



**CHINO BASIN
DESALTER
AUTHORITY**



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

Ontario, California



Water Efficiency for a Sustainable Future





**CHINO BASIN
DESALTER
AUTHORITY**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

PREPARED BY

**FISCAL STAFF OF CHINO
BASIN DESALTER AUTHORITY**



CHINO BASIN DESALTER AUTHORITY Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2023

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January 4, 2024

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:

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, 2023. 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	Major Initiatives for the Year and Prospective Plans for the Future
C	Other Pertinent Information

Management Responsibility for Financial Information

The preparation of Fiscal Year 2022/23 Annual Financial Report was prepared by the CDA Finance Staff. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Authority's management. To the best of the management's knowledge and belief, the enclosed information is accurate in all material respects, and is reported in a manner designed to present fairly the financial condition and results of operations of the Authority. Disclosures are presented to enable the reader to gain an understanding of the Authority's financial activities.

January 4, 2024

*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 (IE) region has demonstrated a robust recovery post-Covid pandemic, particularly compared to the rest of the state. The region's major economic sectors have remained stable. However, this positive trend has yet to translate into an improved employment landscape, as a significant portion of the Z generation prefers to commute to neighboring counties in pursuit of higher-paying jobs. Simultaneously, the region faces the challenge of a growing number of baby boomer retirements. Despite this demographic shift, the population of the IE region continues to expand, primarily due to its relatively affordable housing market. With this population growth, the demand for water remains consistently high.

To meet the needs of its members, CDA remains committed to its plan to upgrade both desalination facilities, ensuring a sustainable level of water production. The emphasis on water conservation continues to be a significant focus within the water industry, and in alignment with this commitment, CDA is unwavering in its dedication to providing top-quality water at an affordable rate. We are confident that our efforts in water production will remain sustainable in the years to come.

SECTION B

MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR FY 2022/23

In the 2022/23 fiscal year, a total water delivery of 35,515.2 acre-feet (AF) was accomplished, marking the third consecutive fiscal year of surpassing production goals. Significant progress was made during this period in the Chino I Desalter Granular Activated Compound (GAC) Treatment Facility - Chino Airport Plume project, a collaborative effort with the County of San Bernardino. Despite encountering economic obstacles related to material and supply chain constraints, the project is currently in its concluding phases.

Major Accomplishments

- Third consecutive year of production of water exceeding expected level of 35,200 AF
- Completed the installation of Resin Traps for both Chino I and II
- Substantially completed the Upgrade of RO Trains 1 & 2 at Chino I
- Completed the Archibald Plume Clean-up Project
- Received the GFOA's (Governmental Finance Officers Association) Excellence in Financial Reporting award for Fiscal Year 2021/22 annual comprehensive financial report. This was the 9th year that the CDA has achieved this award.

January 4, 2024

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

MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR FY 2023/24:

Chino Desalter I

- Complete Granular Activated Carbon (GAC) Treatment Facility that is part of the Chino Airport Plume project
- Complete Operations and Maintenance Manual Updates

Chino Desalter II

- Complete the painting of IX Vessels/Brink Tanks
- Complete the Pallet Slurry Pumps & Associated Piping project

South Archibald Plume Project

- Complete 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, 2024

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, 2022. This marks the ninth 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.

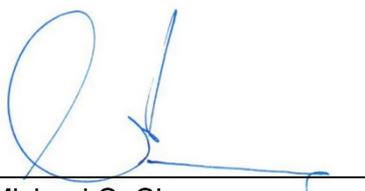
It's important to note that a Certificate of Achievement is valid for a single year. We are confident that our current annual comprehensive financial report continues to meet the stringent requirements of the Certificate of Achievement Program, and we have submitted it to the GFOA for evaluation to ascertain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

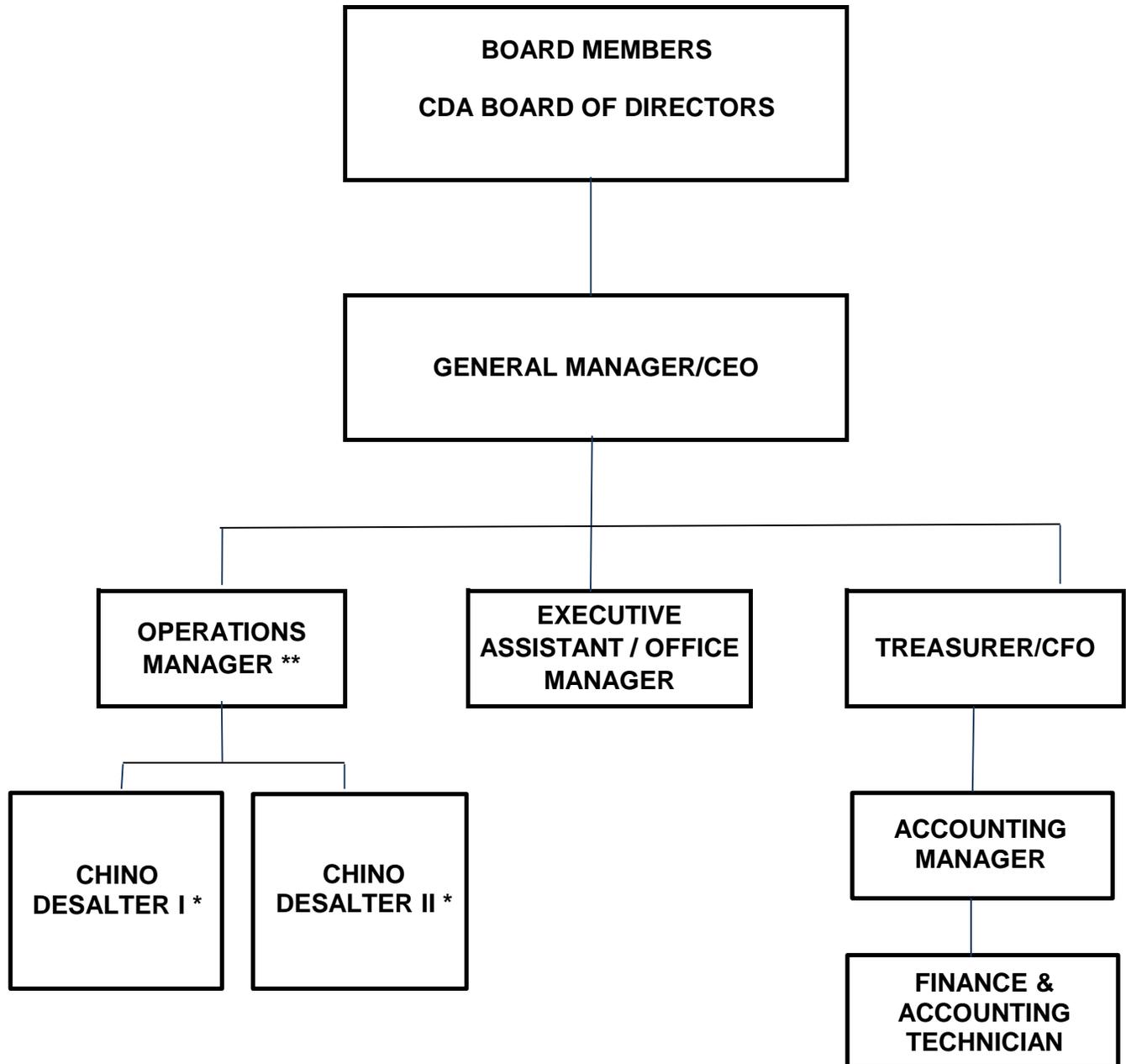


Michael C. Chung
CFO/Treasurer



CHINO BASIN DESALTER AUTHORITY

FY2022/23 ORGANIZATION CHART



* Desalters operated by CDA Member Agencies

** Operations Manager position vacant during FY22/23

CHINO BASIN DESALTER AUTHORITY

Principal Officials

June 30, 2023

BOARD OF DIRECTORS

Eunice Ulloa	<i>City of Chino</i>
Peter Rogers	<i>City of Chino Hills</i>
Betty Folsom	<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, 2022

