

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR
ENDED JUNE 30, 2024



ONTARIO, CALIFORNIA

Water Efficiency for a Sustainable Future



CHINO BASIN DESALTER AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

PREPARED BY

FISCAL STAFF OF CHINO BASIN
DESALTER AUTHORITY





CHINO BASIN DESALTER AUTHORITY Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2024

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January 4, 2025

To the Chairperson of the Chino Basin Desalter Authority Board, Members of the Board, and Joint Powers Authority members of the Chino Basin Desalter Authority, and the Public:

The Annual Comprehensive Financial Report of the Chino Basin Desalter Authority (herein after referred to as the Authority) is hereby submitted for the fiscal year ended June 30, 2024. State and local ordinances and statutes require that the Authority annually issue a report on its financial condition and activities, and that an independent audit firm of certified public accountants audit this report.

Furthermore, in accordance with generally accepted accounting principles (GAAP), management must supplement the fundamental financial statements with a narrative introduction, overview, and analysis. This narrative component, referred to as Management's Discussion and Analysis (MD&A), is designed to be enhanced by this letter of transmittal, offering significant financial highlights. The Authority's comprehensive MD&A can be located immediately following the independent audit firm's report.

Within this letter, you will find various sections that furnish crucial insights into the operations and economic landscape of the Authority. These sections are categorized as follows:

<u>Section</u>	<u>Content</u>
A	History
B	Strategic Achievements and Prospective Plans for the Future
C	Other Pertinent Information

Management Responsibility for Financial Information

The preparation of the Fiscal Year 2023/24 Annual Comprehensive Financial Report was overseen by the CDA Finance Staff. Management assumes full responsibility for the accuracy, completeness, and fairness of the report, including all disclosures. To the best of management's knowledge, the information provided is accurate in all material respects and is designed to fairly present the financial condition and operational results of the Authority. Disclosures are included to help readers understand the Authority's financial activities in a clear and transparent manner.

January 4, 2025

*To the Chairperson and Members of
The Board of Chino Basin Desalter Authority*

SECTION A

AUTHORITY HISTORY, LOCAL ECONOMIC CONDITION & OUTLOOK

Entity Formation and History

The Chino Basin Desalter Authority (CDA) was established in September 2001 as a Joint Exercise of Powers Authority (JPA) with the mission of managing and operating Chino Desalter No. 1 and Chino Desalter No. 2. The initial JPA comprised the cities of Chino, Chino Hills, Ontario, Norco, Jurupa Community Services District (JCSD), Santa Ana River Water Company, and Inland Empire Utilities Agency (IEUA). In August 2008, Western Municipal Water District joined as an additional member of CDA.

The Authority is governed by eight Directors, each representing one of the participating entities. IEUA, as an ex-officio member, actively engages in discussions on matters before the Board of Directors. As per the JPA formation agreement, IEUA designates one of its Board of Directors to serve as a non-voting member on the CDA Board.

In February 2002, CDA completed the acquisition of Chino Desalter No. 1, along with all associated assets and liabilities, from the Santa Ana Watershed Project Authority (SAWPA) at a purchase price of \$64,489,532. To facilitate this acquisition, the Authority issued variable rate revenue bonds amounting to \$100,000,000. Excess bond proceeds beyond the acquisition cost were allocated to support the expansion of Chino Desalter No. 1 to a capacity of 9,200 acre-feet per year and the construction of Chino Desalter No. 2, capable of producing 11,200 acre-feet per year. On June 1, 2004, the Authority issued Adjustable Rate Desalter Revenue Refunding Bonds, Series 2004A-1 and 2, totaling \$110,500,000. This issuance aimed to both refund the outstanding \$100,000,000 2002 A Variable Rate Bonds and provide additional funding for the completion of the Chino No. 1 Expansion and Chino No. 2 Desalter construction projects. The balance of funds for these additional desalination facilities came from a \$48 million Proposition 13 grant administered by SAWPA through a State Water Resources Control Board contract. On April 1, 2008, the Authority issued Desalter Revenue Refunding Bonds, Series 2008A, totaling \$89,440,000, with the purpose of refinancing the Adjustable Rate Desalter Refunding Bonds, Series 2004A-1 & 2. Subsequently, on April 1, 2016, CDA issued Revenue Refunding Bonds Series 2016A, amounting to \$67,105,000, achieving three objectives: (1) Refunding the outstanding amount of \$74,790,000 from the 2008A Revenue Refunding Bonds; (2) Acquiring a debt service reserve surety bond for deposit in the reserve fund; (3) Covering the issuance costs for the Bonds. This refunding generated a net present value savings of \$9.8 million while preserving the original maturity date of June 2035.

Chino Desalter No. 1, situated in the southern part of the City of Chino, commenced operations in September 2000, with an initial design capacity of 9,200 acre-feet of desalinated water. The project's objectives encompass the production, purification, and distribution of recovered water for potable use, effectively serving the additional residents in the western regions of San Bernardino County and Riverside County. Meanwhile, Chino Desalter No. 2, located in the City of Jurupa Valley, began operations in the summer of 2006, boasting a design capacity of 11,200 acre-feet.

To the Chairperson and Members of
The Board of Chino Basin Desalter Authority

AUTHORITY HISTORY, LOCAL ECONOMIC CONDITION & OUTLOOK (continued):

Economic Conditions and Outlook

The Inland Empire's current economic outlook reveals steady growth, particularly in logistics, manufacturing, and healthcare sectors. Employment conditions have improved significantly, with the region surpassing pre-pandemic job levels. However, local wages are not rising fast enough to keep up with inflation, causing some residents to seek higher-paying jobs outside the area. Additionally, housing remains relatively affordable, fueling population growth and sustaining high demand for water resources. These economic factors are critical for the Chino Basin Desalter Authority's planning and resource management in the coming years.

To meet the growing water needs of its member agencies, the Chino Basin Desalter Authority (CDA) remains focused on upgrading its desalination facilities and ensuring a sustainable level of water production. While CDA does not serve the public directly, it is committed to providing high-quality water to its member agencies at affordable rates. By prioritizing water conservation and efficient operations, CDA ensures that its member agencies can continue to meet the region's future water demands effectively.

SECTION B

Strategic Achievements and Prospective Plans for the Future

In the 2023/24 fiscal year, a total water delivery of 36,510.7 acre-feet (AF) was accomplished, marking the fourth consecutive fiscal year of surpassing production goals. Significant progress was achieved during Fiscal Year 2023/24 with the successful completion of the Chino I Desalter Granular Activated Compound (GAC) Treatment Facility - Chino Airport Plume project, a collaborative effort with the County of San Bernardino. Despite earlier challenges related to material shortages and supply chain constraints, the project was finalized during the fiscal year, marking a key milestone in addressing water treatment needs and enhancing operational capabilities for the Authority and its partners.

Strategic Achievements

- Fourth consecutive year of production of water exceeding expected level of 35,200 AF
- Nine Construction-in-Progress (CIP) projects were successfully completed and closed. Notable projects include the Chino II Pellet Slurry Pumps and Associated Piping, the Chino II Chlorine Tank Replacement, the Chino I RO Trains 3 & 4 Upgrades and Repairs, and the Chino II Painting of IX Vessels and Brine Tanks. These projects mark significant improvements in operational efficiency and infrastructure resilience, ensuring the continued reliability of the desalination facilities for the Authority's member agencies.
- Received the GFOA's (Governmental Finance Officers Association) Excellence in Financial Reporting award for Fiscal Year 2022/23 annual comprehensive financial report. This was the 10th year that the CDA has achieved this award.

January 4, 2025

To the Chairperson and Members of
The Board of Chino Basin Desalter Authority

Strategic Achievements and Prospective Plans for the Future (continued):

Prospective Plans for the Future

Chino Desalter I

- Completion of several construction-in-progress as follows.
 - a. Operations and Maintenance Manual Updates
 - b. Room Coating Project
 - c. Chemical Optimization Study
 - d. IX Modifications and Repairs

Chino Desalter II

- Completion of several construction-in-progress as follows.
 - a. Operations and Maintenance Manual Updates
 - b. Chlorine Pumps Skids and Piping
 - c. Pump Analysis and Upgrades
 - d. Cyber Security and Master Plan
 - e. Chemical Optimization Study (Desalter/IX)

South Archibald Plume Project

- Completion of the construction of Well 1-11 Booster Station

SECTION C

OTHER PERTINENT INFORMATION

Internal Controls

The Authority's Management holds the responsibility of establishing and upholding an internal control framework, which is strategically crafted to safeguard the Authority's assets against loss, theft, or misuse. Additionally, this control structure ensures the accumulation of adequate accounting data, enabling the preparation of financial statements that align with generally accepted accounting principles. It's essential to note that the internal control framework aims to provide reasonable, but not absolute, assurance in achieving these objectives.

The concept of reasonable assurance acknowledges two key principles:

1. The cost associated with implementing a control measure should not surpass the expected benefits it is likely to deliver.
2. Evaluating the costs and benefits necessitates the use of estimates and judgments by the Management.

Budgetary Controls

The Authority maintains a robust system of budgetary controls designed to uphold compliance with the legal provisions outlined in the annually approved budget sanctioned by the Authority's Board of Directors. These budgetary controls operate at the category level (such as Office and Administrative Expenses), ensuring that expenditures are within the legally appropriate amount. In addition to these controls, the Authority employs an encumbrance accounting system as an extra layer of budgetary oversight. With the Board's approval, any encumbered amounts remaining at the end of the fiscal year can be carried forward into the next fiscal year. This practice helps ensure responsible financial management and adherence to budgetary allocations.

Independent Audit

State statutes mandate an annual audit conducted by independent certified public accountants. Rogers, Anderson, Malody & Scott, LLP, the current audit firm of CDA, has been entrusted with this annual audit for the past three years. As part of this comprehensive audit process, reviews were conducted to gauge the effectiveness of the internal controls in place and to verify compliance with relevant laws and regulations pertaining to all financial transactions carried out by the Authority. The auditors adhered to generally accepted auditing standards while conducting this engagement. The auditor's report on the basic financial statements is included in the financial section of this report.

January 4, 2025

To the Chairperson and Members of
The Board of Chino Basin Desalter Authority

OTHER PERTINENT INFORMATION (continued):

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) honored CDA with a Certificate of Achievement for Excellence in Financial Reporting for its comprehensive financial report covering the fiscal year ended June 30, 2023. This marks the tenth consecutive year the Authority has received this esteemed recognition. To attain a Certificate of Achievement, a government entity must create an annual comprehensive financial report that is easy to understand, well-organized, and structured for clarity and efficiency. This report must align with generally accepted accounting principles and pertinent legal requirements.

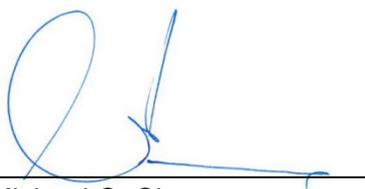
It's important to note that a Certificate of Achievement is valid for a single year. We are confident that our current annual comprehensive financial report continues to meet the stringent requirements of the Certificate of Achievement Program, and we have submitted it to the GFOA for evaluation to ascertain its eligibility for yet another certificate.

Acknowledgements

We want to express our appreciation for the diligent and professional manner in which our auditors, Rogers, Anderson, Malody & Scott LLP, conducted the audit. Furthermore, we extend our gratitude to the dedicated staff members from the member agencies of the Authority who collaborated and contributed to providing the necessary information to complete this report.

In addition, we extend our heartfelt acknowledgment to the Board of Directors of CDA for their unwavering support of the Authority's mission of responsible financial management and their commitment to upholding the highest standards of professionalism in the management of Chino Basin Desalter Authority's finances. We are genuinely grateful for their consistent interest and support.

Respectfully submitted,

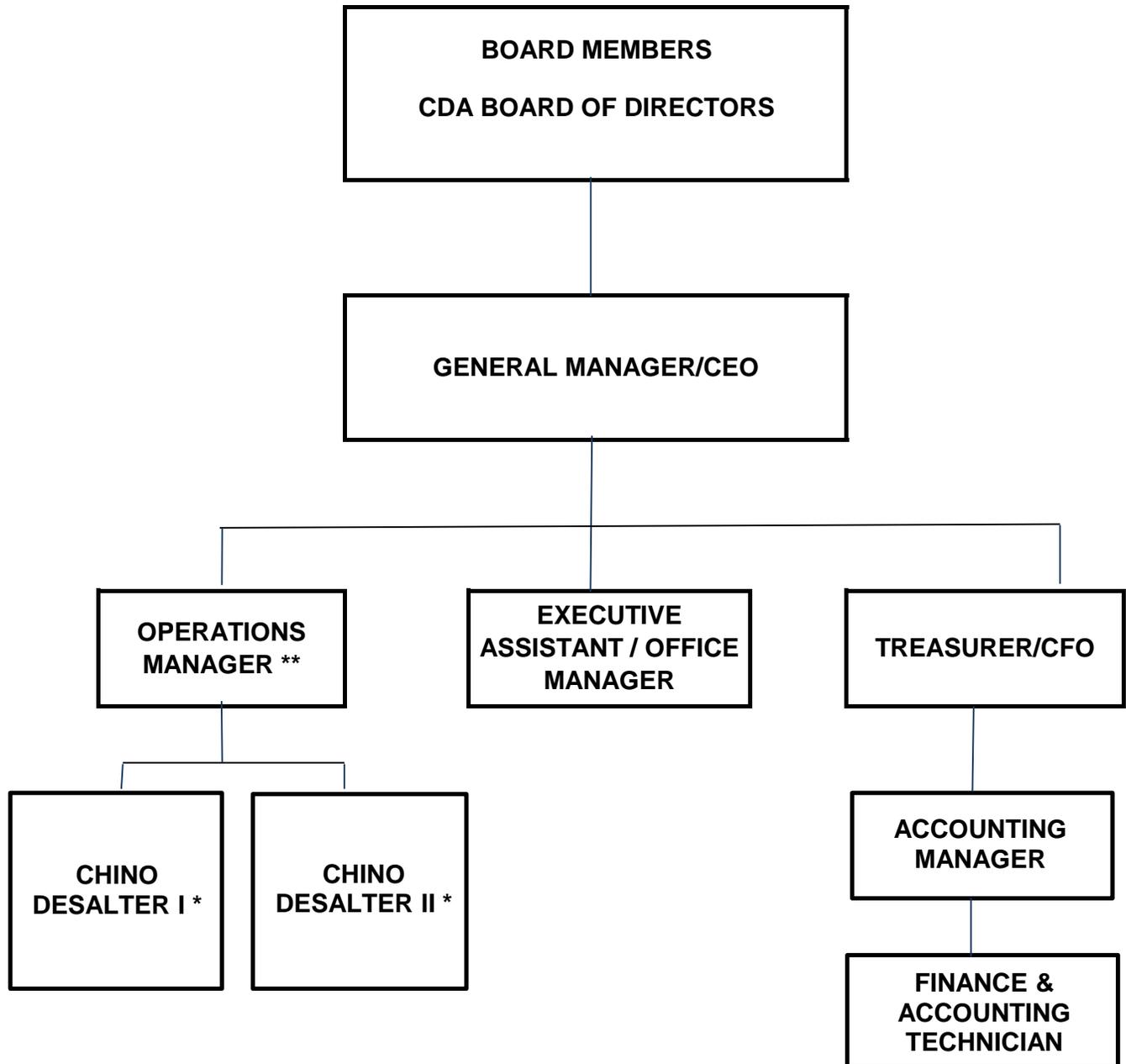


Michael C. Chung
CFO/Treasurer



CHINO BASIN DESALTER AUTHORITY

FY2023/24 ORGANIZATION CHART



* Desalters operated by CDA Member Agencies

** The Operations Manager position is currently classified as inactive.

CHINO BASIN DESALTER AUTHORITY

Principal Officials

June 30, 2024

BOARD OF DIRECTORS

Eunice Ulloa	<i>City of Chino</i>
Peter Rogers	<i>City of Chino Hills</i>
Ken McLaughlin	<i>Jurupa Community Services District</i>
Jim Bowman	<i>City of Ontario</i>
Greg Newton	<i>City of Norco</i>
Frank Abacherli	<i>Santa Ana River Water Company</i>
Steven Elie	<i>Inland Empire Utilities Agency</i>
Laura Roughton	<i>Western Municipal Water District</i>

