Comprehensive Annual Financial Report
Fiscal Year ended June 30, 2019
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.
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December 18, 2019

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

State law and local ordinances require the Agency to annually publish a comprehensive report of its financial condition and activities, audited in accordance with general accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, it is with pleasure that we present The Comprehensive Annual Financial Report of the Inland Empire Utilities Agency (referred to as IEUA or the Agency) for the fiscal year ended June 30, 2019.

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. To provide a reasonable basis for making these representations, management of the Agency has established a comprehensive internal control framework that is designed both to protect the Agency’s assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Agency’s financial statements in conformity with accounting principles generally accepted in the United States of America. 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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The Agency’s financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2019, are free from any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Agency’s financial statements for the year ended June 30, 2019 are fairly presented in conformity with accounting principles generally accepted in the United States of America. 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.

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 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. 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.

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 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 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.

The Agency currently operates five water recycling plants:

**REGIONAL WATER RECYCLING PLANT NO. 1 (RP-1)**

RP-1 is located south of the 60 freeway at Archibald in the City of Ontario. This facility was originally commissioned in 1948 and has undergone several expansions to increase the wastewater and biosolids treatment capacity. RP-1 treats an average flow of approximately 22.2 million gallons per day (mgd) of wastewater.

**REGIONAL WATER RECYCLING PLANT NO. 2 (RP-2)**

RP-2 is in the southern service area in the City of Chino near El Prado and Pine Avenues and has been in operation since 1960. RP-2 wastewater flows have been diverted to Regional Water Recycling Plant No. 5 (RP-5), and as a result RP-2 no longer processes wastewater. Instead, it treats the solids flow streams from the Carbon Canyon Water Recycling Facility, and RP-5 facilities.
CARBON CANYON WATER RECYCLING FACILITY (CCWRF)

CCWRF is located near the intersection of Central Avenue and Chino Hills Parkway in the City of Chino, and, has been in operation since May 1992. Liquids are treated at CCWRF, while the solids removed from the waste flow are treated at RP-2. CCWRF treats an average flow of approximately 8.0 mgd.

REGIONAL WATER RECYCLING PLANT NO. 4 (RP-4)

RP-4 is in the northeastern section of the service area in the City of Rancho Cucamonga and has been in operation and producing recycled water since 1997. RP-4 is operated in conjunction with RP-1 to provide recycled water. In late FY 2008/09 the plant’s capacity was expanded to 14 mgd, and it currently treats an average flow of approximately 9.7 mgd.

REGIONAL WATER RECYCLING PLANT NO. 5 (RP-5)

RP-5 is in the southwestern area of the Agency’s boundary in the City of Chino. This facility was originally commissioned in 2000. RP-5 treats an average flow of approximately 7.8 mgd. RP-5 uses several treatment processes that contribute to providing quality recycled water pursuant to the State of California Title 22 regulations.

In addition to the treatment plants, the Agency owns and operates several trunk lines and interceptor sewers into which the Cities’ sewers discharge their wastewater.

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 discharge 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 to finance the purchase of treatment capacity and the construction of two major NRWS trunk lines. The NRWS is divided into a Northern and Southern System. The Northern System consists of three trunk lines: north, center, and south trunk lines, which discharge the industrial wastewater into the Sanitation Districts of Los Angeles County (SDLAC) System. The wastewater generated from the Southern portion of the NRWS is diverted to Orange County Sanitation (CSDOC).

During 1972, bond proceeds were used to purchase treatment capacity in the CSDOC Fountain Valley treatment facility for the Agency’s Southern System. In 1981, the Santa Ana Watershed Project Authority (SAWPA) assigned the Agency a capacity right of 2.5 mgd in the Santa Ana Regional Interceptor (SARI) System. The Southern System is connected to facilities of the CSDOC. The salt-laden industrial strength wastewater is transported to CSDOC treatment plants via the SARI pipeline for treatment and discharge into the Pacific Ocean. Currently, the NRWS owns a 4.13 mgd capacity right in the SARI system, and 2.25 mgd of treatment capacity in CSDOC treatment plants.

In addition to the pipeline and treatment capacity owned by the NRWS, the Regional Wastewater System also owns 1.98 mgd of SARI capacity, and 0.1 mgd of treatment capacity, used to divert wastewater flows in emergency situations and heavy rain related peak flows at our Regional water recycling plants.

The Agency and SDLAC entered into agreements dating back to 1966 under which SDLAC agreed to accept the Agency’s industrial wastewater flows from the NRWS Northern System. This agreement was set to expire in May 2018. On December 18, 2013, the Agency’s Board of Directors approved the new NRWS Wastewater Disposal Agreement between the Agency and SDLAC effective July 1, 2014. The new agreement has a term of thirty years, allowing for four additional five-year extensions and the option to lease discharge rights, which makes the new agreement more attractive for both new and existing customers looking to expand. Under the agreement, SDLAC owns and operates the sewerage system. As of June 30, 2018, the Agency has been assigned with 15,286 capacity units per year.
As of June 30, 2018, approximately fifty industries (forty in the North NRWS and ten in the South Inland Empire Brine Line (IEBL)) discharged the brine wastewater generated from their process. Some of the largest industries in the North NRWS are California Steel Industries, New-Indy Ontario, Niagara II, Frito Lay Inc., Ventura Foods, Niagara I, James Hardie Building Products, Crothall Health Services, and GE Mobile Water; and for the South IEBL, Mission Uniform and Linen Services, California Institution for Women (CIW), and California Institution for Men (CIM). These industries are directly connected to the Agency’s NRWS. The NRWS also serves approximately seven industrial customers that truck their wastewater to the Agency’s dump discharge stations.

The Agency’s regional water and wastewater services are essentially wholesale services provided to the Agency’s Contracting Agencies. In contrast, the Agency’s NRWS provides retail services that are billed directly to the industrial customers of the Agency.

In recent years the Agency has completed construction and installation of solar fields at several IEUA facilities.

**RENEWABLE ENERGY PORTFOLIO**

**AGENCY WIDE – 3.5 MW PHOTOVOLTAIC SYSTEM**

In 2008, IEUA entered into a Power Purchase Agreement (PPA) with a third party to install, maintain, and operate five photovoltaic systems across four Agency facilities for a total of 3.5 Mega Watt (MW). This represents approximately 35 percent of the combined Agency’s peak load (Ten MW), and approximately nine percent of the Agency’s combined energy usage (6,800 MWh solar generation, compared to 80,000 MWh electric energy usage).

The installation at these sites includes different technologies: roof and ground mounted fixed-tilted panels, horizontal trackers, and tilted trackers. Tilted single-axis trackers, installed at RP-5 just behind IEUA’s headquarters, generate thirty percent more energy than fixed-tilt technology.
BATTERY STORAGE

The Agency has started a pioneer energy project to use advanced energy storage systems to integrate renewable power, reduce demand on the electric grid, and lower the cost. Upon completion, 3.65 MW of advance energy storage will be placed at the regional water recycling facilities to complement and integrate the Agency’s renewable resources.

In mid-2016, IEUA’s Regional Plant No. 5 (RP-5) began operation of the first of four battery systems that will total four MW of energy storage across the Agency’s wastewater treatment facilities. The objective of the energy storage is to enhance load management, optimize renewable power systems, and provide cost savings for facilities by reducing demand charges during on-peak hours. IEUA submitted the Regional Water Recycling Plant No. 5 Battery Storage Project in three categories based on its practices: environmental sustainability, operations/management, and planning. The America Academy of Environmental Engineers and Scientists (AAEES) presented the Agency the grand prize award in all three categories.

JOINT POWERS AUTHORITY

CHINO BASIN DESALTER AUTHORITY

A joint power authority (JPA) was formed in 2001 to acquire all assets and liabilities of the Chino Basin Desalter and its operations from the Santa Ana Watershed Project Authority (SAWPA).

The Chino Basin Desalter Authority (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.
In February 2002, the Agency entered into a Joint Powers Agreement with the County Sanitation District No. 2 of Los Angeles County (SDLAC) and formed the Inland Empire Regional Composting Authority (IERCA) to divert organic solids from landfill disposal and to recycle 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. IERCA began operation in March 2007 and produces 240,000 cubic yards of a wood-based, nutrient-rich compost annually. 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.

RECYCLED WATER DISTRIBUTION SYSTEM

The Agency has been providing recycled water to its member agencies since formation of the Regional Sewage Service Contract in 1972. Initially, recycled water 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. The connected demand for recycled water has more than tripled since FY 2006/07 from 13,000-acre feet per year (AFY) to over 49,700 AFY. Recycled water and groundwater recharge deliveries have nearly tripled as well. Major benefits of the recycled water program include:

- New Water Supply – 30,000 AFY increase in connected demand since FY 2006/07
- Recycled water is not impacted by drought and will mitigate the impacts of regional or statewide water supply limitations.

Since 2010, the rate of connections for direct use customers to the regional recycled water system has been stagnant primarily due to the economic recession and changes in land use from agriculture to residential and commercial. As a result, the Agency has shifted its focus from direct connections to pursuing additional regional groundwater recharge projects. The Wineville Recycled Water Pipeline Extension was completed in December 2015. The next phase of projects and priorities is currently under development, with the evaluation of the Chino Basin Project.
GROUNDWATER RECHARGE BASINS

In conjunction with the Chino Basin Watermaster (CBWM), the Agency is implementing the groundwater recharge program to increase artificial groundwater recharge within Chino Basin using storm water, recycled water, and imported water. By enhancing the recharge capacity in the Chino Basin, greater quantities of high-quality water can be captured and stored during wet years. Subsequently, the stored water can be drawn from the basin during droughts and shortages of imported water. Annual recharge varies due to weather patterns and the availability of imported water and recycled water supplies.

In 2013, the Agency, CBWM, Chino Basin Water Conservation District (CBWCD), and their respective member agencies implemented the amendment to the 2010 Recharge Master Plan (2013 Recharge Master Plan Update or RMPU). Following section 8.1 of the Peace II Agreement, CBWM and IEUA must update and obtain Court approval of its RMPU no less than every five years. Since February 2018, the RMPU Steering Committee has been working with different pools toward the development of the updated recharge master plan. The updated RMPU was approved concurrently by IEUA and CBWM in September 2018 to meet the required Court filing deadline, and no new stormwater or supplemental water projects are planned at this time.

ECONOMIC CONDITION AND OUTLOOK

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

STATE AND INTERSTATE ROUTES IN THE INLAND EMPIRE

Source: https://www.google.com/maps/search/Inland+Empire+Utilities+Ageny/@33.9710092,-117.9500911,10z
With easy access to the ports of Los Angeles and Long Beach, the IE is also a gateway to Asia. As a result of relatively low-cost land, it has emerged as a significant big-box and warehouse distribution hub for the greater Southern California region.

Between 2016 - 2018, the IE added 49,308 jobs, of which 22,408, or about 45 percent, were in the construction, transportation and warehousing (logistics) sector according to Dr. John Husing, an economist with the Inland Empire Economic Partnership, and reported in the April 2019 quarterly economic report.

This proportion illustrates the importance of logistics and industrial real estate to the region’s economy. Many of southern California’s recreational and cultural attractions – including Disneyland, J. Paul Getty Museum, Universal Studios, and the Long Beach Aquarium and the coastal beaches – are approximately one-hour drive away.

Year round the region has moderate temperatures and low humidity. In winter, the average temperatures range from 45 to 70 degrees; the average temperature in summer is around ninety (90) degrees. The region receives, on average, 312 days of sunshine per year and the average rainfall is seventeen inches per year.

**Anticipated Growth** – The Agency’s service area, located in the Inland Empire (IE), is considered as one of the fastest growing regions in the United States. According to the forecasting center at UC Riverside’s School of Business, the major growth sectors are transportation (logistics), government, education and health services, as well as the construction industry.

A recent highpoint for the region anticipated to drive local economic activity was the City of Ontario’s recovery of local control of the Ontario International Airport after decades under Los Angeles jurisdiction. According to the Inland Empire Economic Partnership April 2019 Quarterly Economic Report, the IE economy is expected to gain 38,200 jobs (2.5 percent) in 2019, after adding 49,308 in 2018 (3.4 percent). The job expansion will continue partly because of the area’s traditional advantages, including available land, modestly priced labor, growing population, as well as continued growth in health care, and a small addition of jobs in higher paying private and public sectors such as management and professions, government, colleges, and utilities.

The IE population continued to grow throughout the recession at an average rate of one percent between 2008 to 2018. As shown in the following table, the estimated population in San Bernardino County is expected to slightly increase by nearly one percent in 2019.

<table>
<thead>
<tr>
<th>SAN BERNARDINO COUNTY POPULATION ESTIMATES</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>2,178,492</td>
<td>2,200,426</td>
</tr>
<tr>
<td>Male</td>
<td>49.58%</td>
<td>49.60%</td>
</tr>
<tr>
<td>Female</td>
<td>50.42%</td>
<td>50.40%</td>
</tr>
<tr>
<td>0 to 19 years</td>
<td>29.78%</td>
<td>29.55%</td>
</tr>
<tr>
<td>20 to 34 years</td>
<td>21.88%</td>
<td>21.86%</td>
</tr>
<tr>
<td>35 to 49 years</td>
<td>18.95%</td>
<td>18.87%</td>
</tr>
<tr>
<td>50 to 64 years</td>
<td>17.72%</td>
<td>17.61%</td>
</tr>
<tr>
<td>65 years and older</td>
<td>11.66%</td>
<td>12.12%</td>
</tr>
</tbody>
</table>

Source: www.dof.ca.gov/
The population in the Agency’s service area is projected to surpass 875,000 in 2019. According to the State’s labor market information, the IE, 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 IE population may reach to more than seven million by 2030.

Population and demographics within the service area are show in the following charts:

**Housing Market** - The Inland Empire’s housing market appears to be slowly moving into expansion mode, as the region’s residential prices have increased in 2019 significantly, up 127.5 percent (existing), and 4.2 percent (new) from the all-time lows in 2009 and 2006 respectively. Existing median home prices ($334,000) remain 9.4 percent below their highest price, but many of the homes sold at that high price have long since been lost to foreclosures. Given these figures, the IE is likely to see increased demand for new home construction as the lack of supply is driving up prices. The low median home prices for Inland Empire, relative to the surrounding counties, makes it affordable and is a key incentive for expected growth.

**Southern California Median Home Prices by County ($ Thousands)**

Source: John Husing, April 2019 Inland Empire Quarterly Economic Report
**Employment** - California posted a gain of over 17,000 new nonfarm payroll jobs in 2019. The state’s unemployment rate was 4.2 percent according to data released by the U.S. Bureau of Labor Statistics in June 2019. Likewise, the unemployment rate in the IE was 4.2 percent in June 2019; and is forecasted to remain the same through 2019. The unemployment in the region is getting closer in meeting the state average.

As the IE economy continues to recover, not only has it recovered all the job losses relative to the pre-recession level in 2007, it has added 15.7 percent to pre-recession levels. The economic recovery has also altered the industrial and employment composition in the IE. Construction and manufacturing industry which were traditionally a driving force within the IE economy has recovered nearly half of the jobs lost since the onset of the recession. The sector that has come out as one of the winners from recession is the Transportation and Warehousing (logistics) industry.

The three largest employers by industry are logistics, educational and health care services, and tied are the leisure and hospitality sector as well as the professional and business services sector. Combined these industries represent nearly 75 percent of the labor market in San Bernardino County. The value of United States (US) dollar strengthened in the last year and stands at 6.5% above the March 2018 level, making US export more expensive to the world. This, combined with an increase in the demand for larger warehouses and fulfillment centers by conventional and online retailers, has resulted in a slower but steady increase of logistics related jobs in the region while spurring increased demand for manufacturing.

**SAN BERNARDINO COUNTY JOBS BY INDUSTRY**

As the lower housing prices in the region continue to entice people moving out of the more expensive areas of Southern California, the need for educators and health care professionals continues to grow to support the moving population. This sector already supplies eighteen percent of the county’s jobs. IE has one health care worker for every 32.2 residents—still below the state average of one per every 26.6 residents. This factor points to likely continued growth in this sector in the future.

In 2018/2019, the Inland Empire continued the expansion that has been underway since 2011. Through 2018, California totaled 352,208 jobs that have been created. The 2018/2019 gain is forecasted to add another 38,200 jobs, up 2.52 percent. The expansion will continue partly because of the area’s traditional advantages for blue collar/technical sectors (available land, modestly priced labor, growing population), as well as continued growth in health care, and a small addition of jobs in higher paying sectors.

The following graph shows the region’s job trend from 1984 through a projected estimate for 2019.

According to Dr. John Husing, job growth in the IE for 2019 is forecasted to favor moderate and high paying jobs over low paying jobs, 60 percent to 40 percent which is the typical distribution (high-moderate/low pay) and has the potential to spur more investment within the region. This will drive more expansion as those high paying jobs will allow greater velocity within the IE’s money market.
The following Table shows the region’s principal employers. The majority of the companies fall under the region’s two largest employer categories as mentioned above: logistics, and educational and health services.

### PRINCIPAL PUBLIC AND PRIVATE EMPLOYERS IN THE IEUA SERVICE AREA

<table>
<thead>
<tr>
<th>Firm</th>
<th>Location</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontario Intl. Airport</td>
<td>Ontario</td>
<td>5,000 - 9,999</td>
</tr>
<tr>
<td>Shelby Holdings LLC</td>
<td>Ontario</td>
<td>5,000 - 9,999</td>
</tr>
<tr>
<td>United Parcel Service (UPS)</td>
<td>Ontario</td>
<td>5,000 - 9,999</td>
</tr>
<tr>
<td>Ontario-Montclair School District</td>
<td>Montclair/Ontario</td>
<td>1,000 - 4,999</td>
</tr>
<tr>
<td>Fontana Unified School District</td>
<td>Fontana</td>
<td>4,010</td>
</tr>
<tr>
<td>Chino Valley Unified School District</td>
<td>Chino</td>
<td>2,674</td>
</tr>
<tr>
<td>San Antonio Community Hospital</td>
<td>Upland</td>
<td>2,400</td>
</tr>
<tr>
<td>Kaiser Foundation Hospitals</td>
<td>Fontana</td>
<td>2,243</td>
</tr>
<tr>
<td>Inland Empire Health Plan (IEHP)</td>
<td>Rancho Cucamonga</td>
<td>2,200</td>
</tr>
<tr>
<td>Chaffey Community College</td>
<td>Rancho Cucamonga</td>
<td>2,064</td>
</tr>
</tbody>
</table>

Source: Comprehensive Annual Financial Reports within service area

### Median Income

Median household income for 2017 is estimated to be $72,486 in the Agency service area, $60,420 in San Bernardino County, $71,805 in the State of California, and $60,336 in the US. The table below illustrates how the average annual incomes for the cities within the Agency’s service area compare to the county, state, and countries annual average.

<table>
<thead>
<tr>
<th>Agency Service Area</th>
<th>Median Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chino Hills</td>
<td>$102,743</td>
</tr>
<tr>
<td>Rancho Cucamonga</td>
<td>$ 83,736</td>
</tr>
<tr>
<td>Chino</td>
<td>$ 75,530</td>
</tr>
<tr>
<td>Fontana</td>
<td>$ 68,304</td>
</tr>
<tr>
<td>Upland</td>
<td>$ 65,349</td>
</tr>
<tr>
<td>Ontario</td>
<td>$ 57,544</td>
</tr>
<tr>
<td>Montclair</td>
<td>$ 54,192</td>
</tr>
<tr>
<td>Service Area Average</td>
<td>$ 72,486</td>
</tr>
<tr>
<td>San Bernardino County Average</td>
<td>$ 60,420</td>
</tr>
<tr>
<td>State of California Average</td>
<td>$ 71,805</td>
</tr>
<tr>
<td>US Average</td>
<td>$ 60,336</td>
</tr>
</tbody>
</table>

Source: [https://datausa.io/profile/geo/california](https://datausa.io/profile/geo/california)
The IEUA business goals, updated and adopted by the Board of Directors in December 2016, align with the Agency Mission, Vision, and Values which are defined by the needs of our stakeholders and the public value provided to the community. Within the business goals, objectives are evaluated and derived into work plans to ensure that the current and future needs of the Agency and region are appropriately met. The IEUA Strategic Business Plan (Plan) developed in 2015, which serves as the basis for the framework for decision making over a five-year period (2015-2019), outlines fundamental decisions that shape what the Agency plans to accomplish and sets rational courses of action.

During Fiscal Year 2018/19 the Agency, in collaboration with its member agencies, key stakeholders in the region, and dedicated Agency staff, accomplished significant milestones and executed several planned initiatives outlined in the Agency’s Strategic Plan. Agency Management established several important objectives to accomplish during FY2019/20 and FY2020/21. These objectives include continual development and implementation of the Integrated Water Resource Management Plan that promotes cost-effective, reliable, efficient and sustainable water supplies to support and promote economic growth throughout the region; safely manage and maintain Agency assets efficiently and cost effectively, to meet all regulatory standards, and to protect public health and the environment while producing renewable energy; cost containment of expenditures within budgeted targets; optimizing federal and state grant funding; oversight of preparation of long-term planning documents, with an emphasis on long range financial planning to ensure fiscal stability of the Agency for the next decade; and support succession planning for timely recruitment of critical positions to enable knowledge transfer and minimize the impact to the organization and customers.

Water

Water demand within the Agency’s service area has changed significantly over the years, shifting the majority of water use throughout the region from agricultural to urban (residential, commercial, industrial, and institutional). IEUA and its member agencies work collaboratively to develop, deliver, and preserve safe and reliable water supplies while employing technologies and activities that maintain and improve region-wide water use efficiencies.

Demand management and the efficient use of water remains a long-term priority in meeting water supply reliability that is unpredictable from year to year. Historically, drought is cyclical and produces lower than average precipitation, however, over the last ten years, the region has experienced extended periods of below average rainfall and rising temperatures. Water shortages are occurring more often due to a higher frequency of “dry year” weather events, a growing population and the disruption to imported water deliveries from the State Water Project (SWP) due to environmental regulations and operational restraints. As a result, IEUA has put in place imported water policies, practices, and programs that promote the development and full utilization of local water resources that include water use efficiency measures, recycled water production, groundwater recharge, and storm-water capture.
IEUA’s water use efficiency programs are fundamental in managing region-wide demand and are a significant impact to sustaining regional water supplies. Imported water purchases have increased, but local groundwater production has decreased in response to new trichloropropane (TCP) water quality standards. While the region is using approximately eleven percent less water than before the most recent drought in 2014, IEUA anticipates a slight increase in water usage due to the persistent higher temperatures the region is experiencing. However, long-term demands are not expected to exceed the peak year of FY 2007/08. The demand modeling analysis that was conducted as part of IEUA’s 2015 Integrated Water Resources Plan (IRP) and Urban Water Management Plan (UWMP) found that new developments in the region tend to be more water efficient due to changes in the plumbing code, higher density developments with less landscaping, and compliance with the existing model landscape ordinance requirements set forth in Assembly Bill (AB) 1881.

During the coming years, water use efficiency programs in the IEUA service area will continue to play a vital role in stretching existing water supplies and minimizing the economic impact from reduced imported water deliveries. IEUA works in partnership with its member agencies, Chino Basin Watermaster (CBWM), Chino Basin Water Conservation District (CBWCD), and other agencies to implement regional water use efficiency programs. The programs primarily focus on education and provide incentives for high efficiency appliances and devices including weather-based irrigation controllers, and high efficiency sprinkler nozzles.

To effectively manage both imported and local water resources, IEUA works in close coordination with Metropolitan Water District of Southern California (MWD), CBWM, CBWCD, Santa Ana River Water Project Authority (SAWPA), San Bernardino County Flood Control (SBCFCD), and other agencies.

In FY 2018/19, major initiatives implemented in the Water Resources Program include:

- **IEUA Integrated Water Resources Plan** – Through a collaborative process, IEUA and the member agencies are preparing the 2020 Integrated Water Resources Plan (IRP). The 2020 IRP will include the development of an infrastructure model incorporating existing regional and local potable water demands, supplies, key infrastructure, and interconnections for the movement of water between agencies within the service area. Through modeling, the IRP will identify water supply vulnerabilities under a variety of current and future conditions, including loss of imported water, water supply allocation, multi-year drought, and water quality impairment. The IRP will utilize the results and evaluate potential projects to address vulnerabilities from a planning perspective, with the goal of enhancing water supply reliability and resiliency as a long-term regional implementation strategy.

- **IEUA Long-Term Water Use Efficiency Business Plan Update** – The Plan guides regional water use efficiency programs over the year by implementing core initiatives that will ensure a permanent reduction in water use to meet and exceed the goals and targets set forth under SBX 77 and the State’s new framework of “Making Water Conservation a California Way of Life”. Based on the updated Plan, the five-year water use reduction goal for IEUA’s service
area is 16,095 AF by the year 2020 and 31,446 AF lifetime savings from new programmatic activities. An additional 3,150 AF is projected to be achieved through passive water conservation savings. In 2015, IEUA, in partnership with the members, regionally exceeded the requirements of SBX 7 7 by achieving more than a twenty percent reduction in per capita water use before 2020.

- **Water Use Efficiency Programs** – IEUA and its member agencies will continue to allocate funds to targeted programs, such as residential, commercial, industrial, institutional, and landscaping, and to seek grant funding whenever applicable in order to maintain programs identified in the Water Use Efficiency Business Plan. IEUA will continue to offer an expanded array of options to increase and sustain demand reductions, and to provide public awareness, education, and participation. Additional details about the water use efficiency program will be available in the IEUA FY 2018-2019 Regional Water Use Efficiency Annual Programs Report.

- **Chino Basin Program (CBP)** - As of May 16, 2019, IEUA in partnership with fourteen additional cities and agencies within the Chino Basin, have approved a collaborative Memorandum of Understanding (MOU) in support of the CBP. The CBP, which includes construction of an advanced water treatment facility and distribution system to treat and store up to 15,000 acre-feet per year of recycled water in the Chino Basin was conditionally awarded $206.9 million from Proposition 1, a state water bond approved by voters in 2014 that provides funding for new and innovative water storage projects. In order to secure the final funding award, the CBP’s technical feasibility studies, institutional agreements and environmental permitting must be completed by 2020. IEUA will continue to work closely with its partners to further define the project vision and develop the institutional agreements to achieve the CBP vision.

### GROUNDWATER RECHARGE

Inland Empire Utilities Agency (IEUA), Chino Basin Watermaster (Watermaster), Chino Basin Water Conservation District, and San Bernardino County Flood Control District are partners in the implementation of the Chino Basin Recycled Water Groundwater Recharge Program. This is part of a comprehensive water supply program to enhance water supply reliability and improve the groundwater quality in local drinking water wells throughout the Chino Groundwater Basin by increasing the recharge of stormwater, imported water and recycled water. This program is an integral part of Watermasters Optimum Basin Management Program (OBMP).
The GWR infrastructure consists of a network of pipelines that direct stormwater runoff, imported water from the State of California Water Project (SWP) and IEUA recycled water to recharge sites - most of which consist of multiple recharge basins. These recharge basins are located throughout the IEUA service area (approximately 242 square miles) and are designed to hold the water so that it can percolate into the ground and replenish the alluvial aquifers and groundwater supply.

The Chino Basin Groundwater Recharge (GWR) Program is jointly sponsored by the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the San Bernardino Flood Control District (SBFCD) and IEUA. The GWR Program will assist in mitigating future water shortages in California caused by future limitations of importing water supplies from the California State Water project (SWP) and provides a subsurface reserve of groundwater for local use. The GWR Program enhances the current reliability and resiliency of regional groundwater supplies for a rapidly growing population and is an integral part of the regional water supply planning.
The FYs 2019/20 and 2020/21 biennial budget for GWR operations of the recharge basins and pertinent facilities is based on the costs to operate and maintain active recharge sites in the Chino Basin. IEUA currently recharges between 40,000 and 50,000 AF of stormwater, and between 10,000 and 15,000 AF of recycled water, annually. Annual recharge varies due to weather patterns and the availability of supplemental water supplies (imported and recycled water). An acre-foot of water is equal to 325,900 gallons of water, the equivalent of filling one acre one foot deep with water.

The recharge basin capacity projections assume:

- Minimal downtime during basin improvement projects.
- Average rainfall available for stormwater capture.
- Continues development of basin enhancements to increase recharge capacity and reliability.

Reuse of recycled water for groundwater recharge is a critical component of the Optimum Basin Management Plan (OBMP) and water supply plans for the region as well as it will increase the reliability and resiliency of water supplies during dry years. The OBMP was put in place to enhance water supply reliability and improve drinking water quality throughout the greater Chino Basin region.

The GWR is an important part of the overall basin program and serves as a long-term solution to the water supply and water quality issues facing the greater Chino Basin. IEUA’s recycled water production has been captured and recharged by downstream water agencies for decades. It is now being utilized by the IEUA member agencies and is in accordance with requirements of court-ordered basin management plans and peace agreements.

In August 2016, a Cost Sharing Letter Agreement was entered between IEUA, Cucamonga Valley Water District, the City of Ontario, and Monte Vista Water District (CBWB Parties) to fund the initial steps in the formation of the Chino Basin Water Bank (CVWB). The CBWB’s primary objective is to coordinate the development of groundwater storage within the Chino Basin. The CBWB will be open for other interested parties within the Chino Basin to join later. The Chino Basin Water Bank will apply to the Chino Basin Watermaster for the right to create a comprehensive storage and recovery program under existing basin rules and with a dedicated quantity of basin storage. The CBWB would then make this quantity of storage available to outside parties, who would pay for this access by “leaving behind” a certain quantity of water they place in storage. CBWB parties would benefit directly through increased groundwater supplies, and the Chino Basin would generally experience improved groundwater levels and water quality.
IEUA is a wholesaler of water to seven cities and special districts in the Inland Empire. In response to the Governor’s 2016 Declaration of a Statewide drought (Emergency Drought Regulation 864.5(g), and the issuance of a “Water Supply Alert” by the Metropolitan Water District on imported water supplies, IEUA member agencies implemented local water conservation ordinances that included mandatory water-use restrictions.

IEUA has multiple wholesale sources of water, including imported water through the Metropolitan Water District (MWD), and groundwater recharge from local recycled water. In addition to wholesale supplies, local retail water agencies include local sources of supply, including local ground water, surface water, and desalted ground water.

The Agency was a key participant in the crafting of the Sustainable Groundwater Management Act (SGMA) which required local agencies to form sustainable groundwater management agencies by June 2017 and adopt sustainability plans by 2022. In partnership with its member agencies, IEUA continues to invest in a wide range of regional programs to promote water use efficiency, eliminate waste and unreasonable use, and enhance regional water resiliency.

Included in the FY’s 2018/19–2020/21 biennial budget is an expansion of the Agency’s regional conservation program, including:

- Conservation

Kick the Habit is a public awareness campaign to increase awareness about the drought and promote changes in water use that will ensure the sustainability of our water supply for future generations.

- Messaging to heighten public awareness on the urgency to preserve our regional water supplies.
Education

The Agency currently offers a suite of regional Water Use Efficiency (WUE) programs that are designed to positively impact individual long-term behavior regarding efficient use of water. Regional WUE Programs conducted during FY 2018/19 included the following:

- **Educational Water Use Efficiency Programs (WUE): IEUA Residential Landscape Training Workshops**
  - 11 residential courses conducted throughout IEUA’s service area

- **National Theater for Children**
  - 50 Theater Performances – 22,452 K-6 students, teachers and parents reached

- **Shows that Teach**
  - 9 Theater Performances – 4,500 K-6 students, teachers and parents reached

- **Garden-In-Every School Program**
3 New Mini-grants awarded ($1,000 each) to IEUA sponsored gardens – (Ontario, and Upland).

- IEUA Locally Implemented WUE Programs:

<table>
<thead>
<tr>
<th>IEUA Locally Implemented WUE Programs</th>
<th>Activity</th>
<th>Savings (AFY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Landscape Retrofit Program</td>
<td>89 sites (125 controllers; 1,544 Nozzles)</td>
<td>25</td>
</tr>
<tr>
<td>Residential Controller Upgrade Program</td>
<td>234 Workshop Attendees 256 controllers Installed</td>
<td>11</td>
</tr>
<tr>
<td>Residential Pressure Regulation Program</td>
<td>494 site visits, 396 PRVs replaced</td>
<td>47</td>
</tr>
<tr>
<td>Regional Landscape Evaluation and Audit Program</td>
<td>78 residential / 83 Commercial (CII)</td>
<td>113</td>
</tr>
<tr>
<td>SoCalWater$mart.com: Residential and CII Rebates</td>
<td>2,653 rebates</td>
<td>91</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>287</strong></td>
<td></td>
</tr>
</tbody>
</table>

**LIFETIME SAVINGS: 2,331 AF**
Annual WUE Programs Summary:

Since 1992 144,079 AF of water has been conserved through IEUA’s water use efficiency programs.
Rebates

One of the easiest ways to reduce water use in a residence is to change our water-wasting fixtures, appliances and plumbing. A variety of rebates are available for clothes washers, toilets, rotating sprinkler nozzles, weather-based irrigation controllers, rain barrels and cisterns, soil moisture sensor systems, and the turf replacement program.

- Technology-based conservation tools,
  - Rotating Sprinkler Nozzles
    - Rebate: $5 per nozzle
  - Rain Barrels and Cisterns
    - Rebate: $35 per barrel
    - Maximum of two per household
    - Rebate: $250-350 for cisterns
    - Maximum of one per household
  - Soil Moisture Sensor Systems
    - Rebate: $160 per station less than one irrigated acre, or
    - $45 per irrigation sensor more than one irrigated acre.

- Turf removal rebates, and
- Efficiency-based water rate assistance.

Commercial rebates are currently available for premium high-efficiency toilets, urinals, irrigation controllers, sprinkler nozzles, food equipment and more.
RATES

In 2015/16, a comprehensive engineering analysis of the Agency’s Regional Wastewater, Recycled Water, and Water Resources user charges and fees was completed, revealing an increase was needed to support capital investment over the next 20 years.

A key objective of the engineering study was to ensure user charges and fees were structured to equitably recover costs from those benefiting from the services, as legally mandated. Another key objective, and key policy principal for the Agency’s Board of Directors, was to set rates and fees that fully recover the cost of providing the service. Historically, the Agency has used property tax receipts to subsidize the cost of providing services and supporting capital investments needed to maintain and improve existing facilities and infrastructure not recovered by rates and fees. Completion of the engineering studies by Carollo Engineering in 2015 resulting in the adoption of multiyear rates for the Agency’s Regional Wastewater, Recycled Water, and Water Resources programs, including the establishment of a water connection fee for new connections or upgrades to the Agency’s regional water system. Another significant change was the restructuring of the potable water rates to equitably recover associated costs, including the pass-through charges from the Metropolitan Water District of Southern California (MWD). In collaboration with member agencies and the building industry, rate adjustments were implemented over a multiyear period to lessen the impact to ratepayers.

In January 2019, the Board approved the contract for a rate study to address changes in key assumptions since the update of the 2015 rate studies; such as growth projections in the Agency’s service areas over the next twenty years and the capital projects needed to meet future demand, including expansion of the Regional Plant No.5 (RP-5) Solids and Liquid facilities, rehabilitation and improvement of RP-1, and the Chino Basin Program (CBP). The rate study will provide rate analysis and recommendations on wastewater and water connection fees, and monthly service fees and rates for sewage, recycled water, and water to ensure they appropriately recover the cost of service for each of the programs, as well as support the Agency’s long-term improvement plan. Part of the rate study also includes evaluation of the CBP estimated impact to rates and fees.

- Wastewater Volumetric Rates

The Agency’s wastewater volumetric rates support the operations and maintenance of the regional wastewater system which includes the collection, treatment, and disposal of municipal wastewater. The Agency utilizes equivalent dwelling units (EDUs) as a unit of measure and for forecasting the amount of water used by an average household.

The Agency’s Board of Directors adopted five-year EDU volumetric rates in 2015 intended to achieve full cost of providing the service. The following table shows the FY 2019/20 and FY 2020/21 adopted rates of $20.00 and $20.60 per EDU effective July 1. FY 2019/20 is the last year of the multi-year rates adopted in 2015. The rate study approved by the Board in January 2019 and currently underway will assess and evaluate the current wastewater and water connection fees and the monthly service to ensure they appropriately recover the cost of service for each of the program, as well as support the Agency’s long-term capital improvement plan. Projected growth in number of monthly EDUs is estimated at 0.25 percent each year.
EDU VOLUMETRIC RATES FYS 2016/17 - 2020/21

<table>
<thead>
<tr>
<th>Rate Description</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
<th>2020/21*</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDU Volumetric Rate</td>
<td>$17.14</td>
<td>$18.39</td>
<td>$19.59</td>
<td>$20.00</td>
<td>$20.60</td>
</tr>
<tr>
<td>Effective Date</td>
<td>7/1/16</td>
<td>7/1/17</td>
<td>7/1/18</td>
<td>7/1/19</td>
<td>7/1/20</td>
</tr>
</tbody>
</table>

*FY 2020/21 Fee will be based on the 2019 Rate Study.

- Wastewater Connection Fees

The wastewater connection fee is restricted to support the acquisition, construction, improvement, and expansion of the Agency’s regional wastewater system. System growth and available capacity are measured by Equivalent Dwelling Units (EDUs).

WASTEWATER CONNECTION FEES FYS 2015/16 - 2019/20

<table>
<thead>
<tr>
<th>Rate Description</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
<th>2020/21*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater Connection Fee</td>
<td>$5,712</td>
<td>$6,309</td>
<td>$6,624</td>
<td>$6,955</td>
<td>$7,164</td>
</tr>
<tr>
<td>Effective Date</td>
<td>1/01/17</td>
<td>7/01/17</td>
<td>7/01/18</td>
<td>7/01/19</td>
<td>7/01/20</td>
</tr>
<tr>
<td>Wastewater Connection Units</td>
<td>5,155</td>
<td>5,223</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
</tr>
</tbody>
</table>

*FY 2020/21 Fee will be based on the 2019 Rate Study.

- Water Connection Fees

A water connection fee was established in 2015 to support future capital investment and expansion of the Agency’s regional water system. The Agency’s regional water system is comprised of potable water, recycled water, and groundwater recharge facilities. Included in IEUA’s long term planning documents is the expansion of the Agency’s regional recycled water distribution system and groundwater recharge facilities, as well as continual development of local water supplies.

Water connection fee rates are set per meter equivalent unit (MEU). One MEU is equivalent to a 5/8” and 3/4” meter size (standard size of a residential meter). Shown in the following table are the adopted water connection fees through FY 2019/20 and historical, budgeted, and projected new connections by fiscal year.
WATER CONNECTION FEES FYS 2015/16 - 2020/21

<table>
<thead>
<tr>
<th>Rate Description</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
<th>2020/21*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Connection Fee (for 5/8” and 3/4” meter size)</td>
<td>$693</td>
<td>$1,455</td>
<td>$1,527</td>
<td>$1,604</td>
<td>$1,684</td>
<td>$1,735</td>
</tr>
<tr>
<td>Effective Date</td>
<td>1/01/16</td>
<td>1/01/17</td>
<td>7/01/17</td>
<td>7/01/18</td>
<td>7/01/19</td>
<td>7/01/20</td>
</tr>
<tr>
<td>New Meter Equivalent Units (MEUs)</td>
<td>1,346</td>
<td>4,984</td>
<td>5,455</td>
<td>4,800</td>
<td>4,700</td>
<td>4,630</td>
</tr>
</tbody>
</table>

*FY 2020/21 Fee will be based on the 2019 Rate Study.

- **Recycled Water Program Rates**

The recycled water volumetric rates support the costs associated with the operations and maintenance of the Agency’s water recycling facilities, operating costs for the groundwater recharge basins not reimbursed by Chino Basin Watermaster (Watermaster), including the Agency’s pro-rata share for basins recharged with recycled water, and debt service costs related to the financing of existing facilities and infrastructure. Adopted recycled water rates through FY 2019/20, along with historical, budgeted, and forecasted deliveries by fiscal year are summarized in the following table.

RECYCLED WATER PROGRAM RATES FYS 2015/16 - 2019/20

<table>
<thead>
<tr>
<th>Rate Description</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
<th>2020/21*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Delivery/Acre Foot (AF)</td>
<td>$350</td>
<td>$410</td>
<td>$470</td>
<td>$480</td>
<td>$490</td>
<td>$505</td>
</tr>
<tr>
<td>Groundwater Recharge/Acre Foot (AF)</td>
<td>$410</td>
<td>$470</td>
<td>$530</td>
<td>$540</td>
<td>$550</td>
<td>$565</td>
</tr>
<tr>
<td>Effective Date</td>
<td>10/01/15</td>
<td>7/01/16</td>
<td>7/01/17</td>
<td>7/01/18</td>
<td>7/01/19</td>
<td>7/01/20</td>
</tr>
<tr>
<td>AF Deliveries</td>
<td>32,331</td>
<td>33,146</td>
<td>34,335</td>
<td>32,000</td>
<td>35,800</td>
<td>36,000</td>
</tr>
</tbody>
</table>

*FY 2020/21 Fee will be based on the 2019 Rate Study.