Christopher P. Morill

Executive Director/CEO





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

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San Bernardino, CA 92408
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Independent Auditor's Report

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Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

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

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



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, 2023, 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 referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2023, and the respective changes in its financial position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

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, 2023, the Authority adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription Based IT Arrangements*. 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 27, 2023 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 27, 2023



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, 2023. 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 2022/23 reflect the twenty-first year of operation for Chino Desalter No. 1 and the fifteenth year 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 Authority reported its financial performance in the fiscal year ended on June 30, 2023. The total revenue derived from operation and maintenance assessments paid by member agencies amounted to \$32,406,800, while fixed project and capital assessments reached \$7,193,516. Furthermore, the Authority has estimated that the local resource subsidy from the Metropolitan Water District (MWD) amounts to \$2,780,158. This calculation is derived from 27,256.45 acre-feet at a modified rate of \$102 per acre-foot. Moreover, there was a significant groundwater replenishment credit from the Chino Basin Watermaster, totaling \$36,378,841, offsetting corresponding expenses from member agencies.

Operating expenses for the fiscal year stood at \$77,272,645. Within this total, operation and maintenance expenses accounted for \$27,811,535. The anticipated MWD's subsidy that will be passed back to member agencies amounted to \$2,780,158, and the groundwater replenishment expense reached \$36,378,341. General and administrative expenses were reported as \$1,209,618. The remaining portion of operating expenses, amounting to \$9,092,493, represented depreciation and amortization costs for both tangible and intangible assets.

In summary, the total revenue for the year amounted to \$79,160,519, combining both operating and non-operating. In contrast, the total expenses, encompassing operating and non-operating costs, stood at \$79,571,002. This resulted in a loss before capital contributions of \$410,483 and a net position change of \$3,319,020 for the fiscal year 2022/2023.

It's worth noting that during this fiscal year, the Authority recorded contributions of \$35,637 for the Phase 3 Expansion Project, \$135,089 for the South Archibald Plume Project, and \$2,168,599 for the Chino Airport Plume Project. As of June 30, 2023, the Authority's net position was \$240,498,153. This figure incorporates its overall financial standing at the conclusion of the fiscal year, considering assets, liabilities, revenues, and expenses.

Changes in Financial Conditions of the Authority

			Increase/(Decrease)	
	2022/23	2021/22	from 2021/22	%
Current unrestricted assets	\$ 10,754,401	\$ 11,268,520	\$ (514,119)	-5%
Current restricted assets	3,945,971	4,076,884	(130,913)	-3%
Capital assets	272,293,883	274,864,265	(2,570,382)	-1%
Other assets	19,024,015	19,071,505	(47,490)	0%
Total assets	306,018,270	309,281,174	(3,262,904)	-1%
Total deferred outflows of resources	3,050,336	3,304,530	(254,194)	-8%
Current liabilities	17,877,865	20,011,245	(2,133,380)	-11%
Noncurrent liabilities	50,692,588	55,395,326	(4,702,738)	-8%
Total liabilities	68,570,453	75,406,571	(6,836,118)	-9%
Net Investment in capital assets	221,457,046	221,152,775	304,271	0%
Unrestricted	19,041,107	16,026,358	3,014,749	19%
Total net position	\$ 240,498,153	\$ 237,179,133	\$ 3,319,020	1%
Operating revenues	\$ 71,565,799	\$ 65,700,906	\$ 5,864,893	9%
Operating expenses	(77,272,645)	(72,101,755)	(5,170,890)	7%
Non-operating revenues	7,594,720	7,034,126	560,594	8%
Non-operating expenses	(1,885,742)	(2,741,910)	856,168	-31%
Prior year annual reconciliation	(412,615)	(1,173,907)	761,292	-65%
Change in net position prior to capital contributions	(410,483)	(3,282,540)	2,872,057	-87%
Capital grants	1,390,178	665,099	725,079	0%
Contributed expansion costs from Sponsors agencies	35,637	124,038	(88,401)	-71%
Contributed South Archibald Plume Project costs	135,089	1,176,158	(1,041,069)	-89%
Contributed Chino Airport Plume Project costs	2,168,599	5,734,419	(3,565,820)	-62%
Total capital contributions	3,729,503	7,699,714	(3,970,211)	-52%
Change in net position	3,319,020	4,417,174	(1,098,154)	-25%
Beginning net position	237,179,133	232,761,959	4,417,174	2%
Ending net position	\$ 240,498,153	\$ 237,179,133	\$ 3,319,020	1%

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 total assets experienced a decrease of \$3.3M, representing a decline of 1%. This reduction is the outcome of various factors across several categories: Current Unrestricted Assets saw an decrease of \$514K due to a decrease in cash and investments. Total Current Restricted Assets slightly decreased by \$131K, primarily due to funds allocated for the South Archibald Plume Clean-up Project. Capital Assets decreased by \$2.6 M over the year, mainly attributed to the growth in accumulated depreciation and amortization. Other Assets, particularly long-term investments, showed an increase of \$1.03 M (as per Note 2), driven by new investments, which was offset by the reduction of \$1.07 M in the Assets held for the defined contribution plan which was excluded in the presentation in the financial statements for the reporting period, as outlined in Note 12.
- Total Deferred Outflows of Resources, \$3M, corresponds to the refunded 2008A Series Bonds and issuance of the 2016A Revenue Refunding Bonds. The debt service reserve fund was utilized for the extinguishment of the 2008A bonds and issuance of the 2016A bond.
- Total liabilities decreased by \$6.8M, or 9%, and is explained by: (1) a decrease in Current Liabilities of \$2.5M, primarily due to a decrease in deposits used for construction of the Chino Airport Plume Project and South Archibald Plume Clean-up Project; (2) a decrease in Noncurrent Liabilities of \$3.6M relating to the 2016A Series Revenue Refunding Bonds annual debt service payments; and (3) \$1M can be attributed to the exclusion of Liability for the defined contribution plans from the presentation in the financial statements for the reporting period, as outlined in Note 12.
- Changes in net position before capital contributions reflect an increase of \$2.9M or 87%. The increase was primarily a result of higher O&M and Capital assessments revenue compared to last year.
- The total change in net position was a positive \$3.3M. This was primarily a result of the addition of capital assets, the corresponding reduction in cash used for capital assets, and the collection of operating and maintenance assessments.

Desalter Water Sales

In the Fiscal Year ended on June 30, 2023, the total volume of product water delivered amounted to 35,515.2 acre-feet (AF). Notably, this marks the third consecutive year in which the targeted production goal of 35,200 AF was successfully achieved. The production figure comprises the original contractual commitment of 24,600 AF and an additional 10,500 AF attributed to the Phase 3 Expansion.