OFFICERS OF THE AUTHORITY

Casey Costa	<i>Board Secretary</i>
Peter Rogers	<i>Chairperson</i>
Greg Newton	<i>Vice Chairperson</i>
Michael Chung	<i>Treasurer/CFO</i>
Thomas O'Neill	<i>General Manager/CEO</i>

LEGAL COUNSEL

Allison E. Burns	<i>Deputy General Counsel</i>
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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Chino Basin Desalter Authority
California**

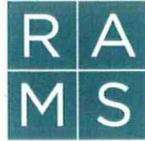
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO





ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
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Independent Auditor's Report

PARTNERS

Scott W. Manno, CPA, CGMA
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Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

To the Board of Directors
Chino Basin Desalter Authority
Ontario, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Chino Basin Desalter Authority (the Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2024, and the respective changes in financial position and, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinion

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

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA
Jacob Weatherbie, CPA, MSA
Bolim Han, CPA, MAcc
Anny Gonzalez, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



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Responsibilities of Management for the Financial Statements

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

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

Other Matters

As discussed in Note 1 to the financial statements, in the year ended June 30, 2024, the Authority adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections* and Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 26, 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) aims to offer a summary of the Authority's financial activities for the Fiscal Year ended June 30, 2024. It serves to provide readers with key insights into the financial performance and condition of the Authority. It is strongly recommended that readers review this section in conjunction with the transmittal letter and the accompanying basic financial statements for a comprehensive understanding of the Authority's financial position and activities.

CDA Financial Statements

The financial statements for the Fiscal Year 2023/24 reflect the twenty-second year of operation for Chino Desalter No. 1 and the seventeen years of operation for Chino Desalter No. 2. The Authority continues to employ the full accrual accounting method, recognizing transactions as they occur, irrespective of the timing of cash exchanges. This accounting approach ensures a comprehensive and accurate representation of the Authority's financial activities and obligations, providing a clear and detailed view of its financial performance and position.

Financial Highlights

The Chino Basin Desalter Authority reported its financial performance for the fiscal year ended June 30, 2024. The total revenue derived from operation and maintenance assessments paid by member agencies amounted to \$34,027,504, while fixed project and capital assessments reached \$7,805,268. The Authority also estimated a local resource subsidy from the Metropolitan Water District (MWD) at \$2,527,240, calculated from the delivery of 24,776.9 acre-feet at \$102 per acre-foot. Additionally, the Authority recognized a groundwater replenishment credit from the Chino Basin Watermaster, totaling \$38,599,448, which acted as a pass-through income with a corresponding expense, offsetting costs. (Refer to Note 11 for more information)

Total operating revenues for the year amounted to \$75,154,192, reflecting a 5% increase of \$3,588,393 from the prior year, while non-operating revenues totaled \$9,092,273, representing a 20% increase. The Authority's combined operating and non-operating revenues reached \$84,246,465. On the expense side, total expenses, including both operating and non-operating costs, stood at \$82,338,871. This resulted in a gain of \$1,907,593 before capital contributions. After accounting for capital contributions, the Authority reported an overall increase in net position of \$3,263,439 for the fiscal year.

Operating expenses for the fiscal year amounted to \$80,221,359, with operation and maintenance expenses contributing \$28,782,457. The pass-through groundwater replenishment expense mirrored the credit at \$38,599,448, with general and administrative expenses reported at \$1,489,420. Depreciation and amortization costs for both tangible and intangible assets totaled \$8,822,792. The anticipated MWD subsidy of \$2,527,240 was expected to be passed back to member agencies, providing further relief.

During this period, the Authority received \$508,474 in capital grants, \$449,230 in contributions for the Phase 3 Expansion Project and \$398,142 for the South Archibald Plume Project, with total capital contributions reaching \$1,355,846, a 64% decrease compared to the prior year. As of June 30, 2024, the Authority's net position stood at \$235,356,259, reflecting a 2% decrease due to prior period adjustments amounting to \$8,405,333, primarily related to the reclassification of assets following the implementation of GASB Statement No. 100.

Changes in Financial Conditions of the Authority

	2023/24	2022/23	Increase/(Decrease) from 2022/23	%
Current unrestricted assets	12,766,198	\$ 10,754,401	\$ 2,011,797	19%
Current restricted assets	3,007,809	3,945,971	(938,162)	-24%
Capital assets	258,380,678	272,293,883	(13,913,205)	-5%
Other assets	19,344,671	19,024,015	320,656	2%
Total assets	293,499,356	306,018,270	(12,518,914)	-4%
Total deferred outflows of resources	2,796,141	3,050,336	(254,195)	-8%
Current liabilities	14,108,332	17,877,865	(3,769,533)	-21%
Noncurrent liabilities	46,830,906	50,692,588	(3,861,682)	-8%
Total liabilities	60,939,238	68,570,453	(7,631,215)	-11%
Net Investment in capital assets	211,036,843	221,457,046	(10,420,203)	-5%
Unrestricted	24,319,416	19,041,107	5,278,309	28%
Total net position	\$ 235,356,259	\$ 240,498,153	\$ (5,141,894)	-2%
Operating revenues	\$ 75,154,192	\$ 71,565,799	\$ 3,588,393	5%
Operating expenses	(80,221,359)	(77,272,645)	(2,948,714)	4%
Non-operating revenues	9,092,273	7,594,720	1,497,553	20%
Non-operating expenses	(1,731,867)	(1,885,742)	153,875	-8%
Prior year annual reconciliation	(385,646)	(412,615)	26,969	-7%
Change in net position prior to capital contributions	1,907,593	(410,483)	2,318,076	-565%
Capital grants	508,474	1,390,178	(881,704)	-63%
Contributed expansion costs from Sponsors agencies	449,230	35,637	413,593	1161%
Contributed South Archibald Plume Project costs	398,142	135,089	263,053	195%
Contributed Chino Airport Plume Project costs	-	2,168,599	(2,168,599)	-100%
Total capital contributions	1,355,846	3,729,503	(2,373,657)	-64%
Change in net position	3,263,439	3,319,020	(55,581)	-2%
Beginning net position	240,498,153	237,179,133	3,319,020	1%
Prior period Adjustments	(8,405,333)	-	(8,405,333)	100%
Total net position - beginning, as restated	232,092,820	237,179,133	(5,086,313)	-2%
Ending net position	\$ 235,356,259	\$ 240,498,153	\$ (5,141,894)	-2%

Changes in Financial Conditions of the Authority (continued):

The following explanations denote some of the significant changes between Fiscal Years, as compared in the previous table:

- The Chino Basin Desalter Authority experienced a reduction in total assets by \$12.5 million, or 4%, during the fiscal year 2023/24. This decline is largely attributed to the reinstatement of assets as part of implementing GASB Statement No. 100, which provides guidance on accounting changes and error corrections. A material restatement was made to correct an error in classifying assets related to the contract with San Bernardino County (Agreement No. 19-678) for the Chino Airport Plume Project. Management determined that ownership of the asset belonged to San Bernardino County, but it had been incorrectly recorded in the Authority's financial statements as part of Construction in Progress and Contributed Capital from fiscal years 2020 through 2023. The total amount erroneously recorded was \$8,405,333, distributed across the fiscal years, with the largest portion of \$5.7 million misclassified in FY 2021/22. The correction of this error resulted in a restatement of prior financials, removing the misclassified asset from the Authority's records and adjusting the net position accordingly. (Refer to Note 9 for more information)
- The reduction in Capital Assets by \$13.9 million was mainly due to this reinstatement in Construction in Progress, as the correction impacted assets previously recorded as part of the Authority's capital projects. Additionally, Current Unrestricted Assets increased by \$2 million, reflecting improved liquidity, while Current Restricted Assets decreased by \$938,162, primarily due to allocations for projects for the South Archibald Plume Clean-up and Expansion Project. Other Assets increased slightly by \$320,656, driven by long-term investments. Deferred Outflows of Resources decreased by \$254,195 (8%) due to the utilization of the debt service reserve fund for extinguishing the 2008A bonds and the issuance of the 2016A Revenue Refunding Bonds.
- Liabilities saw a reduction of \$7.6 million, or 11%, primarily due to a \$4 million decrease in Current Liabilities following the completion and reconciliation of the South GAC Chino Airport Plume project between the CDA and San Bernardino County. Additionally, noncurrent liabilities decreased by \$3.9 million, which is related to debt service payments for the 2016A Series Revenue Refunding Bonds. Despite these reductions, the net position before capital contributions improved by \$2.3 million, mainly driven by higher operational and maintenance assessments compared to the previous year.
- The total net position decreased by \$55,581, representing a 2% decline compared to the previous year, primarily due to a prior period adjustment. Despite higher operating revenues and capital contributions from sponsor agencies, these increases were not sufficient to offset the impact of the prior period adjustment on the net position.

Desalter Water Sales

In the fiscal year ending June 30, 2024, the total volume of product water delivered reached 36,510.7 acre-feet (AF), marking the fourth consecutive year in which the Authority's production target of 35,200 AF was successfully met. This production figure includes the original contractual commitment of 24,600 AF and an additional 10,500 AF resulting from the Phase 3 Expansion.

The allocation of this water, measured in acre-feet, was distributed among various entities as follows:

- City of Chino: 5,178.9 AF
- City of Chino Hills: 4,423.9 AF
- City of Norco: 1,060.2 AF
- City of Ontario: 8,932.5 AF
- Santa Ana River Water Co.: 1,239.7 AF
- Jurupa Community Services District: 12,079.7 AF
- Western Municipal Water District: 3,595.8 AF

For additional historical production data, please refer to the Supplementary Statistical section of this report. This information underscores the Authority's successful water delivery to its member agencies and commitment to meeting planned production targets.

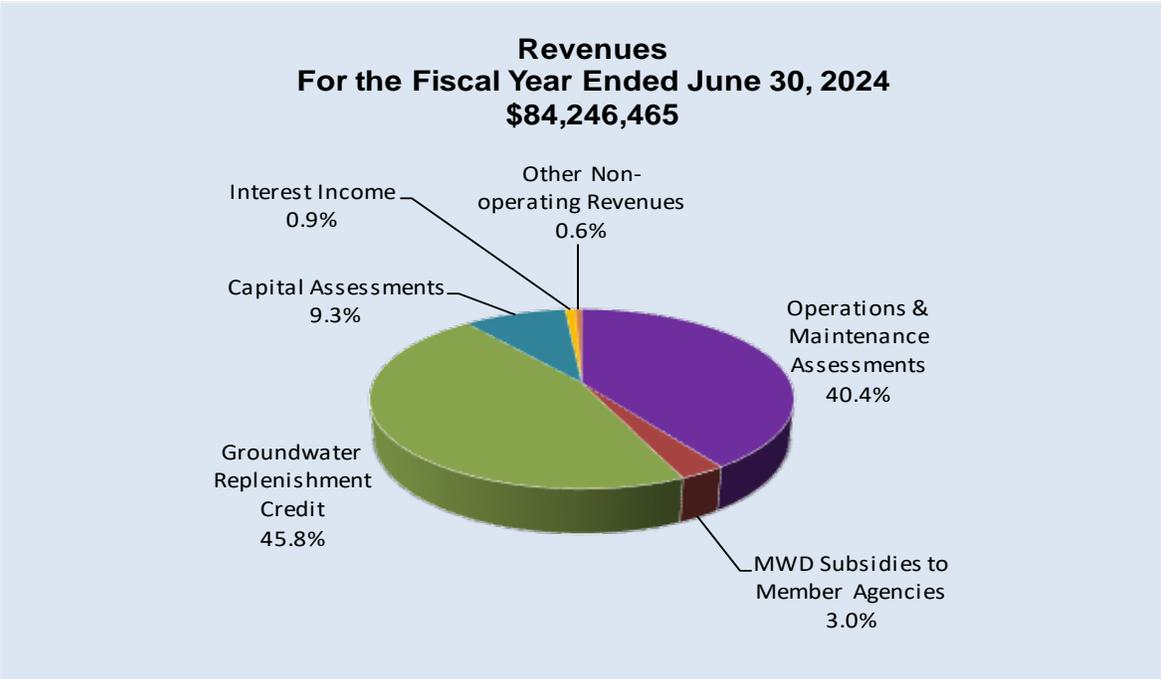
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Revenues

Total revenues for the Fiscal Year ended June 30, 2024, amounted to \$84.2M. The following table presents revenue by category.

