



Annual Comprehensive Financial Report



Fiscal Year Ended June 30, 2022
Chino, CA



1158 West Reservoir Re-coating and Upgrades to Extend Asset Life

Prepared by the Finance and Accounting Department

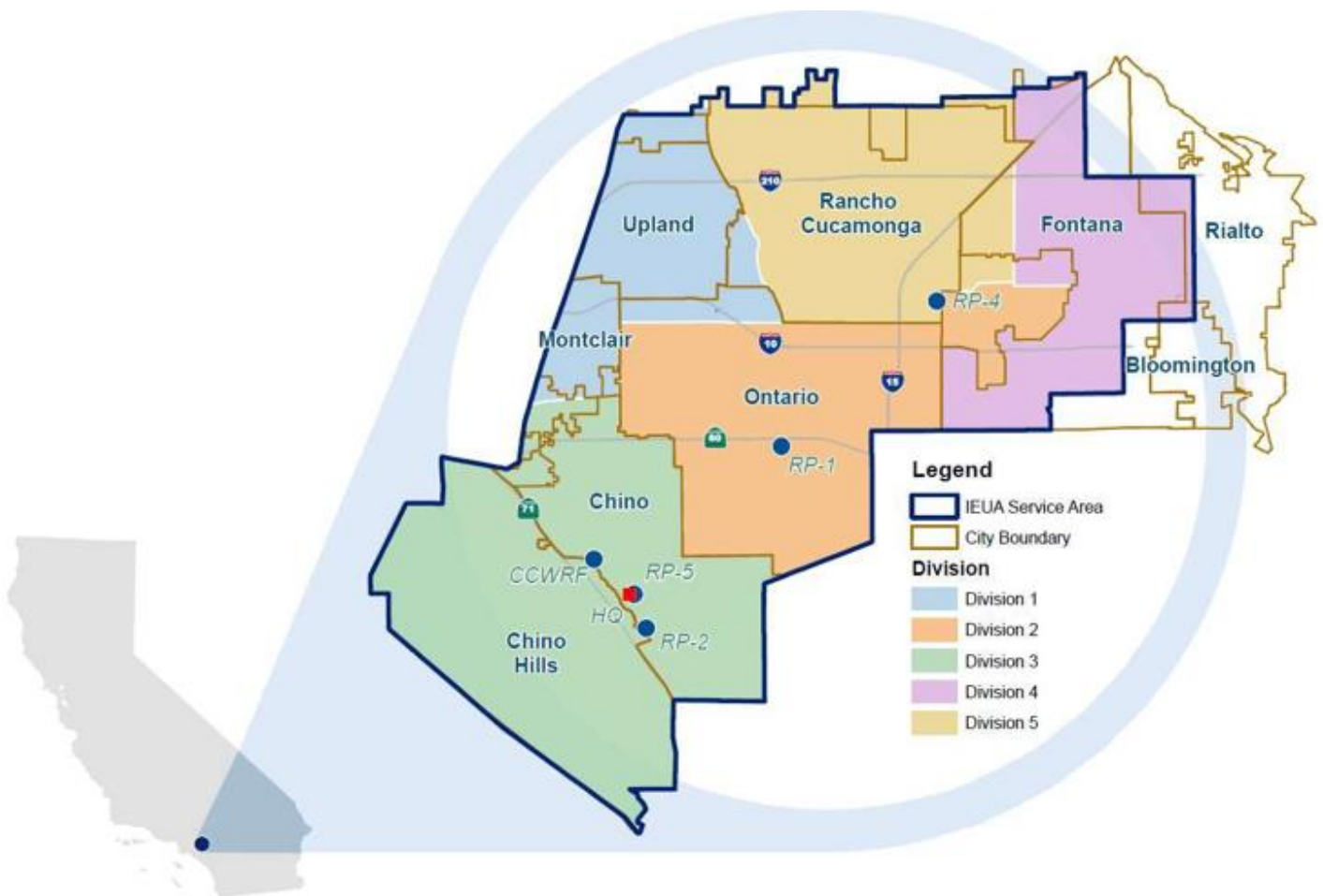
Acknowledgments

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



INLAND EMPIRE UTILITIES AGENCY

Service Area



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

AGENCY VISION

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

AGENCY MISSION

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

Key areas of service:

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



AGENCY VALUES

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

The Inland Empire Utilities Agency is:

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

INLAND EMPIRE UTILITIES AGENCY
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

INTRODUCTORY

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

FINANCIAL SECTION

Independent Auditor’s Report..... 1
Management’s Discussion and Analysis..... 5
Basic Financial Statements..... 23
 Statement of Net Position 24
 Statement of Revenues, Expenses, and Changes in Fund Net Position 28
 Statement of Cash Flows 30
 Notes to Basic Financial Statements..... 37

REQUIRED SUPPLEMENTARY INFORMATION

CalPERS Miscellaneous Pension Plan Schedule of Contributions 94
Schedule of Changes in Net Pension Liability and Related Ratios 96
CalPERS Retiree Healthcare Plan Schedule of Contributions 98
Schedule of Changes in the Net Other Post-Employment Benefit (OPEB) Liability and Related Ratios..... 99
Supplementary Information 101
 Combining Statement of Net Position – Non-Major Enterprise Funds 102
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Non-Major Enterprise Funds 106
 Combining Statement of Cash Flows – Non-Major Enterprise Funds 108
Individual Fund Statements and Schedules 115
 Regional Wastewater Program 115
 Combining of Net Position by Fund 116
 Combining of Revenues, Expenses, and Changes in Program Net Position by Fund 118

INLAND EMPIRE UTILITIES AGENCY
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

<i>Recycled Water Fund</i>	119
Schedule of Net Position	120
Schedule of Revenues, Expenses, and Changes in Fund Net Position	122
<i>Water Resources Fund</i>	123
Schedule of Net Position	124
Schedule of Revenues, Expenses, and Changes in Fund Net Position	125
<i>Non-Reclaimable Wastewater Fund</i>	126
Schedule of Net Position	127
Schedule of Revenues, Expenses, and Changes in Fund Net Position	129
<i>Recharge Water Fund</i>	130
Schedule of Net Position	131
Schedule of Revenues, Expenses, and Changes in Fund Net Position	133
<i>Administrative Services Fund</i>	134
Schedule of Net Position	135
Schedule of Revenues, Expenses, and Changes in Fund Net Position	137

STATISTICAL SECTION

<i>Index of Statistical Section Schedules</i>	139
<i>Financial Trends</i>	
Wastewater Revenue Program – Combined Statement of Revenues, Expenses, and Changes in Program Net Position.....	140
Combined Schedules of Revenues, Expenses, and Changes in Fund Net Position –All Funds	142
<i>Revenue Capacity</i>	
Wastewater Capital Connection Deposits Held	144
Wastewater Revenue Funds’ Capital Requirements	146
Regional Wastewater Funds – Service Charge Revenue and Rates by Contracting Agency.....	152
<i>Debt Capacity</i>	
Wastewater Revenue Funds’ Coverage Ratio – with Ten Year Comparison	153
Wastewater Revenue Funds’ Debt Coverage Ratio	154
Continuing Disclosure Compliance Report	156
Computation of Direct and Overlapping Bonded Debt	157

INLAND EMPIRE UTILITIES AGENCY
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

Operating Information

Operating Indicators – Wastewater Facilities Design Capacity and Average Flow	159
Operating Indicators – Actual Wastewater Flow	160
Operating Indicators – Projected Wastewater Flow	161
Operating Indicators – Pipeline Systems by Type	162
Operating Indicators – FY2021/22 Staffing Allocations	163
Operating Indicators – Budgeted Positions versus Staffing Actuals	164

Demographic and Economic Information

Population and Personal Income Statistics with Ten Year Comparison	165
Area Largest Public and Private Employers Statistics	166
Appropriation Limits	167

December 21, 2022
Inland Empire Utilities Agency
Chino, California

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Inland Empire Utilities Agency (referred to as IEUA or the Agency) for fiscal year ended June 30, 2022. State law and local ordinances require the Agency to annually publish a comprehensive report of its financial condition and activities in compliance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board and audited in accordance with general accepted auditing standards in the United States of America by a firm of licensed certified public accountants.

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

CliftonLarsonAllen LLP (CLA), a firm of certified public accountants, has issued an unmodified opinion on the Agency's financial statements for the year ended June 30, 2022. The independent auditor's report is presented as the first component of the Financial Section of this report.

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

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

Water Smart - Thinking in Terms of Tomorrow

Steven J. Elie
President

Michael Camacho
Vice President

Marco Tule
Secretary/Treasurer

Jasmin A. Hall
Director

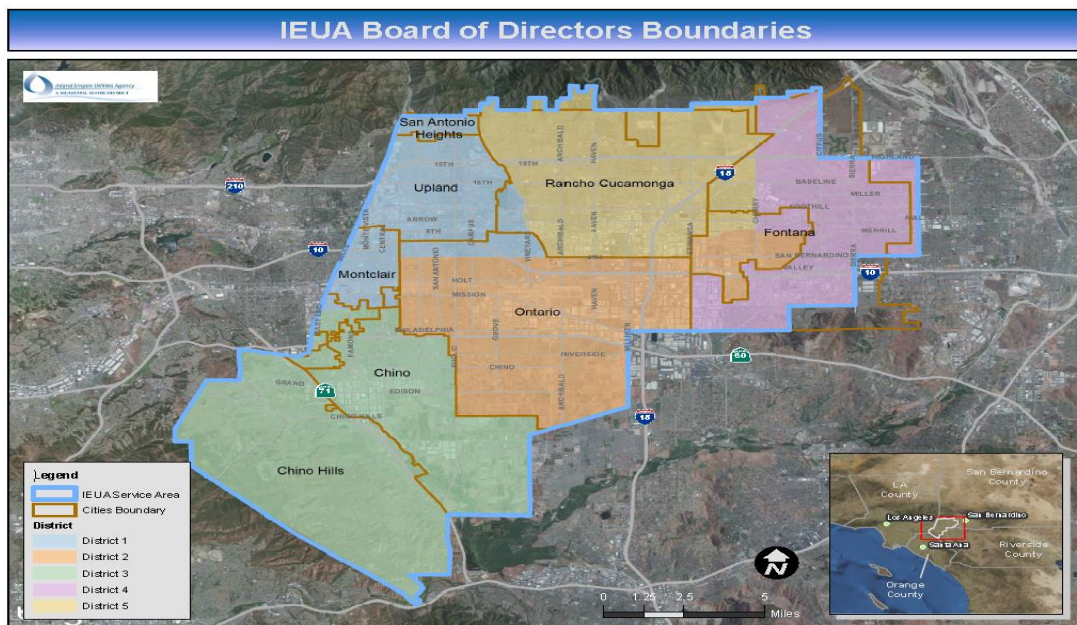
Paul Hofer
Director

Shivaji Deshmukh
General Manager

INLAND EMPIRE UTILITIES AGENCY PROFILE

UP TO THE PRESENT

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

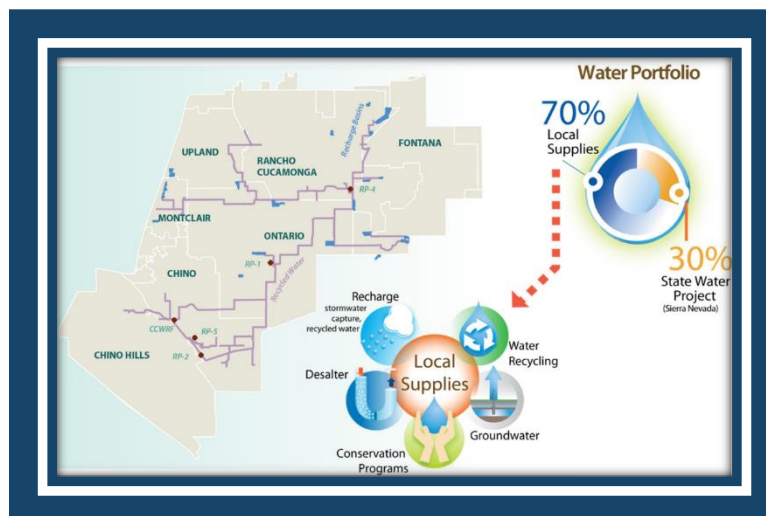


The Agency is focused on providing three key services: (1) treating wastewater and developing recycled water, local water resources, and conservation programs to reduce the region's dependence on imported water supplies, thus enabling the service area to become drought-resilient; (2) converting biosolids and waste products into a high-quality compost made from recycled materials; and (3) generating electrical energy from renewable sources.

WATER RESOURCES

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

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



REGIONAL WASTEWATER SYSTEM

The Agency began domestic wastewater collection during the mid-1960's and built the Southwest Chino Trunk Sewer for domestic wastewater transport. In 1973, the Agency completed lengthy negotiations on the Chino Basin Regional Sewage Service Contract (Regional Contract) with the cities of Chino, Fontana, Montclair, Ontario, and Upland, and with the Cucamonga Valley Water District as well as the County Service Area 70Q of the County of San Bernardino (later to become the City of Chino Hills). Pursuant to that Regional Contract, the Agency agreed to purchase and operate three local wastewater treatment plants, and to plan and construct all new pipelines, regional interceptor sewer and treatment plants as needed to meet growing demand from new development.

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

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

The Agency's water recycling plants collectively take in an average of 50 million gallons of wastewater per day for treatment from its contracting member agencies. Several treatment processes contribute to providing high quality recycled water pursuant to Title 22 regulations set forth by the California Department of Health Services.

NON-RECLAIMABLE WASTEWATER SYSTEM

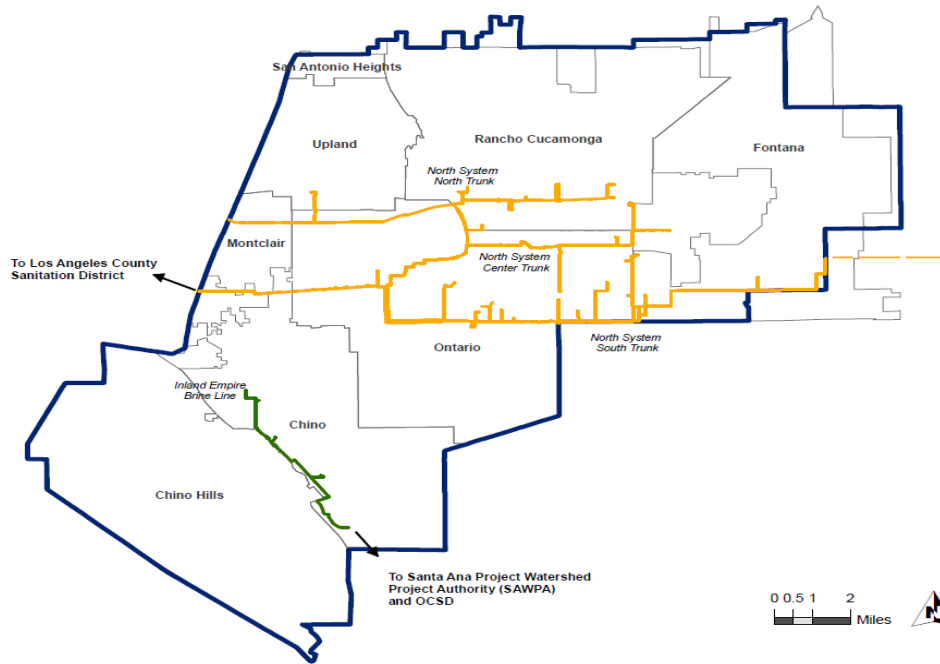
The Agency operates the Non-Reclaimable Wastewater System (NRWS) that provides for the treatment and disposal of industrial waste, which is too high in salts to be discharged into the Agency's water recycling plants. The NRWS transports non-reclaimable, salt-laden, industrial strength wastewater out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

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

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

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

NON-RECLAIMABLE WASTEWATER SYSTEM AND DISCHARGES



RECYCLED WATER DISTRIBUTION SYSTEM

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

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

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

Since 2010, the rate of connections for direct use customers to the regional recycled water system has been stagnant primarily due to changes in land use from agriculture to residential and commercial. As a result, the Agency has shifted its planning for the Recycled Water Program towards pursuing additional regional groundwater recharge, direct injection, and eventually direct potable reuse.

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

Over the next few years, a key objective for the Agency and its member agencies is to safeguard the regional capital investments by ensuring the long-term sustainability of the Recycled Water Program. The 2022 Rate Study will evaluate alternative rate structures that will provide revenue stability and lessen the impact of reduced deliveries in years of high precipitation.

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

GROUNDWATER RECHARGE BASINS

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

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

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

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

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

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

JOINT POWERS AUTHORITY

CHINO BASIN DESALTER AUTHORITY

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

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



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

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

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

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



Over the years, the IERCA has received various awards, including the Certification of Recognition 2010 for Complying with US EPA, the Dave Hardy Leadership in Organics Award in July 2011, the US Composting Award in 2011 and 2012, the Governor's Environmental and Economic Leadership Award in 2013, EPA Pacific Region- Environmental Award 2015, California Association of Sanitation Agencies Award of Excellence for Innovation and Resiliency, 2019, and US Composting Council, Large Scale Compost Manufacturer of the Year 2021. In addition, the IERCA staff has earned Master Compost Certificate through the University of California Extension Riverside California.

ECONOMIC CONDITION AND OUTLOOK

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

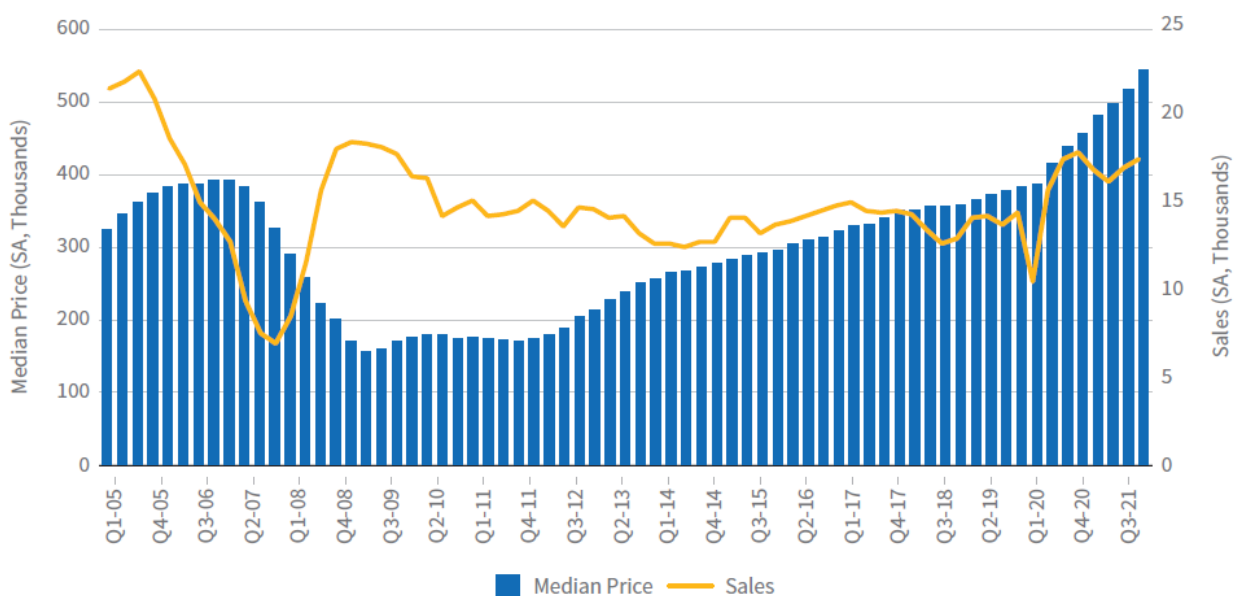
Since the 1950s, the area has changed from a rural to a suburban environment. The region now comprises numerous cities known as bedroom communities that are suburban cities to Los Angeles, Orange County, and San Diego. The U.S. Census Bureau-defined Riverside–San Bernardino–Ontario metropolitan area, which comprises Riverside County and San Bernardino County, California, covers more than 27,000 sq. miles and has a population of approximately four million. According to the State's labor market information, the Inland Empire, along with the Central Valley, San Francisco Bay area, and greater Sacramento region are all expected to grow faster than the statewide average, increasing their share of the State population through 2060 by one to two percent. With that growth rate, the Inland Empire population may reach more than seven million by 2030.

Housing market: The housing market was by far the brightest spot in the Inland Empire’s economy over the last two years. The supply fundamentals driving strong price growth since the outset of the pandemic have not changed, although today’s elevated mortgage rates will constrain future demand.

With this backdrop, home prices in the Inland Empire continue to increase rapidly. From first-quarter 2021 to first-quarter 2022, the median single-family home price rose 19.4 percent. This represents stronger growth relative to Los Angeles (12%) and San Diego (19.1%) Counties, yet slower growth relative to Orange County (25%).

Part of the reason the Inland Empire is experiencing more rapid growth is because it is one of the last relatively affordable housing markets in Southern California. At a median price of \$544,000, the region’s existing single-family homes are significantly more affordable than those in Los Angeles (\$895,000), Orange (\$1.16 million), and San Diego (\$904,000) Counties.

INLAND EMPIRE SINGLE-FAMILY HOMES, PRICES AND SALES



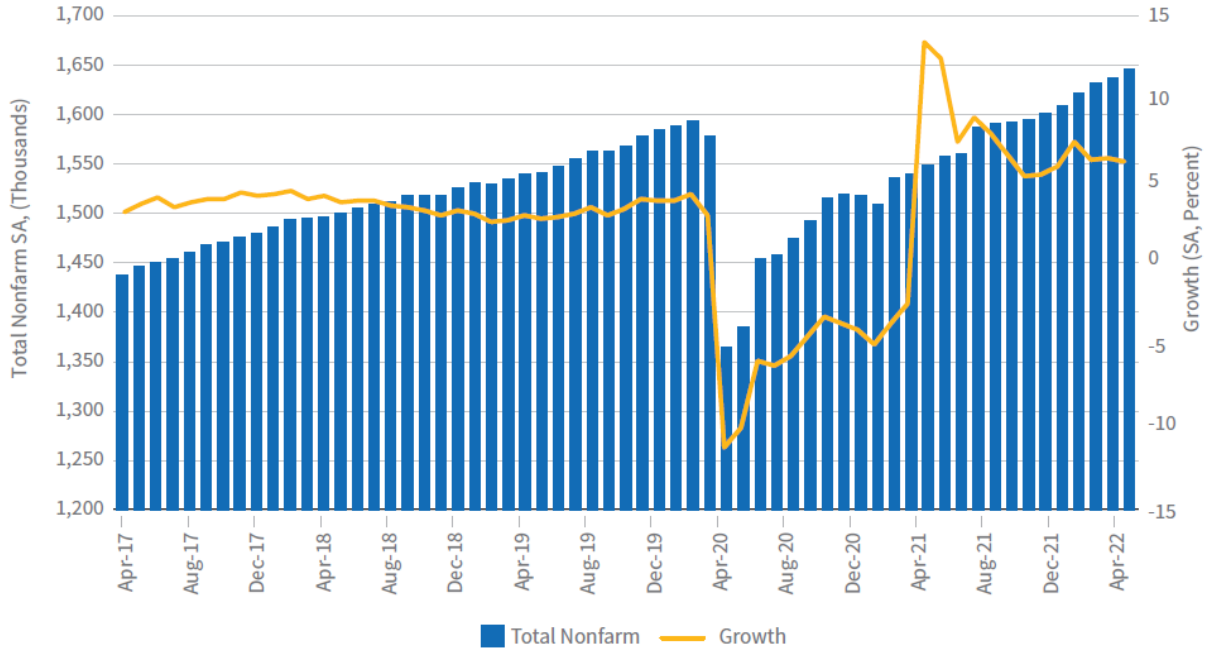
Source: CoreLogic; Analysis by UCR Center for Economic Forecasting and Development

While more affordable than neighboring counties, buying a home is becoming more costly. Only 31 percent of local households can afford to purchase a median-priced home in Inland Empire, down from 39 percent in the first quarter of 2021. This also makes the region more affordable than California (24%), but less affordable than the United States overall (47%).

With limited available inventory, the number of homes sold has decreased slightly despite homebuyer demand remaining high. Existing single-family home sales declined -2.1 percent in the Inland Empire from first-quarter 2021 to first-quarter 2022, outpacing sales growth in Orange (-17%), San Diego (-6.3%), and Los Angeles (-5.1%) counties.

No labor market slowdown yet: Despite growing recessionary fears, the short-term economic forecast for the Inland Empire is strong. The labor market continues to show vigor with an unemployment rate (3.7%) that is lower than it was pre-pandemic (4.1%). More than 280,000 jobs have been added in the region since April 2020, surpassing the 228,000 that were lost due to pandemic related shutdowns.

INLAND EMPIRE NONFARM EMPLOYMENT: A FULL RECOVERY



Source: California Employment Development Department (EDD); Analysis by UCR Center for Economic Forecasting and Development

Inflation chips away at wage growth: Local wage growth has been strongest in Riverside County where wages increased 3 percent from the third quarter of 2020 to the third quarter of 2021 (the latest data available). Wages in San Bernardino County have grown 1.7 percent. Despite the upturn, real wages decreased during the year due to high inflation.

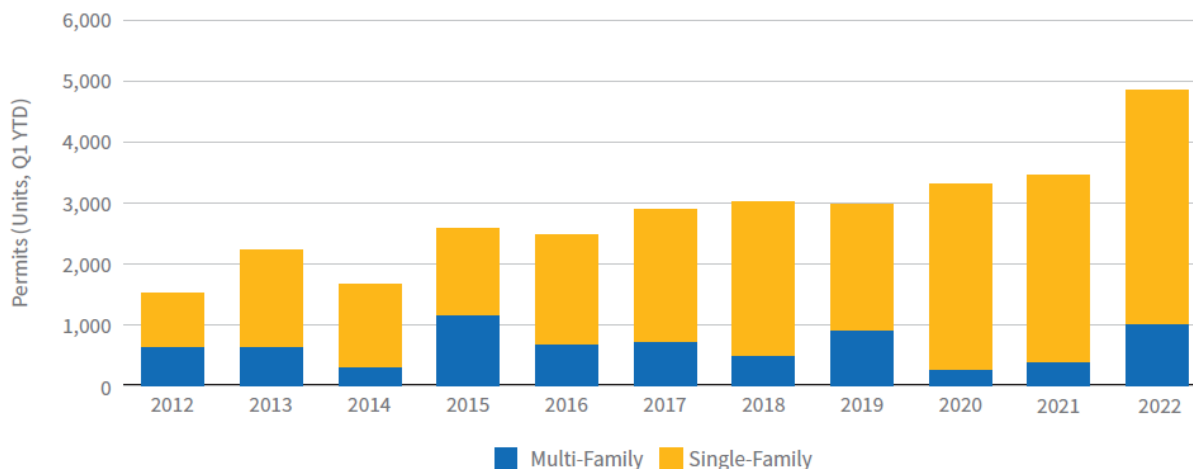
Consumer demand, fuel prices send taxable sales soaring: Taxable sales receipts in the Inland Empire jumped a hefty 23.8 percent in the latest annual data. The surge has been primarily driven by high fuel prices and more spending in the Business and Industry category where receipts swelled 57 percent. Fuel and Service Station receipts expanded almost as much (56%).

E-commerce trends keep warehouse space red hot: As of the first quarter of 2022 (the latest data available), the vacancy rate has fallen to 3.2 percent despite a whopping 34.6 million square feet of new space coming online. Driven by strong consumer spending in E-Commerce, warehouse space has become increasingly scarce and asking rents in the Inland Empire grew 6.3 percent in the latest data. But the region is still more affordable than Los Angeles, San Diego, or Orange Counties.

Rental market surges: Demand for apartments continued to intensify in the Inland Empire over the last year with the vacancy rate falling to 3 percent and asking rents expanding by more than 21 percent to reach an average of \$1,807 per month per unit. But even with the increase, rent in the region is significantly more affordable than in Los Angeles (\$2,236), Orange (\$2,335), and San Diego (\$2,226) Counties.

In step with the hot housing market, residential construction in the Inland Empire has increased 40% from first-quarter 2021 to first-quarter 2022. The region issued 1,008 multi-family building permits and 3,832 single-family building permits in the first quarter of 2022, an increase of 171 percent and 24 percent (respectively) compared to the first quarter of 2021.

INLAND EMPIRE RESIDENTIAL PERMIT GROWTH, YEAR-TO-DATE



Source: Construction Industry Research Board; Analysis by UCR Center for Economic Forecasting and Development

While national economic conditions remain uncertain and threaten a recession, the short-term economic forecast for the Inland Empire is currently very strong. With solid job growth and increased business activity, household incomes should remain strong in the region for the foreseeable future. One question is whether these growing incomes will lead to untenable price increases as well. (Source: UC Riverside, School of Business, Center for Economic Forecasting and Development, Inland Empire Regional Intelligence Report, Summer 2022)

MAJOR INITIATIVES AND ACCOMPLISHMENTS

MAJOR INITIATIVES FOR FY 2021/22

FY 2021/22 represented a gradual return to a new normal for the country as well as the workforce. As a result of the tremendous efforts shown by staff during the pandemic, the Agency implemented its inaugural Remote Work Policy providing flexibility for some job duties to be performed at an alternative location.

With the return to normal across the region, the Agency, in collaboration with its contract agencies and key stakeholders in the region, accomplished significant milestones and executed several planned initiatives throughout the fiscal year ended June, 30, 2022. Some of these key initiatives included; 1) Continued evaluation of the Chino Basin Program/Water Storage Investment Program project (CBP/WSIP project) to secure conditional funding of \$212 million awarded to the Agency by the California Water Commission, 2) secured grant funding, low interest state revolving fund (SFR) loans for the RP-5 Expansion project in amount of \$101.5 million, and additional (RMPU) groundwater basin capital improvements related projects at Montclair and Lower Day basins for a combined amount of \$4.8 million, 3) secured the second Water Infrastructure Finance and Innovation Act (WIFIA) low interest loan program administered by U.S. Environmental Protection Agency to support the Regional Wastewater Systems Improvement Project, 4) continued to work with contracting agencies on the renegotiation of the Regional Sewerage Service Contract, and 5) adopted new recycled water rates that include a fixed and variable component that will provide revenue stability and lessen the impact of reduced deliveries in years of high precipitation.

WATER RELIABILITY

As a regional purveyor of imported potable water, ensuring water reliability and resiliency for the region is fundamental to the Agency's mission. Of Metropolitan Water District of Southern California's (MWD) twenty-six member agencies, IEUA is the only agency that receives 100 percent of untreated imported water supplies from the State Water Project (SWP). With water years 2020-2022 providing the three driest consecutive years on record, resulting in the three lowest consecutive allocates from SWP (15%, 5%, 5%), enhancement of local supplies and promoting water use efficiency continue to be essential components of the region's water portfolio.

With that objective in mind, the Agency continued development of the Chino Basin Program/Water Storage Investment Program (CBP/WSIP) and was awarded \$215 million in conditional funding by the California Water Commission (CWC) in July 2018. The CBP/WSIP is a water exchange banking program that increases local reliability for participating agencies in IEUA's service area. State funding will be invested in local infrastructure and water supply development projects to store and extract advanced treated recycled water in the Chino Basin aquifer by constructing a 15 MGD advanced water purification facility for indirect potable re-use, 15,000 AF injection wells, 40,000 AF extraction wells and conveyance facilities. Through an exchange agreement with Metropolitan Water District of Southern California, during call years, participating local agencies will reduce imported water deliveries from northern California and extract the stored, advanced treated recycled water from the groundwater basin using the extraction facilities for local use. This would allow the California Department of Fish & Wildlife to manage 375,000 acre-feet of water in Lake Oroville over 25 years for the purpose of improving habitat for native fish populations in the Bay-Delta.

The Agency also continued its close coordination with the local retail water agencies in the implementation of regional water use efficiency (WUE) programs. The WUE programs provide incentives for high efficiency appliances and devices including weather-based irrigation controllers, high efficiency sprinkler nozzles, turf removal, water tolerant landscape design and education on water conservation and water use efficiency. In the last ten years, these efforts helped to decrease residential water usage by 50 percent. The Agency's local retail agencies include: the cities of Chino, Chino Hills, Ontario, and Upland, Cucamonga Valley Water District, Monte Vista Water District, Fontana Water Company, and the San Antonio Water Company.

The Agency is committed to investing in our regions water supply for today and tomorrow through fiscal responsibility, efficient business practices, water supply management, and environmental stewardship.

GROUNDWATER RECHARGE

The Chino Basin Recycled Water Groundwater Recharge Program is an integral part of the Agency's regional water supply planning. The subsurface reserve of groundwater for local use enhances the current reliability of local groundwater supplies for a rapidly growing population and mitigating future water shortages in California caused by future limitations for importing water supplies from the California State Water Project. In September 2018, the Agency's Board of Directors, and the Chino Basin Watermaster (CBWM) Board of Directors concurrently approved the updated Recharge Master Plan Update (RMPU). The RMPU evaluated 27 potential capital projects. Of the 27 potential projects, the RMPU Steering Committee ultimately approved six projects for implementation. The approved projects are estimated to develop approximately 4,727 AF per year (AFY) of stormwater recharge and approximately 7,125 AFY of recycled water recharge. Currently, the San Sevaine and Victoria Basin improvements are fully completed, the Lower Day Improvement is nearing completion, the Montclair Basin is waiting on final permitting approval before bidding, and the Wineville/Jurupa/RP3/Force Main Project (Project 23a) is currently in construction with a projected completion of September 2023.

San Sevaine Basin



WASTEWATER MANAGEMENT

RP-5 LIQUIDS TREATMENT AND SOLIDS EXPANSION CONTRACT AWARD

On July 15, 2020, the Agency awarded the construction contract for the Regional Plant No. 5 Expansion Project (RP-5 Expansion Project). At an estimated cost of \$450 million, the RP-5 Expansion Project is the largest capital construction project undertaken by the Agency to date. The Project promotes State planning priorities by utilizing existing infrastructure at RP-5 facility located in the city of Chino. The Project protects all watersheds and parks adjacent to the project sites and supports population growth within IEUA's service area. Additional facilities will be required to meet the expanded treatment capacity at RP-5 to comply with the waste discharge requirements.

The construction contract award, originally planned for April 2020, was delayed due to COVID-19 and the need to adhere to stringent safety guidelines. Agency staff worked closely with the contractors to adjust the bid process to an electronic platform. The contract was awarded on July 15, 2020, and as of June 30, 2022 the project has an execution rate of 46 percent.

FISCAL RESPONSIBILITY

After deferring rates adjustments for FY 2020/21 due to the COVID-19 pandemic, the IEUA Board adopted rates for FY 2021/22 that meet the pre-pandemic rate projections. Staff remained committed to cost containment and curtailed or modified non-critical activities that resulted in cost reductions.

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

The Agency was successful in securing federal, state, and local grants and low-interest Clean Water State Revolving Fund (SRF) loans and associated principal forgiveness for the RMPU projects. Grant funding and capital forgiveness secured by the Agency supported over 50 percent of total project costs. This diversified financing strategy significantly reduced the initial estimated unit cost for stormwater capture from

\$612 AF to under \$250 per AF. SRF loans agreements for the RMPU projects were finalized in spring 2022. The RMPU projects will improve stormwater and recycled water for the Wineville/Jurupa/Force Main/RP-3 Basin, Lower Day Basin and Montclair Basin. The Agency secured the second WIFA low interest loan program administered by EPA to support the Regional Wastewater Systems Improvement Project

The South Archibald Plume Remediation project is another project that greatly benefited from the Agency's proactive pursuit of federal and state funding. At a total project cost of \$29.6 million, the Agency was successful in securing federal and state grants to support 90 percent of the project costs. The remaining 10 percent was funded by contributions from private companies and the US Department of Defense. The targeted completion date is June 2023.

As part of the Agency's succession planning efforts, in June 2021, the Board of Directors unanimously approved to increase the number of full time equivalent (FTE) authorized positions from 290 to 302 effective July 1, 2021. The authorized number of 290 FTEs had remained unchanged since FY 2013/14 when it was reduced from 295 as part of the Agency's cost containment efforts.

In the last seven years, an average of almost 10 employees have retired each year. The trend is steadily increasing with 16 retirements in FY 2021/22. Today, 25 percent of full-time employees (FTEs) will be eligible to retire with 41 percent employees eligible by 2025. Collectively, these employees have hundreds of years expertise and vast institutional knowledge that will take years to replace.

Consistent with the Agency's commitment to sustainable cost containment, the fiscal impact of the increased staffing level was minimized by management's utilization of lower classifications where appropriate to do so, hiring at a lower salary step, and the application of a prudent vacancy factor based on historic trends.

The increased staffing level will provide management more flexibility and allow for early recruitment of certain critical positions needed to support continuity of critical Agency operations and preservation of critical skills and institutional knowledge transfer through the ability to engage in the necessary succession planning over the next five years.

OTHER AGENCY INITIATIVES

During FY 2021/22 the Agency completed the Pilot Return to Sewer Rate Study (Pilot RTSS) to evaluate the feasibility of establishing a model that could be used to calculate estimated return to sewer flows for residential and non-residential customer classes based on water consumption. The study is also part of a larger effort by the Agency to evaluate our regional wastewater rate structure which is based on an equivalent dwelling unit (EDU) equation. The EDU equation is the Agency's billing unit for sewer connection fees and ongoing monthly sewer fees which have a flow and strength component of an average single-family residential household. The wastewater monthly rate supports the operations and maintenance of the regional wastewater system which includes the collection, treatment, and disposal of municipal wastewater flows. The wastewater connection fee supports capital investment in the Agency's regional wastewater system and are levied on new or upgraded connections.

The Pilot RTSS, based on data from the city of Montclair/Monte Vista Water District service area, produced a model to estimate return to sewer flows for residential and non-residential customer classes. After further review and discussion with our regional contracting agencies, a decision was made to support an Expanded

RTSS with the purpose of obtaining additional representative data. The Expanded RTSS would include three additional contracting agencies: city of Chino, city of Ontario, and Cucamonga Valley Water District. The Expanded RTSS kicked off in July 2021 and was completed in the spring of 2022.

The Agency also continued to participate in a flow and loading study through the California Association of Sanitation Agencies (CASA) that began in 2018. The CASA study, which includes the evaluation of both wastewater flow and strength through direct monitoring, was put on hold over concerns of potential impact from the COVID-19 pandemic. The CASA study is expected to resume in 2023.

The Expanded RTSS and the CASA study datasets are meant to provide two meaningful datasets that will support the Agency's regional wastewater rate structure evaluation. It is anticipated that the regional wastewater rates would be evaluated and complete by April 2023.