- **Non-Reclaimable Wastewater (NRW) Rates**

The Agency operates a non-reclaimable wastewater system (NRWS) collections system which includes pipelines and pump stations to export the high-salinity industrial wastewater generated within the Agency’s service area for treatment and eventual discharge to the Pacific Ocean. The NRWS is comprised of two separate collection systems independent of the Agency’s regional wastewater system: The North System which discharges to the Sanitation District of Los Angeles County (CSDLAC) treatment facility in the city of Carson, and the South System which discharges to the Santa Ana Watershed Project Authority (SAWPA) and the Orange County Sanitation District (OCSD) facility in Fountain Valley. The treated brine is then discharged to the Pacific Ocean. The NRW rates are primarily based on pass-through charges from CSDLAC and SAWPA for volumetric, capacity, and strength as summarized in the following table.
### NRW System Rates FYS 2018/19 and 2019/20

<table>
<thead>
<tr>
<th>Rate Description</th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Date</td>
<td>7/1/2018</td>
<td>07/01/19</td>
</tr>
<tr>
<td>North System CSDLAC</td>
<td>14,258 CU</td>
<td>14,005 CU</td>
</tr>
<tr>
<td>Flow/mg</td>
<td>$912</td>
<td>$940</td>
</tr>
<tr>
<td>COD/klb</td>
<td>$161</td>
<td>$166</td>
</tr>
<tr>
<td>TSS/klb</td>
<td>$456</td>
<td>$470</td>
</tr>
<tr>
<td>Peak/mg</td>
<td>$346</td>
<td>$357</td>
</tr>
<tr>
<td>South System (SAWPA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity/ cu</td>
<td>$406.60</td>
<td>$418.67</td>
</tr>
<tr>
<td>Flow/mg</td>
<td>$946.00</td>
<td>$979.00</td>
</tr>
<tr>
<td>BOD/klb</td>
<td>$307.00</td>
<td>$316.00</td>
</tr>
<tr>
<td>TSS/klb</td>
<td>$429.00</td>
<td>$442.00</td>
</tr>
</tbody>
</table>

### Potable Water Rates

A comprehensive analysis of the potable water rates was a key part of the engineering rate study completed by Carollo Engineering in 2015. The IEUA 2015 Water Rate Study issued in March 2015 identified some structural deficiencies in the existing rate structure and recommended significant restructuring of the rates to better align the collection and incurrence of program costs.

Following a year of close collaboration with water member agencies, in June 2016 the IEUA Board of Directors approved changes in water rates structure and adopted a seven-year implementation period for the full recovery of the MWD Readiness to Serve (RTS) pass-through fees. The new water rates are applied to monthly meter equivalent units (MEUs), similar to the structure used by water member agencies. The Readiness to Serve (RTS) Pass-Through costs are prorated amongst the water agencies based on their average water use over the last ten years, consistent with the methodology used by MWD.

- MEU rate will support the water resource program costs,
- A seven-year phased implementation of the Metropolitan Water District (MWD) Readiness to Serve Ten Year Rolling Average (RTS TYRA) direct charge to member agencies, and
- Use of property taxes to support pass-through RTS fees not recovered through the TYRA direct charge during the seven-year implementation period.
The MEU rate through FY 2019/20 and the RTS Recovery percentage rate through FY 2022/23 are summarized in the following table.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RTS Recovery</td>
<td>15%</td>
<td>30%</td>
<td>45%</td>
<td>60%</td>
<td>75%</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td>Effective Date</td>
<td>10/01/16</td>
<td>07/01/17</td>
<td>07/01/18</td>
<td>07/01/19</td>
<td>07/01/20</td>
<td>07/01/21</td>
<td>07/01/22</td>
</tr>
<tr>
<td>Meter Equivalent Units (MEU)</td>
<td>$0.90</td>
<td>$0.95</td>
<td>$0.99</td>
<td>$1.04</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments based on 2019 Rate Study</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

ENERGY

IEUA is committed to optimizing facility energy use and effectively managing renewable resources to achieve peak power independence and contain future energy costs. IEUA’s diverse renewable portfolio consists of 5.0 MW solar, 1.0 MW of wind, 3.0 MW of engines, and 4.0 MW battery.
If fully operational, onsite generation would provide approximately 86% of the electricity needed to satisfy agency-wide power demand during peak hours.

Current output is approximately 33% of the summer peak demand with the Renewable Energy Efficiency Project (REEP) Engines offline. Also, the battery storage optimizes energy management by charging from the grid during off-peak periods and discharging during on-peak periods, therefore it is not considered as onsite generation.

In order to move closer to the goal of peak power independence by 2030, IEUA plans to complete the installation of the necessary emissions control required by South Coast Air Quality Management District to have the REEP engines operating. This would allow IEUA to be able to operate completely off the grid during peak energy usage periods.

TRAINING, DEVELOPMENT, AND SUCCESSION PLANNING

Over the next few years, approximately thirty percent of the current workforce is eligible for retirement. During FY19/20 the Agency will continue to support succession planning by filling vacancies previously on hold to streamline operations, and more effectively support areas of technology, finance, and administration.

The use of organization development to maximize the long-term effectiveness of human resources through succession planning and other development strategies, will continue with an end goal to increase the internal capacity to accomplish the Agency’s strategic plan and business goals, sustain a high level of productivity and result in improved customer satisfaction. In order to avoid
a significant loss in workforce skill and knowledge, succession planning is crucial to addressing future gaps, as well as providing training and development opportunities.

The Training and Development Program involves on-site training by subject matter experts in a variety of topics, online training, group collaborations, facilitated classes, and external college courses with other public agency employees. This evolution has resulted in significant savings to the Agency. The design of the Training and Development Program focuses on the balance between both the immediate and future needs of the employees and the Agency, with emphasis on three areas:

- **Personal Development** –
  - Microsoft Office Training;
  - “The 7 Habits of highly Effective People” Program;
  - Various development workshops.

- **Supervisory Development** –
  - Participation in the Southern California Local Government Supervisory Program;
  - Liebert Cassidy Whitmore (LCW) employment law workshops.

- **Leadership Development** –
  - The Southern California Local Government Leadership Academy;
  - Onsite training of customized soft skills and leadership development for supervisors and managers.

The Agency has implemented a Career Management Program as a development opportunity for selected participants. Participant further their development by networking and meeting in learning groups to discuss their current jobs and career interests. The program includes: a highly interactive workshop where individuals learn skills and responsibilities for effectively managing their own careers; a 360 feedback from peers, subordinates and direct supervisors; and participants’ identification of a unique learning experience that they can use for profession growth.

### Recycled Water Projects

<table>
<thead>
<tr>
<th>Type</th>
<th>Existing</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Use</td>
<td>19,397</td>
<td>19,477</td>
</tr>
<tr>
<td>GW Recharge</td>
<td>13,222</td>
<td>13,934</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>32,619</td>
<td>33,411</td>
</tr>
</tbody>
</table>

New connections to the recycled water system increased by approximately seven percent in FY 2018/19, with seventy-six new connections versus the prior fiscal year total of seventy-one. Total connected demand for FY 2018/19 decreased approximately one percent from the prior fiscal year total of 50,094 AFY due to land use conversion from agricultural use to residential and
commercial use. Recycled water deliveries can vary seasonally based on a variety of factors. FY 2018/19 was a wet year which had a significant impact on the recycled water deliveries.

- Total member Agency connected meters to-date – 1,260
- Total connected demand to-date – 49,665 AF.

**Annual Recycled Water Connected Demand Summary (AFY)**

### MAJOR INITIATIVES AND ACCOMPLISHMENTS

**MAJOR ACCOMPLISHMENTS FOR FY 2018/19**

**GRANTS/STATE LOANS**

**FUNDING DEVELOPMENTS**

Grants and loans currently support approximately half of IEUA’s annual funding for capital improvement programs, which include the rehabilitation, replacement, and expansion of facilities owned or operated by the Agency. In the FY 2018/19 the actual capital project expense was $55.5 million. IEUA’s Ten-Year Capital Improvement Plan (TYCIP), adopted in June 2019 for the FYs 2019/20 to 2028/29, is estimated at $921 million dollars, of which approximately 54 percent is projected to be financed by a combination of grants, SRF loans and bonds.

In FY 2018/19, the Agency submitted grant and loan applications to the State Water Resources Control Board (SWRCB), US Bureau of Reclamation (USBR), Santa Ana Watershed Project Authority (SAWPA), California Natural Resources Agency (CNRA), and the US Environmental Protection
The Agency (EPA) for a total of $211.4 million, comprised of $4.7 million in grants and $206.7 million in loans.

<table>
<thead>
<tr>
<th>APPLICATIONS SUBMITTED</th>
<th>Grants</th>
<th>Loans</th>
<th>Total</th>
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<tr>
<td>EPA WIFIA RP-5 Expansion</td>
<td>$178,274,250</td>
<td>$178,274,250</td>
<td>$178,274,250</td>
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<tr>
<td>SAWPA IEUA-J CSD Intertie (WRCWRA)</td>
<td>$2,617,971</td>
<td>$2,617,971</td>
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<tr>
<td>CNRA Wetlands Education Center Expansion</td>
<td>$1,480,717</td>
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<tr>
<td>USBR Chino Basin Program Pre-Design Report</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$300,000</td>
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<tr>
<td>CNRA Wetlands Improvements Project</td>
<td>$1,095,174</td>
<td>$1,095,174</td>
<td>$1,095,174</td>
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<tr>
<td>Total Applications Submitted</td>
<td>$5,493,862</td>
<td>$178,274,250</td>
<td>$183,768,112</td>
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</tbody>
</table>

The Agency also has a USBR Grant application and several SWRCB SRF Loan applications in process that are being negotiated. The total amount of the USBR Grant contract in process is $400,000 and SRF Loan contracts in process is $164 million. The SWRCB SRF Loan applications are listed on California’s Intended Use Plan (IUP) Fundable List for FY 2019/20.

FUNDING DEVELOPMENTS

<table>
<thead>
<tr>
<th>CONTRACTS IN NEGOTIATION STAGE</th>
<th>Grants</th>
<th>Loans</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWRCB RP-5 Expansion</td>
<td>$101,530,000</td>
<td>$101,530,000</td>
<td>$101,530,000</td>
</tr>
<tr>
<td>SWRCB IEUA-J CSD Intertie (WRCWRA)</td>
<td>$5,000,000</td>
<td>$27,000,000</td>
<td>$32,000,000</td>
</tr>
<tr>
<td>SWRCB RMPU Wineville/Jurupa/RP-3 Recharge Improvement Projects</td>
<td>$8,763,381</td>
<td>$8,763,381</td>
<td>$8,763,381</td>
</tr>
<tr>
<td>SWRCB Baseline Extension Project</td>
<td>$2,500,000</td>
<td>$4,194,013</td>
<td>$6,694,013</td>
</tr>
<tr>
<td>SWRCB RP-1 1158 Pump Station Upgrades</td>
<td>$2,500,000</td>
<td>$4,193,000</td>
<td>$6,693,000</td>
</tr>
<tr>
<td>SWRCB RP-5 Recycled Water Pipeline Bottleneck</td>
<td>$1,568,585</td>
<td>$1,568,585</td>
<td>$3,137,169</td>
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<tr>
<td>SWRCB RMPU Lower Day Basin Improvement Project</td>
<td>$2,883,000</td>
<td>$2,883,000</td>
<td>$2,883,000</td>
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<tr>
<td>SWRCB RMPU Montclair Basin Improvement Project</td>
<td>$1,788,100</td>
<td>$1,788,100</td>
<td>$1,788,100</td>
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<tr>
<td>USBR Chino Basin Water Bank Strategic Plan</td>
<td>$400,000</td>
<td>$400,000</td>
<td>$400,000</td>
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<tr>
<td>Total Contracts in Negotiation Stage</td>
<td>$11,968,585</td>
<td>$151,920,079</td>
<td>$163,888,663</td>
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</tbody>
</table>

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

BASELINE EXTENSION VILLAGE OF HERITAGE

The Village of Heritage (VOH) Recycled Water Project’s placement on the FY2018/19 IUP Fundable List resulted in the Agency receiving a low-interest loan in the amount of $4.4 million and a $2.5 million principal forgiveness grant. The Project will install approximately 8,200 linear feet of pipeline to utilize recycled water that will offset the use of imported water. The recycled water project will provide an alternative source of irrigation, benefiting the region over the long-term and improving regional resilience during future drought conditions. The combination of grant and loan funding for the project ensured this forward-thinking project could be completed cost-effectively for the region.
Village of Heritage Recycled Water Groundbreaking Event – IEUA, Cucamonga Valley Water District and the City of Fontana held a groundbreaking ceremony for the Village of Heritage (VOH) Recycled Water Project. Stakeholders and legislative representatives attended the ceremony and learned about the VOH and the significance it brings to the region.

RP-5 EXPANSION PROJECT

The RP-5 Expansion Project was placed on the FY 2018/19 IUP Fundable List for a total loan of $101.5 million. IEUA has also applied for a low-interest Water Infrastructure Finance & Innovation Act (WIFIA) Loan in the amount of $178.3 million to fund the project, which has a total cost estimated at $360.0 million. Final Design is estimated to be completed in October 2019 and the construction contract will be awarded in March 2020. The Solids facility is expected to be completed in March 2023 and the Liquids Treatment System in December 2024.

The RP-5 expansion will be required to accommodate future growth and other additional capacity. The RP-5 Liquids Treatment Facility will be expanded from 15 MGD average capacity to 30 MGD average capacity. The RP-5 Solids Treatment facility will relocate the RP-2 Solids Treatment Facility and treat 30 MGD of solids. The project will produce public benefits by treating domestic wastewater to CWA required levels and an additional 7.5 MGD of recycled water will be available to provide reliable local water supply.
The Wineville, Jurupa, and RP-3 Basin Improvements Project, a component of the Chino Basin Watermaster Recharge Master Plan Update, has received a combination of federal and state grants as well as low-interest loans from the SRF program. In total, the project has secured over $10 million in grant awards and approximately $8.7 million in loans.

The project is a joint effort between IEUA and Chino Basin Water Master (CBWM) that will divert and recharge storm water and dry-weather runoff. This project will help to improve drought relief by enhancing water quality, supply, and infrastructure through groundwater recharge. The project includes the construction at three storm water management facilities at the Wineville, Jurupa and RP-3 Basins, and a pipeline between Jurupa and Wineville.

### Key Design Improvements

- Hydraulically connect and improve infrastructure at Wineville, Jurupa, and RP-3 basins to effectively capture and store stormwater. New pump station at Wineville, added pump at Jurupa, and over 2-miles of new conveyance pipe.

### New Recharge Yield (Acre-ft/year)

- Stormwater: 2,921
- Recycled Water: 2,905

### Project Details

<table>
<thead>
<tr>
<th>Project</th>
<th>Stormwater Yield (acre-feet/year)</th>
<th>Recycled Water (acre-feet/year)</th>
<th>Storm Water Recharge Unit Cost ($/Acre-feet)</th>
<th>Total Capital Cost</th>
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<tr>
<td>RP3 Basin (PID 21)</td>
<td></td>
<td></td>
<td></td>
<td>$3,274,642</td>
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<tr>
<td>Wineville Basin (19a)</td>
<td>2,921</td>
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<td>$489</td>
<td>$4,335,186</td>
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<td>Jurupa Basin (PID 20)</td>
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<td></td>
<td></td>
<td>$1,941,934</td>
</tr>
<tr>
<td>Wineville P$ to Jurupa, Expanded Jurupa P$ to RP3 Basin (PID 23)</td>
<td>2,921</td>
<td>2,905</td>
<td>$496</td>
<td>$10,055,000</td>
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<tr>
<td><strong>Total MZ3</strong></td>
<td>2,921</td>
<td>2,905</td>
<td></td>
<td>$19,606,762</td>
</tr>
</tbody>
</table>
The project implemented by IEUA, provides financial incentives to highly visible properties that are maintained by a public agency, institution or a homeowner association (HOA) who apply for funding to support individual landscape retrofit projects. The project received a $1.1 million grant award from SAWPA and the DWR.

The project will provide the highly visible properties an increased incentive to conserve additional water and create a market transformation from ornamental turf grass to drought tolerant landscapes, in the Santa Ana River and the Upper Santa Margarita Watersheds. Incentive rebates are up to $1 per square foot (SF) from the grant and up to $2 per SF from the Metropolitan Water District (MWD) SoCal WaterSmart rebate program.

Note: Funding for these projects has been provided in full or in part through agreements with the California State Water Resources Control Board, the California Department of Water Resources and United States Bureau of Reclamation. The contents of this document do not necessarily reflect the views and policies of the State Water Resources Control Board or the U.S. Government, nor does mention of trade names or commercial products constitute endorsement or recommendation for use. (Gov. Code §7550, 40 CFR § 31.20).
OTHER AGENCY ACCOMPLISHMENTS INCLUDED

ENERGY
The 2018/19 IEUA Energy Report tracks the Agency’s energy consumption, renewable generation performance and savings, and energy efficiency projects for the fiscal year. The IEUA diversified energy procurement approach, that includes on-site generation power Purchase Agreements (PPA), electricity purchased from Southern California Edison, and a direct access contract with Shell Energy North America, continues to provide rate stabilization and cost effectiveness.

The major energy accomplishments include:

- In FY 2018/19, IEUA facilities which include the regional water recycling plants, composting facility, and recycled water pumping used approximately 73,598 MWh of electricity. The electricity consumption for 2018/19 decreased by 3.8% as compared to the previous fiscal year of 76,527 MWh.

IEUA Electricity Source for FY 2018/19

- IEUA’s renewable portfolio generated 9% of the electricity used in 2018/19. Of the electricity consumed by IEUA:
  - 8.5% was produced by the solar across IEUA facilities; and
  - 0.3% was produced by the wind turbine at RP-4.
Savings to date since 2008 is approximately $1,080,000.

- Completed the following energy efficiency projects:
  - 1.5 MW Battery Storage Installation (RP-4)
  - 1.5 MW Solar Installation (IERCF)
  - Process Optimization (RP-1)

- Solar across IEUA facilities generated 6,207 MWh of renewable energy, 16.6% more than 2017/18. The increased output was due to the 1.5 MW addition of solar at IERCF, which was put online in the end of December 2018.
Solar generated $293,000 from 2008/09 to 2018/19.

- In FY 2018/19 the wind turbine at RP-4 generated 195 MWh of renewable energy, 61 percent lower than 2017/18 due to the system being offline December 2018 through June 2019. However, during the same period the PPA rate for the wind turbine was 20 percent lower than the average grid price.

Wind generated $78,000 in savings from 2011/12 to 2018/19.

WATER QUALITY LABORATORY

The Water Quality Laboratory a was completed in FY 2018/19. It is a 16,000-sq. ft. state-of-the-art laboratory located at the IEUA Headquarters Campus, in the city of Chino. The new lab was constructed in accordance with the Leadership in Energy and Environmental Design (L.E.E.D) Silver rating for energy efficiency, inclusive of solar panel integration into roof joists. The laboratory project also included the expansion of the existing Central Chiller Plant that provides the chilled water needed for the New Lab air conditioning and heating system. The Water Quality Laboratory will provide numerous benefits to the Agency as well as stakeholders within the Agency’s Service Area. Benefits include costs and energy savings, environmental compliance, adaptation to future complex analytical needs, enhanced performance and safety, public educational tours, solar power generation, etc.
Implementation of the fourth year of the five-year rates for the Agency’s Regional Wastewater and Recycled Water Programs (FYs 2015/16 – 2019/20), and the third year of the four-year rates for the water resources program. A key Board policy objective for the multi-year rate was to establish rates that fully recover the cost of service. Phased implementation of the adjusted connection fees began in FY 2016/17 with fees set at $5,415 July 1, 2016 through December 31, 2016, increasing to $6,009 January 1, 2017 through June 30, 2017. The FY 2017/18 fees increased to $6,309 for the period July 1, 2017 through June 30, 2018, with fourth year fees increased to $6,624 for the period July 1, 2018 through June 30, 2019. A water connection fee was established to support capital investments intended to enhance and expand the regional water distribution system and groundwater recharge facilities. The water connection fee is applicable to all potable and recycled water connections and upgrades and is based on meter size as reflected in the following table.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
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<tr>
<td>Effective Date</td>
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<td>7/1/2016</td>
<td>1/1/2017</td>
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<tr>
<td>5/8&quot;</td>
<td>$693</td>
<td>$693</td>
<td>$1,455</td>
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<td>3/4&quot;</td>
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<td>$1,733</td>
<td>$1,733</td>
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<td>$3,818</td>
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<td>1.5&quot;</td>
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<td>$121,275</td>
<td>$121,275</td>
<td>$254,625</td>
<td>$267,225</td>
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</table>

**LONG TERM PLANNING:**

Pursuant to the Board’s objective to achieve fully funded status of the Agency’s Other Post-Employment Benefit (OPEB) liability, the Agency processed the sixth annual installment in the amount of $2 million in June 2019. To date, cumulative payments of $15 million have been funded as of June 30th, 2019. (Refer to Note 1 of the Notes to the Basic Financial Statements for detailed information).

In FY 2018/19 the fifth annual installment of $4.5 million against the Agency’s unfunded pension liability was made, these annual payments align with the Board’s objective to achieve full funded
status over a period of 10 years. (Refer to Note 5 of the Notes to the Basic Financial Statements for detailed information).

**COST CONTAINMENT / EFFICIENCIES:**

At the end of the fourth quarter FY 2018/19, total regular filled positions were 259 compared to the 281 budgeted positions and 290 authorized positions, resulting in a vacancy factor of 10.7 percent. The Agency currently employs 14 limited term (LT) employees, compared to the adopted staffing plan of 16 LT positions. Recruitment of key positions as part of the Agency’s succession planning effort is expected to lower the vacancy factor going forward.

**FUTURE YEARS**

**ENVIRONMENTAL STEWARDSHIP**

The Inland Empire Utilities Agency (IEUA/Agency) seeks to fulfill its responsibility as a “Steward of the Region”; committed to sustainably enhancing the quality of life in the Inland Empire by ensuring that a clean, plentiful water supply is available now and in the future. Over the years, IEUA has taken a variety of responsibilities in order to better assure a sustainable water supply. This includes becoming a regional provider of wastewater treatment with domestic and industrial disposal systems, developing energy production facilities, taking a leadership role in water resource management, and maintaining a high standard of community and educational outreach.

IEUA is committed to the responsible use and protection of the environment through conservation and sustainable practices implemented on a regional and watershed basis. These practices include:

- Compliance with all federal, state, and local laws at each Agency facility.
- Good Neighbor Policy: To control odors at all Agency facilities for the purpose of improving the environment and being a good neighbor to the local community.
- Response and Complaint Mitigation: Investigate any environmental issue or complaint received at any Agency facility and respond appropriately and promptly.
- Environmental Responsibility: Strive to implement actions that enhance or promote environmental sustainability and preservation of the region’s heritage.

As one of 10 agencies participating in the Santa Ana River Multiple Species Habitat Conservation Plan, the Agency works closely with the U.S. Fish and Wildlife Service to mitigate any potential impact to federally listed endangered, threatened or special status species from future water projects in the Upper Santa Ana River region.
WATER RELIABILITY

IEUA has been a leader in water supply planning and programs to protect the region’s vital water supplies for over fifty years. Smart water planning starts with water conservation. Every gallon of water saved within the Chino Basin translates into reduced demand for expensive imported water supplies. By being more efficient, our community will increase the reliability of our existing water supplies and reduce the cost of imported water purchases. IEUA’s goal is to save over 25,000 acre-feet of water over the next twenty years through implementation of water use efficiency programs – that’s about 7% of our area’s current water use.

To achieve this goal, IEUA is working closely with the following local retail water agencies: 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.

In partnership with the Metropolitan Water District, the State of California and the local retail water agencies of the Chino Basin, IEUA offers special rebates that reward residential customers for using water efficient toilets, clothes washers and other appliances and reward business customers for using water brooms and installing other water efficient appliances.

In addition, IEUA has undertaken a native landscaping initiative to promote the use of native and other water efficient plants as well as the installation of water efficient irrigation systems. Special programs are being made available to the schools too, including waterwise gardens using native and California friendly plants and Water Conservation based stage productions from the National Theater for Children.

Also, included in the Ten-Year Capital Improvement Plan (TYCIP) during the Fiscal Years 2019/20 and 2020/21 budget period is over $40 million to expand and improve the Agency’s regional recycled water distribution system (RRWDS) and groundwater recharge capacity.
Since 2014, the Agency’s service area has recorded approximately 5,000 new connections per year to its regional wastewater system. Although there are some signals of a possible U.S. economic slowdown in the next two years, forecasts from our contracting member agencies and the Building Industry Association point toward steady growth continuing over the next 10 years in the Agency’s service area. As a regional wastewater service provider, the Agency is required to maintain capacity and service within systems and facilities to meet essential service demands to protect public health and the environment. To ensure the Agency is ready to meet the future demand, a key focus of the Agency is expansion and improvement of facilities.

### FISCAL RESPONSIBILITY

The Operating Budget for Fiscal Year’s 2019/20 - 2020/21 is the Agency’s third biennial budget. The transition from a single to a two-year budget in FY 2015/16 supported a key objective of the IEUA Business Goals under Fiscal Responsibility to enhance financial planning for IEUA and its customers.

In Fiscal Years 2019/20 and 2020/21 the Agency will focus on top initiatives and long-term planning. Sustainable cost containment continues to be in the forefront of all planning and the basis for an overall increase of two percent in the Fiscal Years 2019/20 and 2020/21 annual budgets over Fiscal Year 2018/19. Increases in employment expenses due to increases in pension contribution rates, benefit costs, cost of living adjustments and succession planning will be offset by a reduction in contract work and non-capital project costs as part of the Agency’s commitment to cost containment.

The Agency’s Fiscal Years 2019/20 and 2020/21 biennial budget supports the Agency’s business goal of fiscal responsibility by demonstrating sound financial planning. Key areas addressed are:

- **Succession planning** – Nearly thirty percent of the Agency’s workforce is eligible for retirement over the next five years. Timely recruitment will be essential to the transfer of knowledge and expertise to the next generation of employees. Included in the proposed biennial budget is a succession pool of ten positions to support timely recruitment of critical positions throughout the Agency;

- **Cost containment** – As part of the Agency’s ongoing commitment to sustainable cost containment, the succession pool will be supported under the existing 290 authorized number of full-time equivalent positions. Operations and maintenance expenses such as chemicals, operating fees, and utilities remain relatively leveled over the next two fiscal years;

- **Cost of Service** – Continue implementation of multiyear rates and fees approved by the Board of Directors through FY 2019/20. Rates and fees for FY 2020/21 and future years will be adjusted as determined by the 2019 Rate Study and consistent with Board policy to fully recover the cost of providing the Agency services;

- **Upkeep of Agency Assets** – Continue the transition from “corrective” to “predictive and preventative” maintenance strategy of Agency assets to ensure regulatory compliance,
avoid costly corrective maintenance, and over time reduce maintenance costs by only performing maintenance on equipment when warranted;

- **Optimize low interest debt and grants** – Continue to secure low cost financing and grants to support capital expansion and improvement of Agency’s facilities to meet anticipated growth and increased service demands; and

- **Transparency** – Continue to provide a platform for transparent communication and timely reporting.

## FINANCIAL INFORMATION

### INTERNAL CONTROLS

Management 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.
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The Agency’s Board of Directors appointed the firm of Lance, Soll & Lunghard, 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 Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Inland Empire Utilities Agency for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the twentieth 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, Lance, Soll & Lunghard, 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,

______________________________
Shivaji Deshmukh
General Manager

______________________________
Christina Valencia
Executive Manager of Finance
and Administration/AGM
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 Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill
Executive Director/CEO
Principal Officials
June 30, 2019

BOARD OF DIRECTORS
Paul Hofer  President
Jasmin A. Hall  Vice President
Kati Parker  Secretary/Treasurer
Michael E. Camacho  Director
Steven J. Elie  Director

EXECUTIVE STAFF
Shivaji Deshmukh  General Manager
Shaun Stone  Acting Executive Manager - Engineering/AGM
Kathy Besser  Executive Manager - External Affairs & Policy Development/AGM
Randy Lee  Executive Manager - Operations/AGM
Christina Valencia  Executive Manager - Finance & Administration/AGM

MANAGEMENT STAFF
Blanca Arambula  Acting Manager - Human Resources
Warren Green  Manager - Contracts & Procurement
Nelletje Groenveld  Manager - Laboratories
Jason Gu  Manager - Grants
Javier Chagoyen-Lazaro  Manager - Finance and Accounting
Sylvie Lee  Manager - Planning and Environmental Resources
Chander Letulle  Manager - Operations & Maintenance, South
Scott Oakden  Manager - Operations & Maintenance, North
Kanes Pantayatiwong  Manager - Business Information Services
Vacant  Manager - Engineering
Teresa Velarde  Manager - Internal Audit
April Woodruff  Board Secretary/Office Manager
Jeff Ziegenbein  Manager of Organics Management - IERCA
Suresh Malkani  Principal Accountant
Tina Cheng  Budget Officer
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. Based on leadership, creativity, performance, teamwork, and other individual outstanding characteristics, candidates are nominated by their peers. Additionally, candidates are voted on by a Selection Committee of their peers, with management exempt from the voting. The STAR program has continued to gain acceptance, and the annual award for the Employee for the Year has become a much-anticipated event.

For the purposes of the STAR Program, the Agency is divided into three areas: 1) Finance/Administration Division, 2) Engineering/Planning Division, and 3) Operations Division. Each of these three areas has three representatives who serve on the Selection Committee (a total of nine committee members). The STAR program was started as a quarterly program. In Fiscal Year 1999/2000 the program was modified to a semi-annual award, to enjoy greater program participation. Accordingly, the prize award was also increased to afford more employee appeal. Following are the semi-annual STAR Award recipients for the FY 2018/2019:

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance/Administration</strong></td>
<td><strong>Finance/Administration</strong></td>
</tr>
<tr>
<td>Alvin Glenn Edwards Jr.</td>
<td>Carolyn Echavarria</td>
</tr>
<tr>
<td><strong>Engineering/Planning</strong></td>
<td><strong>Engineering/Planning</strong></td>
</tr>
<tr>
<td>Jeffrey P. Traugott</td>
<td>Travis Sprague</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td><strong>Operations</strong></td>
</tr>
<tr>
<td>Adolfo Zavala</td>
<td>Joseph Cundiff</td>
</tr>
</tbody>
</table>

**Employee of the Year**

For FY 2018/19, Joseph Cundiff was chosen by the Selection Committee as the Employee of the Year.
Joseph exhibits integrity and leads by example. He is responsible, professional, and has a positive and enthusiastic attitude. He is a strong problem solver and extremely reliable, always willing to assist others at a moment’s notice. During a recent SAP upgrade, the team encountered a problem that delayed the upgrade by several hours. Joseph helped create a backup of the live system prior to the system down time in case a system restoration would be required. He immediately completed the tasks and remained available for any additional support throughout the whole upgrade.

Joseph shows excellent performance and consistency. He assisted the BIS team in troubleshooting the security with Laserfiche web access. Joseph patiently worked with the team and made numerous security changes for the BIS team to test and verify. He takes on any challenge with enthusiasm and is quick to comprehend complex issues. Joseph has pride for high quality work and getting the job done right.

Joseph is flexible and always takes immediate action when requested for assistance on any given task. He is efficient and enthusiastic about his work while his skill with creative troubleshooting of network problems make him an excellent member of the Agency. Joseph’s commitment to high quality work, willingness to help, positive and friendly attitude are all qualities deserving of a STAR Award.
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This Page Intentionally Left Blank for Auditor's Report
This Page Intentionally Left Blank for Auditor's Report
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, 2019. 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 fund category and exceed five percent of the sum of Assets, Liabilities, Revenues, and Expenses are classified as a major fund group. Funds that do not meet these criteria are classified as non-major fund group.

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

**THE AGENCY’S OPERATIONS – AN OVERVIEW**

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

Total revenues, including grants and subsidies, of $244,886,628 for Fiscal Year (FY) 2018/19 reported a net decrease of $6,853,017 compared to $251,739,645 recorded for FY 2017/18. The overall decrease includes a lower non-operating revenue of $4,229,925 and a $3,938,685 decrease in capital grants due to rescheduling of the South Archibald Trichloroethylene (TCE) Plume Cleanup Project. These decreases were partially offset by an increase of $1,315,593 in operating revenue. The net decrease in non-operating revenue was primarily due to 1) a $9,935,875 decrease in wastewater capital connection fees due to fewer new connections as a result of slower building activities and 2) a $1,972,987 decrease in water capital connection fees due to an increase in lower priced small size meters installed compared to higher priced large size meters. These decreases were offset by 1) a $4,626,635 increase in property tax revenue due an increase in
assessed property values; 2) a $2,051,748 increase in interest income; and 3) a $1,000,554 increase in other non-operating revenues.

The increase in operating revenue of $1,315,593 is primary due to an increase of $4,770,951 increase in service charges as a result of an increase in the volumetric fee. The increase was partially offset by 1) a $2,975,971 decrease in recycled water due to reduced demand as a result of rainy weather and 2) a $479,387 decrease in imported water sales due to lower deliveries.

Total expenses of $183,199,940 for FY 2018/19 reported a decrease of $1,294,725 compared to $184,494,665 recorded in FY 2017/18. The overall decrease includes a higher operating expense of $1,400,395 offset by a decrease in non-operating expense of $2,695,120. The increase in operating expenses was primarily due to 1) a $2,043,043 increase in administration and general as a result of higher work orders assigned to administration and general and cost associated with the regional sewage service contract negotiations; 2) a $599,976 increase in depreciation and amortization; and 3) a $593,971 increase in operations and maintenance. These increases were partially offset by 1) a $1,357,208 decrease in wastewater collection, treatment, and disposal due to lower contracted labor and material costs and 2) a $479,387 decrease in imported water purchases due to lower deliveries.

**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, 2019, idle funds were invested in accordance with this policy. These investments primarily consisted of United States Government Securities/Instrumentalities, state issued municipal bonds, medium term notes, and deposits in pooled investment funds.

**INVESTMENT PORTFOLIO PERFORMANCE**
The Agency’s overall portfolio rate of return increased from 2.12 percent in June 2018 to 2.54 percent by June 30, 2019.

Total interest income for FY 2018/19 of $4,453,305 increased eighty five percent compared to $2,401,557 in FY 2017/18. The increase in interest income is primarily due to higher interest yield in the investment funds that are actively managed by PFM Asset Management LLC and in the pooled investment accounts, such as Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP) managed by the Agency.
The Agency has followed a conservative approach in conducting its investment activities in accordance with the established Investment Policy and Master Resolution. Agency staff successfully managed the investment portfolio to attain the Agency’s investment objectives, which are in order of priority: safety, liquidity, and yield.

The Agency’s portfolio market value for the fiscal years ended June 30, 2019 and June 30, 2018 were $160,065,813 and $143,461,466 respectively. Not included are restricted funds held in trust or by member agencies, such as deposits held by CalPERS to support the Agency’s OPEB unfunded accrued liability, water connection reserves held in a separate pooled investment fund account, and wastewater connection fees held by member agencies in Capital Construction Reimbursement Accounts (CCRA’s).

### 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 provided the appropriate personnel to manage the production, treatment, and distribution of the water produced by the Chino I desalination facility (Chino I Desalter).
All operations and maintenance expenses related to the Chino I Desalter operations, including labor incurred by the Agency, are recorded in the Agency’s Administrative Services Fund. These expenses are billed to the CDA monthly. In FY 2018/19, the total amount billed was $1,109,443 and reported as non-operating revenue.

**IMPORTED WATER DELIVERIES**

Imported water deliveries for FY 2018/19 were 64,168-acre feet (AF) compared to 67,977 AF in FY 2017/18, a decrease of 3,809 AF. The decrease is due to lower demand as a result of extremely rainy weather in FY 2018/19, partially offset by changes in water quality restrictions, primarily on 1,2,3-Trichloropropane (TCP) that limits the use of Chino Basin groundwater by affected member agencies. TCP has been used as an industrial solvent, cleaning and degreasing agent, and paint remover, and is persistent in the environment. It is mainly found in groundwater and is a known human carcinogen. The California State Water Resources Control Board (SWRCB) finalized the maximum contaminant level of 0.000005 mg/L (5 ppt) in December 2017. Drinking water agencies began quarterly monitoring in January 2018. As a result, member agencies were unable to use local supply. They have increased imported water purchases to blend with local water to reduce contamination and meet demand.

A comparative of imported water deliveries for the past ten fiscal years shows an overall decline in imported water deliveries beginning in FY 2009/10, followed by an upwards swing in the last three years as a result of the end of drought and water quality restrictions.

The total operating revenue in the Water Resources Fund increased by $441,995 in FY 2018/19 to $51,785,207 from $51,343,212 in FY 2017/18, primarily due to increased price for imported water, partially offset by decreased volume of deliveries.
The Meter Equivalent Unit (MEU) service charge increased to $4,920,078 in FY 2018/19 from $4,417,489 in FY 2017/18, due to a higher number of MEUs; 414,148 units in FY2018/19 versus 387,499 units in FY 2017/18, and a price adjustment to $0.99 per MEU in FY 2018/19 from $0.95 per MEU in FY 2017/18. With the implementation of MEU charges in October 2016, the Agency also restructured the recovery of MWD readiness-to-serve (RTS) fees. Previously, these fees were supported by meter account service charges, under the new fee structure, RTS fees are fully pass-through to those customers receiving the service, consistent with MWD’s ten year rolling average (TYRA) calculations. As requested by member agencies, recovery of the pass-through rate will be phased in over a seven-year period beginning in FY 2016/17.

The total operating expenses decreased to $52,235,265 in FY 2018/19 from $52,285,750 in FY 2017/18. The decrease was primarily due to lower imported water purchases from MWD, partially offset by increased expenses on operations and maintenance, general and administration.

**RECYCLED WATER SALES**

Total recycled water sales decreased by $2,975,971 to $13,901,786 in FY 2018/19, compared to $16,877,757 in FY 2017/18.

The eighteen percent decrease in revenues was primarily due to reduced demand as a result of extremely rainy weather in FY 2018/19, partially offset by an increase in recycled water rates for direct deliveries from $470 to $480 per acre foot (AF) and groundwater deliveries from $530 to $540
per AF, effective July 1, 2018. Grant receipts totaled $752,789, mainly from the State Water Resources Control Board for the Central Area Wineville Recycled Water project, and from the US Bureau of Reclamation for the Groundwater Recharge Yield Enhancement Conjunctive Use Project for Stormwater Capture. Total operating expenses increased by $1,251,230 to $17,566,879 in FY 2018/19 from $16,315,649 in FY 2017/18, due to an increase in expenses for general administration, and operations and maintenance, partially offset by a decrease in depreciation and amortization expenses.

Total net position at June 30, 2019 was $83,161,674, an increase of $2,461,440 from $80,700,234 at June 30, 2018. The increase was primarily due to increased interest revenue, grants received from Federal and State sources to improve water infrastructure, property taxes, and water capital connection fees collected.

A total of 28,345 AF of direct and recharged recycled water deliveries were made, compared to 34,642 AF for last fiscal year, a decrease of 18.18 percent primarily due to extremely wet weather in FY 2018/19.
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 $140,555,092 in FY 2018/19, a decrease of $2,510,211, or two percent over last fiscal year’s total of $143,065,303.

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>2018/19</th>
<th>% OF TOTAL</th>
<th>2017/18</th>
<th>% OF TOTAL</th>
<th>Increase/&lt;Decrease&gt; from 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Charges</td>
<td>$66,498,642</td>
<td>48%</td>
<td>$62,144,346</td>
<td>43%</td>
<td>$4,354,296 7%</td>
</tr>
<tr>
<td>Property Tax Receipts</td>
<td>44,024,651</td>
<td>31%</td>
<td>41,017,338</td>
<td>29%</td>
<td>3,007,313 7%</td>
</tr>
<tr>
<td>Wastewater Connection Fees</td>
<td>22,914,037</td>
<td>16%</td>
<td>32,849,912</td>
<td>23%</td>
<td>(9,935,875) (30)%</td>
</tr>
<tr>
<td>Other Non-operating Revenues</td>
<td>4,556,315</td>
<td>3%</td>
<td>5,632,415</td>
<td>4%</td>
<td>(1,076,100) (19)%</td>
</tr>
<tr>
<td>Interest Income</td>
<td>2,561,447</td>
<td>2%</td>
<td>1,421,292</td>
<td>1%</td>
<td>1,140,155 80%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$140,555,092</td>
<td>100%</td>
<td>$143,065,303</td>
<td>100%</td>
<td>(2,510,211) (2)%</td>
</tr>
</tbody>
</table>

The Agency’s FY 2018/19 service charges were $66,498,642, which was $4,354,296 or seven percent higher compared to FY 2017/18 total of $62,144,346. The increase is primarily due to an equivalent dwelling unit (EDU) rate adjustment from $18.39 to $19.59 per EDU (effective July 1, 2018), plus an increase of two percent or 5,589 in the number of billable EDU’s to 3,426,229 in FY 2018/19 from 3,370,640 in FY 2017/18. Rate adjustments were adopted by the Agency Board of Directors in 2015 through FY 2019/20 to establish rates which over time will recover the full cost of service.

Property tax receipts allocated to the Regional Wastewater Program increased $3,007,313, or seven percent from $41,017,338 in FY 2017/18 to $44,024,651 in FY 2018/19. The primary reason for the increase is an improvement of assessed property values.

Wastewater connection fees decreased $9,935,875, or thirty percent in FY 2018/19 to $22,914,037 from $32,849,912 in FY 2017/18, primarily due to the decreased number of new connections as a result of slower building activities in FY 2018/19 than prior year, partially offset by an increased rate. The EDU connection fee increased to $6,624 per equivalent dwelling unit (EDU) in FY 2018/19 compared to $6,309 per EDU in FY 2017/18, an increase of $315 per EDU. However, total number of EDUs reported by the contracting agencies in FY 2018/19 were 3,390 units compared to 5,223 units in FY 2017/18. Cucamonga Valley Water District, Cities of Ontario, Chino, Fontana, and Upland accounted for approximately ninety percent of the total number of new connections.