Revenue by Category
For the Fiscal Year Ended June 30, 2024
(With Comparative Totals for the Fiscal Year Ended June 30, 2023)

Revenue Category	2023/24		2022/23		Increase/<Decrease> from 2022/23	
	Amount	% Of Total	Amount	% Of Total	Amount	% Of Change
Operations & Maintenance Assessments	\$ 34,027,504	40.4%	\$ 32,406,800	40.9%	\$ 1,620,704	5.0%
MWD Subsidies to Member Agencies	2,527,240	3.0%	2,780,158	3.5%	(252,918)	(9.1%)
Groundwater Replenishment Credit	38,599,448	45.8%	36,378,841	46.0%	2,220,607	6.1%
Capital Assessments	7,805,268	9.3%	7,193,516	9.1%	611,752	8.5%
Interest Income	770,362	0.9%	389,395	0.5%	380,967	97.8%
Other Non-operating Revenues	516,643	0.6%	11,809	0.0%	504,834	4275.0%
Total Revenues	\$ 84,246,465	100.0%	\$ 79,160,519	100.0%	\$ 5,085,946	6.4%



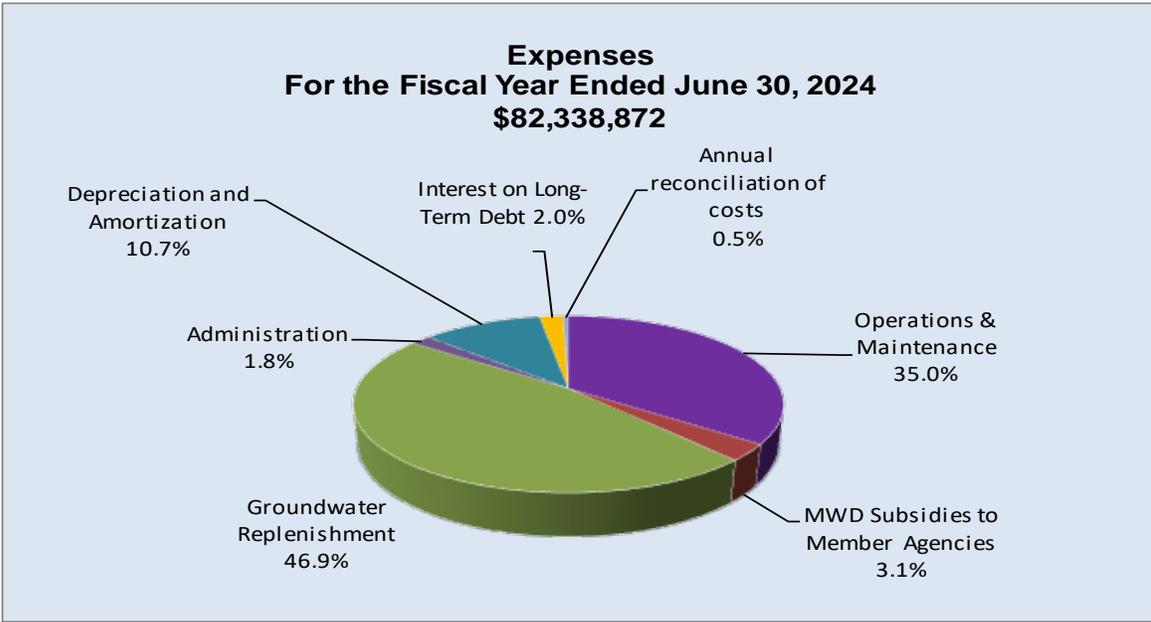
Operations and maintenance assessments to the member agencies for the fiscal year ended June 30, 2024, amounted to \$34,027,504, reflecting a 5.0% increase or \$1,620,704 compared to the previous fiscal year. Increased budget allocations for utilities and outside labor costs primarily drove this increase. The Metropolitan Water District (MWD) subsidy was estimated at \$2,527,240, calculated based on the delivery of 24,776.9 acre-feet of water at a rate of \$102 per acre-foot. Capital assessments totaled \$7,805,268, representing an increase of \$611,752, or 8.5%, from the prior year, due to additional funding required for capital projects. Other non-operating revenues amounted to \$516,643, a significant rise from \$11,809 in the previous year, primarily driven by market value adjustments on investments and deferred finance amortization costs.

Expenses

Total expenses for the Fiscal Year ended June 30, 2024, were \$82.3M. The following table presents expenses by category compared to the previous Fiscal Year.

Expenses by Category
For the Fiscal Year Ended June 30, 2024
(With Comparative Totals for the Fiscal Year Ended June 30, 2023)

Expense Category	2023/24		2022/23		Increase/<Decrease> from 2022/23	
	Amount	% Of Total	Amount	% Of Total	Amount	% Of Change
Operations & Maintenance	\$ 28,782,457	35.0%	\$ 27,811,535	35.0%	\$ 970,922	3.5%
MWD Subsidies to Member Agencies	2,527,240	3.1%	2,780,158	3.5%	(252,918)	(9.1%)
Groundwater Replenishment	38,599,448	46.9%	36,378,841	45.7%	2,220,607	6.1%
Administration	1,489,420	1.8%	1,209,618	1.5%	279,802	23.1%
Depreciation and Amortization	8,822,794	10.7%	9,092,493	11.4%	(269,699)	(3.0%)
Interest on Long-Term Debt	1,731,867	2.0%	1,885,742	2.4%	(153,875)	(8.2%)
Annual reconciliation of costs	385,646	0.5%	412,615	0.5%	(26,969)	(6.5%)
Total Expenses	\$ 82,338,872	100.0%	\$ 79,571,002	100.0%	\$ 2,767,870	3.5%



Operational and maintenance expenses increased by a notable \$970,922 or 3.5% compared to the previous year, primarily due to higher energy costs, labor expenses, material and supply costs associated with aging equipment, and one-time maintenance expenditures required to sustain operational equipment. Increased rates drove energy costs, while labor and materials costs grew as part of necessary upkeep and repairs to aging infrastructure.

For fiscal year 2023/24, the Metropolitan Water District (MWD) subsidy was estimated at \$2.5 million, serving as a direct offset to the revenue recognized by the Authority. Additionally, interest payments on long-term debt were reduced by 8.2%, a decrease of \$153,875, in line with the debt service schedule for the 2016A Revenue Refunding Bonds.

Expenses (continued)

The Authority's administration and general expenses increased by 23.1%, or \$279,802, compared to the previous year. This increase was mainly due to higher property insurance costs, driven by both rate increases and the need to insure additional assets. Additionally, the rise in salaries and wages includes both cost-of-living adjustments and the reclassification of positions to align with market compensation, ensuring that the Authority remains competitive.

Capital Assets and Construction in Progress (CIP)

Net accumulated depreciation was \$92.4M. The Authority had total capital assets of \$350.8M in FY2023/24. The total capital assets included \$26.8M of CIP.

The South Archibald Plume Clean-up Project accounted for about \$24M of the total CIP, while General CDA projects amounted to \$2.5M. Please see Notes #7 to the basic financial statements for additional information regarding capital assets and CIP.

Debt Management

The outstanding principal balance of the Desalter Revenue Refunding Bonds Series 2016A on June 30, 2024, was \$45.2M. The next principal payment of \$3,370,000 will be due on June 1, 2025. Total bond interest paid and accrued for Fiscal Year 2023/24 amounted to \$1,865,959. Refer to Note #10 to the basic financial statements for additional information regarding debt management.

Contacting the Authority's Financial Management

This financial report aims to offer a comprehensive view of the Chino Basin Desalter Joint Exercise of Powers Authority's financial situation. It is a resource for various stakeholders, including the Authority's members, citizens, customers, investors, and creditors. Through this report, the Authority aims to provide transparency regarding its financial activities and demonstrate its responsibility in managing the revenues it receives.

If you have any inquiries or require further financial details, please do not hesitate to reach out to the Authority's Treasurer at the following address:

Chino Basin Desalter Authority
Treasurer's Office
3550 E. Philadelphia, Suite 170
Ontario, CA 91761

The Treasurer's office will be able to assist with any questions or requests for additional financial information you may have.



**CHINO BASIN DESALTER AUTHORITY
BASIC FINANCIAL STATEMENTS
OVERVIEW**

Financial Statements

In conjunction with the accompanying Notes to the Basic Financial Statements, the subsequent Basic Financial Statements provide an overview of the Authority's financial standing as of June 30, 2024, and the outcomes of its proprietary fund types' operations for the concluded fiscal year.

The Primary Financial Statements encompass:

1. Statement of Net Position – This statement illustrates the Authority's net position growth.
2. Statement of Revenues, Expenses, and Changes in Net Position – This statement itemizes all sources of revenue and expenses recorded during the period and their impact on the Authority's net position.
3. Statement of Cash Flows – This statement delineates the financial activities of the Authority and their influence on cash. It also reveals the Authority's cash position at the close of the fiscal period.
4. Explanatory Notes to the Basic Financial Statements.

CHINO BASIN DESALTER AUTHORITY
Statement of Net Position
June 30, 2024

	<u>2024</u>
ASSETS	
Current assets	
Unrestricted current assets	
Cash & investments (Note 2)	\$ 10,070,078
Accounts receivable (Note 3)	2,691,055
Deposits	5,065
Total unrestricted current assets	<u>12,766,198</u>
Restricted current assets	
Cash & investments held for expansion project (Note 2 & 4)	873,216
Cash & investments held for south archibald plume project (Note 2 & 4)	2,134,593
Total restricted current assets	<u>3,007,809</u>
Total current assets	<u>15,774,007</u>
Noncurrent assets	
Restricted noncurrent assets	
Long term investments (Note 2 & 4)	19,272,832
Total restricted noncurrent assets	<u>19,272,832</u>
Capital assets (Note 7)	
Land	4,380,071
Capital Projects in Progress	26,804,348
Capital assets being depreciated, net of accumulated depreciation	216,816,217
Intangible assets, net of accumulated amortization	10,380,042
Total capital assets	<u>258,380,678</u>
Other assets	
Prepaid bond insurance	71,839
Total other assets	<u>71,839</u>
Total noncurrent assets	<u>277,725,349</u>
Total assets	<u>293,499,356</u>
Deferred outflows of resources	
Deferred amount on debt refunding	2,796,141
Total deferred outflows of resources	<u>\$ 2,796,141</u>

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

	<u>2024</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 4,389,108
Accrued liabilities	36,745
Accrued balance due to member agencies	240,543
Compensated absences - current payable (Note 10)	39,574
MWD contribution due to member agencies	2,541,816
Retentions payable	37,895
Long-term debt, due within one year (Note 10)	3,370,000
Interest payable	134,092
Phase 3 Expansion Sponsor deposit	509,136
South Archibald Plume deposit	2,289,335
Advance for O&M Costs	467,031
Liability for leasing agreements - due within one year (Note 10)	27,615
Subscription Liability - due within one year (Note 10)	25,442
Total current liabilities	<u>14,108,332</u>
Noncurrent liabilities	
Long-term debt, due in more than one year (Note 10)	46,508,170
Compensated absences payable (Note 10)	113,988
Liability for Subscription (Note 10)	53,022
Liability for leasing agreements (Note 10)	155,726
Total noncurrent liabilities	<u>46,830,906</u>
Total liabilities	<u>60,939,238</u>
NET POSITION	
Net investment in capital assets	211,036,844
Unrestricted	<u>24,319,415</u>
Total net position	<u>\$ 235,356,259</u>

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

CHINO BASIN DESALTER AUTHORITY
Statement of Revenues, Expenses and
Changes in Net Position
Fiscal Year Ended June 30, 2024

	<u>2024</u>
OPERATING REVENUES	
Operations and maintenance assessments	\$ 34,027,504
MWD contribution revenue	2,527,240
Groundwater replenishment credit	<u>38,599,448</u>
Total operating revenues	<u>75,154,192</u>
OPERATING EXPENSES	
Operations and maintenance	28,782,457
MWD contributions to member agencies	2,527,240
Groundwater replenishment expense	38,599,448
Administration and general	1,489,420
Depreciation and amortization	<u>8,822,794</u>
Total operating expenses	<u>80,221,359</u>
Operating Loss	<u>(5,067,167)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	770,362
Fixed project/capital assessments	7,805,268
Other nonoperating revenue (expenses)	516,643
Interest on long-term debt	(1,731,867)
Annual reconciliation of costs	<u>(385,646)</u>
Total nonoperating revenues (expenses)	<u>6,974,760</u>
Gain before contributions	<u>1,907,593</u>
CAPITAL CONTRIBUTIONS	
Capital grants	508,474
Contributed expansion costs from Sponsors agencies	449,230
Contributed capital for South Archibald Plume Project	<u>398,142</u>
Total capital contributions	<u>1,355,846</u>
Change in net position	<u>3,263,439</u>
Total net position - beginning	<u>240,498,153</u>
Prior period adjustment (note 9)	<u>(8,405,333)</u>
Total net position - beginning, as restated	<u>232,092,820</u>
Total net position - ending	<u><u>\$ 235,356,259</u></u>

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

CHINO BASIN DESALTER AUTHORITY
Statement of Cash Flows
Fiscal Year Ended June 30, 2024

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 35,142,347
Cash payments to suppliers for goods and services	(29,360,648)
Cash payments for contract labor	<u>(3,827,309)</u>
Net cash provided for operating activities	<u>1,954,390</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	5,109,961
Fixed project/capital assessments	7,805,268
South Archibald Plume Project Additional Deposit	440,262
Chino Airport Plume contributed capital	(8,405,333)
Capital grant	508,474
Annual reconciliation of project costs	(385,646)
Joint Booster Station Energy Cost Share	65,242
Other Capital and Related Financing costs	(15,378)
Principal paid on capital debt	(3,215,000)
Interest paid on capital debt	(1,745,262)
Financial/Bond administration fees	<u>(10,500)</u>
Net cash provided for capital and related financing activities	<u>152,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>770,362</u>
Net cash provided by investing activities	<u>770,362</u>
Net increase in cash and cash investments	2,876,840
Cash and cash investments - beginning	<u>29,473,879</u>
Cash and cash investments - ending	<u><u>\$ 32,350,719</u></u>

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

2024

**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED FOR OPERATING ACTIVITIES**

Operating Loss	\$ (5,067,167)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation and amortization	8,822,794
(Increase) decrease in operating assets	
Accounts receivable	1,476,018
Increase (decrease) in operating liabilities	
Accounts payable and other liabilities	(1,291,589)
MWD rebates due to member agencies	(1,644,153)
Retentions payable	(5,594)
Accrued liabilities	(335,919)
Net cash provided for operating activities	<u>\$ 1,954,390</u>

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

Cash & cash investments at end of year	<u>\$ 32,350,719</u>
Total cash and cash investments	<u>\$ 32,350,719</u>
Unrestricted current cash & investments	\$ 10,070,078
Restricted current assets held for expansion project	873,216
Restricted current assets held for south archibald plume project	2,134,593
Long-term investment held with trustee/fiscal agent	19,272,832
Total cash, investments and restricted assets	<u>\$ 32,350,719</u>

NONCASH CAPITAL, FINANCING, AND INVESTING ACTIVITIES

2024

Change in fair value of long term investments	\$ (1,133,802)
Subscription-Based Information Technology Arrangements (SBITA)	13,605
Total noncash capital, financing, and investment activities	<u>\$ (1,120,197)</u>

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

CHINO BASIN DESALTER AUTHORITY
Index of Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

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NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2024

(1) Reporting Entity and Summary of Significant Accounting Policies:

Description of the Reporting Entity

The Chino Basin Desalter Authority (CDA) is a Joint Exercise of Powers Authority established in September 2001. The CDA consists of several member agencies, including the cities of Chino, Chino Hills, Ontario, and Norco, as well as the Jurupa Community Services District, Santa Ana River Water Company, Western Municipal Water District, and Inland Empire Utilities Agency (IEUA).

In line with generally accepted accounting principles (GAAP) and the standards set by the Governmental Accounting Standards Board (GASB), the CDA is recognized as a primary government entity for financial reporting purposes. There are no legally separate component units that necessitate separate or combined financial presentations.

The governing powers of the CDA are vested in an eight-member Board of Directors. Of these, seven members hold voting rights, while the IEUA serves as an ex officio member without voting rights. Each voting member is appointed by their respective member agency within the Joint Powers Authority. Voting rights are weighted based on the volume of product water each member is contractually obligated to purchase. A quorum for conducting Board business requires the presence of at least five of the seven voting members.