MAJOR CAPITAL CONSTRUCTION PROJECTS UNDERWAY IN FY 2021/22

RP-5 EXPANSION PROJECT

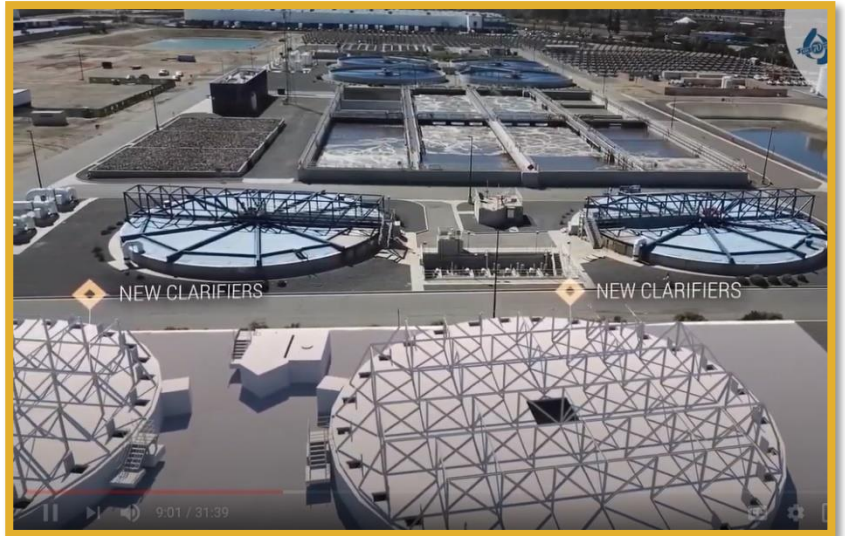
The RP-5 Expansion Project will increase the plants hydraulic treatment capacity from 15 million gallons per day (MGD) to 22.5 MGD. The added capacity will support projected population growth and added system redundancy for the RP-1 Water Recycling Plant (RP-1) and the Carbon Canyon Water Recycling Facility (CCWRF). The Project also includes construction of a 30 MGD solid treatment facility to replace the aging RP-2 solids facility. The RP-2 facility is located within the Prado Dam floodplain and is set to be decommissioned.

The IEUA Board awarded the RP-5 Expansion Project construction contract to W.M. Lyles for approximately \$330 million in July 2020. Construction started in January of 2021 and at the end of June 2022 WM Lyles had earned \$152.5 million or 46 percent of the contract. The total project budget is \$450 million.



RP-4 PROCESS IMPROVEMENTS – TRIDENT FILTERS REHABILITATION AND REPLACEMENT

RP-4 began operation in July of 1997 with an average daily liquid treatment capacity of seven million gallons per day (MGD). In September 2009, the average daily liquid treatment capacity was expanded to 14 MGD. Since the 14 MGD liquids expansion, there are areas in need of process improvements to enhance operational flexibility, and address wear of existing facilities. The project included the rehabilitation of both primary clarifiers and three secondary clarifiers, the construction of new secondary scum pump station, and the installation of new high speed turbo aeration blowers. The project was 98 percent executed as of June 30, 2022. The total project budget is \$23.5 million.



RP-4 is entirely a liquids wastewater treatment plant, including the following treatment processes: preliminary, primary, secondary (activated sludge), and tertiary treatment. Solids are diverted to the Etiwanda Sewer and treated at the Agency's RP-1 facility. All wastewater is treated to Title 22 recycled water standards and is pumped directly into the Agency's regional recycled water distribution system.

SOUTH ARCHIBALD PLUME REMEDIATION PROJECT

In collaboration with the Chino Basin Desalter Authority (CDA), the South Archibald Plume Remediation project installed groundwater production well, a dedicated raw water pipeline and treatment equipment to facilitate removal of trichloroethylene (TCE) from the South Archibald Plume.

On August 21, 2021, all major design requirements under the TCE Plume Cleanup project were completed. The Northern Well design equipped the area with three new production wells to provide monitoring and pumping of the TCE groundwater contaminants. The Raw Water Pipeline design provided the additional piping to convey pumped groundwater for treatment at the Desalter II facility. Lastly, the Decarbonator Modification design provided additional treatment processes at the Chino II Desalter to manage and treat TCE. Removal of TCE will enhance regional water supplies by permitting use of previously contaminated groundwater. As of June 30, 2022 the project was 94 percent executed.

MAJOR ACCOMPLISHMENTS FOR FY 2021/22

GRANTS/STATE LOANS

The Agency's grant and loan program's primary objective is to optimize grants and low interest financing to support capital expansion and improvement of the Agency's facilities to meet anticipated growth, increased service demands, and regional needs for water supply reliability. The Agency's secondary objective is to be a supportive financial partner to its member agencies in achieving regional commitments.

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

SIGNIFICANT IMPACT OF AGENCY GRANTS AND LOANS ON THE PROJECT FUNDING

In FY 2021/2022, the Agency was awarded a total of \$250 million dollars in grants and low-interest loans. The following table highlights these major accomplishments.

GRANTS/LOANS AWARDED			
	Grants	Loans	Total
U.S. Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) Loan Regional Wastewater System Improvements Project		\$120,000,000	\$120,000,000
State Water Resources Control Board (SWRCB) State Revolving Fund (SRF) Loan RP-5 Expansion Project		\$101,530,000	\$101,530,000
SWRCB SRF Loan Wineville/Jurupa/RP-3 Recharge Improvements Project		\$11,772,550	\$11,772,550
SWRCB SRF Loan Lower Day Basin Improvement Project		\$2,883,000	\$2,883,000
SWRCB SRF Loan Montclair Basin Improvement Project		\$2,062,000	\$2,062,000
California Water Commission (CWC)/Water Storage Investment Program (WSIP) Early Funding- Chino Basin Conjunctive Use Environmental Water Storage/Exchange (CBP) Program	\$8,919,000		\$8,919,000
Metropolitan Water District (MWD) Of Southern California Montclair Basin Improvement Project	\$987,485		\$987,485
Cal Recycle Illegal Disposal Site Abatement Program	\$397,639		\$397,639
SWRCB Chino Basin Improvement and Groundwater Clean-up Operations & Maintenance (O & M) Project	\$1,000,096		\$1,000,096
Total Grants and Loans Awarded	\$11,304,220	\$238,247,550	\$249,551,770

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

- The U.S. EPA execution of the WIFIA loan agreement will provide a low-interest loan in the amount of \$120 million for the Regional Wastewater System Improvements Program. The project will upgrade four wastewater treatment facilities to help to mitigate the impacts of climate change and the drought by ensuring reliable access to wastewater treatment and recycled water and reducing reliance on imported water supplies. The loan carries a 2.61 percent fixed interest rate and is to be paid back over a 35-year period, following substantial completion of the project. The low interest rate is expected to provide the Agency and its ratepayers gross savings of approximately \$27 million over the life of the loan versus the cost of issuing traditional revenue bonds.
- The State Water Resources Control Board (SWRCB) State Revolving Fund (SRF) loan program has funded four Agency projects. The Agency has been successful in securing \$118.2 million in low interest loans. The four critical infrastructure and recharge projects will enhance regional water self-reliance, reduce reliance on imported water, and lower the unit cost of basin improvements. The four SRF loans were executed at the extremely low interest rate of 0.8% for the RP-5 Project and 0.55% for the other 3 SRF loan contracts. The four SRF loans will be paid back over a 20-year period. The low interest rate will also provide the Agency and its ratepayers additional savings of \$15 million over the life of the loan versus the cost of issuing traditional revenue bonds.
- The California Water Commission (CWC) has executed a grant agreement of \$8.9 million of early funding from the Water Storage Investment (WSIP) program for the Chino Basin Program (CBP). The grant will provide early funding for the WSIP requirements of environmental documentation, permitting, feasibility, design studies, and project administration. The CBP project will assist our region in our efforts to be drought resilient and able to meet future water supply, water quality and storage needs.

The following table shows the applications submitted in FY 2021/22 that are in the technical and/or environmental review stage and are pending an award decision.

APPLICATIONS SUBMITTED/PENDING AWARD DECISION			
	Grants	Loans	Total
Santa Ana Watershed Project Authority (SAWPA) /Department Of Water Resources (DWR) Integrated Regional Water Management (IRWM) IEUA/City Of Rialto Recycled Water Intertie Project	\$3,000,000		\$3,000,000
Federal Emergency Management Agency (FEMA)/California Office of Emergency Services (Cal OES) COVID-19 Response Efforts	\$345,524		\$345,524
California Department of Parks and Recreation (DPR) Discover The Environment and Water (DEW) Education Program	\$200,000		\$200,000
Total Applications Submitted/Pending	\$3,545,524	\$0	\$3,545,524



FUTURE YEARS

The upcoming fiscal years will be defined by the preparation of long-term planning documents, such as the Ten-Year Capital Improvement Plan (TYCIP), the Asset Management Plan (AMP), the Recycled Water Program Strategy, the Water Use Efficiency Business Plan, evaluation of long-term staffing needs, and the Energy Management Plan, while achieving budgetary goals and maintaining compliance with state and federal regulations.

Agency Workforce: A high priority in the next two years will be to establish a long-range plan for our Agency's most important and valued asset, our staff, in order to ensure we have the appropriate level of staff needed to accomplish Agency objectives, serve the region, and optimize organizational development and effectiveness.

Regional Resiliency and Capacity Efforts: According to NOAA, 2022 marks the driest year California has experienced in the past 128 years of record. This requires the Agency's efforts to be an industry leader and innovator with our water resource management and wastewater treatment efforts. The Chino Basin Program, cross-training efforts of Operations staff for future DPR/IPR treatment needs, Water Use Efficiency Programs, many capital projects identified by staff, securing of federal and state grant funding opportunities and excellent financial management efforts will be key to achieving this initiative.

First Class Operations: Our goal will be first class operations as we deliver services to the regional water and wastewater customers. We will continue to implement high-end innovative techniques brought to management by staff and cutting-edge operations as seen through our impeccable safety records, state and federal compliance efforts, and industry leading financial management.

State-of-the-Art Capital Investments: The Agency will continue our long-standing tradition of constructing quality facilities for the future that weather the test of time for our agency customers. These facilities will involve the bridging of efforts of all departments such as engineering, operations, finance, information technology and governmental affairs.

FISCAL RESPONSIBILITY

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

The Agency will continue to pursue federal, state, and local funding to support CIP investments.

The Agency will also continue its advocacy on local, state, and federal legislation that impacts the region; sustainable cost containment of expenditures within budgeted targets; and continual oversight of preparation of long-term planning documents, to ensure fiscal stability of the Agency for the next decade.

TRAINING, DEVELOPMENT, AND SUCCESSION PLANNING

The Agency is committed to its Learning and Development programming to maximize individual and organizational performance. A collaborative needs assessment conducted by the Agency's Human Resources department was the basis for the training and development program.

Additionally, the Agency actively engages management in succession planning through its Succession Planning Roadshow program and continues to collaborate with community partners and similarly situated agencies to develop a pipeline of talent to ensure continuity of Agency operations.

FINANCIAL INFORMATION

INTERNAL CONTROLS

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

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

BUDGETARY CONTROLS

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

OTHER INFORMATION

INDEPENDENT AUDIT

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

AWARDS

The Inland Empire Utilities Agency (IEUA/Agency) was presented with two Santa Ana River Basin Section (SARBS) awards from the California Water Environment Association (CWEA). CWEA's SARBS awards aims to encourage outstanding achievements within the water industry, improve the professional status of those working in the industry and promote public awareness of the importance of wastewater treatment to public health and the water environment. The awards were received in three categories:

The Gimmicks and Gadgets Award was presented for the Spare Motor Auto Rotator device, which was designed, fabricated, and installed by the Electrical and Instrumentation Team. This award is meant to recognize innovation and creativity in developing solutions to performing routine tasks or functions in maintenance, operations, or the construction of wastewater collection systems. The spare motor auto rotator will ensure that large capacity spare motors are maintained properly by automatically rotating the shaft and bearings on the motor to prevent static pressure on these components from leading to premature failure. The device saves time, increases reliability, and reduces ambiguity in the maintenance required while the motor remains in storage.

The Community Engagement & Outreach-Project of the Year (Small Budget) Award was presented to the Agency for its "2021 Virtual Earth Week" event. The week-long virtual event provided attendees the opportunity to explore the Chino Creek Wetlands and Educational Park in an immersive, 360-degree realm while learning environmental lessons, participating in virtual activities, watching educational videos, and discovering ways to preserve one of Earth's most precious resources: water.

Additional awards received by the Agency related to education and finance are:

Excellence in Public Communication (EPIC) Award for the FY 19/20 Annual Report from the California Association of Public Information Officials

Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) awarded for Inland Empire Utilities Agency annual financial comprehensive report for the fiscal year ended June 30, 2021. This was the twenty-fourth consecutive year the Agency has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

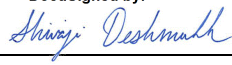
ACKNOWLEDGEMENTS

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

We further acknowledge the thorough and professional way our auditors, CliftonLarsonAllen LLP, conducted the audit.

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

Respectfully submitted,

DocuSigned by:


Shivaji Deshmukh

General Manager

DocuSigned by:


Kristine Day

Assistant General Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

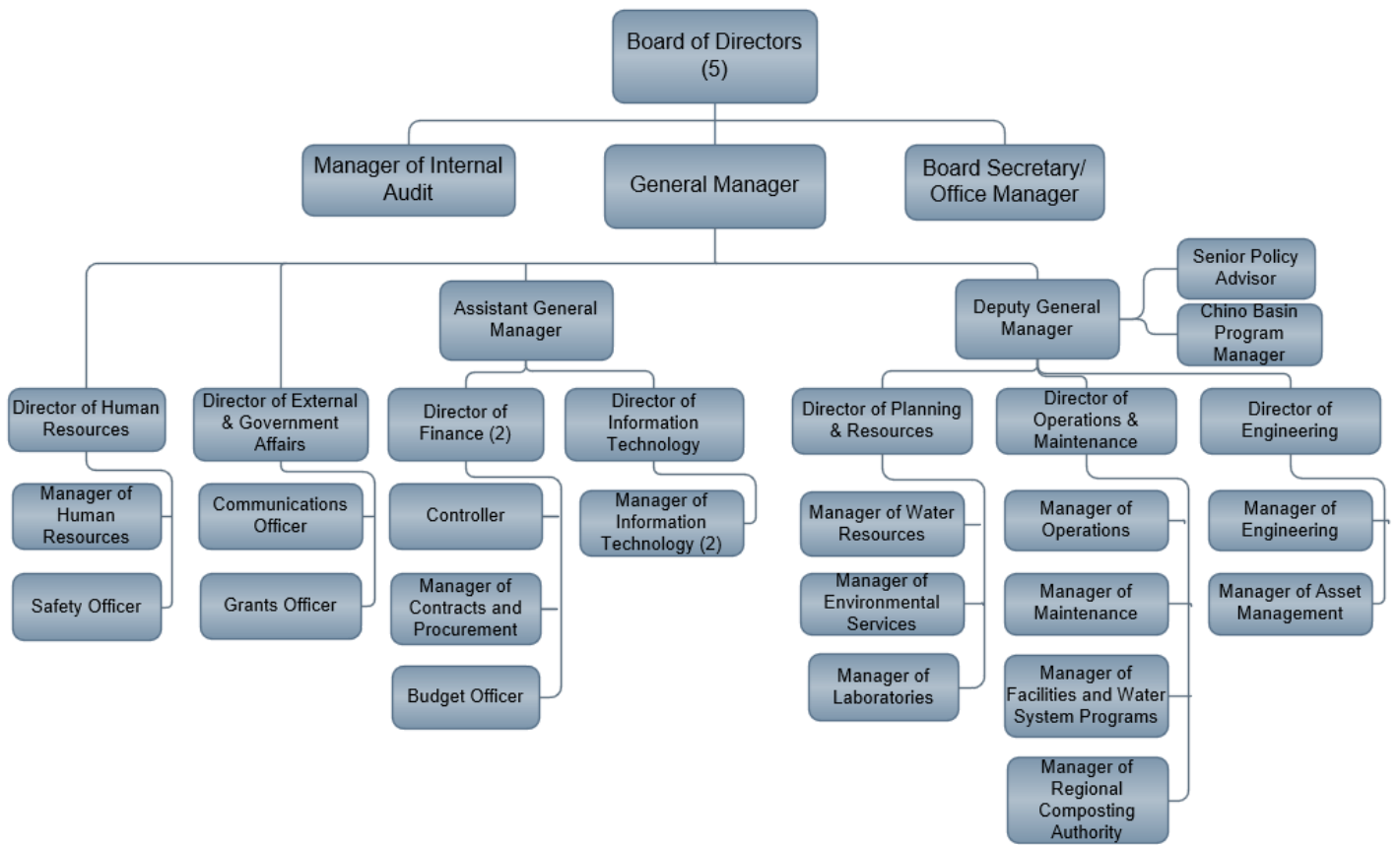
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Inland Empire Utilities Agency FY 2021/22 Organizational Chart



Principal Officials

June 30, 2022

BOARD OF DIRECTORS

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

SENIOR LEADERSHIP

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

STRIVE TO ACHIEVE RECOGNITION (STAR) PROGRAM

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

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

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

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

First Half FY 2021/2022 Winners

Finance/Administration
Maria Guzman

Engineering/Planning
Francis Concemino

Operations
Nelson Delgado

Second Half FY 2021/2022 Winners

Finance/Administration (2 winners)
Stephanie Chancellor
Paula Hooven
Engineering/Planning
Victoria Salazar

Operations
Victor Rodriguez



IEUA STAR AWARD RECIPIENT

Victor should be considered the poster child for the IEUA Star Program. His character checks each box of the nominating attributes envisioned for a Star Employee. He always recognizes those who make work better and it is time to recognize him for displaying the following Star Employee qualities. He is protective of Agency staff safety at questionable field sites. For example, he has provided watch for water sampling where a strong staff presence was needed. He volunteered to lead the department's 2022 safety tailgate tracker at weekly department meetings and in doing so, ensured each staff member participated and met agency safety requirements. In addition, he has a meaningful desire to ensure that newly hired staff and existing staff would gel as a unit. He planned and conducted training exercises with the goal that new hires would become self-sufficient, and that cross-training of operators would have greater value in their interactions with the RW GWR unit once they returned to their operations position. He has provided small groups of operations staff training on how the treatment plant and distribution system interact and influence the operations of each, thus reducing operational actions that negatively impact another. He has always strived to be the first to respond to an emergency. When a recycled water line breaks or a pump station fails, he always sought to be the first responder on the scene at any time or day. In the past year, he has sought to train newly hired staff to respond to emergencies to as high of a degree of energy and efficiency as he does. He is always conscious of the department's legacy and wants his 30 years of knowledge and experience to be passed on to new hires for the Agency's success. Lastly, he is adept at finding large cost savings for the Agency, both in the Agency's ability to obtain value and to provide superior service to its customers. In making sure recycled water flows to the region's users, he is consistent, dependable, efficient, productive, and committed to quality. In the past two years alone, his system adjustments have allowed water deliveries to be the highest in the recycled water recharge program (with both years over 16,000 acre-feet in a year).



**RP-1 Evaporative Cooling for Aeration Blower
Building
to Increase Reliability**



INDEPENDENT AUDITORS' REPORT

Board of Directors
Inland Empire Utilities Agency
Chino, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Inland Empire Utilities Agency (the Agency) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Agency as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, effective July 1, 2021, the Agency adopted new accounting guidance, Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Inland Empire Utilities Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inland Empire Utilities Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Board of Directors
Inland Empire Utilities Agency

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
December 22, 2022

INLAND EMPIRE UTILITIES AGENCY

Management Discussion and Analysis

The intent of management's discussion and analysis is to provide highlights of the financial activities of the Inland Empire Utilities Agency for the fiscal year ended June 30, 2022. Readers are encouraged to read this section in conjunction with the transmittal letter and the accompanying basic financial statements.

AGENCY'S FUND FINANCIAL STATEMENT

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

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

THE AGENCY'S OPERATIONS – AN OVERVIEW

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

Total revenues, including grants and subsidies, of \$305,521,959 for Fiscal Year (FY) 2021/22 reported a increase of \$8,904,959 compared to \$296,617,000 recorded for FY 2020/21. The overall increase includes 1) a \$5,462,911 increase in operating revenue; and 2) a \$13,769,933 increase in non-operating revenues; partially offset by 3) a \$10,327,885 decrease in capital grants. The net increase in non-operating revenues was primarily due to 1) a \$6,156,703 increase in other non-operating revenue, related to the deferred amortization of the premium of the 2020A Refunding Revenue Bonds; 2) a \$4,449,918 increase property taxes; 3) a \$3,049,552 increase in water connection fees; and 4) a \$972,253 increase in wastewater connection fees. These increases were offset by a \$858,763 decrease in interest income.

The increase in operating revenue of \$5,462,911 is primarily due to 1) a \$6,499,678 increase in service charges as a result of an increase in the number of EDU units reported by contracting agencies and rates in place in FY 2021/22, and 2) a \$1,548,210 increase in recycled water sales as a result of higher volumes of groundwater recharge. These increases were offset by a \$2,584,977 decrease in water sales due lower volumes of imported water sales due to the current drought conditions.

Total expenses of \$199,813,563 for FY 2021/22 reported an increase of \$5,883,207 compared to \$193,930,356 recorded in FY 2020/21. The overall increase includes an increase in non-operating expenses of \$7,892,413, and a decrease in operating expenses of \$2,009,206. The increase in non-operating expenses was primarily due to a \$7,727,962 increase in other nonoperating expenses related primarily to unrealized loss on investments: and an increase of \$164,451 in interest on long-term debt due to interest expense.

The decrease in operating expenses was primarily due to 1) a \$2,623,977 decrease in imported water purchases from Metropolitan Water District of Southern California, (MWD) due to current drought conditions; 2) a \$4,697,226 decrease in administration and general expenses due to GASB 68 and 75 year-end entries; and 3) a \$1,728,275 decrease in depreciation and amortization. These decreases were partially offset by 1) a \$5,025,750 increase in wastewater collection, treatment, and disposal due to higher work orders in operations and maintenance to maintain processes in good condition; and 2) a \$2,014,522 increase in operations and maintenance expenses related to the recycled water program.

FINANCIAL HIGHLIGHTS

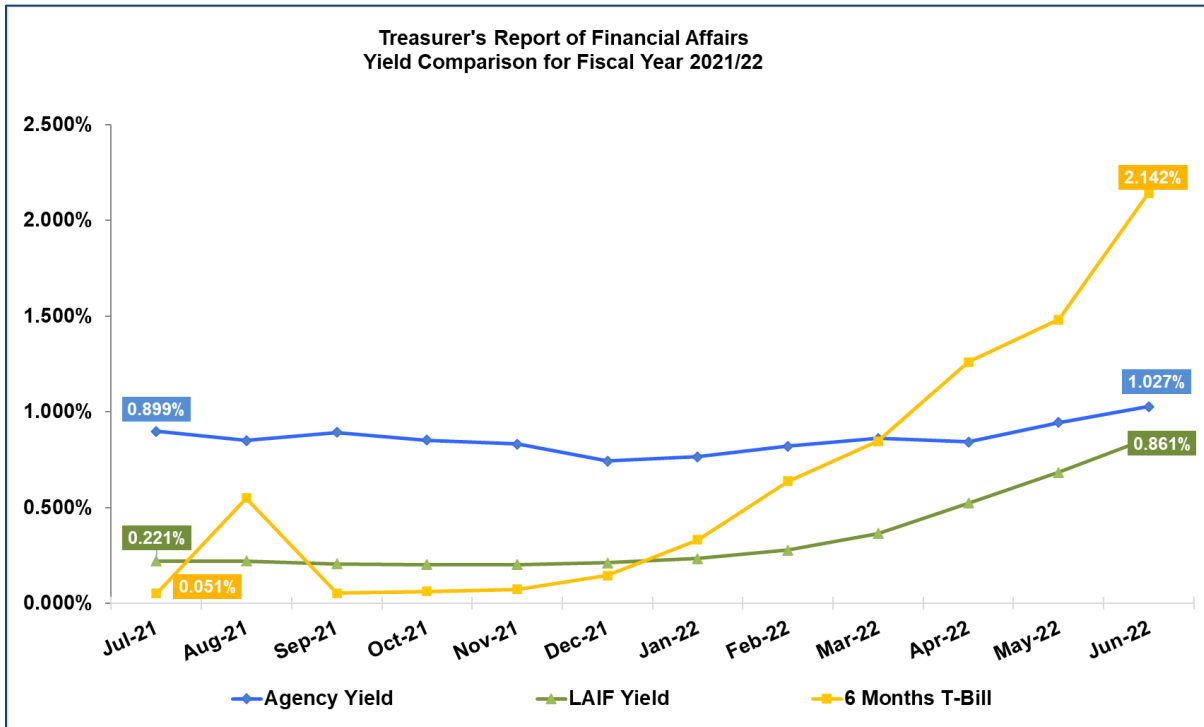
CASH AND INVESTMENT MANAGEMENT

The Agency has a comprehensive cash and investment program subject to the California State Government Code (CSG) and bond covenants. These regulations are incorporated into the Agency's Investment Policy and Master Resolution which identify the authorized investment types and any restrictions. Consistent with the CSG, the Agency adopts an investment policy annually that is intended to safeguard the principal investment and minimize credit and market risks, remain sufficiently liquid to meet all reasonably anticipated operating requirements for six months, while maintaining a competitive yield on the overall portfolio. The Agency's cash management system is also designed to forecast revenues and expenditures in order to identify and invest idle funds to the fullest extent possible. During the fiscal year ended June 30, 2022, idle funds were invested in accordance with this policy. These investments primarily consisted of United States Government Securities/Instrumentalities, state issued municipal bonds, medium term notes, and deposits in pooled investment funds. .

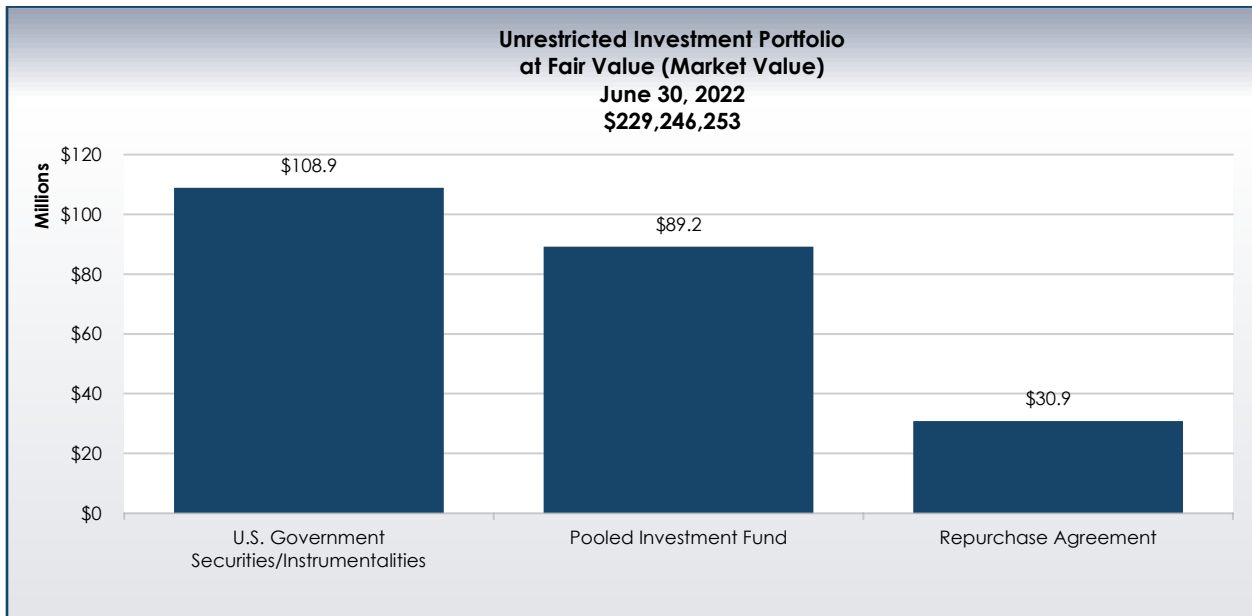
INVESTMENT PORTFOLIO PERFORMANCE

The Agency's overall portfolio rate of return decreased from 1.73 percent in June 2021 to 0.89 percent as of June 30, 2022.

Total interest income for FY 2021/22 was \$2,152,502, a decrease of 29 percent compared to \$3,011,265 in FY 2020/21. The decrease in interest income is primarily due to the lower interest rates during most of the fiscal year.



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



The Agency's portfolio fair value for the fiscal years ended June 30, 2022, and June 30, 2021, were \$229,246,452 and \$210,138,067, respectively. Not included are restricted funds held in trust or by a

custodian, such as deposits held by CalPERS to support the Agency's Other Post-Employment Benefits (OPEB) unfunded accrued liability, 2020B Revenue Notes to support construction costs for the RP-5 (Regional Plant 5) Expansion Project, One Water connection reserves held in a separate pooled investment fund account, and the debt service accounts.

CHINO BASIN DESALTER OPERATIONS

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

All operations and maintenance expenses related to the Chino I Desalter facility, including labor incurred by the Agency, are recorded in the Agency's Administrative Services Fund. These expenses are billed to the CDA monthly. In FY 2021/22, the total amount billed was \$1,317,960 and reported as non-operating revenue.

IMPORTED WATER DELIVERIES

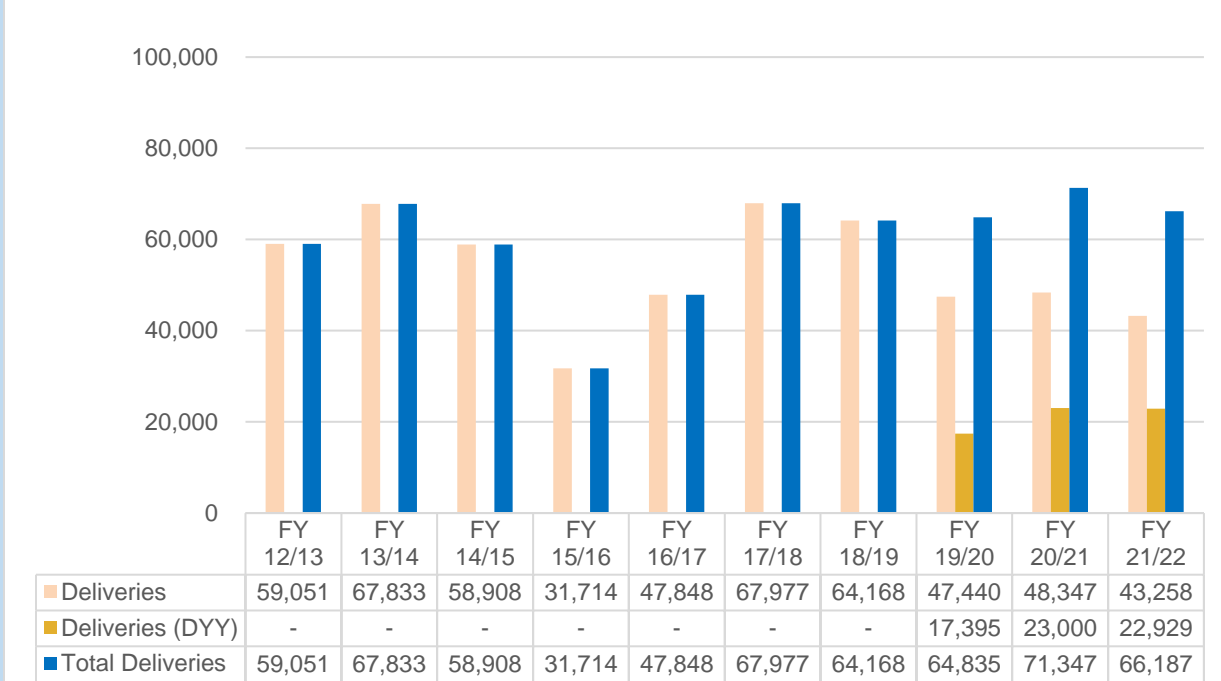
Imported water deliveries for FY 2021/22 were 66,187 acre-feet (AF) compared to 71,347 AF in FY 2020/21, a decrease of 5,160 AF. The decrease in imported water over the last fiscal year, as reported in the bar graph below, is mainly due to lower deliveries from Metropolitan Water District of Southern California due to current drought conditions.

Total operating revenue in the Water Resources Fund decreased by \$1,791,894 in FY 2021/22 to \$51,261,202 from \$53,053,096 in FY 2020/21. The decrease is due to lower water deliveries due to current drought conditions.

Service charge revenue increased to \$8,284,830 in FY 2021/22 from \$7,491,747 in FY 2020/21, due to new rates adopted by IEUA Board for Meter Equivalent Units (MEUs) for FY 2021/22.

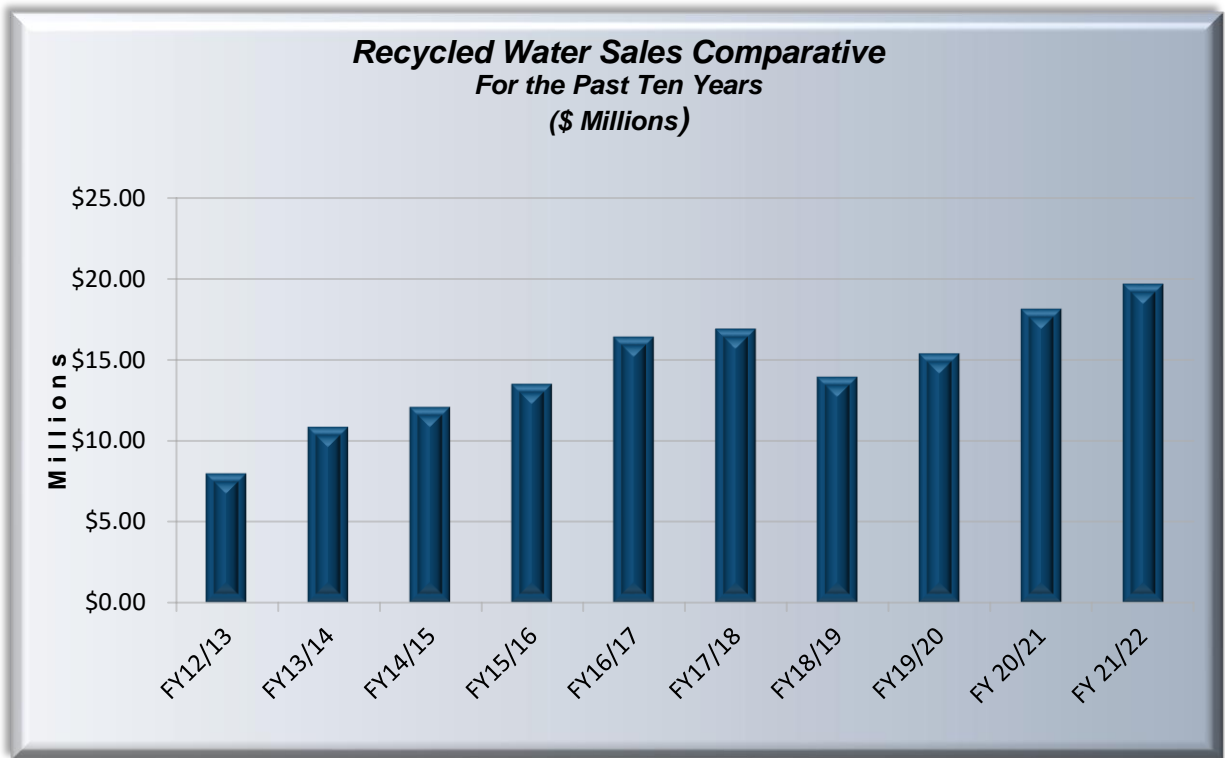
The total operating expenses decreased to \$50,338,882 in FY 2021/22 from \$53,599,486 in FY 2020/21. The decrease was primarily due to lower water deliveries.

**Comparative Acre Feet (AF) Deliveries
(Includes Conjunctive Dry Year Yield Program Use (DYY) AF)**



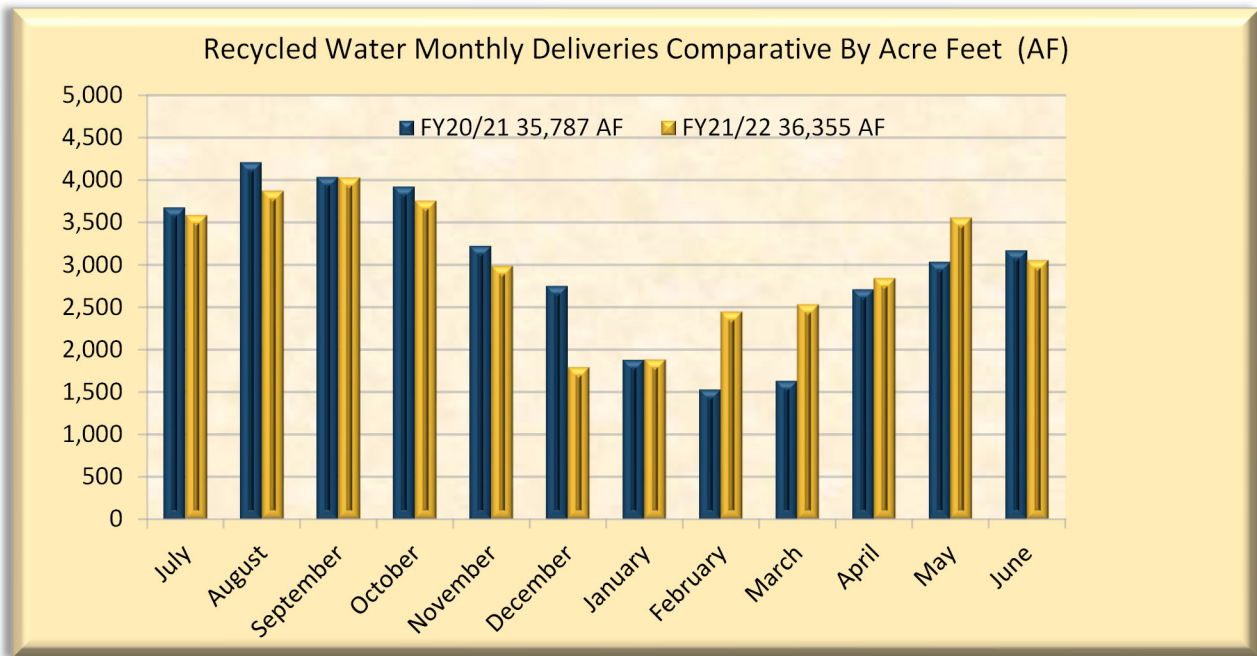
RECYCLED WATER SALES

Total recycled water sales increased by \$1,548,210 to \$19,642,939 in FY 2021/22, compared to \$18,094,729 in FY 2020/21.