The Agency has planned to expand RP-5 wastewater processing facility located in the City of Chino, to meet demand from future growth. Construction is expected to begin in 2020.
Other non-operating revenues were $4,556,315 in FY 2018/19 compared to $5,632,415 in FY 2017/18, a decrease of $1,076,100 or nineteen percent. The decrease is primarily due to lower reimbursements in FY 2018/19 for construction of the San Bernardino Avenue Gravity Sewer Pipeline from California Steel Industries, Prologis, and Auto Club Speedway from the prior fiscal year.

Interest income increased from $1,421,292 in FY 2017/18 to $2,561,447 in FY 2018/19 due to rising interest rates and higher reserve levels.

### Expenses by Category – Regional Wastewater Program
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>2018/19</th>
<th>2017/18</th>
<th>Increase/&lt;Decrease&gt; from 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AMOUNT</td>
<td>% OF TOTAL</td>
<td>AMOUNT</td>
</tr>
<tr>
<td>Wastewater Collection</td>
<td>$1,940,237</td>
<td>2%</td>
<td>$1,704,444</td>
</tr>
<tr>
<td>Wastewater Treatment</td>
<td>23,829,235</td>
<td>27%</td>
<td>26,617,534</td>
</tr>
<tr>
<td>Wastewater Disposal</td>
<td>11,316,753</td>
<td>12%</td>
<td>10,236,087</td>
</tr>
<tr>
<td>Total Wastewater Expenses</td>
<td>37,086,225</td>
<td>41%</td>
<td>38,558,065</td>
</tr>
<tr>
<td>Administration &amp; General</td>
<td>21,356,387</td>
<td>24%</td>
<td>20,895,540</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>23,739,557</td>
<td>26%</td>
<td>22,860,802</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>3,631,625</td>
<td>4%</td>
<td>3,183,046</td>
</tr>
<tr>
<td>Other nonoperating exp</td>
<td>4,987,476</td>
<td>5%</td>
<td>7,629,833</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>90,801,270</td>
<td>100%</td>
<td>93,127,286</td>
</tr>
</tbody>
</table>

Total expenses for FY 2018/19 were $90,801,270 a decrease of $2,326,016 or two percent compared to FY 2017/18 total of $93,127,286. Total wastewater collection, treatment, and disposal costs decreased by $1,471,840, or four percent to $37,086,225 in FY 2018/19 from $38,558,065 in FY 2017/18, primarily due to lower contracted labor costs. Interest on long-term debt increased by $448,579, or fourteen percent to $3,631,625 in FY 2018/19 from $3,183,046 in FY 2017/18, mainly due to increased interest payments of State revolving fund loans for the construction of the regional water quality laboratory.
Total other non-operating expenses of $4,987,476 represents a thirty-five percent decrease compared to FY 2017/18 actual of $7,629,833. The decrease in this category is primarily due to a rescheduling of the South Archibald Trichloroethylene Plume clean-up project.

**Comparative EDU Service Charges**

<table>
<thead>
<tr>
<th>FY</th>
<th>EDU Rate</th>
<th>Dollars</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/10</td>
<td>$10.75</td>
<td>$32,526,058</td>
<td>3,025,680</td>
</tr>
<tr>
<td>10/11</td>
<td>$11.14</td>
<td>$34,256,970</td>
<td>3,075,132</td>
</tr>
<tr>
<td>12/13</td>
<td>$12.39</td>
<td>$39,338,356</td>
<td>3,175,009</td>
</tr>
<tr>
<td>13/14</td>
<td>$13.39</td>
<td>$42,778,892</td>
<td>3,194,839</td>
</tr>
<tr>
<td>14/15</td>
<td>$14.39</td>
<td>$46,837,147</td>
<td>3,254,840</td>
</tr>
<tr>
<td>15/16</td>
<td>$15.89</td>
<td>$49,808,859</td>
<td>3,212,917</td>
</tr>
<tr>
<td>16/17</td>
<td>$17.14</td>
<td>$56,442,936</td>
<td>3,293,053</td>
</tr>
<tr>
<td>17/18</td>
<td>$18.39</td>
<td>$61,981,596</td>
<td>3,370,640</td>
</tr>
<tr>
<td>18/19</td>
<td>$19.59</td>
<td>$67,082,967</td>
<td>3,426,229</td>
</tr>
</tbody>
</table>

**NON-RECLAIMABLE WASTEWATER TREATMENT**

The Non-Reclaimable Wastewater system provides pipelines and pump stations to export high-salinity industrial wastewater generated within the Agency’s service area for treatment and eventual discharge to the Pacific Ocean. The NRW collection system is physically separated from the Regional Wastewater System to ensure compliance with the Regional Board and state regulations related to environmental criteria. By diverting high nitrogen brine to the NRW system and away from Regional Wastewater system, 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 NRW system is operated by the Agency and is comprised of two sectors; the North and the South systems. The North system conveys wastewater to sewer lines owned and operated by the Sanitation Districts of Los Angeles County (SDLAC). Flows in the South system, known as the Inland Empire Brine Line (IEBL), are conveyed through pipelines operated by the Santa Ana Watershed Project Authority (SAWPA) to the County Sanitation Districts of Orange County (CSDOC) 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 SDLAC (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 system are recovered as follows:

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

The Agency and SDLAC entered into a new NRWS 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 SDLAC are more stable and predictable, making it easier for NRW industries to effectively plan for their annual budgets. The ability to acquire wastewater discharge rights as capacity units and connect to the system will also be more attractive to new industries as they now have the option to purchase or lease discharge rights rather than make a mandatory purchase as required under the prior agreement.

Total service charges in FY 2018/19 for the North and South systems decreased $504,727 to $12,455,880, compared to $12,960,607 reported in FY 2017/18. The decrease in revenues is primarily due to lower flows than prior year, partially offset by higher pass through fees for Total Suspended Solids (TSS), monthly capacity fee, and monthly volumetric fee.

Total operating expenses in FY 2018/19 increased by $115,112 to $11,280,327 compared to $11,165,215 in FY 2017/18. The increase is mainly due to excess capacity unit lease charges from County Sanitation Districts of Los Angeles County, and higher allocated labor costs for program services. The net position at June 30, 2019, increased $1,570,235 to $30,342,300.

**NRW Pass through Rates**
*For the Fiscal Year Ended June 30, 2019*

<table>
<thead>
<tr>
<th>Rate Description</th>
<th>2018/19</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>North System</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly Capital Improvement Fee</td>
<td>$7.60</td>
<td>$7.00</td>
</tr>
<tr>
<td>Operation &amp; Maintenance Charge</td>
<td>$19.90</td>
<td>$18.75</td>
</tr>
<tr>
<td>Monthly Volumetric Fee</td>
<td>$912.00</td>
<td>$919.00</td>
</tr>
<tr>
<td>Total Suspended Solids (TSS)</td>
<td>$456.00</td>
<td>$446.00</td>
</tr>
<tr>
<td>Chemical Oxygen Demand (COD)</td>
<td>$161.00</td>
<td>$172.00</td>
</tr>
<tr>
<td>Peak Flow Fee</td>
<td>$346.00</td>
<td>$349.00</td>
</tr>
<tr>
<td><strong>South System</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly Capital Improvement Fee</td>
<td>$90.00</td>
<td>$90.00</td>
</tr>
<tr>
<td>Monthly Capacity Unit Fee</td>
<td>$406.60</td>
<td>$387.24</td>
</tr>
<tr>
<td>Monthly Volumetric Fee</td>
<td>$946.00</td>
<td>$901.00</td>
</tr>
<tr>
<td>Total Suspended Solids (TSS)</td>
<td>$429.00</td>
<td>$429.00</td>
</tr>
<tr>
<td>Biochemical Oxygen Demand (BOD)</td>
<td>$307.00</td>
<td>$307.00</td>
</tr>
</tbody>
</table>
A total of fifty-one users were connected to the NRW System (North and South) during FY 2018/19, with a total flow of 1,630 million gallons per annum.

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, and performs finance related functions related to the program. Costs include general basin maintenance and restoration, groundwater administration, compliance reporting, environmental documentation and contracted services that are fully funded by CBWM, with the Agency funding its pro-rata share of costs based on recharged deliveries of recycled water.

Total operating expenses recorded in FY 2018/19 were $3,297,744, an increase of $359,281 compared to $2,938,463 in FY 2017/18. The increase was due to higher general and administration expenses, consisting of higher professional and contractual service fees, and higher labor rates. Grant revenues totaled $481,860 in FY 2018/19, mainly from the State Water Resource Control Board for capital projects at Wineville, Jurupa, and RP-3 basin aimed at storm water management. As of June 30, 2019, total net position was $34,316,715, an increase of $1,290,348 over the prior fiscal year of $33,026,367.
REVENUES

Combined revenues and other funding sources for the fiscal year totaled $244,886,628, a decrease of $6,853,017, compared to the prior fiscal year. The following table presents a comparison of revenues and other funding sources by category for fiscal years 2018/19 and 2017/18.

**Combined Revenues and Other Funding Sources by Category - All Funds**
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

<table>
<thead>
<tr>
<th>Revenue &amp; Other Funding Sources</th>
<th>2018/19</th>
<th>2017/18</th>
<th>Increase/(Decrease) from 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AMOUNT</td>
<td>% OF TOTAL</td>
<td>AMOUNT</td>
</tr>
<tr>
<td>Service Charges</td>
<td>$85,220,297</td>
<td>35%</td>
<td>$80,449,346</td>
</tr>
<tr>
<td>Water Sales</td>
<td>45,519,432</td>
<td>19%</td>
<td>45,998,819</td>
</tr>
<tr>
<td>Recycled Water Sales</td>
<td>13,901,786</td>
<td>5%</td>
<td>16,877,757</td>
</tr>
<tr>
<td>Interest Income</td>
<td>4,453,305</td>
<td>2%</td>
<td>2,401,557</td>
</tr>
<tr>
<td>Property Tax Receipts</td>
<td>53,040,078</td>
<td>22%</td>
<td>48,413,443</td>
</tr>
<tr>
<td>Water Connection Fees</td>
<td>5,916,291</td>
<td>2%</td>
<td>7,889,278</td>
</tr>
<tr>
<td>Wastewater Capital Connection Fees</td>
<td>22,914,037</td>
<td>9%</td>
<td>32,849,912</td>
</tr>
<tr>
<td>Other Non-operating Revenues</td>
<td>11,752,555</td>
<td>5%</td>
<td>10,752,001</td>
</tr>
<tr>
<td>Capital Grants</td>
<td>2,168,847</td>
<td>1%</td>
<td>6,107,532</td>
</tr>
<tr>
<td><strong>Total Revenues &amp; Contributions</strong></td>
<td>$244,886,628</td>
<td>100%</td>
<td>$251,739,645</td>
</tr>
</tbody>
</table>

**Wastewater Connection Fees**
Decrease is primarily due to fewer connections from 5,223 units to 3,390 units as a result of slower building activities, partially offset by a fee adjustment from $6,309 to $6,624 per connection.

**Capital Grants**
Funding decrease is primary due to rescheduling of the South Archibald Trichloroethylene (TCE) Plume Cleanup Project.

**Recycled Water Sales**
Decrease is primarily due to reduced demand as a result of rainy weather.

**Water Capital Connection Fees**
Number of installed meters increased from 1964 to 2030 however decrease is due to lower priced small size meters installed compared to higher priced large size meters.

**Service Charges**
Increase is primarily due to a volumetric fee adjustment from $18.39 to $19.59 per EDU.
Combined expenses for the fiscal year totaled $183,199,940 an increase of $1,294,725, compared to the prior fiscal year. The following table presents a comparison of expenses by category for fiscal years 2018/19 and 2017/18.

**Combined Expenses by Category - All Funds**
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>2018/19</th>
<th>2017/18</th>
<th>Increase/(Decrease) from 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Purchases</td>
<td>$45,519,432</td>
<td>$45,998,819</td>
<td>$(479,387) (1)%</td>
</tr>
<tr>
<td>Wastewater Collection</td>
<td>10,341,109</td>
<td>9,990,684</td>
<td>350,425 4%</td>
</tr>
<tr>
<td>Wastewater Treatment</td>
<td>23,829,235</td>
<td>26,617,534</td>
<td>(2,788,299) (10)%</td>
</tr>
<tr>
<td>Wastewater Disposal</td>
<td>11,316,753</td>
<td>10,236,087</td>
<td>1,080,666 11%</td>
</tr>
<tr>
<td>Operations and Maintenance</td>
<td>5,317,391</td>
<td>4,723,420</td>
<td>593,971 13%</td>
</tr>
<tr>
<td>Administration and General</td>
<td>36,610,462</td>
<td>34,567,419</td>
<td>2,043,043 6%</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>36,303,555</td>
<td>35,703,579</td>
<td>600,976 2%</td>
</tr>
<tr>
<td>Interest on Long-Term Debt</td>
<td>6,333,589</td>
<td>5,998,675</td>
<td>334,914 6%</td>
</tr>
<tr>
<td>Other Non-Operating Expenses</td>
<td>7,628,414</td>
<td>10,658,448</td>
<td>(3,030,034) (28)%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$183,199,940</td>
<td>$184,494,665</td>
<td>$(1,294,725) (1)%</td>
</tr>
</tbody>
</table>

**Wastewater Collection/Treatment**
Decrease is primarily due to lower contracted labor and material costs.

**Administration and General**
Increase is primarily due to higher work orders assigned to administration and general and cost associated with the regional sewage service contract negotiations.

**Non-Operating Expense**
Decrease is primarily due to rescheduling of the South Archibald Trichloroethylene (TCE) Plume Cleanup Project.

Combined Expense by Category - All Funds
Fiscal Year 2018/19
$183,199,940
Changes in FY 2018/19 compared to FY 2017/18 were:

- The Restricted Assets increased $13.4 million primarily due to an $10.9 million increase in wastewater capital connection deposits held by contracting Agencies and $3.2 million increase in water connection fees being deposited into a California Asset Management Program account.

- The Deferred Outflow of Resources for net pension liability decreased by $3.5 million, primarily due to the amortization of the FY16/17 change in assumption.

- The Deferred Inflows of Resources for net other postemployment benefit liability increased $.9 million due to change in assumptions.
The Deferred Inflows of Resources for net pension liability decreased $.3 million. This is due to amortization of changes in investment of $.2 million, an increase in change in experience of $.9 million and a decrease in change in assumption of $.4 million.

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

For the Fiscal Year Ended June 30, 2019

(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

<table>
<thead>
<tr>
<th>Item Category</th>
<th>FY 2018/19</th>
<th>% of Total</th>
<th>FY 2017/18</th>
<th>% of Total</th>
<th>Increase/(Decrease) from FY 2017/18</th>
<th>Amount</th>
<th>% of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$ 242,717,781</td>
<td>34%</td>
<td>$ 245,632,113</td>
<td>38%</td>
<td>$(2,914,332)</td>
<td>(1)%</td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>183,199,940</td>
<td>26%</td>
<td>184,494,665</td>
<td>29%</td>
<td>$(1,294,725)</td>
<td>(1)%</td>
<td></td>
</tr>
<tr>
<td>Excess (Deficiency) before Contribution</td>
<td>59,517,841</td>
<td>8%</td>
<td>61,137,448</td>
<td>9%</td>
<td>$(1,619,607)</td>
<td>(3)%</td>
<td></td>
</tr>
<tr>
<td>Capital Grants</td>
<td>2,168,847</td>
<td>0%</td>
<td>6,107,532</td>
<td>1%</td>
<td>(3,938,685)</td>
<td>(65)%</td>
<td></td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>61,686,688</td>
<td>9%</td>
<td>67,244,980</td>
<td>10%</td>
<td>(5,558,292)</td>
<td>(8)%</td>
<td></td>
</tr>
<tr>
<td>Beginning Net Position</td>
<td>647,064,947</td>
<td>91%</td>
<td>61,686,688</td>
<td>10%</td>
<td>6,137,448</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

**Ending Net Position**

| Ending Net Position | $ 708,751,635 | 100% | $ 647,064,947 | 100% | $ 61,686,688 | 10% |

**CAPITAL ASSETS**

The Agency had total net capital assets of $671,939,759 in FY 2018/19, compared to $651,502,440 in FY 2017/18. The $20,437,319 increase is due to an increase in jobs in progress and the completion of the Water Quality Laboratory and the RP-1 Mixed Liquor Return Pump projects, partially offset by a $34,477,922 increase in accumulated depreciation and amortization.

**Capital Asset Summary – All Funds**

For the Fiscal Year Ended June 30, 2019

(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>2018/19</th>
<th>2017/18</th>
<th>Increase/Decrease from 2017/18</th>
<th>% of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$14,067,874</td>
<td>$14,067,874</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Land Improvements</td>
<td>30,459,847</td>
<td>30,147,850</td>
<td>311,997</td>
<td>1%</td>
</tr>
<tr>
<td>Structures and Improvements</td>
<td>761,896,943</td>
<td>739,353,241</td>
<td>22,543,702</td>
<td>3%</td>
</tr>
<tr>
<td>Equipment</td>
<td>247,886,004</td>
<td>231,146,923</td>
<td>16,739,081</td>
<td>7%</td>
</tr>
<tr>
<td>Capacity Rights</td>
<td>14,826,587</td>
<td>14,826,587</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Water Rights</td>
<td>587,587</td>
<td>433,519</td>
<td>154,068</td>
<td>36%</td>
</tr>
<tr>
<td>Computer Software</td>
<td>13,418,337</td>
<td>13,144,087</td>
<td>274,250</td>
<td>2%</td>
</tr>
<tr>
<td>Jobs in Progress</td>
<td>96,650,607</td>
<td>81,758,464</td>
<td>14,892,143</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>1,179,793,786</strong></td>
<td><strong>1,124,878,545</strong></td>
<td><strong>54,915,241</strong></td>
<td><strong>5%</strong></td>
</tr>
<tr>
<td>Less: Accumulated Depreciation &amp; Amortization</td>
<td>(507,854,027)</td>
<td>(473,376,105)</td>
<td>$(34,477,922)</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Net Capital Assets</strong></td>
<td>$ 671,939,759</td>
<td>$ 651,502,440</td>
<td>$ 20,437,319</td>
<td>3%</td>
</tr>
</tbody>
</table>

(Refer to Note 7 of the Notes to the Basic Financial Statements for additional information)
At June 30, 2019, the Agency had outstanding principal bond debt of $112,140,000.

<table>
<thead>
<tr>
<th>Bond Issue</th>
<th>Principal</th>
<th>Premium (discount)</th>
<th>Outstanding on 06/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008B Variable Rate</td>
<td>$36,175,000</td>
<td>$</td>
<td>$36,175,000</td>
</tr>
<tr>
<td>2010A Revenue Bonds</td>
<td>14,450,000</td>
<td>699,821</td>
<td>15,149,821</td>
</tr>
<tr>
<td>2017A Revenue Bonds</td>
<td>61,515,000</td>
<td>10,003,783</td>
<td>71,518,783</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$112,140,000</td>
<td>$10,703,604</td>
<td>$122,843,604</td>
</tr>
</tbody>
</table>

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

Additionally, the Agency had outstanding Notes and Loans Payable at June 30, 2019:

1) Various State Revolving Fund (SRF) loans from the State Water Resources Control Board (SWRCB), with an outstanding balance of $119,330,235.

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 project with an outstanding balance of $4,556,378.

3) A reimbursement agreement with SDLAC for the Agency’s proportionate share of Relocation, Reconstruction, Repair or Replacement (4R’s) capital charges, funded by SRF loans with an outstanding balance of $720,868.


In June 2019, 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.
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, 2018, 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, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Enterprise Funds</th>
<th>Regional Wastewater</th>
<th>Recycled Wastewater</th>
<th>Water</th>
</tr>
</thead>
</table>

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Regional Wastewater</th>
<th>Recycled Wastewater</th>
<th>Water</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>$98,498,334</td>
<td>$17,257,245</td>
<td></td>
</tr>
<tr>
<td>Cash and investments (note 3)</td>
<td>$98,498,334</td>
<td>$17,257,245</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>14,912,369</td>
<td>7,393,143</td>
<td></td>
</tr>
<tr>
<td>Interest receivable</td>
<td>1,205,909</td>
<td>78,133</td>
<td></td>
</tr>
<tr>
<td>Taxes receivable</td>
<td>147,878</td>
<td>8,422</td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>606,930</td>
<td>90,288</td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Water inventory (note 17)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Prepaid items</td>
<td>1,201</td>
<td>3,500</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>113,273,819</td>
<td>24,799,711</td>
<td></td>
</tr>
<tr>
<td><strong>Noncurrent assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted assets (note 3)</td>
<td>96,473,575</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Deposits held by governmental agencies</td>
<td>96,473,575</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Restricted short-term investments</td>
<td>-</td>
<td>14,137,212</td>
<td></td>
</tr>
<tr>
<td>Assets held with trustee/fiscal agent</td>
<td>1,804,530</td>
<td>42,907</td>
<td></td>
</tr>
<tr>
<td><strong>Total restricted assets</strong></td>
<td>98,278,105</td>
<td>14,180,179</td>
<td></td>
</tr>
<tr>
<td><strong>Capital assets (note 7)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>14,047,046</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Jobs in progress</td>
<td>72,561,061</td>
<td>15,293,126</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>323,273,108</td>
<td>163,907,439</td>
<td></td>
</tr>
<tr>
<td>Intangible assets, net of accumulated amortization</td>
<td>6,181,788</td>
<td>586,542</td>
<td></td>
</tr>
<tr>
<td><strong>Total capital assets</strong></td>
<td>416,042,862</td>
<td>179,736,907</td>
<td></td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term agreements (note 11)</td>
<td>42,545,055</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Long-term receivables (note 10)</td>
<td>3,255,780</td>
<td>830,283</td>
<td></td>
</tr>
<tr>
<td>Advances to other funds (note 14)</td>
<td>13,500,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Prepaid interest - SRF loans</td>
<td>724,136</td>
<td>892,614</td>
<td></td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td>50,024,971</td>
<td>1,712,907</td>
<td></td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>544,346,058</td>
<td>105,620,983</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>657,610,877</td>
<td>220,429,694</td>
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</tr>
</tbody>
</table>

**DEFERRED OUTFLOWS OF RESOURCES**

<table>
<thead>
<tr>
<th></th>
<th>Regional Wastewater</th>
<th>Recycled Wastewater</th>
<th>Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred outflow related to debt refunding</td>
<td>2,312,454</td>
<td>1,315,336</td>
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<tr>
<td>Deferred outflow net other postemployment benefit liability</td>
<td>2,199,080</td>
<td>240,467</td>
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<tr>
<td>Deferred outflow related to net pension liability</td>
<td>12,657,267</td>
<td>1,535,028</td>
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<tr>
<td><strong>Total deferred outflows of resources</strong></td>
<td>17,958,801</td>
<td>3,090,330</td>
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</table>

*The accompanying notes are an integral part of the basic financial statements*
<table>
<thead>
<tr>
<th>Water Resources</th>
<th>Non-Major</th>
<th>Totals</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>$11,949,288</td>
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<td>$182,193,422</td>
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<td>36,180,650</td>
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<tr>
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<tr>
<td>-</td>
<td>38,140</td>
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<td>1,220,849</td>
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<td>2,275,783</td>
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<table>
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<th>2018</th>
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<td>55,556,538</td>
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<td>42,545,055</td>
<td>43,482,843</td>
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<td>-</td>
<td>4,134,376</td>
<td>4,886,033</td>
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<td>25,500,000</td>
</tr>
<tr>
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<td>1,777,090</td>
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<tr>
<td>48,313</td>
<td>12,000,000</td>
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<td>130,693,803</td>
<td>1,034,526,828</td>
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<td>3,848,340</td>
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<td>113,724</td>
<td>371,568</td>
<td>2,924,839</td>
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<tr>
<td>766,572</td>
<td>2,104,060</td>
<td>17,362,927</td>
</tr>
<tr>
<td>880,296</td>
<td>2,766,188</td>
<td>24,136,115</td>
</tr>
</tbody>
</table>

(continued)
INLAND EMPIRE UTILITIES AGENCY  
Statement of Net Position (Continued from previous page)  
June 30, 2019  
(With Comparative Totals for June 30, 2016)  

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Regional Wastewater</th>
<th>Recycled Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$5,942,310</td>
<td>$1,393,750</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>82,902</td>
<td>0</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retentions payable</td>
<td>1,031,619</td>
<td>110,093</td>
</tr>
<tr>
<td>Long-term debt, due within one year (note 12)</td>
<td>7,705,684</td>
<td>1,240,600</td>
</tr>
<tr>
<td>Notes payable, due within one year (note 12)</td>
<td>2,546,760</td>
<td>4,124,795</td>
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<tr>
<td>Interest payable</td>
<td>757,188</td>
<td>2,494,418</td>
</tr>
<tr>
<td>Retention deposits and escrows</td>
<td>79,394</td>
<td>42,767</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>19,146,057</td>
<td>9,415,631</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long-term debt, due in more than one year (note 12)</td>
<td>68,138,813</td>
<td>26,678,467</td>
</tr>
<tr>
<td>Notes payable, due in more than one year (note 12)</td>
<td>43,874,040</td>
<td>74,221,864</td>
</tr>
<tr>
<td>Advances from other funds (note 14)</td>
<td>-</td>
<td>25,500,000</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>-</td>
<td>599,298</td>
</tr>
<tr>
<td>Net other postemployment benefit liability (note 1c)</td>
<td>1,049,030</td>
<td>163,033</td>
</tr>
<tr>
<td>Net pension liability (note 5)</td>
<td>23,354,810</td>
<td>3,501,299</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>141,918,693</td>
<td>130,654,561</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>161,062,759</td>
<td>140,070,192</td>
</tr>
</tbody>
</table>

DEFERRED INFLOWS OF RESOURCES  
Deferred inflow net other postemployment benefit liability | 657,799 | 69,734  
Deferred inflow related to net pension liability | 1,526,384 | 199,924  
Total deferred inflows of resources | 2,214,174 | 269,658  

NET POSITION  
Net Investment in capital assets | 294,299,739 | 87,599,595  
Restricted for:  
Capital construction | 85,994,880 | 14,137,212  
SRF Loan debt service | 2,453,127 | 6,856,156  
Bond operating contingency requirement | 19,483,869 | -  
Total restricted | 97,031,869 | 20,096,380  
Unrestricted | 127,480,110 | (25,434,289)  
Total net position | $511,711,754 | $83,161,874  

The accompanying notes are an integral part of the basic financial statements.
<table>
<thead>
<tr>
<th>Water Resources</th>
<th>Non-Major</th>
<th>Totals</th>
<th>2018</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,806,087</td>
<td>$2,397,134</td>
<td>$221,193,329</td>
<td></td>
<td></td>
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<tr>
<td>569,170</td>
<td>2,025,107</td>
<td>2,677,188</td>
<td>2,936,725</td>
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<tr>
<td>- 1,657,528</td>
<td>1,967,526</td>
<td>1,706,456</td>
<td></td>
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<tr>
<td>- 70,644</td>
<td>1,212,386</td>
<td>1,079,120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 1,043,517</td>
<td>10,000,000</td>
<td>9,470,000</td>
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<td></td>
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<tr>
<td>- 720,868</td>
<td>7,382,423</td>
<td>6,746,714</td>
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<td></td>
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<tr>
<td>- 76,800</td>
<td>3,328,608</td>
<td>2,699,340</td>
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<td></td>
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<tr>
<td>- 121,101</td>
<td>953,318</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>9,376,157</strong></td>
<td><strong>8,291,596</strong></td>
<td><strong>46,220,441</strong></td>
<td><strong>47,688,004</strong></td>
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<tr>
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<td>3,501,078</td>
<td>3,501,078</td>
<td>3,428,764</td>
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<tr>
<td></td>
<td>19,026,324</td>
<td>112,843,604</td>
<td>123,877,456</td>
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<tr>
<td></td>
<td>118,095,004</td>
<td>120,047,244</td>
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</tr>
<tr>
<td></td>
<td>25,500,000</td>
<td>28,500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>580,298</td>
<td>579,358</td>
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<td></td>
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<tr>
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<td>266,494</td>
<td>2,054,461</td>
<td>4,885,907</td>
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<td>1,886,758</td>
<td>4,870,763</td>
<td>38,113,830</td>
<td>43,233,201</td>
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<tr>
<td><strong>1,462,092</strong></td>
<td><strong>20,664,659</strong></td>
<td><strong>380,697,075</strong></td>
<td><strong>324,552,530</strong></td>
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<td><strong>10,838,219</strong></td>
<td><strong>34,958,255</strong></td>
<td><strong>346,927,416</strong></td>
<td><strong>372,240,534</strong></td>
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<td>47,699</td>
<td>104,186</td>
<td>929,409</td>
<td>-</td>
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<tr>
<td>33,451</td>
<td>229,722</td>
<td>2,054,461</td>
<td>2,353,234</td>
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<td>81,150</td>
<td>399,908</td>
<td>2,983,960</td>
<td>2,353,234</td>
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<tr>
<td><strong>1,823,538</strong></td>
<td><strong>56,103,665</strong></td>
<td><strong>441,826,556</strong></td>
<td><strong>394,954,660</strong></td>
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<tr>
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<td>9,312,283</td>
<td>9,176,652</td>
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</tr>
<tr>
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<td>3,782,195</td>
<td>23,268,094</td>
<td>23,557,736</td>
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</tr>
<tr>
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<td>3,782,195</td>
<td>112,710,449</td>
<td>99,178,835</td>
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<tr>
<td><strong>13,920,841</strong></td>
<td><strong>38,247,969</strong></td>
<td><strong>154,214,639</strong></td>
<td><strong>152,924,252</strong></td>
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</tr>
<tr>
<td>$15,744,379</td>
<td>$98,133,628</td>
<td>$788,751,835</td>
<td>$647,064,047</td>
<td></td>
</tr>
</tbody>
</table>
## INLAND EMPIRE UTILITIES AGENCY
### Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Enterprise Fund Types</th>
<th>Regional</th>
<th>Recycled</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Wastewater</td>
<td>Water</td>
</tr>
</tbody>
</table>

### OPERATING REVENUES
- **Service charges**: $66,496,642
- **Water sales**: -
- **Recycled water sales**: - $13,901,786

**Total operating revenues**: $66,496,642 $13,901,786

### OPERATING EXPENSES
- **Water purchases**: -
- **Wastewater collection**: 1,940,237
- **Wastewater treatment**: 93,899,036
- **Wastewater disposal**: 11,316,753
- **Operations and maintenance**: - $3,860,564
- **Administration and general**: 21,356,297 6,177,790
- **Depreciation and amortization**: 23,739,457 8,528,635

**Total operating expenses**: 92,162,199 17,566,879

**Operating income (loss)**: $15,683,627 (3,665,093)

### NONOPERATING REVENUES (EXPENSES)
- **Interest income**: 2,561,447 756,635
- **Property tax revenue**: 44,024,651 2,170,100
- **Water connection fees**: - 5,916,291
- **Wastewater capital connection fees**: 22,914,037
- **Other nonoperating revenues**: 4,556,315 24,240
- **Interest on long-term debt**: (3,631,629) (2,223,914)
- **Other nonoperating expenses**: (4,987,476) (901,472)

**Total nonoperating revenues (expenses)**: 65,437,345 5,751,880

**Income (loss) before capital contributions and transfers**: 49,753,922 2,086,787

### TRANSFERS AND CAPITAL CONTRIBUTIONS
- **Transfers in (note 15)**: 11,946,221 2,555,566
- **Transfers out (note 15)**: (14,673,736) (2,936,702)
- **Capital grants**: 711,676 752,799

**Change in net position**: 47,537,853 2,451,440

**Total net position - beginning**: 464,173,771 80,700,234

**Total net position - ending**: $511,711,624 $83,161,674

*The accompanying notes are an integral part of the basic financial statements.*
<table>
<thead>
<tr>
<th>Water Resources</th>
<th>Non-Major</th>
<th>Totals 2019</th>
<th>Totals 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>6,265,775</td>
<td>$5,220,297</td>
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<td>-</td>
<td>45,519,432</td>
<td>45,998,819</td>
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<td>-</td>
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<td>16,877,757</td>
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<td>45,519,432</td>
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<td>26,617,534</td>
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<td>10,236,087</td>
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<td>36,957,419</td>
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<td>4,030,518</td>
<td>36,303,655</td>
<td>36,703,579</td>
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<td>169,237,937</td>
<td>167,837,542</td>
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<td>(45,065)</td>
<td>(14,797,746)</td>
<td>(26,596,429)</td>
<td>(24,611,620)</td>
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<td>.225,741</td>
<td>697,482</td>
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<td>2,401,557</td>
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<tr>
<td>4,673,127</td>
<td>1,972,200</td>
<td>53,040,078</td>
<td>48,413,443</td>
</tr>
<tr>
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<td>5,916,291</td>
<td>7,889,275</td>
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</tr>
<tr>
<td>-</td>
<td>22,914,037</td>
<td>32,849,912</td>
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<td>265,229</td>
<td>9,603,771</td>
<td>11,792,055</td>
<td>10,752,061</td>
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<tr>
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<td>(476,063)</td>
<td>(6,333,569)</td>
<td>(5,998,675)</td>
</tr>
<tr>
<td>(518,514)</td>
<td>(1,220,912)</td>
<td>(7,628,413)</td>
<td>(10,658,445)</td>
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<tr>
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<td>84,114,263</td>
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<tr>
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<td>3,278,767</td>
<td>60,617,841</td>
<td>61,137,448</td>
</tr>
<tr>
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<td>17,939,650</td>
<td>5,931,059</td>
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<tr>
<td>-</td>
<td>(129,412)</td>
<td>(17,939,650)</td>
<td>(5,931,059)</td>
</tr>
<tr>
<td>222,922</td>
<td>461,860</td>
<td>2,168,847</td>
<td>6,107,332</td>
</tr>
<tr>
<td>5,057,451</td>
<td>6,629,864</td>
<td>61,686,686</td>
<td>67,244,980</td>
</tr>
<tr>
<td>10,666,918</td>
<td>91,504,024</td>
<td>647,064,947</td>
<td>579,819,957</td>
</tr>
<tr>
<td>$ 15,744,379</td>
<td>$ 98,133,828</td>
<td>$ 708,751,635</td>
<td>$ 647,064,947</td>
</tr>
</tbody>
</table>
INLAND EMPIRE UTILITIES AGENCY
Statement of Cash Flows
For the Fiscal Year ended June 30, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Enterprise Funds</th>
<th>Regional Wastewater</th>
<th>Recycled Water</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from customers</td>
<td>$65,656,238</td>
<td>$10,796,421</td>
</tr>
<tr>
<td>Cash received from interfund services provided</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash payments to suppliers for goods and services</td>
<td>$(26,915,779)</td>
<td>$(4,939,275)</td>
</tr>
<tr>
<td>Cash payments to employees for services</td>
<td>$(14,392,858)</td>
<td>$(1,299,270)</td>
</tr>
<tr>
<td>Cash payments for interfund services used</td>
<td>(21,555,539)</td>
<td>(3,302,474)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used for) operating activities</strong></td>
<td>2,822,082</td>
<td>7,165,399</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| Transfers in | 11,946,221 | 2,558,556 |
| Transfers out | (14,873,738) | (2,936,792) |
| Contract reimbursement from others | 4,556,316 | 24,240 |
| Tax revenues | 44,255,973 | 2,183,418 |
| Collection of long-term receivable | 602,389 | 89,259 |
| Cash paid to others | (4,229,357) | (718,253) |
| Investment in IERCA | 937,788 | - |
| Advances from other funds | - | (3,000,000) |
| Advances to other funds | - | - |
| **Net cash provided by (used for) noncapital financing activities** | 43,266,564 | (1,799,493) |

| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Acquisition and construction of capital assets | $(45,031,395) | $(6,635,738) |
| Proceeds from State Revolving Funds | 2,518,913 | - |
| Connection fees or deposit held by members | 22,914,037 | - |
| Water connection Fees | - | 5,916,291 |
| Capital grants received | 711,070 | 752,796 |
| Principal paid on capital debt | (6,028,098) | (1,479,190) |
| Interest paid on capital debt | (3,236,969) | (1,424,870) |
| Payments on State Revolving Funds | (1,357,400) | (1,688,244) |
| Bond administration fees | (756,119) | (183,217) |
| Contractor deposits collected | - | - |
| **Net cash provided by (used for) capital and related financing activities** | (32,319,355) | (4,742,299) |

The accompanying notes are an integral part of the basic financial statements
<table>
<thead>
<tr>
<th>Water Resources</th>
<th>Non-Major</th>
<th>Totals</th>
<th>2019</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$51,706,007</td>
<td>$12,065,028</td>
<td>$147,216,401</td>
<td>$150,141,945</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>28,331,470</td>
<td>28,331,470</td>
<td>27,129,610</td>
</tr>
<tr>
<td>(50,379,715)</td>
<td>(18,263,289)</td>
<td>(100,228,064)</td>
<td>(101,338,933)</td>
<td></td>
</tr>
<tr>
<td>(1,005,920)</td>
<td>(23,809,259)</td>
<td>(40,477,307)</td>
<td>(39,233,969)</td>
<td></td>
</tr>
<tr>
<td>(833,440)</td>
<td>(1,445,123)</td>
<td>(27,326,576)</td>
<td>(26,902,712)</td>
<td></td>
</tr>
<tr>
<td>(522,081)</td>
<td>(2,259,376)</td>
<td>7,215,004</td>
<td>10,795,747</td>
<td></td>
</tr>
<tr>
<td>436,414</td>
<td>2,988,849</td>
<td>17,939,850</td>
<td>8,931,059</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>(129,412)</td>
<td>(17,690,850)</td>
<td>(9,931,059)</td>
<td></td>
</tr>
<tr>
<td>263,229</td>
<td>5,770,869</td>
<td>10,819,654</td>
<td>9,988,267</td>
<td></td>
</tr>
<tr>
<td>4,885,103</td>
<td>1,984,273</td>
<td>53,309,767</td>
<td>48,342,520</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>751,657</td>
<td>88,067</td>
<td></td>
</tr>
<tr>
<td>(518,515)</td>
<td>(1,162,075)</td>
<td>(6,628,200)</td>
<td>(9,646,638)</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>937,788</td>
<td>952,178</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>(3,000,000)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td></td>
</tr>
<tr>
<td>5,071,231</td>
<td>12,462,304</td>
<td>58,990,005</td>
<td>49,724,390</td>
<td></td>
</tr>
</tbody>
</table>

| (1,402,864)     | (3,619,311) | (56,730,336) | (55,574,965) | |
| -               | -          | 2,216,913    | 11,310,182   | |
| -               | -          | 22,914,037   | 32,849,012   | |
| -               | -          | 5,916,291    | 7,886,277    | |
| 222,521         | 481,860    | 2,185,646    | 5,107,531    | |
| -               | (1,775,465) | (11,282,753) | (10,854,835) | |
| -               | (713,162)  | (5,377,021)  | (6,405,225)  | |
| -               | -          | (3,945,844)  | (2,200,089)  | |
| -               | 23,384     | (918,972)    | (674,233)    | |
| -               | 23,015     | 23,015       | 3,486        | |
| (1,180,343)     | (5,580,119) | (43,822,026) | (16,749,019) | |

(Continued)
INLAND EMPIRE UTILITIES AGENCY  
Statement of Cash Flows (Continued from previous page)  
For the Fiscal Year ended June 30, 2019  
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Enterprise Funds</th>
<th>Regional Wastewater</th>
<th>Recycled Water</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td>$2,197,895</td>
<td>$769,841</td>
</tr>
<tr>
<td>Interest on investments</td>
<td>$2,197,895</td>
<td>$769,841</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by (used for) investing activities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>$15,657,126</td>
<td>$1,383,568</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning</td>
<td>$148,810,180</td>
<td>$30,053,867</td>
</tr>
<tr>
<td>Cash and cash equivalents - ending</td>
<td>$164,767,356</td>
<td>$31,437,425</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Operating income (loss)</th>
<th>$ (15,692,611)</th>
<th>$ (3,665,063)</th>
</tr>
</thead>
</table>

Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:

| Depreciation and amortization | 23,739,557 | 8,528,535 |

Changes in assets and liabilities:

| (Increase) decrease in | | |
|------------------------|----------------|
| Accounts receivable | $(640,820) | 2,606,834 |
| Water inventory | - | - |
| Short-term receivable | $(201,554) | $(1,199) |
| Long-term receivable | - | - |
| Inventory | - | - |
| Prepaid items | - | - |

Increase (decrease) in:

| Deferred outflow related to net pension liability | 2,676,128 | 189,152 |
| Deferred outflow related to net other post employment benefit | $(123,290) | $(15,268) |
| Accounts payable | (773,655) | (188,792) |
| Accrued liabilities | 40,870 | (10,881) |
| Net other postemployment benefits liability | (2,126,041) | (235,114) |
| Net pension liability | (3,903,599) | (355,637) |
| Deferred inflow related to net pension liability | (215,454) | (21,772) |
| Deferred inflow related to net other post employment benefit | 687,790 | 82,734 |
| Other liabilities | - | - |
| Change in contractor deposits | (653,326) | (36,210) |
| Compensated absences | - | - |

Net cash provided by (used for) operating activities | $2,822,062 | $7,165,389 |
<table>
<thead>
<tr>
<th>Water</th>
<th>Non-Major</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources</td>
<td>203,128</td>
<td>514,193</td>
</tr>
<tr>
<td></td>
<td>2,364,179</td>
<td>3,875,057</td>
</tr>
<tr>
<td>203,128</td>
<td>2,878,372</td>
<td>6,039,236</td>
</tr>
<tr>
<td>3,571,935</td>
<td>7,510,181</td>
<td>20,422,080</td>
</tr>
<tr>
<td>8,377,333</td>
<td>20,848,465</td>
<td>217,080,845</td>
</tr>
<tr>
<td>$ 11,049,288</td>
<td>$ 37,358,670</td>
<td>$ 245,512,725</td>
</tr>
<tr>
<td>$ (450,059)</td>
<td>$ (4,707,745)</td>
<td>$ (24,605,508)</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4,946</td>
<td>4,030,518</td>
<td>36,303,556</td>
<td>35,703,578</td>
</tr>
<tr>
<td>101,248</td>
<td>874,783</td>
<td>3,849,309</td>
<td>(12,340,698)</td>
</tr>
<tr>
<td>(7,893)</td>
<td>(19,329)</td>
<td>(165,809)</td>
<td></td>
</tr>
<tr>
<td>67,551</td>
<td>(1,726,252)</td>
<td>(2,599,148)</td>
<td>(6,049,318)</td>
</tr>
<tr>
<td>(3,934)</td>
<td>(274,800)</td>
<td>(259,536)</td>
<td>(15,682)</td>
</tr>
<tr>
<td>(112,109)</td>
<td>(357,281)</td>
<td>(2,831,445)</td>
<td>(4,054,078)</td>
</tr>
<tr>
<td>(142,395)</td>
<td>(374,818)</td>
<td>(4,776,449)</td>
<td>(578,615)</td>
</tr>
<tr>
<td>(95,024)</td>
<td>(718,540)</td>
<td>(1,022,270)</td>
<td>(4,410,620)</td>
</tr>
<tr>
<td>47,099</td>
<td>104,183</td>
<td>929,409</td>
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</tr>
<tr>
<td></td>
<td>940</td>
<td>108,368</td>
<td></td>
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<td></td>
<td>(666,538)</td>
<td>1,237,670</td>
<td></td>
</tr>
<tr>
<td></td>
<td>323,382</td>
<td>323,382</td>
<td>58,786</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (522,081)</td>
<td>$ (2,250,376)</td>
<td>$ 7,215,004</td>
<td>$ 10,795,347</td>
</tr>
</tbody>
</table>

(Continued)
INLAND EMPIRE UTILITIES AGENCY
Statement of Cash Flows - (Continued from previous page)
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Enterprise Funds</th>
<th>Regional</th>
<th>Recycled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Regional</th>
<th>Recycled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term investments</td>
<td>$96,480,250</td>
<td>$17,257,245</td>
</tr>
<tr>
<td>Restricted assets</td>
<td>68,278,106</td>
<td>14,180,160</td>
</tr>
<tr>
<td>Cash &amp; cash equivalents at end of year</td>
<td>$164,766,358</td>
<td>$31,437,405</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the basic financial statements.
<table>
<thead>
<tr>
<th></th>
<th>Water Resources</th>
<th>Non-Major</th>
<th>Totals 2019</th>
<th>Totals 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$11,940,280</td>
<td>$3,375,540</td>
<td>$120,071,312</td>
<td>$122,307,160</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>33,983,127</td>
<td>116,441,413</td>
<td>94,702,655</td>
</tr>
<tr>
<td></td>
<td>$11,940,280</td>
<td>$37,358,676</td>
<td>$245,512,725</td>
<td>$217,089,845</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th></th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Organization and Summary of Significant Accounting Policies</td>
</tr>
<tr>
<td>2</td>
<td>Stewardship, Compliance &amp; Accountability</td>
</tr>
<tr>
<td>3</td>
<td>Cash and Investments</td>
</tr>
<tr>
<td>4</td>
<td>Deferred Compensation Plan</td>
</tr>
<tr>
<td>5</td>
<td>Defined Benefit Pension Plan</td>
</tr>
<tr>
<td>6</td>
<td>Risk Management</td>
</tr>
<tr>
<td>7</td>
<td>Changes in Capital Assets</td>
</tr>
<tr>
<td>8</td>
<td>Construction Commitments</td>
</tr>
<tr>
<td>9</td>
<td>Contingent Liabilities</td>
</tr>
<tr>
<td>10</td>
<td>Long-Term Receivables</td>
</tr>
<tr>
<td>11</td>
<td>Joint Ventures – Long-Term Agreements</td>
</tr>
<tr>
<td>12</td>
<td>Long-Term Debt and Notes Payable</td>
</tr>
<tr>
<td>13</td>
<td>Arbitrage Rebate Obligation</td>
</tr>
<tr>
<td>14</td>
<td>Advance to/from Other Funds</td>
</tr>
<tr>
<td>15</td>
<td>Interfund Transfers</td>
</tr>
<tr>
<td>16</td>
<td>Operating Leases</td>
</tr>
<tr>
<td>17</td>
<td>Water Inventory</td>
</tr>
<tr>
<td>18</td>
<td>Defined Other Postemployment Benefit (OPEB) Plan</td>
</tr>
<tr>
<td>19</td>
<td>Subsequent Events</td>
</tr>
</tbody>
</table>
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). 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 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, 2019, the Agency’s staff is led by the General Manager who is appointed by the Board, Executive Manager of External Affairs and Policy Development/Assistant General Manager (AGM), Executive Manager of Operations/AGM, Executive Manager of Engineering/AGM, and the Executive Manager of Finance and
Administration/AGM. The Agency’s staff consisted of 290 regular authorized positions, of which 259 were filled as of June 30, 2019. The Board also appoints legal counsel and independent auditors to serve as consultants to Agency staff.