The principal office of the CDA is designated by resolution of the Board. The CDA has also appointed a Board Secretary, a Treasurer, and has hired a General Manager/Chief Executive Officer to oversee its operations.

The Authority's accounting policies strictly adhere to GAAP as applicable to governmental entities and align with all relevant GASB pronouncements.

Fund Accounting

The CDA's resources are allocated to, and accounted for, in one fund classified as an Enterprise Fund.

Proprietary Fund Types

Enterprise Fund

The Enterprise Fund employs a "cost of services" or "capital maintenance" measurement focus. This means that its statement of net position includes all assets, deferred outflows or resources, and liabilities, regardless of whether they are short-term or long-term in nature. The fund's balance, reported as the net total position, is further classified into two primary categories: net investment in capital assets and restricted and unrestricted net position.

(1) Reporting Entity and Summary of Significant Accounting Policies (continued):

Proprietary Fund Types (continued):

Enterprise Fund (continued):

The Enterprise Fund's operating statement captures the changes in its net total position by presenting both additions to revenue and expenses. This approach offers a comprehensive overview of the fund's financial operations, underscoring its commitment to preserving and effectively managing its capital assets.

Enterprise Funds are utilized for accounting purposes in scenarios where operations either (a) mirror the financing and operational characteristics of private businesses, with the governing body's intent being the recovery of costs (including expenses such as depreciation and amortization) through user charges for providing goods or services to the general public on an ongoing basis, or (b) where the governing body has determined that periodic assessment of revenues earned, expenses incurred, and net income is suitable for objectives like capital maintenance, adhering to public policies, enhancing management control, ensuring accountability, or fulfilling other specific purposes.

Basis of Accounting

The term "basis of accounting" pertains to the method used to determine when revenues and expenses are officially recognized in an Authority's financial records and subsequently reported in its financial statements. Regardless of the measurement focus applied, the CDA follows the accrual basis of accounting for its financial statement preparation.

Under the accrual basis of accounting, revenues are recognized when they are earned, meaning when goods are delivered, or services are performed, irrespective of when the associated cash is received. Likewise, expenses are recorded when they are incurred or when a legal obligation is established to pay them, regardless of when the actual cash disbursements occur. This method provides a more comprehensive view of an entity's financial position and performance by matching revenues and expenses to the periods in which they are earned or incurred, thereby offering a more accurate depiction of the entity's financial health.

Use of Estimates

The process of preparing financial statements involves management in making various estimates and assumptions. These judgments impact the figures reported for assets and liabilities, as well as the disclosure of potential assets and liabilities, as of the date of the financial statements. Additionally, these estimates affect the reported amounts of revenues and expenses for the reporting period. It's important to note that the actual outcomes may differ from these estimates.

Use of Restricted and Unrestricted Funds

Restricted funds are generally imposed by external constraints, either regulatory and/or by agreements. By nature of the constraints, restricted funds are earmarked for specific use. Unlike restricted funds, unrestricted funds become discretionary funds for the Authority to use when they become available.

(1) Reporting Entity and Summary of Significant Accounting Policies (continued):

Budgetary Policy and Control

The CDA's Board of Directors reviews and approves the budget for each fiscal year, as presented by the Treasurer, prior to the start of the new fiscal year. Any modifications to the budget or transfers of operating budget funds to or from reserve accounts exceeding \$50,000 require formal approval by the Board. It's important to note that the CDA is not obligated to provide budget comparisons within the basic financial statements.

The Authority maintains a system of budgetary controls to ensure that it adheres to the legal provisions outlined in the approved budget sanctioned by the Board. Any budget appropriations that remain unutilized, uncommitted, or unspent by the conclusion of the fiscal year will expire, except for those earmarked for multi-year capital expenditures. This practice helps manage and track the effective utilization of allocated funds and resources in alignment with the approved budget.

Cash and Investments

The Authority's approach to reporting investments in its financial statements is as follows:

1. **Short-Term Highly Liquid Debt Instruments:** Investments in short-term debt instruments with a remaining maturity of one year or less at purchase are reported at either their original or amortized costs.
2. **All Other Investments:** Any investments that do not fall into the category of short-term highly liquid debt instruments are reported at their fair value.
3. **Cash and Cash Equivalents Presentation:** For financial presentation purposes, cash and cash equivalents are combined within the categories of cash, short-term investments, and restricted assets. This grouping reflects the liquidity and short-term nature of these assets.
4. **Compliance with GASB No. 40:** The Authority adheres to the guidelines provided by the Governmental Accounting Standards Board (GASB) No. 40 concerning risk disclosures related to deposits, cash equivalents, and investments.
5. **Definition of Cash and Cash Equivalents:** The Authority defines cash and cash equivalents as a collective sum of demand account balances, cash on hand, repurchase agreements, money market mutual funds, and all cash placed in the Local Agency Investment Fund (LAIF). These balances represent cash and investments that mature in less than 90 days, reflecting their high liquidity and short-term nature.

Inventory

Inventories are valued at their cost, which is approximately equal to the market value. The Authority uses the first-in/first-out (FIFO) method to determine the cost of its inventories. The costs of inventories are recognized as expenses when they are consumed or used, following the consumption method. In other words, inventory costs are expensed as they are utilized in the Authority's operations. The inventory of materials and supplies comprises motor pumps and repair parts and supplies. These items are essential for the Authority's operations and are tracked using the FIFO method, ensuring that the oldest inventory is used first to calculate costs. This accounting treatment ensures that the Authority reflects the cost of its inventory accurately in its financial statements and recognizes the corresponding expenses as the inventory is consumed or utilized in its activities.

(1) Reporting Entity and Summary of Significant Accounting Policies (continued):

Capital Assets

Property, plant, and equipment are initially recorded on the financial statements at their historical cost. This cost includes not only the purchase price but also expenses related to rehabilitation, construction, and other ancillary costs that are necessary to put the assets into productive use. In cases where assets are donated to the Authority, they are recognized in the financial statements at their acquisition value as of the donation date. This ensures that the value of donated assets is accurately reflected in the financial statements. The Authority maintains specific capitalization thresholds that dictate when the costs associated with an asset are capitalized. These thresholds are established to determine which expenditures meet the criteria for inclusion in the cost of property, plant, and equipment.

The proper application of these principles ensures that the financial statements of the Authority provide a reliable and comprehensive representation of its investments in property, plant, and equipment, including both purchased and donated assets, while adhering to defined capitalization thresholds. Current capitalization thresholds are reflected in the following table.

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

New tangible and intangible assets are recorded in the financial statements at the end of each fiscal year. This includes the acquisition or creation of these assets during the year. Depreciation and amortization expenses begin in the subsequent fiscal year after the assets have been added to the financial statements. These expenses are calculated using the straight-line method, which means the cost of the assets is allocated evenly over their estimated useful lives. The estimated useful lives of these assets range from 5 to 50 years. This range determines the period over which the cost of the assets will be allocated as depreciation or amortization expense.

This accounting approach ensures that the costs of acquiring or creating tangible and intangible assets are recognized in the financial statements. Their respective depreciation and amortization expenses are accounted for systematically over their estimated useful lives, providing a more accurate representation of the assets' consumption or diminishing value.

(1) Reporting Entity and Summary of Significant Accounting Policies (continued):

Capital Assets (continued):

Estimated useful lives are:	 Furniture, machinery and equipment	5 – 10 years
	 Improvements	15 years
	 Buildings and plants	5 – 50 years
	 Intangible Assets	30 – 50 years

The Authority capitalizes interest on tax-exempt debt issued to finance construction projects, net of interest earned on the unspent proceeds. This approach ensures that the financial statements accurately reflect the true cost of financing the construction projects by capitalizing the interest expenses while considering any offsetting interest income earned on unspent proceeds.

Deferred Outflows/Inflows of Resources:

The statement of net position may include sections for deferred outflows of resources and deferred inflows of resources in addition to assets and liabilities.

Deferred Outflows of Resources: Deferred outflows of resources represent situations where resources have been consumed or used in a manner that applies to future periods, but the recognition of these as outflows (expenditures) is postponed until those future periods. The Authority has recognized deferred outflows of resources amounting to \$ 2,796,141 at the end of June 30, 2024, which is related to the extinguishment of the 2008A Series Bonds and the issuance of the 2016A Revenue Refunding Bonds. These amounts are not considered immediate outflows but pertain to future periods.

Deferred Inflows of Resources: While deferred outflows represent future expenses, deferred inflows of resources signify resources that have been acquired but apply to future periods and are not recognized as immediate inflows (revenues) until those future periods arrive. According to the information provided, the Authority currently has no deferred inflows of resources to report on in its financial statements.

The use of these categories helps ensure that the timing of certain financial transactions and their impact on future periods is accurately reflected in the financial statements.

Prepaid Costs

Prepaid bond insurance costs on debt issuances are to be amortized over the life of the debt. For the 2016A Desalter Revenue Refunding bonds, the remaining amortization period is 12 years at the end of June 30, 2024.

Operating revenues and expenses relate to transactions generated as a direct result of the core business in which the Authority is engaged. These transactions can be repetitive in nature within the normal business cycle. Non-operating revenues and expenses are transactions incurred infrequently during the Authority's business. These types of transaction are generally not directly related to the general business of the Authority.

(1) Reporting Entity and Summary of Significant Accounting Policies (continued):

Operating and Non-Operating Revenues and Expenses

Transactions recorded in this category are generally capital in nature. Construction in progress funded by the Expansion Project Sponsors, South Archibald Plume Project, and federal grants receipts are prime examples. Since receipts from federal grants are pass-through in nature, the offsetting value is recorded in the non-operating revenues/(expenses) category under the caption of payments of federal grants to Expansion Project Sponsors.

New Accounting Pronouncements

GASB Statement No. 100: Accounting Changes and Error Corrections

Effective for the fiscal year ended June 30, 2024, the Chino Basin Desalter Authority (CDA) has implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*. This statement provides guidance on accounting for and reporting changes in accounting principles, changes in accounting estimates, and corrections of errors.

As part of implementing GASB 100, a material restatement has been made to the financial statements for FY24. During this fiscal year, management identified an error in classifying assets related to the contract with San Bernardino County (Agreement No. 19-678) for the Chino Airport Plume Project. It was determined that the ownership of the asset belongs to the San Bernardino County, but the asset was incorrectly recorded in the Authority's financial statements as part of Construction in Progress and Contributed Capital from fiscal years 2020 through 2023.

The total amount erroneously recorded was \$8,405,333, distributed across the fiscal years as follows:

- **FY 2019-2020:** \$102,958
- **FY 2020-2021:** \$399,357
- **FY 2021-2022:** \$5,734,419
- **FY 2022-2023:** \$2,168,599

The correction of this error has resulted in the restatement of the prior period financials to remove the misclassified asset from the Authority's records, thereby adjusting the net position accordingly. This restatement ensures that the financial statements accurately reflect the proper ownership and classification of assets.

GASB Statement No. 101: Compensated Absences

In addition, CDA has adopted GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year ended June 30, 2024. This statement provides improved guidance for recognizing and measuring liabilities for compensated absences, including vacation, sick leave, and other leave benefits. GASB 101 ensures that the liabilities associated with compensated absences are more accurately reported, reflecting a government's obligation to its employees. The adoption of GASB 101 has been incorporated into the financial statements and required adjustments have been made to align with the new standards.

The Authority is committed to maintaining the highest financial reporting and transparency standards. The implementation of GASB 100, including the material restatement, and GASB 101 reinforces that commitment by enhancing the accuracy and consistency of our financial disclosures.

(2) Cash and Investments:

Cash and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position

Unrestricted current cash & investments	\$	3,663,743
Restricted current assets held for Ph3 Expansion Project		873,216
Restricted current assets held for South Archibald Plume Project		2,134,593
Long-term investment		25,679,167
Total cash and investments	\$	<u>32,350,719</u>
Deposits with financial institutions	\$	834,460
Investments		31,516,259
Total cash and investments	\$	<u>32,350,719</u>

Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below outlines the types of investments authorized for the Authority as per the California Government Code and the Authority's Investment Policy. It also provides information on the associated risks, including interest rate risk, credit risk, and concentration of credit risk. Please note that this table does not cover investments of debt proceeds held by a bond trustee, which are typically governed by the terms and conditions specified in the debt agreements of the Authority. The Authority's investment strategy is designed to align with these guidelines and manage risk appropriately.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Commercial Paper	270 days	None	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	90 days	None	None
Medium Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	None	None
State Investment Pool	N/A	None	None

Investments Authorized by Debt Agreements

Investments of debt proceeds held by a bond trustee are typically governed by specific provisions outlined in the respective debt agreements, which may override general provisions in the California Government Code or the Authority's Investment Policy.

The table below outlines the types of investments authorized for funds held by a bond trustee and highlights key provisions in the debt agreements related to the quality of risk, interest rate risk, credit risk, and concentration of credit risk. These provisions are essential to ensure compliance with the terms and conditions of the debt agreements and the prudent management of the funds.

(2) Cash and Investments (continued):

Investments Authorized by Debt Agreements

Authorized Investment Type	Minimum Rating	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment One Issuer
U.S. Treasury Obligations	None	None	None	None
U.S. Agency Securities	None	None	None	None
Money Market Funds	AA-m / Aa2	N/A	None	None
Certificates of Deposits	None	None	None	None
Investment Agreements	None	None	None	None
Commercial Paper	A-1 / Prime-1	270 days	None	None
Banker's Acceptances	A-1 / Prime-1	1 Year	None	None
Repurchase agreements	A	30 days	None	None
LAIF	None	N/A	None	None
Medium-Term Note	A	5 Years	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk related to changes in market interest rates that will adversely affect the fair value 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. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

Investment Type	Value	12 or Less	13 to 24	25 to 60
Negotiable Certificates of Deposit	\$ 3,436,867	\$ 1,966,915	\$ 1,220,297	\$ 249,655
Repurchase Agreement	3,510,578	3,510,578	-	-
State Investment Pool	2,326,514	2,326,514	-	-
U.S. Treasury Notes	1,885,780	-	1,885,780	-
U.S. Government Sponsored Entities	11,015,500	3,444,880	5,585,320	1,985,300
Medium Term Notes	9,341,020	994,540	8,346,480	-
Total	<u>\$ 31,516,259</u>	<u>\$ 12,243,427</u>	<u>\$ 17,037,877</u>	<u>\$ 2,234,955</u>

(2) Cash and Investments (continued):

Investments with Fair Values Highly sensitive to Interest Rate Fluctuations

The Authority's Investment Policy outlines key principles related to the management of its investments, which include the limitation to securities with a final state maturity not exceeding five years. This policy restricts the investment horizon to a relatively shorter term to manage interest rate risk. To effectively manage exposure to interest rate risk, the Authority adopts a strategy that combines both short-term and long-term investments. This diversification allows for a balanced allocation of investments across different maturities. Maturities of investments are evenly distributed to ensure a consistent cash flow and maintain liquidity to meet the Authority's operational needs. This approach prevents the concentration of maturities in any given period. The Authority uses the segmented time distribution method to disclose interest rate risk. This method allows for transparent reporting of the maturity distribution of investments and provides transparency regarding the Authority's exposure to fluctuations in interest rates over different time segments. These investment strategies and disclosure methods help the Authority prudently manage its investments while mitigating interest rate risk and maintaining liquidity for its operational requirements.