The increase in revenues was primarily due to an increase in recycled water deliveries from 35,787 acre-feet (AF) in FY 2020/21 to 36,355 AF in FY 2021/22. Total operating expenses increased by \$2,420,744 to \$20,253,981 in FY 2021/22 from \$18,103,237 in FY 2020/21 due to an increase in operations and maintenance expenses, general administration expenses, partially offset by a decrease in depreciation, and amortization expenses.

Total net position as of June 30, 2022, was \$119,704,074, an increase by \$10,258,949 from \$109,445,125 on June 30, 2021. The increase was primarily due to water capital connection fees receipts in the amount of \$8,749,472.



A total of 36,355 AF was registered for direct use and recharged recycled water deliveries, compared to 35,787 AF for last fiscal year, an increase primarily due to dry weather and higher demand of recycled water.

REGIONAL WASTEWATER PROGRAM ACTIVITIES

The Regional Wastewater program, comprised of the Regional Wastewater Capital Improvement (Wastewater Capital) and Regional Wastewater Operations and Maintenance (Wastewater Operations) funds, reported combined total revenue before grants and transfers of \$187,859,888 in FY 2021/22, an increase of \$19,924,921 over last fiscal year, which totaled \$ 167,934,967

Revenues by Category – Regional Wastewater Program
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Revenue Category	2021/22		2020/21		Increase/<Decrease> from 2020/21	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Service Charges	\$ 75,728,66	40%	\$ 71,362,495	42%	\$ 4,366,173	6%
Property Tax Receipts	62,994,639	34%	53,186,310	32%	9,808,329	18%
Wastewater Connection Fees	37,704,888	20%	36,732,365	22%	972,523	3%
Other Non-Operating Revenues	9,975,990	5%	4,397,889	3%	5,578,101	127%
Interest Income	1,455,703	1%	2,255,908	1%	(800,205)	(35)%
Total Revenues	\$ 187,859,888	100%	\$ 167,934,967	100%	\$ 19,924,921	12%

The Agency's FY 2021/22 service charges of \$75,728,668, were \$4,366,173 higher compared to FY 2020/21 total of \$71,362,495. The increase is primarily due to new adopted rates by the Agency Board of Directors for FY 2021/22, and an increase in the number of billable EDUs to 3,545,245 in FY2021/22 from 3,540,422 in FY2020/21, as reported by member agencies reported in FY 21/22.

Property tax receipts allocated to the Regional Wastewater Program increased \$9,808,329, from \$53,186,310 in FY 2020/21 to \$62,994,639 in FY 2021/22 primarily driven by changes in the allocation of property taxes adopted by the Agency Board during the adoption of FY 2021/22 budget and an increase in the overall property taxes received by the Agency. Property taxes are the result of an increase in assessed property values, per the San Bernardino County Treasurer-Tax Collector.

Wastewater connection fees increased by \$972,523 in FY 2021/22 to \$37,704,888 from \$36,732,365 in FY 2020/21, due to an increase in new connections reported by contracting agencies. Total number of EDUs reported by the contracting agencies in FY 2021/22 were 4,767 units compared to 3,902 units in FY 2020/21. Cucamonga Valley Water District, Cities of Ontario, Chino, Fontana, and Upland accounted for 96 percent of the total number of new wastewater connections.

Other non-operating revenues were \$9,975,990 in FY 2021/22 compared to \$4,397,889 in FY 2020/21, an increase of \$5,578,101. The increase is primarily related to deferred amortization of the premium for the 2020A refunding revenue bonds.

Interest income decreased from \$2,255,908 in FY 2020/21 to \$1,455,703 in FY 2021/22 due to lower interest rates for most of the fiscal year, compared with FY 2020/21.

Expenses by Category – Regional Wastewater Program
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

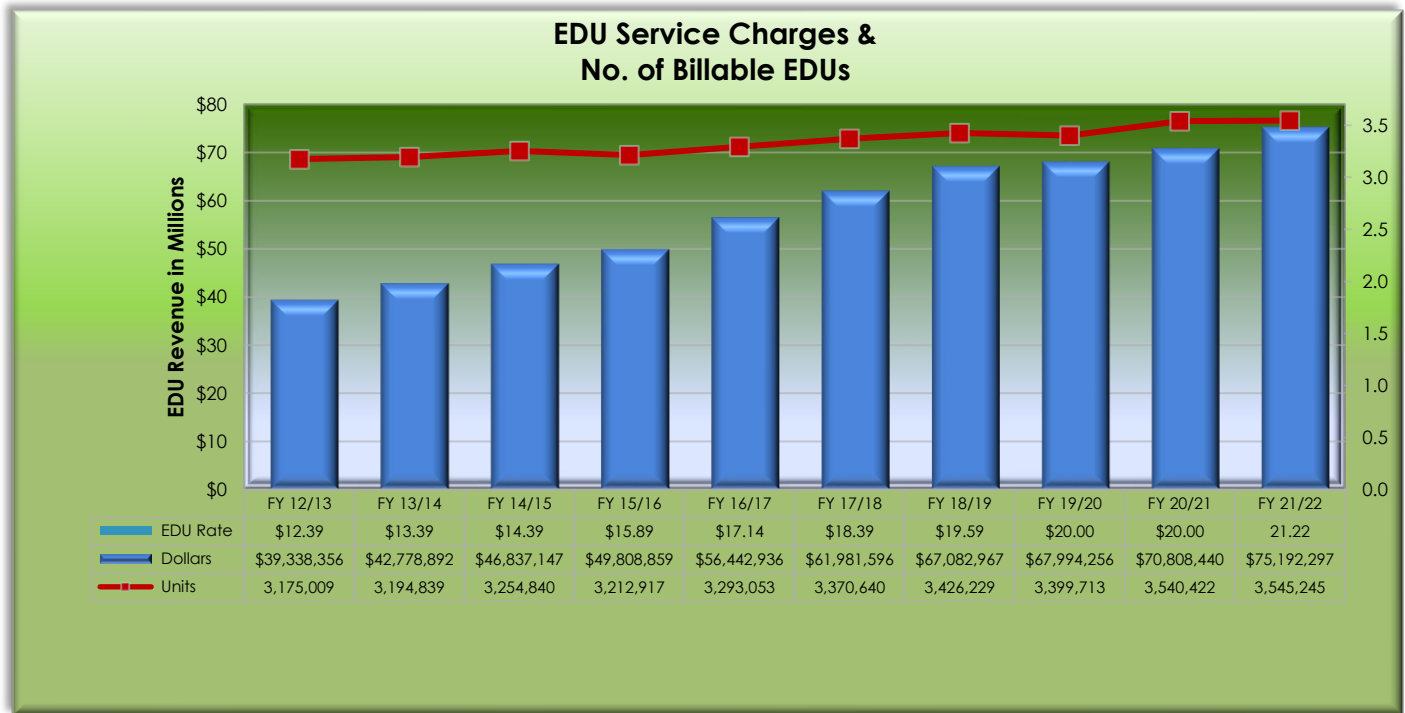
Expense Category	2021/22		2020/21		Increase/<Decrease> from 2020/21	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Wastewater Collection	\$ 1,926,084	2%	\$ 1,384,021	1%	\$ 542,063	39%
Wastewater Treatment	24,877,528	24%	22,548,656	22%	2,328,872	10%
Wastewater Disposal	12,145,857	12%	10,778,250	11%	1,367,607	13%
Total Wastewater Expenses	38,949,469	38%	34,710,927	34%	4,238,542	12%
Administration & General	24,456,743	24%	28,640,270	28%	(4,183,527)	(15)%
Depreciation & Amortization	23,160,853	23%	24,308,990	24%	(1,148,137)	(5)%
Interest on Long-Term Debt	10,587,289	10%	10,430,253	10%	157,036	2%
Other Non-Operating Expense	5,497,994	5%	3,674,416	4%	1,823,578	50%
Total Expenses	\$102,652,348	100%	\$ 101,764,856	100%	\$ 887,492	1%

Total expenses for FY 2021/22 were \$102,652,348, an increase of \$887,492 compared to \$101,764,856 in FY 2020/21. Total wastewater collection, treatment, and disposal costs increased by \$4,238,542 to \$38,949,469 in FY 2021/22, primarily due to higher costs related to wastewater collection, treatment, and disposal activities. Interest on long-term debt increased by \$157,036 to \$10,587,289 in FY 2021/22 from \$10,430,253 in FY 2020/21, mainly due to higher interest costs for the 2020B Revenue notes.

Administration and general expenses decreased by \$4,183,527 to \$24,456,743 in FY 2021/22, compared to \$28,640,270 in FY 2020/21. The decrease is mainly due to lower pension expenses. .

Total other non-operating expenses of \$5,497,994 represents an increase of \$1,823,579 compared to \$3,674,416 reported in FY 20/21. The increase is primarily related to the unrealized loss from the Agency investment portfolio recorded in FY 2021/22.

Comparative EDU Service Charges



NON-RECLAIMABLE WASTEWATER TREATMENT

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

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

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

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

The Agency and LACSD entered into a new NRW Wastewater Disposal agreement (Agreement) effective July 1, 2014, with a thirty-year term and four additional five-year extensions. Under the new Agreement, the pass-through rates from LACSD are more stable and predictable, making it easier for the 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 2021/22 for the North and South systems increased by \$1,340,422 to \$13,811,596 compared to \$12,471,174 reported in FY 2020/21. The increase in revenues is primarily due to higher pass-through from LACSD compared to the prior fiscal year.

Total operating expenses in FY 2021/22 increased by \$518,627 to \$10,834,693 compared to \$10,316,066 in FY 2020/21. The increase is mainly due to Agency maintenance, and general and administration expenses. The net position at June 30, 2022 increased by \$3,892,882 to \$40,225,241.

NRW Pass through Rates
For the Fiscal Year Ended June 30, 2022

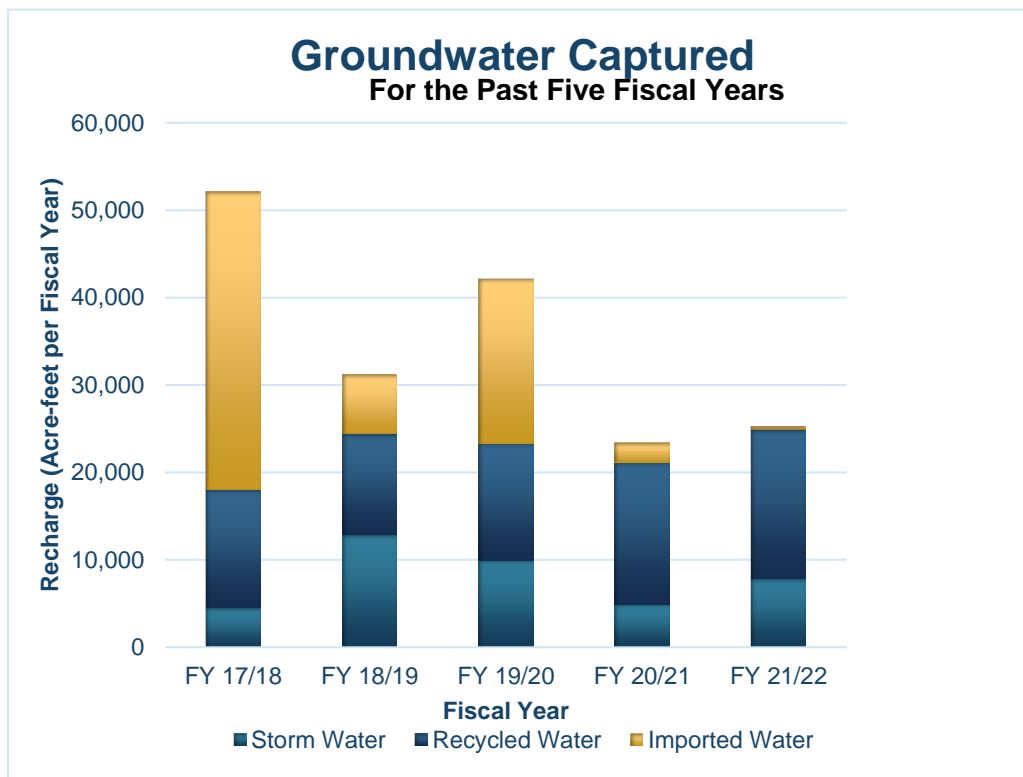
Rate Description	2021/22	2020/21
<i>North System</i>		
Monthly Capital Improvement Fee	\$8.73	\$8.00
Operation & Maintenance Charge	\$21.83	\$20.25
Monthly Volumetric Fee	\$957.25	\$940.00
Total Suspended Solids (TSS)	\$478.21	\$470.00
Chemical Oxygen Demand (COD)	\$169.05	\$166.00
Peak Flow Fee	\$362.63	\$357.00
<i>South System</i>		
Monthly Capital Improvement Fee	\$90.00	\$90.00
Monthly Capacity Unit Fee	\$435.43	\$418.67
Monthly Volumetric Fee	\$1,018.00	\$979.00
Total Suspended Solids (TSS)	\$460.00	\$442.00
Biochemical Oxygen Demand (BOD)	\$329.00	\$316.00

A total of forty-seven users were connected to the NRW System (North and South) during FY 2021/22, with a total annual flow of 1,472 million gallons, compared to 1,458 million gallons in FY 2020/21.

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 operates and maintains the basins and facilities, takes the lead in the execution and financing of capital projects included in the Updated 2013 Chino Basin Recharge Master Plan. Operating costs include general basin maintenance and restoration, groundwater administration, compliance reporting, environmental documentation and contracted services that are funded by CBWM and the Agency for its pro-rata share of costs based on recharged deliveries of recycled water.

Total operating expenses recorded in FY 2021/22 were \$3,002,177, a decrease of \$183,362 compared to \$3,185,539 in FY 2020/21. The decrease is mainly due to lower depreciation and amortization expenses. Grant revenues totaled \$4,142,842 in FY 2021/22, mainly in Federal and State capital grants for projects related to the Recharge Master Plan Update (RMPU). Capital grants and SRF loans proceeds supporting RMPU projects during FY 2021/22 were still under process as of June 30, 2022. The Recharge Water Fund received a short-term loan from the Recycled Water Fund in the amount of \$7 million. The short-term loan will be repaid upon the receipt of the grant and SRF loan proceeds. As of June 30, 2022, total net position was \$38,103,977, an increase of \$3,516,649 over the prior fiscal year of \$34,587,328.



REVENUES

Combined revenues and other funding sources for the fiscal year totaled \$305,521,959 an increase of \$8,904,959 compared to the prior fiscal year. The following table presents a comparison of revenues and other funding sources by category for fiscal years 2021/22 and 2020/21.

Combined Revenues and Other Funding Sources by Category - All Funds
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Revenue & Other Funding Sources	2021/22		2020/21		Increase/(Decrease) from 2020/21	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Operating Revenues						
Service Charges	\$ 97,825,094	32%	\$ 91,325,416	31%	\$ 6,499,678	7%
Water Sales	42,976,372	14%	45,561,349	15%	(2,584,977)	(6)%
Recycled Water Sales	19,642,939	6%	18,094,729	6%	1,548,210	9%
TOTAL OPERATING REVENUES	160,444,405		154,981,494		5,462,911	
Non-Operating Revenues						
Interest Income	2,152,502	1%	3,011,265	1%	(858,763)	(29)%
Property Tax Receipts	71,584,856	23%	67,134,938	23%	4,449,918	7%
Water Connection Fees	8,749,472	3%	5,699,920	2%	3,049,552	54%
Wastewater Capital Connection Fees	37,704,888	12%	36,732,365	12%	972,523	3%
Other Non-Operating Revenues	12,547,165	4%	6,390,462	2%	6,156,703	96%
Capital Grants	12,338,671	4%	22,666,556	8%	(10,327,885)	(46)%
TOTAL NON-OPERATING REVENUES	145,077,554		141,635,506		3,442,048	
TOTAL REVENUES & CONTRIBUTIONS	\$ 305,521,959	100%	\$ 296,617,000	100%	\$ 8,904,959	3%

Service Charges

Increase is primarily due to higher number of EDUs reported by contracting agencies and rates adopted for FY 2021/22.

Capital Grants

Decrease is primarily due to Federal Principal Forgiveness Grants (PFG) and grant receipts for the South Archibald Trichloroethylene (TCE) Plume Cleanup Project recorded in FY 2020/21.

Property Tax Receipts

Increase is primarily due to higher assessed property values.

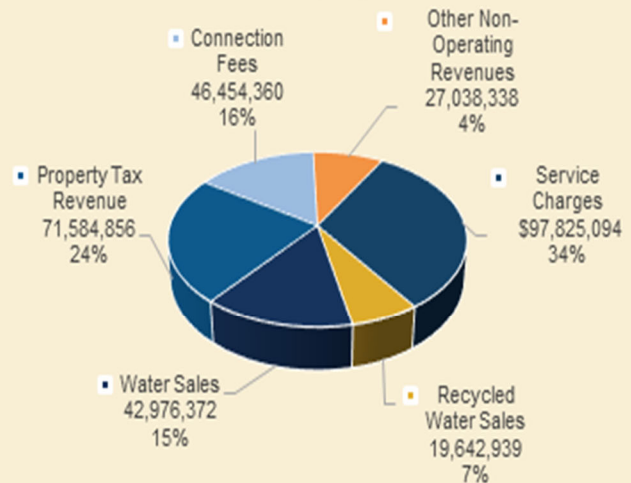
Water Sales

Decrease is due to the decrease in water deliveries.

Other Non-operating Revenues

A reduction in reimbursements from capital project expenditures and in gain on long-term investments resulted in the overall decrease.

**Combined Revenue & Other Funding Sources
by Category - All Funds
Fiscal Year 2021/22
\$305,521,959**



EXPENSES

Combined expenses for fiscal year ended June 30, 2022, totaled \$199,813,563, an increase of \$5,883,207, compared to the prior fiscal year. The following table presents a comparison of expenses by category for fiscal years 2021/22 and 2020/21.

Combined Expenses by Category - All Funds
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Expense Category	2021/22		2020/21		Increase/(Decrease) from 2020/21	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Operating Expenses						
Water Purchases	\$42,937,372	21%	\$45,561,349	23%	(\$2,623,977)	(6)%
Wastewater Collection	10,294,319	5%	8,965,048	5%	1,329,271	15%
Wastewater Treatment	24,877,528	12%	22,548,656	12%	2,328,872	10%
Wastewater Disposal	12,145,857	6%	10,778,250	6%	1,367,607	13%
Operations and Maintenance	7,989,274	4%	5,974,752	3%	2,014,522	34%
Administration and General	39,369,646	20%	44,066,872	23%	(4,697,226)	(11)%
Depreciation and Amortization	35,090,949	18%	36,819,224	19%	(1,728,275)	(5)%
TOTAL OPERATING EXPENSES	172,704,945	86%	174,714,151	90%	(2,009,206)	(1)%
Non-Operating Expenses						
Interest on Long-Term Debt	14,048,286	7%	13,883,835	7%	164,451	1%
Other Non-Operating Expenses	13,060,332	7%	5,332,370	3%	7,727,962	145%
TOTAL NON-OPERATING EXPENSES	27,108,618	14%	19,216,205	10%	7,892,413	146%
TOTAL EXPENSES	\$ 199,813,563	100%	\$ 193,930,356	100%	\$ 5,883,207	3%

Water Purchases

Decrease due to lower deliveries in FY 2022/21 due to drought conditions.

Wastewater Collection/Treatment

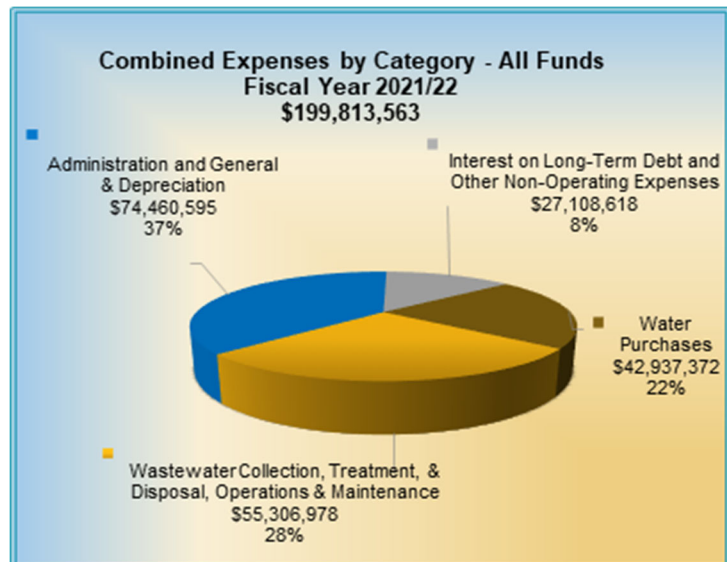
Increase is primarily due to higher work orders in operation and maintenance to maintain processes in good condition.

Other Non-Operating Expenses

Decrease is mainly due FY 2021/22 reduction in contributions in aid to the TCE Plume Cleanup Project.

Administration & General

Reduction related to GASB 68 and 75 year-end entries.



CHANGES IN FINANCIAL CONDITIONS OF THE AGENCY

Combined Net Position-All Funds				
For the Fiscal Year Ended June 30, 2022				
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)				
	FY 2021/22	FY 2020/21	Increase/(Decrease) from FY 2020/21	
Assets				
Current assets	\$ 393,106,063	\$ 357,408,486	\$ 35,697,577	10%
Restricted assets	184,422,670	217,306,183	(32,883,513)	(15)%
Capital assets	873,168,994	761,741,028	111,427,966	15%
Other assets	73,913,315	66,669,879	7,243,436	11%
Total Assets	1,524,611,042	1,403,125,576	121,485,466	9%
Deferred Outflows of Resources				
Deferred outflow-debt refunding	2,663,367	2,898,371	(235,004)	(8)%
Deferred outflow-net other postemployment benefit liability	1,713,794	2,011,956	(298,162)	(15)%
Deferred outflow-net pension liability	12,797,591	16,456,764	(3,659,173)	(22)%
Total deferred outflows	17,174,752	21,367,091	(4,192,339)	(20)%
Liabilities				
Current liabilities	74,357,130	56,785,067	17,572,063	31%
Non-current liabilities	460,395,283	493,943,028	(33,547,745)	(7)%
Total liabilities	534,752,413	550,728,095	(15,975,682)	(3)%
Deferred Inflows of Resources				
Deferred inflow-net other postemployment benefit liability	4,063,882	758,297	3,305,585	436%
Deferred inflow-net pension liability	22,100,546	363,276	21,737,270	5984%
Total deferred inflows	26,164,428	1,121,573	25,042,855	2233%
Net Position				
Net investment in capital assets	427,837,548	339,650,685	88,186,863	26%
Restricted	267,447,196	309,561,979	(42,114,783)	(14)%
Unrestricted	285,584,209	225,947,894	59,636,315	26%
TOTAL NET POSITION	\$ 980,868,954	\$ 875,160,558	\$ 105,708,395	12%

Changes in FY 2021/22 compared to FY 2020/21 were:

- The \$35.7 million increase in Current Assets is due to the \$17.5 million increase in Cash and Investments and the \$27.1 million increase in Accounts Receivable, offset by a decrease in Wastewater Capital Connection Fee Receivable of \$10.3 million. The \$111.4 million increase in Capital Assets is due to investment in Jobs in Progress of \$142.3 million, mainly composed of the RP-5 (Regional Plant 5) Biosolids Facility and the RP-5 Expansion to 30 mgd project, offset by an increase in accumulated depreciation and amortization of \$34.5 million.

- The Deferred Outflow of Resources for Other Net post-employment benefits liability decreased by \$0.3 million primarily due to a decrease in change in experience of \$0.8 million, change in assumptions of \$0.1 million, offset by an increase of \$0.7 million in OPEB contributions subsequent to measurement date.
- The Non-Current Liabilities decreased by \$33.5 million primarily due to \$7.7 million in long term debt and \$5.1 million of notes moved to Current Liabilities, and the \$8.2 million in related premium amortization offset by \$3 million decrease in Interfund Loans.
- The Deferred Inflows of Resources for net pension liability increased by \$21.7 million due to the net differences between projected and actual earnings on plan investments of \$22.0 million for FY 2021/22 from the GASB 68 report.

Combined Schedule of Revenues, Expenses and Changes in Net Position - All Funds
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Item Category	2021/22		2020/21		Increase/(Decrease) from 2020/21	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF CHANGE
Operating Revenues						
Service Charges	\$ 97,825,094		\$ 91,325,416		\$ 6,499,678	
Water Sales	42,976,372		45,561,349		(2,584,977)	
Recycled Water Sales	<u>19,642,939</u>		<u>18,094,729</u>		<u>1,548,210</u>	
Total Operating Revenues	160,444,405		154,981,494		5,462,911	
Non-Operating Revenues						
Interest Income	2,152,502		3,011,265		(858,763)	
Property Tax Revenue	71,584,856		67,134,938		4,449,918	
Water Connection Fees	8,749,472		5,699,920		3,049,552	
Wastewater Capital Connection Fees	37,704,888		36,732,365		972,523	
Other Non-Operating Revenues	<u>12,547,165</u>		<u>6,390,462</u>		<u>6,156,703</u>	
Total Non-Operating Revenues	<u>132,738,883</u>		<u>118,968,950</u>		<u>13,769,933</u>	
Total Revenues	293,183,288	30%	273,950,444	31%	19,232,844	7%
Operating Expenses						
Water Purchases	42,937,372		45,561,349		(2,623,977)	
Wastewater Collection	10,294,319		8,965,048		1,329,271	
Wastewater Treatment	24,877,528		22,548,656		2,328,872	
Wastewater Disposal	12,145,857		10,778,250		1,367,607	
Operations and Maintenance	7,989,274		5,974,752		2,014,522	
Administration and General	39,369,646		44,066,872		(4,697,226)	
Depreciation and Amortization	<u>35,090,949</u>		<u>36,819,224</u>		<u>(1,728,275)</u>	
Total Operating Expenses	172,704,945		174,714,151		(2,009,206)	
Non-Operating Expenses						
Interest on Long-Term Debt	14,048,286		13,883,835		164,451	
Other Non-Operating Expenses	<u>13,060,332</u>		<u>5,332,370</u>		<u>7,727,962</u>	
Total Non-Operating Expenses	<u>27,108,618</u>		<u>19,216,205</u>		<u>7,892,413</u>	
Total Expenses	199,813,563	20%	193,930,356	22%	5,883,207	3%
Excess (Deficiency) before Contributions	93,369,725	10%	80,020,088	9%	13,349,637	17%
Capital Grants	12,338,671	1%	22,666,556	3%	(10,327,885)	(46)%
Change in Net Position	105,708,396	11%	102,686,644	12%	3,021,752	3%
Prior Period Adjustment	-	0%	-	0%	-	100%
Beginning Net Position	875,160,558	89%	772,473,914	88%	102,686,644	13%
Ending Net Position	\$980,868,954	100%	\$875,160,558	100%	\$105,708,396	12%

CAPITAL ASSETS

The Agency had total net capital assets of \$873,168,993 in FY 2021/22, compared to \$761,741,028 in FY 2020/21. The \$111,427,925 increase is due to an increase in jobs in progress for the RP-5 Expansion to 30 mgd and the RP-5 Biosolids Facility. The increase is partially offset by an increase of \$34,508,434 in accumulated depreciation and amortization.

Capital Asset Summary – All Funds For the Fiscal Year Ended June 30, 2022 (With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Asset Category	2021/22	2020/21	Increase/ <Decrease> from 2020/21	% of Change
Land	\$14,652,324	\$14,652,324	\$ -	0%
Land Improvements	31,250,379	31,250,379	-	0%
Structures and Improvements	787,508,109	783,999,987	3,508,122	0%
Equipment	283,239,370	283,810,723	(571,353)	0%
Capacity Rights	14,826,587	14,826,587	(0)	(0)%
Water Rights	1,621,238	1,266,638	354,600	28%
Computer Software	15,815,691	15,645,690	170,001	1%
Right to use assets	165,675	-	165,675	N/A
Jobs in Progress	339,884,408	197,575,054	142,309,354	72%
Sub-total	1,488,963,781	1,343,027,382	145,936,398	11%
Less: Accumulated Depreciation & Amortization	(615,794,788)	(581,286,354)	(34,508,434)	6%
Net Capital Assets	\$873,168,994	\$761,741,028	\$111,427,965	15%

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

DEBT MANAGEMENT

As of June 30, 2022, the Agency had outstanding principal bond debt of \$95,295,000.

Bond Issue	Principal	Premium (discount)	Outstanding on 06/30/22
2017A Revenue Bonds	\$ 51,505,000	\$ 7,909,967	\$ 59,414,967
2020A Revenue Bonds	43,790,000	11,396,708	55,186,708
TOTAL	\$ 95,295,000	\$ 19,306,675	\$ 114,601,675

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

Additionally, the Agency had outstanding Notes and Loans Payable as of June 30, 2022:

- 1) Various Clean Water State Revolving Fund (SRF) loans administered by the State Water Resources Control Board (SWRCB), with an outstanding principal balance of \$103,290,286.
- 2) A loan from the City of Fontana for the Agency's cost share of the San Bernardino Regional Lift Station and Force Main capital facilities investment with an outstanding principal balance of \$3,108,644.
- 3) An On-Bill Financing loan from Southern California Edison for installation of energy efficient lighting at Agency facilities with a total outstanding balance of \$440,956.
- 4) The 2020B Revenue Notes issued to finance a portion of the construction costs of the Regional Plant No.5 (RP-5) Expansion Project and to pay a portion of the capitalized interest with an outstanding principal balance of \$196,435,000 and unamortized premium of \$21,820,604, for a total of \$218,255,604, including capitalized interest of \$22,093,994.

In June 2022, 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 for the revenues it receives. If you have any questions about this report or need additional financial information, please contact the Agency's Finance and Accounting Department at departmentaccounting@ieua.org.



RP-1 Hot Water Loop Replacement to Improve Reliability

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, 2021, and the results of operations and the cash flows of its proprietary fund types for the fiscal year then ended.

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

The Basic Financial Statements consist of:

- ◆ Statement of Net Position – the statement denotes the increase/(decrease) of net assets of the Agency.

- ◆ Statement of Revenues, Expenses and Changes in Net Position – the statement shows all revenue and expense sources recorded for the period, and their effects on the net assets of the Agency.

- ◆ Statement of Cash Flows – the statement reflects the Agency's financial activities and their effect on cash. It also denotes the cash position of the Agency at the end of the fiscal period.

- ◆ Notes to the Basic Financial Statements.

INLAND EMPIRE UTILITIES AGENCY
Statement of Net Position
June 30, 2022

	Enterprise Funds		
	Regional Capital	Regional Operations	Recycled Water
ASSETS			
Current assets			
Cash and investments (note 3)	\$ 54,720,579	\$ 77,321,410	\$ 17,962,791
Accounts receivable	13,187,625	25,329,734	7,353,909
Interest receivable	1,499,232	158,527	51,227
Wastewater capital connection fee receivable	81,169,897	-	-
Taxes receivable	532,679	188,486	32,780
Other receivables	859,477	69,836	93,044
Inventory	-	-	-
Water inventory (note 17)	-	-	-
Prepaid items	1,201	10,738	3,500
Total current assets	151,970,690	103,078,731	25,497,251
Noncurrent assets			
Restricted assets (note 3)			
Deposits held by retentions	6,869,893	269,998	-
Restricted investments	128,184,670	-	26,735,782
Investments held with trustee/fiscal agent	22,094,226	25	168
Total restricted assets	157,148,789	270,023	26,735,950
Capital assets (note 7)			
Land	14,047,045	-	584,450
Jobs in progress	231,769,204	59,042,879	10,271,587
Capital assets, net of accumulated depreciation	233,948,528	51,875,262	165,938,403
Intangible assets, net of accumulated amortization	5,274,272	2,332,427	773,489
Total capital assets	485,039,049	113,250,568	177,567,929
Other assets			
Investment in joint venture (note 11)	40,025,817	-	-
Long-term receivables (note 10)	1,199,723	-	2,121,694
Advances to other funds (note 14)	13,500,000	-	7,933,000
Prepaid interest - SRF loans	484,664	-	611,066
Net other postemployment benefits (note 18)	486,467	3,112,118	491,164
Total other assets	55,696,671	3,112,118	11,156,924
Total noncurrent assets	697,884,509	116,632,709	215,460,803
Total assets	849,855,199	219,711,440	240,958,054
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to debt refunding	1,217,614	152,258	1,040,029
Deferred outflow net other postemployment benefit liability	162,562	1,084,522	179,596
Deferred outflow related to net pension liability	1,228,875	8,231,431	1,111,788
Total deferred outflows of resources	2,609,051	9,468,211	2,331,413

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

Water Resources		Totals 2022
	Non-Major	
\$ 28,293,646	\$ 50,948,026	\$ 229,246,452
12,218,424	15,459,906	73,549,598
55,194	1,581,385	3,345,565
-	-	81,169,897
28,683	36,882	819,510
-	162,722	1,185,079
-	1,377,509	1,377,509
2,271,519	-	2,271,519
-	125,495	140,934
<u>42,867,466</u>	<u>69,691,925</u>	<u>393,106,063</u>
-	267,866	7,407,757
-	-	154,920,452
-	42	22,094,461
<u>-</u>	<u>267,908</u>	<u>184,422,670</u>
-	20,829	14,652,324
7,885,078	30,915,660	339,884,408
16,106	56,708,182	508,486,481
-	1,765,593	10,145,781
<u>7,901,184</u>	<u>89,410,264</u>	<u>873,168,994</u>
-	-	40,025,817
71,743	-	3,393,160
-	3,000,000	24,433,000
-	-	1,095,730
<u>293,012</u>	<u>582,847</u>	<u>4,965,608</u>
<u>364,755</u>	<u>3,582,847</u>	<u>73,913,315</u>
<u>8,265,939</u>	<u>93,261,019</u>	<u>1,131,504,979</u>
<u>51,133,405</u>	<u>162,952,944</u>	<u>1,524,611,042</u>
-	253,466	2,663,367
89,773	197,341	1,713,794
<u>598,874</u>	<u>1,626,623</u>	<u>12,797,591</u>
<u>688,647</u>	<u>2,077,430</u>	<u>17,174,752</u>

INLAND EMPIRE UTILITIES AGENCY
Statement of Net Position (Continued from previous page)
June 30, 2022

	Enterprise Fund Types		
	Regional Capital	Regional Operations	Recycled Water
LIABILITIES			
Current liabilities			
Accounts payable	\$ 21,873,914	\$ 6,803,491	\$ 708,809
Accrued liabilities	21,385	14,689	-
Compensated absences	-	-	-
Retentions payable	65,918	1,032,343	9,834
Long-term debt, due within one year (note 12)	2,806,846	209,230	3,739,229
Notes payable, due within one year (note 12)	1,865,126	727,503	2,474,829
Interest payable	1,587,347	174,326	3,240,207
Retention deposits and escrows	6,869,893	269,998	-
Total current liabilities	35,090,429	9,231,580	10,172,908
Noncurrent liabilities			
Compensated absences	-	-	-
Long-term debt, due in more than one year (note 12)	42,553,505	3,187,331	47,096,319
Notes payable, due in more than one year (note 12)	245,756,853	21,111,917	46,203,372
Advances from other funds (note 14)	-	-	16,500,000
Other noncurrent liabilities	-	-	589,298
Net pension liability (note 5)	380,554	3,063,897	401,876
Total noncurrent liabilities	288,690,912	27,363,145	110,790,865
Total liabilities	323,781,341	36,594,725	120,963,773
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow net other postemployment benefit liability	397,692	2,550,646	404,429
Deferred inflow related to net pension liability	2,454,322	13,512,212	2,217,191
Total deferred inflows of resources	2,852,014	16,062,858	2,621,620
NET POSITION			
Net Investment in capital assets	188,489,693	87,006,084	78,992,454
Restricted for:			
Capital construction	209,354,567	-	26,735,782
SRF Loan debt service	1,904,369	1,046,416	3,494,381
Bond operating contingency requirement	1,734,874	19,400,530	-
Total restricted	212,993,810	20,446,946	30,230,163
Unrestricted	124,347,393	69,069,038	10,481,457
Total net position	\$ 525,830,896	\$ 176,522,068	\$ 119,704,074

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

Water Resources		Non-Major	Totals 2022
\$	5,842,169	\$ 7,349,454	\$ 42,577,837
	174,498	2,766,000	2,976,572
	-	2,141,075	2,141,075
	-	285,619	1,393,714
	-	929,695	7,685,000
	-	-	5,067,458
	-	75,400	5,077,280
	-	298,303	7,438,194
	<u>6,016,667</u>	<u>13,845,546</u>	<u>74,357,130</u>
	-	3,725,249	3,725,249
	-	14,079,520	106,916,675
	-	6,955,890	320,028,032
	-	7,933,000	24,433,000
	-	67,782	657,080
	<u>220,638</u>	<u>568,282</u>	<u>4,635,247</u>
	<u>220,638</u>	<u>33,329,723</u>	<u>460,395,283</u>
	<u>6,237,305</u>	<u>47,175,269</u>	<u>534,752,413</u>
	237,703	473,412	4,063,882
	<u>1,272,936</u>	<u>2,643,885</u>	<u>22,100,546</u>
	<u>1,510,639</u>	<u>3,117,297</u>	<u>26,164,428</u>
	<u>7,743,888</u>	<u>65,605,429</u>	<u>427,837,548</u>
	-	-	236,090,349
	-	349,635	6,794,801
	-	<u>3,426,642</u>	<u>24,562,046</u>
	-	<u>3,776,277</u>	<u>267,447,196</u>
	<u>36,330,220</u>	<u>45,356,102</u>	<u>285,584,209</u>
\$	<u>44,074,108</u>	\$ <u>114,737,808</u>	\$ <u>980,868,954</u>

INLAND EMPIRE UTILITIES AGENCY
Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	Enterprise Fund Types		
	Regional Capital	Regional Operations	Recycled Water
OPERATING REVENUES			
Service charges	\$ -	\$ 75,728,668	\$ -
Water Sales	-	-	-
Recycled water sales	-	-	19,642,939
Total operating revenues	-	75,728,668	19,642,939
OPERATING EXPENSES			
Water purchases	-	-	-
Wastewater collection	-	1,926,084	-
Wastewater treatment	-	24,877,528	-
Wastewater disposal	-	12,145,857	-
Operations and maintenance	-	-	6,497,183
Administration and general	5,204,621	19,252,122	5,268,663
Depreciation and amortization	16,274,368	6,886,485	8,758,135
Total operating expenses	21,478,989	65,088,076	20,523,981
Operating income (loss)	(21,478,989)	10,640,592	(881,042)
NONOPERATING REVENUES (EXPENSES)			
Interest income	966,993	488,710	237,131
Property tax revenue	46,530,131	16,464,508	2,863,393
Water connection fees	-	-	8,749,472
Wastewater capital connection fees	37,704,888	-	-
Other nonoperating revenues	6,054,509	3,921,481	778,933
Interest on long-term debt	(9,979,200)	(608,089)	(2,812,191)
Other nonoperating expenses	(1,452,438)	(4,045,556)	-
Total nonoperating revenues (expenses)	79,824,883	16,221,054	9,816,738
Income (loss) before capital contributions and transfers	58,345,894	26,861,646	8,935,696
TRANSFERS AND CAPITAL CONTRIBUTIONS			
Transfers in (note 15)	6,540,238	4,635,166	2,534,530
Transfers out (note 15)	(10,597,781)	(7,217,584)	(1,450,351)
Capital grants	-	89,913	239,074
Change in net position	54,288,351	24,369,141	10,258,949
Total net position - beginning	471,542,545	152,152,927	109,445,125
Total net position - ending	\$ 525,830,896	\$ 176,522,068	\$ 119,704,074