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

**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, 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 treatment of domestic wastewater flows based on equivalent dwelling units (EDU’s) connected to the contracting agencies local collection systems recorded in the Regional Wastewater Operational 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, imported water sales 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 collecting 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 water from Metropolitan Water District of Southern California (MWD), biosolids recycling, expenses associated with the operations, maintenance and capital improvements of the facilities that support the distribution of recycled water and direct and recharged deliveries of recycled water, 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.

**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 collecting, 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. When both restricted and unrestricted resources are available for use, it is the Agency’s policy to use restricted resources first, then unrestricted resources as needed.

RECOGNITION OF REVENUES AND EXPENSES

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

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) reimbursement for contract services provided to Chino Basin Desalter Authority (CDA) and Inland Empire Regional Composting Authority (IERCA).

The Agency classifies the expense types based upon the goods and/or services directly related to the operations of the Agency in providing the core services and/or goods. Typical operating expenses include sewage collection and treatment, biosolids disposal, and delivery of recycled water. 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 and IERCA, 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 to or from reserve accounts, require Board approval. The Agency is not required to present budget
comparisons; therefore, budgetary data is not presented in the accompanying basic financial statements.

The Agency maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board 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, 2019, and in accordance with the Governmental Accounting Standards Board Statement Number 9, the Agency’s cash and cash equivalents are considered to be petty cash, demand deposits and savings accounts that are readily available on demand. All short-term cash surpluses are maintained in a cash and investment pool and allocated to each fund based on month-end cash and investment balances. For financial presentation purposes, cash is shown within cash, short-term investments, and restricted assets. Additionally, guidelines provided by GASB Statement No. 40 regarding risk disclosures on deposits and investments have been followed.

#### INTEREST INCOME ALLOCATION METHOD

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

#### 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; and, are payable to the County in two installments on December 10 and April 10. 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

The Agency uses the consumption method of accounting for inventory. 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 bond proceeds available for capital construction payments; (b) proceeds from bonds which are restricted to making payments for debt service; (c) deposits held by contracting agencies for Regional Wastewater Capital Connection Fees collected on behalf of the Agency to fund capital construction expenditures, and (d) construction contract retentions which involve escrow agreements, and deposits held in lieu of retentions, both of which require funds to be separately set aside for retention.
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, capitalized interest, as well as ancillary expenses necessary to make productive use of the assets. Current capitalization thresholds are reflected in the following table:

<table>
<thead>
<tr>
<th>Type of Expenditure</th>
<th>Total Cost</th>
<th>Estimated Life</th>
<th>Increase Estimated Life</th>
<th>Enhances Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment</td>
<td>≥$5,000</td>
<td>&gt;1 Year</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>≥$1,000</td>
<td>&gt;1 Year</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Other Equipment</td>
<td>≥$5,000</td>
<td>&gt;1 Year</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Maintenance &amp; Repair</td>
<td>≥$5,000</td>
<td>≥3 Years</td>
<td>------</td>
<td>Yes</td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Year Capital Projects</td>
<td>≥$5,000</td>
<td>≥3 Years</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Multi-Year Capital Projects</td>
<td>≥$15,000</td>
<td>≥1 Year</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

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

During the year ended June 30, 2019, there was no interest capitalized on jobs in process related to any bond proceeds.

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

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.

<table>
<thead>
<tr>
<th>Estimated useful lives are:</th>
<th>Furniture, machinery and equipment</th>
<th>3 - 15 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Improvements</td>
<td>15 years</td>
</tr>
<tr>
<td></td>
<td>Interceptors, buildings and plants</td>
<td>5 - 50 years</td>
</tr>
<tr>
<td></td>
<td>Intangible Capacity Rights</td>
<td>50 years</td>
</tr>
<tr>
<td></td>
<td>Computer Software</td>
<td>3 years</td>
</tr>
</tbody>
</table>
DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency has 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, the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the difference between expected and actual experiences. These amounts are amortized over the expected average remaining service life beginning with the current year, except for the net difference between projected and actual earnings on pension plan investments which are amortized over five years.

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

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, 2017
Measurement Date     June 30, 2018
Measurement Period   July 1, 2017 to June 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency’s Other Post-Employment Benefits (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, 2017
Measurement Date     June 30, 2018
Measurement Period   July 1, 2017 to June 30, 2018

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.

PRIOR FISCAL YEAR DATA

The information included in the accompanying financial statements for the prior fiscal year has been presented for comparison purposes only, and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain reclassifications of prior year data have been made to enhance their comparability with current year figures.
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 deposits held by governmental agencies represents the funds held by contracting agencies in a Capital Capacity Reimbursement Account (CCRA) on behalf of the Agency to support the improvement and expansion of the Regional Wastewater System, in accordance with the Chino Basin Regional Sewage Service Contract.

Cash and investments as of June 30, 2019 are classified in the accompanying financial statement as follows:

| Statement of net position:                                      |     |
|                                                               |     |
| Cash and investments                                          | $162,183,422 |
| Restricted deposits held by governmental agencies             | 66,473,575  |
| Restricted short term investments                             | 14,137,212  |
| Restricted assets held with trustee/fiscal agent              | 2,727,598   |
| **Total cash and investments**                                | **$245,521,808** |

Cash and investments as of June 30, 2019 consist of the following:

| Cash and investments as of June 30, 2019 consist of the following:                      |     |
| Cash on hand (Petty Cash)                                                              | $2,250 |
| Deposits with financial institutions                                                   | (1,441,414) |
| Deposits held by other governmental agencies                                          | 66,473,575 |
| Investments                                                                             | 180,487,397 |
| **Total cash and investments**                                                         | **$245,521,808** |

FAIR VALUE

The Agency reports its investments at fair value in the balance sheet. All investment income, including changes in fair value of investments, is recognized as revenue in the operating statement.
INVESTMENTS AUTHORIZED BY THE CALIFORNIA GOVERNMENT CODE AND THE AGENCY’S INVESTMENT POLICY

The table below identifies the investment types that are authorized by the California Government Code Section 53601 and the Agency’s investment policy (where more restrictive). The table also identifies certain provisions of the California Government Code or the Agency’s investment policy that address interest rate risk, credit risk, and concentration of credit risk.

<table>
<thead>
<tr>
<th>Authorized Investment Type</th>
<th>Maximum Maturity</th>
<th>Maximum Percentage of Portfolio</th>
<th>Investment in One Issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Obligations</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Agency Securities</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Instrumentalities (Supranational)</td>
<td>5 years</td>
<td>20%</td>
<td>None</td>
</tr>
<tr>
<td>State Treasury Obligations</td>
<td>5 years</td>
<td>10%</td>
<td>None</td>
</tr>
<tr>
<td>Local Agency Obligations</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>270 days</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Negotiable/Placement Certificates of Deposits</td>
<td>5 years</td>
<td>30%</td>
<td>None</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>90 days</td>
<td>40%</td>
<td>None</td>
</tr>
<tr>
<td>Medium-Term Notes</td>
<td>5 years</td>
<td>30%</td>
<td>None</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>N/A</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Local Agency Investment Fund</td>
<td>N/A</td>
<td>$65M</td>
<td>None</td>
</tr>
<tr>
<td>Local Agency Investment Pools</td>
<td>N/A</td>
<td>$20M/Acct</td>
<td>None</td>
</tr>
<tr>
<td>Bank Deposits</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Authorized Investment Type</th>
<th>Minimum Rating</th>
<th>Maximum Maturity</th>
<th>Maximum Percentage Allowed</th>
<th>Maximum Investment In One Issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Obligations</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Agency Securities</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>AA-m / Aa2</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Certificates of Deposits</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Investment Agreements</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>A-1 / Prime-1</td>
<td>270 days</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Bankers Acceptances</td>
<td>A-1 / Prime-1</td>
<td>1 Year</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>A</td>
<td>30 days</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Local Agency Investment Fund</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

**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 unencoded inputs not defined as Level 1, 2, or 3.
The Agency is a voluntary participant in the 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.

**DEPOSITS**

At June 30, 2019, the carrying amount of the Agency's deposits was -$1,441,414 and the bank balance was $1,866,934. The $3,308,348 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure public agencies deposits by pledging government securities with a value of 110 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. 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, 2019 for each investment type:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Amount</th>
<th>Minimum Legal Rating</th>
<th>Moody's Rating as of June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Aaa to Aa3</td>
</tr>
<tr>
<td>Repurchase Agreement</td>
<td>$6,242,498</td>
<td>N/A</td>
<td>$6,242,498</td>
</tr>
<tr>
<td>U.S. Agency Securities</td>
<td>24,662,732</td>
<td>N/A</td>
<td>24,662,732</td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>15,426,752</td>
<td>A</td>
<td>2,041,667</td>
</tr>
<tr>
<td>US Treasury</td>
<td>47,285,270</td>
<td>A</td>
<td>47,285,270</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>998,970</td>
<td>N/A</td>
<td>998,970</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>1,017,419</td>
<td>N/A</td>
<td>1,017,419</td>
</tr>
<tr>
<td>LAIF</td>
<td>27,986,810</td>
<td>N/A</td>
<td>-</td>
</tr>
<tr>
<td>CAMP</td>
<td>50,357,676</td>
<td>N/A</td>
<td>-</td>
</tr>
<tr>
<td>Brokered Certificate of Deposit</td>
<td>3,902,832</td>
<td>N/A</td>
<td>2,240,834</td>
</tr>
<tr>
<td>Held by Bond Trustee:</td>
<td>Money Market Mutual Funds</td>
<td>2,606,439</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>$180,487,397</td>
</tr>
</tbody>
</table>

CONCENTRATION OF CREDIT RISK

The Agency’s investment policy contains several limitations on the amount that can be invested with any one issuer and type of investment as well as that stipulated by the California Government Code. Investments in any one issuer (excluding investment pools) that represents five percent or more of the total Agency’s investments are as follows:

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Investment Type</th>
<th>Reported Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Home Loan Mortgage Bank</td>
<td>US Agency Securities</td>
<td>$12,647,666</td>
<td>7.01%</td>
</tr>
<tr>
<td>Federal National Mortgage Association</td>
<td>US Agency Securities</td>
<td>$9,192,929</td>
<td>5.09%</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>US Agency Securities</td>
<td>$9,064,635</td>
<td>5.02%</td>
</tr>
</tbody>
</table>
CUSTODIAL CREDIT RISK

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Agency will not be able to recover the value of investment or collateral securities that are in the possession of another party. The California Government Code and the Agency’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal 110 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, 2019, the Agency’s deposits (bank balance) were insured by the Federal Depository Insurance Corporation up to $250,000 and the remaining balances were collateralized under California law.

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

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

INTEREST RATE RISK

Interest rate risk is the risk borne by an interest-bearing asset, due to variability of the interest rate of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Agency’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Agency’s investment policy states that purchases of investments will be restricted to securities with a final state maturity not to exceed five years 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, 2019, the Agency had the following investments and original maturities:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>12 Months or Less</th>
<th>13 to 24 Months</th>
<th>25 to 60 Months</th>
<th>More Than 60 Months</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase Agreement</td>
<td>$6,242,498</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$6,242,498</td>
</tr>
<tr>
<td>U.S Agency Securities</td>
<td>5,007,315</td>
<td>7,633,025</td>
<td>12,022,392</td>
<td>24,662,732</td>
<td></td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>757,625</td>
<td>543,489</td>
<td>14,125,638</td>
<td>15,426,752</td>
<td></td>
</tr>
<tr>
<td>US Treasury Note</td>
<td>9,133,965</td>
<td>38,151,305</td>
<td>47,285,270</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>998,970</td>
<td></td>
<td></td>
<td>998,970</td>
<td></td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>1,017,419</td>
<td></td>
<td></td>
<td>1,017,419</td>
<td></td>
</tr>
<tr>
<td>State Investment Pool</td>
<td>27,986,810</td>
<td></td>
<td></td>
<td>27,986,810</td>
<td></td>
</tr>
<tr>
<td>CAMP</td>
<td>50,357,676</td>
<td></td>
<td></td>
<td>50,357,676</td>
<td></td>
</tr>
<tr>
<td>Brokers Certificate of Deposit</td>
<td>1,421,830</td>
<td>2,481,002</td>
<td></td>
<td>3,902,832</td>
<td></td>
</tr>
<tr>
<td>Held by Bond Trustee:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money Market Mutual Fund</td>
<td>2,606,439</td>
<td></td>
<td></td>
<td>2,606,439</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96,396,582</strong></td>
<td><strong>19,791,480</strong></td>
<td><strong>64,299,335</strong></td>
<td><strong>$</strong></td>
<td><strong>180,487,397</strong></td>
</tr>
</tbody>
</table>

**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 information below shows the Agency’s investments fair value measurements (market approach) as of June 30, 2019. 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.

<table>
<thead>
<tr>
<th>Investments by Fair Value Level</th>
<th>June 30, 2019</th>
<th>Level 1 (A)</th>
<th>Level 2 (B)</th>
<th>Uncategorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase Agreement</td>
<td>$6,242,498</td>
<td>$6,242,498</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Agency Securities</td>
<td>24,662,732</td>
<td>24,662,732</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>15,426,752</td>
<td>15,426,752</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>998,970</td>
<td>998,970</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>1,017,419</td>
<td>1,017,419</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Investment Pool</td>
<td>27,986,810</td>
<td></td>
<td></td>
<td>27,986,810</td>
</tr>
<tr>
<td>CAMP</td>
<td>50,357,676</td>
<td>50,357,676</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brokered Certificate of Deposit</td>
<td>3,902,832</td>
<td>3,902,832</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money Market Mutual Fund</td>
<td>2,606,439</td>
<td>2,606,439</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$180,487,397</strong></td>
<td><strong>$53,794,541</strong></td>
<td><strong>$98,706,047</strong></td>
<td><strong>$27,986,810</strong></td>
</tr>
</tbody>
</table>

(A) Level 1 - Quoted prices in active markets for identical assets  
(B) Level 2 - Quoted prices in active markets for significant other observable inputs  
(C) Level 3 - Quoted prices in active markets for significant unobservable inputs

**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 a single 457 (b) account of each employee with contributions to an active plan 457 plan.

In fiscal year 1997/98, the Board of Directors adopted a resolution to establish another Deferred Compensation Plan that is a qualified plan under the IRC Section 401(a). Each participant can contribute a percentage of their employee’s earnings up to a maximum of $56,000 for 2019. 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. 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.
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 at June 30, 2019, are summarized as follows:

<table>
<thead>
<tr>
<th>Hire date</th>
<th>Prior to January 1, 2012+</th>
<th>On or After January 1, 2012+</th>
<th>After January 1, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit formula</td>
<td>2.5%@55</td>
<td>2%@55</td>
<td>2%@62</td>
</tr>
<tr>
<td>Final average compensation period</td>
<td>1 year</td>
<td>3 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Benefit vesting schedule</td>
<td>5 years of service</td>
<td>5 years of service</td>
<td>5 years of service</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>monthly for life</td>
<td>monthly for life</td>
<td>monthly for life</td>
</tr>
<tr>
<td>Eligible retirement age</td>
<td>50 – 55+</td>
<td>50 – 63+</td>
<td>52 – 67+</td>
</tr>
<tr>
<td>Monthly benefits, as a % of eligible compensation</td>
<td>2% - 2.5%</td>
<td>1.4% - 2.4%</td>
<td>1% - 2.5%</td>
</tr>
<tr>
<td>FY2017/18 required employee contribution rates*</td>
<td>8%</td>
<td>7%</td>
<td>6.25%</td>
</tr>
<tr>
<td>FY2017/18 required employer contribution rates</td>
<td>18.580%</td>
<td>18.580%</td>
<td>18.580%</td>
</tr>
</tbody>
</table>

* Closed to new entrants

* Effective the first pay period of fiscal year 2016/17 and FY 2017/18, 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

At June 30, 2019 (measurement date as of June 30, 2018) actuarial valuation, the following employees were covered by the Plans’ terms:

<table>
<thead>
<tr>
<th>Employees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retired members and beneficiaries</td>
<td>252</td>
</tr>
<tr>
<td>Active employees</td>
<td>276</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>528</strong></td>
</tr>
</tbody>
</table>

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.

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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2018 actuarial accounting valuations were determined using the following actuarial assumptions:

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement Date</td>
<td>June 30, 2018</td>
</tr>
<tr>
<td>Actuarial Cost Method</td>
<td>Entry-Age Normal Cost Method</td>
</tr>
</tbody>
</table>

Actuarial Assumptions:

- **Discount Rate**: 7.15%
- **Inflation**: 2.50%
- **Payroll Growth**: 3.00%
- **Projected Salary Increases**: Varies by Entry Age and Service
- **Investment Rate of Return**: 7.50% (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 all other actuarial assumptions used in the December 2017 valuation 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.

CHANGE OF ASSUMPTIONS

GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.15 percent used for both the June 30, 2017 and 2018 measurement dates is net of administrative expense.
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.

<table>
<thead>
<tr>
<th>Asset Class (a)</th>
<th>New Strategic Allocation</th>
<th>Real Return Years 1-10 (b)</th>
<th>Real Return Years 11+(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Entity</td>
<td>50.00%</td>
<td>4.80%</td>
<td>5.98%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>28.00%</td>
<td>1.00%</td>
<td>2.62%</td>
</tr>
<tr>
<td>Inflation Assets</td>
<td>0.00%</td>
<td>77.00%</td>
<td>1.81%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>8.00%</td>
<td>6.30%</td>
<td>7.23%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>13.00%</td>
<td>3.75%</td>
<td>4.93%</td>
</tr>
<tr>
<td>Liquidity</td>
<td>1.00%</td>
<td>0.00%</td>
<td>(0.92%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Increase (Decrease)</th>
<th>Total Pension Liability</th>
<th>Plan Fiduciary Net Position</th>
<th>Net Pension Liability (Asset)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balances at June 30, 2017</strong></td>
<td>$193,055,604</td>
<td>$149,821,803</td>
<td>$43,233,801</td>
</tr>
<tr>
<td><strong>Changes in the Year:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>4,646,509</td>
<td>-</td>
<td>4,646,509</td>
</tr>
<tr>
<td>Interest on the total pension liability</td>
<td>13,746,742</td>
<td>-</td>
<td>13,746,742</td>
</tr>
<tr>
<td>Differences between actual and expected experience</td>
<td>2,100,628</td>
<td>-</td>
<td>2,100,628</td>
</tr>
<tr>
<td>Changes in assumptions</td>
<td>(1,453,107)</td>
<td>-</td>
<td>(1,453,107)</td>
</tr>
<tr>
<td>Changes in benefit terms</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net plan to plan resources movement</td>
<td>$ (385)</td>
<td>-</td>
<td>385</td>
</tr>
<tr>
<td>Contribution - employer</td>
<td>-</td>
<td>9,461,289</td>
<td>(9,461,289)</td>
</tr>
<tr>
<td>Contribution - employee</td>
<td>-</td>
<td>2,374,114</td>
<td>(2,374,114)</td>
</tr>
<tr>
<td>Net investment income</td>
<td>-</td>
<td>13,002,740</td>
<td>(13,002,740)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-</td>
<td>(233,464)</td>
<td>233,464</td>
</tr>
<tr>
<td>Other miscellaneous income/(expense)</td>
<td>-</td>
<td>(443,351)</td>
<td>443,351</td>
</tr>
<tr>
<td>Benefit payments, including refunds of employee contributions</td>
<td>(7,528,545)</td>
<td>(7,528,545)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Changes</strong></td>
<td>$11,512,227</td>
<td>$16,632,398</td>
<td>$(5,120,171)</td>
</tr>
<tr>
<td><strong>Balance at June 30, 2018</strong></td>
<td>$204,567,831</td>
<td>$166,454,201</td>
<td>$38,113,630</td>
</tr>
</tbody>
</table>
SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

<table>
<thead>
<tr>
<th>Discount Rate</th>
<th>Current Discount Rate (7.15%)</th>
<th>Discount Rate (6.15%)</th>
<th>Discount Rate (8.15%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Pension Liability</td>
<td>$ 66,704,890</td>
<td>$ 38,113,630</td>
<td>$ 14,499,815</td>
</tr>
</tbody>
</table>

PENSION PLAN FIDUCIARY NET POSITION

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

SUBSEQUENT EVENTS

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

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:

<table>
<thead>
<tr>
<th>Difference between projected and actual earnings</th>
<th>5-year straight-line amortization</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other amounts</td>
<td>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</td>
</tr>
</tbody>
</table>

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

For the fiscal year ended June 30, 2019, the Agency recognized pension expense of $7,816,754. As of June 30, 2019, the Agency has deferred outflows and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension contributions subsequent to measurement date</td>
<td>$9,766,593</td>
</tr>
<tr>
<td>Differences between actual and expected experience</td>
<td>2,447,222</td>
</tr>
<tr>
<td>Change in assumptions</td>
<td>5,149,112</td>
</tr>
<tr>
<td>Net differences between projected and actual earnings on plan investments</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$17,362,927</strong></td>
</tr>
</tbody>
</table>

Deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date of $9,766,593 will be recognized as a reduction of net pension liability in the fiscal year ending June 30, 2020.
Amounts reported as deferred outflows and deferred inflow of resources related to pensions will be recognized in future pension expense as follows:

<table>
<thead>
<tr>
<th>Measurement Period Ending June 30:</th>
<th>Deferred Outflows/(Inflows) of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$4,487,262</td>
</tr>
<tr>
<td>2020</td>
<td>2,887,407</td>
</tr>
<tr>
<td>2021</td>
<td>(1,394,189)</td>
</tr>
<tr>
<td>2022</td>
<td>(438,627)</td>
</tr>
<tr>
<td>2023</td>
<td>-</td>
</tr>
<tr>
<td>Thereafter</td>
<td>-</td>
</tr>
</tbody>
</table>

**PAYABLE TO THE PENSION PLAN**

As of June 30, 2019, the Agency had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

**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 coverage's, 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, 2019, 2018, and 2017. 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:

<table>
<thead>
<tr>
<th></th>
<th>Worker’s Compensation</th>
<th>General Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018/19</td>
<td>2017/18</td>
</tr>
<tr>
<td>Unpaid claims, beginning of fiscal year</td>
<td>$315,865</td>
<td>$342,570</td>
</tr>
<tr>
<td>Incurred claims (including IBNRs)</td>
<td>(13,805)</td>
<td>2,192</td>
</tr>
<tr>
<td>Claim payments</td>
<td>(89,216)</td>
<td>(28,897)</td>
</tr>
<tr>
<td>Unpaid claims, end of fiscal year</td>
<td>$212,844</td>
<td>$315,865</td>
</tr>
</tbody>
</table>
NOTE 7: CHANGES IN CAPITAL ASSETS

JOBS IN PROGRESS

At the fiscal year ended June 30, 2019, the Agency had various jobs in progress designed to expand the Regional Recycled Water Distribution System as part of the Recycled Water Program Strategy (RWPS). Other significant projects are also underway to expand, improve, and refurbish existing treatment facilities in the Agency’s Regional Wastewater Program, including the disposition of wastewater by-products and providing for ancillary facilities that support operating activities.

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Projects (less than $500,000 each)</td>
<td>$3,851,986</td>
</tr>
<tr>
<td>RP-5 Expansion to 30 mgd</td>
<td>10,222,165</td>
</tr>
<tr>
<td>RP-5 Biosolids Facility</td>
<td>10,199,300</td>
</tr>
<tr>
<td>RP-1 Headworks Primary &amp; Secondary Upgrades</td>
<td>9,294,181</td>
</tr>
<tr>
<td>SCADA Enterprise System</td>
<td>8,524,048</td>
</tr>
<tr>
<td>RP-4 Process Improvements</td>
<td>6,195,629</td>
</tr>
<tr>
<td>RP-1 Primary Effluent Conveyance Improvements</td>
<td>6,079,164</td>
</tr>
<tr>
<td>San Sevaine Basin Improvements Project</td>
<td>6,077,762</td>
</tr>
<tr>
<td>RP-1 Liquid Treatment Capacity Recovery</td>
<td>4,187,151</td>
</tr>
<tr>
<td>Recharge Master Plan Update</td>
<td>3,211,411</td>
</tr>
<tr>
<td>CCWRF Asset Management and Improvements</td>
<td>2,613,986</td>
</tr>
<tr>
<td>RP-5 Expansion Preliminary Design Report (PDR)</td>
<td>2,336,004</td>
</tr>
<tr>
<td>1158 Recycle Water Pump Station Upgrades</td>
<td>2,105,448</td>
</tr>
<tr>
<td>Digester 6 and 7 Roof Repairs</td>
<td>1,583,419</td>
</tr>
<tr>
<td>RP-5 Recycle Water Pipeline Bottleneck</td>
<td>1,542,562</td>
</tr>
<tr>
<td>Napa Lateral</td>
<td>1,484,930</td>
</tr>
<tr>
<td>RP-1 Solids Treatment Expansion</td>
<td>1,232,522</td>
</tr>
<tr>
<td>Headquarters Roofing Replacement</td>
<td>1,193,026</td>
</tr>
<tr>
<td>CBWM Pomona Extensometer Construction</td>
<td>1,153,332</td>
</tr>
<tr>
<td>RP-1 12 kV Switchgear and Generator Control Upgrades</td>
<td>1,077,450</td>
</tr>
<tr>
<td>Chino Basin Program Preliminary Design Report (PDR)</td>
<td>1,021,853</td>
</tr>
<tr>
<td>RP-1 Disinfection Pump Improvements</td>
<td>1,006,758</td>
</tr>
<tr>
<td>North Major Facilities Repair/Replacement</td>
<td>993,715</td>
</tr>
<tr>
<td>South Major Facilities Repair/Replacement</td>
<td>921,141</td>
</tr>
<tr>
<td>Baseline Recycle Water Pipeline Line Extension</td>
<td>890,730</td>
</tr>
<tr>
<td>RP-1 Power System Upgrades</td>
<td>874,084</td>
</tr>
<tr>
<td>RP-1 Expansion Preliminary Design Report (PDR)</td>
<td>808,581</td>
</tr>
<tr>
<td>Mechanical Restoration and Upgrades</td>
<td>790,892</td>
</tr>
<tr>
<td>Chino Basin Water Bank Planning Authority</td>
<td>777,974</td>
</tr>
<tr>
<td>System Cathodic Protection Improvements</td>
<td>725,133</td>
</tr>
<tr>
<td>RP-1 Civil Restoration and Upgrades</td>
<td>686,730</td>
</tr>
<tr>
<td>RP-1 Rarel Improvements</td>
<td>681,191</td>
</tr>
<tr>
<td>Collection System Upgrades</td>
<td>668,208</td>
</tr>
<tr>
<td>SBCFCD Recycled Water Easement</td>
<td>582,374</td>
</tr>
<tr>
<td>Lower Day Basin Improvements</td>
<td>541,288</td>
</tr>
<tr>
<td>RP4 Primary Clarifier Rehabilitation</td>
<td>514,478</td>
</tr>
</tbody>
</table>

Total Jobs in Progress $96,650,607

Adjustment has been made for rounding difference.
The following is a summary of jobs in progress, property, plants, equipment, and intangible assets at June 30, 2019:

### CAPITAL ASSETS

<table>
<thead>
<tr>
<th>Capital Assets</th>
<th>Balance at 6/30/18</th>
<th>Additions</th>
<th>Transfers &amp; Retirements</th>
<th>Balance at 6/30/19</th>
<th>Accumulated Depreciation at 6/30/19</th>
<th>Net Book Value at 6/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Assets-not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$14,067,874</td>
<td>$</td>
<td>$</td>
<td>$14,067,874</td>
<td>$</td>
<td>$14,067,874</td>
</tr>
<tr>
<td>Jobs in Progress</td>
<td>81,758,464</td>
<td>56,785,075</td>
<td>(41,892,932)</td>
<td>96,650,607</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Capital Assets, not being depreciated</strong></td>
<td>$95,826,338</td>
<td>$56,785,075</td>
<td>(41,892,932)</td>
<td>$110,718,481</td>
<td>$</td>
<td>$110,718,481</td>
</tr>
<tr>
<td><strong>Capital Assets-being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interceptors, trunk lines and inter-ties</td>
<td>$36,721,245</td>
<td>$</td>
<td>$</td>
<td>$36,721,245</td>
<td>(13,384,351)</td>
<td>$23,336,894</td>
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<tr>
<td>Office facilities</td>
<td>13,640,262</td>
<td></td>
<td></td>
<td>13,640,262</td>
<td>(3,738,267)</td>
<td>9,901,995</td>
</tr>
<tr>
<td>Collection, outfall, and transmission lines</td>
<td>$126,409,547</td>
<td>645,269</td>
<td>(87,123)</td>
<td>$126,967,933</td>
<td>(80,075,871)</td>
<td>46,891,822</td>
</tr>
<tr>
<td>Reservoirs, settling basins, ponds, and chlorination station</td>
<td>$119,369,835</td>
<td>3,138,648</td>
<td></td>
<td>$122,508,483</td>
<td>(37,863,969)</td>
<td>84,644,514</td>
</tr>
<tr>
<td>Recycled water distribution system</td>
<td>165,286,281</td>
<td>365,873</td>
<td></td>
<td>$165,652,154</td>
<td>(32,989,373)</td>
<td>132,662,781</td>
</tr>
<tr>
<td>Treatment plants, pump stations and office buildings</td>
<td>$277,926,070</td>
<td>19,209,066</td>
<td>(728,030)</td>
<td>$296,407,106</td>
<td>(140,544,420)</td>
<td>155,862,686</td>
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<tr>
<td>Equipment</td>
<td>231,146,924</td>
<td>17,793,611</td>
<td>(1,054,681)</td>
<td>$247,886,004</td>
<td>(165,148,698)</td>
<td>82,737,306</td>
</tr>
<tr>
<td>Land improvement</td>
<td>30,147,850</td>
<td></td>
<td></td>
<td>30,459,847</td>
<td>(15,369,141)</td>
<td>15,090,706</td>
</tr>
<tr>
<td><strong>Total capital assets, being depreciated</strong></td>
<td>$1,000,648,014</td>
<td>$41,464,614</td>
<td>(1,869,834)</td>
<td>$1,040,242,794</td>
<td>(489,114,090)</td>
<td>$551,128,703</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation for:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interceptors, trunk lines and inter-ties</td>
<td>$(12,530,617)</td>
<td>$(853,734)</td>
<td>$</td>
<td>$(13,384,351)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office facilities</td>
<td>(3,457,885)</td>
<td>(280,382)</td>
<td>$</td>
<td>(3,738,267)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collection, outfall, and transmission lines</td>
<td>$(77,775,036)</td>
<td>$(2,387,958)</td>
<td>87,123</td>
<td>$(80,075,871)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reservoirs, settling basins, ponds, and chlorination station</td>
<td>$(34,964,984)</td>
<td>$(2,898,985)</td>
<td>$</td>
<td>$(37,863,969)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycled water distribution system</td>
<td>(29,131,741)</td>
<td>(3,857,632)</td>
<td>$</td>
<td>(32,989,373)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment plants, pump stations and office buildings</td>
<td>$(135,577,048)</td>
<td>$(5,695,402)</td>
<td>728,030</td>
<td>$(140,544,420)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>(148,111,964)</td>
<td>(18,047,215)</td>
<td>1,010,481</td>
<td>$(165,148,698)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land improvement</td>
<td>(14,163,940)</td>
<td>(1,205,201)</td>
<td></td>
<td>(15,369,141)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>$(455,713,215)</td>
<td>$(35,226,509)</td>
<td>$1,825,634</td>
<td>$(489,114,090)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total capital assets, being depreciated, net</strong></td>
<td>$544,934,799</td>
<td>$6,238,105</td>
<td>(44,200)</td>
<td>$551,128,703</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total capital assets- Enterprise Funds, Net</strong></td>
<td>$640,761,137</td>
<td>$63,023,180</td>
<td>(41,937,132)</td>
<td>$661,847,184</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The ending balance of accumulated depreciation and amortization for all capital assets has been adjusted to the Statement of Net Position for 2019 (rounding difference). For the fiscal year ended June 30, 2019, depreciation expense was $35,226,509 and amortization expense was $1,077,046.

### NOTE 8: CONSTRUCTION COMMITMENTS

The Agency is committed to several significant construction contracts. Total outstanding obligations were $22,142,350. at June 30, 2019. Some of the contracts for ongoing projects at the Agency’s regional plants are listed below:

- **Baseline Recycled Water Pipeline Extension - EN17049.** The Baseline Recycled Water Extension project will deliver recycled water to customers along Baseline Avenue, a divided street with a landscaped center median and parkways. This project consists of the design, bid and award, and construction of approximately 8,200 feet of 24” pipeline
located along Baseline Avenue between American Way and Cherry Avenues. The project will also allow the City of Fontana to expand their recycled water system in the northern area of the city in the future. Recycled water will also be available to Cucamonga Valley Water District for landscape irrigation to the Village of Heritage. It is anticipated the project will convert approximately 100 acre-feet of landscape irrigation to using recycled water. This project has an outstanding obligation of $4,692,866.

- **Napa Lateral - WR15021.** The Agency began an environmental determination for this project in fiscal year 2015/16. The installation of recycled water laterals will provide California Speedway, Prologis, and California Steel Industries with recycled water for use in landscape irrigation and industrial use, reducing potable water usage. The scope of work for this project consists of the alignment alternatives for recycled water laterals that will provide recycled water to these three industries along Napa Street and San Bernardino Avenues in Fontana, CA. The project includes an environmental determination, design, construction, and construction management of these recycled water laterals. This project has an outstanding obligation of $4,274,026.

- **RP-1 12KV Switchgear and Generator Control Upgrades - EN17044.** As a result of the RP1 Power System Upgrades technical review, this project was identified as a critical component to the emergency generation system that needs to be replaced. During the initial scope of work investigation, the operations and maintenance stakeholders requested a microgrid control technology to be included in the scope of work. The scope of work of the microgrid was added to the project to enhance IEUA’s use of energy generation sources while on and off the electrical grid. The out-of-date Programmable Logic Controller used for emergency generation system at RP1 will be upgraded and replaced; and, will remove and replace the existing switchgears with new 12kV switchgears within the Power Reliability Building. This project has an outstanding obligation of $3,920,591.

- **RP-1 Recycled Water Pump Station Upgrades - EN14042.** The existing RP1 1158 Zone effluent pump station includes 4 identical pumps. Each pump is equipped with VFD driven 400 HP motors. However, the pumps only operate at full speed (i.e. either on or off). The pumps are controlled by the 1158 Zone reservoir water level and the wet well level. Based on the hydraulic analysis performed as part of the 2015 recycled water pump station, the year 2020 direct use demands analysis showed that RP1 1158 Zone Recycled Water Effluent Pump Station to be deficient. The pump station operated too far out on the pump curves due to system hydraulics resulting in lower pressures than desired. In addition to meeting the increased recycled water demands, the increased capacity will allow IEUA to pump additional available supply to the 1158 Pressure Zone to their existing groundwater recharge basins. All existing pumps, motors and VFD’s will be replaced with four new 700 HP pumps, motors and VFD’s. This project has an outstanding obligation of $3,617,898.

- **RP-5 Recycled Water Pipeline Bottleneck - EN14043.** Considering that most of the direct use of recycled water is in the southern service area, and groundwater recharge is in the northern service area, it is essential to keep the southern area recycled water flows in the south. There are 14” and 18” pipelines within the RP-5 Facility which makes it a hydraulic limitation and not enabling the full utilization of the recycled water pipeline
The project will identify and upsize the limitations, to eliminate bottlenecks within RP-5 that will enable the Agency to fully utilize the RP-5 recycled water piping system and allow future expansion to match growth. Two buried recycled water valves will be replaced in addition to installing new valves in strategic locations. Surge analysis to the recycled water piping system at RP-5 revealed presence of occasional surges which will cause damage to the piping system. Therefore, a surge control system will be installed to mitigate surge issues. This project has an outstanding obligation of $1,133,148.

- **SCADA Enterprise System Phase 3 - EN13016.03, and Phase 4 - EN13016.04.** The completed Facilities and Recycled Water SCADA Master Plans identified the critical need for an Agency-Wide SCADA Enterprise System. The Agency relies heavily on SCADA for operation and compliance of the various facilities. The SCADA projects will migrate the Agency's wastewater facilities from the Foxboro-Invensys Distributive Control System (DCS) to a Rockwell Automation SCADA Enterprise System; and, will provide the infrastructure, tools, and information to enable Operations to maintain regulatory compliance and meet their levels of service in an efficient manner.

The SCADA Enterprise System will eliminate the multi-vendor platforms currently operating as islands of automation. The design and construction of a highly reliable, scalable, Enterprise SCADA system will enable the control of any facility from any location, unattended operations, integration with the Business system, and support Agency-wide, wastewater treatment, recycled water and groundwater supply-demand management. The Enterprise will be a highly functional and user-friendly solution, consolidating data from all facilities and providing accessible information.