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment may not fulfill its obligation to the holder of the investment. This risk is typically evaluated through credit ratings assigned by nationally recognized statistical rating organizations (NRSROs). This information serves to communicate the criteria set by the Authority's Investment Policy regarding the minimum credit rating required for its investments. It also provides stakeholders with an understanding of how well the actual investments align with these criteria in terms of credit risk.

Disclosures Relating to Credit Risk

Below is information regarding the minimum rating required by the Authority's Investment Policy and the actual Moody's rating as of the fiscal year ended June 30, 2024:

Investment Type	Value	Minimum				
		Rating	Aaa	A1 to A3	Aa2	Unrated
Negotiable Certificates of Deposit	\$ 3,436,867	N/A	\$ -	\$ -	\$ -	\$ 3,436,867
Repurchase Agreement	3,510,578	N/A	-	-	-	3,510,578
State Investment Pool	2,326,514	N/A	-	-	-	2,326,514
U.S. Treasury Note	1,885,780	N/A	1,885,780	-	-	-
U.S. Gov't Sponsored Entities	10,516,110	N/A	10,516,110	-	-	-
Federal National Mortgage Association	499,390	N/A	-	-	-	499,390
Money Mkt Funds		N/A	-	-	-	
Medium Term Notes	2,980,740	A	-	2,980,740	-	-
Medium Term Notes	2,670,000	A	-	-	2,670,000	-
Medium Term Notes	1,845,760	A	-	1,845,760	-	-
Medium Term Notes	1,844,520	A	-	1,844,520	-	-
Total	\$ 31,516,259		\$ 12,401,890	\$ 6,671,020	\$ 2,670,000	\$ 9,773,349

(2) Cash and Investments (continued):

Concentration of Credit Risk

The Investment Policy of the Authority contains several limitations on the amount that can be invested in any one issuer and type of investment as well as that stipulated by the California Government Code. Investments in any one issuer (excluding investment pool) that represent 5% or more of the total Authority investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage</u>
Federal Home Loan Bank	U.S. Gov't Issues	\$ 10,516,110	33.37%
Negotiable Certificate of Deposits	NCDs	3,436,867	10.91%
Citizens Business Bank	Repurchase Agreement	3,510,578	11.14%
JP Morgan Chase	Medium Term Note	2,980,740	9.46%
Canadian Imperial Bank	Medium Term Note	2,670,000	8.47%
Citigroup Inc	Medium Term Note	1,845,760	5.86%
Bank of America Corp	Medium Term Note	1,844,520	5.85%
U.S. Treasury	US Treasury	1,885,780	5.98%
Total		<u>\$ 28,690,355</u>	<u>91.03%</u>

Concentration of Credit Risk

Custodial credit risk for both deposits and investments presents risks that, in the event of a depository financial institution's failure or a counterparty's failure, a government may not recover its deposits or the value of its investments, including collateral securities held by external parties. The California Government Code and the Authority's Investment Policy do not impose specific legal or policy restrictions to limit exposure to custodial credit risk for deposits or investments, except for the following deposit provisions:

The California Government Code requires that financial institutions secure deposits made by state or local governmental units. This security is achieved by pledging securities in an undivided collateral pool held by a depository regulated under state law unless waived by the governmental unit. The market value of these pledged securities must be at least 110% of the total deposited amount by public agencies. Furthermore, California law permits financial institutions to secure City deposits by pledging first trust deed mortgage notes with a value of 150% of the secured public deposits. It's important to note that the Authority's deposits are safeguarded through FDIC insurance or collateralization, as California Law mandates.

The investment in the Repurchase Agreement is uninsured, and the collateral for the repurchase agreement is held in the name of Citizens Business Bank, not in the name of the Authority. Additionally, investments held by a fiscal agent are managed based on the terms of the applicable trust agreement. The trustee is responsible for selecting, acquiring, and safeguarding these investments on behalf of the reporting government.

In summary, custodial credit risk management is addressed through specific provisions for deposits in the California Government Code and the Authority's Investment Policy. While these provisions aim to secure governmental funds, investments may carry varying degrees of risk based on individual agreements and arrangements. Additionally, investments held by a fiscal agent are managed according to trust agreements, ensuring prudent management and safekeeping of these assets on behalf of the reporting government.

(2) Cash and Investments (continued):

Investment in State Investment Pool

The Authority actively participates in the Local Agency Investment Fund (LAIF), operating under the regulatory framework outlined in California Government Code Section 16429 and overseen by the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value of the entire LAIF portfolio in relation to the portfolio's amortized cost. Moreover, the balance available for withdrawal from the Authority's LAIF investment is calculated according to LAIF's accounting records, which follows an amortized cost basis. LAIF requires withdrawals of over \$10,000,000 at least 24-hours' notice, a minimum of \$5K withdrawal threshold, and a monthly limit of 15 withdrawal transactions.

Fair Value Measurements

The Authority classifies its fair value measurements according to the fair value hierarchy defined by generally accepted accounting principles. This hierarchy is structured based on the inputs used to determine the fair value of assets. Level 1 inputs are the most reliable, using quoted prices from active markets for identical assets. Level 2 inputs rely on observable inputs other than quoted market prices, such as market prices for similar assets or interest rates. Level 3 inputs are used when there are limited or no observable inputs, relying on significant unobservable factors and often involving complex models and assumptions. This hierarchy helps stakeholders understand how the Authority determines its assets' fair value and the reliability associated with those valuations.

Investment Type	Not Subject to fair value measurement	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs level 3
Negotiable Certificates of Deposit ²	\$ -	\$ -	\$ 3,436,867	\$ -
Repurchase Agreement ¹	3,510,578	-	-	-
State Investment Pool ¹	2,326,514	-	-	-
U.S. Govt Sponsored Entities ²	499,390	-	12,401,890	-
Medium Term Notes ²	-	-	9,341,020	-
Total	6,336,482	\$ -	\$ 25,179,777	\$ -
Total	<u>\$ 31,516,259</u>			

¹ Not subject to fair value measurement

² Level 2 investments are valued using a Continuous Fixed Income Evaluated Pricing service

(3) Accounts Receivable:

As of June 30, 2024, the Authority is engaged in an on-going legal dispute with a contractor due to damages done to the Chino I Desalter Raw Water pipeline last May 25, 2022, which is the subject of an ongoing investigation and potential litigation. The damage to the water pipeline was allegedly caused by Golden State Boring & Pipe Jacking, a subcontractor of Leatherwood Construction, Inc. (LCI), during the Euclid Avenue Sanitary Sewer Improvements from Kimbal Ave to Merrill Avenue Construction project, resulting in a claim for restitution of damages and potential loss of revenue by Chino Basin Desalter Authority.

(2) Accounts Receivable (continued):

The estimated financial impact of this litigation has been recognized in accordance with accounting standards by temporarily booking the amount of \$317,487 in accounts receivable with a corresponding entry to Allowance for Doubtful Accounts. The Authority has booked the amount related to this litigation based on the management's best estimate as of the reporting date.

Management is actively cooperating with legal counsel to assess the claim's merits, evaluate potential outcomes, and explore potential settlement discussions. Given the uncertainty of the litigation, the estimated loss is subject to revision as additional information becomes available during the legal proceedings. The Authority will closely monitor the progress of the litigation and any changes in estimates. Any significant changes to the estimate of the potential loss will be recorded in the financial statements when such changes become known.

Stakeholders are cautioned to rely on something other than the current estimate of the potential loss, as it may be subject to change. The Authority will disclose material developments in the legal proceedings as accounting and disclosure standards require. The financial statements do not reflect any potential insurance recoveries, if applicable, as the outcome of the litigation and the recoveries are uncertain. Management believes that the ultimate resolution of this litigation when it occurs, will not have a material adverse impact on the Authority's financial position or results of operations.

(4) Restricted Assets:

These include: (a) deposits held in lieu of retention which required funds to be separately set aside for retention; (b) deposits held for expansion project costs; (c) deposits held for the south Archibald plume project; (d) deposits held in escrow accounts.

(5) Risk Management:

The Authority 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. The Authority maintains insurance coverage, including insurance policies such as general liability, property, and workers' compensation, to mitigate potential financial losses arising from various risks. The coverage is designed to provide protection for significant liabilities and property damage. The Authority is covered by commercial insurance purchased from independent third parties and covers loss related to general liability and errors and omissions claims of up to \$ 5M per occurrence and an aggregate limit of \$5M. The Authority also maintains insurance coverage for loss related to automobile liability of \$5M and property damage claims categories of up to filed values.

Claim Liabilities

The Authority recognizes claim liabilities when there is a likelihood of incurring a loss, and the estimated loss amount can be reasonably determined. These liabilities encompass provisions for both reported claims and incurred but not yet reported claims (IBNRs). A negative figure may arise due to changes in the estimated unpaid claims balance at the start of the current year. The computation of claim liabilities considers various factors, including the impact of inflation, recent trends in claim settlements (such as frequency and payout amounts), and broader economic and societal influences.

(5) Risk Management (continued):

Claim Liabilities

As of June 30, 2024, the Authority has not recorded any liabilities related to claims or judgments. Furthermore, no documented losses have been incurred in the past three years.

(6) Contingencies:

Amounts received or anticipated from grant agencies are subject to potential audits and subsequent adjustments by the grantor authority. It's important to note that any disallowed claims, including those for which funds have already been collected, may result in liabilities for the Authority. While the exact amount of expenditures that the grantor may disallow cannot be determined at this moment, the Authority believes that these potential amounts are expected to be minor and not material.

Furthermore, the annual reconciliation process, which compares actual operations and maintenance costs to the budget for the fiscal year 2023/24, may lead to either unrecorded liabilities or receivables. The outcome of this reconciliation will determine the specific amount, which remains undetermined at this time. This process reflects the ongoing financial management efforts to ensure accurate reporting and accountability for grant-related activities.

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(7) Changes in Capital Assets:

Capital Assets

The following is a summary of capital assets, accumulated depreciation and amortization, jobs in progress and intangible assets on June 30, 2024, with changes therein:

	Balance at 06/30/23	Additions	Transfers & Retirements	Balance at 06/30/24	Accumulated Depreciation at 06/30/24	Net Book Value at 06/30/24
Capital Assets, not being depreciated:						
Land	\$ 4,380,071	\$ -	\$ -	\$ 4,380,071	\$ -	\$ 4,380,071
Capital Projects in Progress	39,756,166	3,977,452	(16,929,270)	26,804,348	-	26,804,348
Total capital assets, not being depreciated	<u>44,136,237</u>	<u>3,977,452</u>	<u>(16,929,270)</u>	<u>31,184,419</u>	<u>-</u>	<u>31,184,419</u>
Capital assets, being depreciated:						
Treatment plants, pump stations and pipelines	267,173,433	5,815,486	-	272,988,919	(64,734,054)	208,254,865
Land Improvements/ Easements	14,869,711	-	-	14,869,711	(9,378,274)	5,491,437
Equipment	4,857,574	2,101,504	-	6,959,078	(3,889,162)	3,069,916
Total capital assets, being depreciated	<u>286,900,718</u>	<u>7,916,990</u>	<u>-</u>	<u>294,817,708</u>	<u>(78,001,490)</u>	<u>216,816,218</u>
Capital Assets, being amortized						
Computer software	157,846	-	-	157,846	(157,846)	-
Lease Building	258,855	-	-	258,855	(87,913)	170,942
Subscription Asset	206,251	13,605	(80,138)	139,718	(60,713)	79,005
Supplementary treatment capacity	24,216,851	-	-	24,216,851	(14,086,756)	10,130,095
Total capital assets, being amortized	<u>24,839,803</u>	<u>13,605</u>	<u>(80,138)</u>	<u>24,773,270</u>	<u>(14,393,228)</u>	<u>10,380,042</u>
Total capital assets	<u>\$ 355,876,758</u>	<u>\$ 11,908,047</u>	<u>\$ (17,009,408)</u>	<u>\$ 350,775,397</u>	<u>\$ (92,394,718)</u>	<u>\$ 258,380,679</u>

(7) Changes in Capital Assets (continued):

Reduction in Capital Projects in Progress

During the fiscal year ended June 30, 2024, the Capital Projects in Progress account experienced a reduction of \$16.9 million. This reduction includes a restatement related to the correction of misclassified assets as detailed in Note 9. As part of the implementation of GASB Statement No. 100, the Authority corrected the classification of assets related to the Chino Airport Plume Project, which resulted in a reinstatement adjustment within the Capital Projects in Progress account.

The total restatement for this error amounted to \$8.4 million, which contributed to the overall reduction, ensuring that the financial statements accurately reflect asset ownership and project status.

Changes in Accumulated Depreciation and Amortization

The following is a summary of property, plant and equipment accumulated depreciation and amortization on June 30, 2024:

	Balance at 6/30/2023	Additions	Transfers & Retirements	Balance at 6/30/2024
Treatment plants, pump stations and pipelines	\$ (57,365,627)	\$ (7,368,427)	\$ -	\$ (64,734,054)
Land improvements/easements	(8,986,462)	(391,812)	-	(9,378,274)
Equipment	(3,602,993)	(286,169)	-	(3,889,162)
Accumulated depreciation	<u>(69,955,082)</u>	<u>(8,046,408)</u>	<u>-</u>	<u>(78,001,490)</u>
Computer software	(157,846)	-	-	(157,846)
Lease Building	(58,608)	(29,305)	-	(87,913)
Subscription Asset Softwar	(41,018)	(30,646)	10,951	(60,713)
Supplementary treatment capacity	(13,370,321)	(716,435)	-	(14,086,756)
Accumulated amortization	<u>(13,627,793)</u>	<u>(776,386)</u>	<u>10,951</u>	<u>(14,393,228)</u>
Total accumulated depreciation/amortization	<u>\$ (83,582,875)</u>	<u>\$ (8,822,794)</u>	<u>\$ 10,951</u>	<u>\$ (92,394,718)</u>

Depreciation and amortization of tangible and intangible assets has been computed on a straight-line basis over various estimated useful lives ranging from five to fifty years. All new tangible and intangible assets are added at each fiscal year end. Depreciation and amortization start in the following fiscal year and are computed using the straight-line method over the estimated useful lives (5 - 50 years) of the assets.

(7) Changes in Capital Assets (continued):

Changes in Accumulated Depreciation and Amortization (continued)

The value of the Subscription Asset Software was \$139,718 with accumulated amortization of \$60,713, and the value of the right-to-use asset for the Lease Building was \$258,855 with accumulated amortization of \$87,913. For the fiscal year ended June 30, 2024, the depreciation and amortization expenses were \$8,822,794.