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

Water Resources	Non-Major	Totals 2022
\$ 8,284,830	\$ 13,811,596	\$ 97,825,094
42,976,372	-	42,976,372
-	-	19,642,939
<u>51,261,202</u>	<u>13,811,596</u>	<u>160,444,405</u>
42,937,372	-	42,937,372
-	8,368,235	10,294,319
-	-	24,877,528
-	-	12,145,857
1,492,091	-	7,989,274
5,908,873	3,735,367	39,369,646
546	3,171,415	35,090,949
<u>50,338,882</u>	<u>15,275,017</u>	<u>172,704,945</u>
922,320	(1,463,421)	(12,260,540)
170,058	289,610	2,152,502
2,505,469	3,221,355	71,584,856
-	-	8,749,472
-	-	37,704,888
303,567	1,488,675	12,547,165
-	(648,806)	(14,048,286)
(722,369)	(6,839,969)	(13,060,332)
<u>2,256,725</u>	<u>(2,489,135)</u>	<u>105,630,265</u>
3,179,045	(3,952,556)	93,369,725
486,032	5,141,997	19,337,963
-	(72,247)	(19,337,963)
7,331,455	4,678,229	12,338,671
<u>10,996,532</u>	<u>5,795,423</u>	<u>105,708,396</u>
33,077,576	108,942,385	875,160,558
<u>\$ 44,074,108</u>	<u>\$ 114,737,808</u>	<u>\$ 980,868,954</u>

INLAND EMPIRE UTILITIES AGENCY
Statement of Cash Flows
For the Fiscal Year ended June 30, 2022

	Enterprise Funds		
	Regional Capital	Regional Operations	Recycled Water
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ -	\$ 73,862,689	\$ 17,166,124
Cash received from interfund services provided	-	-	-
Cash payments to suppliers for goods and services	(2,684,620)	(29,749,742)	(5,983,393)
Cash payments to employees for services	(2,513,820)	(15,079,195)	(3,142,784)
Cash payments for interfund services used	<u>(3,274,552)</u>	<u>(20,118,052)</u>	<u>(3,627,431)</u>
Net cash provided by (used for) operating activities	<u>(8,472,992)</u>	<u>8,915,700</u>	<u>4,412,516</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	6,540,238	4,635,166	2,534,530
Transfers out	(10,597,781)	(7,217,584)	(1,450,351)
Contract reimbursement from others	5,547,875	3,947,787	1,165,025
Tax revenues	46,196,694	16,331,901	2,843,312
Collection of long-term receivable	1,036,777	-	270,344
Cash paid to others	(945,804)	(4,071,862)	(364,434)
Investment in IERCA	84,526	-	-
Advances to other funds	-	-	(10,000,000)
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>47,862,525</u>	<u>13,625,408</u>	<u>(5,001,574)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(96,474,423)	(14,751,403)	(823,388)
Proceeds from State Revolving Funds	-	-	9,298
Connection fees on deposit held by members	37,704,888	-	-
Water connection Fees	-	-	8,749,472
Capital grants received	-	89,913	239,073
Principal paid on capital debt	(10,442,926)	(393,856)	(4,431,427)
Interest paid on capital debt	(9,811,853)	(600,405)	(2,520,254)
Payments on State Revolving Funds	(817,066)	(584,768)	(2,510,905)
Contractor deposits collected	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>(79,841,380)</u>	<u>(16,240,519)</u>	<u>(1,288,131)</u>

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

Water Resources	Non-Major	Totals 2022
\$ 52,175,369	\$ 13,959,621	\$ 157,163,803
-	30,743,848	30,743,848
(50,995,247)	(14,496,726)	(103,909,728)
(2,512,324)	(26,139,695)	(49,387,818)
(944,984)	(1,251,009)	(29,216,028)
<u>(2,277,186)</u>	<u>2,816,039</u>	<u>5,394,077</u>
486,032	5,141,997	19,337,963
-	(72,247)	(19,337,963)
303,567	2,958,272	13,922,526
2,506,189	3,195,962	71,074,058
-	-	1,307,121
(1,010,331)	(1,525,849)	(7,918,280)
-	-	84,526
-	-	(10,000,000)
-	10,000,000	10,000,000
<u>2,285,457</u>	<u>19,698,135</u>	<u>78,469,951</u>
(2,011,803)	(14,392,390)	(128,453,407)
-	447,679	456,977
-	-	37,704,888
-	-	8,749,472
7,331,455	254,227	7,914,668
-	(1,154,227)	(16,422,436)
-	(459,429)	(13,391,941)
-	-	(3,912,739)
-	372,043	372,043
<u>5,319,652</u>	<u>(14,932,097)</u>	<u>(106,982,475)</u>

INLAND EMPIRE UTILITIES AGENCY
Statement of Cash Flows (Continued from previous page)
For the Fiscal Year ended June 30, 2022

	Enterprise Funds		
	Regional Capital	Regional Operations	Recycled Water
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	\$ 815,636	\$ 482,086	\$ 229,260
Sale of investments	1,279,109	-	-
Purchase of investments		(10,905,327)	(3,297,305)
Net cash provided by (used for) investing activities	<u>2,094,745</u>	<u>(10,423,241)</u>	<u>(3,068,045)</u>
Net increase (decrease) in cash and cash equivalents	<u>(38,357,102)</u>	<u>(4,122,652)</u>	<u>(4,945,234)</u>
Cash and cash equivalents - beginning	<u>207,517,369</u>	<u>5,199,140</u>	<u>24,344,139</u>
Cash and cash equivalents - ending	<u>\$ 169,160,267</u>	<u>\$ 1,076,488</u>	<u>\$ 19,398,905</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (21,478,989)	\$ 10,640,592	\$ (881,042)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation and amortization	16,274,368	6,886,485	8,758,135
Changes in assets and liabilities			
(Increase) decrease in			
Accounts receivable	(945,114)	(1,796,421)	(2,473,003)
Water inventory	-	-	-
Short-term receivable	(511,483)	(69,558)	(3,812)
Inventory	-	-	-
Prepaid items	-	(10,738)	-
Increase (decrease) in			
Deferred outflow related to net pension liability	40,268	2,700,905	318,372
Deferred outflow related to net other post employment benefit	24,862	236,138	(15,891)
Accounts payable	-	(15,428)	144,877
Retentions payable	-	174,758	-
Accrued liabilities	-	(669)	-
Net other postemployment benefits liability	(471,267)	(3,007,648)	(476,901)
Net pension liability	(4,164,434)	(22,278,432)	(3,323,452)
Deferred inflow related to net pension liability	2,432,988	13,272,343	2,183,625
Deferred inflow related to net other post employment benefit	325,809	2,059,890	330,530
Change in contractor deposits	-	123,483	(148,922)
Compensated absences	-	-	-
Net cash provided by (used for) operating activities	<u>\$ (8,472,992)</u>	<u>\$ 8,915,700</u>	<u>\$ 4,412,516</u>

Water Resources	Non-Major	Totals 2022
\$ 160,836	\$ 264,651	\$ 1,952,469
-	7,653,897	8,933,006
(3,801,496)	(9,929,932)	(27,934,060)
<u>(3,640,660)</u>	<u>(2,011,384)</u>	<u>(17,048,585)</u>
<u>1,687,263</u>	<u>5,570,693</u>	<u>(40,167,032)</u>
<u>11,882,862</u>	<u>7,013,137</u>	<u>255,956,649</u>
<u>\$ 13,570,125</u>	<u>\$ 12,583,830</u>	<u>\$ 215,789,617</u>
\$ 922,320	\$ (1,463,421)	\$ (12,260,540)
546	3,171,415	35,090,949
908,287	(83,723)	(4,389,974)
1,537	-	1,537
4,343	(91,907)	(672,417)
-	(44,934)	(44,934)
-	(20,897)	(31,635)
222,257	1,664,459	4,946,261
(23,373)	178,924	400,660
(3,800,785)	4,671,375	1,000,039
-	-	174,758
(354,881)	(1,601,518)	(1,957,068)
(285,831)	(563,777)	(4,805,424)
(1,327,437)	1,305,467	(29,788,288)
1,255,758	(4,598,445)	14,546,269
200,073	286,785	3,203,087
-	-	(25,439)
-	6,236	6,236
<u>\$ (2,277,186)</u>	<u>\$ 2,816,039</u>	<u>\$ 5,394,077</u>

INLAND EMPIRE UTILITIES AGENCY
Statement of Cash Flows - (Continued from previous page)
For the Fiscal Year ended June 30, 2022

	Enterprise Funds		
	Regional Capital	Regional Operations	Recycled Water
RECONCILIATION OF CASH & CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:			
Cash and short-term investments	\$ 54,720,579	\$ 77,321,410	\$ 17,962,791
Restricted assets	157,148,790	270,023	26,735,950
Less: Investments with maturities greater than three months	(42,709,101)	(76,514,945)	(25,299,836)
Cash & cash equivalents at end of year	<u>\$ 169,160,268</u>	<u>\$ 1,076,488</u>	<u>\$ 19,398,905</u>

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

<u>Water Resources</u>	<u>Non-Major</u>	<u>Totals 2022</u>
\$ 28,293,646	\$ 50,948,026	\$ 229,246,452
-	267,908	184,422,670
(14,723,521)	(38,632,103)	(197,879,506)
<u>\$ 13,570,125</u>	<u>\$ 12,583,831</u>	<u>\$ 215,789,617</u>



RP-3 Basin Improvement to Increase Storm and Recycled Water Recharge

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

JUNE 30, 2022

(1)	Organization and Summary of Significant Accounting Policies	38
(2)	Stewardship, Compliance & Accountability	48
(3)	Cash and Investments.....	49
(4)	Deferred Compensation Plan	55
(5)	Defined Benefit Pension Plan.....	56
(6)	Risk Management	62
(7)	Changes in Capital Assets	65
(8)	Construction Commitments	68
(9)	Contingent Liabilities	70
(10)	Long-Term Receivables	70
(11)	Joint Ventures – Long-Term Agreements.....	71
(12)	Long-Term Debt and Notes Payable	75
(13)	Arbitrage Rebate Obligation	83
(14)	Advance to/from Other Funds	83
(15)	Interfund Transfers	84
(16)	Operating Leases	86
(17)	Water Inventory	86
(18)	Defined Other-Postemployment Benefit (OPEB) Plan	87

NOTES TO THE BASIC FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE REPORTING ENTITY

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

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

Subject to the limitation imposed by the Constitution of California, and pursuant to its charter, all powers of the Agency are vested in a five-member Board of Directors. Each Director serves a four-year term and is elected by and represents the voters of a specific geographic area, identified as a Division within the Agency's boundaries. As of June 30, 2022, the Agency's staff is led by the General Manager who is appointed by the Board, along with the Deputy General Manager over Planning, Engineering, and Operations, and the Assistant General Manager over Finance and Information Technology. Agency's staff consisted of 302 regular authorized positions, of which 268 were filled as of June 30, 2022. The Board also appoints legal counsel, Internal Auditor, 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.

FUND FINANCIAL STATEMENTS

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

For financial reporting purposes, the Agency has the following major funds: Regional Wastewater Capital and Regional Wastewater Operations (collectively referred to as 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).

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

The Agency's principal operating expenses include the costs associated with the collection of and primary, secondary and tertiary treatment of domestic wastewater delivered to the regional sewage system, treatment and export costs of industrial waste delivered to the NRW North and South systems, purchase of imported water from MWD, biosolids recycling, expenses associated with the operations, maintenance and capital improvements of the facilities that support the distribution of recycled water for direct use and

groundwater recharge, and water use efficiency and conservation program costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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.

MAJOR FUNDS

REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND

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

REGIONAL WASTEWATER OPERATIONS AND MAINTENANCE FUND

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

RECYCLED WATER FUND

The Recycled Water Fund records the revenues and expenses associated with the operations and maintenance of the facilities used to distribute recycled water supplied from the Agency's water recycling plants. 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. The RWBP was updated in 2015 with the Recycled Water Program Strategy (RWPS). The primary objective of the RWPS is to update supply and demand forecasts and prioritize projects to maximize the beneficial use of recycled water throughout the year. The RWPS planning period is through 2035. Recycled water provides a cost effective and more reliable local water supply and is a key source to the Agency's goal of drought proofing its service area by 2030.

WATER RESOURCES FUND

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

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.

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.

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 meter equivalent unit charges for potable water service. Non-operating revenues do not directly relate to the Agency's core operations and include 1) property tax receipts; 2) interest income; 3) regional capital connection fees; 4) water capital connections fees; 5) reimbursement for contract services provided to Chino Basin Desalter Authority (CDA), Inland Empire Regional Composting Authority (IERCA), and Chino Basin Watermaster (Watermaster).

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

BUDGETARY POLICY AND CONTROL

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

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

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

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, 2022, and in accordance with the Governmental Accounting Standards Board (GASB) 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, as well as short-term highly liquid investments with an initial maturity of three months or less. All short-term cash surpluses are maintained in a cash and investment pool and allocated to each fund based on month-end cash and investment balances. For financial presentation purposes, cash is shown within cash, short-term investments, and restricted assets. Additionally, guidelines provided by GASB Statement Number 40 regarding risk disclosures on deposits and investments have been followed. Certain reclassifications have been made to the 2021 amounts to conform with the 2022 presentation.

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.

RECEIVABLES AND PAYABLES

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

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

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, if required.

INVENTORIES AND PREPAIDS

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

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

RESTRICTED ASSETS

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

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

CAPITAL ASSETS

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized. Improvements that increase the estimated life or enhance operating performance of the assets are capitalized and depreciated, as applicable, over the remaining useful life of the related capital assets. Donated capital assets, donated works of art and similar items, and capital assets in a service concession arrangement are recorded at acquisition value.

Estimated useful lives are:	Furniture, machinery, and equipment	3 - 15 years
	Improvements	15 years
	Interceptors, buildings, and plants	5 - 50 years
	Intangible Capacity Rights	50 years
	Computer Software	3 years

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency has three 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, and the difference between the amount placed in escrow to repay the refunded bonds and the carrying amounts of the refunded bonds. This amount is deferred and amortized over

the shorter of the life of the refunded or refunding debt in this case, the 2017A bonds. The others are the deferred outflow of resources related to net pension liability and other post-employment benefits, equal to employer contributions made in the current year after the measurement date of the net pension liability and OPEB, and the difference between expected and actual experiences and changes in assumptions. These amounts are amortized over the expected average remaining service life beginning with the current fiscal year.

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

PENSIONS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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.

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.

ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Agency adopted the requirements of the guidance effective July 1, 2021 and has elected to apply the provisions of this standard to the beginning of the period of adoption.

LEASES

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

Lease assets represent the Agency's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the

commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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

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

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

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

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

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

STEWARDSHIP

NOTE 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.

DETAILED NOTES ON ALL FUNDS

NOTE 3: CASH AND INVESTMENTS

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

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

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

Cash and investments as of June 30, 2022 are classified in the accompanying financial statement as follows:

Statement of net position:	
Cash and investments	\$ 229,246,452
Restricted short term investments	154,920,452
Restricted assets held with trustee/fiscal agent	22,094,461
Restricted assets held by retentions	7,407,757
Total cash and investments	<u>\$ 413,669,122</u>
Cash and investments as of June 30, 2022 consist of the following:	
Cash on hand (Petty Cash)	\$ 2,250
Deposits with financial institutions	7,919,437
Investments	405,747,435
Total cash and investments	<u>\$ 413,669,122</u>

FAIR VALUE

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

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

The table below identifies 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.

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

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

INVESTMENTS AUTHORIZED BY DEBT AGREEMENTS

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

The table below 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.

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

INVESTMENTS WITH FAIR VALUES HIGHLY SENSITIVE TO INTEREST RATE FLUCTUATIONS

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

INVESTMENT POOL OVERSIGHT

LOCAL AGENCY INVESTMENT FUND (LAIF)

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based on the Agency's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made based on one dollar and not fair value. Accordingly, the Agency's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP)

The Agency is a voluntary participant in the California Asset Management Program (CAMP), a Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Code Section 53601(p). CAMP is directed by a Board of Trustees (of which the Agency is a member), which is made up of experienced local government finance directors and

treasurers. CAMP is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in CAMP are made based on one dollar and not fair value.

DEPOSITS

On June 30, 2022, the carrying amount of the Agency's deposits was \$7,919,437 and the bank balance was \$1,862,923. The \$6,056,516 difference represents the net amount between the outstanding checks of \$1,351,241 less vendor retention of \$7,407,757 held in escrow.

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

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

CREDIT RISK

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

Presented below is the minimum rating required by the Agency's investment policy, and the actual Moody's rating as of fiscal year ended June 30, 2022 for each investment type:

Investment Type	Amount	Minimum Legal Rating	Moody's Rating as of June 30, 2022			
			Aaa to Aa3	A1 to A3	P1	Unrated
Repurchase Agreement	\$ 30,853,015	N/A	\$ 30,853,015	\$ -	\$ -	\$ -
U.S. Agency Securities	27,808,591	N/A	27,808,591	-	-	-
U.S. Treasury	60,192,390	A	60,192,390	-	-	-
U.S. Instrumentalities (Supranational)	1,578,183	A	1,578,183	-	-	-
Medium Term Notes	15,518,150	A	3,030,430	12,487,720	-	-
LAIF	188,370,350	N/A	-	-	-	188,370,350
CAMP	76,961,965	N/A	-	-	-	76,961,965
Municipal Bonds	2,003,556	N/A	1,624,221	187,993	-	191,342
Brokered Certificate of Deposit	1,840,787	N/A	-	-	1,840,787	-
Money Market Mutual Funds	620,448	N/A	-	-	-	620,448
Total	\$405,747,435		\$125,086,830	\$ 12,675,713	\$1,840,787	\$ 266,144,105

CONCENTRATION OF CREDIT RISK

The Agency's investment policy contains several limitations on the amount that can be invested with any one issuer and type of investment as well as that stipulated by the California Government Code. As of fiscal year ended June 30, 2022 no investments represent five percent or more of total investments.

CUSTODIAL CREDIT RISK

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Agency will not be able to recover the value of investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal 110 percent of the total amount deposited by public agencies.

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

As of June 30, 2022, the Agency's deposits (bank balance) were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California law.

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

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

INTEREST RATE RISK

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

As of June 30, 2022, 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	\$ 30,853,015	\$ -	\$ -	\$ -	\$ 30,853,015
U.S Agency Securities	5,339,540	7,822,127	14,646,924		27,808,591
U.S. Treasury Note	5,532,566	15,210,238	39,449,586		60,192,390
U.S. Instrumentalities (Supranational)			1,578,183		1,578,183
Medium Term Notes	4,391,111	3,205,406	7,921,633		15,518,150
Municipal Bonds	191,342	-	1,812,214		2,003,556
State Investment Pool	188,370,350				188,370,350
CAMP	76,961,965				76,961,965
Brokered Certificate of Deposit	1,840,787	0			1,840,787
Money Market Mutual Funds	620,448				620,448
Total	\$ 314,101,124	\$ 26,237,771	\$ 65,408,540	\$ -	\$ 405,747,435

FAIR VALUE MEASUREMENT (GASB 72)

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

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

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

The information below shows the Agency's investments fair value measurements (market approach) as of June 30, 2022. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions.

<u>Investments by Fair Value Level</u>	<u>June 30, 2022</u>	<u>Level 1 ^(A)</u>	<u>Level 2 ^(B)</u>	<u>Uncategorized</u>
Repurchase Agreement	\$ 30,853,015		\$ 30,853,015	
U.S. Agency Securities	27,808,591		27,808,591	
U.S. Treasury Notes	60,192,390	60,192,390		
U.S. Instrumentalities (Supranational)	1,578,183		1,578,183	
Medium Term Notes	15,518,150		15,518,150	
Municipal Bonds	2,003,556			2,003,556
State Investment Pool	188,370,350			188,370,350
CAMP	76,961,965			76,961,965
Brokered Certificate of Deposit	1,840,787	1,840,787		
Total	\$ 405,126,987	\$ 62,033,177	\$ 75,757,939	\$ 267,335,871

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

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

NOTE 4: DEFERRED COMPENSATION

The Agency established a Deferred Compensation Plan for employees in December 1977. Under this plan, employees may choose to defer income until retirement or termination. All deferred wages are credited to the participating employee accounts. Internal Revenue Code (IRC) Section 457 requires that plan assets be held in trust for the exclusive benefit of the participants and their beneficiaries. Investments in the Deferred Compensation Plan are held by a fiscal agent in investment options chosen by the participants. Effective July 1, 2018, the Agency started contributing twenty-five (\$25) per pay period to the 457 (b) account of each employee actively contributing to the plan. For 2022, each participant can contribute into their 457 deferred compensation account up to a maximum of \$20,500, or up to \$27,000 if age 50 or older.

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 \$61,000 for 2022. 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, they cannot change their contribution amount or withdraw from the plan until they leave 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.

NOTE 5: DEFINED BENEFIT PENSION PLAN

GENERAL INFORMATION ABOUT THE PENSION PLANS

PLAN DESCRIPTION

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

Benefit provisions, and all other requirements, are established by State statutes within the Public Employees' Retirement Law and by the Public Employee's Pension Reform Act of 2013 (PEPRA). The Agency's Plan selects optional provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate 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.

The Plans' provisions and benefits in effect as of June 30, 2022, are summarized as follows:

Hire date	Prior to January 1, 2012 ⁺	On or After January 1, 2012 ⁺	After January 1, 2013
Benefit formula	2.5% @ 55	2% @ 55	2% @ 62
Final average compensation period	1 year	3 years	3 years
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Eligible retirement age	50 – 55+	50 – 63+	52 – 67+
Monthly benefits, as a % of eligible compensation	2% - 2.5%	1.4% - 2.4%	1% - 2.5%
FY2020/21 required employee contribution rates*	8%	7%	6.25%
FY2020/21 required employer contribution rates	22.41%	22.41%	22.41%

⁺ Closed to new entrants to CalPERS

^{*} Effective the first pay period of fiscal year 2020/21 and FY 2021/22, limited term, and full-time employees, respectively, are fully funding the employees paid member contribution rate. Employees hired after January 1, 2013 pay for one half (1/2) of their total normal cost rate as determined by CalPERS.

EMPLOYEES COVERED

As of June 30, 2022 (measurement date as of June 30, 2021) actuarial valuation, the following employees were covered by the Plans' terms:

Retired members and beneficiaries	296
Active employees	277
Total	573

CONTRIBUTIONS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Agency contribution rates may change if plan contracts are amended. Payments made by the Agency to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Total contributions made for year ended June 30, 2022, is \$10,974,472.

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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2021 actuarial accounting valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% (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 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table please refer to the 2017 experience study report.

The underlying mortality assumptions and the retirement age probabilities were based on the results of a 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

DISCOUNT RATE

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

on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LONG-TERM EXPECTED RATE OF RETURN

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

In determining the long-term expected rate of return, CalPERS considered 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+ 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 adjusted to account for assumed administrative expenses.

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1-10 (b)	Real Return Years 11+(c)
Global Entity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)
Total	100.00%		

- a. In the CalPERS' Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investment; Inflation Assets are included in both Global Equity Securities and Global Debt Securities
- b. An expected inflation of 2.00 percent used for this period
- c. An expected inflation of 2.92 percent used for this period

CHANGES IN THE NET PENSION LIABILITY

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

	Total Pension Liability	Increase (Decrease) Plan Fudiciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2020	\$ 233,800,597	\$ 193,473,150	\$ 40,327,447
Changes in the Year:			
Service cost	4,811,976	-	4,811,976
Interest on Total Pension Liability	16,526,308	-	16,526,308
Differences Between Actual and Expected Experience	(100,156)	-	(100,156)
Changes in Assumptions	-	-	-
Change in Benefits	-	-	-
Net Plan to Plan Resources Movement	-	-	-
Contributions - Employer	-	10,661,065	(10,661,065)
Difference Between Employer Actual and CalPERS Contribution	-	-	-
Contributions - Employee	-	2,223,360	(2,223,360)
Projected Earnings on Investment	-	44,239,171	(44,239,171)
Differences Between Projected and Actual Earnings on Plan Investment	-	-	-
Benefit Payments	(9,938,530)	(9,938,530)	-
Administrative Expenses	-	(193,268)	193,268
Pension Expense Adjustment	-	-	-
Other Miscellaneous Income/(Expense)	-	-	-
Current Year Net Changes	\$ 11,299,598	\$ 46,991,798	\$ (35,692,200)
Balance at June 30, 2021	\$ 245,100,195	\$ 240,464,948	\$ 4,635,247

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

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

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Net Pension Liability	\$ 37,876,254	\$ 4,635,247	(\$ 22,846,563)

PENSION PLAN FIDUCIARY NET POSITION

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

AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

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

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension 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, 2022, the Agency recognized pension expense of \$678,715. As of June 30, 2022, 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	\$ 10,974,472	
Differences between actual and expected experience	1,823,119	73,087
Change in assumptions		0
Net differences between projected and actual earnings on plan investments		22,027,459
Total	\$ 12,797,591	\$ 22,100,546

Deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date of \$10,974,472 will be recognized as a reduction of net pension liability in the fiscal year ending June 30, 2023.

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
2022	(\$4,158,666)
2023	(4,741,447)
2024	(5,311,716)
2025	(6,065,598)
2026	-
Thereafter	-

PAYABLE TO THE PENSION PLAN

At June 30, 2022, the Agency had no outstanding number of contributions to the pension plan required for the year ended June 30, 2022.

NOTE 6: RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1985/86, the Agency chose to establish a risk management program for risks associated with all liability losses except

workers' compensation losses. These risks are covered by commercial insurance purchased from independent third parties.

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

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

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

- The Agency purchases commercial insurance coverage for that portion of workers' compensation claims exceeding the California statutory limits of \$1,000,000 per person per occurrence. The current commercial insurance provides coverage for workers' compensation claims up to \$25,000,000. The Agency does not report excess insurance risks as liabilities unless it is probable that those risks will not be covered by the excess insurance.

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

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

Insurance premiums are paid into the Administrative Services Non-Major Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the programs. The total is calculated using trends in actual claims experience. The allocation is based upon the percentage of each fund's current payroll as it relates to the total payroll of the Agency. These allocated interfund premiums are used to reduce the amount of claims 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, 2022, 2021, and 2020. 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 occurred, and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNRs). A negative amount reflects a current year change in the estimated unpaid claims balance at the beginning of the year. Claim liabilities are calculated considering effects of inflation, recent claim settlement trends (including frequency and number of payouts), and other economic and social factors. The liability for claims and judgments is reported in accrued liabilities.

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

	Worker's compensation		General liability	
	2021/22	2020/21	2021/22	2020/21
Unpaid claims, beginning of fiscal year	\$532,000	196,014	\$1,112,000	\$1,000,000
Incurred claims (including IBNRs)	286,076	418,800	(336,829)	112,865
Claim payments	(67,414)	(82,814)	(26,251)	(865)
Unpaid claims, end of fiscal year	750,662	532,000	748,920	1,112,000

NOTE 7: CHANGES IN CAPITAL ASSETS

JOB IN PROGRESS

As of fiscal year ended June 30, 2022, the Agency had various jobs in progress designed to expand the Regional Wastewater System. Other significant projects are also underway to expand, improve, and refurbish the Agency's Regional Wastewater System and existing water recycling facilities, including the disposition of wastewater by-products and providing for ancillary facilities that support operating activities. The Agency had the following projects with incurred costs of at least \$1.0 million as of June 30, 2022:

RP-5 Biosolids Facility	\$	103,834,610
RP-5 Expansion to 30 mgd		93,132,733
RP-4 Process Improvements		22,578,495
Recharge Master Plan Update		11,827,628
Mechanical Restoration and Upgrades		9,703,706
RP-1 Flare Improvements		7,133,803
1158 Recycled Water Pump Station Upgrades		6,935,648
Chino Basin Program		6,387,749
RP-1 12 kV Switchgear and Generator Control Updrages		6,368,287
Primary Clarifier Rehabilitation		4,776,490
Digester 6 and 7 Roof Repairs		4,424,516
RP-1 Liquid Treatment Capacity Recovery		4,368,298
CCWRF Asset Management and Improvements		4,274,763
Lower Day Basin RMPU Improvements		3,989,796
SCADA Enterprise System		3,962,483
NRW East End Flowmeter Replacement		3,458,969
RP-5 Expansion Preliminary Design Report		2,336,004
RP-4 Influent Screen Replacement		2,253,019
RP-1 Thickening Building & Acid Phase Digester		2,155,852
RSS Haven Avenue Repairs		2,087,072
NRW Pipeline Relining		1,937,349
RP-1 Hot Water Loop Replacement		1,760,301
1158 East Reservoir Re-Coating/Painting		1,739,517
Regional Force Main Improvements		1,613,169
RP-1 Disinfection Pump Improvements		1,551,527
Structural Agency Wide Roofing Phase II		1,468,213
Philadelphia Lift Station Force Main Improvements		1,418,506
RP-1 Solids Treatment Expansion		1,299,173
CBWM Pomona Extensometer Construction		1,242,997
Other Projects (less than \$1,000,000 each)		19,863,737
Total Jobs in Progress	\$	<u>339,884,407</u>

The following is a summary of jobs in progress, property, plants, equipment, and intangible assets as of June 30, 2022:

CAPITAL ASSETS

Capital Assets	Balance at 6/30/21	Additions	Transfers & Retirements	Balance at 6/30/22	Accumulated Depreciation at 6/30/22	Net Book Value at 6/30/22
Capital Assets-not being depreciated:						
Land	\$ 14,652,324	\$ -	\$ -	\$ 14,652,324	\$ -	\$ 14,652,324
Jobs in Progress	197,575,054	146,342,657	(4,033,304)	339,884,407	-	339,884,407
Total Capital Assets, not being depreciated	\$ 212,227,378	\$ 146,342,657	\$ (4,033,304)	\$ 354,536,731	\$ -	\$ 354,536,731
Capital Assets-being depreciated:						
Interceptors, trunk lines and inter-ties	\$ 36,721,245	\$ -	\$ -	\$ 36,721,245	\$ (15,902,940)	\$ 20,818,305
Office facilities	14,760,957	-	124,522	14,885,479	(4,813,420)	10,072,059
Collection, outfall, and transmission lines	132,723,273	-	-	132,723,273	(86,908,438)	45,814,835
Reservoirs, settling basins, ponds, and chlorination station	123,305,562	-	-	123,305,562	(47,333,221)	75,972,341
Recycled water distribution system	170,422,475	555,313	-	170,977,788	(44,845,440)	126,132,348
Treatment plants, pump stations and office buildings	306,066,475	2,828,285	-	308,894,760	(157,163,321)	151,731,439
Equipment	283,810,723	125,107	(696,456)	283,239,374	(217,873,793)	65,365,581
Land improvement	31,250,379	-	-	31,250,379	(18,670,804)	12,579,575
Total capital assets, being depreciated	\$ 1,099,061,089	\$ 3,508,705	\$ (571,934)	\$ 1,101,997,860	\$ (593,511,378)	\$ 508,486,482
Less accumulated depreciation for:						
Interceptors, trunk lines and inter-ties	\$ (15,067,203)	\$ (835,737)	\$ -	\$ (15,902,940)		
Office facilities	(4,327,513)	(485,907)	-	(4,813,420)		
Collection, outfall, and transmission lines	(84,725,975)	(2,182,463)	-	(86,908,438)		
Reservoirs, settling basins, ponds, and chlorination station	(44,169,320)	(3,163,901)	-	(47,333,221)		
Recycled water distribution system	(40,871,758)	(3,973,682)	-	(44,845,440)		
Treatment plants, pump stations and office buildings	(151,694,438)	(5,468,883)	-	(157,163,321)		
Equipment	(201,722,615)	(16,722,197)	571,019	(217,873,793)		
Land improvement	(17,607,117)	(1,063,687)		(18,670,804)		
Total accumulated depreciation	\$ (560,185,940)	\$ (33,896,457)	\$ 571,019	\$ (593,511,378)		
Total capital assets, being depreciated, net	\$ 538,875,148	\$ (30,387,752)	\$ (915)	\$ 508,486,482		
Total capital assets- Enterprise Funds, Net	\$ 751,102,526	\$ 115,954,905	\$ (4,034,219)	\$ 863,023,213		

INTANGIBLE ASSETS

For the fiscal year ended June 30, 2022, depreciation expense was \$33,896,458 and amortization expense was \$1,185,991.

Intangible Assets	Balance at 6/30/21 as Restated	Additions	Transfers & Retirements	Balance at 6/30/22	Accumulated Amortization at 6/30/22	Net Book Value at 6/30/22
Intangible assets-being amortized:						
Computer software	\$ 15,645,690	\$ 170,000	\$ -	\$ 15,815,690	\$ (12,539,329)	\$ 3,276,361
Contributed capital-lease	129,324	-	-	129,324	(54,961)	74,363
Metropolitan Water District connections	198,891	-	-	198,891	(198,891)	-
Corps of Engineers-Cucamonga Creek	43,489	-	-	43,489	(32,533)	10,955
California Auto Club Speedway Water Rights	1,266,638	354,600	-	1,621,238	-	1,621,238
San Bernardino County Flood Control-Chino Road Barrier	48,076	-	-	48,076	(29,650)	18,426
Santa Ana Watershed Project Authority capacity rights	12,467,002	-	-	12,467,002	(8,477,837)	3,989,165
Right-to-use Assets - Equipment	177,172	-	(11,497)	165,675	(53,010)	112,665
Organization and master planning	1,939,805	-	-	1,939,805	(897,196)	1,042,609
Total intangible assets being-amortized	\$ 31,916,087	\$ 524,600	\$ (11,497)	\$ 32,429,190	\$ (22,283,408)	\$ 10,145,781
Less accumulated amortization for:						
Computer software	\$ (11,747,204)	\$ (783,625)	\$ (8,500)	\$ (12,539,329)		
Contributed capital-lease	(48,495)	(6,466)	-	(54,961)		
Metropolitan Water District connections	(198,891)	-	-	(198,891)		
Corps of Engineers-Cucamonga Creek	(31,663)	(870)	-	(32,533)		
San Bernardino County Flood Control-Chino Road Barrier	(28,047)	(1,603)	-	(29,650)		
Santa Ana Watershed Project Authority capacity rights	(8,180,253)	(297,584)	-	(8,477,837)		
Right-to-use Assets - Equipment	-	(64,507)	11,497	(53,010)		
Organization and master planning	(865,860)	(31,336)	-	(897,196)		
Total accumulated amortization	\$ (21,100,413)	\$ (1,185,991)	\$ 2,997	\$ (22,283,408)		
Total intangible assets-Enterprise Funds, Net	\$ 10,815,674	\$ (661,391)	\$ (8,500)	\$ 10,145,781		
Total capital assets-Enterprise Funds, net	\$ 761,918,200	\$ 115,293,513	\$ (4,042,719)	\$ 873,168,994		

NOTE 8: CONSTRUCTION COMMITMENTS

The Agency is committed to several significant construction contracts. Total outstanding obligations were \$225,016,417 as of June 30, 2022. Some of the contracts for ongoing projects at the Agency's regional plants are listed below:

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

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

RP-5 does not currently have any solids treatment capacity. Waste sludge produced at RP-5 is pumped to the RP-2 solids handling facility. However, solids treatment at RP-5 will soon be necessary. RP-2 was deemed to be within the 100-year flood level by the U.S. Army Corps of Engineers, so the facility needs to be decommissioned by the year 2035. Construction of the new solids handling facility at RP-5 is necessary to meet the Agency's needs throughout the decommissioning of the Regional Plant No. 2 (RP-2) site. This project has an outstanding obligation of \$116,322,197.

- **RP-5 Liquids Expansion – EN19001**

The RP-5 Liquids Expansion and RP-5 Solids Treatment Facility projects will be completed concurrently, with construction to start in FY 2022/23 and completed by FY 2024/25. Currently, RP-5 has liquid treatment capacity of 15 million gallons per day (MGD). To meet the future projected wastewater flow for the Agency's service area, the plant capacity needs to increase to 30 MGD. This project has an outstanding obligation of \$92,333,714.

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

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

The scope of the work includes preliminary environmental review, design, permits, and construction. The RMPU projects scope includes groundwater basin improvements to the Wineville Basin, Jurupa Basin, Force Main System Basin, RP-3 Basin, CSI Basin, Victoria Basin, Turner Basin, Ely Basin, and Montclair Basin. This project has an outstanding obligation of \$10,448,800.

- **Regional Force Main Improvements– EN19025**

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

The scope of the work will include installation of access/clean out vaults every 1,000 feet on the regional force main pipelines; Montclair lift Station (4,620 feet of 18-inch ductile iron pipe); installation of five access/cleanout vaults on the 18-inch force main; and San Bernardino Lift Station (9,000 feet each of 24-inch and 30-inch ductile iron pipe); installation of 18 access/cleanout vaults (9 inch per line) on the 24-inch and 30-inch force mains. Bypassing of flows will be required to allow for construction of the access/cleanout vaults and cleaning of all lines by the contractor. The Regional Force Main Improvements project has an outstanding obligation of \$2,871,000.

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

Existing candlestick flare permitted capacity is not adequate to accommodate the facility digester gas production when minimal or no gas is used by the hot water boilers. Currently there is no co-generation facility to use the bulk of the digester gas produced. Two new 100% redundant flares and one small flare will be installed to control digester gas pressure within the RP-1 treatment plant during normal and emergency operations; and, to reduce emissions from non-refinery flares by requiring all non-refinery flares to meet current Best Available Control Technology (BACT) for NOx emissions and thermal oxidation for volatile organic compounds (VOC's). Along with the new flares installation, the digester gas piping system in the flare will be upgraded to accommodate the new flare system and associated auxiliaries. This will provide the needed flexibility to comply with the South Coast Air Quality Management District (SCAQMD) requirements. The RP-1 Flare Improvement project has an outstanding obligation of \$1,159,339.