Migration to a uniform SCADA system will allow for the optimization of SCADA assets and maximize their lifecycle, better meet business needs, and mitigate disruptions to operational continuity. The Enterprise will minimize system delivery risk, reduce system variability, enhance system quality, and ensure that Agency staff members have the support to maintain the system post-commissioning.

This project includes several phases of a SCADA migration, including CCWRF, RP-1, RP-4, and RP-5. The scope for this project includes five phases and several tasks including, SCADA system design (physical and operator screens), procurement, installation, integration; and, cutover and testing of the upgrades to the network, supervisory control, direct control, Operations Data Management Systems, reporting, etc. for all the Agency's five major wastewater facilities.
During Fiscal Year 2018/2019 SCADA projects included:

- Cybersecurity Risk Assessment and Policy Development.
- Micro Logix PLC replacement: PLC’s used for small control panels at remote sites and for energy data collection. Replacement to support future cybersecurity firmware updates.
- Chino Desalter 1 Backhaul Radio Replacement
- 1630 West Reservoir Radio Replacement.
- Historian Upgrade to FT Historian; and, working with Rockwell to resolve printing issues with trends.
- RACO Upgrade: Replacing the radio board to support 3G communications, and the main board to support real time communications.

Project EN13016.03 has an outstanding obligation of $961,754; and, Project EN13016.04 has an outstanding obligation of $139,813; for a total of $1,101,567 for the SCADA Enterprise System Phases 3 and 4.

- **RP-1 Digesters 6 and 7 Roof Repairs - EN17042.** In 2016, a four-year project was developed to clean and repair digesters. Project EN17042 addresses observed gas leaks on the top of digester 6 and 7. Patches have kept the leaks sealed, but patch repairs need to be addressed more frequently; and repair is needed on these digesters within two years due to compliance issues. Additionally, cracks may indicate more serious issues that may need urgent repairs. This work will include development of a performance standard and/or metric for “gas tightness” of tanks, pipes, and other components of the digester gas systems. The digesters will be completely cleaned and inspected from inside. Heavily corroded gas piping on the top of the digesters will also be replaced, and other piping will be coated. This project has an outstanding obligation of $886,975.

- **RP-1 Filter Drain Valve Replacement - EN17045.** The RP-1 filter backwash valves have been in use for several years. The valves are leaking, reducing process efficiencies, and overloading the secondary processing system. The project scope includes complete replacement of the failing filter backwash valves over a two-year period. This project has an outstanding obligation of $528,037.

- **RP-4 Outfall Pipeline Air Relief Valve Replacement and Relocation- EN19029.** Several air relief valves along the RP-4 Outfall pipeline are starting to fail and are leaking recycled water. The air relief valve vaults are located in the street and are filling up with the recycled water leaking from the air relief valves. The leaks are to the point where the vaults fill completely and spill recycled water onto the street surface, requiring an immediate response from the recycled water operation staff to mitigate. This project will require an engineering evaluation to analyze the RP-4 Outfall pipeline hydraulics; determine the feasibility of downsizing the existing (10) leaking air relief valves to a smaller size; prepare a design to replace the affected valves, and, evaluate the feasibility of relocating the air relief valves above ground, and to the back of the right-of-way for safety and maintenance purposes. This project has an outstanding obligation of $514,876.
• **RP-1 Headworks Primary and Secondary Upgrades - EN14019.** Following a full condition assessment of the headworks gates, dated July 2009, fifteen of the seventeen gates inspected had significant deficiencies that justified full replacement of the gate and embedded gate frames. The decision to defer the replacement of the gates until now was based on project priorities. The immediate risk in operating the Headworks with the current conditions of the gates was non-critical, but the need to replace them was still high.

The project scope includes the rehabilitation of the grit removal system by changing out the twenty-five-year-old equipment and providing new protective coating within the chamber. The influent gates within the Headworks provide flow and isolation control for four mechanical bar screens, one manual bar screen, and a system by-pass channel. The gates after the bar screens manage wastewater flow into the Pista Grit system, the Aerated Grit chamber, and a by-pass channel. The Headworks effluent gates provide flow diversions into the two primary clarifier systems, the rectangular and circular clarifiers. This project will replace these gates. In parallel to replacing the gates, the project will also address the current screen and grit removal equipment. The current sand/grit removal will be rehabbed to maintain and increase the processes useful life. The project also includes the replacement of the bar screens with an improved debris capture system, reducing unwanted plastics and rags from entering the secondary clarifiers and solids digesters. This will reduce excessive maintenance down time and operational efforts when addressing undesired solids at the downstream treatment process. This project has an outstanding obligation of $468,212.

• **Chino Basin Watermaster (CBWM) Pomona Extensometer Facility Construction – RW19002.** In conjunction with the Chino Basin Watermaster’s Pomona Extensometer Facility Project at Montvue Park in the City of Pomona, IEUA will provide administrative support to CBWM on implementing their construction of the two dual-nested piezometers. The project at completion, will provide ground movement monitoring with relation to groundwater levels. The data will be used by CBWM to determine further actions in limiting ground level movement. This project has an outstanding obligation of $270,892.

• **RP-4 Trident Filters Rehabilitation and Replacement - EN17110.01.** The trident filter rehabilitation at RP-4 is one of four projects included in the comprehensive RP-4 Process Improvements Project which will rehabilitate nearly every part of the treatment process, and, improve operational functional flexibility. Overall improvements include filtration system, grit removal system, primary diversion, aeration blower replacement, RAS wasting station, MLSS wasting station, secondary clarifier drain valves, lagoon recovery pump station, secondary clarifier weir washers, and recycled water distribution system.

The overall project will rehabilitate the trident filter system, repair the grit chamber influent/effluent gates, make improvements to the primary sludge and scum valve station, improve control of the aeration basins and evaluate changing aeration basins from dissolved oxygen control to ammonia-based control, replace the aeration blowers, and make repairs to the secondary clarifier drain valves. The Trident Filter Rehabilitation Project (.01) has an outstanding obligation of $200,637.

• **RP-1 Operations Building Paving Project - EN19034.** The pavement and curbs at the RP-1 operations building have worn out. This has caused a safety problem, with cracks in the pavement. This project will remove and replace existing asphalt around the RP-1
operations building, install four handicap ramps, and replace a concrete drain. This project has an outstanding obligation of $139,000.

- **RP-1 Primary Effluent Conveyance improvement - EN15012.** Over the last several years, IEUA had several condition assessments completed that made recommendations to rehabilitate various components of the Regional Water Recycling Plant No. 1 (RP-1) primary effluent system. This project will include rehabilitation of the east primary effluent piping between the rectangular primary clarifiers and the intermediate pump station wet well. This project has an outstanding obligation of $115,023.

- **RP-1 Aeration Basin Catwalk Safety Railing - EN19040.** The RP-1 Aeration Basin has been in use for several years and is currently undergoing various stages of construction and/or replacement. The current catwalks are open and unprotected, creating a safety issue. New Safety railings will be installed around the RP-1 aeration basin catwalks to minimize any potential falling hazards. This project has an outstanding obligation of $113,137.

- **RP-1 Civil Restoration and Operation Building Paving - EN18042.** Several RP-1 underground assets are at the end of their useful life and need rehabilitation or replacement. The restoration portions of the project include 1) broken underground utilities (potable and recycled water) within the digestion area; 2) replacement of various valves and ruptured piping on the main utility and potable water systems within RP-1; and, 3) plant air piping and valving within the treatment plant for reconnection of the plant air system. To allow for maintainability of systems and/or limit vector issues, additional upgrades will be: 1) installation of cleanouts on the solids section bio-filter; 2) demolition of the obsolete trickling filter system; and, 3) modifications of the digester cleaning lagoon. This project has an outstanding obligation of $51,905.

- **Collection System Upgrades - EN19015.** Under this project, the IEUA Collection Crew will field verify and document all manholes, manhole covers, frames and lines in need of repair or replacement. Once identified, the Engineering staff will respond by creating projects, designing necessary repairs and/or replacement, and constructing. This project has an outstanding obligation of $42,544.

- **Regional Operations and Maintenance Projects (RO) - EN19032.01.** Historically, projects have arisen at the Agency’s facilities that require prompt attention to maintain a safe environment. As a result, Engineering and Construction Management support Operations and Maintenance staff for these projects, with a budgeted parent project, and sub-projects as the needs arise. Review of the design and construction administration responsibilities and submission requirements identified in the scope of work, address such items as: contract deliverables, special sequencing or phased construction requirements, special hours for construction based on Agency programs or needs, delivery dates of critical and long lead items, utility interruptions or shut down constraints for tie-ins, weather restrictions, and coordination with other project construction activities at the site. This on-call operations and maintenance support will provide the Agency with a vehicle to effectively deliver safety projects when warranted. During Fiscal Year 2018/2019 two subprojects were identified; EN19032.01- Agency-wide Railing and Threshold
Improvements, and, EN19032.02 – Carbon Canyon Water Recycling Facility Electrical Piping Repair. Only EN19032.01 has an open contract at June 30, 2019, with an outstanding obligation of $18,640.

- **RP-1 Power System Upgrades - EN13048.** This project will first evaluate and then provide solutions to overcome the issue with load demands for the facility due to expansion of the RP-1 Recycled Water Pump Station and the remaining capital improvement projects. The current electrical power available is not adequate to run all facilities at the plant, and certainly not adequate for all upcoming and future projects. The project will encompass performing an electrical load analysis to examine power available and required to run all five pumps simultaneously; and, bring in new electrical feeds for power to TP-1. Also, the project will upgrade the switchgear at TP-1 and connect the TP-1 backup generator to the west side of the plant across from the flood control channel. The scope of the project includes: 1) Conduct electrical load analysis; 2) Bring in new electrical feeds to upgrade the power source and wiring to connect west side and east side of plant with additional electrical cables; 3) Review the power at the Tertiary Plant & 600KW generator to provide a comprehensive electrical solution; 4) Install new switchgear. This project has an outstanding obligation of $18,515.

- **RP-1 PRB and MCC Building Roof and Sky Light Replacement - EN19037.** The roofs of the PRB and IPS MCC buildings leak, the skylights are deteriorated, and there is not sufficient fall protection for personnel accessing these areas. In addition, new electrical switch gear is going into the PRB which needs to be protected from the leaking roof. The roofing systems and skylights have exceeded their useful life. This roof replacement project will replace the existing roofing systems and skylights on the PRB and IPS buildings at RP-1 with a 20-year roofing system. This project has an outstanding obligation of $16,990.

- **Agency Wide Lighting Pole Replacements and Upgrades - EN18039.** Maintenance staff performed inspections on light poles at the Regional Water Recycling Plant No. 1 (RP-1), Regional Water Recycling Plant No. 4 (RP-4), and Carbon Canyon Water Recycling Facility (CCWRF), and found 22 light poles and bases were corroded, damaged, or undersized. This project will replace the light poles and bases with new aluminum light poles and concrete bases. Additionally, ten interior light fixtures will be replaced with LED fixtures. The project includes: Remove and replace twelve (12) existing corroded and damaged light poles at RP-1; Remove six (6) OCL conduit light poles at CCWRF and replace them with metal light poles; Remove and replace three (3) damaged light poles, and ten (10) outdated light fixtures in the Chlorine Storage Building at RP-4; and perform cost analysis for fixture replacement verses battery replacement for all emergency lights Agency wide. This project has an outstanding obligation of $11,726.

- **Victoria Basin Improvements Project - RW15003.02.** Per the Amendment to the 2010 Recharge Master Plan Update (RMPU), IEUA and CBWM agreed to implement seven (7) recommended new projects which were selected by the EMPU Steering Committee to enhance stormwater yield for nine (9) groundwater recharge basins. The basins that were considered for yield enhancement includes the Victoria Basin. The project includes full design, environmental review, permitting review and CEQA, and construction. This project has an outstanding obligation of $2,280.
RP-1 Philadelphia Gate Manhole Rehabilitation – EN17015.01. The IEUA Collection Crew field verified and documented the Philadelphia gate manhole, manhole cover, frame and lines needed repair or replacement. The project includes designing necessary repairs and/or replacement and constructing. This project has an outstanding obligation of $1,435.

San Sevaine Basin Improvements and Monitoring Well – EN13001. As part of the 2013 Amendment to the 2010 Recharge Master Plan Update (RMPU), this project will evaluate, design, and construct basin improvements needed to maximize infiltration and recharge capture at the San Sevaine Basins. Interconnection between the San Sevaine Basins is essential to achieve the full capacity. Currently, the pipeline and turnout are provided only to Basin 5. Without interconnection, recycled water cannot be served to Basins 1, 2 & 3.

Depending upon the elevation, one or more of the following measures will be implemented: 1) construct a new storm water/recycled water pump station and pipeline; 2) extend the existing recycled water pipeline; 3) re-grade and deepen the Basin, and 4) construct internal berms.

The basins consist of five, soft-bottomed basins along the San Sevaine Channel. The basins encompass approximately ninety-three acres with the potential to recharge up to 8,500 acre-feet per year (AFY) of recycled water (RW), storm water (SW), and imported water. The basins currently operate by delivering most flow to Basin 5, which has the lowest infiltration rate as compared to the other basins. This basin has limited current recharge to approximately 500 AFY. This project will strive to increase the recycled water at the basins by providing pipeline interconnection between the basins. The project will also transfer any storm water captured within Basin 5 to the upper basins which have historically a higher infiltration rate than Basin 5. This will allow the recharge basin to add over 642 acre-feet per year of recycled water for groundwater recharge. This project has an outstanding obligation of $1,430.

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, 2019, 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, 2019, the long-term receivable amount is $1,702,736 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, 2019, the long-term receivable amount is $483,763 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, 2019, the long-term receivable amount is $346,520, 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, 2019, the Agency has incurred $2,140,631 in connections and permanent system costs and the Speedway has assigned 673-acre feet to the Agency, leaving an outstanding long-term receivable of $1,553,044 recorded in the Regional Wastewater Capital fund.

**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, 2019 is $48,313. 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.

**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 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.

Audited financial information for the operation of SAWPA as of June 30, 2018 and unaudited for the fiscal year ended June 30, 2019 is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$176,927,279</td>
<td>$177,074,117</td>
</tr>
<tr>
<td>Deferred Outflows of Resources</td>
<td>1,482,258</td>
<td>1,621,887</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>(106,512,749)</td>
<td>(109,700,671)</td>
</tr>
<tr>
<td>Deferred Inflows of Resources</td>
<td>(337,312)</td>
<td>(318,374)</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>71,559,476</td>
<td>68,676,959</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>22,110,403</td>
<td>19,708,720</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>(19,227,886)</td>
<td>(20,492,576)</td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>-</td>
<td>(927,423)</td>
</tr>
<tr>
<td><strong>Net Change in Net Position</strong></td>
<td>$2,882,517</td>
<td>$(1,711,279)</td>
</tr>
</tbody>
</table>

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

**Non-reclaimable Wastewater Brine Line Interceptor** - In April 1972, the Agency entered into a contract with the County Sanitation Districts of Orange County (CSDOC) for the construction of a 30 million gallon per day (mgd) increment of capacity in a brine removal interceptor, to be constructed by CSDOC from Fountain Valley to the Orange/San Bernardino County line. SAWPA completed construction of the 30 mgd interceptor from that point through Prado Dam. Under Project Agreement #1, this 30 mgd capacity was assigned to SAWPA, with the Agency retaining rights to use up to 11.25 mgd of this capacity. The Agency’s share of the construction costs not funded by grants was $1,179,204.

Over the course of time, the Agency has purchased capacity from SAWPA in the Santa Ana Regional Interceptor (SARI) System, now called Inland Empire Brine Line (IEBL).

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

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

B) The Agency assumed the future liability of payments for supplemental treatment facilities billed by CSDOC after July 1, 1981, to provide treatment and capacity for up to 2.5 mgd of wastewater.

C) On June 30, 1989, the Agency purchased through its Regional Wastewater Capital Improvement Fund 1.5 mgd of IEBL pipeline and treatment capacity. In September 1993, the Agency's Board approved the sale of 0.4 mgd IEBL discharge right to the State of California Department of Corrections. The net cost of the 1.1 mgd of IEBL pipeline and 1.5 mgd capacity is $4,650,970. Subsequent annual capital replacement and supplemental costs were $1,442,010, which brought the total expenditures to $6,092,980 as of June 30, 2001.

D) On June 19, 1998, the Agency entered into an agreement with SAWPA for the purchase of an additional 1.5 mgd of IEBL pipeline capacity. One third of this capacity is earmarked for the Regional Wastewater Program. The Agency, through Regional Wastewater Capital Improvement Fund, purchased 0.5 mgd. The remaining 1.0 mgd was purchased with monies from the Non-Reclaimable Capital Improvement Fund. The total cost of the purchase was $5,625,000, with a five percent down payment. The balance is payable over twenty years with a zero percent annual interest rate and has been discounted by $2,095,253 at an imputed interest rate of six percent annual interest rate.

E) In July 7, 1999, the Agency Board of Directors approved the purchase of 1.0 mgd of IEBL pipeline capacity from SAWPA. The purchase price was $3,750,000 and is recorded in the Non-Reclaimable Wastewater Fund. The agreement called for a five percent down payment of $187,500, and the balance of $3,562,500 to be financed by SAWPA for a twenty-year-period at a six percent interest rate. This note was paid in full as approved by the Board on May 21, 2003 for a principal balance of $2,961,171 plus accrued interest of $167,935.

F) On April 21, 2004, the Agency Board of Directors approved the sale of 2.10 mgd of pipeline capacity and 2.05 mgd of treatment and disposal capacity to the Chino Basin Desalter Authority (CDA). The sale price totaled $14.25 million payable in three equal installments within one year. This sale was recorded in two separate funds with $4.73 million going to the Regional Wastewater Capital Improvement Fund and $9.52 million going to the Non-Reclaimable Wastewater Fund.

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.

**CHINO BASIN DESALTER AUTHORITY**

The Chino Basin Desalter Authority (CDA) was formed in September 2001 as a Joint Powers Authority (JPA) to acquire all assets and liabilities from Santa Ana Watershed Project Authority (SAWPA) Project #14. The purchase was consummated in February 2002. The JPA is comprised of the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, the Santa Ana River Water Company, and Inland Empire Utilities Agency (IEUA). IEUA serves as a non-voting member and provides grants administration support for the JPA, as well as operational support for the Desalter 1 facility (based on January 2002 operations and maintenance agreement which was amended June 2013). In August of 2008, Western Municipal Water District was added as an additional member of CDA.

As of June 30, 2019, Desalter 1 and Desalter 2 delivered a total of 27,453.94-acre feet of water this fiscal year. Financial data is available at the CDA’s main office located at 2151 S. Haven Avenue, Suite 202, Ontario, CA 91761.

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY**

In February 2002, the Agency entered into a Joint Power Authority Agreement (JPA) with the Sanitation District No. 2 of Los Angeles County (SDLAC) to form the Inland Empire Regional Composting Authority (IERCA). The purpose of the JPA is to build and operate a fully enclosed biosolids composting facility. The JPA Agreement calls for a 50/50 share of all costs related to the activities of the JPA.

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, 2019, the Agency’s equity share is $42,545,055 recorded in the Regional Wastewater Capital Improvement Fund. There was an additional write-down of $937,788 (fifty percent of the Agency’s equity share) of the JPA’s net position at June 30, 2019; 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.

<table>
<thead>
<tr>
<th>SANTA ANA RIVER WATERMASTER</th>
</tr>
</thead>
</table>

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: 100%
Financial information reported on a cash basis for the operation of Watermaster as of and for the fiscal year ended June 30, 2018 is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$3,242</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$3,242</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>0</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>(8,643)</td>
</tr>
<tr>
<td><strong>Net Increase/(Decrease) in Equity</strong></td>
<td><strong>$ (8,643)</strong></td>
</tr>
</tbody>
</table>


**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 will benefit directly through increased groundwater supplies, and the Chino Basin will 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**: 100%
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, 2019:

<table>
<thead>
<tr>
<th>Bonds Payable:</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
<th>Amounts Due within One Year</th>
<th>Amounts Due after One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008B Variable Rate (2002A Refinancing)</td>
<td>$38,270,000</td>
<td>-</td>
<td>$2,095,000</td>
<td>$36,175,000</td>
<td>$2,180,000</td>
<td>$33,995,000</td>
</tr>
<tr>
<td>2010A Revenue Bonds (1994 Refinancing)</td>
<td>18,735,000</td>
<td>-</td>
<td>4,285,000</td>
<td>14,450,000</td>
<td>4,620,000</td>
<td>9,830,000</td>
</tr>
<tr>
<td>2017A Revenue Bonds (2008A Refinancing)</td>
<td>64,605,000</td>
<td>-</td>
<td>3,090,000</td>
<td>61,515,000</td>
<td>3,200,000</td>
<td>58,315,000</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>121,610,000</td>
<td>-</td>
<td>9,470,000</td>
<td>112,140,000</td>
<td>10,000,000</td>
<td>102,140,000</td>
</tr>
<tr>
<td>Bond Premium</td>
<td>11,737,456</td>
<td>-</td>
<td>1,033,852</td>
<td>10,703,604</td>
<td>-</td>
<td>10,703,604</td>
</tr>
<tr>
<td>Revenue Bonds</td>
<td><strong>$133,347,456</strong></td>
<td>-</td>
<td><strong>$10,503,852</strong></td>
<td><strong>$122,843,604</strong></td>
<td><strong>$10,000,000</strong></td>
<td><strong>$112,843,604</strong></td>
</tr>
</tbody>
</table>

2008B VARIABLE RATE DEMAND REVENUE BONDS

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

- The bonds were issued to refund all of the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Variable Rate Revenue Bond Series 2002A. The refunding resulted in a $700,406 amortization in the deferred cost balance of the Series 2002A Bonds, expensed in 2008, and the recording of $249,242 of deferred charge on refunding for the Series 2008B bonds to be amortized through the year 2032.

- The bonds maturing through 2032 are serial bonds payable in annual installments ranging from $1,910,000 to $3,480,000 with a variable interest rate no higher than 12.00 percent per annum. The average rate of interest for FY2018/19 was 1.313 percent and the average rate since these bonds were issued is 0.653 percent. The balance outstanding at June 30, 2019 comprised the principal amount of $36,175,000.
2010A REFUNDING REVENUE BONDS

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

- The bonds were issued to (i) refund the outstanding Chino Basin Regional Financing Authority (Inland Empire Utilities Agency) Revenue Bond Series 1994 (Chino Basin Municipal Water District Sewer System Project), and (ii) pay the costs of issuing the bonds. The Agency reduced its aggregate debt service payment by $9,434,527 over the duration of the bonds. Net present value of this economic gain was $8,022,916.

- The bonds maturing through 2022 are payable in annual installments ranging from $4,105,000 to $5,075,000 with an interest rate from 1.35 percent to 5.00 percent per annum, payable semi-annually. The balance outstanding on June 30, 2019 is comprised of the principal amount of $14,450,000, plus unamortized deferred bond premium of $699,821, for a total of $15,149,821.

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 agency reduced its aggregate debt service payment by $129,055,863 over the duration of the bonds. Net present value of this economic gain was $36,803,651 (Net of $50,000,000 principal payment) and reduced the repayment period by five years.

- 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, 2019 is comprised of the principal amount of $61,515,000, plus unamortized deferred bond premium of $10,003,783 for a total of $71,518,783.
AGGREGATE LONG-TERM DEBT

As of June 30, 2019, the aggregate debt service requirements on bonded indebtedness to maturity are summarized as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal Payments</th>
<th>Interest Payments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$10,000,000</td>
<td>$4,994,720</td>
<td>$14,994,720</td>
</tr>
<tr>
<td>2021</td>
<td>10,355,000</td>
<td>4,541,807</td>
<td>14,896,807</td>
</tr>
<tr>
<td>2022</td>
<td>10,910,000</td>
<td>4,054,648</td>
<td>14,964,648</td>
</tr>
<tr>
<td>2023</td>
<td>6,090,000</td>
<td>3,676,264</td>
<td>9,766,264</td>
</tr>
<tr>
<td>2024</td>
<td>6,735,000</td>
<td>3,360,198</td>
<td>10,095,198</td>
</tr>
<tr>
<td>2025-2029</td>
<td>35,640,000</td>
<td>11,913,375</td>
<td>47,553,375</td>
</tr>
<tr>
<td>2030-2034</td>
<td>32,410,000</td>
<td>3,715,902</td>
<td>36,125,902</td>
</tr>
<tr>
<td>Subtotal</td>
<td>112,140,000</td>
<td>36,256,914</td>
<td>148,396,914</td>
</tr>
<tr>
<td>Plus: Net Premium</td>
<td>10,703,604</td>
<td>-</td>
<td>10,703,604</td>
</tr>
<tr>
<td>Total Debt Service Payable</td>
<td>$122,843,604</td>
<td>$36,256,914</td>
<td>$159,100,518</td>
</tr>
</tbody>
</table>

DEBT COVENANTS

In accordance with bond covenants, net revenues comprised of user charges and connection fees (less the operations and maintenance costs), and property tax revenues are pledged to fund bond debt service costs. Property Taxes are distributed by San Bernardino County Property Tax Disbursements Division in November and 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, 2019. (Refer to the Agency System Total Debt Coverage Ratio Schedule included in the statistical section).
Summary of notes payable activity for the Fiscal Year ended June 30, 2019 was as follows:

<table>
<thead>
<tr>
<th>Notes Payable</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
<th>Amounts Due Within One Year</th>
<th>Amounts Due After One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Revolving Fund Loan</td>
<td>$119,305,744</td>
<td>$ 5,438,597</td>
<td>$ 5,414,106</td>
<td>$119,330,235</td>
<td>$6,039,661</td>
<td>$113,290,574</td>
</tr>
<tr>
<td>City of Fontana</td>
<td>5,038,956</td>
<td>-</td>
<td>482,578</td>
<td>4,556,378</td>
<td>482,578</td>
<td>4,073,800</td>
</tr>
<tr>
<td>CSDLAC Past 4R’s</td>
<td>1,425,677</td>
<td>-</td>
<td>704,809</td>
<td>720,868</td>
<td>720,868</td>
<td>-</td>
</tr>
<tr>
<td>Southern California Edison</td>
<td>1,023,581</td>
<td>-</td>
<td>142,735</td>
<td>880,846</td>
<td>149,316</td>
<td>731,530</td>
</tr>
<tr>
<td><strong>Total Notes Payable</strong></td>
<td><strong>$126,793,958</strong></td>
<td><strong>$ 5,438,597</strong></td>
<td><strong>$ 6,744,228</strong></td>
<td><strong>$125,488,327</strong></td>
<td><strong>$7,392,423</strong></td>
<td><strong>$118,095,904</strong></td>
</tr>
</tbody>
</table>

STATE WATER RESOURCES CONTROL BOARD

- The Regional Recycled Water Distribution System Phase I-V projects are in part funded by State Revolving Fund (SRF) loans financed by the State Water Resources Control Board. As of June 30, 2007, the five projects in Phase I had been completed and received $15,141,192 of SRF funding. Payments on SRF loans commenced one year after the completion of construction, with principal and interest paid annually for twenty years at an annual rate of 2.5 percent. As of June 30, 2019, the outstanding balance is $4,997,340.

- The RP-1 Pump Station and West Edison San Antonio Channel Recycled Water Pipeline A & B projects (Phase II) are also in part funded by State Revolving Fund (SRF) loans. The three projects were completed as of June 30, 2010 and received $14,752,201 of SRF funding. Principal and interest are paid annually for twenty years at an annual rate of 2.2 percent. The outstanding balance as of June 30, 2019 is $7,560,662.

- The RP-4 Pump Station, Pipeline and Reservoir projects (Phase III) are also in part funded by State Revolving Fund (SRF) loan. The three projects were completed as of June 30, 2010 and received $10,862,198 of SRF funding, with a current balance as of June 30, 2019 of $5,454,147. These are interest free loans with principal paid annually for twenty years.

- The Recycled Water projects included in Phase IV are also in part funded by State Revolving Fund (SRF) loans. As of June 30, 2012, the four projects were completed and received $15,061,175 of SRF funding. Principal and interest are paid annually for twenty years at an annual rate ranging from 0.074 percent to 0.214 percent. The outstanding balance as of June 30, 2019 is $9,093,476.

- 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 was completed by June 30, 2011 and received $999,024 of SRF funding. Principal and interest are paid annually for twenty years at an annual rate of 1.0 percent. The outstanding balance at June 30, 2019 is $573,717.
The Recycled Water Project (Southern Area) in Phase VI is also in part funded by State Revolving Fund (SRF) loan. Principal and interest are paid annually for twenty years at an annual rate of 2.6 percent. As of June 30, 2019, the outstanding balance is $22,674,389.

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 30 years at an annual rate of 1.0 percent. The outstanding balance at June 30, 2019 is $22,206,050.

The RP-1 Dewatering Facility Expansion project is also in part funded by a State Revolving Fund (SRF) loan of $27,546,972. This project is the first American Recovery and Reinvestment Act (ARRA) funded project in the state and as a “green project”, qualified for an annual rate of 0.460 percent. Principal and interest are paid annually for twenty years. The outstanding balance at June 30, 2019 is $18,225,000.

The Regional Water Quality Laboratory project is also funded in part by the State Revolving Fund (SRF). As of June 30, 2019, one hundred percent of the design and the construction phase were completed and reflects a current balance of $22,758,576. Payments will commence in February 2020, one year after the completion of construction, with principal and interest paid annually for thirty years at an annual rate of 2.1 percent.

The Napa Lateral project is also funded in part by the State Revolving Fund (SRF). As of June 30, 2019, one hundred percent of the design phase and five percent of the construction phase were completed and reflects a current balance of $1,404,593. Payments will commence one year after the completion of construction slated for December 31, 2019, with principal and interest paid annually for thirty years at an annual rate of 1.8 percent.

The San Sevaine Basin Improvements project is also funded in part by the State Revolving Fund (SRF). As of June 30, 2019, one hundred percent of the design and ninety-nine percent of construction phase were completed and reflects a current balance of $4,382,285. Payments will commence one year after the completion of construction slated for August 2019, with principal and interest paid annually for thirty years at an annual rate of 1.8 percent.
As of June 30, 2019, the future payments for the remaining loan obligations by year are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal Payments</th>
<th>Interest Payment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$ 6,039,661</td>
<td>$ 1,460,736</td>
<td>$ 7,500,397</td>
</tr>
<tr>
<td>2021</td>
<td>$ 6,276,492</td>
<td>$ 1,373,157</td>
<td>$ 7,649,649</td>
</tr>
<tr>
<td>2022</td>
<td>$ 7,013,707</td>
<td>$ 1,505,638</td>
<td>$ 8,519,345</td>
</tr>
<tr>
<td>2023</td>
<td>$ 7,114,538</td>
<td>$ 1,407,695</td>
<td>$ 8,522,233</td>
</tr>
<tr>
<td>2024</td>
<td>$ 7,217,538</td>
<td>$ 1,307,837</td>
<td>$ 8,525,375</td>
</tr>
<tr>
<td>2025/2029</td>
<td>$ 32,234,004</td>
<td>$ 5,158,351</td>
<td>$ 37,392,355</td>
</tr>
<tr>
<td>2035/2039</td>
<td>$ 10,324,497</td>
<td>$ 1,858,304</td>
<td>$ 12,182,801</td>
</tr>
<tr>
<td>2040/2044</td>
<td>$ 9,329,577</td>
<td>$ 1,194,205</td>
<td>$ 10,523,782</td>
</tr>
<tr>
<td>2045/2049</td>
<td>$ 10,105,548</td>
<td>$ 518,121</td>
<td>$ 10,623,669</td>
</tr>
<tr>
<td>2050/2051</td>
<td>$ 1,919,284</td>
<td>$ 16,954</td>
<td>$ 1,936,238</td>
</tr>
<tr>
<td><strong>Total SRF Loans</strong></td>
<td><strong>$ 119,330,235</strong></td>
<td><strong>$ 19,075,263</strong></td>
<td><strong>$ 138,405,498</strong></td>
</tr>
</tbody>
</table>

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 $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.

As of June 30, 2019, the future payments for the remaining note payable obligation by year are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal Payments</th>
<th>Interest Amortization</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$ 482,578</td>
<td>$ 79,824</td>
<td>$ 562,402</td>
</tr>
<tr>
<td>2021</td>
<td>$ 482,578</td>
<td>$ 79,824</td>
<td>$ 562,402</td>
</tr>
<tr>
<td>2022</td>
<td>$ 482,578</td>
<td>$ 79,824</td>
<td>$ 562,402</td>
</tr>
<tr>
<td>2023</td>
<td>$ 482,578</td>
<td>$ 79,824</td>
<td>$ 562,402</td>
</tr>
<tr>
<td>2024</td>
<td>$ 482,578</td>
<td>$ 79,824</td>
<td>$ 562,402</td>
</tr>
<tr>
<td>2025/2028</td>
<td>$ 2,143,488</td>
<td>$ 325,016</td>
<td>$ 2,468,504</td>
</tr>
<tr>
<td><strong>Total SRF Loans</strong></td>
<td><strong>$ 4,556,378</strong></td>
<td><strong>$ 724,136</strong></td>
<td><strong>$ 5,280,514</strong></td>
</tr>
</tbody>
</table>
On June 30, 2014, the Agency recorded the reimbursement agreement with the Sanitation District No. 21 of Los Angeles County (SDLAC) for the 4R (Relocation, Reconstruction, Repair or Replacement) capital charges funded with State Revolving Fund loans by SDLAC. The Agency has agreed to pay SDLAC the balance in annual installments over a six-year term at an interest rate of 2.3 percent. As of June 30, 2019, the remaining note payable obligation is as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal Payments</th>
<th>Interest Payments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$720,868</td>
<td>$16,580</td>
<td>$737,448</td>
</tr>
<tr>
<td>Total SDLAC Loans</td>
<td>$720,868</td>
<td>$16,580</td>
<td>$737,448</td>
</tr>
</tbody>
</table>

**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 of 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 SCE monthly 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, 2019, the balance of this note is $168,876.

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 SCE monthly 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, 2019, the balance of this note is $156,506.

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 SCE monthly 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, 2019, the balance of this note is $388,110.

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 RP-5 facility. The Agency received $105,500 on March 08, 2018 to be paid in 120 installments added to the SCE monthly 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, 2019, the balance of this note is $91,434.

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 SCE monthly 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, 2019, the balance of this note is $75,920.

As of June 30, 2019, the remaining note payable obligation is $880,846.

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$149,316</td>
</tr>
<tr>
<td>2021</td>
<td>146,830</td>
</tr>
<tr>
<td>2022</td>
<td>146,830</td>
</tr>
<tr>
<td>2023</td>
<td>146,830</td>
</tr>
<tr>
<td>2024</td>
<td>133,674</td>
</tr>
<tr>
<td>2025-2028</td>
<td>157,366</td>
</tr>
<tr>
<td><strong>Total SCE Loan</strong></td>
<td><strong>$880,846</strong></td>
</tr>
</tbody>
</table>

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

- The 2008B Variable Rate Demand, 2010A Refunding Revenue, and 2017A Refunding Revenue bonds are all subject to arbitrage limitations.

- The initial arbitrage rebate calculation on the 2008B bonds was due in April 2018, resulted in no arbitrage rebate due. The next installment computation date is April 2023.

- The initial arbitrage rebate calculation on the 2010A bonds was due in July 2015, resulted in no arbitrage rebate due. The next installment computation date is July 2020.
The initial arbitrage rebate on the 2017A bonds was due in February 2018, resulted in no arbitrage rebate due. The next installment computation date is February 2022.

**NOTE 14: ADVANCES TO/FROM OTHER FUNDS**

The composition of advances to/from other funds balances as of June 30, 2019, is as follows:

<table>
<thead>
<tr>
<th>Funds</th>
<th>Advances From Other Funds:</th>
<th>Recycled Water Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advances To Other Funds:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major Funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Wastewater Capital Improvement Fund</td>
<td>$13,500,000</td>
<td>$13,500,000</td>
<td></td>
</tr>
<tr>
<td>Non-Reclaimable Wastewater Fund</td>
<td>12,000,000</td>
<td>12,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total advances</strong></td>
<td></td>
<td>$25,500,000</td>
<td>$25,500,000</td>
</tr>
</tbody>
</table>

**REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND & RECYCLED WATER FUND**

At June 30, 2019, 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 & WATER RESOURCES FUND**

At June 30, 2019, the Non-Reclaimable Wastewater Fund reported an advance to the Recycled Water Fund, in the amount of $12,000,000. 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.

Interest on the advances is applied using the average monthly LAIF rate for the Fiscal Year.
NOTE 15: INTERFUND TRANSFERS

The Regional Wastewater Capital Improvement Fund received capital support from the Regional Wastewater Operations & Maintenance Fund in the amount of $5,359,000 for project expenses. These projects were EN17006-CCWRF Headworks and Odor Control Replacement, EN19006-RP-5 Biosolids Facility, EN24001 RP-1 Liquids Treatment Expansion, and EN24002 RP-1 Solids Treatment Expansion.

The Regional Wastewater Operations & Maintenance Fund received $1,800,000 from the Recycled Water Fund for reimbursement of EN13016 SCADA Enterprise/Wineville project costs. It also received $4,787,221 from the Regional Wastewater Capital Improvement Fund, $4,481,429 to support regional wastewater system management and expansion, and $305,792 for debt service support.

The Recycled Water Fund received transfers in the amount of $2,474,868 from the Regional Wastewater Fund for the fund's share of the 2017A debt service payment and $83,697 from the Administrative Services Fund for Southern California Edison receipts. It transferred a total of $1,136,702, to the Water Fund, Recharge Fund, and Administrative Services Fund amounting to $436,414, $645,767, and $54,521 respectively.

The Water Resources Fund received $436,414 in Water Connection Fee transfers from the Recycled Water Fund for capital support of water resource management, water expansion, and conservation projects.

Non-Major enterprise funds received transfers in the amount of $2,998,649. These included capital support transfers totaling $1,932,946 from the Regional Wastewater Capital Improvement Fund to Non-Reclaimable Wastewater Fund, the Recharge Fund, and the Administrative Services Fund amounting to $166,347; $473,421; $1,293,178 respectively, and operations support totaling $319,700 from Regional Wastewater Operations & Maintenance Fund to the Administrative Services Fund. The Administrative Services Fund also received $45,715 from the Non-Reclaimable Wastewater Fund.

The following table reflects the interfund transfer balances in and out by fund as of June 30, 2019.

<table>
<thead>
<tr>
<th>Transfers Out:</th>
<th>Regional Wastewater Capital Imprv Fund</th>
<th>Regional Wastewater O &amp; M Fund</th>
<th>Recycled Water</th>
<th>Water Resources</th>
<th>Non-Major Enterprise Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Wastewater Capital Improvement Fund</td>
<td>$</td>
<td>-</td>
<td>$4,787,221</td>
<td>$2,474,868</td>
<td>$-</td>
<td>$1,932,946</td>
</tr>
<tr>
<td>Regional Wastewater Operations &amp; Maintenance Fund</td>
<td>5,359,000</td>
<td></td>
<td></td>
<td></td>
<td>319,700</td>
<td>5,678,700</td>
</tr>
<tr>
<td>Recycled Water Fund</td>
<td></td>
<td>1,800,000</td>
<td></td>
<td>436,414</td>
<td>700,288</td>
<td>2,936,702</td>
</tr>
<tr>
<td>Non-Major Enterprise Funds</td>
<td></td>
<td>83,697</td>
<td></td>
<td></td>
<td>45,715</td>
<td>129,412</td>
</tr>
<tr>
<td><strong>Total Transfers</strong></td>
<td><strong>$ 5,359,000</strong></td>
<td><strong>$ 6,587,221</strong></td>
<td><strong>$ 2,558,565</strong></td>
<td><strong>$ 436,414</strong></td>
<td><strong>$ 2,998,649</strong></td>
<td><strong>$ 17,939,849</strong></td>
</tr>
</tbody>
</table>
NOTE 16: OPERATING LEASES

The Agency has two operating leases at June 30, 2019:

- One postage meter lease extending to June 30, 2024.
- One lease for eighteen copiers extending to June 30, 2024.

Total operating lease costs were $63,638 for the year ended June 30, 2019. The future minimum lease payments for equipment leases are as follows:

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$51,237</td>
</tr>
<tr>
<td>2021</td>
<td>28,357</td>
</tr>
<tr>
<td>2022</td>
<td>19,663</td>
</tr>
<tr>
<td>2023</td>
<td>15,336</td>
</tr>
<tr>
<td>2024</td>
<td>12,938</td>
</tr>
<tr>
<td></td>
<td><strong>$127,531</strong></td>
</tr>
</tbody>
</table>

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), effective March 1, 2016, for the purchase of up to 5,000 acre-feet (AF) of supplemental water. This agreement would enable the Agency to purchase and store water in the Chino Basin. As of June 30, 2019, 3,609.37 AF are held in storage by CVWD on behalf of the Agency until such time that the Agency elects to sell or transfer the stored water.
NOTE 18: DEFINED OTHER-POSTEMPLOYMENT BENEFIT (OPEB) PLAN

GENERAL INFORMATION ABOUT THE OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

PLAN DESCRIPTION

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

Benefit provisions, and all other requirements, are established by State statutes within the Public Employees' Retirement Law. The Agency’s Plan selects optional provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate 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 $133.00, 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.