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

- City of Chino: 5,045.13 AF
- City of Chino Hills: 4,240.06 AF
- City of Norco: 1,049.39 AF
- City of Ontario: 8,588.78 AF
- Santa Ana River Water Co.: 1,206.40 AF
- Jurupa Community Services District: 11,821.06 AF
- Western Municipal Water District: 3,564.42 AF

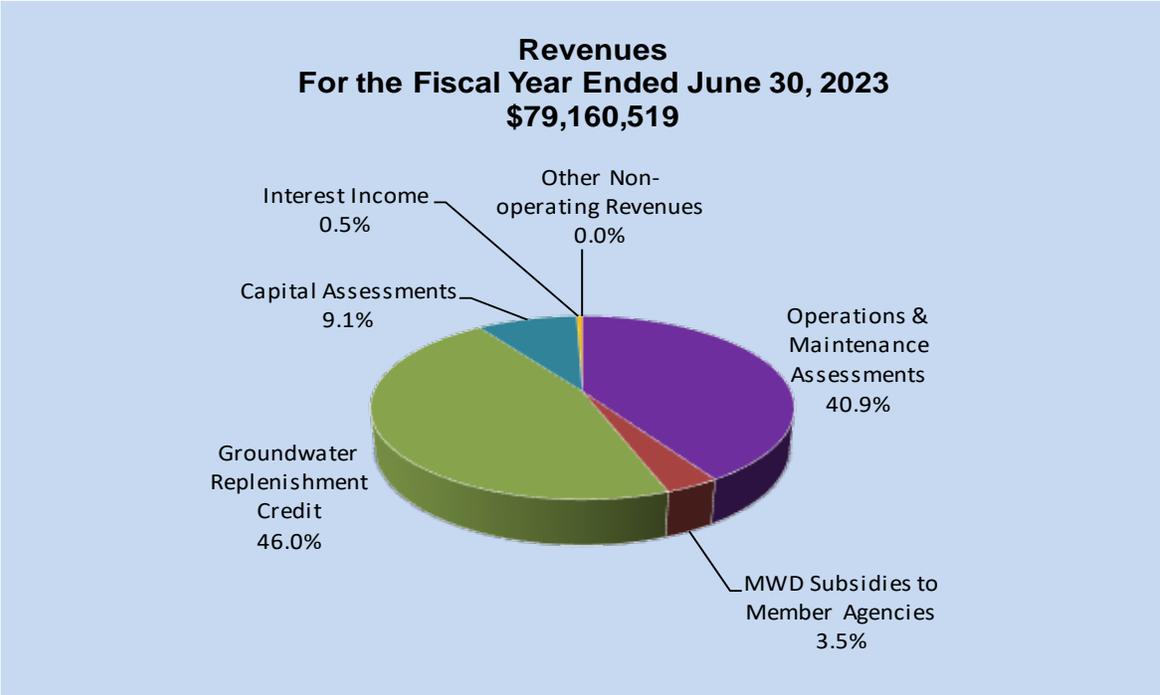
For additional historical production data, please refer to the Supplementary Statistical section of this report. This information underscores the Authority's successful water delivery to its member agencies and commitment to meeting planned production targets.

Revenues

Total revenues for the Fiscal Year ended June 30, 2023, amounted to \$79.2M. The following table presents revenue by category.

Revenue by Category
For the Fiscal Year Ended June 30, 2023
(With Comparative Totals for the Fiscal Year Ended June 30, 2022)

Revenue Category	2022/23		2021/22		Increase/<Decrease> from 2021/22	
	Amount	% Of Total	Amount	% Of Total	Amount	% Of Change
Operations & Maintenance Assessments	\$ 32,406,800	40.9%	\$ 27,670,020	38.4%	\$ 4,736,780	17.1%
MWD Subsidies to Member Agencies	2,780,158	3.5%	3,551,671	4.9%	(771,513)	(21.7%)
Groundwater Replenishment Credit	36,378,841	46.0%	34,479,215	47.9%	1,899,626	5.5%
Capital Assessments	7,193,516	9.1%	6,847,344	9.5%	346,172	5.1%
Interest Income	389,395	0.5%	186,782	0.3%	202,613	108.5%
Other Non-operating Revenues	11,809	0.0%	(710,022)	-1.0%	721,831	(101.7%)
Total Revenues	\$ 79,160,519	100.0%	\$ 72,025,010	100.0%	\$ 7,135,509	9.9%



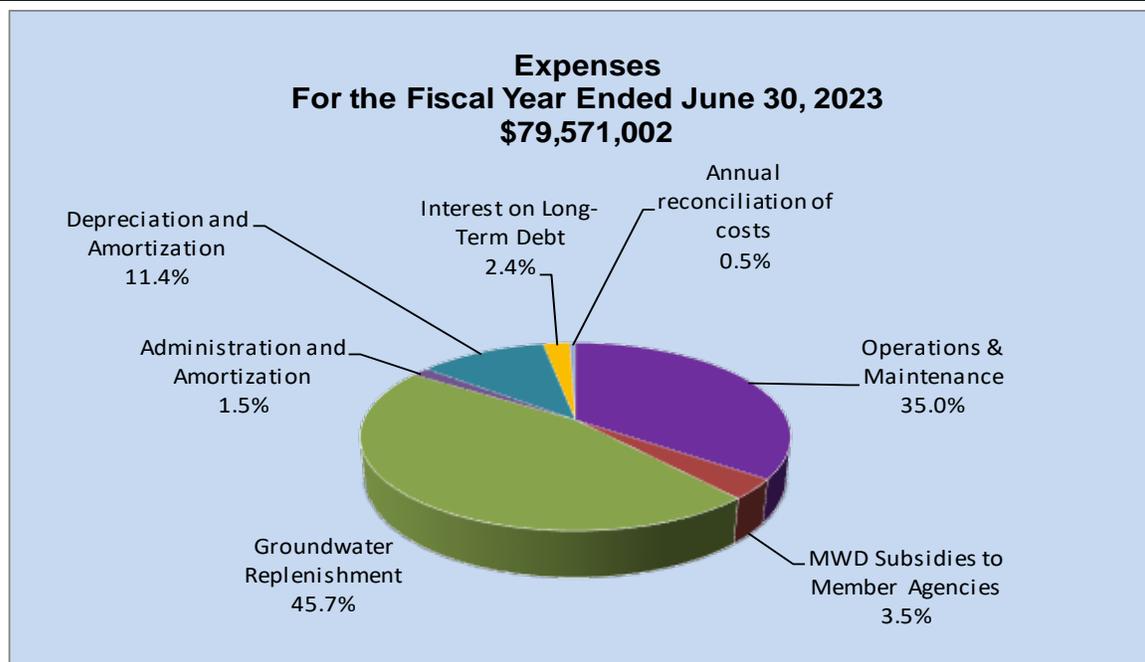
Operations and maintenance assessments to the member agencies were \$32.4M, reflecting an increase of 17.1% or \$4.7M compared to last fiscal year. The increase resulted from budgeted costs primarily associated with higher chemical and energy costs. Furthermore, the MWD subsidy was estimated by the Authority at \$2.8M, calculated based on 27,256.45 acre-feet at a modified rate of \$102 per acre-foot. Capital assessments of \$7.2M were \$346K higher than last year as additional funding was required for the Capital Projects. Other non-operating revenues relate primarily to unrealized losses from the market value adjustment on investments and deferred finance amortization costs.

Expenses

Total expenses for the Fiscal Year ended June 30, 2023, were \$79.6M. The following table presents expenses by category compared to the previous Fiscal Year.