Capital Projects in Progress

This section of the financial statements captures the total expenses accumulated for capital projects that are currently underway but still need to be finalized and put into operation. These expenses encompass construction, equipment acquisition, and other costs linked to the ongoing projects. Capital projects in progress are presented on the balance sheet as assets and are subject to regular updates as project milestones are reached and expenses are recognized. For the period ended on June 30, 2024, the capital projects in progress are as follows:

Chino Desalter No. 1 & 2	\$	1,945,892
Chino Desalter Phase 3 Expansion		536,773
South Archibald Plume Cleanup		24,321,683
Total Capital Projects in Progress	\$	26,804,348

(8) Construction Commitments:

As of June 30, 2024, the Authority has made commitments to undertake multiple significant construction contracts during the upcoming fiscal year. These major projects encompass the following.

- **Chino I Chemical Room Rehabilitation** - This project focuses on rehabilitating several critical chemical handling rooms within the Chino I Desalter facility, including the Caustic Soda Feed Room, CIP/Antiscalant Room, Sodium Hypochlorite Room, and Aqueous Ammonia Feed Room. Over time, these areas have suffered from corrosion, chemical residue build-up on piping, and aging equipment. Additionally, the absence of protective coatings on the floors and walls has further contributed to the deterioration of these spaces. The project will address these issues by upgrading equipment, installing protective coatings, and restoring the integrity of these essential chemical rooms.
- **Chino II Chlorine Pump Skid and Piping Replacement** - This project involves replacing outdated pumps and piping in the sodium hypochlorite room at the Chino II Desalter. The current equipment will be replaced with a compact pump skid designed for improved efficiency and reliability. Additionally, the protective coatings on the floors and walls, which have been degraded due to exposure to harsh chemicals and environmental wear, will be replaced to ensure the long-term durability and protection of the facility.
- **Chino I and Archibald Booster Station Roof Repairs** - This project aims to replace the existing 22-year-old roof at the Chino II Desalter building (20,000 sq. ft.) with a new roof designed to withstand winds up to 90 mph. The new roof will come with a 25-year warranty, ensuring longevity and protection. Similarly, the Archibald Booster Station roof, constructed concurrently with the Chino II Desalter, will also be replaced with the same high-durability, 25-year warranty roofing system.

(9) Re-instatement in Capital Projects in Progress and Contributed Capital

During the fiscal year 2023-2024, management discovered an error in the classification of assets related to the contract with San Bernardino County (Agreement No. 19-678) and the Chino Basin Desalter Authority for the Chino Airport Plume Project. Upon final reconciliation of the project, it was determined that the ownership of the asset belongs to the San Bernardino County. However, this asset was incorrectly recorded under the Authority's financial statements as part of Construction in Progress and Contributed Capital for the fiscal years 2020 through 2023.

Nature of the Error:

The error resulted from the misclassification of the assets, which should have been recognized under the County's financial statements instead of the Authority's. The total amount recorded in error was \$8,405,333, distributed across the fiscal years as follows:

- FY 2019-2020: \$102,958
- FY 2020-2021: \$399,357
- FY 2021-2022: \$5,734,419
- FY 2022-2023: \$2,168,599

Impact of the Correction:

In compliance with GASB Statement No. 100, the financial statements for the fiscal year ended June 30, 2024, have been adjusted to correct this error. The Authority made the following adjustments:

1. The assets and corresponding Contributed Capital have been removed from the Authority's records.
2. Prior period financial statements have been restated to reflect these corrections.

The correction resulted in the following adjustments to the beginning net position for the fiscal year 2024:

- Reduction in Construction in Progress: \$8,405,333
- Reduction in Invested in Capital Assets (Equity Account): \$8,405,333

Impact on Financial Statements:

Fiscal Year	Previously Reported Net Position	Adjustment	Restated Net Position
2019-2020	\$ 213,022,155	\$ (102,958)	\$ 212,919,197
2020-2021	\$ 232,761,959	\$ (399,357)	\$ 232,259,644
2021-2022	\$ 237,179,133	\$ (5,734,419)	\$ 230,942,399
2022-2023	\$ 240,498,153	\$ (2,168,599)	\$ 232,092,820

Conclusion:

These corrections have been made in compliance with GASB Statement No. 100, and all necessary adjustments have been reflected in the Authority's financial statements. Future financial statements will accurately reflect the ownership of assets according to the corrected classification.

(10) Long-Term Liabilities:

Summary of long-term debt activity for the fiscal year ended June 30, 2024, was as follows:

2016A Desalter Revenue Refunding Bonds

On July 14, 2016, the Authority issued Revenue Refunding Bonds, Series 2016A, in the amount of \$67,105,000. The Bonds will bear a fixed interest rate between 2.00% to 5.00% annually and payable semi-annually through the year 2035.

Summary of changes in Long-Term debt for the fiscal year ended June 30, 2024:

Bonds Payable	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year	Due after One year
2016A Bonds	\$ 48,375,000	\$ -	\$ 3,215,000	\$ 45,160,000	\$ 3,370,000	\$ 41,790,000
Net Premium (discount)	5,147,095	-	428,925	4,718,170	-	4,718,170
	<u>\$ 53,522,095</u>	<u>\$ -</u>	<u>\$ 3,643,925</u>	<u>\$ 49,878,170</u>	<u>\$ 3,370,000</u>	<u>\$ 46,508,170</u>

For financial presentation purposes, the balance of the deferred bond premium was combined into the long-term bond debt liability, with an aggregate balance on June 30, 2024, of \$49,878,170.

All of the revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established or continued pursuant to the Indenture are irrevocably pledged by the Authority to secure the payment of the principal of and interest on, and the premium, if any, on the Bond in accordance with their terms and provisions of the Indenture subject only to the provisions of the Indenture permitting the application thereof for the purpose and on the terms and conditions set forth therein.

2016A Desalter Revenue Refunding Bonds

As of June 30, 2024, the aggregate debt service requirements on bonded indebtedness to maturity are summarized as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$ 3,370,000	\$ 1,584,513	\$ 4,954,513
2026	3,540,000	1,416,012	4,956,012
2027	3,680,000	1,274,413	4,954,413
2028	3,865,000	1,090,413	4,955,413
2029	4,015,000	935,813	4,950,813
2030 - 2033	17,205,000	2,634,763	19,839,763
2034-2035	9,485,000	429,000	9,914,000
Subtotal	45,160,000	9,364,927	54,524,927
Plus: Net Prem/(Disc)	4,718,170	-	4,718,170
Total debt service payments	<u>\$ 49,878,170</u>	<u>\$ 9,364,927</u>	<u>\$ 59,243,097</u>

(10) Long-Term Liabilities (continued):

Compensated Absences

The Authority provides its employees with compensated absences, including vacation leave, sick leave, and other forms of paid time off. The liability for these compensated absences is reported as both a current and a long-term liability in the financial statements. The classification depends on when the leave is expected to be paid or settled.

Implementation of GASB Statement No. 101

As of June 30, 2024, the Authority adopted GASB Statement No. 101, Compensated Absences. This standard introduces a unified model for recognizing and measuring all types of compensated absences, promoting more consistent and comparable financial reporting.

The table below outlines the changes in compensated absences liabilities for the fiscal year ending June 30, 2024:

<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>One year</u>	<u>Due after</u> <u>One year</u>
\$ 99,773	\$ 64,322	\$ 10,533	\$ 153,562	\$ 39,574	\$ 113,988

Measurement of Liabilities

The liability for compensated absences is measured using employees' pay rates as of the financial statement date, ensuring that the liability reflects the current cost of unused leave earned.

Since the Authority operates solely with the General Fund, all liabilities for compensated absences are liquidated through this fund. The estimates are based on historical data and current employment policies, assessing the likelihood of leave usage or payout in the short term. The liability includes salary-related payments directly associated with compensated absences, such as the employer's contributions to Medicare and retirement plans.

Lease Payable

The following information regarding lease activities is presented. Summary of changes in long term lease liabilities for the fiscal year ended June 30, 2024:

<u>Lease Liability</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u> <u>One year</u>	<u>Due after</u> <u>One year</u>
Lease Building	\$ 209,583	\$ -	\$ 26,242	\$ 183,341	\$ 27,615	\$ 155,726

On 07/01/2022, the Authority entered a 106-month lease as Lessee for the use of 1,986 square foot unit office space. An initial lease liability was recorded in the amount of \$258,855. As of 06/30/2024, the value of the lease liability is \$183,341. The Authority is required to make monthly fixed payments of \$2,250. The lease has an interest rate of 1.3250%. The table below includes one extension option for 60 months.

(10) Long-Term Liabilities (continued):

Lease Payable (continued)

Principal and Interest Requirements to Maturity:

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2025	\$ 27,615	\$ 2,264	\$ 29,879
2026	29,574	1,885	31,459
2027	30,917	1,485	32,402
2028	32,308	1,067	33,375
2029	33,746	630	34,376
2030	29,181	178	29,359
Total	<u>\$ 183,341</u>	<u>\$ 7,509</u>	<u>\$ 190,850</u>

Subscription Payable

Summary of changes in long term lease liabilities for the fiscal year ended June 30, 2024:

<u>Lease Liability</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One year</u>	<u>Due after One year</u>
Subscription Liability	\$ 155,495	\$ 13,605	\$ 90,636	\$ 78,464	\$ 25,442	\$ 53,022

Principal and Interest Requirements to Maturity:

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2025	\$ 25,442	\$ 2,050	\$ 27,492
2026	26,055	1,572	27,627
2027	26,967	799	27,766
Total	<u>\$ 78,464</u>	<u>\$ 4,421</u>	<u>\$ 82,885</u>

In the prior fiscal year, the Authority adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard requires the recognition of subscription liability and a corresponding intangible right-to-use asset for eligible subscription-based IT arrangements.

For the year ended 6/30/2024, CDA has several Subscription-Based Information Technology Arrangements (SBITAs) during the reporting period. For additional information, refer to the disclosures below.

- CDA maintained four active subscriptions, with payments ranging from \$0 to \$23,000 and interest rates between 1.71% and 3.16%.
- The total subscription liability was \$78,464, of which \$25,442 was short-term (due within one year).
- The right-to-use asset had a value of \$139,718, with accumulated amortization of \$60,713.

No variable or other payments not included in the subscription liability were recorded during the fiscal year.

(11) Arbitrage Rebate Obligation:

Arbitrage rebate is a term used to describe the mandatory payment made to the U.S. Treasury when earnings on tax-exempt bond proceeds exceed the yield of the tax-exempt bond issue because those proceeds were invested at a higher yield. Federal regulations stipulate that the arbitrage liability and cumulative excess arbitrage earnings must be calculated and remitted to the U.S. Treasury at the conclusion of the fifth bond year and subsequently every fifth year thereafter.

It's important to note that the 2016A Desalter Revenue Refunding Bonds are subject to arbitrage limitations, but no rebate liability is applicable for the period ended June 30, 2024.

(12) Groundwater Replenishment Expense/Credits:

Due to the CDA's groundwater extraction from the Chino Basin, there is an associated replenishment cost of water, which is determined and assessed by the Chino Basin Watermaster (CBW). CDA, in accordance with an agreement with CBW and its members, receives credit for the replenishment cost related to its annual water production.

In the financial statements provided, this groundwater replenishment credit is recognized as revenue and an associated expense. For the fiscal year 2023/24, the estimated replenishment cost for water production amounted to \$38,599,448. This information highlights the financial recognition of the replenishment cost associated with groundwater extraction and the corresponding credit received by CDA in accordance with its agreement with CBW.

To align with the ongoing financial strategy, the Authority is considering the possibility of not recognizing the groundwater replenishment credit as revenue or the corresponding expense in the coming fiscal years. Given that this credit and its associated cost effectively offset each other, resulting in a net-zero impact on the financial statements, CDA is evaluating whether the continued inclusion of these items is necessary for accurate financial reporting.

(13) Defined Contribution Pension Plans:

In March 2011, the Authority's Board of Directors passed a resolution to establish a deferred compensation plan and designated Mission Square Retirement, formerly ICMA-RC Services, LLC as the plan administrator. Any future modifications to the plan must receive approval from the Authority's Board of Directors. This deferred compensation plan operates as a defined contribution plan and holds qualification status under IRC Section 401(a).

The resolution outlines the plan's key features, including the contribution structure. Qualified employees are required to contribute 4% of their earnings to the plan, while the Authority contributes 20% of the employee's earnings. It is important to note that the General Manager's position is an exception to this contribution formula, as it stipulates a defined monthly pension amount as specified in an employment contract. As of June 30, 2024, the 401(a) plan's total assets amount to \$1,657,427, reflecting an increase of \$330,118 compared to the previous year.

(13) Defined Contribution Pension Plans (continued):

The financial statements of the Authority do not include the financial information related to the 401(a) Defined Contribution Plan and 457 Deferred Compensation plans. The exclusion of these plans from the financial statements is based on the principle that the Authority does not exercise control over the investments or assets held within these Plans. The omission of the Plans from the financial statements has no impact on the financial position, results of operations, or cash flows of the Authority. This information provides an overview of the establishment, administration, and contribution structure of the Authority's deferred compensation plan, emphasizing its adherence to IRC Section 401(a) requirements and Section 457.

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CHINO BASIN DESALTER AUTHORITY (CDA)

Statistical Section

This section of the Chino Basin Desalter Authority's Annual Comprehensive Financial Report serves as a contextual overview, providing detailed information to aid in comprehending the data presented in the financial statements, footnote disclosures, and required supplementary information. It offers insights into the overall financial health of the Authority.

The contents of this section are as follows:

Financial Trends:

These schedules present trend data, allowing readers to discern how CDA's financial performance and overall well-being have evolved over time.

Revenue Capacity:

These schedules furnish information to assist readers in evaluating CDA's primary revenue sources.

Debt Capacity:

These schedules offer insights into the affordability of CDA's current outstanding debts and its capacity to issue additional debt in the future.

Operating Indicators:

These schedules contain data related to service and infrastructure, offering a deeper understanding of CDA's operational activities.

Demographic and Economic Information:

These schedules provide demographic and economic indicators, helping readers grasp the broader context in which the Authority's financial activities are conducted.

This comprehensive section enriches the reader's understanding of CDA's financial condition by providing valuable context and data trends.