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

EN17110	RP-4 Process Improvements	\$	650,621
EN17082	RP-1 Mechanical Restoration & Improvements		180,740
EN17043	RP-4 Primary Clarifier & Process Rehabilitation		172,063
EN19027	NRW Pipeline Relining Long Cucamonga Creek		119,278
EN22002	East End Flow Meter Replacement		118,593
EN20040	HQ Parking Lot and Driveway Improvements		101,264
PA17006.03	RP-1 Aeration Membrane Replacement		88,796
RW15004	Recharge Master Plan Update-Basin Improvements-Lower Day Basin		86,154
EN22015	NRW Manhole & Condition Assessment Project		75,775
EN22043	Agency Wide Chemical Containment Areas Rehabilitation Phase 2		72,649
EN20065	RP-1 Hot Water Loop Replacement		69,016
EN20041	RP-1 Tertiary Treatment Bleach Mixing Repairs		59,158
EN22014	NRWS - BSS Manhole Upgrades		41,524
EN20008	HQ Parking Lot and Driveway Improvements		21,375
EN20022	1299 Reservoir Bypass Pipeline		9,834
EN19043	RP-1 Centrifuge Foul Air Line Retrofit		4,925
EN21044	RP-1 Dewatering Centrate & Drainage Valve Improvements		4,883
EN19028	NRW Manhole and Pipeline Condition Assessment		2,479
EN19024	Regional System Asset Management Assessment		2,243

NOTE 9: CONTINGENT LIABILITIES

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

At June 30, 2022, the Agency was a defendant in a number of lawsuits arising in the ordinary course of operations, which allege liability on the part of the Agency in connection with worker's compensation and general liability matters. Based on legal counsel's opinion, the potential losses and/or resolutions of these cases will not materially affect the financial condition of the Agency.

NOTE 10: 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, 2022, the long-term receivable amount is \$63,505 and is recorded in the Regional Wastewater Capital Improvement Fund.

MONTE VISTA WATER DISTRICT

On February 2, 2008, the Agency entered into an agreement with Monte Vista Water District (MVWD) for the construction of the regional recycled water distribution system that resides within the MVWD service area. 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 annual rate of 2.2 percent for twenty years. As of June 30, 2022, the long-term receivable amount is \$312,144 and is recorded in the Recycled Water Fund.

CUCAMONGA VALLEY WATER DISTRICT

On November 24, 2009, the Agency entered into an agreement with Cucamonga Valley Water District (CVWD) for the design and construction of the Church Street Recycled Water Lateral that resides within the CVWD service area. CVWD agreed to reimburse the Agency \$690,648 for the construction costs, payable yearly beginning June 2011, plus interest at an annual rate of 0.74 percent for twenty years. As of June 30, 2022, the long-term receivable amount is \$242,833 and is recorded in the Recycled Water Fund.

AUTO CLUB SPEEDWAY

In November 2015, the Agency entered into an agreement with California Speedway Corporation dba Auto Club Speedway (Speedway) to provide wastewater treatment and recycled water services to property owned, operated, managed and controlled by Speedway. Speedway agreed to reimburse the Agency for

the construction cost and the cost of connection and other related costs to provide those services. This agreement includes the option of payment through the assignment of pumping rights to the Agency as full consideration for their share of capital cost and wastewater connection costs. The assignment shall have a term of sixty (60) years. As of June 30, 2022, the Agency has incurred \$4,224,173 in connections and permanent system costs and the Speedway has assigned 2,246-acre feet to the Agency. This leaves an outstanding long-term receivable of \$1,566,717 in the Recycled Water Fund for their portion of the Napa Lateral construction costs and \$1,036,218 in the Regional Wastewater Capital Fund for connection fees and improvements.

DRY YEAR YIELD CONJUNCTIVE USE PROGRAM

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

In May 2005, the Agency entered into an agreement with OCWD, MWDOC, Three Valleys Municipal Water District and Chino Basin Watermaster called the Joint Use Agreement. Per this agreement, the Agency will pay OCWD a surcharge of \$2.00 per acre-foot for each acre-foot of water purchased from MWD that was delivered thru OC-59. These water purchases are to replenish the groundwater supplies within the Chino Basin area, which is part of the Dry Year Yield program. The \$2.00 per acre-foot surcharge that has been paid to OCWD is recorded as a long-term receivable in the Water Resources Fund. The balance as of June 30, 2022 is \$71,743. The Agency will be reimbursed by MWD by way of a credit on MWD's invoice to the Agency once water is withdrawn from the Dry Year Yield account.

CHINO PRESERVE DEVELOPMENT CORPORATION

On October 21, 2019, the Agency entered into an agreement with Chino Preserve Development Corporation (CPDC) for the sale of certain easement for water facilities located in the City of Chino. As consideration, CPDC will pay the Agency \$550,000 to be paid over five years. The first payment of \$50,000 was received on November 25, 2019. Installments of \$100,00 will be payable each year on July 2 beginning in 2020 through 2024. As of June 30, 2022, the long-term receivable amount is \$100,000, and is recorded in the Regional Capital Fund.

NOTE 11: JOINT VENTURES - LONG-TERM AGREEMENTS

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

SANTA ANA WATERSHED PROJECT AUTHORITY

The Santa Ana Watershed Project Authority (SAWPA) was formed under a joint exercise of power agreement (JPA) for the purpose of undertaking projects for water quality control and protection in the Santa Ana River Watershed. SAWPA is composed of the five (5) water agencies within the watershed area: Eastern Municipal Water District, Orange County Water District, San Bernardino Valley Municipal Water

District, Western Municipal Water District, and the Inland Empire Utilities Agency. Each participating agency appoints two commissioners to SAWPA to form an oversight committee of ten. Equal contributions are made by each member agency for administration and contributions based on capacity use rights for project agreements under which capital construction is accomplished. Special projects or studies are funded by equal contributions from each Agency based on the general or specific nature of the project or study. Financial data is available at the Agency's main office.

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

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

Over the course of time, the Agency has purchased capacity from SAWPA in the Santa Ana Regional Interceptor (SARI) System, now called Inland Empire Brine Line (IEBL). The IEBL is part of the Agency's Non-Reclaimable Wastewater System (NRWS) collections system that serves the southern portion of the Agency's service area. SAWPA pass through activity in FY 2022 was \$1,694,698.

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

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

LOS ANGELES COUNTY SANITATION DISTRICTS (LACSD)

The Agency and the LACSD entered into an agreement in 1966 wherein the LACSD agreed to accept the Agency's industrial wastewater flows from the North NRWS. The agreement which was set to expire in May 2018 was replaced by a new NRWS Wastewater Disposal Agreement between the Agency and LACSD that became effective July 1, 2014. The new Agreement resulted in pass-through rates from LACSD that are more stable and predictable. Under the new agreement, customers have the ability to acquire wastewater discharge rights as capacity units and acquire or lease discharge rights rather than make a mandatory acquisition as required under the prior agreement. LACSD pass through activity in FY 2022 was \$7,700,798. Key terms of the new agreement include the following:

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

CHINO BASIN DESALTER AUTHORITY

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

As of June 30, 2022, Desalter 1 and Desalter 2 delivered a total of 36,297.69 acre-feet of water this fiscal year. Financial data is available at the CDA's main office located at 3550 E. Philadelphia Street, Suite 170, Ontario, CA 91761.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

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

Prior to the JPA Agreement, the two partners entered into a separate agreement in December 2001 to acquire real property for proposed joint use. As a result of this agreement, a piece of property and building in the City of Rancho Cucamonga, adjacent to IEUA's Regional Recycling Water Recycling Plant No. 4 (RP-4) was acquired in December 2001 at a cost of \$15,116,229. After the property acquisition, preliminary and final designs were launched to modify the building. The facility started operation in FY 2006/07 and is currently staffed by twenty-five full time IEUA employees who provide all operational activities including

production, maintenance, safety and industrial hygiene training, and sales and administration. The IERCA reimburses IEUA 100 percent of employment costs. A tipping fee is paid by JPA partners for biosolids deliveries to IERCA, to recover Operation & Maintenance (O&M) and Repair & Replacement (R&R) costs. The agency records biosolids tipping fees in the Regional Wastewater Operation & Maintenance fund.

As of June 30, 2022, the Agency's equity share is \$40,025,817 recorded in the Regional Wastewater Capital Improvement Fund. There was an additional net write-down of \$84,526 (around fifty percent of the Agency's equity share) of the JPA's net position at June 30, 2022; this reduction is recorded in the non-operating expenses on the statement of revenues in the Regional Wastewater Capital Improvement Fund. The Agency records the JPA labor costs for operating the facility in the Regional Wastewater Operation and Maintenance Fund. IERCA financial data is available at the Agency's main office.

SANTA ANA RIVER WATERMASTER

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

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

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

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

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

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

CHINO BASIN WATER BANK

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

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

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

NOTE 12: LONG-TERM DEBT AND NOTES PAYABLE

LONG-TERM DEBT

Summary of changes in Long-Term debt for the fiscal year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Amounts Due after One Year
<u>Bonds Payable:</u>						
2017A Revenue Bonds (2008A Refinancing)	54,985,000	-	3,480,000	51,505,000	3,660,000	47,845,000
2020A Revenue Bonds (2008B, 2010A Refunding)	47,645,000	-	3,855,000	43,790,000	4,025,000	39,765,000
Sub-Total	102,630,000	-	7,335,000	95,295,000	7,685,000	87,610,000
Bond Premium	21,181,493	-	1,874,818	19,306,675	-	19,306,675
Revenue Bonds	\$ 123,811,493	\$ -	\$ 9,209,818	\$ 114,601,675	\$ 7,685,000	\$ 106,916,675

2017A REFUNDING REVENUE BONDS

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

- The bonds were issued to (i) refund the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Revenue Bond Series 2008A (Inland Empire Utilities Agency Wastewater Facilities Improvement and Replacement Projects), and (ii) pay the costs of issuing the bonds.
- The bonds maturing through 2033 are payable in annual installments ranging from \$3,100,000 to \$4,920,000 with an interest rate from 2.00 percent to 5.00 percent per annum, payable semi-annually. The balance outstanding on June 30, 2022 is comprised of the principal amount of \$51,505,000 plus unamortized deferred bond premium of \$7,909,967 for a total of \$59,414,967.

2020A REFUNDING REVENUE BONDS

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

- The bonds were issued to (i) refund the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Revenue Bond Series 2008B, (ii) refund the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Series 2010A, (iii) refund certain Clean Water State Revolving Fund Financing Agreements from the State Water Resources Control Board, and (iv) pay the costs of issuing the bonds.
- The bonds maturing through 2035 are payable in annual installments ranging from \$1,540,000 to \$8,610,000 with an interest rate of 5.00 percent per annum, payable semi-annually. The balance outstanding on June 30, 2022 is comprised of the principal amount of \$43,790,000, plus unamortized deferred bond premium of \$11,346,560 for a total of \$55,136,560.
- On May 27, 2020, the Chino Basin Regional Financing Authority and the Agency executed a Water Infrastructure Finance and Innovation Act loan (WIFIA loan) agreement with the United States Environmental Protection Agency for the Regional Plant 5 Expansion Project. The Agency has not drawn any amounts from the WIFIA loan as of June 30, 2022. The WIFIA loan amount up to \$196,436,445 will be drawn upon completion of the project to repay the 2020B Revenue notes. The WIFIA loan carries an annual interest of 1.36 percent and has a maturity on November 1, 2060, with principal and interest payments due one year after project substantial completion.
- On March 24, 2022, the Chino Basin Regional Financing Authority and the Agency executed a second Water Infrastructure Finance and Innovation Act loan (WIFIA loan) agreement with the United States Environmental Protection Agency for the Regional Wastewater System Improvements Program. The Agency has not drawn any amounts from this WIFIA loan as of June 30, 2022. The WIFIA loan amount up to \$120,000,000 will be drawn

as needed. The WIFIA loan carries an annual interest of 2.61 percent and matures on November 1, 2060, with principal and interest payments due one year after the project's substantial completion.

AGGREGATE LONG-TERM DEBT

As of June 30, 2022, the aggregate debt service requirements on bonded indebtedness to maturity are summarized as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	\$ 7,735,148	\$ 4,673,250	\$ 12,408,398
2024	8,425,000	4,275,875	12,700,875
2025	8,775,000	3,849,375	12,624,375
2026	8,365,000	3,405,000	11,770,000
2027	8,795,000	2,980,750	11,775,750
2028-2032	39,250,000	9,000,375	48,250,375
2033-2035	14,000,000	933,250	14,933,250
Subtotal	95,345,148	29,117,875	124,463,023
Plus: Net Premium	19,256,527	-	19,256,527
Total Debt Service Payable	\$ 114,601,675	\$ 29,117,875	\$ 143,719,550

DEBT COVENANTS

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

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

The Agency has no lines of credit. Management has determined that the Agency has complied with all covenants related to the outstanding debt issues as of June 30, 2022. (Refer to the Agency System Total Debt Coverage Ratio Schedule included in the statistical section).

NOTES PAYABLE

Summary of notes payable activity for the Fiscal Year ended June 30, 2022 was as follows:

Notes Payable:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due After One Year
State Revolving Fund Loan	\$ 88,663,779	\$ 19,109,015	\$ 4,482,508	\$ 103,290,286	\$ 4,454,425	\$ 98,835,861
City of Fontana	3,591,222	-	482,578	3,108,644	482,578	2,626,066
Southern California Edison	595,973	-	155,017	440,956	130,455	310,501
2020B Revenue Notes	196,435,000	-	-	196,435,000	-	196,435,000
Subtotal	289,285,974	19,109,015	5,120,103	303,274,886	5,067,458	298,207,428
Note Premium	28,366,786	-	6,546,182	21,820,604	-	21,820,604
Total Notes Payable	\$ 317,652,760	\$ 19,109,015	\$ 11,666,285	\$ 325,095,490	\$ 5,067,458	\$ 320,028,032

STATE WATER RESOURCES CONTROL BOARD

- The RP-4 Pump Station, Pipeline and Reservoir projects (Phase III) were in part funded by State Revolving Fund (SRF) loan. The three projects received \$10,862,198 of SRF funding, with a current balance as of June 30, 2022 of \$3,817,903. These are interest free loans with principal due annually for twenty years beginning June 2011, one year after the completion of construction.
- The Recycled Water projects included in Phase IV were in part funded by State Revolving Fund (SRF) loans. The four projects received \$15,061,175 of SRF funding. Principal and interest are paid annually for twenty years beginning June 2011, one year after the completion of construction, at an annual interest rate ranging from .074 percent to .214 percent. The outstanding balance as of June 30, 2022 is \$6,835,848.
- The Recycled Water Project (Construction of 2 Monitoring Wells) in Phase V is also in part funded by a State Revolving Fund (SRF) loan. The project received \$999,024 of SRF funding. Principal and interest are paid annually for twenty years beginning June 2012, one year after completion of construction, at an annual interest rate of 1.0 percent. The outstanding balance at June 30, 2022 is \$423,424.
- The Recycled Water Project (Wineville Area) in Phase X is also partially funded by a State Revolving Fund (SRF) loan. Principal and interest are paid annually for thirty years beginning August 31, 2020, on year after completion of construction, at an annual interest rate of 1.0 percent. The outstanding balance at June 30, 2022 is \$21,725,967.
- The RP-1 Dewatering Facility Expansion project was in part funded by a State Revolving Fund (SRF) loan of \$27,546,972. This project was the first American Recovery and Reinvestment Act (ARRA) funded project in the state and as a “green project”, qualified for an annual interest rate of 0.460 percent. Principal and interest are paid annually for twenty years

beginning February 28, 2013, one year after completion of construction. The outstanding balance at June 30, 2022 is \$14,115,220.

- The Regional Water Quality Laboratory project was funded in part by the State Revolving Fund (SRF). Principal and interest are paid annually for thirty years beginning February 28, 2020, one year after completion of construction, at an annual rate of 2.1 percent. The outstanding balance at June 30, 2022 is \$21,398,464.

- The Napa Lateral project was funded in part by the State Revolving Fund (SRF). Principal and interest are paid annually for thirty years beginning December 31, 2020, one year after the completion of construction, at an annual interest rate of 1.8 percent. The outstanding balance at June 30, 2022 is \$3,345,628.

- The San Sevaine Basin Improvements project was funded in part by the State Revolving Fund (SRF). Principal and interest are paid annually for thirty years beginning December 31, 2020, one year after the completion of construction, at an annual interest rate of 1.8 percent. The outstanding balance at June 30, 2022 is \$2,227,295.

- The Baseline Extension project was funded in part by the State Revolving Fund (SRF). Principal and interest are paid annually for thirty years beginning October 31, 2021, one year after the completion of construction at an annual interest rate of 1.4 percent. The outstanding balance at June 30, 2022 is \$3,244,227.

- The RP-1 1158 Recycled Water Pump Station Upgrades project was funded in part by the State Revolving Fund (SRF) and part by the Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014. Principal and interest on both funding sources are paid annually for thirty years beginning August 31, 2021, one year after the completion of construction at an annual interest rate of 1.4 percent. The outstanding balance at June 30, 2022 is \$4,955,487.

- The RP-5 Recycled Water Pipeline Bottleneck project was funded in part by the State Revolving Fund (SRF) and by the Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014. Principal and interest on both funding sources are paid annually for thirty years beginning July 01, 2021, one year after the completion of construction at an annual interest rate of 1.4 percent. The outstanding balance at June 30, 2022 is \$2,102,423.

- The RP-5 Expansion Construction Project was funded in part by the State Revolving Fund (SRF). Principal and interest on the SRF loan is paid annually for \$3,818,025.20, one year after the completion of construction at an annual interest rate of 0.80 percent. The outstanding balance at June 30, 2022 is \$12,142,511.

- The Montclair Basin Improvement Project was funded in part by the State Revolving Fund (SRF). Principal and interest on the SRF loan is paid annually for \$109,553.56, one year after the completion of construction at an annual interest rate of 0.55 percent. The outstanding balance at June 30, 2022 is \$351,263.

- The Distribution System / Wineville / Jurupa / RP-3 Recharge Improvements Project was funded in part by the State Revolving Fund (SRF). Principal and interest on the SRF loan is

paid annually for \$622,797.95, one year after the completion of construction at an annual interest rate of 0.55 percent. The outstanding balance at June 30, 2022 is \$4,758,506.

- The Lower Day Basin Improvement Project was funded in part by the State Revolving Fund (SRF). Principal and interest on the SRF loan is paid annually for \$158,408.51, one year after the completion of construction at an annual interest rate of 0.55 percent. The outstanding balance at June 30, 2022 is \$1,846,121.

As of June 30, 2022, the future payments for the remaining loan obligations by year are as follows:

Year Ending June 30	Principal Payments	Interest Payment	Total
2023	\$ 4,454,425	\$ 993,098	\$ 5,447,523
2024	4,702,000	972,294	5,674,294
2025	5,331,857	1,004,070	6,335,927
2026	8,425,545	1,728,406	10,153,951
2027	8,396,338	1,720,423	10,116,761
2028/2032	30,666,635	5,506,324	36,172,959
2033/2037	11,029,147	2,897,241	13,926,388
2038/2042	11,157,584	2,000,887	13,158,471
2043/2047	12,058,573	1,099,897	13,158,470
2048/2052	7,068,182	199,219	7,267,401
2053/2057	-	-	-
Total SRF Loans	\$ 103,290,286	\$ 18,121,859	\$ 121,412,145

CITY OF FONTANA

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

As of June 30, 2022, the future payments for the remaining note payable obligation by year are as follows:

Year Ending June 30	Principal Payments	Interest Amortization	Total
2023	\$ 482,578	\$ 79,824	\$ 562,402
2024	482,578	79,824	562,402
2025	482,578	79,824	562,402
2026	482,578	79,824	562,402
2027	482,578	79,824	562,402
2028/2029	695,754	85,544	781,298
Total SRF Loans	\$ 3,108,644	\$ 484,664	\$ 3,593,308

SOUTHERN CALIFORNIA EDISON

On January 27, 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison (SCE) for zero-percent interest financing for the installation of energy efficient lighting at the RP-4 facility. The Agency received \$235,151 on April 24, 2017 to be paid in ninety-five installments added to the monthly SCE utility bill. The energy efficient lighting is estimated to save 230,192 kilowatt hours annually which is equivalent to \$29,802 in annual savings. Monthly savings is estimated at \$2,483. As of June 30, 2022, the outstanding balance is \$81,954.

On October 30, 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison (SCE) for zero-percent interest financing of the installation of energy efficient lighting at the CCWRF facility. The Agency received \$180,300 on March 08, 2018 to be paid in 116 installments added to the monthly SCE utility bill. The energy efficient lighting is estimated to save 134,052 kilowatt hours annually which is equivalent to \$18,781 in annual savings. Monthly savings is estimated at \$1,565. As of June 30, 2022, the balance of this note is \$104,859.

On November 17, 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison (SCE) for zero-percent interest financing of the installation of energy efficient lighting at the RP-1 facility. The Agency received \$479,539 on March 08, 2018 to be paid in seventy-three installments added to the monthly SCE utility bill. The energy efficient lighting is estimated to save 629,988 kilowatt hours annually which is equivalent to \$78,938 in annual savings. Monthly savings is estimated at \$6,578. As of June 30, 2022, the balance of this note is \$144,719.

On November 22, 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison (SCE) for zero-percent interest financing of the installation of energy efficient lighting at the at the RP-5 facility. The Agency received \$105,500 on March 08, 2018 to be paid in 120 installments added to the monthly SCE utility bill. The energy efficient lighting is estimated to save 89,819 kilowatt hours annually which is equivalent to \$10,550 in annual savings. Monthly savings is estimated at \$879. As of June 30, 2022, the balance of this note is \$59,784.

On November 27, 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison (SCE) for zero-percent interest financing of the installation of energy efficient lighting at the Agency's headquarters. The Agency received \$87,600 on March 08, 2018 to be paid in 120 installments added to

the monthly SCE utility bill. The energy efficient lighting is estimated to save 74,578 kilowatt hours annually which is equivalent to \$8,760 in annual savings. Monthly savings is estimated at \$730. As of June 30, 2022, the balance of this note is \$49,640.

As of June 30, 2022, the remaining note payable obligation is \$440,956.

Year Ending June 30	Principal Payments
2023	\$ 130,455
2024	150,048
2025	60,442
2026	38,091
2027	38,091
2028	23,829
Total SCE Loan	<u>\$ 440,956</u>

2020B REVENUE NOTES

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

- The notes were issued to (i) to finance, on an interim basis, a portion of the cost of the Regional Plant No.5 (RP-5) Expansion Project, (ii) to pay a portion of the capitalized interest with respect to the Notes, and (iii) to pay the costs of issuing the Notes.
- On May 27, 2020, the Chino Basin Regional Financing Authority and the Agency executed a Water Infrastructure Finance and Innovation Act loan (WIFIA loan) agreement with the United States Environmental Protection Agency for \$196,436,445 to finance a portion of the Regional Plant 5 (RP-5) Expansion project. The Agency expects to draw on the WIFIA loan to pay the principal of the 2020B Revenue Notes at maturity.
- The Notes mature and are payable on November 1, 2025. Interest payments are due semi-annually on November 1 and May 1 each year and range from \$2,640,959 to \$3,928,700 with an interest rate of 0.36 percent per annum. The balance outstanding on June 30, 2022, is comprised of the principal amount of \$196,435,000 plus unamortized deferred premium of \$21,820,604, for a total of \$218,255,604. This includes capitalized interest of \$22,093,994 to be used toward interest payments due.

Year Ending June 30	Principal Payments	Interest Payment	Total
2023	\$ -	\$ 7,857,400	\$ 7,857,400
2024	-	7,857,400	7,857,400
2025	196,435,000	7,857,400	204,292,400
Total Revenue Notes	<u>\$ 196,435,000</u>	<u>\$ 23,572,200</u>	<u>\$ 220,007,200</u>

NOTE 13: ARBITRAGE REBATE OBLIGATION

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

- The 2017A and 2020A Refunding Revenue bonds and the 2020B Revenue Notes are subject to arbitrage limitations.
 - The arbitrage rebate on the 2017A bonds was due in February 2018, resulted in no arbitrage rebate due. The next installment computation date is February 2027.
 - The initial arbitrage rebate computation on the 2020A bonds and the 2020B notes prepared in August 2021, resulted in no arbitrage rebate due for fiscal ending June 30, 2022. The next installment computation date is June 2025. The Agency has elected to have the arbitrage liability on this bond issue to be calculated annually for the first five years.

NOTE 14: ADVANCES TO/FROM OTHER FUNDS

The composition of advances to/from other funds balances as of June 30, 2022, is as follows:

Funds	Advances To Other Funds:		Total
	Recycled Water Fund	Recharge Water Fund	
Advances From Other Funds:			
Major Funds:			
Regional Wastewater Capital Improvement Fund	\$13,500,000		\$13,500,000
Subtotal	13,500,000		13,500,000
Non-Major Funds:			
Non-Reclaimable Wastewater Fund	3,000,000		3,000,000
Recycled Water Fund		7,933,000	7,933,000
Subtotal	3,000,000	7,933,000	10,933,000
Total advances	\$16,500,000	\$7,933,000	\$24,433,000

REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND & RECYCLED WATER FUND

On June 30, 2022, the Regional Wastewater Capital Improvement Fund reported an advance to the Recycled Water 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 Program Strategy. Repayment is scheduled over several fiscal years from increased recycled water sales.

NON-MAJOR FUNDS: RECYCLED WATER FUND & RECHARGE WATER FUND

At June 30, 2022, the Non-Reclaimable Wastewater Fund reported an advance to the Recycled Water Fund, with an outstanding balance in the amount of \$3,000,000. This advance supported the capital construction expenditures related to the Regional Recycled Water Distribution System as part of the Agency's Recycled Water Program Strategy. A repayment of \$3,000,000 was made during the current fiscal year. The remainder is scheduled to be repaid over several fiscal years from increased recycled water deliveries.

At June 30, 2022, the Recycled Water Fund reported an advance to the Recharge Water Fund, in the amount of \$7,933,000. This advance supports the implementation of the Recharge Master Plan Updates projects that are included in the Recharge Water Fund.

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

NOTE 15: INTERFUND TRANSFERS

In FY 2021/22, the Agency allocated inter-fund transfers of \$19,337,963 supporting debt service requirements, the Agency's pro-rata share of groundwater recharge O&M costs, capital and O&M/non-capital project costs based upon information defined in 2015 and 2020 Rate Studies.

Transfers In

The Regional Wastewater Capital Improvement Fund received a Transfer In of \$6,540,238 from the Regional Wastewater Operations & Maintenance fund to support the portion of the capital project costs for existing excess capacity in the Regional Wastewater system.

The Regional Wastewater Operations & Maintenance Fund received a Transfer In of \$4,635,166 from the Regional Wastewater Capital Improvement Fund for regional wastewater system management and expansion project costs, and to support its share of debt service costs for the Water Quality Laboratory State Revolving Fund (SRF) loan.

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

The Water Resources Fund received Transfers In of \$486,032 in One Water Connection Fees from the Recycled Water Fund to support capital and O&M/non-capital project costs for water resource management, water expansion, and conservation projects.

Non-Major Enterprise funds received Transfers In the amount of \$5,141,997.

The Administrative Services Fund received Transfers In of \$2,731,374 from the Regional Wastewater Capital Improvement Fund to support capital and O&M/ non-capital project costs; from the Regional Wastewater Operations & Maintenance Fund for operating costs; the Recycled Water Fund to support capital and O&M/non-capital projects and operating costs; and from the Non-Major Non-Reclaimable Wastewater fund to support capital project and operating costs.

The Non-Reclaimable Wastewater Fund received Transfer In of \$1,074,864 from the Regional Wastewater Capital Improvement Fund to support capital and O&M/non-capital project costs.

The Recharge Water Fund received Transfers In of \$1,335,759 from the Regional Wastewater Capital Improvement Fund to support its share of the 2020A Refunding Revenue Bonds; and from the Recycled Water Fund to support the Agency's pro rata share of basin maintenance costs per Peace I and II agreements with Chino Basin Watermaster and for support of O&M/non-capital projects.

Transfers Out

The Regional Wastewater Capital Improvement Fund sent transfers out of \$10,597,781 to the Regional Wastewater Operations Fund to support or regional wastewater system management and expansion costs, and for debt service support; to the Recycled Water fund to support its share of the 2017A Refunding Revenue Bonds annual principal and interest expense; to the Administrative Services Fund, the Non-Reclaimable Wastewater Fund to support capital project costs; and to the Recharge Water Fund to support the Agency's share of principal and interest expense for the 2020A Refunding Revenue Bonds.

The Regional Wastewater Operations & Maintenance Fund sent transfers out of \$7,217,584 to the Regional Wastewater Capital Improvement Fund to support its share of capital project costs related to RP-5 Expansion project; to the Recycled Water Fund for its share of the SCADA Enterprise/Wineville project costs; and to the Administrative Services Fund to support operating cost.

The Recycled Water Fund sent transfers out of \$1,450,351 to the Water Resources Fund to support water use efficiency and conservation project costs; to the Recharge Water Fund to support operations support and capital and O&M/non-capital projects; and to the Administrative Services Fund to support capital and O&M/non-capital projects and operating costs.

The Non-Reclaimable Wastewater Fund sent transfers out of \$72,247 to the Administrative Services Fund to support capital project and operating costs.

The following table reflects the interfund transfer balances in and out by fund as of June 30, 2022

FY 2021/22 Summary of Transfers In and Transfers Out by Fund

Transfers Out:	Transfers In:					Total
	Regional Wastewater Capital Imprv Fund	Regional Wastewater O & M Fund	Recycled Water	Water Resources	Non-Major Enterprise Funds	
Regional Wastewater Capital Improvement Fund	\$ -	\$ 4,835,166	\$ 2,387,223	\$ -	\$ 3,575,392	\$ 10,597,781
Regional Wastewater Operations & Maintenance Fund	6,540,238		147,307		530,039	7,217,584
Recycled Water Fund				486,032	964,319	1,450,351
Non-Major Enterprise Funds					72,247	72,247
Total Transfers	\$ 6,540,238	\$ 4,835,166	\$ 2,534,530	\$ 486,032	\$ 5,141,997	\$ 19,337,963

NOTE 16: LEASES

The Agency leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026.

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

Year Ending	Government Activities		
	Principal	Interest	Total
2023	\$ 51,490	\$ 2,309	\$ 53,799
2024	46,876	1,130	48,006
2025	20,320	227	20,547
2026	586	2	588
2027	-	-	-
Totals	\$ 119,272	\$ 3,668	\$ 122,940

NOTE 17: WATER INVENTORY

On February 17, 2016, the Board approved the Water Storage Agreement between the Agency and the Cucamonga Valley Water District (CVWD) for the purchase of up to 5,000 acre-feet (AF) of supplemental water. This agreement, effective March 1, 2016, will enable the Agency to purchase and store water in the Chino Basin as part of CVWD's storage account. As of June 30, 2022, 3,601.79 AF are held in storage by CVWD on behalf of the Agency until such time the Agency elects to sell or transfer the stored water.

NOTE 18: DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

GENERAL INFORMATION ABOUT THE OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

PLAN DESCRIPTION

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

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

In accordance with the Agency Memorandum of Understanding (MOU), the Agency provides monthly longevity benefits to each retiree minus the minimum PEMHCA contribution or \$143.00, whichever is greater. Each retiree who simultaneously retires from the Agency through CalPERS and who is a minimum age of fifty-five (55) receives the benefit, as shown in the chart below.

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

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

EMPLOYEES COVERED

As of the June 30, 2022 (measurement date as of June 30, 2021) actuarial valuation, the following current and former employees were covered by the benefit terms under the Agency Plan:

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

CONTRIBUTIONS

The OPEB Plan and its contribution requirements are established by a Memorandum of Understanding with the applicable employee bargaining units and may be amended by agreements between the Agency and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2022, the Agency's contributions were \$724,738.

NET OPEB LIABILITY

The Agency's net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2020, rolled forward to June 30, 2021, using standard update procedures, and based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Payroll growth	2.75% per annum, in aggregate
Investment Rate of Return	6.25% (net of pension plan investment and administration expenses; includes inflation)
Mortality Rate ⁽¹⁾	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover ⁽²⁾	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	5.00% HMO/5.00% PPO decreasing to 4.50% HMO/4.50% PPO

Notes:

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target allocation as of June 30, 2021 are summarized in the following table:

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

Long-term expected rate of return is 6.25%

DISCOUNT RATE

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

CHANGES IN ASSUMPTIONS

The interest assumption changed from 6.50% to 6.25%. Medical trend in future years has been updated to 4% for all years from 6.5% tiered down by 0.5% per year to 5.0% in all future years. Participation rates have been updated to 75% for those eligible for the 50% Kaiser premium and 50% for those eligible for the PEMHCA minimum employer contribution.

CHANGES IN THE OPEB ASSET

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at June 30, 2021 <i>(Measurement Date June 30, 2020)</i>	\$ 18,990,874	\$ 19,151,058	\$ (160,184)
Changes in Current Year:			
Service cost	477,604	-	477,604
Interest on the total OPEB liability	1,218,216	-	1,218,216
Differences between actual and expected experience	(2,016,914)	-	(2,016,914)
Changes in assumptions	167,989	-	167,989
Contributions - employer	-	893,863	(893,863)
Projected earnings on investment	-	1,244,592	(1,244,592)
Differences between projected and actual earnings on OPEB plan investment	-	2,520,839	(2,520,839)
Administrative expenses	-	(6,975)	6,975
Benefit payments, including refunds of employee contributions	(893,863)	(893,863)	-
Other Expense	-	-	-
Current Year Net Changes	\$ (1,046,968)	\$ 3,758,456	\$ (4,805,424)
Balance at June 30, 2022 <i>(Measurement Date June 30, 2021)</i>	\$ 17,943,906	\$ 22,909,514	\$ (4,965,608)

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

The following presents the net OPEB asset of the Agency Plan, calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Asset	\$ (2,858,040)	\$ (4,965,608)	\$ (6,730,658)

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

The following presents the net OPEB asset of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease (4.00% HMO/4.00% PPO decreasing to 3.50% HMO/3.50% PPO)	Current Healthcare Cost Trend Rates (5.00% HMO/5.00% PPO decreasing to 4.50% HMO/4.50% PPO)	1% Increase (6.00% HMO/6.00% PPO decreasing to 5.50% HMO/5.50% PPO)
Net OPEB Asset	\$ (7,022,043)	\$ (4,965,608)	\$ (2,461,261)

OPEB PLAN FIDUCIARY NET POSITION

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

RECOGNITION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

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

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

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

Net difference between projected and actual earnings on OPEB plan investments	5-year straight-line amortization
All other amounts	Expected average remaining service lifetime (EARSL) (5.0 Years at June 30, 2022)

RECOGNITION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

For the fiscal year ended June 30, 2022, the Agency recognized OPEB expense of \$476,940. As of fiscal year ended June 30, 2022, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 724,738	\$ -
Change in experience	843,770	1,770,084
Change in assumptions	145,286	442,529
Net differences between projected and actual earnings on OPEB plan investments	-	1,851,269
Total	\$ 1,713,794	\$ 4,063,882

The \$724,738 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023.

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

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2023	(751,773)
2024	(561,331)
2025	(556,151)
2026	(600,772)
2027	(254,998)
Thereafter	(349,801)

**INLAND EMPIRE UTILITIES AGENCY
Required Supplementary Information**

CalPERS Miscellaneous Pension Plan Schedule of Contributions

Schedule of Changes in Net Pension Liability and Related Ratios

CalPERS Retiree Healthcare Plan Schedule of Contributions

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

CALPERS MISCELLANEOUS PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2022
LAST TEN YEARS*

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 6,474,472	\$ 6,192,868	\$ 5,751,862	\$ 4,266,593	\$ 4,785,958	\$ 4,986,891
Contributions in relation to the actuarially determined contributions	(10,974,472)	(10,692,868)	(10,251,862)	(9,766,593)	(9,285,958)	(9,486,891)
Contribution deficiency (excess)	(\$ 4,500,000)	(\$ 4,500,000)	(\$ 4,500,000)	(\$ 4,500,000)	(\$ 4,500,000)	(\$ 4,500,000)
Covered payroll	\$ 31,560,357	\$ 30,559,735	\$ 29,615,605	\$ 28,525,130	\$ 29,042,418	\$ 27,131,239
Contributions as a percentage of covered payroll	34.77%	34.99%	34.62%	34.24%	31.97%	34.97%

Notes to Schedule:

Valuation Date 6/30/2018

Methods and Assumptions Used to Determine Contribution Rates:

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

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

**CALPERS MISCELLANEOUS PENSION PLAN
SCHEDULE OF CONTRIBUTIONS (continued)
AS OF JUNE 30, 2022
LAST TEN YEARS***

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 4,653,741	\$ 3,854,702
Contributions in relation to the actuarially determined contributions	(9,153,741)	(8,354,702)
Contribution deficiency (excess)	(\$ 4,500,000)	(\$ 4,500,000)
Covered payroll	\$ 25,127,054	\$ 23,007,322
Contributions as a percentage of covered payroll	36.43%	36.31%

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

	2022 (Measurement Date June 30, 2021)	2021 (Measurement Date June 30, 2020)	2020 (Measurement Date June 30, 2019)	2019 (Measurement Date June 30, 2018)	2018 (Measurement Date June 30, 2017)	2017 (Measurement Date June 30, 2016)
Total Pension Liability:						
Service Cost	\$ 4,811,976	\$ 4,763,123	\$ 4,618,250	\$ 4,646,509	\$ 4,454,352	\$ 3,749,410
Interest on total pension liability	16,526,308	15,744,171	14,817,042	13,746,742	12,950,950	12,103,023
Differences between expected and actual experience	(100,156)	2,118,811	4,490,811	2,100,628	1,897,341	(3,516,255)
Changes in assumptions	-	-	-	(1,453,107)	11,206,890	-
Changes in benefits	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(9,938,530)	(9,046,642)	(8,272,800)	(7,528,545)	(6,509,351)	(6,263,541)
Net Change in Total Pension Liability	11,299,598	13,579,463	15,653,303	11,512,227	24,000,182	6,072,637
Total Pension Liability - Beginning of Year	233,800,597	220,221,134	204,567,831	193,055,604	169,055,422	162,982,785
Total Pension Liability - End of Year (a)	\$ 245,100,195	\$ 233,800,597	\$ 220,221,134	\$ 204,567,831	\$ 193,055,604	\$ 169,055,422
Plan Fiduciary Net Position:						
Contributions- employer	\$ 10,661,065	\$ 10,209,060	\$ 9,747,753	\$ 9,461,289	\$ 9,481,188	\$ 9,014,122
Contributions- employee	2,223,360	2,265,833	2,207,304	2,374,114	2,170,535	1,949,174
Net investment income	44,239,171	9,174,676	11,107,508	13,002,740	15,011,231	649,762
Benefit payments	(9,938,530)	(9,046,642)	(8,272,800)	(7,528,545)	(6,509,351)	(6,263,541)
Net plan to plan resources movement	-	-	-	(385)	-	-
Administrative expense	(193,268)	(255,343)	(118,785)	(233,464)	(191,729)	(75,929)
Other miscellaneous income (expense)	-	-	385	(443,351)	-	-
Net Change in Plan Fiduciary Net Position	46,991,798	12,347,584	14,671,365	16,632,398	19,961,874	5,273,588
Plan Fiduciary Net Position - Beginning of Year	193,473,150	181,125,566	166,454,201	149,821,803	129,859,929	124,586,341
Plan Fiduciary Net Position - End of Year (b)	\$ 240,464,948	\$ 193,473,150	\$ 181,125,566	\$ 166,454,201	\$ 149,821,803	\$ 129,859,929
Net Pension on Liability - Ending	\$ 4,635,247	\$ 40,327,447	\$ 39,095,568	\$ 38,113,630	\$ 43,233,801	\$ 39,195,493
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	98.11%	82.75%	82.25%	81.37%	77.61%	76.82%
Covered Payroll	\$ 30,559,735	\$ 29,615,605	\$ 28,525,130	\$ 29,042,418	\$ 27,131,239	\$ 25,127,054
Net Pension Liability as Percentage of Covered Payroll	15.17%	136.17%	137.06%	131.23%	159.35%	155.99%

Notes to schedule:

Benefit Changes: There were no changes in benefits.