<table>
<thead>
<tr>
<th>Hire Date</th>
<th>Retirement Date</th>
<th>Benefit Level</th>
<th>Minimum Years of Agency Service</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before</td>
<td>N/A</td>
<td>Employee and/or eligible dependent(s)</td>
<td>15</td>
<td>100% of applicable Kaiser Rate</td>
</tr>
<tr>
<td>July 2, 1980</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before</td>
<td>N/A</td>
<td>Employee and/or eligible dependent(s)</td>
<td>20</td>
<td>50% of applicable Kaiser Rate</td>
</tr>
<tr>
<td>Jan. 1, 1992</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After</td>
<td>N/A</td>
<td>Employee only or surviving spouse</td>
<td>12</td>
<td>50% of applicable Kaiser Rate</td>
</tr>
<tr>
<td>July 3, 2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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, 2019 (measurement date as of June 30, 2018) actuarial valuation, the following current and former employees were covered by the benefit terms under the Agency Plan:

<table>
<thead>
<tr>
<th>Inactive employees or beneficiaries currently receiving benefits</th>
<th>87</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inactive employees entitled to, but not yet receiving benefits</td>
<td>0</td>
</tr>
<tr>
<td>Active employees</td>
<td>288</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>375</strong></td>
</tr>
</tbody>
</table>

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, 2019, measurement date June 30, 2018, the Agency’s cash contributions were $2,561,354, $2,000,000 in payments to the trust and $561,354 in payments to retirees, and the estimated implied subsidy was $105,188 resulting in total contributions of $2,666,542.

In Fiscal Year 2014, the Agency entered into an agreement to prefund OPEB through CalPERS California Employer’s Retiree Benefit Trust (CERBT). As of June 30, 2019, the Agency has funded $15,000,000 into the CERBT trust fund towards the net OPEB liability.
NET OPEB LIABILITY

The Agency’s net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Valuation Date: June 30, 2017
Measurement Date: June 30, 2018

Actuarial Assumptions:
- Discount Rate: 6.50%
- Inflation: 2.75%
- Payroll growth: 3.00% per annum, in aggregate
- Investment Rate of Return: 6.50% (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: 6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO

Notes:

\(^{(1)}\) Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2015 CalPERS Experience Study. The Experience Study Reports 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 2007 to 2015 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, 2018 are summarized in the following table:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Long-Term Expected Real Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>CERBT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Entity</td>
<td>40.00%</td>
<td>5.50%</td>
</tr>
<tr>
<td>Global Debt Securities</td>
<td>39.00%</td>
<td>2.35%</td>
</tr>
<tr>
<td>Inflation Assets</td>
<td>10.00%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Commodities</td>
<td>3.00%</td>
<td>1.75%</td>
</tr>
<tr>
<td>REITs</td>
<td>8.00%</td>
<td>3.65%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>6.50%</strong></td>
</tr>
</tbody>
</table>

Long-term expected rate of return is 6.50%.

**DISCOUNT RATE**

The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.
CHANGES IN THE OPEB LIABILITY

The changes in the net OPEB liability for the Agency’s Plan are as follows:

<table>
<thead>
<tr>
<th>Increases (Decreases)</th>
<th>Total OPEB Liability</th>
<th>Plan Fiduciary Net Position</th>
<th>Net OPEB Liability (Asset)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at June 30, 2018 (Valuation Date June 30, 2017)</td>
<td>$16,574,885</td>
<td>$11,688,978</td>
<td>$4,885,907</td>
</tr>
<tr>
<td>Changes in the year:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>520,676</td>
<td>-</td>
<td>520,676</td>
</tr>
<tr>
<td>Interest on the total OPEB liability</td>
<td>1,005,737</td>
<td>-</td>
<td>1,005,737</td>
</tr>
<tr>
<td>Differences between actual and expected experience</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assumptions</td>
<td>(1,161,761)</td>
<td>-</td>
<td>(1,161,761)</td>
</tr>
<tr>
<td>Contribution - employer</td>
<td>-</td>
<td>2,666,542</td>
<td>(2,666,542)</td>
</tr>
<tr>
<td>Net investment income</td>
<td>-</td>
<td>551,142</td>
<td>(551,142)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-</td>
<td>(6,115)</td>
<td>6,115</td>
</tr>
<tr>
<td>Other expenses</td>
<td>-</td>
<td>(15,471)</td>
<td>15,471</td>
</tr>
<tr>
<td>Benefit payments, including refunds of employee contributions</td>
<td>(666,542)</td>
<td>(666,542)</td>
<td>-</td>
</tr>
<tr>
<td>Net Changes</td>
<td>$ (301,890)</td>
<td>$ 2,529,556</td>
<td>$(2,831,446)</td>
</tr>
<tr>
<td>Balance at June 30, 2019 (Measurement Date June 30, 2018)</td>
<td>$16,272,995</td>
<td>$14,218,534</td>
<td>$2,054,461</td>
</tr>
</tbody>
</table>

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

The following presents the net OPEB liability 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, 2018:

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease (5.50%)</th>
<th>Current Discount Rate (6.50%)</th>
<th>1% Increase (7.50%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net OPEB Liability</td>
<td>$4,515,172</td>
<td>$2,054,461</td>
<td>$71,985</td>
</tr>
</tbody>
</table>
SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTH CARE COST TREND RATES

The following presents the net OPEB liability 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, 2018:

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease</th>
<th>Current Healthcare Cost Trend Rates</th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(5.00% HMO/5.50% PPO decreasing to 4.00% HMO/4.00% PPO)</td>
<td>(6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO)</td>
<td>(7.00% HMO/7.50% PPO decreasing to 6.00% HMO/6.00% PPO)</td>
</tr>
<tr>
<td>Net OPEB Liability</td>
<td>$ (147,498)</td>
<td>$ 2,054,461</td>
<td>$ 4,814,931</td>
</tr>
</tbody>
</table>

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 DERERRED 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:

<table>
<thead>
<tr>
<th></th>
<th>Net difference between projected and actual earnings on OPEB plan investments</th>
<th>5-year straight-line amortization</th>
<th>All other amounts</th>
<th>Expected average remaining service lifetime (EARSL) (4.0 Years at June 30, 2018)</th>
</tr>
</thead>
</table>

**RECOGNITION OF DERERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

For the fiscal year ended June 30, 2019, the Agency recognized OPEB expense of $541,097. As of fiscal year ended June 30, 2019, the Agency reported deferred outflows of resources related to OPEB from the following sources:

<table>
<thead>
<tr>
<th></th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEB contributions subsequent to measurement date</td>
<td>$2,608,943</td>
<td>$</td>
</tr>
<tr>
<td>Change in assumptions</td>
<td>-</td>
<td>929,409</td>
</tr>
<tr>
<td>Net differences between projected and actual earnings on OPEB plan investments</td>
<td>315,896</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,924,839</strong></td>
<td><strong>$929,409</strong></td>
</tr>
</tbody>
</table>

The $2,608,943 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020.
Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future pension expense as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30:</th>
<th>Deferred Outflows/(Inflows) of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$(141,023)</td>
</tr>
<tr>
<td>2021</td>
<td>$(141,023)</td>
</tr>
<tr>
<td>2022</td>
<td>$(141,023)</td>
</tr>
<tr>
<td>2023</td>
<td>$(190,444)</td>
</tr>
<tr>
<td>2024</td>
<td>-</td>
</tr>
<tr>
<td>Thereafter</td>
<td>-</td>
</tr>
</tbody>
</table>

**NOTE 19: SUBSEQUENT EVENT**

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through December 8, 2019, the date the financial statements were available to be issued and found no subsequent events that would affect the 2019 financial statements.
INLAND EMPIRE UTILITIES AGENCY
Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

Schedule of Contributions

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

**As of June 30, 2019**

**Last Ten Years**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarially determined contribution</td>
<td>$9,766,593</td>
<td>$9,285,958</td>
<td>$9,486,891</td>
<td>$9,153,741</td>
<td>$8,354,702</td>
</tr>
<tr>
<td>Contributions in relation to the actuarially determined contributions</td>
<td>(9,766,593)</td>
<td>(9,285,958)</td>
<td>(9,486,891)</td>
<td>(9,153,741)</td>
<td>(8,354,702)</td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Covered payroll</td>
<td>$28,525,130</td>
<td>$29,042,418</td>
<td>$27,131,239</td>
<td>$25,127,054</td>
<td>$23,007,322</td>
</tr>
<tr>
<td>Contributions as a percentage of covered payroll</td>
<td>34.24%</td>
<td>31.97%</td>
<td>34.97%</td>
<td>36.43%</td>
<td>36.31%</td>
</tr>
</tbody>
</table>

### Notes to Schedule:

**Valuation Date**

6/30/2016

**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**: 2.75%
- **Salary increases**: Varies by entry age and service
- **Investment rate of return**: 7.375%, 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 five years of data are shown.*
## CALPERS MISCELLANEOUS PENSION PLAN

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

**LAST TEN YEARS***

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Pension Liability:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$4,646,509</td>
<td>$4,454,352</td>
<td>$3,749,410</td>
<td>$3,685,630</td>
<td>$3,768,503</td>
</tr>
<tr>
<td>Interest on total pension liability</td>
<td>$13,746,742</td>
<td>$12,950,950</td>
<td>$12,103,023</td>
<td>$11,654,818</td>
<td>$10,818,920</td>
</tr>
<tr>
<td>Differences between expected and actual experience</td>
<td>$2,100,628</td>
<td>$1,897,341</td>
<td>$3,516,255</td>
<td>$2,049,978</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assumptions</td>
<td>$1,453,107</td>
<td>$11,206,890</td>
<td>-</td>
<td>$2,979,771</td>
<td>-</td>
</tr>
<tr>
<td>Changes in benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefit payments, including refunds of employee contributions</td>
<td>$7,528,545</td>
<td>$6,509,351</td>
<td>$2,635,411</td>
<td>$5,730,808</td>
<td>$5,304,990</td>
</tr>
<tr>
<td><strong>Net Change in Total Pension Liability</strong></td>
<td>$11,512,227</td>
<td>$24,000,182</td>
<td>$6,072,637</td>
<td>$8,679,847</td>
<td>$9,282,433</td>
</tr>
<tr>
<td><strong>Total Pension Liability - Beginning of Year</strong></td>
<td>$193,055,604</td>
<td>$169,055,422</td>
<td>$162,982,785</td>
<td>$154,302,938</td>
<td>$145,020,505</td>
</tr>
<tr>
<td><strong>Total Pension Liability - End of Year (a)</strong></td>
<td>$204,567,831</td>
<td>$193,055,604</td>
<td>$169,055,422</td>
<td>$162,982,785</td>
<td>$154,302,938</td>
</tr>
</tbody>
</table>

### Plan Fiduciary Net Position:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions - employer</td>
<td>$9,461,289</td>
<td>$9,481,188</td>
<td>$9,014,122</td>
<td>$8,330,807</td>
<td>$3,733,583</td>
</tr>
<tr>
<td>Contributions - employee</td>
<td>$2,374,114</td>
<td>$2,170,535</td>
<td>$1,949,174</td>
<td>$1,812,908</td>
<td>$2,374,649</td>
</tr>
<tr>
<td>Net investment income</td>
<td>$13,002,740</td>
<td>$15,011,231</td>
<td>$649,762</td>
<td>$2,718,511</td>
<td>$17,346,113</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>$7,528,545</td>
<td>$6,509,351</td>
<td>$6,263,541</td>
<td>$5,730,808</td>
<td>$5,304,990</td>
</tr>
<tr>
<td>Net plan to plan resources movement</td>
<td>(385)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expense</td>
<td>$233,464</td>
<td>$191,729</td>
<td>$75,929</td>
<td>$140,237</td>
<td>-</td>
</tr>
<tr>
<td>Other miscellaneous income/(expense)</td>
<td>$443,351</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Change in Plan Fiduciary Net Position</strong></td>
<td>$16,632,398</td>
<td>$19,961,874</td>
<td>$5,273,588</td>
<td>$6,991,181</td>
<td>$18,149,355</td>
</tr>
<tr>
<td><strong>Plan Fiduciary Net Position - End of Year (b)</strong></td>
<td>$166,454,201</td>
<td>$149,821,803</td>
<td>$129,859,929</td>
<td>$124,586,341</td>
<td>$117,595,160</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Pension Liability - Ending (a)-(b)</strong></td>
<td>$38,113,630</td>
<td>$43,233,801</td>
<td>$39,195,493</td>
<td>$38,396,444</td>
<td>$36,707,778</td>
</tr>
</tbody>
</table>

### Notes to Schedule:

**Benefit Changes:**
- There were no changes in benefits.

**Changes in Assumptions:**
- There were no changes in assumptions.

*Fiscal year 2014/15 was the first year of GASB 68 implementation, therefore only five years of date is shown.*
CALPERS RETIREE HEALTHCARE PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2019
LAST TEN YEARS*

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarially determined contribution</td>
<td>$ 2,608,943</td>
<td>$ 2,561,354</td>
</tr>
<tr>
<td>Contributions in relation to the actuarially determined contributions</td>
<td>(2,608,943)</td>
<td>(2,561,354)</td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Covered-employee payroll</td>
<td>$ 3,737,662</td>
<td>$ 3,788,381</td>
</tr>
<tr>
<td>Contributions as a percentage of covered-employee payroll</td>
<td>69.80%</td>
<td>67.61%</td>
</tr>
</tbody>
</table>

Notes to Schedule:

Valuation Date 6/30/2017

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 2.75%
- Payroll growth 3.00% per annum, in aggregate
- Investment rate of return 6.50% (net of OPEB plan investment and administration expenses; includes inflation)
- Healthcare cost-trend rates 6.00% HMO/6.50% PPO initial. 1.0% - 2.0% near term increase then 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 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement mortality probability based on 2014 CalPERS 1997 to 2011 Experience Study covering CalPERS participants. 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 two 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

<table>
<thead>
<tr>
<th></th>
<th>2019 (Measurement Date June 30, 2018)</th>
<th>2018 (Measurement Date June 30, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total OPEB Liability:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$520,676</td>
<td>$491,205</td>
</tr>
<tr>
<td>Interest on total OPEB liability</td>
<td>1,005,737</td>
<td>954,618</td>
</tr>
<tr>
<td>Changes in assumptions</td>
<td>(1,161,761)</td>
<td>-</td>
</tr>
<tr>
<td>Changes in benefits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefit payments, including refunds of employee contributions</td>
<td>(666,542)</td>
<td>(580,077)</td>
</tr>
<tr>
<td><strong>Net Change in Total OPEB Liability</strong></td>
<td>(301,890)</td>
<td>865,746</td>
</tr>
<tr>
<td><strong>Total OPEB Liability - Beginning of Year</strong></td>
<td>16,574,885</td>
<td>15,709,139</td>
</tr>
<tr>
<td><strong>Total OPEB Liability - End of Year (a)</strong></td>
<td>16,272,995</td>
<td>16,574,885</td>
</tr>
</tbody>
</table>

| **Plan Fiduciary Net Position:** |                                      |                                      |
| Contributions - employer | $2,666,542                           | $2,580,077                           |
| Contributions - employee | -                                    | -                                    |
| Net investment income   | 551,142                              | 372,066                              |
| Benefit payments        | (666,542)                            | (580,077)                            |
| Administrative Expense  | (6,115)                              | (4,884)                              |
| Other expense           | (15,471)                             | -                                    |
| **Net Change in Plan Fiduciary Net Position** | 2,529,556                           | 2,367,182                            |
| **Plan Fiduciary Net Position - Beginning of Year** | 11,688,978                           | 9,321,796                            |
| **Plan Fiduciary Net Position - End of Year (b)** | 14,218,534                           | 11,688,978                           |

| **Net OPEB Liability - Ending (a)-(b)** | $2,054,461                        | $4,885,907                           |

| **Plan fiduciary net position as a percentage of the total OPEB liability** | 87.38%                           | 70.52%                              |

| **Covered-employee payroll** | $3,788,381                        | $3,507,284                           |

| **Net OPEB liability as percentage of covered-employee payroll** | 54.23%                           | 139.31%                             |

### Notes to Schedule:

Changes in Assumptions:
- There were no changes in assumptions.

*Fiscal year 2017/18 was the first year of GASB 75 implementation, therefore only two years of date is shown.*
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 costs of general and administrative expenses for various cost centers and staff labor pool are initially budgeted in the Administrative Services Fund. These costs include capital acquisitions for general administrative purposes, purchases of non-capital and non-project related materials, supplies, tools, and contract services. Throughout the year, pertinent expenses such as staff labor, equipment, and facilities maintenances and other indirect costs are allocated to the Agency’s various programs, departments, and external clients on a cost reimbursement basis, based on either estimated staff work time, frequency of equipment usage, or full time equivalent (FTE) participation for specific programs or activities.
## INLAND EMPIRE UTILITIES AGENCY
### Combining Statement of Net Position
#### June 30, 2019
(With Comparative Totals for June 30, 2018)

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Non-reclaimable Wastewater</th>
<th>Recharge Water</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$9,453,865</td>
<td>$2,677,844</td>
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<tr>
<td>Accounts receivable</td>
<td>2,533,948</td>
<td>49,582</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>1,244,303</td>
<td>12,124</td>
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<tr>
<td>Taxes receivable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>13,232,134</td>
<td>2,739,560</td>
</tr>
</tbody>
</table>

| **Noncurrent assets**    |                             |                |
| Restricted assets        |                             |                |
| Assets held with trustee/fiscal agent | 49 | 880,062 |
| **Total restricted assets** | 49 | 880,062 |

| **Capital assets**       |                             |                |
| Land                     | -                           | -              |
| Jobs in progress         | 807,455                     | 4,908,460      |
| Capital assets, net of accumulated depreciation | 12,666,431 | 38,917,630 |
| Intangible assets, net of accumulated amortization | 1,527,949 | - |
| **Total capital assets** | 15,021,845                  | 43,824,090     |

| **Other assets**         |                             |                |
| Advances to other funds  | 12,000,000                  | -              |
| **Total other assets**   | 12,000,000                  | -              |
| **Total noncurrent assets** | 27,021,844                   | 44,744,142     |

**Total assets**

<table>
<thead>
<tr>
<th></th>
<th>Non-reclaimable Wastewater</th>
<th>Recharge Water</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>40,264,028</td>
<td>47,443,702</td>
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</table>

### DEFERRED OUTFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th></th>
<th>Non-reclaimable Wastewater</th>
<th>Recharge Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred outflow related to debt refunding</td>
<td>320,560</td>
<td>-</td>
</tr>
<tr>
<td>Deferred outflow net other postemployment benefit liability</td>
<td>140,022</td>
<td>59,227</td>
</tr>
<tr>
<td>Deferred outflow related to net pension liability</td>
<td>851,891</td>
<td>350,691</td>
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<tr>
<td><strong>Total deferred outflows of resources</strong></td>
<td>1,313,373</td>
<td>409,918</td>
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<tr>
<td>Administrative Services</td>
<td>Totals</td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>$24,348,846</td>
<td>38,478,575</td>
<td>$28,982,823</td>
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<tr>
<td>1,878,726</td>
<td>5,828,869</td>
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<td>1,387,790</td>
<td>984,001</td>
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<td>7,834</td>
<td>10,707</td>
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<td>38,146</td>
<td>52,030</td>
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<td>1,220,840</td>
<td>1,380,712</td>
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<td>104,112</td>
<td>110,623</td>
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<td><strong>43,477,370</strong></td>
<td><strong>37,366,264</strong></td>
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<td><strong>880,101</strong></td>
<td><strong>865,672</strong></td>
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<tr>
<td></td>
<td><strong>880,101</strong></td>
<td><strong>865,672</strong></td>
</tr>
<tr>
<td></td>
<td>20,829</td>
<td>20,829</td>
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<tr>
<td>1,312,068</td>
<td>7,026,593</td>
<td>4,757,020</td>
</tr>
<tr>
<td>12,326,351</td>
<td>63,030,412</td>
<td>66,027,083</td>
</tr>
<tr>
<td>1,830,549</td>
<td>3,358,498</td>
<td>3,041,070</td>
</tr>
<tr>
<td><strong>15,490,397</strong></td>
<td><strong>74,336,332</strong></td>
<td><strong>74,746,002</strong></td>
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<tr>
<td></td>
<td>12,000,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td></td>
<td>12,000,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td><strong>15,490,397</strong></td>
<td><strong>87,216,433</strong></td>
<td><strong>90,811,674</strong></td>
</tr>
<tr>
<td><strong>42,996,973</strong></td>
<td><strong>130,693,803</strong></td>
<td><strong>127,977,638</strong></td>
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<tr>
<td></td>
<td><strong>320,060</strong></td>
<td><strong>342,024</strong></td>
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<tr>
<td>171,419</td>
<td>371,568</td>
<td>352,240</td>
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<tr>
<td>901,478</td>
<td>2,104,060</td>
<td>2,598,620</td>
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<tr>
<td><strong>1,872,997</strong></td>
<td><strong>2,796,188</strong></td>
<td><strong>3,293,784</strong></td>
</tr>
</tbody>
</table>

(continued)
INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Net Position (Continued from previous page)
June 30, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Non-reclaimable</th>
<th>Recharge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Wastewater</td>
<td>Water</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,226,837</td>
<td>$319,548</td>
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<tr>
<td>Accrued liabilities</td>
<td>84</td>
<td>274</td>
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<tr>
<td>Compensated absences</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Refunds payable</td>
<td>-</td>
<td>10,644</td>
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<tr>
<td>Long-term debt, due within one year</td>
<td>304,534</td>
<td>736,953</td>
</tr>
<tr>
<td>Notes payable, due within one year</td>
<td>720,855</td>
<td>-</td>
</tr>
<tr>
<td>Interest payable</td>
<td>64,329</td>
<td>12,471</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>2,216,852</td>
<td>1,191,920</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long-term debt, due in more than one year</td>
<td>6,501,677</td>
<td>11,534,647</td>
</tr>
<tr>
<td>Notes payable, due in more than one year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net other postemployment benefit liability (note 5)</td>
<td>96,359</td>
<td>41,510</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>2,087,345</td>
<td>731,505</td>
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<tr>
<td>Total noncurrent liabilities</td>
<td>8,687,294</td>
<td>12,297,662</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>11,003,146</td>
<td>13,429,582</td>
</tr>
</tbody>
</table>

DEFERRED INFLOWS OF RESOURCES
- Deferred inflow net other postemployment benefit liability | 46,690 | 19,055 |
- Deferred inflow related to net pension liability | 174,655 | 58,268 |
- Total deferred inflows of resources | 221,155 | 77,323 |

NET POSITION
- Net investment in capital assets | 5,213,692 | 32,397,566 |
- Restricted for:
  - Bond operating contingency requirement | 3,421,059 | -  |
- Total restricted |
- Unrestricted | 18,705,549 | 1,919,129 |
- Total net position | 30,342,300 | 34,316,715 |
<table>
<thead>
<tr>
<th>Administrative Services</th>
<th>Totals</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 830,749</td>
<td>$ 2,397,134</td>
<td>$ 4,123,385</td>
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<tr>
<td>2,024,749</td>
<td>2,025,167</td>
<td>2,299,067</td>
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</tr>
<tr>
<td>1,957,526</td>
<td>1,957,526</td>
<td>1,706,658</td>
<td></td>
</tr>
<tr>
<td>- 76,644</td>
<td>47,020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 1,043,517</td>
<td>1,004,235</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 729,668</td>
<td>704,809</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 76,500</td>
<td>92,587</td>
<td></td>
<td></td>
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<tr>
<td><strong>4,813,024</strong></td>
<td><strong>8,291,596</strong></td>
<td><strong>9,978,410</strong></td>
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<tr>
<td>3,501,073</td>
<td>3,501,073</td>
<td>3,428,764</td>
<td></td>
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<tr>
<td>- 19,020,224</td>
<td>19,139,291</td>
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<td></td>
</tr>
<tr>
<td>- 720,868</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>126,716</td>
<td>266,404</td>
<td>623,776</td>
<td></td>
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<tr>
<td><strong>2,051,910</strong></td>
<td><strong>4,879,763</strong></td>
<td><strong>5,889,203</strong></td>
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<tr>
<td><strong>5,679,703</strong></td>
<td><strong>26,654,659</strong></td>
<td><strong>29,498,972</strong></td>
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<tr>
<td><strong>10,492,727</strong></td>
<td><strong>34,956,255</strong></td>
<td><strong>39,477,382</strong></td>
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</tr>
<tr>
<td>36,541</td>
<td>104,186</td>
<td></td>
<td></td>
</tr>
<tr>
<td>62,889</td>
<td>296,722</td>
<td>290,315</td>
<td></td>
</tr>
<tr>
<td><strong>101,430</strong></td>
<td><strong>399,909</strong></td>
<td><strong>290,315</strong></td>
<td></td>
</tr>
<tr>
<td><strong>15,490,397</strong></td>
<td><strong>36,103,665</strong></td>
<td><strong>54,061,561</strong></td>
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</tr>
<tr>
<td><strong>361,126</strong></td>
<td><strong>3,782,195</strong></td>
<td><strong>3,739,863</strong></td>
<td></td>
</tr>
<tr>
<td><strong>361,126</strong></td>
<td><strong>3,782,195</strong></td>
<td><strong>3,739,863</strong></td>
<td></td>
</tr>
<tr>
<td><strong>17,623,290</strong></td>
<td><strong>38,247,969</strong></td>
<td><strong>33,702,500</strong></td>
<td></td>
</tr>
<tr>
<td><strong>$ 33,474,813</strong></td>
<td><strong>98,133,828</strong></td>
<td><strong>91,504,024</strong></td>
<td></td>
</tr>
</tbody>
</table>
INLAND EMPIRE UTILITIES AGENCY

Combining Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2019

(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Non-Major Enterprise Funds</th>
<th>Non-reclaimable</th>
<th>Recharge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Wastewater</td>
<td>Water</td>
</tr>
<tr>
<td>OPERATING REVENUES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>$ 12,455,880</td>
<td>$ -</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>12,455,880</td>
<td>-</td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wastewater collection</td>
<td>8,400,372</td>
<td>-</td>
</tr>
<tr>
<td>Administration and general</td>
<td>1,862,336</td>
<td>1,867,435</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,017,119</td>
<td>1,430,359</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>11,280,327</td>
<td>3,297,744</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>1,175,553</td>
<td>(3,297,744)</td>
</tr>
<tr>
<td>NONOPERATING REVENUES (EXPENSES)</td>
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<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>455,869</td>
<td>78,677</td>
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<tr>
<td>Property tax revenue</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>84,153</td>
<td>3,147,041</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>(306,315)</td>
<td>(170,035)</td>
</tr>
<tr>
<td>Other nonoperating expenses</td>
<td>40,943</td>
<td>(65,039)</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>274,050</td>
<td>2,987,044</td>
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<tr>
<td>Income (loss) before capital contributions and transfers</td>
<td>1,440,603</td>
<td>(310,700)</td>
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<tr>
<td>TRANSFERS AND CAPITAL CONTRIBUTIONS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>166,347</td>
<td>1,119,168</td>
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<tr>
<td>Transfers out</td>
<td>(45,715)</td>
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<tr>
<td>Capital grants</td>
<td>-</td>
<td>481,860</td>
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<tr>
<td>Change in net position</td>
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<td>Total net position - beginning</td>
<td>$328,772,965</td>
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<tr>
<td>Total net position - ending</td>
<td>$30,342,300</td>
<td>$34,310,710</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>Totals</td>
<td>2019</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------</td>
<td>------------</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$12,455,680</td>
</tr>
<tr>
<td></td>
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<td>12,455,680</td>
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<tr>
<td></td>
<td></td>
<td>8,409,872</td>
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<tr>
<td>1,062,483</td>
<td>4,322,234</td>
<td>4,400,485</td>
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<tr>
<td>1,583,090</td>
<td>4,080,518</td>
<td>4,235,011</td>
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<tr>
<td>2,875,573</td>
<td>17,253,824</td>
<td>16,921,736</td>
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<tr>
<td>(2,875,573)</td>
<td>(4,797,744)</td>
<td>(3,961,129)</td>
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<td>$509,757</td>
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<tr>
<td>3,672,977</td>
<td>6,903,771</td>
<td>4,477,980</td>
</tr>
<tr>
<td>-</td>
<td>(476,050)</td>
<td>(488,030)</td>
</tr>
<tr>
<td>(1,194,356)</td>
<td>(1,220,952)</td>
<td>(1,705,744)</td>
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<td>$4,705,029</td>
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<tr>
<td>4,810,357</td>
<td>8,076,451</td>
<td>4,705,029</td>
</tr>
<tr>
<td>2,130,804</td>
<td>3,278,707</td>
<td>744,440</td>
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<tr>
<td>1,713,114</td>
<td>2,968,049</td>
<td>4,387,037</td>
</tr>
<tr>
<td>(93,967)</td>
<td>(120,412)</td>
<td>(86,432)</td>
</tr>
<tr>
<td>-</td>
<td>481,880</td>
<td>83,897</td>
</tr>
<tr>
<td>3,769,221</td>
<td>8,029,804</td>
<td>5,128,712</td>
</tr>
<tr>
<td>29,705,982</td>
<td>91,504,024</td>
<td>88,377,312</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$33,474,813</td>
</tr>
</tbody>
</table>
INLAND EMPIRE UTILITIES AGENCY  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2019  
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Non-Major Enterprise Funds</th>
<th>Non-Reclaimable</th>
<th>Recharge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from customers</td>
<td>13,246,724</td>
<td>-</td>
</tr>
<tr>
<td>Cash received from interfund services provided</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash payments to suppliers for goods and services</td>
<td>(9,735,800)</td>
<td>(1,245,117)</td>
</tr>
<tr>
<td>Cash payments to employees for services</td>
<td>(647,721)</td>
<td>(677,077)</td>
</tr>
<tr>
<td>Cash payments for interfund services used</td>
<td>(1,228,720)</td>
<td>(216,304)</td>
</tr>
<tr>
<td>Net cash provided by (used for) operating activities</td>
<td>1,284,474</td>
<td>(2,138,598)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
</tr>
<tr>
<td>Transfers out</td>
</tr>
<tr>
<td>Contract reimbursement from others</td>
</tr>
<tr>
<td>Tax revenues</td>
</tr>
<tr>
<td>Cash paid to others</td>
</tr>
<tr>
<td>Advances to other funds</td>
</tr>
<tr>
<td>Net cash provided by (used for) noncapital financing activities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition and construction of capital assets</td>
</tr>
<tr>
<td>Capital grants</td>
</tr>
<tr>
<td>Principal paid on capital debt</td>
</tr>
<tr>
<td>Interest paid on capital debt</td>
</tr>
<tr>
<td>Bond administration fees</td>
</tr>
<tr>
<td>Contractor deposits collected</td>
</tr>
<tr>
<td>Net cash provided by (used for) capital and related financing activities</td>
</tr>
<tr>
<td>Administrative Services</td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>$ (280,899)</td>
</tr>
<tr>
<td>28,331,470</td>
</tr>
<tr>
<td>(7,282,372)</td>
</tr>
<tr>
<td>(22,184,491)</td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td>(1,366,292)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1,713,114</td>
</tr>
<tr>
<td>(83,897)</td>
</tr>
<tr>
<td>1,306,814</td>
</tr>
<tr>
<td>1,884,273</td>
</tr>
<tr>
<td>(1,162,075)</td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>3,758,479</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(1,269,752)</td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td>(32,291)</td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td>(47,029)</td>
</tr>
<tr>
<td>(1,349,052)</td>
</tr>
</tbody>
</table>
## INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Cash Flows - (Continued from previous page)
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Non-Major Enterprise Funds</th>
<th>Non-Reclaimable</th>
<th>Recharge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Wastewater</td>
<td>Water</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

- **Interest on Investments**
  - $100,376
  - $67,203

- **Sale of Investments**
  - 
  - 

  **Net cash provided by (used for) investing activities**
  - $100,376
  - $67,203

- **Net increase (decrease) in cash and cash equivalents**
  - $2,703,176
  - $1,883,059

- **Cash and cash equivalents - beginning**
  - $6,750,758
  - $2,474,837

- **Cash and cash equivalents - ending**
  - $9,453,934
  - $3,357,896

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

- **Operating income (loss)**
  - $1,175,552
  - $(3,297,744)

- **Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities**
  - **Depreciation and amortization**
    - $1,017,119
    - $1,430,309

- **Changes in assets and liabilities**
  - **Increase (decrease) in**
    - Accounts receivable
      - $750,844
      - 
    - Short term receivables
      - 
      - 
    - Inventory
      - 
      - 
    - Prepaid items
      - 
      - 

  - **Increase (decrease) in**
    - Deferred outflow related to net pension liability
      - $458,116
      - $41,930
    - Deferred outflow related to net other post employment benefit
      - $(6,215)
      - $(3,387)
    - Accounts payable
      - $(1,503,006)
      - $(189,645)
    - Accrued liabilities
      - $74
      - $177
    - Other noncurrent liabilities
      - 
      - 
    - Deferred inflow related to net pension liability
      - $(3,18,061)
      - $20,638
    - Deferred inflow related to net other post employment benefit
      - $46,590
      - $19,055
    - Net other postemployment benefit liability
      - $(136,738)
      - $(57,377)
    - Net pension liability
      - $(237,820)
      - $(102,534)
    - Compensated absences
      - 
      - 

  - **Net cash provided by (used for) operating activities**
    - $1,284,474
    - $(2,138,585)
<table>
<thead>
<tr>
<th>Administrative Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>$346,612</td>
<td>$514,193</td>
</tr>
<tr>
<td>2,364,179</td>
<td>2,364,179</td>
</tr>
<tr>
<td>2,710,791</td>
<td>2,878,372</td>
</tr>
<tr>
<td>3,723,946</td>
<td>7,510,181</td>
</tr>
<tr>
<td>20,622,900</td>
<td>29,648,495</td>
</tr>
<tr>
<td>$24,346,846</td>
<td>$37,358,676</td>
</tr>
<tr>
<td>$ (2,675,553)</td>
<td>$ (4,797,745)</td>
</tr>
<tr>
<td>1,583,090</td>
<td>4,030,518</td>
</tr>
<tr>
<td>(294,783)</td>
<td>496,061</td>
</tr>
<tr>
<td>15,094</td>
<td>15,064</td>
</tr>
<tr>
<td>168,863</td>
<td>168,863</td>
</tr>
<tr>
<td>6,711</td>
<td>6,711</td>
</tr>
<tr>
<td>374,737</td>
<td>674,783</td>
</tr>
<tr>
<td>(7,726)</td>
<td>(19,328)</td>
</tr>
<tr>
<td>(33,599)</td>
<td>(172,252)</td>
</tr>
<tr>
<td>(2,700,021)</td>
<td>(274,000)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(77,405)</td>
<td>374,818</td>
</tr>
<tr>
<td>38,541</td>
<td>104,156</td>
</tr>
<tr>
<td>(163,166)</td>
<td>(357,281)</td>
</tr>
<tr>
<td>(378,166)</td>
<td>718,540</td>
</tr>
<tr>
<td>323,382</td>
<td>323,382</td>
</tr>
<tr>
<td>$ (1,396,263)</td>
<td>$ (2,250,375)</td>
</tr>
</tbody>
</table>

(Continued)
INLAND EMPIRE UTILITIES AGENCY
Combining Statement of Cash Flows - (Continued from previous page)
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Non-Major Enterprise Funds</th>
<th>Non-Reclaimable Wastewater</th>
<th>Recharge Water</th>
</tr>
</thead>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Non-Reclaimable Wastewater</th>
<th>Recharge Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term investments</td>
<td>$9,453,885</td>
<td>$2,677,844</td>
</tr>
<tr>
<td>Restricted assets</td>
<td>49</td>
<td>880,052</td>
</tr>
<tr>
<td>Cash &amp; cash equivalents at end of year</td>
<td>$9,453,334</td>
<td>$3,557,906</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>Totals</td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>$ (8,756,180)</td>
<td>$ 3,375,549</td>
<td>$ 4,296,129</td>
</tr>
<tr>
<td>33,103,028</td>
<td>33,683,127</td>
<td>25,642,386</td>
</tr>
<tr>
<td>$ 24,346,848</td>
<td>$ 37,358,676</td>
<td>$ 29,846,495</td>
</tr>
</tbody>
</table>
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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 employment costs to operate and support the Inland Empire Regional Composting Facility.

