for the fiscal year

Updates

❖ Total Project Budget Change in First Quarter

- \$856,700 transferred between 11 projects within the same fund, no change in appropriated budget for FY 2016/17.

Project Number	Project Title	Adopted Budget	Amended Budget	Budget Change
EN17053	Agency-Wide Recycled Water Pump Efficiency	\$0	\$625,000	\$625,000
EN16070	Agency-wide Sewage Pump Efficiency	\$1,260,000	\$635,000	(\$625,000)
IS17022	Versa View Replacement	\$47,000	\$43,000	(\$4,000)
IS17017	1630 East Licensed Radio Upgrade	\$30,500	\$34,500	\$4,000
EN13045	Wineville RW Extension Segment B	\$100,000	\$85,000	(\$15,000)
EN17057	Wineville AC for the Electrical Panel	\$0	\$15,000	\$15,000
EP17002	Major Facilities Repair/ Replacement	\$400,000	\$391,000	(\$9,000)
LB17004	IDEXX Colilert	\$0	\$9,000	\$9,000
IS17025	New Workstations -External Affairs	\$0	\$3,700	\$3,700
PA17006	Agency-wide Aeration Panel Repair & Replacement	\$2,400,000	\$2,200,000	(\$200,000)
EN17040	RP-1 Aeration Basin Panel Repairs	\$0	\$200,000	\$200,000

FY 2016/17 Q1 Consolidated Fund Balance

Operating	FY 2016/17 Amended Budget	First Quarter Ended 9/30/16	Actual % of Amended Budget
Operating Revenue	\$126.8	\$33.9	26.8 %
Operating Expense	\$158.9	\$30.9	19.4%
Operating Net Increase/(Decrease)	(\$32.1)	\$3.0	
Non- Operating			
Non-Operating Revenue	\$99.0	\$4.6	4.6%
Non-Operating Expense	\$82.1	\$10.9	13.3%
Non-Operating Net Increase/(Decrease)	\$16.9	(\$6.3)	
Consolidated	FY 2016/17 Amended Budget	First Quarter Ended 9/30/16	Actual % of Amended Budget
Total Sources of Funds	\$225.8	\$38.5	17.1%
Total Uses of Funds	\$241.0	\$41.8	17.3%
Total Net Increase/(Decrease)	(\$15.2)	(\$3.3)	
Beginning Fund Balance (Unaudited)	\$189.8	\$189.8	
Ending Fund Balance	\$174.6	\$186.5	

Questions?

A landscape photograph showing a river winding through a dry, hilly region. The foreground is dominated by a sandy, light-colored bank on the left and a grassy, brownish bank on the right. The river flows from the background towards the right. The background features rolling hills under a clear blue sky. The overall scene suggests a semi-arid or desert environment.

The budget variance analysis report is consistent with the Agency's business goal of fiscal responsibility