Expenses by Category
For the Fiscal Year Ended June 30, 2023
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)

Expense Category	2022/23		2021/22		Increase/<Decrease> from 2021/22	
	Amount	% Of Total	Amount	% Of Total	Amount	% Of Change
Operations & Maintenance	\$ 27,811,535	35.0%	\$ 24,161,478	32.0%	\$ 3,650,057	15.1%
MWD Subsidies to Member Agencies	2,780,158	3.5%	3,551,671	4.7%	(771,513)	(21.7%)
Groundwater Replenishment	36,378,841	45.7%	34,479,215	45.8%	1,899,626	5.5%
Administration and Amortization	1,209,618	1.5%	1,095,995	1.5%	113,623	10.4%
Depreciation and Amortization	9,092,493	11.4%	8,813,396	11.7%	279,097	3.2%
Interest on Long-Term Debt	1,885,742	2.4%	2,031,888	2.7%	(146,146)	(7.2%)
Annual reconciliation of costs	412,615	0.5%	1,173,907	1.6%	(761,292)	(64.9%)
Total Expenses	\$ 79,571,002	100.0%	\$ 75,307,550	100.0%	\$ 4,263,452	5.7%



Operational and maintenance expenses increased by a notable 15.1% compared to the previous year, primarily attributed to the rise in energy costs due to increased rates. During the same period, the Metropolitan Water District (MWD) subsidy was estimated at \$2.8M to member agencies. The MWD subsidy was the direct offset of revenue recognized. Additionally, there was a reduction of 7.2% in interest payments on long-term debt, amounting to \$146K, which conformed to the debt service schedule associated with the 2016A Revenue Refunding Bonds. However, during the annual cost reconciliation for FY2021/22, prepared in FY2022/23, there was an overassessment of \$2.4M in operational and maintenance expenses. This overassessment was primarily due to overbudgeting for chemicals and electricity costs, driven by uncertainties

surrounding potential rate increases. Simultaneously, the organization underwent multiple process improvements, resulting in the unanticipated consumption of specific chemicals. In response, member agencies retained the \$2M in the Authority's reserve for future Capital Projects funding.

Capital Assets and Construction in Progress (CIP)

Net accumulated depreciation was \$83.6M. The Authority had total capital assets of \$355.9M in FY2022/23. The total capital assets included \$39.8M of CIP.

The South Archibald Plume Clean-up Project accounted for about \$24M of the total CIP, while General CDA projects amounted to \$15.7M. 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, 2023, was \$48.4M. The next principal payment of \$3,215,000 will be due on June 1, 2024. Total bond interest paid and accrued for Fiscal Year 2022/23 amounted to \$1,885,742. Refer to Note #9 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, 2023, 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, 2023

	<u>2023</u>
ASSETS	
Current assets	
Unrestricted current assets	
Cash & investments (Note 2)	\$ 6,582,263
Accounts receivable (Note 3)	4,167,073
Deposits	5,065
Total unrestricted current assets	<u>10,754,401</u>
Restricted current assets	
Cash & investments held for expansion project (Note 2 & 4)	1,312,927
Cash & investments held for south archibald plume project (Note 2 & 4)	2,035,271
Cash held in escrow accounts (Note 4)	597,773
Total restricted current assets	<u>3,945,971</u>
Total current assets	<u>14,700,372</u>
Noncurrent assets	
Restricted noncurrent assets	
Long term investments (Note 2 & 4)	<u>18,945,645</u>
Total restricted noncurrent assets	<u>18,945,645</u>
Capital assets (Note 7)	
Land	4,380,071
Capital Projects in Progress	39,756,166
Capital assets being depreciated, net of accumulated depreciation	216,945,636
Intangible assets, net of accumulated amortization	11,212,010
Total capital assets	<u>272,293,883</u>
Other assets	
Prepaid bond insurance	<u>78,370</u>
Total other assets	<u>78,370</u>
Total noncurrent assets	<u>291,317,898</u>
Total assets	<u>306,018,270</u>
Deferred outflows of resources	
Deferred amount on debt refunding	<u>3,050,336</u>
Total deferred outflows of resources	<u>3,050,336</u>

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

	<u>2023</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 4,954,436
Accrued liabilities	127,471
Accrued balance due to member agencies	183,944
Compensated absences - current payable (Note 9)	10,532
MWD contribution due to member agencies	4,185,969
Retentions payable	43,489
Unearned Revenue	355,581
Long-term debt, due within one year (Note 9)	3,215,000
Interest payable	145,439
Phase 3 Expansion Sponsor deposit	946,491
South Archibald Plume deposit	2,247,214
Chino Airport Plume deposit	331,024
Advance for O&M Costs	464,676
Restricted for Escrow (Note 4)	597,773
Liability for leasing agreements - due within one year (Note 9)	26,242
Subscription Liability - due within one year (Note 9)	42,584
Total current liabilities	<u>17,877,865</u>
Noncurrent liabilities	
Long-term debt, due in more than one year (Note 9)	50,307,095
Compensated absences payable (Note 9)	89,241
Liability for Subscription (Note 9)	112,911
Liability for leasing agreements (Note 9)	183,341
Total noncurrent liabilities	<u>50,692,588</u>
Total liabilities	<u>68,570,453</u>
NET POSITION	
Net investment in capital assets	221,457,046
Unrestricted	<u>19,041,107</u>
Total net position	<u><u>\$ 240,498,153</u></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, 2023

	<u>2023</u>
OPERATING REVENUES	
Operations and maintenance assessments	\$ 32,406,800
MWD contribution revenue	2,780,158
Groundwater replenishment credit	<u>36,378,841</u>
Total operating revenues	<u>71,565,799</u>
OPERATING EXPENSES	
Operations and maintenance	27,811,535
MWD contributions to member agencies	2,780,158
Groundwater replenishment expense	36,378,841
Administration and general	1,209,618
Depreciation and amortization	<u>9,092,493</u>
Total operating expenses	<u>77,272,645</u>
Operating Loss	<u>(5,706,846)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	389,395
Fixed project/capital assessments	7,193,516
Other nonoperating revenue (expenses)	11,809
Interest on long-term debt	(1,885,742)
Annual reconciliation of costs	<u>(412,615)</u>
Total nonoperating revenues (expenses)	<u>5,296,363</u>
Loss before contributions	<u>(410,483)</u>
CAPITAL CONTRIBUTIONS	
Capital grants	1,390,178
Contributed expansion costs from Sponsors agencies	35,637
Contributed capital for South Archibald Plume Project	135,089
Contributed capital for Chino Airport Plume Project	<u>2,168,599</u>
Total capital contributions	<u>3,729,503</u>
Change in net position	<u>3,319,020</u>
Total net position - beginning	<u>237,179,133</u>
Total net position - ending	<u><u>\$ 240,498,153</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, 2023

	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 32,495,433
Cash payments to suppliers for goods and services	(28,599,474)
Cash payments for contract labor	<u>(3,178,923)</u>
Net cash used for operating activities	<u>717,036</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(6,315,860)
Fixed project/capital assessments	7,193,516
Sponsors' contributed capital in Phase 3 Expansion Project	35,637
South Archibald Plume contributed capital	135,089
Chino Airport Plume contributed capital	2,168,599
Capital grant	1,390,178
Annual reconciliation of project costs	(412,615)
Other Capital and Related Financing costs	(3,065,000)
Principal paid on capital debt	(72,321)
Interest paid on capital debt	(1,898,525)
Financial/Bond administration fees	<u>(9,911)</u>
Net cash used for capital and related financing activities	<u>(851,213)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>165,790</u>
Net cash provided by investing activities	<u>165,790</u>
Net increase in cash and cash investments	31,613
Cash and cash investments - beginning	<u>29,442,266</u>
Cash and cash investments - ending	<u><u>\$ 29,473,879</u></u>