The fund’s major source of revenue is the service charge applied to the regional municipal wastewater flows billed on an Equivalent Dwelling Units (EDU’s) volumetric basis. Other revenue sources include property tax receipts and reimbursement from the Inland Empire Regional Composting Authority for providing operations and maintenance services at the facility.
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Regions</th>
<th>Regional</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital Improvement</td>
<td>Operations &amp; Maintenance</td>
<td>2019</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$23,799,060</td>
<td>$72,700,264</td>
<td>$96,498,334</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>420,330</td>
<td>14,466,010</td>
<td>14,986,340</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>876,181</td>
<td>327,728</td>
<td>1,203,909</td>
</tr>
<tr>
<td>Taxes receivable</td>
<td>110,717</td>
<td>36,961</td>
<td>147,678</td>
</tr>
<tr>
<td>Other receivables</td>
<td>500,028</td>
<td>7</td>
<td>500,028</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>1,201</td>
<td>-</td>
<td>1,201</td>
</tr>
<tr>
<td>Total current assets</td>
<td>26,722,800</td>
<td>87,561,019</td>
<td>113,273,819</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits held by governmental agencies</td>
<td>$66,478,676</td>
<td>-</td>
<td>$66,478,676</td>
</tr>
<tr>
<td>Assets held with trustees and fiscal agents</td>
<td>1,726,107</td>
<td>78,412</td>
<td>1,804,519</td>
</tr>
<tr>
<td>Total restricted assets</td>
<td>68,204,783</td>
<td>78,412</td>
<td>68,283,095</td>
</tr>
<tr>
<td>Capital assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>14,047,045</td>
<td>-</td>
<td>14,047,045</td>
</tr>
<tr>
<td>Jobs in progress</td>
<td>46,360,329</td>
<td>27,175,712</td>
<td>73,536,041</td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>272,999,982</td>
<td>50,278,126</td>
<td>323,278,108</td>
</tr>
<tr>
<td>Intangible assets, net of accumulated amortization</td>
<td>6,129,951</td>
<td>1,031,817</td>
<td>6,161,768</td>
</tr>
<tr>
<td>Total capital assets</td>
<td>337,622,307</td>
<td>78,458,675</td>
<td>416,080,982</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term investments</td>
<td>42,648,065</td>
<td>-</td>
<td>42,648,065</td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>13,600,000</td>
<td>-</td>
<td>13,600,000</td>
</tr>
<tr>
<td>Long-term receivables</td>
<td>3,257,790</td>
<td>-</td>
<td>3,257,790</td>
</tr>
<tr>
<td>Prepaid interest - SRF loans</td>
<td>724,136</td>
<td>-</td>
<td>724,136</td>
</tr>
<tr>
<td>Total other assets</td>
<td>60,024,971</td>
<td>-</td>
<td>60,024,971</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>466,768,960</td>
<td>78,599,098</td>
<td>545,368,058</td>
</tr>
<tr>
<td>Total assets</td>
<td>804,391,260</td>
<td>166,110,117</td>
<td>970,501,377</td>
</tr>
</tbody>
</table>

**DEFERRED OUTFLOW OF RESOURCES**

<table>
<thead>
<tr>
<th>Deferred outflows of resources</th>
<th>Regions</th>
<th>Regional</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred outflow related to debt refinancing</td>
<td>$2,010,693</td>
<td>192,961</td>
<td>$2,203,654</td>
</tr>
<tr>
<td>Deferred outflow net other postemployment benefit liability</td>
<td>276,379</td>
<td>1,522,701</td>
<td>2,799,080</td>
</tr>
<tr>
<td>Deferred outflow related to net pension liability</td>
<td>1,636,927</td>
<td>11,320,343</td>
<td>13,957,270</td>
</tr>
<tr>
<td>Total deferred outflows of resources</td>
<td>3,923,999</td>
<td>13,435,602</td>
<td>17,359,601</td>
</tr>
</tbody>
</table>

(Continued) (Continued)
<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Regional Capital</th>
<th>Regional Operations &amp;</th>
<th>Totals</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Improvement</td>
<td>Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$2,736,388</td>
<td>$4,211,922</td>
<td>$6,948,310</td>
<td>$7,716,965</td>
<td></td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>21,385</td>
<td>61,817</td>
<td>83,202</td>
<td>33,023</td>
<td></td>
</tr>
<tr>
<td>Retentions payable</td>
<td>386,946</td>
<td>644,674</td>
<td>1,031,619</td>
<td>843,023</td>
<td></td>
</tr>
<tr>
<td>Long-term debt, due within one year</td>
<td>7,823,961</td>
<td>182,933</td>
<td>7,716,884</td>
<td>7,259,121</td>
<td></td>
</tr>
<tr>
<td>Notes payable, due within one year</td>
<td>1,644,333</td>
<td>750,434</td>
<td>3,144,767</td>
<td>1,448,104</td>
<td></td>
</tr>
<tr>
<td>Interest payable</td>
<td>682,685</td>
<td>174,502</td>
<td>757,187</td>
<td>720,984</td>
<td></td>
</tr>
<tr>
<td>Retention deposits and escrows</td>
<td>-</td>
<td>78,394</td>
<td>78,394</td>
<td>920,318</td>
<td></td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>13,091,976</td>
<td>6,054,481</td>
<td>19,146,457</td>
<td>19,477,541</td>
<td></td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt, due in more than one year</td>
<td>64,233,260</td>
<td>3,905,663</td>
<td>68,138,813</td>
<td>76,540,654</td>
<td></td>
</tr>
<tr>
<td>Notes payable, due in more than one year</td>
<td>20,936,117</td>
<td>22,930,803</td>
<td>43,867,919</td>
<td>43,949,179</td>
<td></td>
</tr>
<tr>
<td>Net other postemployment benefits liability</td>
<td>193,849</td>
<td>1,350,181</td>
<td>1,543,030</td>
<td>3,670,971</td>
<td></td>
</tr>
<tr>
<td>Net pension liability</td>
<td>4,526,111</td>
<td>24,027,809</td>
<td>26,554,519</td>
<td>32,558,409</td>
<td></td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>69,689,067</td>
<td>52,227,624</td>
<td>141,916,690</td>
<td>185,823,143</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>102,781,643</td>
<td>58,282,107</td>
<td>161,063,750</td>
<td>176,300,684</td>
<td></td>
</tr>
<tr>
<td>DEFERRED INFLOWS OF RESOURCES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred inflow from other postemployment benefit liability</td>
<td>86,542</td>
<td>695,244</td>
<td>681,786</td>
<td>704,976</td>
<td></td>
</tr>
<tr>
<td>Deferred inflow related to net pension liability</td>
<td>462,292</td>
<td>1,054,280</td>
<td>1,666,572</td>
<td>1,741,387</td>
<td></td>
</tr>
<tr>
<td>Total deferred inflows of resources</td>
<td>548,834</td>
<td>1,749,524</td>
<td>2,502,372</td>
<td>2,596,363</td>
<td></td>
</tr>
<tr>
<td>NET POSITION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>244,084,126</td>
<td>51,633,621</td>
<td>295,717,736</td>
<td>296,269,826</td>
<td></td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital construction</td>
<td>66,994,660</td>
<td>-</td>
<td>66,994,660</td>
<td>16,559,953</td>
<td></td>
</tr>
<tr>
<td>IRF Loan debt service</td>
<td>1,447,479</td>
<td>1,005,644</td>
<td>2,453,123</td>
<td>2,451,563</td>
<td></td>
</tr>
<tr>
<td>Bond operating contingency requirement</td>
<td>1,811,321</td>
<td>17,672,671</td>
<td>19,483,992</td>
<td>19,817,673</td>
<td></td>
</tr>
<tr>
<td>Total restricted</td>
<td>69,253,560</td>
<td>18,678,326</td>
<td>87,931,886</td>
<td>77,892,946</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>78,151,966</td>
<td>49,288,114</td>
<td>127,439,080</td>
<td>117,360,127</td>
<td></td>
</tr>
<tr>
<td>Total net position</td>
<td>$392,111,285</td>
<td>$119,900,821</td>
<td>$511,717,086</td>
<td>$446,233,020</td>
<td></td>
</tr>
</tbody>
</table>
### 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, 2019

(N/A: Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Regional Capital Improvement</th>
<th>Regional Operations &amp; Maintenance</th>
<th>Totals</th>
</tr>
</thead>
</table>

#### Operating Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service charges</td>
<td>-</td>
<td>$68,498,542</td>
<td>$68,498,542</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>-</td>
<td>$68,498,542</td>
<td>$68,498,542</td>
</tr>
</tbody>
</table>

#### Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater collection</td>
<td>-1,340,237</td>
<td>1,340,237</td>
<td>1,704,444</td>
</tr>
<tr>
<td>Wastewater treatment</td>
<td>-23,829,235</td>
<td>23,829,235</td>
<td>26,617,343</td>
</tr>
<tr>
<td>Wastewater disposal</td>
<td>-11,316,733</td>
<td>11,316,733</td>
<td>10,236,887</td>
</tr>
<tr>
<td>Administration and general</td>
<td>5,433,649</td>
<td>15,322,278</td>
<td>20,895,040</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>19,677,478</td>
<td>4,182,079</td>
<td>22,960,502</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>24,991,127</td>
<td>87,191,024</td>
<td>82,314,207</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>24,991,127</td>
<td>9,307,020</td>
<td>(15,684,527)</td>
</tr>
</tbody>
</table>

#### Nonoperating Revenues (Expenses)

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>194,468</td>
<td>1,666,979</td>
<td>1,861,447</td>
</tr>
<tr>
<td>Property tax revenue</td>
<td>34,076,051</td>
<td>9,548,500</td>
<td>43,624,551</td>
</tr>
<tr>
<td>Wastewater capital connection fees</td>
<td>22,914,037</td>
<td>-</td>
<td>22,914,037</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>26,679</td>
<td>4,629,436</td>
<td>4,856,116</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>(2,788,816)</td>
<td>(645,509)</td>
<td>(3,434,325)</td>
</tr>
<tr>
<td>Other nonoperating expenses</td>
<td>(1,019,301)</td>
<td>(4,386,417)</td>
<td>(4,405,718)</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>54,525,510</td>
<td>10,913,031</td>
<td>65,438,541</td>
</tr>
</tbody>
</table>

#### Income (loss) Before CapitalContributions and Transfers

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>and transfers</td>
<td>29,933,191</td>
<td>19,820,831</td>
<td>49,753,922</td>
</tr>
</tbody>
</table>

#### Transfers and Capital Contributions

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>5,189,000</td>
<td>6,287,321</td>
<td>11,446,321</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(3,155,036)</td>
<td>(6,578,700)</td>
<td>(9,733,736)</td>
</tr>
<tr>
<td>Capital grants</td>
<td>-</td>
<td>711,676</td>
<td>711,676</td>
</tr>
<tr>
<td>Change in net position</td>
<td>26,097,154</td>
<td>21,440,828</td>
<td>47,537,983</td>
</tr>
<tr>
<td>Total net position - beginning</td>
<td>386,014,527</td>
<td>98,199,244</td>
<td>484,213,771</td>
</tr>
<tr>
<td>Total net position - ending</td>
<td>352,111,682</td>
<td>119,500,077</td>
<td>451,611,755</td>
</tr>
</tbody>
</table>


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 and recycled water systems, and interest income earned. Additionally, the fund records state loans and grants received for various capital projects within the fund.
## Inland Empire Utilities Agency

**Recycled Water Fund**

**Schedule of Net Position**

**June 30, 2019**

(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Total</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>$17,257,245</td>
<td>$19,171,401</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>7,363,143</td>
<td>10,258,577</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>78,133</td>
<td>69,339</td>
</tr>
<tr>
<td>Taxes receivable</td>
<td>6,422</td>
<td>21,740</td>
</tr>
<tr>
<td>Other receivable</td>
<td>89,268</td>
<td>88,068</td>
</tr>
<tr>
<td>Prepaid Items</td>
<td>3,500</td>
<td>3,500</td>
</tr>
<tr>
<td>Total current assets</td>
<td>24,795,711</td>
<td>29,613,105</td>
</tr>
<tr>
<td><strong>Noncurrent Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted short-term investments</td>
<td>14,137,212</td>
<td>10,882,109</td>
</tr>
<tr>
<td>Assets held with trustee/fiscal agents</td>
<td>42,967</td>
<td>257</td>
</tr>
<tr>
<td>Total restricted assets</td>
<td>14,180,179</td>
<td>10,909,376</td>
</tr>
<tr>
<td>Capital assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jobs in progress</td>
<td>15,253,126</td>
<td>9,509,127</td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>163,907,416</td>
<td>171,356,894</td>
</tr>
<tr>
<td>Intangible assets, net of accumulated amortization</td>
<td>565,342</td>
<td>463,654</td>
</tr>
<tr>
<td>Total capital assets</td>
<td>179,736,967</td>
<td>181,829,675</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term receivables</td>
<td>332,283</td>
<td>919,551</td>
</tr>
<tr>
<td>Prepaid interest - GRF loans</td>
<td>882,614</td>
<td>273,130</td>
</tr>
<tr>
<td>Total other assets</td>
<td>1,712,897</td>
<td>1,892,681</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>195,629,883</td>
<td>194,404,732</td>
</tr>
<tr>
<td>Total assets</td>
<td>220,429,614</td>
<td>224,017,837</td>
</tr>
</tbody>
</table>

**Deferred Outflows of Resources**

<table>
<thead>
<tr>
<th>Total</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred outflow related to debt refunding</td>
<td>1,310,536</td>
<td>1,407,104</td>
</tr>
<tr>
<td>Deferred outflow net other postemployment benefit liability</td>
<td>240,467</td>
<td>225,169</td>
</tr>
<tr>
<td>Deferred outflow related to net pension liability</td>
<td>1,536,026</td>
<td>1,724,190</td>
</tr>
<tr>
<td>Total deferred outflows of resources</td>
<td>3,086,028</td>
<td>3,356,463</td>
</tr>
</tbody>
</table>

(Continued)
<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,393,750</td>
<td>$1,580,542</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>9</td>
<td>30,640</td>
</tr>
<tr>
<td>Retentions payable</td>
<td>110,993</td>
<td>189,070</td>
</tr>
<tr>
<td>Long term debt, due within one year</td>
<td>1,249,509</td>
<td>1,206,644</td>
</tr>
<tr>
<td>Notes payable, due within one year</td>
<td>4,124,755</td>
<td>4,056,705</td>
</tr>
<tr>
<td>Interest payable</td>
<td>2,494,618</td>
<td>1,875,859</td>
</tr>
<tr>
<td>Retention deposits and escrows</td>
<td>42,767</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>9,415,631</td>
<td>8,936,511</td>
</tr>
<tr>
<td><strong>Noncurrent liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances from other funds</td>
<td>25,500,000</td>
<td>26,500,000</td>
</tr>
<tr>
<td>Long-term debt, due in more than one year</td>
<td>26,679,457</td>
<td>26,200,511</td>
</tr>
<tr>
<td>Notes payable, due in more than one year</td>
<td>74,221,654</td>
<td>75,978,197</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>589,296</td>
<td>579,356</td>
</tr>
<tr>
<td>Net other postemployment benefits liability</td>
<td>163,633</td>
<td>3,984,747</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>3,501,299</td>
<td>3,856,936</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>140,604,691</td>
<td>137,612,049</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>140,604,692</td>
<td>146,543,360</td>
</tr>
<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred inflow net other postemployment benefit liability</td>
<td>89,734</td>
<td>-</td>
</tr>
<tr>
<td>Deferred inflow related to net pension liability</td>
<td>128,924</td>
<td>220,858</td>
</tr>
<tr>
<td><strong>Total deferred inflows of resources</strong></td>
<td>218,658</td>
<td>220,858</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>87,599,595</td>
<td>72,187,783</td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital construction</td>
<td>14,137,212</td>
<td>10,882,109</td>
</tr>
<tr>
<td>SRF Loan debt service</td>
<td>6,829,356</td>
<td>6,661,117</td>
</tr>
<tr>
<td><strong>Total restricted</strong></td>
<td>20,966,568</td>
<td>17,543,226</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(25,434,289)</td>
<td>(9,030,775)</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$ 83,161,674</td>
<td>$ 60,700,234</td>
</tr>
</tbody>
</table>
## INLAND EMPIRE UTILITIES AGENCY
### Recycled Water Fund
### Schedule of Revenues, Expense, and Changes in net Position
### For the Fiscal Year Ended June 30, 2019
### (With Comparative Totals for June 30, 2018)

### OPERATING REVENUES

<table>
<thead>
<tr>
<th>Source</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled water sales</td>
<td>$13,901,786</td>
<td>$16,877,757</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>$13,901,786</td>
<td>$16,877,757</td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations and Maintenance</td>
<td>3,962,554</td>
<td>3,323,365</td>
</tr>
<tr>
<td>Administration and general</td>
<td>5,177,280</td>
<td>4,389,285</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>520,025</td>
<td>602,399</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>17,666,879</td>
<td>16,315,649</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(3,665,093)</td>
<td>562,108</td>
</tr>
</tbody>
</table>

### NONOPERATING REVENUES (EXPENSES)

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>768,635</td>
<td>370,505</td>
</tr>
<tr>
<td>Property tax revenue</td>
<td>2,170,100</td>
<td>2,170,100</td>
</tr>
<tr>
<td>Water conservation fees</td>
<td>5,916,291</td>
<td>7,885,278</td>
</tr>
<tr>
<td>Other non-operating revenues</td>
<td>24,240</td>
<td>221,178</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>(2,225,914)</td>
<td>(2,225,999)</td>
</tr>
<tr>
<td>Other non-operating expenses</td>
<td>(501,472)</td>
<td>(582,165)</td>
</tr>
<tr>
<td>Total non-operating revenues (expenses)</td>
<td>5,751,880</td>
<td>7,441,894</td>
</tr>
<tr>
<td>Income (loss) before capital contributions and transfers</td>
<td>2,096,787</td>
<td>8,004,002</td>
</tr>
</tbody>
</table>

### TRANSFERS AND CAPITAL CONTRIBUTIONS

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>2,900,866</td>
<td>2,106,070</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(2,936,702)</td>
<td>(334,206)</td>
</tr>
<tr>
<td>Capital grants</td>
<td>752,789</td>
<td>2,163,565</td>
</tr>
<tr>
<td>Change in net position</td>
<td>2,451,440</td>
<td>11,630,271</td>
</tr>
<tr>
<td>Total net position - beginning</td>
<td>80,700,234</td>
<td>60,960,063</td>
</tr>
<tr>
<td>Total net position - ending</td>
<td>$83,151,674</td>
<td>$80,700,234</td>
</tr>
</tbody>
</table>
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.

On June 15, 2016, changes in the imported water rate structure were adopted to sustainably support the Water Resources program costs and provide for a more equitable recovery of these costs. Some of the significant changes included:

- Monthly meter equivalent unit (MEU) charges to support program costs based on meter size consistent with member water agencies structure.

- Seven-year phased implementation to obtain full recovery of the MWD Readiness-to-Serve (RTS) pass through direct charge to member agencies. Cost recovery is based on the ten-year average imported water consumption by water agencies.

- Use of property taxes to support the RTS fees not recovered through direct charges during the seven-year implementation period.

- Continued receipt of grants and reimbursements from various sources including State, Federal, and local agencies for regional water efficiency programs.
INLAND EMPIRE UTILITIES AGENCY
Water Resources Fund
Schedule of Net Position
June 30, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>$11,949,200</td>
<td>$6,377,303</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>9,624,574</td>
<td>9,634,979</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>54,102</td>
<td>31,490</td>
</tr>
<tr>
<td>Taxes receivable</td>
<td>7,574</td>
<td>19,550</td>
</tr>
<tr>
<td>Water inventory</td>
<td>$2,275,783</td>
<td>$2,277,467</td>
</tr>
<tr>
<td>Total current assets</td>
<td>23,911,281</td>
<td>20,346,819</td>
</tr>
<tr>
<td><strong>Noncurrent assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jobs in progress</td>
<td>1,799,027</td>
<td>396,962</td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>17,744</td>
<td>18,290</td>
</tr>
<tr>
<td>Intangible assets, net of accumulated amortization</td>
<td>5,927</td>
<td>15,365</td>
</tr>
<tr>
<td>Total capital assets</td>
<td>1,823,558</td>
<td>423,618</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term receivables</td>
<td>48,313</td>
<td>48,313</td>
</tr>
<tr>
<td>Total other assets</td>
<td>48,313</td>
<td>48,313</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>1,871,851</td>
<td>471,931</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>25,783,452</td>
<td>20,814,750</td>
</tr>
<tr>
<td><strong>DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred outflow net other postemployment benefit liability</td>
<td>113,724</td>
<td>105,831</td>
</tr>
<tr>
<td>Deferred outflow related to net pension liability</td>
<td>796,673</td>
<td>878,320</td>
</tr>
<tr>
<td>Total deferred outflows of resources</td>
<td>900,397</td>
<td>984,151</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>8,206,387</td>
<td>8,719,437</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>599,170</td>
<td>573,104</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>9,805,557</td>
<td>9,292,541</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net other post-employment benefits liability</td>
<td>75,304</td>
<td>187,413</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>1,288,235</td>
<td>1,620,163</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>1,363,539</td>
<td>1,807,576</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>10,130,219</td>
<td>11,000,159</td>
</tr>
<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred inflow net other postemployment benefit liability</td>
<td>47,699</td>
<td>106,375</td>
</tr>
<tr>
<td>Deferred inflow related to net pension liability</td>
<td>33,461</td>
<td></td>
</tr>
<tr>
<td>Total deferred inflows of resources</td>
<td>81,160</td>
<td>106,375</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>1,823,536</td>
<td>426,618</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>13,920,091</td>
<td>10,281,300</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$15,744,379</td>
<td>$10,696,918</td>
</tr>
</tbody>
</table>
## INLAND EMPIRE UTILITIES AGENCY

### Water Resource Fund

Schedule of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>$45,519,432</td>
<td>$45,959,819</td>
</tr>
<tr>
<td>Service charges</td>
<td>5,265,775</td>
<td>5,344,961</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$51,785,207</td>
<td>$51,343,212</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Purchases</td>
<td>45,619,432</td>
<td>46,028,819</td>
</tr>
<tr>
<td>Operations and maintenance</td>
<td>1,496,827</td>
<td>1,599,455</td>
</tr>
<tr>
<td>Administration and general</td>
<td>1,254,061</td>
<td>4,652,101</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4,945</td>
<td>5,361</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$52,235,266</td>
<td>$52,285,756</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(480,068)</td>
<td>(942,531)</td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>226,741</td>
<td>100,003</td>
</tr>
<tr>
<td>Property tax revenue</td>
<td>4,873,127</td>
<td>3,253,302</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>266,229</td>
<td>420,422</td>
</tr>
<tr>
<td>Other nonoperating expenses</td>
<td>(618,514)</td>
<td>(303,703)</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>4,845,583</td>
<td>3,393,527</td>
</tr>
<tr>
<td>Income (loss) before capital contributions and transfers</td>
<td>4,368,525</td>
<td>2,450,369</td>
</tr>
<tr>
<td><strong>TRANSFERS AND CAPITAL CONTRIBUTIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>436,414</td>
<td>321,162</td>
</tr>
<tr>
<td>Capital grants</td>
<td>322,522</td>
<td>216,720</td>
</tr>
<tr>
<td>Change in net position</td>
<td>5,067,461</td>
<td>2,990,861</td>
</tr>
<tr>
<td>Total net position - beginning</td>
<td>10,685,918</td>
<td>7,695,057</td>
</tr>
<tr>
<td>Total net position - ending</td>
<td>$15,744,379</td>
<td>$10,695,914</td>
</tr>
</tbody>
</table>
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 Sanitation District of Los Angeles County (SDLAC) and Santa Ana Watershed Project Authority (SAWPA) for the north and south systems, respectively. These charges are comprised of volumetric, peaking factor, and strength fees for the North System; capacity, volumetric, and strength fees for the South System. Different rates apply to the North and South Systems.

In addition to the pass-through rates which fully recover operating and capital costs from SDLAC and SAWPA, the Agency collects agency 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, 2019**

(With Comparative Totals for June 30, 2018)

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$9,453,885</td>
<td>$6,750,692</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>2,633,946</td>
<td>3,324,790</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>1,244,303</td>
<td>888,812</td>
</tr>
<tr>
<td>Total current assets</td>
<td>13,332,134</td>
<td>10,964,295</td>
</tr>
<tr>
<td><strong>Noncurrent assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restricted assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets held with trustee/fiscal agent</td>
<td>49</td>
<td>85</td>
</tr>
<tr>
<td>Total restricted assets</td>
<td>49</td>
<td>85</td>
</tr>
<tr>
<td><strong>Capital assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jobs in progress</td>
<td>507,465</td>
<td>351,065</td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets, net of accumulated amortization</td>
<td>1,527,049</td>
<td>1,692,545</td>
</tr>
<tr>
<td>Total capital assets</td>
<td>15,021,845</td>
<td>15,476,086</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>12,000,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td>Total other assets</td>
<td>12,000,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>27,021,844</td>
<td>30,476,151</td>
</tr>
<tr>
<td>Total assets</td>
<td>40,254,029</td>
<td>41,443,446</td>
</tr>
</tbody>
</table>

### DEFERRED OUTFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred outflow related to debi refunding</td>
<td>320,880</td>
<td>342,024</td>
</tr>
<tr>
<td>Deferred outflow net other postemployment benefit liability</td>
<td>140,022</td>
<td>132,707</td>
</tr>
<tr>
<td>Deferred outflow related to net pension liability</td>
<td>861,891</td>
<td>920,785</td>
</tr>
<tr>
<td>Total deferred outflows of resources</td>
<td>1,313,373</td>
<td>1,405,414</td>
</tr>
</tbody>
</table>

(Continued)
<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,226,837</td>
<td>$2,719,845</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>94</td>
<td>10</td>
</tr>
<tr>
<td>Long term Debt, due within one year</td>
<td>304,534</td>
<td>294,065</td>
</tr>
<tr>
<td>Notes payable, due within one year</td>
<td>720,888</td>
<td>704,809</td>
</tr>
<tr>
<td>Interest payable</td>
<td>94,329</td>
<td>82,010</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>2,316,652</td>
<td>3,610,739</td>
</tr>
<tr>
<td><strong>Noncurrent liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt, due in more than one year</td>
<td>8,501,677</td>
<td>6,872,631</td>
</tr>
<tr>
<td>Notes payable, due in more than one year</td>
<td>-</td>
<td>720,888</td>
</tr>
<tr>
<td>Net other postemployment benefits liability</td>
<td>96,269</td>
<td>235,008</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>2,087,348</td>
<td>2,325,168</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>8,687,204</td>
<td>10,153,675</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>11,003,846</td>
<td>13,964,414</td>
</tr>
<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred inflow net other postemployment benefit liability</td>
<td>46,500</td>
<td>-</td>
</tr>
<tr>
<td>Deferred inflow related to net pension liability</td>
<td>174,505</td>
<td>112,381</td>
</tr>
<tr>
<td><strong>Total deferred inflows of resources</strong></td>
<td>221,155</td>
<td>112,381</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in capital assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond operating contingency requirement</td>
<td>3,421,069</td>
<td>3,388,703</td>
</tr>
<tr>
<td><strong>Total restricted</strong></td>
<td>3,421,069</td>
<td>3,388,703</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>18,705,549</td>
<td>18,500,525</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$30,342,300</td>
<td>$28,772,065</td>
</tr>
</tbody>
</table>
## INLAND EMPIRE UTILITIES AGENCY
Non-reclamable Wastewater Fund
Schedule of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>$12,455,880</td>
<td>$12,660,667</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$12,455,880</td>
<td>$12,660,667</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wastewater collection</td>
<td>8,400,872</td>
<td>8,286,240</td>
</tr>
<tr>
<td>Administration and general</td>
<td>1,842,336</td>
<td>1,819,855</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,017,110</td>
<td>1,050,120</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>11,260,327</td>
<td>11,156,215</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>1,175,553</td>
<td>1,795,362</td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>456,880</td>
<td>273,699</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>64,163</td>
<td>170,010</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>(358,015)</td>
<td>(340,578)</td>
</tr>
<tr>
<td>Other nonoperating expenses</td>
<td>40,043</td>
<td>43,679</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>274,050</td>
<td>148,716</td>
</tr>
<tr>
<td>Income (loss) before transfers</td>
<td>1,449,533</td>
<td>1,942,168</td>
</tr>
<tr>
<td><strong>TRANSFERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>166,347</td>
<td>107,447</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(45,715)</td>
<td>(86,452)</td>
</tr>
<tr>
<td>Change in net position</td>
<td>1,507,235</td>
<td>1,981,123</td>
</tr>
<tr>
<td>Total net position - beginning</td>
<td>26,772,065</td>
<td>26,810,942</td>
</tr>
<tr>
<td>Total net position - ending</td>
<td>$30,342,300</td>
<td>$26,772,065</td>
</tr>
</tbody>
</table>
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 are partially funded by the Chino Basin Watermaster (CBWM) and the Agency.

Revenues include reimbursements from: CBWM for operating, debt service, and capital project costs, interfund transfers from the Recycled Water 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 Ground Water Basin Enhancement Project funded by the 2008B Variable Rate Bonds (refinancing the 2002A Bonds in May 2008). Debt service costs are equally shared by CBWM and the Agency. The Agency’s portion is supported by a fund transfer from the Regional Wastewater Capital Improvement Fund.
INLAND EMPIRE UTILITIES AGENCY
Recharge Water Fund
Schedule of Net Position
June 30, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Totals</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$2,877,844</td>
<td>$1,808,230</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>48,592</td>
<td>1,119,955</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>12,124</td>
<td>2,080</td>
</tr>
<tr>
<td>Total current assets</td>
<td>2,739,580</td>
<td>2,731,815</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets held with trustee/fiscal agents</td>
<td>880,052</td>
<td>885,607</td>
</tr>
<tr>
<td>Total restricted assets</td>
<td>880,052</td>
<td>885,607</td>
</tr>
<tr>
<td>Capital assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jobs in progress</td>
<td>4,905,480</td>
<td>3,116,777</td>
</tr>
<tr>
<td>Capital assets net of accumulated depreciation</td>
<td>38,017,830</td>
<td>40,347,030</td>
</tr>
<tr>
<td>Intangible assets, net of accumulated amortization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total capital assets</td>
<td>43,824,600</td>
<td>43,464,740</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>44,704,142</td>
<td>44,330,323</td>
</tr>
<tr>
<td>Total assets</td>
<td>47,443,702</td>
<td>47,082,138</td>
</tr>
</tbody>
</table>

DEFERRED OUTFLOWS OF RESOURCES
Deferred outflow net other postemployment benefit liability | 50,227 | 55,840 |
Deferred outflow related to net pension liability       | 350,661 | 362,822 |
Total deferred outflows of resources                        | 400,918 | 448,662 |

(Continued)
## LIABILITIES

### Current liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$339,548</td>
<td>$529,193</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>274</td>
<td>97</td>
</tr>
<tr>
<td>Retentions payable</td>
<td>70,844</td>
<td>-</td>
</tr>
<tr>
<td>Long-term debt, due within one year</td>
<td>738,983</td>
<td>710,170</td>
</tr>
<tr>
<td>Interest payable</td>
<td>12,471</td>
<td>10,577</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,151,920</td>
<td>1,250,037</td>
</tr>
</tbody>
</table>

### Noncurrent liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt, due in more than one year</td>
<td>11,524,847</td>
<td>12,263,630</td>
</tr>
<tr>
<td>Net other postemployment benefits liability</td>
<td>41,510</td>
<td>98,887</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>731,505</td>
<td>834,039</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>12,297,862</td>
<td>13,198,566</td>
</tr>
</tbody>
</table>

**Total liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities</strong></td>
<td>13,450,582</td>
<td>14,448,593</td>
</tr>
</tbody>
</table>

## DEFERRED INFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred inflow net other postemployment benefit liability</td>
<td>19,055</td>
<td>-</td>
</tr>
<tr>
<td>Deferred inflow related to net pension liability</td>
<td>58,208</td>
<td>37,840</td>
</tr>
<tr>
<td><strong>Total deferred inflows of resources</strong></td>
<td>77,323</td>
<td>37,840</td>
</tr>
</tbody>
</table>

## NET POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>32,307,588</td>
<td>31,356,524</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,010,129</td>
<td>1,862,843</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$34,316,716</td>
<td>$33,219,367</td>
</tr>
</tbody>
</table>
INLAND EMPIRE UTILITIES AGENCY  
Recharge Water Fund  
Schedule of Revenues, Expenses  
and Changes in Net Position  
For the Fiscal Year Ended June 30, 2019  
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycled water sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total operating revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration and general</td>
<td>1,887,435</td>
<td>1,478,218</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,430,399</td>
<td>1,462,245</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>3,317,834</td>
<td>2,940,463</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(3,317,834)</td>
<td>(2,940,463)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>76,077</td>
<td>26,220</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>3,147,041</td>
<td>3,163,292</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>(170,035)</td>
<td>(148,052)</td>
</tr>
<tr>
<td>Other nonoperating expenses</td>
<td>(66,639)</td>
<td>(182,965)</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>2,836,348</td>
<td>2,861,620</td>
</tr>
<tr>
<td>Income (loss) before capital contributions and transfers</td>
<td>(310,700)</td>
<td>(76,662)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TRANSFERS AND CAPITAL CONTRIBUTIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>1,116,189</td>
<td>931,324</td>
</tr>
<tr>
<td>Capital grants</td>
<td>481,880</td>
<td></td>
</tr>
<tr>
<td>Change in net position</td>
<td>1,298,069</td>
<td>854,362</td>
</tr>
<tr>
<td>Total net position - beginning</td>
<td>33,026,367</td>
<td>32,172,005</td>
</tr>
<tr>
<td>Total net position - ending</td>
<td>$34,316,715</td>
<td>$33,026,367</td>
</tr>
</tbody>
</table>
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 include property tax receipts, contract cost reimbursements, and interest. Other funding sources include inter-fund transfers for capital support from the Regional Wastewater, Recycled Water, and Non-Reclaimable Wastewater Programs.
## INLAND EMPIRE UTILITIES AGENCY

### Administrative Services Fund

**Schedule of Net Position**

**June 30, 2019**

(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$24,346,846</td>
<td>$20,622,900</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,578,726</td>
<td>1,381,943</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>111,363</td>
<td>99,939</td>
</tr>
<tr>
<td>Taxes receivable</td>
<td>7,634</td>
<td>19,707</td>
</tr>
<tr>
<td>Other receivables</td>
<td>38,146</td>
<td>52,030</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,220,840</td>
<td>1,389,712</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>104,112</td>
<td>110,823</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>27,505,678</td>
<td>23,870,154</td>
</tr>
<tr>
<td><strong>Noncurrent assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>20,829</td>
<td>20,829</td>
</tr>
<tr>
<td>Jobs in progress</td>
<td>1,312,068</td>
<td>1,289,180</td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>12,326,351</td>
<td>12,243,666</td>
</tr>
<tr>
<td>Intangible assets, net of accumulated amortization</td>
<td>1,830,549</td>
<td>2,248,525</td>
</tr>
<tr>
<td><strong>Total capital assets</strong></td>
<td>15,490,397</td>
<td>15,802,200</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>15,490,397</td>
<td>15,802,200</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>42,996,073</td>
<td>39,472,354</td>
</tr>
</tbody>
</table>

### Deferred Outflows of Resources

| Deferred outflow net other postemployment benefit liability | 171,419 | 163,693 |
| Deferred outflow related to net pension liability         | 901,478 | 1,278,215 |
| **Total deferred outflows of resources**                 | 1,072,897 | 1,442,908 |

(Continued)
<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 830,740</td>
<td>$ 884,347</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>2,024,749</td>
<td>2,299,800</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>1,957,526</td>
<td>1,706,458</td>
</tr>
<tr>
<td>Retentions payable</td>
<td>–</td>
<td>47,029</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>4,813,024</td>
<td>4,917,834</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>3,501,079</td>
<td>3,428,784</td>
</tr>
<tr>
<td>Net other postemployment benefits liability</td>
<td>126,715</td>
<td>289,881</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>2,051,910</td>
<td>2,430,098</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>5,676,703</td>
<td>6,148,741</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>10,492,727</td>
<td>11,066,375</td>
</tr>
<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred inflow net other postemployment benefit liability</td>
<td>36,641</td>
<td>–</td>
</tr>
<tr>
<td>Deferred inflow related to net pension liability</td>
<td>62,889</td>
<td>140,295</td>
</tr>
<tr>
<td>Total deferred inflows of resources</td>
<td>101,430</td>
<td>140,295</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>15,490,397</td>
<td>15,802,200</td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond operating contingency requirement</td>
<td>361,126</td>
<td>371,180</td>
</tr>
<tr>
<td>Total restricted</td>
<td>361,126</td>
<td>371,180</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>17,623,290</td>
<td>13,532,232</td>
</tr>
<tr>
<td>Total net position</td>
<td>$ 33,474,813</td>
<td>$ 29,705,592</td>
</tr>
</tbody>
</table>
### INLAND EMPIRE UTILITIES AGENCY
Administrative Services Fund
Schedule of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for June 30, 2018)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration and general</td>
<td>1,092,463</td>
<td>1,104,412</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,583,090</td>
<td>1,713,946</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>2,675,553</td>
<td>2,818,056</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(2,675,553)</td>
<td>(2,818,056)</td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>364,936</td>
<td>206,932</td>
</tr>
<tr>
<td>Property tax revenue</td>
<td>1,972,200</td>
<td>1,972,200</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>3,672,577</td>
<td>1,144,878</td>
</tr>
<tr>
<td>Other nonoperating expenses</td>
<td>(1,194,356)</td>
<td>(1,626,456)</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>4,815,357</td>
<td>1,697,352</td>
</tr>
<tr>
<td>Income (loss) before capital contributions and transfers</td>
<td>2,139,004</td>
<td>(1,120,700)</td>
</tr>
<tr>
<td><strong>TRANSFERS AND CAPITAL CONTRIBUTIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>1,713,114</td>
<td>3,348,236</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(83,697)</td>
<td></td>
</tr>
<tr>
<td>Capital grants</td>
<td></td>
<td>83,907</td>
</tr>
<tr>
<td>Change in net position</td>
<td>3,780,221</td>
<td>2,311,227</td>
</tr>
<tr>
<td>Total net position - beginning</td>
<td>29,705,592</td>
<td>27,394,385</td>
</tr>
<tr>
<td>Total net position - ending</td>
<td>$33,474,813</td>
<td>$29,705,562</td>
</tr>
</tbody>
</table>
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. **Financial Trends**
   - These schedules contain trend information to help the reader understand how IEUA’s financial performance and well-being has changed over time.

2. **Revenue Capacity**
   - These schedules contain information to help the reader assess IEUA’s most significant revenue sources.

3. **Debt Capacity**
   - 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.

4. **Operating Indicators**
   - 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.

5. **Demographic and Economic Indicators**
   - These schedules contain service and infrastructure data to help the reader understand the environment within which IEUA’s financial activities take place.

6. ** Appropriations Limit**
   - This section shows the trend of the Agency’s appropriations limit under the California Constitution Amendment XIIIb. 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.

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

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5. **Demographic and Economic Indicators**
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6. **Appropriations Limit**
   This section shows the trend of the Agency’s appropriations limit under the California Constitution Amendment X11IB. 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.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.
### Revenue Funds' Combined Statement of Revenues, Expenses, and Changes in Fund Net Position (excludes Water Resource Fund)
Fiscal Years Ended June 30, 2010 through 2019
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>$78,954</td>
<td>$75,105</td>
<td>$68,589</td>
<td>$61,929</td>
<td>$58,265</td>
</tr>
<tr>
<td>Recycled Water Sales</td>
<td>13,902</td>
<td>16,878</td>
<td>16,385</td>
<td>13,468</td>
<td>12,047</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>92,856</td>
<td>91,983</td>
<td>84,974</td>
<td>75,397</td>
<td>70,312</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wastewater collection</td>
<td>10,334</td>
<td>9,991</td>
<td>8,757</td>
<td>7,510</td>
<td>8,089</td>
</tr>
<tr>
<td>Wastewater treatment</td>
<td>23,829</td>
<td>26,618</td>
<td>24,242</td>
<td>21,104</td>
<td>19,001</td>
</tr>
<tr>
<td>Wastewater disposal</td>
<td>11,317</td>
<td>10,236</td>
<td>11,688</td>
<td>11,149</td>
<td>7,997</td>
</tr>
<tr>
<td>Operations and maintenance</td>
<td>3,860</td>
<td>3,324</td>
<td>3,056</td>
<td>4,788</td>
<td>3,262</td>
</tr>
<tr>
<td>Administration and general</td>
<td>31,364</td>
<td>29,685</td>
<td>24,872</td>
<td>22,988</td>
<td>28,562</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>36,298</td>
<td>35,698</td>
<td>37,108</td>
<td>36,851</td>
<td>34,108</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>117,002</td>
<td>115,552</td>
<td>109,723</td>
<td>104,390</td>
<td>101,019</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>(24,146)</td>
<td>(23,569)</td>
<td>(24,749)</td>
<td>(28,993)</td>
<td>(30,707)</td>
</tr>
<tr>
<td><strong>Non-operating revenues (expenses)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>4,227</td>
<td>2,302</td>
<td>1,347</td>
<td>722</td>
<td>424</td>
</tr>
<tr>
<td>Property tax revenue</td>
<td>48,167</td>
<td>45,160</td>
<td>43,379</td>
<td>41,336</td>
<td>39,446</td>
</tr>
<tr>
<td>Wastewater capital connection fees</td>
<td>22,914</td>
<td>32,850</td>
<td>30,508</td>
<td>24,910</td>
<td>15,074</td>
</tr>
<tr>
<td>Water connection fees</td>
<td>5,916</td>
<td>7,889</td>
<td>5,415</td>
<td>997</td>
<td>-</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>11,484</td>
<td>10,331</td>
<td>6,196</td>
<td>8,735</td>
<td>7,405</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>(6,333)</td>
<td>(5,999)</td>
<td>(7,947)</td>
<td>(9,142)</td>
<td>(9,593)</td>
</tr>
<tr>
<td>Other nonoperating expenses</td>
<td>(7,110)</td>
<td>(10,278)</td>
<td>(11,650)</td>
<td>(13,520)</td>
<td>(6,184)</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td>79,265</td>
<td>82,255</td>
<td>67,248</td>
<td>54,038</td>
<td>46,572</td>
</tr>
<tr>
<td><strong>Income (loss) before contributions and transfers</strong></td>
<td>55,119</td>
<td>58,256</td>
<td>42,499</td>
<td>25,045</td>
<td>15,865</td>
</tr>
<tr>
<td>Capital grants</td>
<td>1,946</td>
<td>5,889</td>
<td>12,144</td>
<td>6,137</td>
<td>5,353</td>
</tr>
<tr>
<td>Transfers (to Water Resource Fund)</td>
<td>(436)</td>
<td>(321)</td>
<td>(59)</td>
<td>(295)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Change in net position</strong></td>
<td>$56,029</td>
<td>$64,254</td>
<td>$54,584</td>
<td>$30,887</td>
<td>$21,218</td>
</tr>
<tr>
<td><strong>Total net position - beginning</strong></td>
<td>635,826</td>
<td>577,318</td>
<td>522,734</td>
<td>493,054</td>
<td>513,805</td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>-</td>
<td>(5,746)</td>
<td>-</td>
<td>(1,207)</td>
<td>(41,969)</td>
</tr>
<tr>
<td><strong>Total net position - ending</strong></td>
<td>$692,455</td>
<td>$635,826</td>
<td>$577,318</td>
<td>$493,054</td>
<td>$513,805</td>
</tr>
</tbody>
</table>
### INLAND EMPIRE UTILITIES AGENCY

**Financial Trends - Historical Operating Results**

**Wastewater Revenue Funds’ Combined Statement of Revenues, Expenses and Changes in Fund Net Position**

_Fiscal Years Ended June 30, 2010 through 2019_  
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
<th>2012/13</th>
<th>2011/12</th>
<th>2010/11</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wastewater Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$51,248</td>
<td>$47,891</td>
<td>$42,209</td>
<td>$41,544</td>
<td>$42,108</td>
</tr>
<tr>
<td>Expenses</td>
<td>10,830</td>
<td>7,952</td>
<td>6,009</td>
<td>4,353</td>
<td>4,162</td>
</tr>
<tr>
<td>Combined</td>
<td>$62,078</td>
<td>55,843</td>
<td>48,218</td>
<td>45,897</td>
<td>46,270</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$5,623</td>
<td>4,656</td>
<td>5,629</td>
<td>6,517</td>
<td>7,338</td>
</tr>
<tr>
<td><strong>Operating</strong></td>
<td>20,506</td>
<td>18,908</td>
<td>17,377</td>
<td>17,208</td>
<td>19,016</td>
</tr>
<tr>
<td>Expenses</td>
<td>7,705</td>
<td>8,613</td>
<td>11,316</td>
<td>10,664</td>
<td>10,030</td>
</tr>
<tr>
<td>Combined</td>
<td>3,765</td>
<td>3,195</td>
<td>2,987</td>
<td>2,600</td>
<td>269</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>30,658</td>
<td>20,714</td>
<td>21,398</td>
<td>20,465</td>
<td>22,018</td>
</tr>
<tr>
<td><strong>Operating</strong></td>
<td>32,289</td>
<td>31,744</td>
<td>30,168</td>
<td>29,993</td>
<td>26,168</td>
</tr>
<tr>
<td>Expenses</td>
<td>100,546</td>
<td>88,014</td>
<td>88,875</td>
<td>87,447</td>
<td>84,570</td>
</tr>
<tr>
<td>Combined</td>
<td>(38,468)</td>
<td>(32,171)</td>
<td>(40,657)</td>
<td>(41,550)</td>
<td>(38,300)</td>
</tr>
<tr>
<td><strong>Operating</strong></td>
<td>5,555</td>
<td>809</td>
<td>951</td>
<td>115</td>
<td>168</td>
</tr>
<tr>
<td>Income</td>
<td>38,487</td>
<td>48,087</td>
<td>32,695</td>
<td>33,419</td>
<td>34,355</td>
</tr>
<tr>
<td>Expenses</td>
<td>9,789</td>
<td>14,614</td>
<td>7,686</td>
<td>5,398</td>
<td>7,535</td>
</tr>
<tr>
<td>Combined</td>
<td>6,311</td>
<td>7,486</td>
<td>8,160</td>
<td>6,008</td>
<td>7,566</td>
</tr>
<tr>
<td><strong>Operating</strong></td>
<td>(7,120)</td>
<td>(8,321)</td>
<td>(7,447)</td>
<td>(7,803)</td>
<td>(9,891)</td>
</tr>
<tr>
<td>Income</td>
<td>(31,066)</td>
<td>(9,407)</td>
<td>(9,907)</td>
<td>(7,626)</td>
<td>(7,283)</td>
</tr>
<tr>
<td>Expenses</td>
<td>16,956</td>
<td>53,268</td>
<td>33,138</td>
<td>30,555</td>
<td>34,184</td>
</tr>
<tr>
<td>Combined</td>
<td>(21,512)</td>
<td>21,097</td>
<td>(7,519)</td>
<td>(10,995)</td>
<td>(4,116)</td>
</tr>
<tr>
<td>Operating</td>
<td>2,314</td>
<td>2,561</td>
<td>4,263</td>
<td>6,852</td>
<td>10,163</td>
</tr>
<tr>
<td>Income</td>
<td>100</td>
<td>200</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Operating</td>
<td>(19,098)</td>
<td>$23,858</td>
<td>($2,956)</td>
<td>($3,843)</td>
<td>$ 6,347</td>
</tr>
<tr>
<td>Income</td>
<td>532,113</td>
<td>512,616</td>
<td>515,572</td>
<td>518,244</td>
<td>511,897</td>
</tr>
<tr>
<td>Operating</td>
<td>790</td>
<td>(4,361)</td>
<td>-</td>
<td>1,171</td>
<td>-</td>
</tr>
<tr>
<td>Income</td>
<td>$ 513,805</td>
<td>$532,113</td>
<td>$ 512,616</td>
<td>$515,572</td>
<td>$518,244</td>
</tr>
</tbody>
</table>
### Operating & Non-Operating Revenues & Net Position Trends