CHINO BASIN DESALTER AUTHORITY
Historical Operating Results
Statement of Revenues, Expenses and Changes in Fund Net Position
Fiscal Years Ended June 30, 2015, through 2024

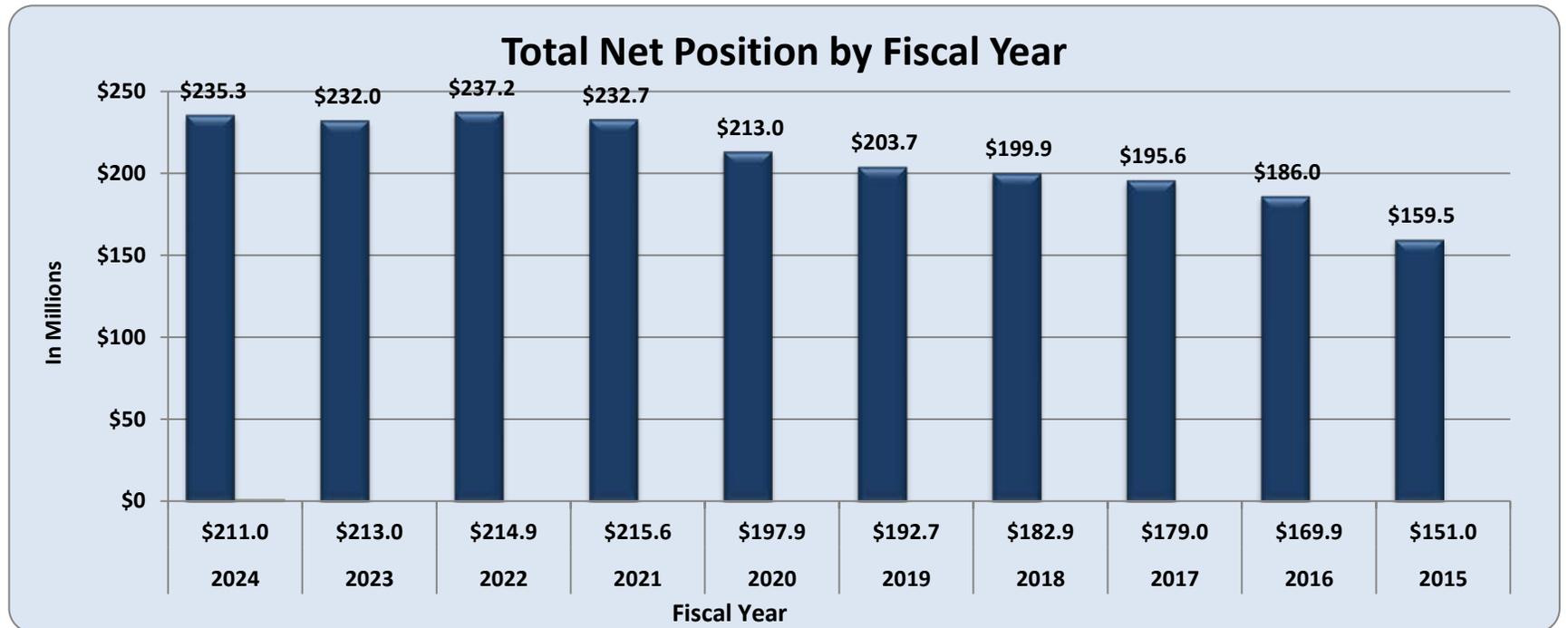
(In Thousand Dollars)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating Revenues										
Operations and maintenance assessments	\$ 34,028	\$ 32,407	\$ 27,670	\$ 26,572	\$ 23,357	\$ 20,786	\$ 19,382	\$ 17,044	\$ 16,618	\$ 14,113
Rebate credits - MWD	2,527	2,780	3,552	3,552	2,704	2,702	2,654	2,687	2,415	2,784
Groundwater replenishment credit	38,599	36,379	34,479	30,222	25,521	23,127	20,897	18,367	20,049	19,022
Total operating revenues	75,154	71,566	65,701	60,346	51,582	46,615	42,933	38,098	39,082	35,919
Operating Expenses										
Operations and maintenance	28,783	27,811	24,162	22,311	17,371	17,404	14,483	11,478	11,355	11,908
MWD credits to member agencies	2,527	2,780	3,552	3,552	2,704	2,702	2,654	2,687	2,415	2,784
Groundwater replenishment expense	38,599	36,379	34,479	30,222	25,521	23,127	20,897	18,367	20,049	19,022
Administration and general	1,489	1,210	1,096	1,087	1,253	1,081	1,267	1,141	1,021	917
Depreciation and amortization	8,823	9,092	8,813	5,858	4,316	4,149	4,102	4,053	3,984	3,963
Total operating expenses	80,221	77,272	72,102	63,030	51,165	48,463	43,403	37,726	38,824	38,594
Operating income (loss)	(5,067)	(5,706)	(6,401)	(2,684)	417	(1,848)	(470)	372	258	(2,675)
Nonoperating Revenues (Expenses)										
Interest income	770	389	187	205	378	336	382	108	324	303
Fixed project/capital assessments	7,805	7,194	6,847	8,505	7,043	6,206	6,541	5,659	10,823	6,562
Other nonoperating revenues (expenses)	517	12	(710)	(38)	312	497	338	(1,033)	387	144
Interest on long-term debt	(1,731)	(1,886)	(2,032)	(2,172)	(2,304)	(2,428)	(2,544)	(2,203)	(3,723)	(3,807)
Annual reconciliation of costs	(386)	(413)	(1,174)	(4,744)	(2,166)	(3,899)	(4,260)	(4,209)	(1,301)	(1,773)
Distribution of reserves to members agencies	-	-	-	-	-	-	-	-	-	(864)
Payments of federal grants to Sponsors	-	-	-	-	(272)	-	(96)	(200)	(4,768)	(3,229)
Total nonoperating revenues (expenses)	6,976	5,296	3,118	1,756	2,991	712	361	(1,878)	1,742	(2,664)
Income (loss) before contributions	1,908	(410)	(3,283)	(928)	3,408	(1,136)	(109)	(1,506)	2,000	(5,339)
Capital Contributions										
Capital grants	508	1,391	665	-	272	-	96	200	4,769	3,229
Contrib Capital - Expansion Ph 3 Prj	449	35	124	4,251	1,018	4,816	3,597	10,578	19,615	58,158
Contrib Capital - South Archibald Plume Prj	398	135	1,176	16,018	4,540	852	708	336	28	-
Contrib Capital - Chino Airport Plume Prj	-	-	-	-	-	-	-	-	-	-
Prior year adjustment	(8,405)	-	-	-	-	-	(749)	-	-	-
Total capital contributions	(7,050)	1,561	1,965	20,269	5,830	5,668	3,652	11,114	24,412	61,387
Change in net position	3,264	1,151	(1,318)	19,341	9,238	4,532	3,543	9,608	26,412	56,048
Total net position - beginning, as restated	232,093	230,942	232,260	212,919	203,681	199,149	195,606	185,998	159,587	103,539
Total net position - ending	\$ 235,357	\$ 232,093	\$ 230,942	\$ 232,260	\$ 212,919	\$ 203,681	\$ 199,149	\$ 195,606	\$ 185,998	\$ 159,587

Source: Chino Basin Desalter Authority's Financial Statements

CHINO BASIN DESALTER AUTHORITY
Net Position by Component
Last Ten Fiscal Years
(in million dollars)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net Investment in Capital Assets (a)	\$ 211.0	\$ 213.0	\$ 214.9	\$ 215.6	\$ 197.9	\$ 192.7	\$ 182.9	\$ 179.0	\$ 169.9	\$ 151.0
Reserved for Membranes Repl	-	-	-	-	-	-	-	-	-	-
Unrestricted	24.3	19.0	16.0	16.6	14.9	11.0	17.0	16.6	16.1	8.5
Total Net Position	<u>\$ 235.3</u>	<u>\$ 232.0</u>	<u>\$ 237.2</u>	<u>\$ 232.7</u>	<u>\$ 213.0</u>	<u>\$ 203.7</u>	<u>\$ 199.9</u>	<u>\$ 195.6</u>	<u>\$ 186.0</u>	<u>\$ 159.5</u>

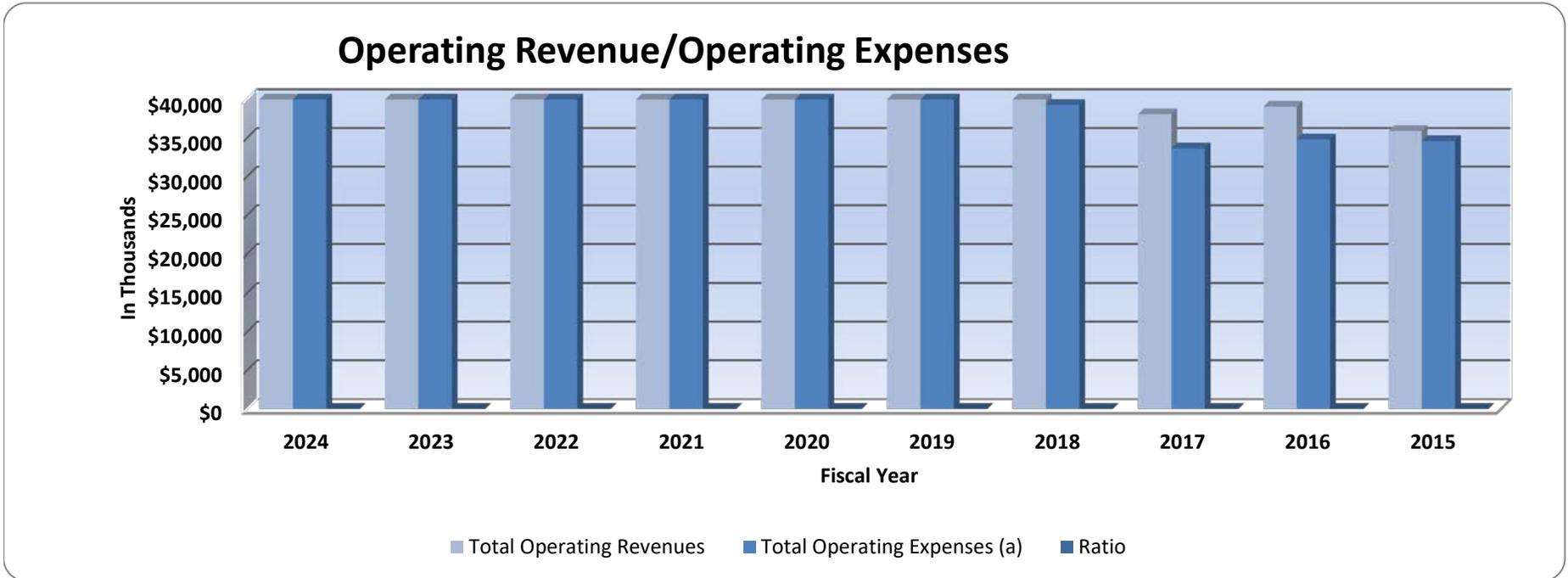


Note (a) - The debt service amount has been incorporated into the calculation of investment in net capital assets.

Source: Chino Basin Desalter Authority's Financial Statements

CHINO BASIN DESALTER AUTHORITY
Other Fiscal Indicator - Service Obligation
Fiscal Years Ended June 30, 2015, through 2024
(Dollars in Thousands)

Description - This indicator measures the ability of the Authority's annual operating revenues to cover annual operating costs. A ratio of one or higher indicates the entity operated within its means.



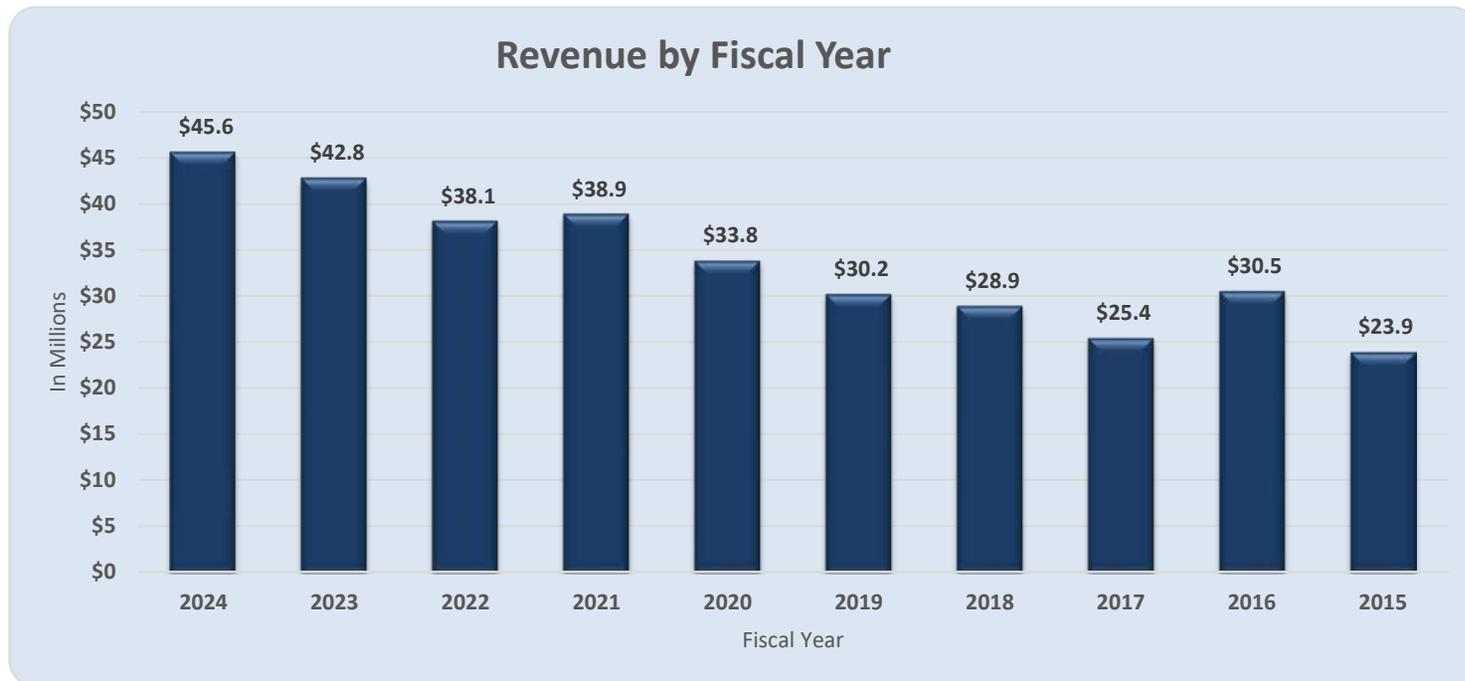
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Operating Revenues	\$ 75,154	\$ 71,566	\$ 65,701	\$ 60,346	\$ 51,582	\$ 46,615	\$ 42,933	\$ 38,098	\$ 39,082	\$ 35,918
Total Operating Expenses (a)	\$ 80,221	\$ 77,273	\$ 72,102	\$ 63,030	\$ 51,165	\$ 44,314	\$ 39,300	\$ 33,674	\$ 34,841	\$ 34,630
Ratio	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.1	1.0