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

	<u>2023</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating Loss	\$ (5,706,846)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation and amortization	9,092,493
(Increase) decrease in operating assets	
Accounts receivable	(408,004)
Increase (decrease) in operating liabilities	
Accounts payable and other liabilities	2,149,020
MWD rebates due to member agencies	(1,376,941)
Retentions payable	13,888
Accrued liabilities	<u>(3,046,574)</u>
Net cash used for operating activities	<u>\$ 717,036</u>

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

Cash & cash investments at end of year	<u>\$ 29,473,879</u>
Total cash and cash investments	<u>\$ 29,473,879</u>
Unrestricted current cash & investments	\$ 6,582,263
Restricted current assets held for expansion project	1,312,927
Restricted current assets held for south archibald plume project	2,035,271
Cash held in escrow	597,773
Long-term investment held with trustee/fiscal agent	18,945,645
Total cash, investments and restricted assets	<u>\$ 29,473,879</u>

NONCASH CAPITAL, FINANCING, AND INVESTING ACTIVITIES

	<u>2023</u>
Change in fair value of long term investments	\$ (1,505,320)
Intangible Lease Building	258,855
Subscription-Based Information Technology Arrangements (SBITA)	206,251
Total noncash capital, financing, and investment activities	<u>\$ (1,040,213)</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, 2023

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NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2023

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

Description of the Reporting Entity

The Chino Basin Desalter Authority, hereafter referred to as CDA, is a Joint Exercise of Powers Authority established in September 2001. CDA's membership comprises the cities of Chino, Chino Hills, Ontario, Norco, Jurupa Community Services District, Santa Ana River Water Company, Western Municipal Water District, and Inland Empire Utilities Agency (IEUA). According to generally accepted accounting principles and the Governmental Accounting Standards Board, CDA is considered a primary government entity for financial reporting purposes. CDA has no legally separate component units that require separate or combined presentations.

CDA's powers, subject to the limitations of the California Constitution and its charter, are vested in an eight-member Board of Directors. Seven of these members have voting rights, while IEUA serves as an ex officio member without voting rights. Each Board member is appointed by their respective member agency within the Joint Powers Authority. Voting is determined using a weighted approach based on the volume of product water that each member is contractually committed to purchase. For the Board to conduct business, a minimum of five out of the seven voting members must be present. The CDA's principal office location is established through a resolution passed by the Board. Additionally, the CDA has appointed a Secretary and a Treasurer and has hired a General Manager/Chief Executive Officer.

The Authority' accounting policies adhere to generally accepted accounting principles as applicable to governmental entities. Furthermore, CDA follows all relevant pronouncements issued by the Governmental Accounting Standards Board (GASB).

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 equity, 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 on 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 on 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:	Ω 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 \$ 3,050,336 at the end of June 30, 2023, 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, 2023.

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

Operating and Non-Operating Revenues and Expenses

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.

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. 96

GASB 96, "Subscription-Based Information Technology Arrangements" issued by GASB in August 2020. This standard provides guidance on how governments should account for and report subscription-based information technology arrangements in their financial statements. It aims to address the growing use of cloud computing, software-as-a-service (SaaS), and other technology services obtained through subscription agreements by government entities. The standard establishes criteria for recognizing liabilities and expenses related to these arrangements and requires comprehensive disclosures to enhance transparency in financial reporting.

In accordance with GASB Statement No. 96, the Authority has diligently implemented the requirements for the recognition and disclosure of lease agreements in its financial statements for the reporting period ended June 30, 2023.

(2) Cash and Investments:

Cash and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position

Unrestricted current cash & investments	\$	6,582,263
Restricted current assets held for Ph3 Expansion Project		1,312,927
Restricted current assets held for South Archibald Plume Project		2,035,271
Restricted cash held in escrow		597,773
Long-term investment		18,945,645
Total cash and investments	\$	<u>29,473,879</u>
Deposits with financial institutions	\$	993,972
Restricted cash held in escrow		597,773
Investments		27,882,134
Total cash and investments	\$	<u>29,473,879</u>

(2) Cash and Investments (continued):

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.

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

(2) Cash and Investments (continued):

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	Remaining Maturity (in Months)		
		12 or Less	13 to 24	25 to 60
Negotiable Certificates of Deposit	\$ 492,835	\$ 492,835	\$ -	\$ -
Repurchase Agreement	3,908,016	3,908,016	-	-
State Investment Pool	4,973,832	4,973,832	-	-
US Treasury Notes U.S. Government	1,811,480	-	-	1,811,480
Sponsored Entities	9,204,540	996,660	2,827,860	5,380,020
Medium Term Notes	7,436,790	-	974,260	6,462,530
Money Market Mutual Funds	54,640	54,640	-	-
Total	<u>\$ 27,882,133</u>	<u>\$ 10,425,983</u>	<u>\$ 3,802,120</u>	<u>\$ 13,654,030</u>

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.

(2) Cash and Investments (continued):

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.

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, 2023:

Disclosure Relating to Credit Risk

<u>Investment Type</u>	<u>Value</u>	<u>Minimum</u>				
		<u>Rating</u>	<u>Aaa</u>	<u>A1 to A3</u>	<u>Aa2</u>	<u>Unrated</u>
Negotiable Certificates of Deposit	\$ 492,835	N/A	\$ -	\$ -	\$ -	\$ 492,835
Repurchase Agreement	3,908,016	N/A	-	-	-	3,908,016
State Investment Pool	4,973,832	N/A	-	-	-	4,973,832
US Treasury Note	1,811,480	N/A	1,811,480	-	-	-
U.S. Gov't Sponsored Entities	9,204,540	N/A	9,204,540	-	-	-
Money Mkt Funds	54,640	N/A	-	-	-	54,640
Medium Term Notes	974,260	A	-	974,260	-	-
Medium Term Notes	1,747,500	A	-	1,747,500	-	-
Medium Term Notes	1,761,320	A	-	1,761,320	-	-
Medium Term Notes	2,953,710	A	-	-	2,953,710	-
Total	<u>\$ 27,882,133</u>		<u>\$ 11,016,020</u>	<u>\$ 4,483,080</u>	<u>\$ 2,953,710</u>	<u>\$ 9,429,323</u>

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:

(2) Cash and Investments (continued):

Custodial Credit Risk (continued):

Issuer	Investment Type	Reported Amount	Percentage
Federal Home Loan Bank	U.S. Gov't Issues	\$ 9,204,540	33.01%
Citizens Business Bank	Repurchase Agreement	3,908,016	14.02%
Canadian Imperial Bank	Medium Term Note	2,953,710	10.59%
US Treasury	U.S. Treasury	1,811,480	6.50%
Citigroup Inc	Medium Term Note	1,761,320	6.32%
Bank of America Corp	Medium Term Note	1,747,500	6.27%
Total		<u>\$ 21,386,566</u>	<u>76.70%</u>

Custodial credit risk for both deposits and investments present 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.

<u>Investment Type</u>	<u>Not Subject to fair value measurement</u>	<u>Quoted Prices Level 1</u>	<u>Observable Inputs Level 2</u>	<u>Unobservable Inputs level 3</u>
Negotiable Certificates of Deposit ²	\$ -	\$ -	\$ 492,835	\$ -
Repurchase Agreement ¹	3,908,016	-	-	-
State Investment Pool ¹	4,973,832	-	-	-
US Govt Sponsored Entities ²	-	-	11,016,020	-
Medium Term Notes ²	-	-	7,436,790	-
Money Mkt Mutual Funds	54,640	-	-	-
Total	<u>8,936,488</u>	<u>\$ -</u>	<u>\$ 18,945,645</u>	<u>\$ -</u>
Total	<u>\$ 27,882,133</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, 2023, the Authority is engaged in a 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.

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.

(5) Risk Management (continued):

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.