#### Fiscal Years Ended June 30, 2010 through 2019

**Dollars in Thousands**

<table>
<thead>
<tr>
<th></th>
<th>2018/19</th>
<th>2017/18</th>
<th>2016/17</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>$85,220</td>
<td>$80,449</td>
<td>$73,384</td>
<td>$67,243</td>
</tr>
<tr>
<td>Potable Water sales</td>
<td>45,519</td>
<td>45,999</td>
<td>29,897</td>
<td>18,654</td>
</tr>
<tr>
<td>Recycled water sales</td>
<td>13,902</td>
<td>16,878</td>
<td>16,385</td>
<td>13,468</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$144,641</td>
<td>$143,326</td>
<td>$119,666</td>
<td>$99,365</td>
</tr>
</tbody>
</table>

| **Operating expenses** |         |         |         |         |
| Potable Water purchases | 45,519  | 45,999  | 29,897  | 18,654  |
| Wastewater collection | 10,334  | 9,991   | 8,757   | 7,510   |
| Wastewater treatment | 23,829  | 26,618  | 24,242  | 21,104  |
| Wastewater disposal | 11,317  | 10,236  | 11,688  | 11,148  |
| Administration and general | 5,317   | 4,723   | 4,139   | 6,200   |
| Depreciation and amortization | 36,618  | 34,567  | 30,085  | 28,866  |
| Operations and maintenance | 36,303  | 35,704  | 37,114  | 36,856  |
| Total operating expenses | $169,237 | $167,838 | $145,922 | $130,338 |

| **Operating income (loss)** | ($24,596) | ($24,512) | ($26,256) | ($30,973) |

| **Non-Operating revenues (expenses)** |         |         |         |         |
| Interest income | 4,453 | 2,402 | 1,399 | 762 |
| Property tax revenue | 53,040 | 48,413 | 45,674 | 45,631 |
| Wastewater capital connection fees | 5,916 | 7,889 | 30,508 | 24,910 |
| Water connection fees | 22,914 | 32,850 | 5,415 | 997 |
| Other non-operating revenues | 11,752 | 10,752 | 6,265 | 13,070 |
| Interest on long-term debt | (6,333) | (5,999) | (7,947) | (9,142) |
| Other non-operating expenses | (7,628) | (10,658) | (12,231) | (15,481) |
| Total non-operating revenues (expenses) | 64,114 | 65,649 | 69,083 | 60,747 |

| **Income (loss) before contributions and transfers** | 59,518 | 61,137 | 42,827 | 29,774 |
| Capital grants | 2,169 | 6,108 | 12,295 | 7,530 |

| **Change in net position** | $81,687 | $67,245 | $55,122 | $37,304 |

| **Total net position - beginning** | $647,065 | $585,716 | $530,594 | $493,290 |

| **Prior Period Adjustment** | -5,896 | -1,418 | - | - |

| **Total net position - beginning, as restated** | $647,065 | $579,820 | $530,594 | $493,290 |

| **Net position by component:** |         |         |         |         |
| Net Investment in capital assets | 441,827 | 394,965 | 373,888 | 325,406 |
| Restricted for Debt service & Capital construction | 112,710 | 99,176 | 61,446 | 82,064 |
| Unrestricted | 154,215 | 152,924 | 150,384 | 123,124 |

| **Total net position - ending** | $708,752 | $647,065 | $585,716 | $530,594 |
### INLAND EMPIRE UTILITIES AGENCY

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

- All Funds -

**Fiscal Years Ended June 30, 2010 through 2019**

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Operating &amp; Non-Operating Expense Trends</th>
<th>Fiscal Years Ended June 30, 2010 through 2019</th>
<th>(Dollars in Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$63,956</td>
<td>$56,171</td>
<td>$52,153</td>
</tr>
<tr>
<td>34,147</td>
<td>40,225</td>
<td>-</td>
</tr>
<tr>
<td>12,047</td>
<td>10,831</td>
<td>7,952</td>
</tr>
<tr>
<td>110,150</td>
<td>107,227</td>
<td>60,105</td>
</tr>
<tr>
<td>34,147</td>
<td>40,225</td>
<td>-</td>
</tr>
<tr>
<td>19,001</td>
<td>20,506</td>
<td>18,908</td>
</tr>
<tr>
<td>7,997</td>
<td>7,705</td>
<td>8,613</td>
</tr>
<tr>
<td>4,393</td>
<td>4,255</td>
<td>3,868</td>
</tr>
<tr>
<td>33,426</td>
<td>35,191</td>
<td>24,473</td>
</tr>
<tr>
<td>34,113</td>
<td>32,295</td>
<td>31,933</td>
</tr>
<tr>
<td>141,166</td>
<td>145,800</td>
<td>92,451</td>
</tr>
<tr>
<td>(31,016)</td>
<td>(38,573)</td>
<td>(32,346)</td>
</tr>
<tr>
<td>436</td>
<td>564</td>
<td>819</td>
</tr>
<tr>
<td>40,946</td>
<td>38,487</td>
<td>48,087</td>
</tr>
<tr>
<td>15,074</td>
<td>9,789</td>
<td>14,614</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7,543</td>
<td>6,337</td>
<td>7,510</td>
</tr>
<tr>
<td>(9,593)</td>
<td>(8,565)</td>
<td>(9,805)</td>
</tr>
<tr>
<td>(7,180)</td>
<td>(29,841)</td>
<td>(8,088)</td>
</tr>
<tr>
<td>47,226</td>
<td>16,771</td>
<td>53,137</td>
</tr>
<tr>
<td>16,210</td>
<td>(21,802)</td>
<td>20,791</td>
</tr>
<tr>
<td>5,017</td>
<td>2,663</td>
<td>3,152</td>
</tr>
<tr>
<td>$22,127</td>
<td>(19,139)</td>
<td>23,943</td>
</tr>
<tr>
<td>$517,421</td>
<td>$535,771</td>
<td>$516,242</td>
</tr>
<tr>
<td>(44,841)</td>
<td>790</td>
<td>(4,414)</td>
</tr>
<tr>
<td>$472,580</td>
<td>$536,561</td>
<td>$511,028</td>
</tr>
</tbody>
</table>

**Operating & Non-Operating Expense Trends**

**Fiscal Years Ended June 30, 2010 through 2019**

(Dollars in Thousands)
**INLAND EMPIRE UTILITIES AGENCY**

Revenue Capacity - Wastewater Capital Connection Deposits Held

For the Past Ten Fiscal Years

### Table 1

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>CVWD*</th>
<th>Chino</th>
<th>Chino Hills</th>
<th>Fontana</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>2,133,583</td>
<td>836,680</td>
<td>641,780</td>
<td>2,509,193</td>
</tr>
<tr>
<td>2010/11</td>
<td>3,713,185</td>
<td>1,425,146</td>
<td>861,408</td>
<td>4,128,203</td>
</tr>
<tr>
<td>2011/12</td>
<td>3,527,692</td>
<td>2,031,803</td>
<td>843,754</td>
<td>4,269,896</td>
</tr>
<tr>
<td>2012/13</td>
<td>6,929,682</td>
<td>6,872,100</td>
<td>933,078</td>
<td>5,210,856</td>
</tr>
<tr>
<td>2013/14</td>
<td>8,831,383</td>
<td>9,492,302</td>
<td>2,918,210</td>
<td>6,041,082</td>
</tr>
<tr>
<td>2014/15</td>
<td>7,149,423</td>
<td>11,203,738</td>
<td>2,905,891</td>
<td>6,502,473</td>
</tr>
<tr>
<td>2015/16</td>
<td>11,594,817</td>
<td>12,461,412</td>
<td>5,250,644</td>
<td>9,488,546</td>
</tr>
<tr>
<td>2016/17</td>
<td>3,305,358</td>
<td>4,095,005</td>
<td>6,136,173</td>
<td>4,703,455</td>
</tr>
<tr>
<td>2017/18</td>
<td>10,905,036</td>
<td>10,465,835</td>
<td>6,724,584</td>
<td>6,477,198</td>
</tr>
<tr>
<td>2018/19</td>
<td>11,280,117</td>
<td>10,665,100</td>
<td>6,275,501</td>
<td>9,363,869</td>
</tr>
</tbody>
</table>

**Percentage**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>17.1%</td>
<td>16.2%</td>
<td>9.5%</td>
<td>14.3%</td>
<td></td>
</tr>
</tbody>
</table>

### 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 trust in a Capital Capacity Reimbursement Account (CCRA) until requested, or “called”, by IEUA. Each contracting member agency must report monthly building (permit) activity and the ending monthly balance of funds in each respective CCRA to IEUA. IEUA must provide each contracting member agency: a) a 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 2018/19 are subject to further adjustment after audit.

*Cucamonga Valley Water District*
### Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>Montclair</th>
<th>Ontario</th>
<th>Upland</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>651,837</td>
<td>842,484</td>
<td>432,863</td>
<td>8,048,420</td>
</tr>
<tr>
<td>2010/11</td>
<td>930,082</td>
<td>1,282,000</td>
<td>1,106,443</td>
<td>13,446,467</td>
</tr>
<tr>
<td>2011/12</td>
<td>825,708</td>
<td>3,151,337</td>
<td>1,982,403</td>
<td>16,632,593</td>
</tr>
<tr>
<td>2012/13</td>
<td>2,746,961</td>
<td>3,337,340</td>
<td>2,216,963</td>
<td>28,262,690</td>
</tr>
<tr>
<td>2013/14</td>
<td>3,009,462</td>
<td>5,011,733</td>
<td>2,731,441</td>
<td>38,035,613</td>
</tr>
<tr>
<td>2014/15</td>
<td>2,450,727</td>
<td>7,945,174</td>
<td>2,865,723</td>
<td>41,023,149</td>
</tr>
<tr>
<td>2015/16</td>
<td>2,406,672</td>
<td>10,579,795</td>
<td>3,419,549</td>
<td>55,201,435</td>
</tr>
<tr>
<td>2016/17</td>
<td>846,653</td>
<td>11,331,273</td>
<td>1,291,709</td>
<td>31,709,626</td>
</tr>
<tr>
<td>2017/18</td>
<td>2,287,904</td>
<td>16,603,065</td>
<td>2,095,916</td>
<td>55,559,538</td>
</tr>
<tr>
<td>2018/19</td>
<td>3,081,312</td>
<td>20,904,691</td>
<td>4,424,270</td>
<td>65,994,860</td>
</tr>
</tbody>
</table>

Percentage: 4.7% 31.7% 6.8% 100.0%

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

<table>
<thead>
<tr>
<th>Project Description</th>
<th>2018/19</th>
<th>2019/20</th>
<th>2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>RP-1 Disinfection Pump Improvements</td>
<td>$36,899</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Collection System Upgrades 16/17</td>
<td>38,628</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>RP-4 Anoxic Splitter Box Gates</td>
<td>11,348</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Collection System Upgrades 17/18</td>
<td>$(47,541)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>TP-1 Electrical Distribution Panel Replacement</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>RP-1 Lighting Pole Replacements</td>
<td>309,395</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>RP-1 Maintenance Building HVAC Replacement</td>
<td>96,022</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>RP-4 Influent Screen Replacement</td>
<td>34,142</td>
<td>$2,850,000</td>
<td>$</td>
</tr>
<tr>
<td>Collection System Upgrades 18/19</td>
<td>668,208</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>CCWRF 12kV Switchgear</td>
<td>$(55)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Collection System Upgrades 19/20</td>
<td>$500,000</td>
<td>$500,000</td>
<td>$</td>
</tr>
<tr>
<td>CCWRF Headworks Electrical Replacement</td>
<td>$300,000</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>RP-1 Plant 3 Primary Cover Replacement</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>RSS Haven Avenue Repair &amp; Replace from Airport to Mission</td>
<td>$2,000,000</td>
<td>$4,000,000</td>
<td>$</td>
</tr>
<tr>
<td>RP-1 TP-1 Wash Water Basin Pumps Replacement</td>
<td>$250,000</td>
<td>$400,000</td>
<td>$</td>
</tr>
<tr>
<td>North Major Facilities Repair/Replacement</td>
<td>271,331</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>North Major Facilities Repair/Replacement</td>
<td>600,000</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>North Major Facilities Repair/Replacement</td>
<td>$</td>
<td>600,000</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Replacement Projects</strong></td>
<td>$1,418,377</td>
<td>$6,500,000</td>
<td>$5,500,000</td>
</tr>
</tbody>
</table>

### Equipment Projects

<table>
<thead>
<tr>
<th>Project Description</th>
<th>2018/19</th>
<th>2019/20</th>
<th>2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>RP-1 Mixed Liquor Return Pumps</td>
<td>$80,139</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>RP-4 115B RW Wet Well Level Sensors</td>
<td>$</td>
<td>$65,000</td>
<td>$</td>
</tr>
<tr>
<td>North Major Facilities Repair/Replacement</td>
<td>339,113</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>South Major Facilities Repair/Replacement</td>
<td>373,616</td>
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*Source: Projections were derived from the 2019/20 IEUA Ten Year Capital Improvement Plan.*
## INLAND EMPIRE UTILITIES AGENCY

### Revenue Capacity - Regional Wastewater Program Capital Requirements (continued)

For the Ten Fiscal Years Ending June 30, 2029

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<th>2024/25</th>
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### INLAND EMPIRE UTILITIES AGENCY

Projected Revenue Capacity - Regional Wastewater Program Capital Requirements (continued)

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<td>Regional Conveyance AMP</td>
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<td>RP-4 Tertiary Expansion</td>
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<tr>
<td>RP-5 O&amp;M Building</td>
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<tr>
<td>HQ Solar Photovoltaic Power Plants Ph. 2</td>
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<td>RP-1 Advanced Water Treatment Facility</td>
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<tr>
<td><strong>Total Construction Projects</strong></td>
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<tr>
<td></td>
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<tr>
<td><strong>Total Capital Projects</strong></td>
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<tr>
<td></td>
<td>$45,049,280</td>
<td>$51,111,500</td>
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</tbody>
</table>

*Source: Projections were derived from the 2019/20 IEUA Ten Year Capital Improvement Plan.*
## INLAND EMPIRE UTILITIES AGENCY

Revenue Capacity - Regional Wastewater Program Capital Requirements (continued)

**For the Ten Fiscal Years Ending June 30, 2029**

<table>
<thead>
<tr>
<th></th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24</th>
<th>2024/25</th>
<th>2025/26</th>
<th>2026/27</th>
<th>2027/28</th>
<th>2028/29</th>
<th>Total</th>
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<tr>
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<td>149,700,000</td>
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<tr>
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<td>-</td>
<td>320,000</td>
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<tr>
<td>290,000</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
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</tr>
<tr>
<td>400,000</td>
<td>500,000</td>
<td>600,000</td>
<td>100,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>3,000,000</td>
<td>3,000,000</td>
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<td>8,400,000</td>
<td>9,800,000</td>
<td>11,000,000</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>3,500,000</td>
</tr>
</tbody>
</table>

**Inland Empire Utilities Agency**

**Projected**

Total: $123,770,000

Total: $131,844,636
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 2018/19.

<table>
<thead>
<tr>
<th>Contracting Agency</th>
<th>Total EDU's*</th>
<th>Rate</th>
<th>Service Charge Revenue</th>
<th>% of Service Charge Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cucamonga Valley Water District</td>
<td>825,343</td>
<td>19.59</td>
<td>16,168,462</td>
<td>24.09%</td>
</tr>
<tr>
<td>City of Ontario</td>
<td>772,176</td>
<td>19.59</td>
<td>15,126,920</td>
<td>22.54%</td>
</tr>
<tr>
<td>City of Fontana</td>
<td>689,243</td>
<td>19.59</td>
<td>13,502,262</td>
<td>20.12%</td>
</tr>
<tr>
<td>City of Chino</td>
<td>370,820</td>
<td>19.59</td>
<td>7,264,356</td>
<td>10.82%</td>
</tr>
<tr>
<td>City of Upland</td>
<td>318,093</td>
<td>19.59</td>
<td>6,231,444</td>
<td>9.28%</td>
</tr>
<tr>
<td>City of Chino Hills</td>
<td>305,993</td>
<td>19.59</td>
<td>5,994,402</td>
<td>8.93%</td>
</tr>
<tr>
<td>City of Montclair</td>
<td>144,563</td>
<td>19.59</td>
<td>2,831,985</td>
<td>4.22%</td>
</tr>
</tbody>
</table>

Total Contracting Agency's Service Charge Revenue:

- **3,426,229**
- **$67,119,831**
- **100.00%**

*EDU - Equivalent Dwelling Unit

*Effective July 1, 2018, the total service rate increased from $18.39 to $19.59 per equivalent service unit (EDU).
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.

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

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>IEUA Revenue Bonds (2)</th>
<th>SDLAC Loans (2)</th>
<th>SAWPA Note (2)</th>
<th>City of Fontana (2)</th>
<th>Southern California Edison</th>
<th>Total Outstanding Debt (2)</th>
<th>Per Capita (1)</th>
<th>Percentage of Personal Income (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>259,825,394</td>
<td>56,246,235</td>
<td>-</td>
<td>1,659,178</td>
<td>-</td>
<td>326,630,387</td>
<td>160</td>
<td>0.528%</td>
</tr>
<tr>
<td>2011</td>
<td>247,094,595</td>
<td>72,620,998</td>
<td>-</td>
<td>1,491,542</td>
<td>-</td>
<td>329,626,137</td>
<td>160</td>
<td>0.530%</td>
</tr>
<tr>
<td>2012</td>
<td>240,428,398</td>
<td>77,865,387</td>
<td>-</td>
<td>1,313,848</td>
<td>-</td>
<td>327,542,057</td>
<td>157</td>
<td>0.513%</td>
</tr>
<tr>
<td>2013</td>
<td>236,017,294</td>
<td>78,764,115</td>
<td>-</td>
<td>1,125,493</td>
<td>-</td>
<td>323,358,748</td>
<td>154</td>
<td>0.495%</td>
</tr>
<tr>
<td>2014</td>
<td>228,604,318</td>
<td>88,017,521</td>
<td>-</td>
<td>925,834</td>
<td>-</td>
<td>324,516,941</td>
<td>155</td>
<td>0.449%</td>
</tr>
<tr>
<td>2015</td>
<td>205,937,429</td>
<td>108,453,732</td>
<td>3,446,445</td>
<td>714,196</td>
<td>6,486,690</td>
<td>325,038,493</td>
<td>154</td>
<td>0.424%</td>
</tr>
<tr>
<td>2016</td>
<td>199,628,550</td>
<td>107,450,944</td>
<td>2,788,113</td>
<td>489,861</td>
<td>6,004,112</td>
<td>316,361,580</td>
<td>148</td>
<td>0.399%</td>
</tr>
<tr>
<td>2017</td>
<td>143,571,309</td>
<td>110,195,651</td>
<td>2,114,640</td>
<td>252,064</td>
<td>5,521,535</td>
<td>261,886,160</td>
<td>121</td>
<td>0.326%</td>
</tr>
<tr>
<td>2018</td>
<td>133,347,456</td>
<td>119,305,744</td>
<td>1,425,677</td>
<td>-</td>
<td>5,038,956</td>
<td>260,141,414</td>
<td>119</td>
<td>0.316%</td>
</tr>
<tr>
<td>2019</td>
<td>122,843,604</td>
<td>119,330,235</td>
<td>720,868</td>
<td>-</td>
<td>4,556,378</td>
<td>248,331,931</td>
<td>113</td>
<td>0.296%</td>
</tr>
</tbody>
</table>

(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, 2019**

*(With Comparative Total for the Fiscal Year Ended June 2018)*

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wastewater System Service Charges</td>
<td>$66,498,642</td>
<td>$62,144,346</td>
</tr>
<tr>
<td>Wastewater Capital Connection Fees</td>
<td>22,914,037</td>
<td>32,849,912</td>
</tr>
<tr>
<td>Water Connection Fees</td>
<td>5,479,877</td>
<td>7,568,126</td>
</tr>
<tr>
<td>Property Tax</td>
<td>48,166,951</td>
<td>45,159,638</td>
</tr>
<tr>
<td>NRW System Service Charges</td>
<td>12,455,880</td>
<td>12,960,607</td>
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<tr>
<td>Interest</td>
<td>3,583,464</td>
<td>1,913,954</td>
</tr>
<tr>
<td>Recycled Water Sales</td>
<td>13,901,786</td>
<td>16,877,757</td>
</tr>
<tr>
<td>Desalter/Composter Services</td>
<td>5,133,379</td>
<td>5,343,460</td>
</tr>
<tr>
<td>Other</td>
<td>3,335,598</td>
<td>1,714,229</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$181,469,613</strong></td>
<td><strong>$186,532,029</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operation and Maintenance Costs:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wastewater Treatment</td>
<td>$23,829,235</td>
<td>$26,617,534</td>
</tr>
<tr>
<td>Administration and General</td>
<td>31,356,401</td>
<td>29,685,310</td>
</tr>
<tr>
<td>Wastewater Disposal</td>
<td>11,316,753</td>
<td>10,236,087</td>
</tr>
<tr>
<td>Wastewater Collection</td>
<td>10,341,109</td>
<td>9,990,684</td>
</tr>
<tr>
<td>Operations and maintenance</td>
<td>3,860,564</td>
<td>3,323,965</td>
</tr>
<tr>
<td>Desalter/Composter Services</td>
<td>5,133,379</td>
<td>5,343,460</td>
</tr>
<tr>
<td>Other</td>
<td>1,125,456</td>
<td>3,771,873</td>
</tr>
<tr>
<td><strong>Total Operation and Maintenance Costs:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$86,962,897</strong></td>
<td><strong>$88,968,913</strong></td>
</tr>
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<td></td>
</tr>
<tr>
<td><strong>Revenues Available to Debt Service</strong></td>
<td></td>
<td><strong>$94,506,716</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$94,506,716</strong></td>
<td><strong>$97,563,116</strong></td>
</tr>
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</tr>
<tr>
<td><strong>Parity Obligation Debt Service</strong></td>
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</tr>
<tr>
<td>2008B Installment Payments</td>
<td>2,538,525</td>
<td>2,438,725</td>
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<tr>
<td>2010A Installment Payments</td>
<td>5,114,625</td>
<td>5,305,050</td>
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<tr>
<td>2017 Installment Payments</td>
<td>6,146,800</td>
<td>6,223,250</td>
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<td><strong>Total Parity Obligation Debt Service</strong></td>
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<td><strong>$13,799,950</strong></td>
</tr>
<tr>
<td></td>
<td><strong>6.85</strong></td>
<td><strong>6.99</strong></td>
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<tr>
<td><strong>Net Revenues</strong></td>
<td><strong>$80,706,766</strong></td>
<td><strong>$83,596,091</strong></td>
</tr>
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<td></td>
<td></td>
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<tr>
<td><strong>Subordinate Obligations</strong></td>
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<td></td>
</tr>
<tr>
<td>State Revolving Fund Loan</td>
<td><strong>$6,471,244</strong></td>
<td><strong>$6,808,862</strong></td>
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<tr>
<td>SAWPA IEBL Capacity Purchase</td>
<td>-</td>
<td><strong>267,188</strong></td>
</tr>
<tr>
<td>City of Fontana</td>
<td>562,402</td>
<td>562,402</td>
</tr>
<tr>
<td>CSDLAC Past 4R's</td>
<td>737,600</td>
<td>737,600</td>
</tr>
<tr>
<td>SCE On-Bill Financing</td>
<td>142,735</td>
<td>60,322</td>
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<tr>
<td><strong>Total Subordinate Obligations</strong></td>
<td><strong>$7,913,982</strong></td>
<td><strong>$8,436,373</strong></td>
</tr>
<tr>
<td></td>
<td><strong>10.20</strong></td>
<td><strong>9.91</strong></td>
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</tr>
<tr>
<td><strong>Other Debt Service Coverage</strong></td>
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<tr>
<td></td>
<td><strong>$72,792,784</strong></td>
<td><strong>$75,159,717</strong></td>
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<tr>
<td><strong>Remaining Net Revenue</strong></td>
<td><strong>$94,506,716</strong></td>
<td><strong>$97,563,116</strong></td>
</tr>
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<td></td>
<td><strong>$94,506,716</strong></td>
<td><strong>$97,563,116</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$21,713,932</strong></td>
<td><strong>$22,403,398</strong></td>
</tr>
<tr>
<td></td>
<td><strong>4.35</strong></td>
<td><strong>4.35</strong></td>
</tr>
</tbody>
</table>
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 addition, Agency funds are required to maintain operating reserves sufficient to cover four months of budgeted operating and maintenance expenses.

- The amended budget FY 2018/19 for operating and maintenance expenses for four months was $36,610,333.

- As of the Fiscal Year Ended June 30, 2019, the Agency had designated debt service reserves of $2,479,803 which has been included in Net Investment in Capital Assets, and SRF Loan debt service of $9,312,283 included in Restricted Net Position.
## INLAND EMPIRE UTILITIES AGENCY

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

As of June 30, 2019

<table>
<thead>
<tr>
<th>Debt Capacity - Computation of Direct and Overlapping Bonded Debt</th>
<th>2018/19 ASSESSED VALUATION: $113,077,220,368</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</strong></td>
<td></td>
</tr>
<tr>
<td>Metropolitan Water District</td>
<td>Total Debt</td>
</tr>
<tr>
<td>Chaffey Community College District</td>
<td>$ 48,050,000</td>
</tr>
<tr>
<td>San Bernardino Community College District</td>
<td>132,540,000</td>
</tr>
<tr>
<td>Chino Valley Unified School District</td>
<td>318,985,000</td>
</tr>
<tr>
<td>Colton Joint Unified School District</td>
<td>187,883,831</td>
</tr>
<tr>
<td>Fontana Unified School District</td>
<td>179,940,349</td>
</tr>
<tr>
<td>Rialto Unified School District</td>
<td>83,953,902</td>
</tr>
<tr>
<td>Upland Unified School District</td>
<td>99,507,400</td>
</tr>
<tr>
<td>Chaffey Union High School District</td>
<td>479,265,904</td>
</tr>
<tr>
<td>Alta Loma School District</td>
<td>44,002,889</td>
</tr>
<tr>
<td>Central School District</td>
<td>47,446,765</td>
</tr>
<tr>
<td>Eltawanda School District</td>
<td>42,995,326</td>
</tr>
<tr>
<td>Mountain View School District and School Facilities Improvement District No. 1</td>
<td>11,044,551</td>
</tr>
<tr>
<td>Fontana Unified School District</td>
<td>119,694,737</td>
</tr>
<tr>
<td>Inland Empire Utilities Agency</td>
<td>-</td>
</tr>
<tr>
<td>City of Chino Community Facilities Districts</td>
<td>152,600,000</td>
</tr>
<tr>
<td>City of Chino Hills Community Facilities Districts</td>
<td>33,775,000</td>
</tr>
<tr>
<td>Cucamonga School District Community Facilities District No 97-1</td>
<td>4,470,000</td>
</tr>
<tr>
<td>Eltawanda School District Community Facilities Districts</td>
<td>71,405,000</td>
</tr>
<tr>
<td>Upland Unified School District Community Facilities Districts</td>
<td>3,155,000</td>
</tr>
<tr>
<td>City of Fontana Community Facilities Districts</td>
<td>64,480,000</td>
</tr>
<tr>
<td>Mountain View School District Community Facilities Districts</td>
<td>616,000</td>
</tr>
<tr>
<td>San Bernardino County Community Facilities District No. 2002-1</td>
<td>17,990,000</td>
</tr>
<tr>
<td>City of Ontario Community Facilities Districts</td>
<td>79,320,000</td>
</tr>
<tr>
<td>City of Rancho Cucamonga Community Facilities Districts</td>
<td>66,475,000</td>
</tr>
<tr>
<td>City of Upland Community Facilities Districts</td>
<td>44,560,000</td>
</tr>
<tr>
<td>City of Chino Hills 1915 Act Bonds</td>
<td>625,000</td>
</tr>
<tr>
<td>City of Ontario 1915 Act Bonds</td>
<td>3,300,000</td>
</tr>
<tr>
<td>City of Rancho Cucamonga 1915 Act Bonds</td>
<td>830,000</td>
</tr>
<tr>
<td><strong>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</strong></td>
<td>$3,275,587,512</td>
</tr>
</tbody>
</table>

| **TOTAL OVERLAPPING GENERAL FUND DEBT:** | | | | |
| San Bernardino County General Fund Obligations | $ 335,155,000 | 50.834% | $ 170,372,693 |
| San Bernardino County Pension Obligation Bonds | 288,826,268 | 50.834% | 146,821,945 |
| San Bernardino County Flood Control General Fund Obligations | 62,820,000 | 50.834% | 31,933,904 |
| Chaffey Community College District Certificates of Participation | 30,890,000 | 99.843% | 30,486,577 |
| Chino Valley Unified School District Certificates of Participation | 7,705,000 | 100.000% | 7,705,000 |
| Colton Joint Unified School District Certificates of Participation | 1,188,372 | 100.000% | 13,001 |
| Fontana Unified School District Certificates of Participation | 30,035,000 | 91.583% | 27,506,954 |
| Rialto Unified School District Certificates of Participation | 12,574,391 | 10.230% | 1,286,340 |
| Cucamonga School District Certificates of Participation | 5,686,000 | 100.000% | 5,686,000 |
| City of Fontana Certificates of Participation | 38,580,000 | 81.883% | 31,590,451 |
| City of Montclair General Fund Obligations | 41,890,000 | 100.000% | 41,890,000 |
| City of Ontario General Fund Obligations | 60,035,000 | 100.000% | 60,035,000 |
| City of Rancho Cucamonga General Fund Obligations | 12,195,000 | 100.000% | 12,195,000 |
| City of Rialto General Fund Obligations | 6,882,779 | 19.177% | 1,319,911 |
| City of Upland General Fund Obligations | 7,101,600 | 100.000% | 7,101,600 |
| West Valley Vector Control District Certificates of Participation | 2,391,448 | 100.000% | 2,391,448 |
| **TOTAL OVERLAPPING GENERAL FUND DEBT** | $578,335,069 | | | |

| **OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):** | $837,679,100 | 28.934-100.000% | $692,884,884 |

| **DIRECT DEBT** | $0 |
| **TOTAL OVERLAPPING DEBT** | $3,275,587,512 |
| **NET COMBINED TOTAL DEBT** | $3,275,587,512 |
## Debt Capacity - Computation of Direct and Overlapping Bonded Debt

As of June 30, 2019

### RATIOS TO 2018-19 ASSESSED VALUATION:

<table>
<thead>
<tr>
<th>Description</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Debt</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total Direct and Overlapping Tax and Assessment Debt..</td>
<td>1.77%</td>
</tr>
<tr>
<td>Combined Direct Debt</td>
<td>2.90%</td>
</tr>
</tbody>
</table>

### RATIOS TO REDEVELOPMENT SUCCESSOR AGENCIES INCREMENTAL VALUATION ($37,551,893,095):

<table>
<thead>
<tr>
<th>Description</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Overlapping Tax Increment Debt</td>
<td>1.85%</td>
</tr>
</tbody>
</table>

### Footnotes:

1. The percentage of overlapping debt applicable to the agency is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the agency divided by the district's total taxable assessed value.

2. Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.
The Agency operates four water recycling plants: Regional Plant No. 1 (RP-1) is located in the City of Ontario, Carbon Canyon Water Recycling Facility (CCWRF) is located in the City of Chino, Regional Plant No. 4 (RP-4) is 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, 2019:

<table>
<thead>
<tr>
<th>Facility</th>
<th>Design Capacity (MGD)*</th>
<th>Average Flow (MGD)*</th>
<th>Average Flow as % of Design Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>RP-1</td>
<td>44.0</td>
<td>23.3</td>
<td>53.0%</td>
</tr>
<tr>
<td>RP-4</td>
<td>14.0</td>
<td>9.4</td>
<td>67.9%</td>
</tr>
<tr>
<td>RP-5</td>
<td>16.3</td>
<td>8.4</td>
<td>51.5%</td>
</tr>
<tr>
<td>CCWRF</td>
<td>12.0</td>
<td>8.0</td>
<td>66.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>86.3</strong></td>
<td><strong>49.1</strong></td>
<td><strong>57.0%</strong></td>
</tr>
</tbody>
</table>

*MGD = million gallons per day
## Operating Indicators - Actual Wastewater Flow
For the Past Ten Fiscal Years
(In Million Gallons Per Day (MGD))

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>RP-1 &amp; 4 (MGD)</th>
<th>RP-2&amp;5/CCWRF (MGD)</th>
<th>Total (MGD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>42.3</td>
<td>16.4</td>
<td>58.7</td>
</tr>
<tr>
<td>2010/11</td>
<td>38.4</td>
<td>14.9</td>
<td>53.3</td>
</tr>
<tr>
<td>2011/12</td>
<td>37.0</td>
<td>15.6</td>
<td>52.6</td>
</tr>
<tr>
<td>2012/13</td>
<td>37.3</td>
<td>15.5</td>
<td>52.8</td>
</tr>
<tr>
<td>2013/14</td>
<td>37.0</td>
<td>15.3</td>
<td>52.3</td>
</tr>
<tr>
<td>2014/15</td>
<td>35.6</td>
<td>15.1</td>
<td>50.7</td>
</tr>
<tr>
<td>2015/16</td>
<td>33.5</td>
<td>14.9</td>
<td>48.4</td>
</tr>
<tr>
<td>2016/17</td>
<td>31.9</td>
<td>15.8</td>
<td>47.7</td>
</tr>
<tr>
<td>2017/18</td>
<td>31.0</td>
<td>16.4</td>
<td>47.4</td>
</tr>
<tr>
<td>2018/19</td>
<td>32.7</td>
<td>16.4</td>
<td>49.1</td>
</tr>
</tbody>
</table>

**Actual Wastewater Flow**
For the Past Ten Fiscal Years
(In Million Gallons Per Day (MGD))
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 is on an 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).
### Operating and Capacity Indicators - Pipeline Systems By Program

**As of June 30, 2019**

<table>
<thead>
<tr>
<th>Program</th>
<th>Miles of Pipeline</th>
<th>Percentage of Pipelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Domestic Sewer Lines</td>
<td>89.8</td>
<td>32%</td>
</tr>
<tr>
<td>Non-Reclaimable Wastewater Lines</td>
<td>66.7</td>
<td>25%</td>
</tr>
<tr>
<td>Inland Empire Brine Line</td>
<td>9.0</td>
<td>3%</td>
</tr>
<tr>
<td>Desalter Lines</td>
<td>19.6</td>
<td>7%</td>
</tr>
<tr>
<td>Recycled Water Lines</td>
<td>92.0</td>
<td>33%</td>
</tr>
</tbody>
</table>

**Total Miles of Pipeline**

<table>
<thead>
<tr>
<th>Total Pipeline Systems By Program</th>
<th>277.1 Miles of Pipeline As of June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional Domestic Sewer Lines</td>
</tr>
<tr>
<td></td>
<td>Non-Reclaimable Wastewater Lines</td>
</tr>
<tr>
<td></td>
<td>Inland Empire Brine Line</td>
</tr>
<tr>
<td></td>
<td>Desalter Lines</td>
</tr>
<tr>
<td></td>
<td>Recycled Water Lines</td>
</tr>
</tbody>
</table>

Source: IEUA Business Information Services Dept.

No data available prior to most recent information.
<table>
<thead>
<tr>
<th>Actual staffing allocation by Agency Program</th>
<th>*FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Wastewater Operations and Capital Programs</td>
<td>174.9</td>
</tr>
<tr>
<td>Recycled Water Programs</td>
<td>20.6</td>
</tr>
<tr>
<td>Inland Empire Regional Composting Authority Operations</td>
<td>25.0</td>
</tr>
<tr>
<td>Non-reclaimable Wastewater System Programs</td>
<td>12.6</td>
</tr>
<tr>
<td>Chino Basin Desalter Operations &amp; Capital Programs</td>
<td>8.1</td>
</tr>
<tr>
<td>Recharge Water Programs</td>
<td>3.6</td>
</tr>
<tr>
<td>Water Resources Related Activities &amp; Conservation Programs</td>
<td>13.4</td>
</tr>
<tr>
<td>General Administration</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total FTE Count</strong></td>
<td><strong>260</strong></td>
</tr>
<tr>
<td><strong>Total Authorized FTE</strong></td>
<td><strong>290</strong></td>
</tr>
<tr>
<td><strong>Vacancy Factor Percentage</strong></td>
<td><strong>10.3%</strong></td>
</tr>
</tbody>
</table>

Source: IEUA June 2019 Position Control Report

*FTE- Full Time Equivalent
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.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual FTEs</th>
<th>Authorized FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>290</td>
<td>308</td>
</tr>
<tr>
<td>2010/11</td>
<td>278</td>
<td>295</td>
</tr>
<tr>
<td>2011/12</td>
<td>275</td>
<td>295</td>
</tr>
<tr>
<td>2012/13</td>
<td>267</td>
<td>295</td>
</tr>
<tr>
<td>2013/14</td>
<td>258</td>
<td>290</td>
</tr>
<tr>
<td>2014/15</td>
<td>258</td>
<td>290</td>
</tr>
<tr>
<td>2015/16</td>
<td>266</td>
<td>290</td>
</tr>
<tr>
<td>2016/17</td>
<td>267</td>
<td>290</td>
</tr>
<tr>
<td>2017/18</td>
<td>262</td>
<td>290</td>
</tr>
<tr>
<td>2018/19</td>
<td>260</td>
<td>290</td>
</tr>
</tbody>
</table>
**INLAND EMPIRE UTILITIES AGENCY**

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Personal Income (billions)</th>
<th>Personal Income (per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2,035,210</td>
<td>60.8</td>
<td>29,848</td>
</tr>
<tr>
<td>2011</td>
<td>2,053,974</td>
<td>63.6</td>
<td>30,245</td>
</tr>
<tr>
<td>2012</td>
<td>2,074,668</td>
<td>67.3</td>
<td>31,007</td>
</tr>
<tr>
<td>2013</td>
<td>2,106,217</td>
<td>68.1</td>
<td>30,990</td>
</tr>
<tr>
<td>2014</td>
<td>2,092,660</td>
<td>73.5</td>
<td>34,561</td>
</tr>
<tr>
<td>2015</td>
<td>2,110,557</td>
<td>77.4</td>
<td>36,335</td>
</tr>
<tr>
<td>2016</td>
<td>2,146,798</td>
<td>77.9</td>
<td>35,645</td>
</tr>
<tr>
<td>2017</td>
<td>2,166,777</td>
<td>82.3</td>
<td>37,091</td>
</tr>
<tr>
<td>2018</td>
<td>2,186,527</td>
<td>86.3</td>
<td>37,628</td>
</tr>
<tr>
<td>2019</td>
<td>2,207,672</td>
<td>87.3</td>
<td>40,012</td>
</tr>
</tbody>
</table>

**Footnotes:**
(2) The County data is representative of the conditions and experience of the Agency’s service area.
(3) Data for Year 2019 has been estimated.
<table>
<thead>
<tr>
<th>Firm</th>
<th>Location</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontario International Airport</td>
<td>Ontario</td>
<td>7,510</td>
</tr>
<tr>
<td>Fontana Unified School District</td>
<td>Fontana</td>
<td>4,010</td>
</tr>
<tr>
<td>Chino Valley Unified School District</td>
<td>Chino</td>
<td>2,674</td>
</tr>
<tr>
<td>Ontario-Montclair School District</td>
<td>Montclair</td>
<td>2,532</td>
</tr>
<tr>
<td>San Antonio Community Hospital</td>
<td>Upland</td>
<td>2,400</td>
</tr>
<tr>
<td>Inland Empire Health Plan</td>
<td>Rancho Cucamonga</td>
<td>2,315</td>
</tr>
<tr>
<td>Etiwanda School District</td>
<td>Rancho Cucamonga</td>
<td>2,293</td>
</tr>
<tr>
<td>Kaiser Hospital &amp; Medical Group</td>
<td>Fontana</td>
<td>2,243</td>
</tr>
<tr>
<td>Chaffey Community College District</td>
<td>Rancho Cucamonga</td>
<td>2,111</td>
</tr>
<tr>
<td>Chaffey Joint Union High School District</td>
<td>Ontario</td>
<td>1,930</td>
</tr>
</tbody>
</table>

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

Footnote: No data available prior to most recent information.
### INLAND EMPIRE UTILITIES AGENCY

#### Appropriations Limit

**Fiscal Years Ended June 30, 2015 through 2019***

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Annual Appropriations Limit</th>
<th>Proceeds of Taxes (Appropriations)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15</td>
<td>$150,204,136</td>
<td>$40,203,474</td>
</tr>
<tr>
<td>2015/16</td>
<td>$159,570,580</td>
<td>$41,156,629</td>
</tr>
<tr>
<td>2016/17</td>
<td>$169,703,311</td>
<td>$44,704,800</td>
</tr>
<tr>
<td>2017/18</td>
<td>$178,006,894</td>
<td>$46,046,000</td>
</tr>
<tr>
<td>2018/19</td>
<td>$186,218,352</td>
<td>$47,887,800</td>
</tr>
</tbody>
</table>

* Source: Board Resolution No. 2018-6-9
Acknowledgements

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