Changes in Assumptions: There were no changes in assumptions.

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

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

	2016 (Measurement Date June 30, 2015)	2015 (Measurement Date June 30, 2014)
Total Pension Liability:		
Service Cost	\$ 3,685,630	\$ 3,768,503
Interest on total pension liability	11,654,818	10,818,920
Differences between expected and actual experience	2,049,978	-
Changes in assumptions	(2,979,771)	-
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	(5,730,808)	(5,304,990)
Net Change in Total Pension Liability	8,679,847	9,282,433
Total Pension Liability - Beginning of Year	154,302,938	145,020,505
Total Pension Liability - End of Year (a)	\$ 162,982,785	\$ 154,302,938
Plan Fiduciary Net Position:		
Contributions- employer	\$ 8,330,807	\$ 3,733,583
Contributions- employee	1,812,908	2,374,649
Net investment income	2,718,511	17,346,113
Benefit payments	(5,730,808)	(5,304,990)
Net plan to plan resources movement	-	-
Administrative expense	(140,237)	-
Other miscellaneous income (expense)	-	-
Net Change in Plan Fiduciary Net Position	6,991,181	18,149,355
Plan Fiduciary Net Position - Beginning of Year	117,595,160	99,445,805
Plan Fiduciary Net Position - End of Year (b)	\$ 124,586,341	\$ 117,595,160
Net Pension on Liability - Ending	\$ 38,396,444	\$ 36,707,778
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	76.44%	76.21%
Covered Payroll	\$ 23,007,322	\$ 23,082,763
Net Pension Liability as Percentage of Covered Payroll	166.89%	159.03%

Notes to schedule:

Benefit Changes: There were no changes in benefits.

Changes in Assumptions: There were no changes in assumptions.

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

CALPERS RETIREE HEALTHCARE PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2022
LAST TEN YEARS*

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

Notes to Schedule:

Valuation Date 6/30/2021

Methods and Assumptions Used to Determine Contribution Rates:

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

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

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

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

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

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



**RP-5 Plant Build Major Activities:
Acid Phase Digester/Thickening Building/Gas
Phase Digesters**

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

ADMINISTRATIVE SERVICES FUND

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

INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Net Position
June 30, 2022

	Non-Major Enterprise Funds	
	Non-reclaimable	Recharge
	Wastewater	Water
ASSETS		
Current assets		
Cash and investments	\$ 22,178,786	\$ 564,803
Accounts receivable	2,535,911	11,567,732
Interest receivable	1,532,122	0
Taxes receivable	4	-
Other receivables	-	-
Inventory	-	-
Prepaid items	-	-
	<u>26,246,823</u>	<u>12,132,535</u>
Total current assets		
Noncurrent assets		
Restricted assets		
Deposits held by retentions	-	267,866
Investments held with trustee/fiscal agent	41	1
	<u>41</u>	<u>267,867</u>
Total restricted assets		
Capital assets		
Land	-	-
Jobs in progress	8,020,146	17,521,671
Capital assets, net of accumulated depreciation	11,030,154	34,776,812
Intangible assets, net of accumulated amortization	1,038,286	-
	<u>20,088,586</u>	<u>52,298,483</u>
Total capital assets		
Other assets		
Advances to other funds	3,000,000	-
Net other postemployment benefit	271,134	100,892
	<u>3,271,134</u>	<u>100,892</u>
Total other assets		
	<u>23,359,761</u>	<u>52,667,242</u>
Total noncurrent assets		
	<u>49,606,584</u>	<u>64,799,777</u>
Total assets		
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to debt refunding	253,466	-
Deferred outflow net other postemployment benefit liability	87,487	32,870
Deferred outflow related to net pension liability	656,872	256,956
	<u>997,825</u>	<u>289,826</u>
Total deferred outflows of resources		

Administrative Services	Totals 2022
\$ 28,204,437	\$ 50,948,026
1,356,263	15,459,906
49,263	1,581,385
36,878	36,882
162,722	162,722
1,377,509	1,377,509
125,495	125,495
<u>31,312,567</u>	<u>69,691,925</u>
-	267,866
-	42
-	<u>267,908</u>
20,829	20,829
5,373,843	30,915,660
10,901,216	56,708,182
<u>727,307</u>	<u>1,765,593</u>
<u>17,023,195</u>	<u>89,410,264</u>
-	3,000,000
<u>210,821</u>	<u>582,847</u>
<u>210,821</u>	<u>3,582,847</u>
<u>17,234,016</u>	<u>93,261,019</u>
<u>48,546,583</u>	<u>162,952,944</u>
-	253,466
76,984	197,341
<u>712,795</u>	<u>1,626,623</u>
<u>789,779</u>	<u>2,077,430</u>

INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Net Position (Continued from previous page)
June 30, 2022

	Non-Major Enterprise Funds	
	Non-reclaimable Wastewater	Recharge Water
LIABILITIES		
Current liabilities		
Accounts payable	\$ 2,766,812	\$ 1,705,991
Accrued liabilities	-	-
Compensated absences	-	-
Retentions payable	193,267	92,352
Long-term debt, due within one year	348,310	581,385
Interest payable	40,846	34,554
Retentions deposits and escrows	-	267,867
Total current liabilities	3,349,235	2,682,149
Noncurrent liabilities		
Compensated absences	-	-
Long-term debt, due in more than one year	5,306,019	8,773,501
Notes payable, due in more than one year	-	6,955,890
Advances from other funds	-	7,933,000
Other noncurrent liabilities	-	-
Net pension liability	214,612	88,070
Total noncurrent liabilities	5,520,631	23,750,461
Total liabilities	8,869,866	26,432,610
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow net other postemployment benefit liability	219,581	82,393
Deferred inflow related to net pension liability	1,289,721	470,623
Total deferred inflows of resources	1,509,302	553,016
NET POSITION		
Net investment in capital assets	14,461,275	34,259,951
Restricted for:		
SRF loan debt service	-	349,635
Bond operating contingency requirement	3,364,454	-
Total restricted	3,364,454	349,635
Unrestricted	22,399,512	3,494,391
Total net position	\$40,225,241	\$ 38,103,977

Administrative Services	Totals 2022
\$ 2,876,651	\$ 7,349,454
2,766,000	2,766,000
2,141,075	2,141,075
-	285,619
-	929,695
-	75,400
30,436	298,303
<u>7,814,162</u>	<u>13,845,546</u>
3,725,249	3,725,249
-	14,079,520
-	6,955,890
-	7,933,000
67,782	67,782
265,600	568,282
<u>4,058,631</u>	<u>33,329,723</u>
<u>11,872,793</u>	<u>47,175,269</u>
171,438	473,412
883,541	2,643,885
1,054,979	3,117,297
<u>16,884,203</u>	<u>65,605,429</u>
-	349,635
62,188	3,426,642
<u>62,188</u>	<u>3,776,277</u>
<u>19,462,199</u>	<u>45,356,102</u>
<u>\$ 36,408,590</u>	<u>\$ 114,737,808</u>

INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	Non-Major Enterprise Funds	
	Non-reclaimable	Recharge
	Wastewater	Water
OPERATING REVENUES		
Service charges	\$ 13,811,596	\$ -
Total operating revenues	<u>13,811,596</u>	<u>-</u>
OPERATING EXPENSES		
Wastewater collection	8,368,235	-
Administration and general	1,725,127	1,823,675
Depreciation and amortization	<u>741,331</u>	<u>1,178,502</u>
Total operating expenses	<u>10,834,693</u>	<u>3,002,177</u>
Operating income (loss)	<u>2,976,903</u>	<u>(3,002,177)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	149,544	1
Property tax revenue	7	-
Other nonoperating revenues	14,408	1,474,267
Interest on long-term debt	(250,597)	(398,209)
Other nonoperating expenses	<u>-</u>	<u>(35,834)</u>
Total nonoperating revenues (expenses)	<u>(86,638)</u>	<u>1,040,225</u>
Income (loss) before capital contributions and transfers	2,890,265	(1,961,952)
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers in	1,074,864	1,335,759
Transfers out	(72,247)	-
Capital grants	<u>-</u>	<u>4,142,842</u>
Change in net position	<u>3,892,882</u>	<u>3,516,649</u>
Total net position - beginning	<u>\$36,332,359</u>	<u>34,587,328</u>
Total net position - ending	<u>\$ 40,225,241</u>	<u>\$ 38,103,977</u>

Administrative Services	Totals 2022
\$ -	\$ 13,811,596
-	13,811,596
-	8,368,235
186,565	3,735,367
1,251,582	3,171,415
1,438,147	15,275,017
(1,438,147)	(1,463,421)
140,065	289,610
3,221,348	3,221,355
-	1,488,675
-	(648,806)
(6,804,135)	(6,839,969)
(3,442,722)	(2,489,135)
(4,880,869)	(3,952,556)
2,731,374	5,141,997
-	(72,247)
535,387	4,678,229
(1,614,108)	5,795,423
38,022,698	108,942,385
<u>\$ 36,408,590</u>	<u>\$ 114,737,808</u>

INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Cash Flows
For the Fiscal Year ended June 30, 2022

	Non-Major Enterprise Funds	
	Non-Reclaimable Wastewater	Recharge Water
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 13,492,319	\$ 323,657
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(7,594,981)	-
Cash payments to employees for services	(1,778,969)	(676,868)
Cash payments for interfund services used	<u>(1,024,999)</u>	<u>(226,010)</u>
Net cash provided by (used for) operating activities	<u>3,093,370</u>	<u>(579,221)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	1,074,864	1,335,759
Transfers out	(72,247)	-
Contract reimbursement from others	22,460	1,318,007
Tax revenues	4	-
Cash paid to others	7,569	(225,421)
Advances from other funds	<u>3,000,000</u>	<u>7,000,000</u>
Net cash provided by (used for) noncapital financing activities	<u>4,032,650</u>	<u>9,428,345</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,758,588)	(8,424,132)
Proceeds from State Revolving Funds	-	447,679
Capital grants	-	241,924
Principal paid on capital debt	(397,601)	(756,626)
Interest paid on capital debt	(246,612)	(199,946)
Contractor deposits collected	<u>116,652</u>	<u>224,955</u>
Net cash provided by (used for) capital and related financing activities	<u>(4,286,149)</u>	<u>(8,466,146)</u>

<u>Administrative Services</u>	<u>Totals 2022</u>
\$ 143,645	\$ 13,959,621
30,743,848	30,743,848
(6,901,745)	(14,496,726)
(23,683,858)	(26,139,695)
-	(1,251,009)
<u>301,890</u>	<u>2,816,039</u>
2,731,374	5,141,997
-	(72,247)
1,617,805	2,958,272
3,195,958	3,195,962
(1,307,997)	(1,525,849)
-	10,000,000
<u>6,237,140</u>	<u>19,698,135</u>
(2,209,670)	(14,392,390)
-	447,679
12,303	254,227
-	(1,154,227)
(12,871)	(459,429)
<u>30,436</u>	<u>372,043</u>
<u>(2,179,802)</u>	<u>(14,932,097)</u>

INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Cash Flows - (Continued from previous page)
For the Fiscal Year ended June 30, 2022

<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	\$ 22,178,786	\$ 564,803
Restricted assets	41	267,867
Less: Investments with maturities greater than three months	(12,542,873)	(559,908)
Cash & cash equivalents at end of year	<u>\$ 9,635,954</u>	<u>\$ 272,762</u>

<u>Administrative Services</u>	<u>Totals 2022</u>
\$ 28,204,437	\$ 50,948,026
-	267,908
(25,529,322)	(38,632,103)
<u>\$ 2,675,115</u>	<u>\$ 12,583,831</u>

INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Cash Flows - (Continued from previous page)
For the Fiscal Year ended June 30, 2022

	<u>Non-Major Enterprise Funds</u>	
	<u>Non-Reclaimable Wastewater</u>	<u>Recharge Water</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	\$ 121,227	\$ 153
Sale of investments	-	1,100,000
Purchase of investments	<u>(2,881,627)</u>	-
Net cash provided by (used for) investing activities	<u>(2,760,400)</u>	<u>1,100,153</u>
Net increase (decrease) in cash and cash equivalents	<u>79,471</u>	<u>1,483,131</u>
Cash and cash equivalents - beginning	<u>9,556,483</u>	<u>(1,210,369)</u>
Cash and cash equivalents - ending	<u>\$ 9,635,954</u>	<u>\$ 272,762</u>

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

Operating income (loss)	\$ 2,976,903	\$ (3,002,177)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and amortization	741,331	1,178,502
Changes in assets and liabilities		
(Increase) decrease in		
Accounts receivable	(319,276)	-
Short term receivables	-	-
Inventory	-	-
Prepaid items	-	-
Increase (decrease) in		
Deferred outflow related to net pension liability	1,396,449	50,164
Deferred outflow related to net other post employment benefit	111,159	5,623
Accounts payable	2,154,917	1,439,673
Accrued liabilities	(1,747,068)	-
Deferred inflow related to net pension liability	(15,961)	466,540
Deferred inflow related to net other post employment benefit	79,987	66,962
Net other postemployment benefits liability	(263,306)	(97,616)
Net pension liability	(2,021,765)	(686,892)
Compensated absences	-	-
Net cash provided by (used for) operating activities	<u>\$ 3,093,370</u>	<u>\$ (579,221)</u>

<u>Administrative</u> <u>Services</u>	<u>Totals</u> <u>2022</u>
\$ 143,271	\$ 264,651
6,553,897	7,653,897
<u>(7,048,305)</u>	<u>(9,929,932)</u>
<u>(351,137)</u>	<u>(2,011,384)</u>
<u>4,008,091</u>	<u>5,570,693</u>
<u>(1,332,976)</u>	<u>7,013,137</u>
<u>\$ 2,675,115</u>	<u>\$ 12,583,830</u>
\$ (1,438,147)	\$ (1,463,421)
1,251,582	3,171,415
235,553	(83,723)
(91,907)	(91,907)
(44,934)	(44,934)
(20,897)	(20,897)
217,846	1,664,459
62,142	178,924
1,076,785	4,671,375
145,550	(1,601,518)
854,888	1,305,467
139,836	286,785
(202,855)	(563,777)
(1,889,788)	(4,598,445)
<u>6,236</u>	<u>6,236</u>
<u>\$ 301,890</u>	<u>\$ 2,816,039</u>



RP-5 Plant Build Major Activities: Influent Pump Station

INLAND EMPIRE UTILITIES AGENCY

Regional Wastewater Program

THE REGIONAL WASTEWATER PROGRAM CONSISTS OF THE FOLLOWING FUNDS:

REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND

The Regional Wastewater Capital Improvement 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 Regional Wastewater Capital Improvement 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 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 administrative 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 per Equivalent Dwelling Units (EDU's) on a monthly 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, 2022

	Regional Capital Improvement	Regional Operations & Maintenance	Totals 2022
ASSETS			
Current assets			
Cash and investments	\$ 54,720,579	\$ 77,321,410	\$ 132,041,989
Accounts receivable	13,187,625	25,329,734	38,517,359
Wastewater capital connection fee receivable	81,169,897	-	81,169,897
Interest receivable	1,499,232	158,527	1,657,759
Taxes receivable	532,679	188,486	721,165
Other receivables	859,477	69,836	929,313
Prepaid items	1,201	10,738	11,939
Total current assets	151,970,690	103,078,731	255,049,421
Noncurrent assets			
Restricted assets			
Deposits held by retentions	6,869,893	269,998	7,139,891
Restricted short-term investments	128,184,670	-	128,184,670
Investments held with trustee/fiscal agents	22,094,227	25	22,094,252
Total restricted assets	157,148,790	270,023	157,418,813
Capital assets			
Land	14,047,045	-	14,047,045
Jobs in progress	231,769,204	59,042,879	290,812,083
Capital assets, net of accumulated depreciation	233,948,528	51,875,262	285,823,790
Intangible assets, net of accumulated amortization	5,274,272	2,332,427	7,606,699
Total capital assets	485,039,049	113,250,568	598,289,617
Other assets			
Investment in joint venture	40,025,817	-	40,025,817
Advances to other funds	13,500,000	-	13,500,000
Long-term receivables	1,199,723	-	1,199,723
Prepaid interest - SRF loans	484,664	-	484,664
Net other postemployment benefits	486,467	3,112,118	3,598,585
Total other assets	55,696,671	3,112,118	58,808,789
Total noncurrent assets	697,884,510	116,632,709	814,517,219
Total assets	849,855,200	219,711,440	1,069,566,640
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to debt refunding	1,217,614	152,258	1,369,872
Deferred outflow net other postemployment benefit liability	162,562	1,084,522	1,247,084
Deferred outflow related to net pension liability	1,228,875	8,231,431	9,460,306
Total deferred outflows of resources	2,609,051	9,468,211	12,077,262

(Continued)

	Regional Capital Improvement	Regional Operations & Maintenance	Totals 2022
LIABILITIES			
Current liabilities			
Accounts payable	\$ 21,873,914	\$ 6,803,491	\$ 28,677,405
Accrued liabilities	21,385	14,689	36,074
Retentions payable	65,918	1,032,343	1,098,261
Long-term debt, due within one year	2,806,846	209,230	3,016,076
Notes payable, due within one year	1,865,126	727,503	2,592,629
Interest payable	1,587,347	174,326	1,761,673
Retention deposits and escrows	6,869,893	269,998	7,139,891
Total current liabilities	<u>35,090,429</u>	<u>9,231,580</u>	<u>44,322,009</u>
Noncurrent liabilities			
Long-term debt, due in more than one year	42,553,505	3,187,331	45,740,836
Notes payable, due in more than one year	245,756,853	21,111,917	266,868,770
Net other postemployment benefits liability	-	-	-
Net pension liability	380,554	3,063,897	3,444,451
Total noncurrent liabilities	<u>288,690,912</u>	<u>27,363,145</u>	<u>316,054,057</u>
Total liabilities	<u>323,781,341</u>	<u>36,594,725</u>	<u>360,376,066</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow net other postemployment benefit liability	397,692	2,550,646	2,948,338
Deferred inflow related to net pension liability	2,454,322	13,512,212	15,966,534
Total deferred inflows of resources	<u>2,852,014</u>	<u>16,062,858</u>	<u>18,914,872</u>
NET POSITION			
Net Investment in capital assets	<u>188,489,693</u>	<u>87,006,084</u>	<u>275,495,777</u>
Restricted for:			
Capital construction	209,354,567	-	209,354,567
SRF Loan debt service	1,904,369	1,046,416	2,950,785
Bond operating contingency requirement	1,734,874	19,400,530	21,135,404
Total restricted	<u>212,993,810</u>	<u>20,446,946</u>	<u>233,440,756</u>
Unrestricted	<u>124,347,393</u>	<u>69,069,038</u>	<u>193,416,431</u>
Total net position	<u>\$ 525,830,896</u>	<u>\$ 176,522,068</u>	<u>\$ 702,352,964</u>

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, 2022

	Regional Capital Improvement	Regional Operations & Maintenance	Totals 2022
OPERATING REVENUES			
Service charges	\$ -	\$ 75,728,668	\$ 75,728,668
Total operating revenues	<u>-</u>	<u>75,728,668</u>	<u>75,728,668</u>
OPERATING EXPENSES			
Wastewater collection	-	1,926,084	1,926,084
Wastewater treatment	-	24,877,528	24,877,528
Wastewater disposal	-	12,145,857	12,145,857
Administration and general	5,204,621	19,252,122	24,456,743
Depreciation and amortization	<u>16,274,368</u>	<u>6,886,485</u>	<u>23,160,853</u>
Total operating expenses	<u>21,478,989</u>	<u>65,088,076</u>	<u>86,567,065</u>
Operating income (loss)	<u>(21,478,989)</u>	<u>10,640,592</u>	<u>(10,838,397)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	966,993	488,710	1,455,703
Property tax revenue	46,530,131	16,464,508	62,994,639
Wastewater capital connection fees	37,704,888	-	37,704,888
Other nonoperating revenues	6,054,509	3,921,481	9,975,990
Interest on long-term debt	(9,979,200)	(608,089)	(10,587,289)
Other nonoperating expenses	<u>(1,452,438)</u>	<u>(4,045,556)</u>	<u>(5,497,994)</u>
Total nonoperating revenues (expenses)	<u>79,824,883</u>	<u>16,221,054</u>	<u>96,045,937</u>
Income (loss) before capital contributions and transfers	58,345,894	26,861,646	85,207,540
TRANSFERS AND CAPITAL CONTRIBUTIONS			
Transfers in	6,540,238	4,635,166	11,175,404
Transfers out	(10,597,781)	(7,217,584)	(17,815,365)
Capital grants	<u>-</u>	<u>89,913</u>	<u>89,913</u>
Change in net position	<u>54,288,351</u>	<u>24,369,141</u>	<u>78,657,492</u>
Total net position - beginning	<u>471,542,545</u>	<u>152,152,927</u>	<u>623,695,472</u>
Total net position - ending	<u>\$ 525,830,896</u>	<u>\$ 176,522,068</u>	<u>\$ 702,352,964</u>

INLAND EMPIRE UTILITIES AGENCY

Recycled Water Fund

The Recycled Water Fund records revenues and expenses associated with the operations and maintenance of facilities that support the distribution of recycled water supplied from the Agency's four 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 Recycled Water Fund generates operating revenue from the sale of recycled water to member agencies and commercial industries. Non-operational revenues recorded in the fund include property tax receipts, fees levied for new connections to the regional potable, recycled water, and groundwater recharge 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, 2022

	<u>Totals</u>
	<u>2022</u>
ASSETS	
Current assets	
Cash and investments	\$ 17,962,791
Accounts receivable	7,353,909
Interest receivable	51,227
Taxes receivable	32,780
Other receivable	93,044
Prepaid items	<u>3,500</u>
Total current assets	<u>25,497,251</u>
Noncurrent assets	
Restricted assets	
Restricted short-term investments	26,735,782
Investments held with trustee/fiscal agents	<u>168</u>
Total restricted assets	<u>26,735,950</u>
Capital assets	
Land	584,450
Jobs in progress	10,271,587
Capital assets, net of accumulated depreciation	165,938,403
Intangible assets, net of accumulated amortization	<u>773,489</u>
Total capital assets	<u>177,567,929</u>
Other assets	
Long term receivables	2,121,694
Advances to other funds	7,933,000
Prepaid interest - SRF loans	611,066
Net other postemployment benefits	<u>491,164</u>
Total other assets	<u>11,156,924</u>
Total noncurrent assets	<u>215,460,803</u>
Total assets	<u>240,958,054</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow related to debt refunding	1,040,029
Deferred outflow net other postemployment benefit liability	179,596
Deferred outflow related to net pension liability	<u>1,111,788</u>
Total deferred outflows of resources	<u>2,331,413</u>

	<u>Totals</u>
	<u>2022</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 708,809
Accrued liabilities	-
Retentions payable	9,834
Long term debt, due within one year	3,739,229
Notes payable, due within one year	2,474,829
Interest payable	3,240,207
Retention deposits and escrows	<u>0</u>
Total current liabilities	<u>10,172,908</u>
Noncurrent liabilities	
Advances from other funds	16,500,000
Long-term debt, due in more than one year	47,096,319
Notes payable, due in more than one year	46,203,372
Other noncurrent liabilities	589,298
Net other postemployment benefits liability	-
Net pension liability	<u>401,876</u>
Total noncurrent liabilities	<u>110,790,865</u>
Total liabilities	<u>120,963,773</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow net other postemployment benefit liability	404,429
Deferred inflow related to net pension liability	<u>2,217,191</u>
Total deferred inflows of resources	<u>2,621,620</u>
NET POSITION	
Net Investment in capital assets	<u>78,992,454</u>
Restricted for:	
Capital construction	26,735,782
SRF Loan debt service	<u>3,494,381</u>
Total restricted	<u>30,230,163</u>
Unrestricted	<u>10,481,457</u>
Total net position	<u>\$ 119,704,074</u>

INLAND EMPIRE UTILITIES AGENCY
Recycled Water Fund
Schedule of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	Totals
	2022
OPERATING REVENUES	
Recycled water sales	\$ 19,642,939
Total operating revenue	<u>19,642,939</u>
OPERATING EXPENSES	
Operations and Maintenance	6,497,183
Administration and general	5,268,663
Depreciation and amortization	<u>8,758,135</u>
Total operating expenses	<u>20,523,981</u>
Operating income (loss)	<u>(881,042)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	237,131
Property tax revenue	2,863,393
Water connection fees	8,749,472
Other nonoperating revenues	778,933
Interest on long-term debt	(2,812,191)
Other nonoperating expenses	<u>-</u>
Total nonoperating revenues (expenses)	<u>9,816,738</u>
Income (loss) before capital contributions and transfers	8,935,696
TRANSFERS AND CAPITAL CONTRIBUTIONS	
Transfers in	2,534,530
Transfers out	(1,450,351)
Capital grants	<u>239,074</u>
Change in net position	<u>10,258,949</u>
Total net position - beginning	<u>109,445,125</u>
Total net position - ending	<u>\$ 119,704,074</u>

INLAND EMPIRE UTILITIES AGENCY

Water Resources Fund

The Water Resources 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 Water Resources fund generates operating revenue includes the pass-through of imported water sales and related fees from Metropolitan Water District of Southern California (MWD), and monthly meter equivalent unit (MEU) charges. Non-operating revenues recorded in the fund include property tax receipts, interest income, and transfer of One Water connection fees from the Recycled Water fund to support water use efficiency projects. Additionally, the fund record grants received supporting the various water use efficiency programs and sustainability projects within the fund.

INLAND EMPIRE UTILITIES AGENCY
Water Resources Fund
Schedule of Net Position
June 30, 2022

	<u>Totals</u>
	<u>2022</u>
ASSETS	
Current assets	
Cash and investments	\$ 28,293,646
Accounts receivable	12,218,424
Interest receivable	55,194
Taxes receivable	28,683
Water inventory	2,271,519
Other receivable	<u>-</u>
Total current assets	<u>42,867,466</u>
Noncurrent assets	
Capital assets	
Jobs in progress	7,885,078
Capital assets, net of accumulated depreciation	16,106
Intangible assets, net of accumulated amortization	<u>-</u>
Total capital assets	<u>7,901,184</u>
Other assets	
Long-term receivables	71,743
Net other post-employment benefits	<u>293,012</u>
Total other assets	<u>364,755</u>
Total noncurrent assets	<u>8,265,939</u>
Total assets	<u>51,133,405</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow net other postemployment benefit liability	89,773
Deferred outflow related to net pension liability	<u>598,874</u>
Total deferred outflows of resources	<u>688,647</u>
LIABILITIES	
Current liabilities	
Accounts payable	5,842,169
Accrued liabilities	<u>174,498</u>
Current liabilities	<u>6,016,667</u>
Noncurrent liabilities	
Net other post-employment benefits liability	-
Net pension liability	<u>220,638</u>
Total noncurrent liabilities	<u>220,638</u>
Total liabilities	<u>6,237,305</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow net other postemployment benefit liability	237,703
Deferred inflow related to net pension liability	<u>1,272,936</u>
Total deferred inflows of resources	<u>1,510,639</u>
NET POSITION	
Net Investment in capital assets	7,743,888
Unrestricted	36,330,220
Total net position	<u>\$ 44,074,108</u>

INLAND EMPIRE UTILITIES AGENCY
Water Resources Fund
Schedule of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	<u>Totals</u>
	<u>2022</u>
OPERATING REVENUES	
Sales	\$ 42,976,372
Service charges	<u>8,284,830</u>
Total operating revenues	<u>51,261,202</u>
OPERATING EXPENSES	
Water Purchases	42,937,372
Operations and maintenance	1,492,091
Administration and general	5,908,873
Depreciation and amortization	<u>546</u>
Total operating expenses	<u>50,338,882</u>
Operating income (loss)	<u>922,320</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	170,058
Property tax revenue	2,505,469
Other nonoperating revenues	303,567
Other nonoperating expenses	<u>(722,369)</u>
Total nonoperating revenues (expenses)	<u>2,256,725</u>
Income (loss) before capital contributions and transfers	3,179,045
TRANSFERS AND CAPITAL CONTRIBUTIONS	
Transfers in	486,032
Capital grants	<u>7,331,455</u>
Change in net position	<u>10,996,532</u>
Total net position - beginning	<u>33,077,576</u>
Total net position - ending	<u>\$ 44,074,108</u>

INLAND EMPIRE UTILITIES AGENCY Non-Reclaimable Wastewater Fund

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

A pass-through rate structure was implemented to allow the Agency to recover operating and capital fees billed by the Los Angeles County Sanitation District (LACSD) and Santa Ana Watershed Project Authority (SAWPA) for the North and South systems, respectively. These charges are comprised of volumetric, capacity, 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 LACSD and SAWPA, the Agency collects program charges based on the number of capacity units from the NRW industries in the North system. A fifty percent operating surcharge on the volumetric, capacity, and strength charges for non-recycled water users is collected from NRW industries in the South system. The Agency's program charge and operating surcharge support the Agency's program costs.

INLAND EMPIRE UTILITIES AGENCY
Non-reclaimable Wastewater Fund
Schedule of Net Position
June 30, 2022

	<u>Totals</u>
	<u>2022</u>
ASSETS	
Current assets	
Cash and investments	\$ 22,178,786
Accounts receivable	2,535,911
Interest receivable	1,532,122
Taxes receivable	4
Other receivables	-
Prepaid items	-
Total current assets	<u>26,246,823</u>
Noncurrent assets	
Restricted assets	
Investments held with trustee/fiscal agent	<u>41</u>
Total restricted assets	<u>41</u>
Capital assets	
Jobs in progress	8,020,146
Capital assets, net of accumulated depreciation	11,030,154
Intangible assets, net of accumulated amortization	<u>1,038,286</u>
Total capital assets	<u>20,088,586</u>
Other assets	
Advances to other funds	3,000,000
Net other postemployment benefits	<u>271,134</u>
Total other assets	<u>3,271,134</u>
Total noncurrent assets	<u>23,359,761</u>
Total assets	<u>49,606,584</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow related to debt refunding	253,466
Deferred outflow net other postemployment benefit liability	87,487
Deferred outflow related to net pension liability	<u>656,872</u>
Total deferred outflows of resources	<u>997,825</u>

	<u>Totals</u> <u>2022</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 2,766,812
Accrued liabilities	-
Retentions payable	193,267
Long term Debt, due within one year	348,310
Notes payable, due within one year	-
Interest payable	<u>40,846</u>
Total current liabilities	<u>3,349,235</u>
Noncurrent liabilities	
Long-term debt, due in more than one year	5,306,019
Net other postemployment benefits liability	-
Net pension liability	<u>214,612</u>
Total noncurrent liabilities	<u>5,520,631</u>
Total liabilities	<u>8,869,866</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow net other postemployment benefit liability	219,581
Deferred inflow related to net pension liability	<u>1,289,721</u>
Total deferred inflows of resources	<u>1,509,302</u>
NET POSITION	
Net Investment in capital assets	<u>14,461,275</u>
Restricted for:	
Bond operating contingency requirement	<u>3,364,454</u>
Total restricted	<u>3,364,454</u>
Unrestricted	<u>22,399,512</u>
Total net position	<u>\$ 40,225,241</u>

INLAND EMPIRE UTILITIES AGENCY
Non-reclaimable Wastewater Fund
Schedule of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	<u>Totals</u>
	<u>2022</u>
OPERATING REVENUES	
Service charges	\$ 13,811,596
Total operating revenues	<u>13,811,596</u>
OPERATING EXPENSES	
Wastewater collection	8,368,235
Administration and general	1,725,127
Depreciation and amortization	<u>741,331</u>
Total operating expenses	<u>10,834,693</u>
Operating income (loss)	<u>2,976,903</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	149,544
Property tax revenue	7
Other nonoperating revenues	14,408
Interest on long-term debt	(250,597)
Other nonoperating expenses	<u>-</u>
Total nonoperating revenues (expenses)	<u>(86,638)</u>
Income (loss) before transfers	2,890,265
TRANSFERS	
Transfers in	1,074,864
Transfers out	<u>(72,247)</u>
Change in net position	<u>3,892,882</u>
Total net position - beginning	<u>36,332,359</u>
Total net position - ending	<u>\$ 40,225,241</u>

INLAND EMPIRE UTILITIES AGENCY

Recharge Water Fund

The Recharge Water Fund accounts for the revenues and expenses associated with the groundwater recharge operations and maintenance through the joint effort of the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the San Bernardino County Flood Control District (SBCFCD), and the Inland Empire Utilities Agency.

Expenses include general basin maintenance and 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 are 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 Fund for the Agency's share of project and operating costs, grant proceeds; and interest earnings on the programs reserve balance.

Debt service costs are for the Chino Basin Facilities Improvement Project (CBFIP) funded by the 2020A Refunding Revenue Bond (refinancing of the 2008B Variable Rate Bonds in June 2020 and the 2002A Bonds in May 2008). Debt principal and interest costs are equally shared by CBWM and the Agency. The Agency's portion is supported by an inter-fund transfer from the Regional Wastewater Capital Improvement fund.

INLAND EMPIRE UTILITIES AGENCY
Recharge Water Fund
Schedule of Net Position
June 30, 2022

	<u>Totals</u>
	<u>2022</u>
ASSETS	
Current assets	
Cash and investments	\$ 564,803
Accounts receivable	11,567,732
Interest receivable	0
Prepaid items	
Total current assets	<u>12,132,535</u>
Noncurrent assets	
Restricted assets	
Deposits held by retentions	267,866
Investments held with trustee/fiscal agents	1
Total restricted assets	<u>267,867</u>
Capital assets	
Jobs in progress	17,521,671
Capital assets net of accumulated depreciation	34,776,812
Total capital assets	<u>52,298,483</u>
Other assets	
Net other postemployment benefits	<u>100,892</u>
Total other assets	<u>100,892</u>
Total noncurrent assets	<u>52,667,242</u>
Total assets	<u>64,799,777</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow net other postemployment benefit liability	32,870
Deferred outflow related to net pension liability	256,956
Total deferred outflows of resources	<u>289,826</u>

	<u>Totals</u>
	<u>2022</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 1,705,991
Accrued liabilities	-
Retentions payable	92,352
Long-term debt, due within one year	581,385
Interest payable	34,554
Retentions deposits and escrows	<u>267,867</u>
Total current liabilities	<u>2,682,149</u>
Noncurrent liabilities	
Advances from other funds	7,933,000
Long-term debt, due in more than one year	8,773,501
Notes Payable, due in more than one year	6,955,890
Net other postemployment benefits liability	-
Net pension liability	<u>88,070</u>
Total noncurrent liabilities	<u>23,750,461</u>
Total liabilities	<u>26,432,610</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow net other postemployment benefit liability	82,393
Deferred inflow related to net pension liability	<u>470,623</u>
Total deferred inflows of resources	<u>553,016</u>
NET POSITION	
Net Investment in capital assets	<u>34,259,951</u>
Restricted for:	
SRF loan debt service	<u>349,635</u>
Total restricted	<u>349,635</u>
Unrestricted	<u>3,494,391</u>
Total net position	<u>\$38,103,977</u>

INLAND EMPIRE UTILITIES AGENCY
Recharge Water Fund
Schedule of Revenues, Expenses
and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	<u>Totals</u>
	<u>2022</u>
OPERATING REVENUES	
Recycled water sales	\$ -
Total operating revenues	<u>-</u>
OPERATING EXPENSES	
Administration and general	1,823,675
Depreciation and amortization	<u>1,178,502</u>
Total operating expenses	<u>3,002,177</u>
Operating income (loss)	<u>(3,002,177)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	1
Other nonoperating revenues	1,474,267
Interest on long-term debt	(398,209)
Other nonoperating expenses	<u>(35,834)</u>
Total nonoperating revenues (expenses)	<u>1,040,225</u>
Income (loss) before capital contributions and transfers	(1,961,952)
TRANSFERS AND CAPITAL CONTRIBUTIONS	
Transfers in	1,335,759
Capital grants	<u>4,142,842</u>
Change in net position	<u>3,516,649</u>
Total net position - beginning	<u>34,587,328</u>
Total net position - ending	<u>\$ 38,103,977</u>

INLAND EMPIRE UTILITIES AGENCY

Administrative Services Fund

The Agency's total employment costs and general and administrative expenses are initially recorded in the Administrative Services 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 Administrative Services Fund includes property tax receipts, reimbursement for services provided to the Chino Basin Desalter Authority (CDA), and inter-fund transfers from Regional Wastewater Capital Improvement, Regional Wastewater Operations and Maintenance, Recycled Water, and Non-Reclaimable Wastewater funds for capital and non-capital acquisition costs of general-use assets.