As of June 30, 2023, 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 respective funds. 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 2022/23, 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.

(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, 2023, with changes therein:

	Balance at 06/30/22	Additions	Transfers & Retireme	Balance at 06/30/23	Accumulated Depreciation at 06/30/23	Net Book Value at 06/30/23
Capital Assets, not being depreciated:						
Land	\$ 4,380,071	\$ -	\$ -	\$ 4,380,071	\$ -	\$ 4,380,071
Capital Projects in Progress	34,286,536	5,469,630	-	39,756,166	-	39,756,166
Total capital assets, not being depreciated	38,666,607	5,469,630	-	44,136,237	-	44,136,237
Capital assets, being depreciated:						
Treatment plants, pump stations and pipelines	266,646,751	526,682	-	267,173,433	(57,365,627)	209,807,806
Land Improvements/ Easements	14,869,711	-	-	14,869,711	(8,986,462)	5,883,249
Equipment	4,538,026	319,548	-	4,857,574	(3,602,993)	1,254,581
Total capital assets, being depreciated	286,054,488	846,230	-	286,900,718	(69,955,082)	216,945,636
Capital Assets, being amortized						
Computer software	157,846	-	-	157,846	(157,846)	-
Leased Building	258,855	-	-	258,855	(58,608)	200,247
Subscription Asset	-	206,251	-	206,251	(41,018)	165,233
Supplementary treatment capacity	24,216,851	-	-	24,216,851	(13,370,321)	10,846,530
Total capital assets, being amortized	24,633,552	206,251	-	24,839,803	(13,627,793)	11,212,010
Total capital assets	\$ 349,354,647	\$ 6,522,111	\$ -	\$ 355,876,758	\$ (83,582,875)	\$ 272,293,883

(7) Changes in Capital Assets (continued):

Changes in Accumulated Depreciation and Amortization

The following is a summary of property, plant and equipment accumulated depreciation and amortization on June 30, 2023:

	Balance at 6/30/2022	Additions	Transfers & Retirements	Balance at 6/30/2023
Treatment plants, pump stations and pipelines	\$ (50,008,667)	\$ (7,356,960)	\$ -	\$ (57,365,627)
Land improvements/easements	(8,412,552)	(573,910)	-	(8,986,462)
Equipment	(3,228,128)	(374,865)	-	(3,602,993)
Accumulated depreciation	<u>(61,649,347)</u>	<u>(8,305,735)</u>	<u>-</u>	<u>(69,955,082)</u>
Computer software	(157,846)	-	-	(157,846)
Leased Building	(29,304)	(29,304)	-	(58,608)
Subscription Asset Software	-	(41,018)	-	(41,018)
Supplementary treatment capacity	<u>(12,653,885)</u>	<u>(716,436)</u>	<u>-</u>	<u>(13,370,321)</u>
Accumulated amortization	<u>(12,841,035)</u>	<u>(786,758)</u>	<u>-</u>	<u>(13,627,793)</u>
Total accumulated depreciation/amortization	<u>\$ (74,490,382)</u>	<u>\$ (9,092,493)</u>	<u>\$ -</u>	<u>\$ (83,582,875)</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.

The value of the Subscription Asset Software was \$206,251 with accumulated amortization of \$41,018, and the value of the right-to-use asset for the Leased Building was \$258,855 with accumulated amortization of \$58,609. For the fiscal year ending June 30, 2023, the depreciation and amortization expenses were \$9,092,493.

(7) Changes in Capital Assets (continued):

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 ending on June 30, 2023, the capital projects in progress are as follows:

Chino Desalter No. 1 & 2	\$ 15,745,083
Chino Desalter Phase 3 Expansion	87,542
South Archibald Plume Cleanup	23,923,541
Total Capital Projects in Progress	\$ 39,756,166

(8) Construction Commitments:

As of June 30, 2023, 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 aims to rehabilitate the Caustic Soda Feed Room, CIP/Antiscalant Room, Sodium Hypochlorite Room, and Aqueous Ammonia Feed Room located within the Chino I Desalter facility. These areas have experienced deterioration due to the facility's age, with issues including corrosion, chemical residue accumulation on piping, outdated equipment, and the absence of protective coatings on floor and wall surfaces.
- **Well II-1 Paving and Block Wall Improvements** - This project aimed to finalize site enhancements at the Chino II Well II-1 site. Although the well was initially constructed in 2004, site improvements were left incomplete due to land constraints on the northern side of the project. The acquisition of additional land in 2020 facilitated the realization of these enhancements, encompassing the construction of a precision Concrete Masonry Unit (CMU) block wall and the extension of Asphalt Concrete (AC) paving within the confines of this wall.
- **Pellet Slurry Pumps & Associated Piping** - This project is focused on integrating pellet blowdown pumps at the Chino II Concentrate Reduction Facility. The primary purpose is to enhance the management of solid materials within the pellet reactors, enhancing the overall stability and performance of the operational processes. Introducing these pumps allows operators to precisely quantify the mass of pellets removed during each blowdown operation, thereby enhancing process control. Moreover, this initiative aims to establish a more consistent pellet size, a valuable aspect for optimizing pellet marketing strategies.

(9) Long-Term Liabilities:

Summary of long-term debt activity for the fiscal year ended June 30, 2023, 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, 2023:

Bonds Payable	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year	Due after One year
2016A Bonds	\$ 51,440,000	\$ -	\$ 3,065,000	\$ 48,375,000	\$ 3,215,000	\$ 45,160,000
Net Premium (discount)	5,576,020	-	428,925	5,147,095	-	5,147,095
	<u>\$ 57,016,020</u>	<u>\$ -</u>	<u>\$ 3,493,925</u>	<u>\$ 53,522,095</u>	<u>\$ 3,215,000</u>	<u>\$ 50,307,095</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, 2023, of \$53,522,095.

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.

As of June 30, 2023, the aggregate debt service requirements on bonded indebtedness to maturity are summarized as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 3,215,000	\$ 1,745,262	\$ 4,960,262
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 - 2033	21,220,000	3,570,575	24,790,575
2034 - 2035	9,485,000	429,000	9,914,000
Subtotal	48,375,000	11,110,188	59,485,188
Plus: Net Prem/(Disc)	5,147,095	-	5,147,095
Total debt service payments	<u>\$ 53,522,095</u>	<u>\$ 11,110,188</u>	<u>\$ 64,632,283</u>

(9) Long-Term Liabilities (continued):

Compensated Absences

The Authority provides compensated absences, including paid vacation and paid sick leave, to its employees as part of its employee benefits program. Compensated absences are accrued as employees render services that increase their entitlement to future compensated absences. The Authority recognizes the expense associated with compensated absences in the period in which they are earned. The liability for compensated absences is measured based on the future compensation expected to be paid to employees for their unused compensated absences. The Authority utilizes historical usage patterns and relevant employment agreements to estimate these future payments.

The following table presents a summary of compensated absences as of June 30, 2023:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One year</u>	<u>Due after One year</u>
\$ 86,865	\$ 20,657	\$ 7,749	\$ 99,773	\$10,532	\$ 89,241

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, 2023:

<u>Lease Liability</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within One year</u>	<u>Due after One year</u>
Leased Building	\$ 234,647	\$ -	\$ 25,064	\$ 209,583	\$ 26,242	\$ 183,341

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 06/30/2023, the value of the lease liability is \$209,583. 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.