(a) excluding depreciation and amortization expenses

Source: Chino Basin Desalter Authority's Financial Statements

CHINO BASIN DESALTER AUTHORITY
Revenues by Source
Last Ten Fiscal Years
(in million dollars)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
O&M Assessments	\$ 34.0	\$ 32.4	\$ 27.7	\$ 26.6	\$ 23.4	\$ 20.8	\$ 19.4	\$ 17.0	\$ 16.6	\$ 14.1
MWD Contributions	2.5	2.8	3.6	3.6	2.7	2.7	2.7	2.7	2.4	2.8
Total Operating Revenue	36.5	35.2	31.3	30.2	26.1	23.5	22.1	19.7	19.0	16.9
Fixed Project Assessments	7.8	7.2	6.8	8.5	7.0	6.2	6.5	5.6	10.8	6.6
Other Nonoperating Revenue	1.3	0.4	-	0.2	0.7	0.5	0.3	0.1	0.7	0.4
Total Nonoperating Revenue	9.1	7.6	6.8	8.7	7.7	6.7	6.8	5.7	11.5	7.0
Total Combined Revenues	\$ 45.6	\$ 42.8	\$ 38.1	\$ 38.9	\$ 33.8	\$ 30.2	\$ 28.9	\$ 25.4	\$ 30.5	\$ 23.9



Source: Chino Basin Desalter Authority's Financial Statements

CHINO BASIN DESALTER AUTHORITY
Operating Indicators
FY2023-2024 Staffing Allocations
As of June 30, 2024

Total Staffing Positions	Full Time Equivalent	Part-time	Total
Administration	3	2	5
Operations	0	0	0
Total CDA Staff	3	2	5
Chino 1 - Contracted Staff	7	0	7
Chino 2 - Contracted Staff	13	1	14
Total Contracted Staff	20	1	21
Total	23	3	26

Note: Chino 1 operations is under contract with Inland Empire Utilities Agency
Chino 2 operations is under contract with Jurupa Community Service District

Sources: Chino Basin Desalter Authority's Budget for FY2023/24
Billing for Actual Payroll - FY2023/24

CHINO BASIN DESALTER AUTHORITY
Debt Service Payment Schedule
Fiscal Years 2017-2035

Fiscal Year	Interest	Principal	Total Payment	Principal Balance
Beginning balance of the 2016A Bond				\$ 67,105,000
2017	\$ 2,293,814	\$ 2,560,000	\$ 4,853,814	64,545,000
2018	2,553,763	2,305,000	4,858,763	62,240,000
2019	2,438,513	2,465,000	4,903,513	59,775,000
2020	2,315,263	2,645,000	4,960,263	57,130,000
2021	2,183,013	2,780,000	4,963,013	54,350,000
2022	2,044,013	2,910,000	4,954,013	51,440,000
2023	1,898,513	3,065,000	4,963,513	48,375,000
2024	1,745,262	3,215,000	4,960,262	45,160,000
2025	1,584,513	3,370,000	4,954,513	41,790,000
2026	1,416,012	3,540,000	4,956,012	38,250,000
2027	1,274,412	3,680,000	4,954,412	34,570,000
2028	1,090,413	3,865,000	4,955,413	30,705,000
2029	935,812	4,015,000	4,950,812	26,690,000
2030	855,513	4,105,000	4,960,513	22,585,000
2031	763,150	4,195,000	4,958,150	18,390,000
2032	595,350	4,365,000	4,960,350	14,025,000
2033	420,750	4,540,000	4,960,750	9,485,000
2034	284,550	4,670,000	4,954,550	4,815,000
2035	144,450	4,815,000	4,959,450	-

Source: 2016A Bonds Debt Service Schedule

CHINO BASIN DESALTER AUTHORITY
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

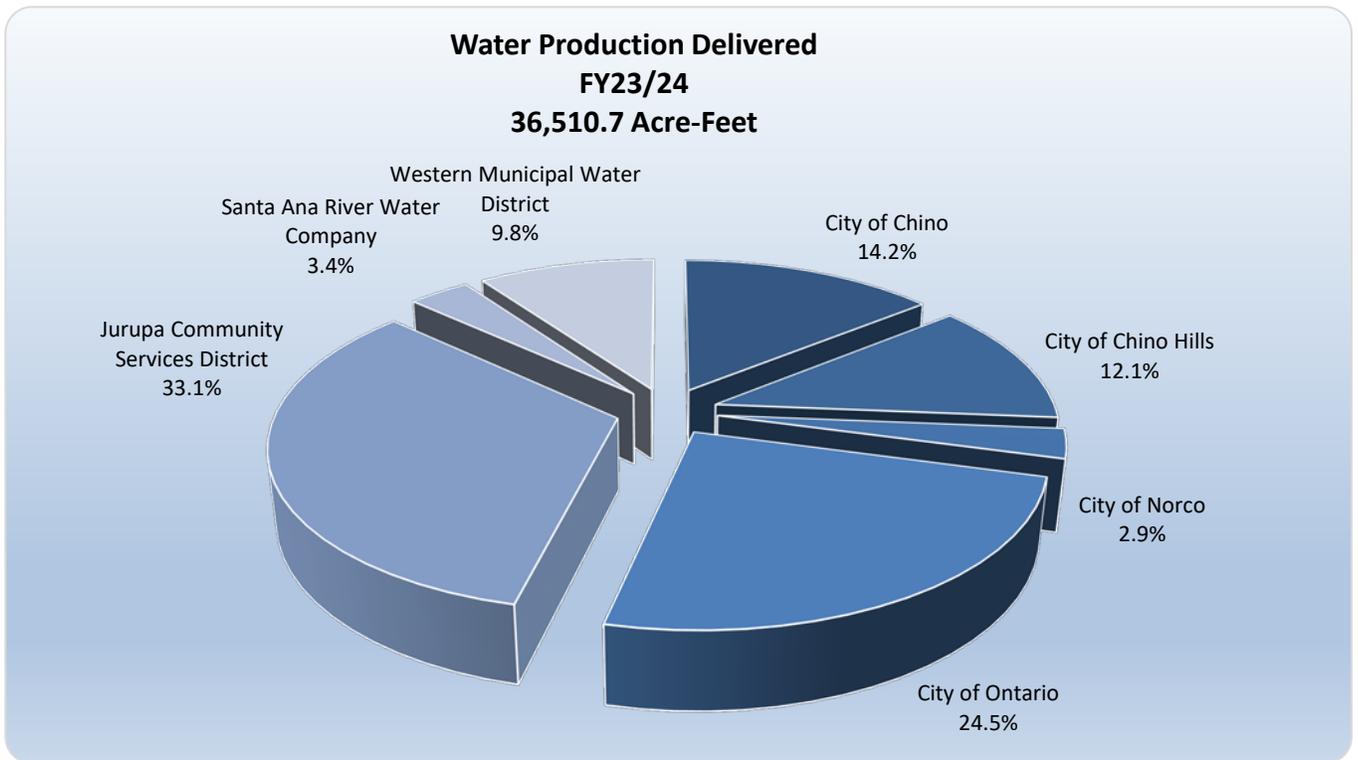
Fiscal Year	Revenue Bonds	Other Liabilities	Total Debt	Total Assets	Total Debt Per Capita
2024	\$ 49,878,170	\$ 261,804	\$ 50,139,974	\$ 296,295,497	17%
2023	53,522,095	296,252	53,818,347	306,018,270	18%
2022	57,016,021	80,000	57,096,021	309,281,174	18%
2021	60,354,946	80,000	60,434,946	314,860,756	19%
2020	63,563,870	80,000	63,643,870	299,129,623	21%
2019	66,637,795	80,000	66,717,795	284,199,297	23%
2018	69,531,720	80,000	69,611,720	283,342,902	25%
2017	72,265,644	80,000	72,345,644	311,956,970	23%
2016	76,066,072	80,000	76,146,072	284,150,138	27%
2015	78,353,234	80,000	78,433,234	277,009,764	28%

Source: Chino Basin Desalter Authority's Financial Data

CHINO BASIN DESALTER AUTHORITY
Water Production Delivered to Member Agencies
For Fiscal Year Ended June 30, 2024

CDA Members	Total Acre-Feet *	Percentage of Acre- Feet Total
City of Chino	5,178.9	14.2%
City of Chino Hills	4,423.9	12.1%
City of Norco	1,060.2	2.9%
City of Ontario	8,932.5	24.5%
Jurupa Community Services District	12,079.7	33.1%
Santa Ana River Water Company	1,239.7	3.4%
Western Municipal Water District	3,595.8	9.8%
Total	36,510.7	100.0%

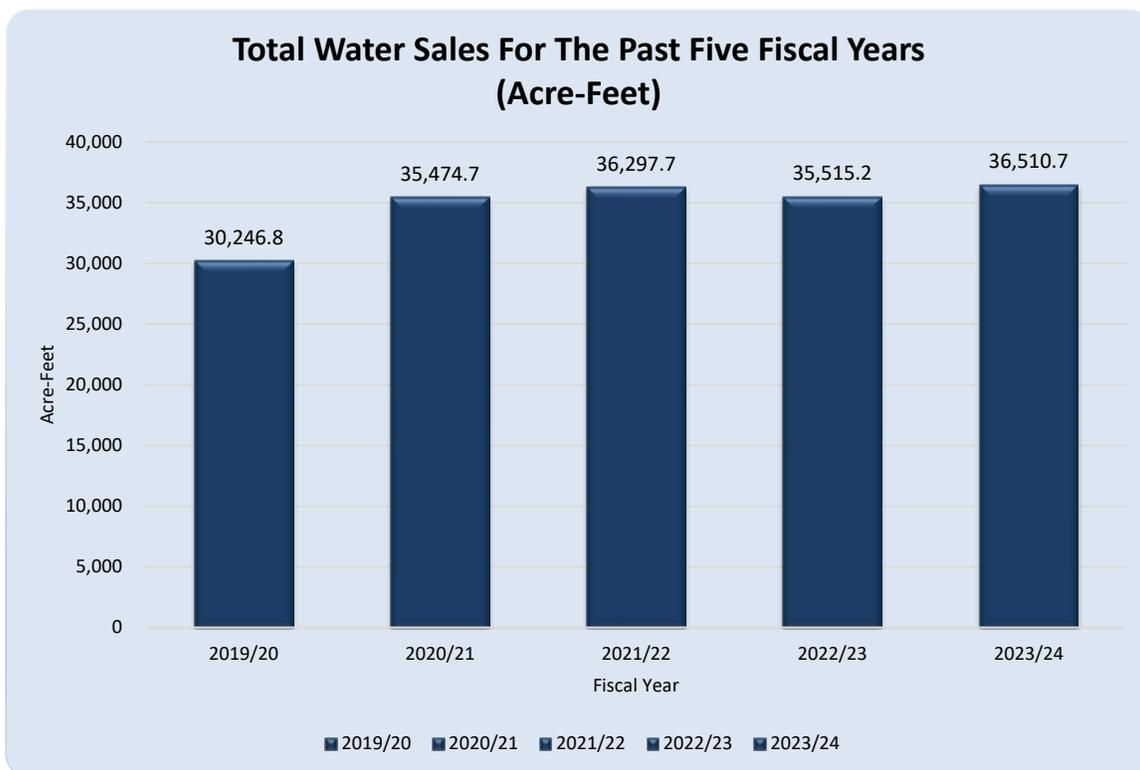
**AF (Acre-Feet) is a unit of measurement equal to 325,900 gallons of water*



Source: Chino Basin Desalter Authority's Production Report

CHINO BASIN DESALTER AUTHORITY
Actual Desalter Water Sales
For the Past Five Fiscal Years
(In Acre-Feet)

Fiscal Year	City of Chino	City of Chino Hills	City of Norco	City of Ontario	Jurupa Community Services District	Santa Ana River Water Company	Western MWD	Total Acre-Feet
2019/20	4,340.9	3,669.3	896.4	7,405.3	10,206.9	1,089.2	2,638.8	30,246.8
2020/21	5,027.0	4,234.1	1,014.8	8,616.7	11,822.5	1,209.4	3,550.2	35,474.7
2021/22	5,068.5	4,232.2	1,074.6	9,113.7	12,046.9	1,235.5	3,526.3	36,297.7
2022/23	5,045.1	4,240.1	1,049.4	8,588.8	11,821.1	1,206.4	3,564.4	35,515.2
2023/24	5,178.9	4,423.9	1,060.2	8,932.5	12,079.7	1,239.7	3,595.8	36,510.7



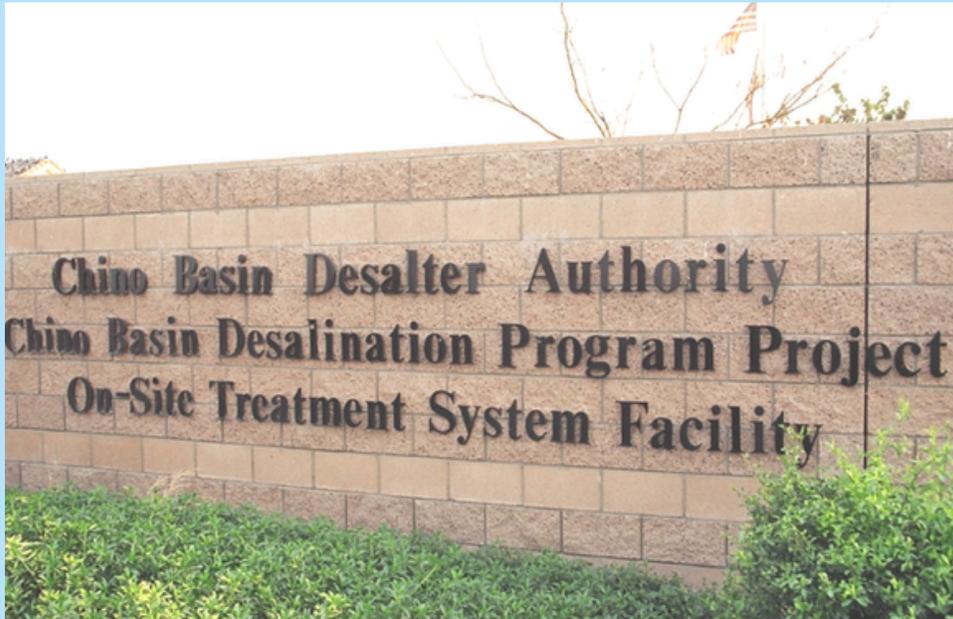
Source: Chino Basin Desalter Authority's Production Report

CHINO BASIN DESALTER AUTHORITY
Demographic and Economic Statistics
Population Served by Member Agencies
June 30, 2024

CDA Members	Population	% of Total
Western Municipal Water District*	1,000,000	63%
City of Ontario	184,705	12%
Jurupa Community Services District	178,642	11%
City of Chino	93,806	6%
City of Chino Hills	76,797	5%
City of Norco	25,399	2%
Santa Ana River Water Company*	10,000	1%
	1,569,349	100%

*Estimated

Sources: San Bernardino County Data
On-line Inquiries
Western MWD Website; ESRI Site Map



A joint project with:

The City of Chino

The City of Chino Hills

The City of Norco

The City of Ontario

Jurupa Community Services District

Santa Ana River Water Company

Inland Empire Utilities Agencies

Western Municipal Water District

Contact us at finance@chinodesalter.org



**CHINO BASIN
DESALTER
AUTHORITY**

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