INLAND EMPIRE UTILITIES AGENCY
Administrative Services Fund
Schedule of Net Position
June 30, 2022

	Totals
	2022
ASSETS	
Current assets	
Cash and investments	28,204,437
Accounts receivable	1,356,263
Interest receivable	49,263
Taxes receivable	36,878
Other receivables	162,722
Inventory	1,377,509
Prepaid items	125,495
	<hr/>
Total current assets	31,312,567
Noncurrent assets	
Capital assets	
Land	20,829
Jobs in progress	5,373,843
Capital assets, net of accumulated depreciation	10,901,216
Intangible assets, net of accumulated amortization	727,307
	<hr/>
Total capital assets	17,023,195
Other assets	
Net other post-employment benefits	210,821
Total other assets	210,821
	<hr/>
Total noncurrent assets	17,234,016
	<hr/>
Total assets	48,546,583
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow net other postemployment benefit liability	76,984
Deferred outflow related to net pension liability	712,795
	<hr/>
Total deferred outflows of resources	789,779
	<hr/>

	<u>Totals</u>
	<u>2022</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 2,876,651
Accrued liabilities	2,766,000
Compensated absences	2,141,075
Retentions payable	-
Retention deposits and escrows	30,436
Current liabilities	<u>7,814,162</u>
Noncurrent liabilities	
Compensated absences	3,725,249
Net other postemployment benefits liability	-
Net pension liability	265,600
Net OPEB liability	-
Other noncurrent liabilities	<u>67,782</u>
Total noncurrent liabilities	<u>4,058,631</u>
Total liabilities	<u>11,872,793</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow net other postemployment benefit liability	171,438
Deferred inflow related to net pension liability	<u>883,541</u>
Total deferred inflows of resources	<u>1,054,979</u>
NET POSITION	
Net Investment in capital assets	16,884,203
Restricted for:	
Bond operating contingency requirement	<u>62,188</u>
Total restricted	<u>62,188</u>
Unrestricted	<u>19,462,199</u>
Total net position	<u>\$ 36,408,590</u>

INLAND EMPIRE UTILITIES AGENCY
Administrative Services Fund
Schedule of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	<u>Totals</u>
	<u>2022</u>
OPERATING REVENUES	
Service charges	\$ -
Total operating revenues	<u>-</u>
OPERATING EXPENSES	
Administration and general	186,565
Depreciation and amortization	<u>1,251,582</u>
Total operating expenses	<u>1,438,147</u>
Operating income (loss)	<u>(1,438,147)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	140,065
Property tax revenue	3,221,348
Other nonoperating revenues	-
Other nonoperating expenses	<u>(6,804,135)</u>
Total nonoperating revenues (expenses)	<u>(3,442,722)</u>
Income (loss) before capital contributions and transfers	(4,880,869)
TRANSFERS AND CAPITAL CONTRIBUTIONS	
Transfers in	2,731,374
Transfers out	-
Capital grants	<u>535,387</u>
Change in net position	<u>(1,614,108)</u>
Total net position - beginning	<u>38,022,698</u>
Total net position - ending	<u>\$ 36,408,590</u>



RP-5 Plant Build Major Activities: Primary Clarifiers

INLAND EMPIRE UTILITIES AGENCY

Index of Statistical Section Schedules

JUNE 30, 2022

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

1.	<i>Financial Trends</i>	140
	<i>These schedules contain trend information to help the reader understand how IEUA’s financial performance and well-being has changed over time.</i>	
2.	<i>Revenue Capacity</i>	144
	<i>These schedules contain information to help the reader assess IEUA’s most significant revenue sources.</i>	
3.	<i>Debt Capacity</i>	153
	<i>These schedules present information to help the reader assess the affordability of IEUA’s current levels of outstanding debt and ability to issue additional debt in the future.</i>	
4.	<i>Operating Indicators</i>	159
	<i>These schedules contain service and infrastructure data to help the reader understand the information in IEUA’s financial reports and how it relates to the services that IEUA provides and the activities it performs.</i>	
5.	<i>Demographic and Economic Indicators</i>	165
	<i>These schedules contain service and infrastructure data to help the reader understand the environment within which IEUA’s financial activities take place</i>	
6.	<i>Appropriations Limit</i>	167
	<i>This section shows the trend of the Agency’s appropriations limit under the California Constitution Amendment XIII B. The Appropriations limit is adopted every year by Board Resolutions and represents the limit or “upper bound” of tax proceeds that can be spent in a fiscal year.</i>	

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

INLAND EMPIRE UTILITIES AGENCY

Financial Trends - Historical Operating Results

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

Fiscal Years Ended June 30, 2013 through 2022

(Dollars in Thousands)

	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
Operating revenues					
Service charges	\$ 89,540	\$ 83,833	\$ 81,189	\$ 78,954	\$ 75,105
Recycled Water Sales	19,643	18,095	15,349	13,902	16,878
Total operating revenues	<u>109,183</u>	<u>101,928</u>	<u>96,538</u>	<u>92,856</u>	<u>91,983</u>
Operating expenses					
Wastewater collection	10,294	8,965	9,189	10,334	9,991
Wastewater treatment	24,878	22,548	20,959	23,829	26,618
Wastewater disposal	12,146	10,778	11,077	11,317	10,236
Operations and maintenance	6,497	4,125	3,972	3,860	3,324
Administration and general	33,461	37,881	37,398	31,364	29,685
Depreciation and amortization	35,090	36,817	37,610	36,298	35,698
Total operating expenses	<u>122,366</u>	<u>121,114</u>	<u>120,205</u>	<u>117,002</u>	<u>115,552</u>
Operating income (loss)	<u>(13,183)</u>	<u>(19,186)</u>	<u>(23,667)</u>	<u>(24,146)</u>	<u>(23,569)</u>
Non-operating revenues (expenses)					
Interest income	1,983	2,798	3,944	4,227	2,302
Property tax revenue	69,079	57,329	49,839	48,167	45,160
Wastewater capital connection fees	37,705	36,732	24,259	22,914	32,850
Water connection fees	8,749	5,700	8,048	5,916	7,889
Other nonoperating revenues	12,244	6,056	15,679	11,484	10,331
Interest on long-term debt	(14,048)	(13,884)	(7,629)	(6,333)	(5,999)
Other nonoperating expenses	(12,338)	(4,494)	(17,934)	(7,110)	(10,278)
Total nonoperating revenues (expenses)	<u>103,374</u>	<u>90,237</u>	<u>76,206</u>	<u>79,265</u>	<u>82,255</u>
Income (loss) before contributions and transfers	<u>90,191</u>	<u>71,051</u>	<u>52,539</u>	<u>55,119</u>	<u>58,686</u>
Capital grants	5,007	22,544	4,373	1,946	5,889
Transfers (to Water Resource Fund)	(486)	(748)	(683)	(436)	(321)
Change in net position	<u>\$ 94,712</u>	<u>\$ 92,847</u>	<u>\$ 56,229</u>	<u>\$ 56,629</u>	<u>\$ 64,254</u>
Total net position - beginning	842,083	749,236	693,007	636,378	577,870
Prior period adjustment	-	-	-	-	(5,746)
Total net position - ending	<u>\$ 936,795</u>	<u>\$ 842,083</u>	<u>\$ 749,236</u>	<u>\$ 693,007</u>	<u>\$ 636,378</u>

INLAND EMPIRE UTILITIES AGENCY

Financial Trends - Historical Operating Results

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

Fiscal Years Ended June 30, 2013 through 2022

(Dollars in Thousands)

<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>	<u>2012/13</u>
\$ 68,589	\$ 61,929	\$ 58,265	\$ 51,248	\$ 47,891
16,385	13,468	12,047	10,830	7,952
<u>84,974</u>	<u>75,397</u>	<u>70,312</u>	<u>62,078</u>	<u>55,843</u>
8,757	7,510	8,089	5,623	4,656
24,242	21,104	19,001	20,506	18,908
11,688	11,149	7,997	7,705	8,613
3,056	4,788	3,262	3,765	3,195
24,872	22,988	28,562	30,658	20,714
37,108	36,851	34,108	32,289	31,928
<u>109,723</u>	<u>104,390</u>	<u>101,019</u>	<u>100,546</u>	<u>88,014</u>
<u>(24,749)</u>	<u>(28,993)</u>	<u>(30,707)</u>	<u>(38,468)</u>	<u>(32,171)</u>
1,347	722	424	555	809
43,379	41,336	39,446	38,487	48,087
30,508	24,910	15,074	9,789	14,614
5,415	997	-	-	-
6,196	8,735	7,405	6,311	7,486
(7,947)	(9,142)	(9,593)	(7,120)	(8,321)
<u>(11,650)</u>	<u>(13,520)</u>	<u>(6,184)</u>	<u>(31,066)</u>	<u>(9,407)</u>
<u>67,248</u>	<u>54,038</u>	<u>46,572</u>	<u>16,956</u>	<u>53,268</u>
<u>42,499</u>	<u>25,045</u>	<u>15,865</u>	<u>(21,512)</u>	<u>21,097</u>
12,144	6,137	5,353	2,314	2,561
(59)	(295)	-	100	200
<u>\$ 54,584</u>	<u>\$ 30,887</u>	<u>\$ 21,218</u>	<u>\$ (19,098)</u>	<u>\$ 23,858</u>
523,286	493,606	513,805	532,113	512,616
-	(1,207)	(41,417)	790	(4,361)
<u>\$ 577,870</u>	<u>\$ 523,286</u>	<u>\$ 493,606</u>	<u>\$ 513,805</u>	<u>\$ 532,113</u>

INLAND EMPIRE UTILITIES AGENCY

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

- All Funds -

Fiscal Years Ended June 30, 2013 through 2022

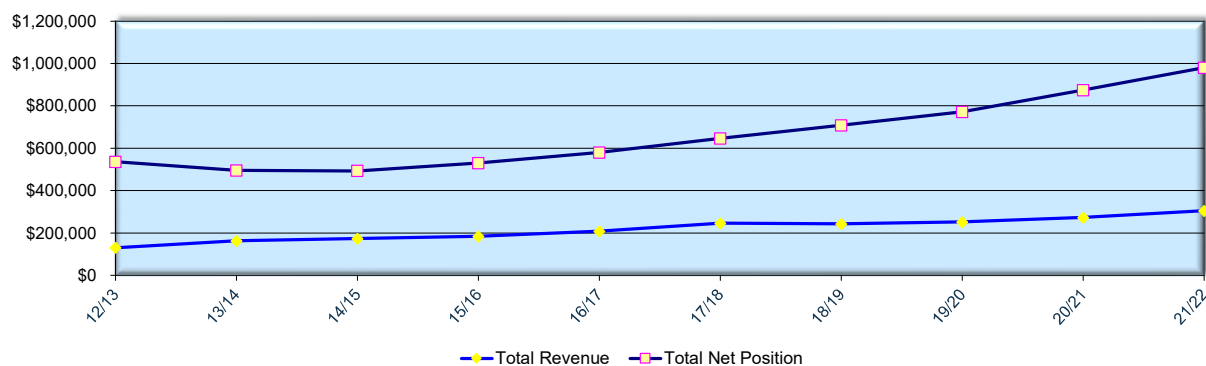
(Dollars in Thousands)

	<u>2021-2022</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
Operating revenues					
Service charges	\$ 97,825	\$ 91,325	\$ 88,034	\$ 85,220	\$ 80,449
Potable Water sales	42,976	45,561	40,768	45,519	45,999
Recycled water sales	19,643	18,095	15,349	13,902	16,878
Total operating revenues	<u>160,444</u>	<u>154,981</u>	<u>144,151</u>	<u>144,641</u>	<u>143,326</u>
Operating expenses					
Potable Water purchases	42,937	45,561	40,480	45,519	45,999
Wastewater collection	10,294	8,965	9,188	10,334	9,991
Wastewater treatment	24,878	22,549	20,959	23,829	26,618
Wastewater disposal	12,146	10,778	11,077	11,317	10,236
Operations and maintenance	7,989	5,975	5,113	5,317	4,723
Administration and general	39,370	44,067	43,208	36,618	34,567
Depreciation and amortization	35,091	36,819	37,615	36,303	35,704
Total operating expenses	<u>172,705</u>	<u>174,714</u>	<u>167,640</u>	<u>169,237</u>	<u>167,838</u>
Operating income (loss)	<u>(12,261)</u>	<u>(19,733)</u>	<u>(23,489)</u>	<u>(24,596)</u>	<u>(24,512)</u>
Non-Operating revenues (expenses)					
Interest income	2,153	3,011	4,230	4,453	2,402
Property tax revenue	71,585	67,135	55,613	53,040	48,413
Wastewater capital connection fees	8,749	5,700	8,048	5,916	7,889
Water connection fees	37,705	36,732	24,259	22,914	32,850
Other non-operating revenues	12,547	6,390	16,075	11,752	10,752
Interest on long-term debt	(14,048)	(13,883)	(7,629)	(6,333)	(5,999)
Other non-operating expenses	(13,060)	(5,332)	(18,885)	(7,628)	(10,658)
Total non-operating revenues (expenses)	<u>105,630</u>	<u>99,753</u>	<u>81,711</u>	<u>84,114</u>	<u>85,649</u>
Income (loss) before contributions and transfers	93,370	80,020	58,222	59,518	61,137
Capital grants	12,339	22,667	5,500	2,169	6,108
Change in net position.....A	<u>\$ 105,708</u>	<u>\$ 102,687</u>	<u>\$ 63,722</u>	<u>\$ 61,687</u>	<u>\$ 67,245</u>
Total net position - beginning	\$ 875,161	\$ 772,473	\$ 708,752	\$ 647,065	\$ 585,716
Prior Period Adjustment	-	-	-	-	(5,896)
Total net position - beginning, as restated....B	<u>\$ 875,161</u>	<u>\$ 772,473</u>	<u>\$ 708,752</u>	<u>\$ 647,065</u>	<u>\$ 579,820</u>
Net position by component:					
Net Investment in capital assets	427,838	339,651	453,236	441,827	394,965
Restricted for Debt service & Capital construction	267,447	309,562	142,168	112,710	99,176
Unrestricted	285,584	225,948	177,069	154,215	152,924
Total net position - ending.....A+B	<u>\$ 980,869</u>	<u>\$ 875,161</u>	<u>\$ 772,473</u>	<u>\$ 708,752</u>	<u>\$ 647,065</u>

Operating & Non-Operating Revenues & Net Position Trends

Fiscal Years Ended June 30, 2013 through 2022

(Dollars in Thousands)



INLAND EMPIRE UTILITIES AGENCY

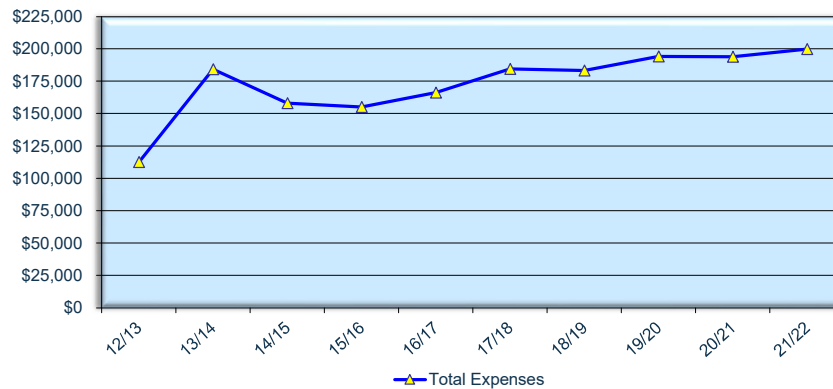
Financial Trends - Combined Schedule of Revenues, Expenses and Changes in Net Position

- All Funds -

Fiscal Years Ended June 30, 2013 through 2022
(Dollars in Thousands)

2016/17	2015/16	2014/15	2013/14	2012/13
\$ 73,384	\$ 67,243	\$ 63,956	\$ 56,171	\$ 52,153
29,897	18,654	34,147	40,225	-
16,385	13,468	12,047	10,831	7,952
<u>119,666</u>	<u>99,365</u>	<u>110,150</u>	<u>107,227</u>	<u>60,105</u>
29,897	18,654	34,147	40,225	-
8,757	7,510	8,089	5,623	4,656
24,242	21,104	19,001	20,506	18,908
11,688	11,148	7,997	7,705	8,613
4,139	6,200	4,393	4,255	3,868
30,085	28,866	33,426	35,191	24,473
37,114	36,856	34,113	32,295	31,933
<u>145,922</u>	<u>130,338</u>	<u>141,166</u>	<u>145,800</u>	<u>92,451</u>
<u>(26,256)</u>	<u>(30,973)</u>	<u>(31,016)</u>	<u>(38,573)</u>	<u>(32,346)</u>
1,399	762	436	564	819
45,674	45,631	40,946	38,487	48,087
30,508	24,910	15,074	9,789	14,614
5,415	997	-	-	-
6,265	13,070	7,543	6,337	7,510
(7,947)	(9,142)	(9,593)	(8,565)	(9,805)
(12,231)	(15,481)	(7,180)	(29,841)	(8,088)
<u>69,083</u>	<u>60,747</u>	<u>47,226</u>	<u>16,771</u>	<u>53,137</u>
42,827	29,774	16,210	(21,802)	20,791
12,295	7,530	5,917	2,663	3,152
<u>\$ 55,122</u>	<u>\$ 37,304</u>	<u>\$ 22,127</u>	<u>\$ (19,139)</u>	<u>\$ 23,943</u>
\$ 530,594	\$ 494,708	\$ 517,421	\$ 535,771	\$ 516,242
-	(1,418)	(44,841)	790	(4,414)
<u>\$ 530,594</u>	<u>\$ 493,290</u>	<u>\$ 472,580</u>	<u>\$ 536,561</u>	<u>\$ 511,828</u>
373,886	325,406	333,274	318,292	354,124
61,446	82,064	67,081	63,073	50,036
150,384	123,124	94,353	136,056	131,611
<u>\$ 585,716</u>	<u>\$ 530,594</u>	<u>\$ 494,708</u>	<u>\$ 517,421</u>	<u>\$ 535,771</u>

Operating & Non-Operating Expense Trends
Fiscal Years Ended June 30, 2013 through 2022
(Dollars in Thousands)



INLAND EMPIRE UTILITIES AGENCY

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

Table 1

Fiscal Year	CVWD*	Chino	Chino Hills	Fontana
2012/13	6,929,682	6,872,100	933,078	5,210,856
2013/14	8,831,383	9,492,302	2,918,210	6,041,082
2014/15	7,149,423	11,203,738	2,905,891	6,502,473
2015/16	11,594,817	12,461,412	5,250,644	9,488,546
2016/17	3,305,358	4,095,005	6,136,173	4,703,455
2017/18	10,905,036	10,465,835	6,724,584	6,477,198
2018/19	11,280,117	10,665,100	6,275,501	9,363,869
2019/20	12,788,543	14,914,149	6,722,022	14,248,914
2020/21	11,578,030	12,540,351	4,892,678	20,217,464
2021/22	14,039,076	13,190,068	3,178,934	15,889,037
Percentage	12.7%	13.7%	5.3%	22.1%

Wastewater Capital Connection Fee Agreement

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

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

Table 1 & 2 represent the connection fee balances reported in the respective contracting member agency's annual financial reports. Balances reported for FY 2021/22 are subject to further adjustment after audit.

*Cucamonga Valley Water District

INLAND EMPIRE UTILITIES AGENCY

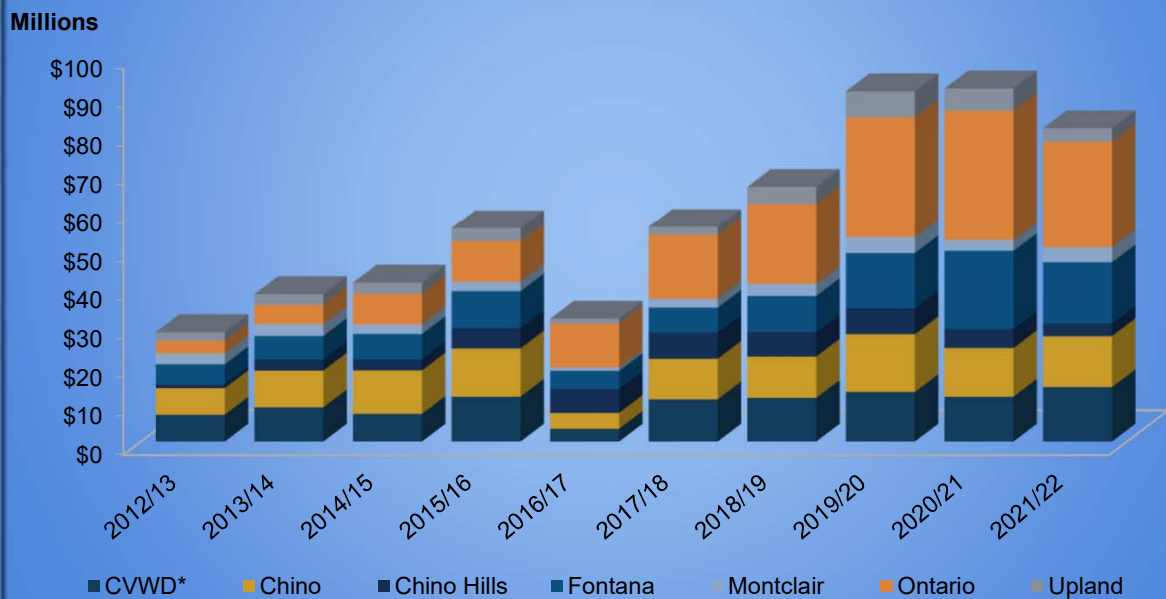
Revenue Capacity - Wastewater Capital Connection Deposits

For the Past Ten Fiscal Years

Table 2

Year	Montclair	Ontario	Upland	Total
2012/13	2,746,961	3,337,340	2,216,963	28,246,980
2013/14	3,009,462	5,011,733	2,731,441	38,035,613
2014/15	2,450,727	7,945,174	2,865,723	41,023,149
2015/16	2,406,672	10,579,795	3,419,549	55,201,435
2016/17	846,653	11,331,273	1,291,709	31,709,626
2017/18	2,287,904	16,603,065	2,095,916	55,559,538
2018/19	3,081,312	20,904,691	4,424,270	65,994,860
2019/20	4,137,040	31,200,345	6,721,632	90,732,645
2020/21	2,770,381	33,717,646	5,748,459	91,465,009
2021/22	3,867,909	27,532,572	3,472,301	81,169,897
Percentage	3.0%	36.9%	6.3%	100.0%

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



INLAND EMPIRE UTILITIES AGENCY

Revenue Capacity - Regional Wastewater Program Capital Requirements
For the Ten Fiscal Years Ending June 30, 2032*

Project Description	Actual		Projected	
	2021/22	2022/23	2023/24	
Replacement Projects				
RP-1 Disinfection Improvements	\$ 415,135	\$ 8,270,000	\$ 1,190,000	
RP-4 Influent Screen Replacement	21,285	-	-	
Collection System Upgrades 18/19	-	-	-	
CCWRF Headwork's Electrical Replacement	(14,681)	-	-	
RP-1 Plant 3 Primary Cover Replacement	-	-	-	
RSS Haven Ave Repair/Replace from Airport	1,715,993	9,000	-	
RP-1 TP-1 Waste Wash Water Basin Pumps Replacement	7,102	-	-	
Collection System Upgrades 20/21	9,136	-	-	
RP-1 Dewatering Centrate and Drainage Valves	163,702	-	-	
RP-5 Bar Screen Inlet Gate Actuators Replacement	6,388	-	-	
Collection System Upgrades 21/22	295,942	-	-	
RP-1 Digester Area Utility Water (UW) Line Replacement	7,238	-	-	
Collection System Upgrades 22/23	-	500,000	500,000	
CCWRF RAS Header Replacement	-	100,000	185,000	
CWRF HVAC System Upgrade	-	50,000	-	
RP-1 Centrate Line Improvements	-	160,000	-	
RP-1 Headworks Bar Screens Improvements	460	300,000	3,600,000	
RP-1 Solids Electrical Panel Upgrades	-	275,000	1,200,000	
North Major Facilities Repair/Replacement	89,025	-	-	
North Major Facilities Repair/Replacement	367,420	-	-	
North Major Facilities Repair/Replacemnt	-	600,000	600,000	
Heavy Equipment Replacement	-	670,000	670,000	
GapVax Replacement	-	750,000	-	
Total Replacement Projects	\$ 3,084,144	\$ 11,684,000	\$ 7,945,000	
Equipment Projects				
GapVax Replacement	\$ 21,774	\$ -	\$ -	
South Major Facilities Repair/Replacement	189,054	-	-	
South Major Facilities Repair/Replacement	227,482	-	-	
South Major Facilities Repair/Replacement	-	400,000	400,000	
WW Cybersecurity Projects	74,605	-	-	
Control System Ent Historian Enhancement	38,635	-	-	
SCADA Network Infrastructure Replacement	156,005	-	-	
RP-1 and RP-2 DCS Upgrade	110,072	-	-	
Bioassay Room Incubator	12,473	-	-	
Total Equipment Projects	\$ 830,101	\$ 400,000	\$ 400,000	

*Source: Projections were derived from the 2022/23 IEUA Ten Year Forecast.

INLAND EMPIRE UTILITIES AGENCY

Revenue Capacity - Regional Wastewater Program Capital Requirements (continued)
For the Ten Fiscal Years Ending June 30, 2032*

Projected									10 Year
2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Projected Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,460,000	
-	-	-	-	-	-	-	-	\$ -	
-	-	-	-	-	-	-	-	\$ -	
200,000	400,000	-	-	-	-	-	-	\$ 600,000	
-	-	-	-	-	-	-	-	\$ 9,000	
-	-	-	-	-	-	-	-	\$ -	
-	-	-	-	-	-	-	-	\$ -	
-	-	-	-	-	-	-	-	\$ -	
-	-	-	-	-	-	-	-	\$ -	
500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	\$ 5,000,000	
-	-	-	-	-	-	-	-	\$ 285,000	
-	-	-	-	-	-	-	-	\$ 50,000	
-	-	-	-	-	-	-	-	\$ 160,000	
400,000	-	-	-	-	-	-	-	\$ 3,900,000	
-	-	-	-	-	-	-	-	\$ 1,875,000	
-	-	-	-	-	-	-	-	\$ -	
600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	\$ 6,000,000	
-	-	-	-	-	-	-	-	\$ 1,340,000	
-	-	-	-	-	-	-	-	\$ 750,000	
-	-	-	-	-	-	-	-	\$ -	
-	-	-	-	-	-	-	-	\$ -	
\$ 1,700,000	\$ 1,500,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 29,429,000	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	\$ -	
500,000	500,000	500,000	600,000	600,000	600,000	600,000	600,000	\$ 5,300,000	
-	-	-	-	-	-	-	-	\$ -	
-	-	-	-	-	-	-	-	\$ -	
-	-	-	-	-	-	-	-	\$ -	
-	-	-	-	-	-	-	-	\$ -	
\$ 500,000	\$ 500,000	\$ 500,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 5,300,000	

INLAND EMPIRE UTILITIES AGENCY

Revenue Capacity - Regional Wastewater Program Capital Requirements
For the Ten Fiscal Years Ending June 30, 2032*

Project Description	Actual		Projected	
	2021/22	2022/23	2023/24	
Construction Projects				
Old VFD Replacement (Wastewater)	\$ -	\$ 250,000	\$ 250,000	
SCADA Enterprise System	1,497,607	5,000,000	6,200,000	
RP-1 Primary Effluent Conveyance Improvements	773	-	-	
SBCFCD Sewer Easement	-	-	-	
RP-5 Expansion PDR	-	-	-	
CCWRF Asset Management and Improvements	609,852	9,000,000	16,000,000	
Digester 6 and 7 Roof Repairs	575,833	2,300,000	1,150,000	
RP4 Primary Clarifier Rehabtation	615,725	-	-	
RP-1 12 kV Switchgear and Generator Control Upgrades	55,428	-	-	
RP-1 Mechanical Restoration and Upgrades	860,186	-	-	
RP-4 Process Improvements	6,521,388	-	-	
RP-1 Flare Improvements	3,186,043	240,000	-	
RP-1 Secondary System Rehabilitation	-	-	-	
CCWRF Asset Mgmt and Improvement Pkg. III	-	-	-	
CCWRF Asset Management and Improvements	(157,136)	-	-	
RP-4 Disinfection Facility Tenant Improvements	(204,144)	-	-	
RP-5 Expansion to 30 mgd	48,327,934	40,000,000	50,000,000	
RP-5 SHF - RO	57,937,362	67,000,000	30,000,000	
RP-1 Energy Recovery	408	105,000	-	
Montclair and San Bernardino Lift Station Force Main Clean Out Vaults	133,099	704,500	-	
RP-1 Centrifuge Foul Air Line	19,283	-	-	
RP-1 Tertiary Treatment FM-1 Bleach Mixiing Repairs	457,824	-	-	
RP-1 Level Sensor Replacement	7,993	-	-	
RP-1 MCB and Old Lab Building Rehab	74,376	800,000	1,400,000	
RP-4 Process Improvements Phase II	2,079	500,000	4,000,000	
RP-1 Solids Hot Water Loop Valves	678,848	-	-	
RP-1 East Influent Gate Replacement	103,047	520,000	-	
Montclair Force Main Improvements	169,005	1,040,000	4,800,000	
RP-1 Old Effluent Structure Rehab	69,543	500,000	1,800,000	
RP-1 Blower Lamella Silencers Upgrades	5,543	-	-	
RP-1 Evaporative Cooling for Aeration Blower Building	70,840	220,000	795,000	
RP-4 Energy Meters	16,722	-	-	
RO Asset Management (Facilities/Collections)	21,011	250,000	250,000	
RC Asset Management	-	250,000	250,000	
RP-1 Air Compressor Upgrades	136,316	390,000	3,600,000	
RP-1 Dump Station	126	-	-	
RP-1 Repurpose Lab	118,282	755,000	1,800,000	
RP-1 Influent Pump Station Electrical Improvements	236,864	750,000	750,000	
RP-5 Emergency Generator Load Bank Installation	98,258	-	-	
RP-1 Generator Control Panel Retrofit/Modernization	18,169	180,000	-	
RP-4 Generator Control Panel Retrofit/Modernization	-	-	-	
RP-1 Centrate Pipeline Assessment	904	-	-	
RP-4 SCADA Performance Improvement	2,681	-	-	
NFPA 70E required labels	89,589	75,000	-	
RP-1 Aeration Basins UW System Improvements	90,941	1,500,000	500,000	
RP-4 Ammonia Analyzers and Support System	600,979	9,500	-	
Agency Wide Chemical Containment Area Replacements	349,339	-	-	
RP-1 Thickening Building & Acid Phase Digester	2,152,223	4,500,000	27,100,000	
New Regional Project PDR's	-	-	-	
Prado Basin Assests Retrofit-SEWER	5,129	-	-	
RP-1 DeviceNet Replacement	-	1,000,000	2,100,000	
CCWRF Aeration Basins 1-6 Drain Valve Replacements	-	300,000	-	
CCWRF Filter Effluent Sodium Hypochlorite Modificaion	-	50,000	55,000	
RP-1 TP-1 Stormwater Drainage Upgrades	-	250,000	1,000,000	
San Bernardino Ave Lift Station Reliability Improvements	-	500,000	1,200,000	
CCWRF Influent Box Rehab at the Primary Clarifiers	-	400,000	200,000	
New Regional Project PDR's FY22/23	-	500,000	500,000	
RP-1 Instrumentation and Control Enhancement	-	100,000	-	
RP-4 Headworks Utility Water Addition	-	175,000	-	
RP-1 Motor Control Center 9M Upgrades	-	150,000	900,000	
RP-1 Liquid Treatment Capacity Recovery	37,188	-	-	
RP-1 Solids Treatment Expansion	15,394	-	-	
RP-1 Dewatering Centrate Pumps	336	-	200,000	
IEUA SCADA Master Plan	-	-	500,000	
Annular Seals	-	-	380,000	
RP-1 Digester Cleaning Lagoon (DCL) Line	-	-	-	
Regional Conveyance AMP	-	-	-	
RP-1 Equalization Basin #1 Access Ramp	-	-	-	

INLAND EMPIRE UTILITIES AGENCY

Revenue Capacity - Regional Wastewater Program Capital Requirements (continued)
For the Ten Fiscal Years Ending June 30, 2032*

Projected

2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Projected Total
\$ 250,000	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000
1,000,000	-	-	-	-	-	-	-	12,200,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
699,853	-	-	-	-	-	-	-	25,699,853
-	-	-	-	-	-	-	-	3,450,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	240,000
-	500,000	6,700,000	1,000,000	-	-	-	-	8,200,000
-	200,000	500,000	300,000	-	-	-	-	1,000,000
-	-	-	-	-	-	-	-	-
20,000,000	13,000,000	-	-	-	-	-	-	123,000,000
15,000,000	-	-	-	-	-	-	-	112,000,000
-	-	-	-	-	-	-	-	105,000
-	-	-	-	-	-	-	-	704,500
-	-	-	-	-	-	-	-	-
-	485,000	-	-	-	-	-	-	485,000
-	-	-	-	-	-	-	-	2,200,000
3,500,000	-	-	-	-	-	-	-	8,000,000
-	-	-	-	-	-	-	-	-
2,600,000	-	-	-	-	-	-	-	520,000
-	-	-	-	-	-	-	-	8,440,000
-	-	-	-	-	-	-	-	2,300,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,015,000
-	-	-	-	-	-	-	-	-
300,000	600,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7,400,000
2,400,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	58,900,000
-	-	-	-	-	-	-	-	3,990,000
-	64,000	95,400	1,855,600	106,100	-	-	-	2,121,100
7,500,000	-	-	-	-	-	-	-	2,555,000
-	-	-	-	-	-	-	-	9,000,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	180,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	75,000
-	-	-	-	-	-	-	-	2,000,000
-	-	-	-	-	-	-	-	9,500
47,340,000	42,140,000	-	-	-	-	-	-	121,080,000
-	-	-	-	-	-	-	-	-
1,000,000	-	-	-	-	-	-	-	4,100,000
-	250,000	600,000	350,000	-	-	-	-	1,500,000
-	-	-	-	-	-	-	-	105,000
50,000	-	-	-	-	-	-	-	1,300,000
300,000	-	-	-	-	-	-	-	2,000,000
-	-	-	-	-	-	-	-	600,000
500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000
-	-	-	-	-	-	-	-	100,000
-	-	-	-	-	-	-	-	175,000
-	-	-	-	-	-	-	-	1,050,000
-	-	-	-	2,000,000	13,000,000	13,000,000	13,000,000	41,000,000
4,000,000	8,000,000	8,000,000	-	-	-	-	-	20,000,000
500,000	120,000	-	-	-	-	-	-	820,000
-	-	-	-	250,000	-	-	-	750,000
-	-	1,000,000	-	-	-	-	-	1,380,000
-	100,000	600,000	-	-	-	-	-	700,000
-	500,000	-	-	-	-	-	-	500,000
-	-	35,000	106,500	300,000	-	-	-	441,500

INLAND EMPIRE UTILITIES AGENCY

Revenue Capacity - Regional Wastewater Program Capital Requirements
For the Ten Fiscal Years Ending June 30, 2032*

Project Description	Actual	Projected	
	2021/22	2022/23	2023/24
HQ Solar Photovoltaic Power Plants Ph. 2	-	-	-
Purchase Existing Solar Installation	-	-	-
Advanced Water Purification Facility	-	4,500,000	4,500,000
Total Construction Projects	\$ 125,609,189	\$ 144,764,000	\$ 162,180,000
Total Capital Projects	\$ 129,523,435	\$ 156,848,000	\$ 170,525,000

*Source: Projections were derived from the 2022/23 IEUA Ten Year Forecast.

INLAND EMPIRE UTILITIES AGENCY

Revenue Capacity - Regional Wastewater Program Capital Requirements (continued)
For the Ten Fiscal Years Ending June 30, 2032*

Projected								
2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Projected Total
-	-	300,000	1,100,000	-	-	-	-	1,400,000
-	-	-	3,500,000	-	-	-	-	3,500,000
31,000,000	37,000,000	31,000,000	5,000,000	-	-	-	-	113,000,000
\$ 137,939,853	\$ 112,059,000	\$ 58,330,400	\$ 22,712,100	\$ 12,156,100	\$ 22,500,000	\$ 22,500,000	\$ 22,500,000	\$ 717,641,453
\$ 140,139,853	\$ 114,059,000	\$ 59,930,400	\$ 24,412,100	\$ 13,856,100	\$ 24,200,000	\$ 24,200,000	\$ 24,200,000	\$ 752,370,453

INLAND EMPIRE UTILITIES AGENCY

Revenue Capacity - Regional Wastewater Funds

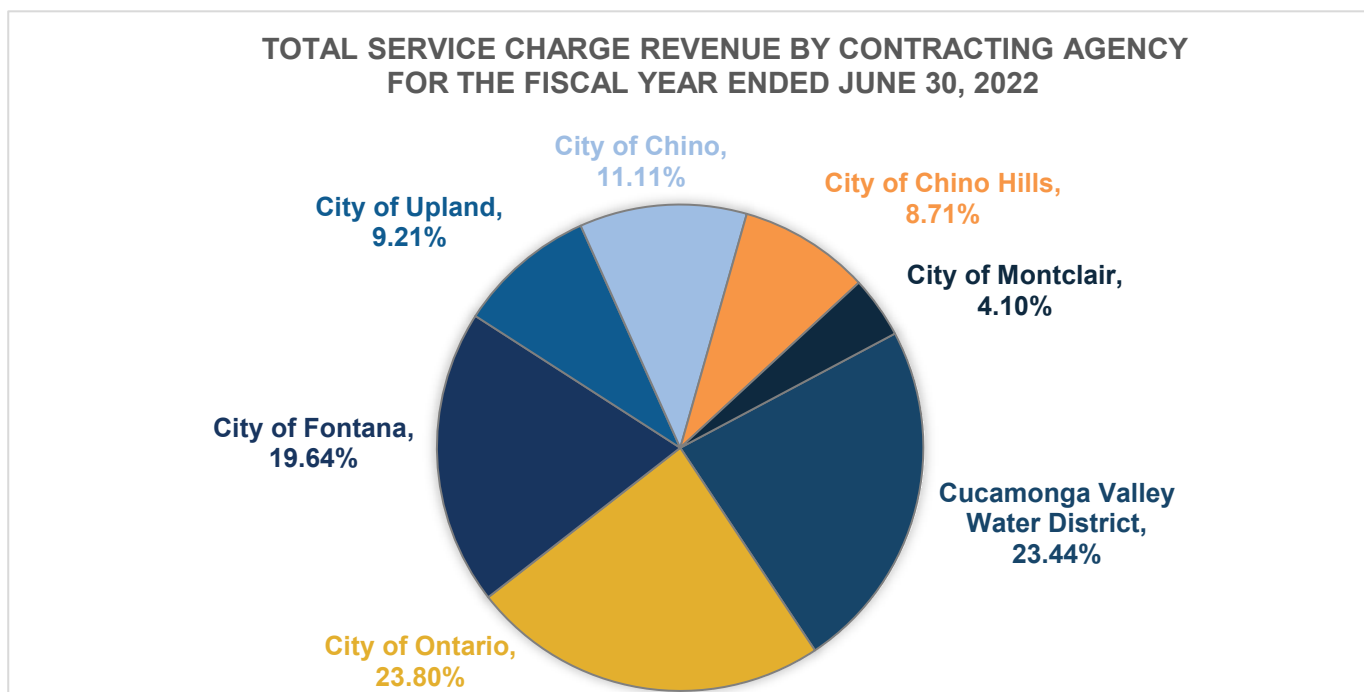
Monthly Sewer Service Charge Revenue and Rates by Contracting Agency

For the Fiscal Year Ended June 30, 2022

Through hard work, commitment, and discipline the IEUA team provides the communities they live and work in with wastewater and related utility services at some of the lowest rates in the State. The following table displays data for FY 2021/22

Contracting Agency	Total EDU's*	Rate*	Service Charge Revenue	% of Service Charge Revenue
Cucamonga Valley Water District	832,462	21.22	17,627,024	23.44%
City of Ontario	843,402	21.22	17,896,997	23.80%
City of Fontana	696,102	21.22	14,771,276	19.64%
City of Chino	393,605	21.22	8,352,289	11.11%
City of Upland	326,208	21.22	6,922,132	9.21%
City of Chino Hills	308,139	21.22	6,538,712	8.71%
City of Montclair	145,328	21.22	3,083,868	4.10%
Total Contracting Agency's Service Charge Revenue	3,545,246		\$ 75,192,297	100.0%

*EDU - Equivalent Dwelling Unit

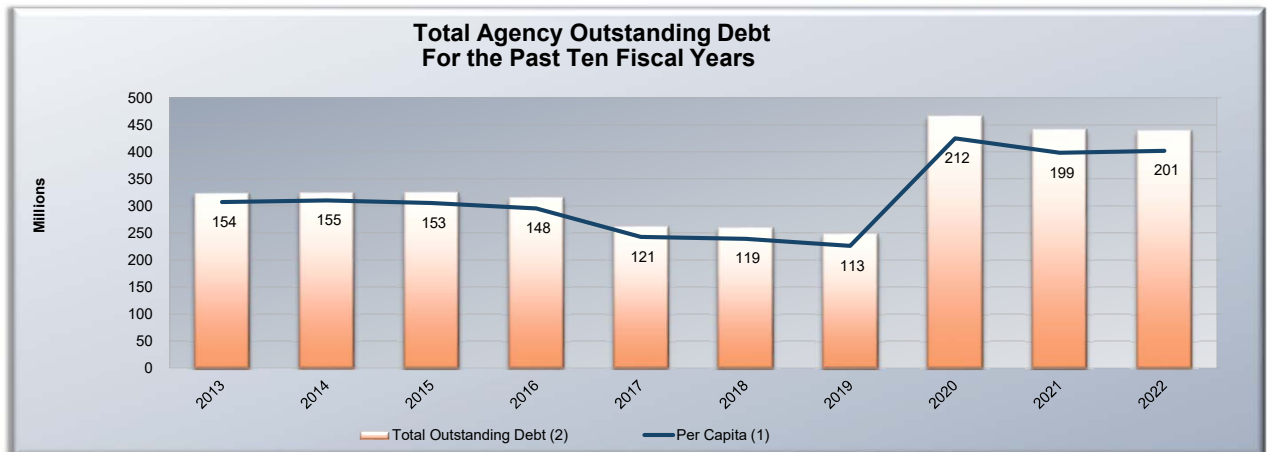


*Effective July 1, 2022, the total service rate remained at \$21.22 per equivalent service unit (EDU), same as previous year.