Principal and Interest Requirements to Maturity:

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 26,242	\$ 2,619	\$ 28,861
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 - 2031	62,927	808	63,735
Total	\$ 209,583	\$ 10,128	\$ 219,711

(9) Long-Term Liabilities (continued):

Subscription Payable

For the period ended June 30, 2023, CDA implemented GASB 96, titled "Subscription-Based Information Technology Arrangements (SBITA)," as issued by GASB in August 2020. GASB 96 offers clear guidelines on how government entities should handle and present subscription-based information technology arrangements in their financial statements. It specifically addresses the increasing adoption of cloud computing, software-as-a-service (SaaS), and similar technology services acquired through subscription agreements in the public sector.

In accordance with GASB Statement No. 96, CDA has implemented the following key provisions:

Recognition of Liabilities and Expenses: CDA recognizes a liability and an expense for an SBITA if the arrangement meets the criteria specified in GASB 96. The liability is recognized at the inception of the arrangement, and the expense is recognized over the term of the SBITA.

Disclosure Requirements: The Authority provides comprehensive disclosures related to its SBITAs in the notes to the financial statements. These disclosures include the nature and terms of the SBITAs, the amounts recognized as liabilities and expenses, and any significant terms or conditions that may impact future cash flows.

Summary of changes in long term lease liabilities for the fiscal year ended June 30, 2023:

<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	\$ -	\$ 202,751	\$ 47,256	\$ 155,495	\$ 42,584	\$ 112,911

Principal and Interest Requirements to Maturity:

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 42,584	\$ 4,812	\$ 47,396
2025	36,475	3,560	40,035
2026	37,625	2,410	40,035
2027	38,811	1,224	40,035
Total	\$ 155,495	\$ 12,006	\$ 167,501

For the year ended 6/30/2023, CDA has entered several Subscription-Based Information Technology Arrangements (SBITAs) during the reporting period. For additional information, refer to the disclosures below.

On 07/01/2022, CDA entered a 60-month subscription using GeoViewer Online Annual Subscription Fee (Enterprise License). An initial subscription liability was recorded in the amount of \$108,167. As of 06/30/2023, the value of the subscription liability is \$85,167. CDA is required to make annual fixed payments of \$11,500. The subscription has an interest rate of 3.1600%. The value of the right-to-use asset as of 06/30/2023 of \$108,167 with accumulated amortization of \$21,632 is included with Software on the Subscription Class activities table. CDA has one extension option(s), each for 48 months.

(9) Long-Term Liabilities (continued):

Subscription Payable (continued):

On 10/26/2022, CDA entered into a 60-month subscription for the use of Aveva Select Software. An initial subscription liability was recorded in the amount of \$80,138. As of 06/30/2023, the value of the subscription liability is \$63,103. CDA is required to make annual fixed payments of \$17,035. The subscription has an interest rate of 3.1440%. The value of the right-to-use asset as of 06/30/2023 of \$80,138 with accumulated amortization of \$10,908 is included with Software on the Subscription Class activities table. CDA has one extension option(s), each for 48 months.

On 09/01/2022, CDA entered into a 24-month subscription for the use of DebtBook Software. An initial subscription liability was recorded in the amount of \$5,950. As of 06/30/2023, the value of the subscription liability is \$2,950. CDA is required to make annual fixed payments of \$3,000. The subscription has an interest rate of 1.7103%. The value of the right-to-use asset as of 06/30/2023 of \$5,950 with accumulated amortization of \$2,479 is included with Software on the Subscription Class activities table. CDA has one extension option(s) each for 12 months.

On 07/01/2022, CDA entered into a 24-month subscription for the use of PlanetBids System Software. An initial subscription liability was recorded in the amount of \$8,496. As of 06/30/2023, the value of the subscription liability is \$4,275. CDA is required to make annual fixed payments of \$4,234. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of 06/30/2023 of \$11,996 with accumulated amortization of \$5,998 is included with the Software on the Subscription Class activities table. CDA had a termination period of 2 months as of the subscription commencement.

(10) 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 ending June 30, 2023.

(11) 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 2022/23, the estimated replenishment cost for water production amounted to \$36,378,841.

(11) Groundwater Replenishment Expense/Credits (Continued):

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.

(12) Defined Contribution Pension Plans:

In March 2011, the Authority's Board of Directors passed a resolution to establish a deferred compensation plan and designated MissionSquare 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, 2023, the 401(a) plan's total assets amount to \$1,327,309, reflecting an increase of \$251,703 compared to the previous year.

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.