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

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

Fiscal Year Ended	IEUA Revenue Bonds (2)	State of California Loans (2)	SDLAC Note (2)	SAWPA Note (2)	City of Fontana(2)	Southern California Edison	2020B Revenue Notes	Total Outstanding Debt (2)	Per Capita (1)	Percentage of Personal Income(1)
2013	236,017,294	78,764,115	-	1,125,493	7,451,846	-	-	323,358,748	154	0.495%
2014	228,604,318	88,017,521	-	925,834	6,969,268	-	-	324,516,941	155	0.449%
2015	205,937,429	108,453,732	3,446,445	714,196	6,486,690	-	-	325,038,493	153	0.377%
2016	199,628,550	107,450,944	2,788,113	489,861	6,004,112	-	-	316,361,580	148	0.359%
2017	143,571,309	110,195,651	2,114,640	252,064	5,521,535	230,963	-	261,886,160	121	0.294%
2018	133,347,456	119,305,744	1,425,677	-	5,038,956	1,023,581	-	260,141,414	119	0.288%
2019	122,843,604	119,330,235	720,868	-	4,556,378	880,846	-	248,331,931	113	0.273%
2020	137,826,905	92,979,745	-	-	4,073,800	720,860	231,347,967	466,949,277	212	0.504%
2021	123,811,493	88,663,779	-	-	3,591,222	595,973	224,801,786	441,464,253	199	0.486%
2022	114,601,677	103,290,287	-	-	3,108,644	440,956	218,255,605	439,697,169	201	0.443%



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

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

INLAND EMPIRE UTILITIES AGENCY

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

**For Fiscal Years Ended June 30, 2022
(With Comparative Total for the Fiscal Year Ended June 2021)**

	<u>2022</u>	<u>2021</u>
Revenues:		
Wastewater System Service Charges	\$ 75,728,668	\$ 71,362,495
Wastewater Capital Connection Fees	37,704,888	36,732,365
Water Connection Fees	8,263,440	5,699,920
Property Tax	69,079,380	57,328,610
NRW System Service Charges	13,811,596	12,471,174
Interest	1,902,493	2,696,387
Recycled Water Sales	19,642,939	18,094,729
Desalter/Composter Services	4,700,655	5,490,841
Other	35,996	1,947,455
Total Revenues	\$ 230,870,055	\$ 211,823,976
Operation and Maintenance Costs:		
Wastewater Treatment	\$ 24,877,528	\$ 22,548,656
Administration and General	33,460,773	37,565,145
Wastewater Disposal	12,145,857	10,778,250
Wastewater Collection	10,294,319	8,965,048
Operations and maintenance	6,497,183	4,124,834
Desalter/Composter Services	4,700,655	5,482,144
Other	180,406	563,337
Total Operation and Maintenance Costs:	\$ 92,156,721	\$ 90,027,414
Revenues Available to Debt Service	\$ 138,713,334	\$ 121,796,561
Parity Obligation Debt Service		
2008B Installment Payments	-	-
2010A Installment Payments	-	-
2017 Installment Payments	6,142,250	6,145,850
Total Parity Obligation Debt Service	\$ 6,142,250	\$ 6,145,850
Parity Obligation Debt Service Coverage	22.58	19.82
Net Revenues	\$ 132,571,084	\$ 115,650,711
Subordinate Obligations		
State Revolving Fund Loan	\$ 5,445,166	\$ 5,086,932
2020A Installment Payments	6,237,250	11,196,167
2020B Revenue Notes	527,441	481,589
City of Fontana	482,578	482,578
SCE On-Bill Financing	155,017	124,886
CSDLAC Past 4R's	-	-
Total Subordinate Obligations	\$ 12,847,452	\$ 17,372,153
Other Debt Service Coverage	10.32	6.66
Remaining Net Revenue	\$ 119,723,632	\$ 98,278,558
Revenues available after O&M expenses	\$ 138,713,334	\$ 121,796,561
Total debt service	\$ 18,989,702	\$ 23,518,003
Total Debt Coverage Ratio	7.30	5.18

INLAND EMPIRE UTILITIES AGENCY

Debt Capacity - Agency System Total Debt Coverage Ratio (With Comparative Totals for the Fiscal Year ended June 2021)

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

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

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

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

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

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

- ◆ The amended budget FY 2021/22 for operating and maintenance expenses for four months was \$38,474,059.
- ◆ As of the Fiscal Year Ended June 30, 2022, the Agency had designated debt service reserve of \$22,094,461 which has been included in Net Investment in Capital Assets, and SRF Loan debt service of \$6,794,801 included in Restricted Net Position.

INLAND EMPIRE UTILITIES AGENCY			
Debt Capacity - Continuing Disclosure Compliance Report			
	2017A Bond	2020A Bond	FY21/22 CAFR Section
Audited Financial Statements	Yes		Introductory Section
Debt Service Reserve Fund	Not Required		Statistical Section: Agency System Total Debt Coverage Ratio
Statement of the reserve requirement	"The Agency has covenanted that, to the fullest extent permitted by law, the Agency will fix and prescribe, at the commencement of each fiscal year, rates and charges reasonably expected to yield net revenue equal to 115 percent of debt service during each fiscal year."		Note 12: Long-term Debt and Notes Payable/Debt Covenants
NRW Rates and Charges: North System: Volumetric Fee Chemical Oxygen Demand (COD) Total Suspended Solids (TSS) South System: Capacity Fee Volumetric Fee Biochemical Oxygen Demand (BOD) Total Suspended Solids (TSS)	\$957.25/mgd \$169.05/klb \$478.21/klb \$435.43 \$1,018.00/mgd \$329.00/klb \$460.00/klb		MD & A: Financial Highlights/Non-reclaimable wastewater treatment states: NRW Pass through Rates table
NRW Revenues	\$13,811,596		MD & A: Financial Highlights/Non-reclaimable wastewater treatment Individual Funds: Non-reclaimable wastewater Fund Schedule of Revenue, Expenses and Changes in Net Position Statistical Section: Agency System Total Debt Coverage Ratio
Principal Amount of Bonds Outstanding	\$51,505,000	\$43,790,000	MD & A: Financial Highlights/Debt Management Note 12: Long-term Debt and Notes Payable
Recycled Water Rates: Direct Delivery Groundwater Recharge Connection Fee	\$520/Acre Feet (AF) \$580/Acre Feet Varies by Meter Size		MD & A: Financial Highlights/Recycled Water Sales Introductory: Major Initiatives and Accomplishments/Other Agency accomplishments
Recycled Water Revenues (AF, Sales, Conn Fee, MWD Rebates): Acre Feet (af) Recycled Water Sales Water Connection Fee Less Conn. Fee Allotted to Water Fund Total	36,355 AF \$ 19,642,939 \$ 8,749,472 <u>\$ 486,032</u> \$ 27,906,379		MD & A: Financial Highlights/Recycled Water Sales Individual Funds: Recycled Water Fund Schedule of Revenue, Expenses and Changes in Net Position Statistical Section: Agency System Total Debt Coverage Ratio
Assessed Valuation and Property Tax: Assessed Value of Service Area Property Tax Revenue Less Allocation to Water Fund Net Property Tax Revenue	Yes \$ 71,584,856 <u>\$ 2,505,469</u> \$ 69,079,387		Economic Condition and Outlook: "The Agency's service area in San Bernardino County is settled in a well-developed transportation center... Even with this favorable positioning, COVID-19 has brought economic growth to a halt" but no total assessed value noted. MD & A: Financial Highlights/Revenues Statistical Section: Combined Schedule of Revenue, Expenses and Changes in Net Position Statistical Section: Agency System Total Debt Coverage Ratio
Wastewater Program Capital Requirements - Regional	\$129,523,435	Not Required	Statistical Section: Regional Wastewater Program Capital Requirements
Wastewater System Rates and Charges: Volumetric Fee per Month Wastewater Connection Fee	\$21.22/Equivalen Dwelling Unit (EDU) \$7,379/EDU		MD & A: Financial Highlights/Regional Wastewater Program Activities Statistical Section: Regional Wastewater Funds Service Charge Revenue and Rates by Contracting Agency
Wastewater System Revenues: Service Charge Wastewater Capital Connection Fee Total	\$75,728,668 <u>\$37,704,888</u> \$113,433,556		MD & A: Financial Highlights/Regional Wastewater Program Activities Individual Funds: Regional Wastewater Fund Statistical Section: Agency System Total Debt Coverage Ratio
Wastewater Facility Total EDU Usage:	3,545,246		Statistical Section: Regional Wastewater Monthly Sewer Service Charge Revenue and Rates by Contracting Agency
Wastewater Production/Flow within the Agency's services area:	50.7/mgd		Statistical Section: Operating Indicators -Wastewater Facilities Statistical Section: Operating Indicators - Actual Wastewater Flow

INLAND EMPIRE UTILITIES AGENCY

Debt Capacity - Computation of Direct and Overlapping Bonded Debt

As of June 30, 2022

2021/22 ASSESSED VALUATION: \$135,133,418,479

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u>	<u>%</u>	<u>Agency's Share of</u>
	<u>6/30/22</u>	<u>Applicable (1)</u>	<u>Debt 6/30/22</u>
Metropolitan Water District	\$20,175,000	3.984%	\$ 803,772
Chaffey Community College District	302,930,000	98.558	298,561,749
San Bernardino Community College District	730,017,126	1.786	13,038,106
Chino Valley Unified School District	682,369,867	100.	682,369,867
Colton Joint Unified School District	189,142,661	1.012	1,914,124
Fontana Unified School District	269,259,841	90.964	244,929,522
Rialto Unified School District	93,496,428	12.445	11,635,630
Upland Unified School District	86,283,463	99.776	86,090,188
Chaffey Union High School District	513,636,737	99.862	512,927,918
Alta Loma School District	57,397,978	99.851	57,312,455
Central School District	67,594,835	100.	67,594,835
Etiwanda School District	87,096,760	99.807	86,928,663
Mountain View School District School Facilities Improvement District Nos. 1 and 2	27,479,676	100.	27,479,676
Ontario-Montclair School District	105,895,015	100.	105,895,015
Inland Empire Utilities Agency	0	100.	0 (2)
City of Chino Community Facilities Districts	198,955,000	100.	198,955,000
City of Chino Hills Community Facilities Districts	19,245,000	100.	19,245,000
Cucamonga School District Community Facilities District No. 97-1	3,910,000	100.	3,910,000
Etiwanda School District Community Facilities Districts	69,760,000	100.	69,760,000
Upland Unified School District Community Facilities Districts	2,539,000	100.	2,539,000
City of Fontana Community Facilities Districts	74,090,000	4.930-100.	64,630,535
Mountain View School District Community Facilities District No. 1997-1	434,000	100.	434,000
San Bernardino County Community Facilities District No. 2002-1	15,845,000	100.	15,845,000
City of Ontario Community Facilities Districts	175,430,000	100.	175,430,000
City of Rancho Cucamonga Community Facilities Districts	57,051,000	100.	57,051,000
City of Upland Community Facilities Districts	55,330,000	100.	55,330,000
California Statewide Community Development Authority 1915 Act Bonds	840,000	100.	840,000
San Bernardino County Assessment District No. 2018-1	5,629,026	100.	5,629,026
City of Rancho Cucamonga 1915 Act Bonds	225,000	100.	225,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$2,867,305,081

<u>TOTAL OVERLAPPING GENERAL FUND DEBT:</u>	<u>Total Debt</u>	<u>% Applicable (3)</u>	<u>Agency's Share of</u>
	<u>6/30/22</u>		<u>Debt 6/30/22</u>
San Bernardino County General Fund Obligations	\$188,035,000	50.759	\$ 95,444,686
San Bernardino County Pension Obligation Bonds	119,835,000	50.759	60,827,048
San Bernardino County Flood Control General Fund Obligations	44,780,000	50.759	22,729,880
Chaffey Community College District Certificates of Participation	27,675,000	98.558	27,275,927
Fontana Unified School District Certificates of Participation	20,515,000	90.964	18,661,265
Rialto Unified School District Certificates of Participation	9,976,091	12.445	1,241,525
Cucamonga School District Certificates of Participation	3,426,000	100.	3,426,000
City of Fontana Certificates of Participation	53,015,000	81.452	43,181,778
City of Montclair General Fund Obligations	83,995,000	100.	83,995,000
City of Ontario General Fund and Pension Obligation Bonds	379,750,000	100.	379,750,000
City of Rancho Cucamonga General Fund Obligations		99.945	
City of Rialto General Fund Obligations	10,737,920	22.381	2,403,254
City of Upland General Fund Obligations	6,537,217	100.	6,537,217
West Valley Vector Control District Certificates of Participation	1,866,938	99.983	1,866,621
TOTAL OVERLAPPING GENERAL FUND DEBT			\$747,340,201

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$688,992,900 34.092-100.000% \$569,320,415

DIRECT DEBT	\$0
TOTAL OVERLAPPING DEBT	\$4,183,965,697
NET COMBINED TOTAL DEBT	\$4,183,965,697 (4)

INLAND EMPIRE UTILITIES AGENCY

Debt Capacity - Computation of Direct and Overlapping Bonded Debt
As of June 30, 2022

RATIOS TO 2021-22 ASSESSED VALUATION:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt.....	2.12%
Combined Direct Debt.....	3.10%

RATIOS TO REDEVELOPMENT SUCCESSOR AGENCIES INCREMENTAL VALUATION (\$45,718,135,762):

Total Overlapping Tax Increment Debt	1.25%
--	-------

Footnotes:

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

Source: California Municipal Statistics, Inc.

INLAND EMPIRE UTILITIES AGENCY

Operating Indicators - Wastewater Facilities

Design Capacity and Average Flow

As of June 30, 2022

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

The following table presents the design capacities and average flows of the Agency's water recycling facilities as of June 30, 2022:

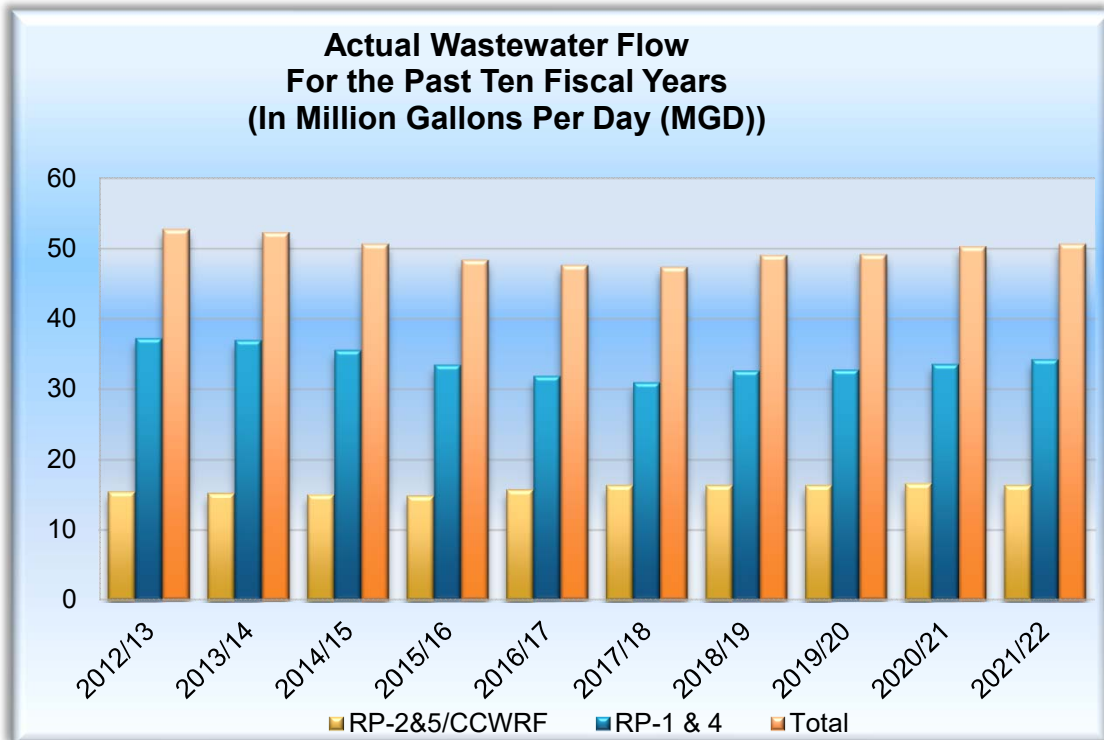
Facility	Design Capacity (MGD)*	Average Flow (MGD)*	Average Flow as % of Design Capacity
RP-1	44.0	24.8	56.4%
RP-4	14.0	9.5	67.9%
RP-5	16.3	8.6	52.8%
CCWRF	12.0	7.8	65.0%
Total	86.3	50.7	58.7%

**MGD = million gallons per day*

INLAND EMPIRE UTILITIES AGENCY

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

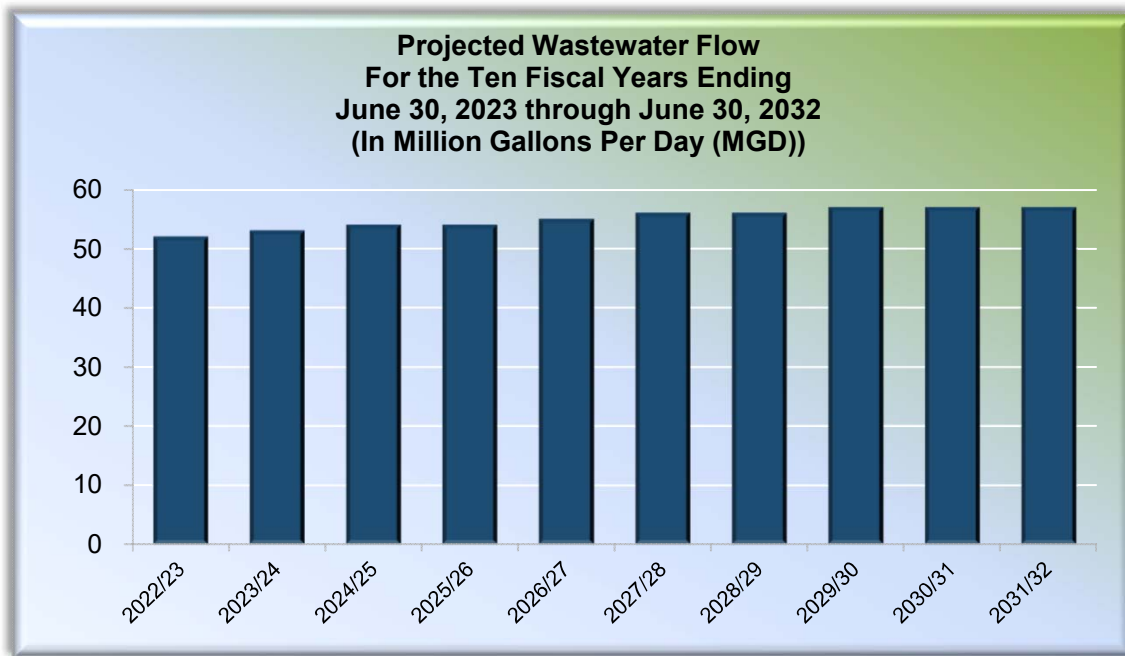
Fiscal Year	RP-1 & 4 (MGD)	RP-2&5/CCWRF (MGD)	Total (MGD)
2012/13	37.3	15.5	52.8
2013/14	37.0	15.3	52.3
2014/15	35.6	15.1	50.7
2015/16	33.5	14.9	48.4
2016/17	31.9	15.8	47.7
2017/18	31.0	16.4	47.4
2018/19	32.7	16.4	49.1
2019/20	32.8	16.4	49.2
2020/21	33.6	16.7	50.3
2021/22	34.3	16.4	50.7



INLAND EMPIRE UTILITIES AGENCY

Operating Indicator - Projected Wastewater Flow
 For the Ten Fiscal Years Ending June 30, 2023 through June 30, 2032*
 (In Million Gallons Per Day (MGD))

Fiscal Year	Total (MGD)
2022/23	52
2023/24	53
2024/25	54
2025/26	54
2026/27	55
2027/28	56
2028/29	56
2029/30	57
2030/31	57
2031/32	57

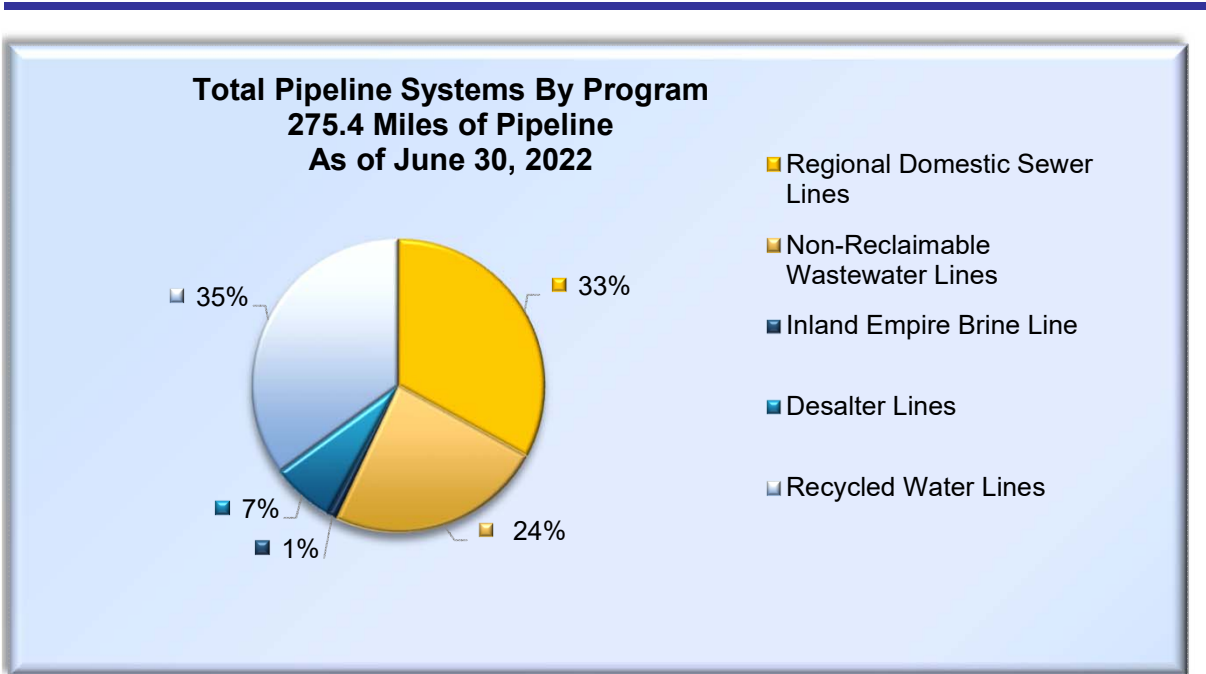


* Source: Statistics were Provided by IEUA Planning and Water Resources Department.

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

INLAND EMPIRE UTILITIES AGENCY
 Operating and Capacity Indicators - Pipeline Systems By Program
 As of June 30, 2022

Program	Miles of Pipeline	Percentage of Pipelines
Regional Domestic Sewer Lines	89.9	33%
Non-Reclaimable Wastewater Lines	66.7	24%
Inland Empire Brine Line	4.0	1%
Desalter Lines	19.6	7%
Recycled Water Lines	95.2	35%
Total Miles of Pipeline	275.4	100%



Source: IEUA Business Information Services Dept.
 No data available prior to most recent information.

INLAND EMPIRE UTILITIES AGENCY

Operating Indicators - FY 2021/22 Staffing Allocations

As of June 30, 2022

Actual staffing allocation by Agency Program	*FTE
Regional Wastewater Operations and Capital Programs	182.5
Recycled Water Programs	23.0
Inland Empire Regional Composting Authority Operations	23.0
Non-reclaimable Wastewater System Programs	14.2
Chino Basin Desalter Operations & Capital Programs	4.0
Recharge Water Programs	5.3
Water Resources Related Activities & Conservation Programs	13.3
General Administration	2.7
Total Filled FTE Count	268
Total Authorized FTE	302
Vacancy Factor Percentage	11.3%

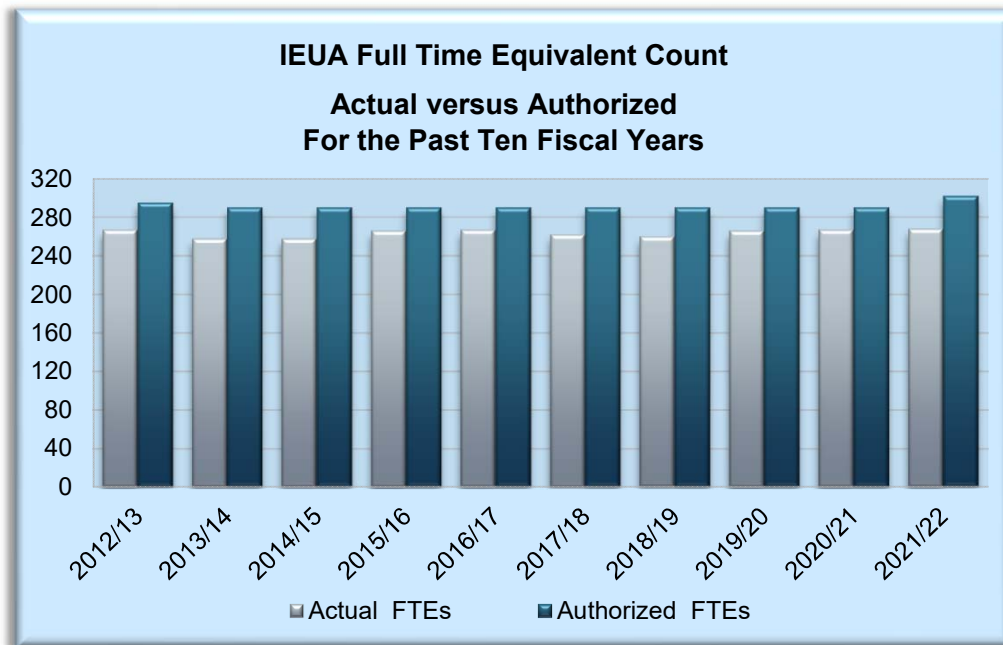
Source: IEUA June 2022 Position Control Report

***FTE- Full Time Equivalent**

INLAND EMPIRE UTILITIES AGENCY

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

Fiscal Year	Actual FTEs	Authorized FTEs
2012/13	267	295
2013/14	258	290
2014/15	258	290
2015/16	266	290
2016/17	267	290
2017/18	262	290
2018/19	260	290
2019/20	266	290
2020/21	267	290
2021/22	268	302



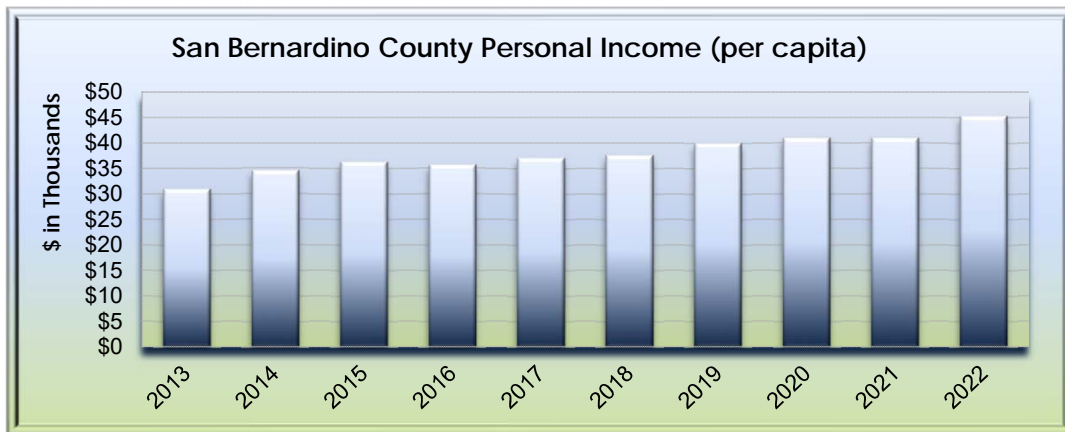
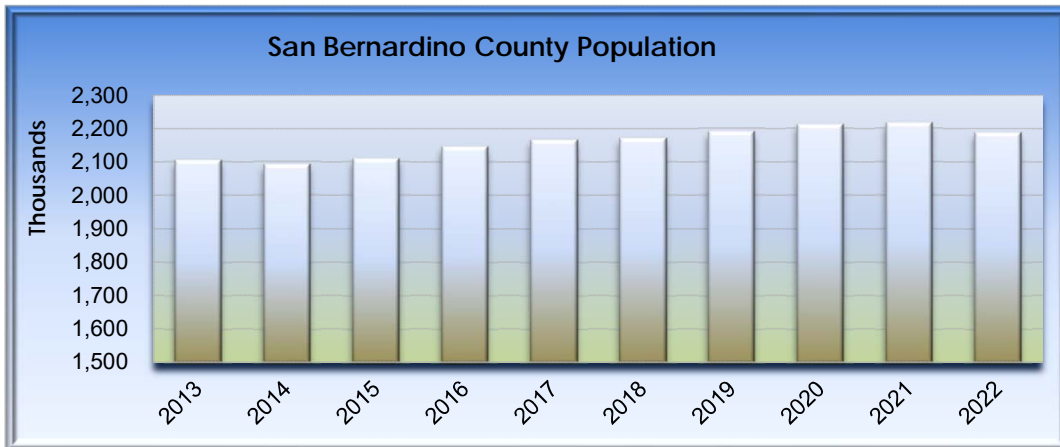
The chart and table above compared the number of authorized full time equivalent (FTE) positions to actual employees at the end of the fiscal year for the past ten years.

INLAND EMPIRE UTILITIES AGENCY

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

San Bernardino County (1)

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



Footnotes:

- (1) Source: San Bernardino County Economic Forecast 2021.
- (2) The County data is representative of the conditions and experience of the Agency's service area.
- (3) Data for Year 2022 has been estimated.

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

Firm	Location	Number of Employees
Ontario International Airport	Ontario	5,000-9,999
United Parcel Services (UPS)	Ontario	5,000-9,999
Workforce Personnel, Inc	Ontario	5,000-9,999
Kaiser Medical Center	Fontana	6,180
Fontana Unified School District	Fontana	4,803
Amazon.com Services LLC	Fontana	3,718
Chino Valley Unified School District	Chino	3,626
San Antonio Community Hospital	Upland	2,817
Inland Empire Health Plan	Rancho Cucamonga	2,450
Ontario-Montclair School District	Montclair	2,438
Chaffey Joint Union High School District	Ontario	2,000-4,999

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



Kaiser Hospital & Medical Group



San Antonio Community Hospital



Chaffey Community College District



Ontario International Airport

Footnote: No data available prior to most recent information.

INLAND EMPIRE UTILITIES AGENCY

Appropriations Limit

Fiscal Years Ended June 30, 2017 through 2022*

Fiscal Year	Annual Appropriations Limit	Proceeds of Taxes (Appropriations)
2016/17	\$ 169,703,311	\$ 44,704,800
2017/18	\$ 178,006,894	\$ 46,046,000
2018/19	\$ 186,293,115	\$ 47,887,800
2019/20	\$ 195,207,240	\$ 52,364,002
2020/21	\$ 203,521,116	\$ 53,934,900
2021/22	\$ 215,549,215	\$ 57,486,000

* Source: Board Resolution No. 2021-8-1

INLAND EMPIRE UTILITIES AGENCY, CALIFORNIA

APPROPRIATIONS LIMIT WORKSHEET NO. 6

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

YEAR ENDED JUNE 30, 2022



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Inland Empire Utilities Agency
Chino, California

We have performed the procedures enumerated below on the accompanying Appropriations Limit Worksheet No. 6 of the Inland Empire Utilities Agency, California, (the Agency) for the year ended June 30, 2022. The Agency's management is responsible for the Appropriations Limit Worksheet No. 6.

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

The procedures and the associated findings are as follows:

- a. We obtained the completed Appropriations Limit Worksheet No. 6 for the year ended June 30, 2022, and compared the limit and annual adjustment factors included in that worksheet to the limit and annual adjustment factors that were adopted by resolution of the board of directors. We also compared the population and inflation options included in the aforementioned worksheet to those that were selected by a recorded vote of the board of directors.

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

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

Finding: The Agency had selected the San Bernardino County's population growth as its population adjustment factor. The Agency used an incorrect population factor of 0.9954. The correct population factor is 1.0017. Utilizing the correct population factor increased the appropriations limit from \$214,193,763 to \$215,549,215. The Agency revised the calculation, and the board of directors adopted the correct appropriations limit of \$215,549,215 by resolution.



Board of Directors
Inland Empire Utilities Agency

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

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

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

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

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



CliftonLarsonAllen LLP

Irvine, California
December 3, 2021

**INLAND EMPIRE UTILITIES AGENCY
 APPROPRIATIONS LIMIT WORKSHEET NO. 6
 YEAR ENDED JUNE 30, 2022**

Appropriations Limit for Fiscal Year Ended June 30, 2021 (see Note 2) \$ 203,521,116

Adjustments Factors for the Fiscal Year Ended June 30, 2022 (see Note 2):

Inflation Factor (Note 3)	Population Factor (Note 4)	Combined Factor	
1.0573000	1.0017000	1.0591000	x 0.05910000
Adjustment for Inflation and Population			12,028,099
Other Adjustments (Note 5)			-
Total Adjustments			12,028,099
Appropriations Limit for Fiscal Year Ended June 30, 2022			\$ 215,549,215

See accompanying Notes to Appropriations Limit Worksheet No. 6.
 (3)

**INLAND EMPIRE UTILITIES AGENCY
NOTES TO APPROPRIATIONS LIMIT WORKSHEET NO. 6
JUNE 30, 2022**

NOTE 1 PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

NOTE 2 METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed at Notes 3 and 4 below.

NOTE 3 INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the percentage change in California per capita personal income from the preceding year (which is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the Inland Empire Utilities Agency (the Agency) for fiscal year 2021-2022 represents the percentage change in California per capita personal income from the preceding year.

NOTE 4 POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the Agency for fiscal year 2021-2022 represents the annual percentage change in the population in the County where the Agency is located.

NOTE 5 OTHER ADJUSTMENTS

A California governmental agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another governmental agency or private entity. The Agency had no such adjustments for the year ended June 30, 2022.

Valuation and Estate Planning Considerations for the Family Office

Valuation and Estate Planning Considerations for the Family Office

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. CliftonLarsonAllen LLP

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. CliftonLarsonAllen LLP

Valuation and Estate Planning Considerations for the Family Office

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. CliftonLarsonAllen LLP

Valuation and Estate Planning Considerations for the Family Office

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. CliftonLarsonAllen LLP

Valuation and Estate Planning Considerations for the Family Office

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. CliftonLarsonAllen LLP

Valuation and Estate Planning Considerations for the Family Office

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. CliftonLarsonAllen LLP



General Counsel

JC Law

5871 Pine Avenue, Suite
200, Chino Hills, CA 91709

Labor Counsel

Dorgan Legal Services, LLP
790 E. Colorado Blvd. 9th Floor,
Pasadena, CA 91101

Auditor

Clifton, Larson, Allen, LLP
2875 Michelle Drive Suite 300
Irvine, CA 92606



**Regional Force Main Improvements
to Improve Reliability
(Existing Manhole Surcharging)**

Inland Empire Utilities Agency

6075 Kimball Avenue
Chino, CA 91708

Connect with us:

ieua.org



 **nextdoor**

@IEUAWater

Phone: (909) 993-1600

Fax: (909) 993-1986

P.O. Box 9020

Chino Hills, CA 91709