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, 2014, through 2023

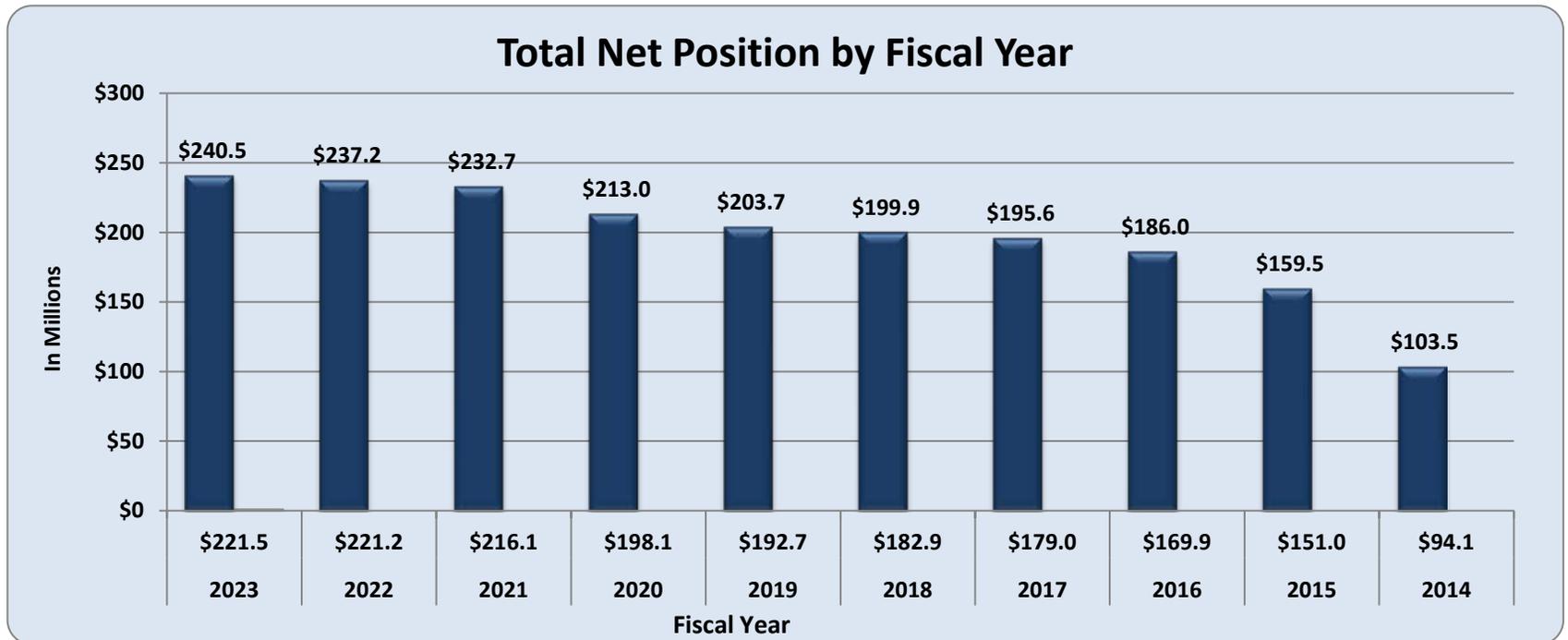
(In Thousand Dollars)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues										
Operations and maintenance assessments	\$ 32,407	\$ 27,670	\$ 26,572	\$ 23,357	\$ 20,786	\$ 19,382	\$ 17,044	\$ 16,618	\$ 14,113	\$ 14,086
Rebate credits - MWD	2,780	3,552	3,552	2,704	2,702	2,654	2,687	2,415	2,784	4,549
Groundwater replenishment credit	36,379	34,479	30,222	25,521	23,127	20,897	18,367	20,049	19,022	17,546
Total operating revenues	71,566	65,701	60,346	51,582	46,615	42,933	38,098	39,082	35,919	36,181
Operating Expenses										
Operations and maintenance	27,811	24,162	22,311	17,371	17,404	14,483	11,478	11,355	11,908	11,366
MWD credits to member agencies	2,780	3,552	3,552	2,704	2,702	2,654	2,687	2,415	2,784	4,549
Groundwater replenishment expense	36,379	34,479	30,222	25,521	23,127	20,897	18,367	20,049	19,022	17,546
Administration and general	1,210	1,096	1,087	1,253	1,081	1,267	1,141	1,021	917	959
Depreciation and amortization	9,092	8,813	5,858	4,316	4,149	4,102	4,053	3,984	3,963	3,914
Total operating expenses	77,272	72,102	63,030	51,165	48,463	43,403	37,726	38,824	38,594	38,334
Operating income (loss)	(5,706)	(6,401)	(2,684)	417	(1,848)	(470)	372	258	(2,675)	(2,153)
Nonoperating Revenues (Expenses)										
Interest income	389	187	205	378	336	382	108	324	303	309
Fixed project/capital assessments	7,194	6,847	8,505	7,043	6,206	6,541	5,659	10,823	6,562	7,038
Other nonoperating revenues (expenses)	12	(710)	(38)	312	497	338	(1,033)	387	144	215
Interest on long-term debt	(1,886)	(2,032)	(2,172)	(2,304)	(2,428)	(2,544)	(2,203)	(3,723)	(3,807)	(3,878)
Annual reconciliation of costs	(413)	(1,174)	(4,744)	(2,166)	(3,899)	(4,260)	(4,209)	(1,301)	(1,773)	(1,783)
Distribution of reserves to members agencies	-	-	-	-	-	-	-	-	(864)	(786)
Payments of federal grants to Sponsors	-	-	-	(272)	-	(96)	(200)	(4,768)	(3,229)	(1,113)
Total nonoperating revenues (expenses)	5,296	3,118	1,756	2,991	712	361	(1,878)	1,742	(2,664)	2
Income (loss) before contributions	(410)	(3,283)	(928)	3,408	(1,136)	(109)	(1,506)	2,000	(5,339)	(2,151)
Capital Contributions										
Capital grants	1,390	665	-	272	-	96	200	4,769	3,229	1,113
Contrib Capital - Expansion Ph 3 Prj	35	124	4,251	1,018	4,816	3,597	10,578	19,615	58,158	21,011
Contrib Capital - South Archibald Plume Prj	135	1,176	16,018	4,540	852	708	336	28	-	-
Contrib Capital - Chino Airport Plume Prj	2,169	5,735	399	103	-	-	-	-	-	-
Prior year adjustment	-	-	-	-	-	(749)	-	-	-	-
Total capital contributions	3,729	7,700	20,668	5,933	5,668	3,652	11,114	24,412	61,387	22,124
Change in net position	3,319	4,417	19,740	9,341	4,532	3,543	9,608	26,412	56,048	19,973
Total net position - beginning, as restated	237,179	232,762	213,022	203,681	199,149	195,606	185,998	159,587	103,539	83,566
Total net position - ending	\$ 240,498	\$ 237,179	\$ 232,762	\$ 213,022	\$ 203,681	\$ 199,149	\$ 195,606	\$ 185,998	\$ 159,587	\$ 103,539

Source: Chino Basin Desalter Authority's Financial Statements

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Investment in Capital Assets (a)	\$ 221.5	\$ 221.2	\$ 216.1	\$ 198.1	\$ 192.7	\$ 182.9	\$ 179.0	\$ 169.9	\$ 151.0	\$ 94.1
Reserved for Membranes Repl	-	-	-	-	-	-	-	-	-	-
Unrestricted	19.0	16.0	16.6	14.9	11.0	17.0	16.6	16.1	8.5	9.4
Total Net Position	<u>\$ 240.5</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>	<u>\$ 103.5</u>

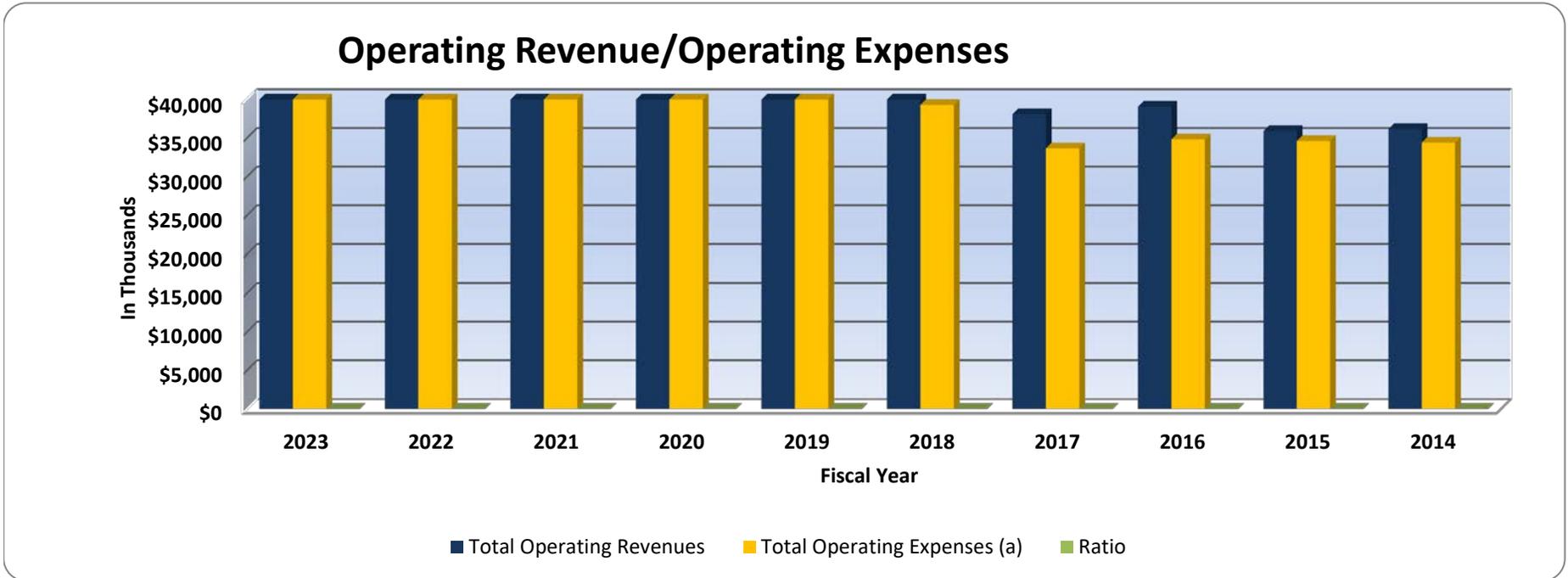


Note (a) - The debt service amount has been incorporated into the calculation of investment in net capital assets.

Source: Chino Basin Desalter Authority's Financial Statements

CHINO BASIN DESALTER AUTHORITY
Other Fiscal Indicator - Service Obligation
Fiscal Years Ended June 30, 2014, through 2023
(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.



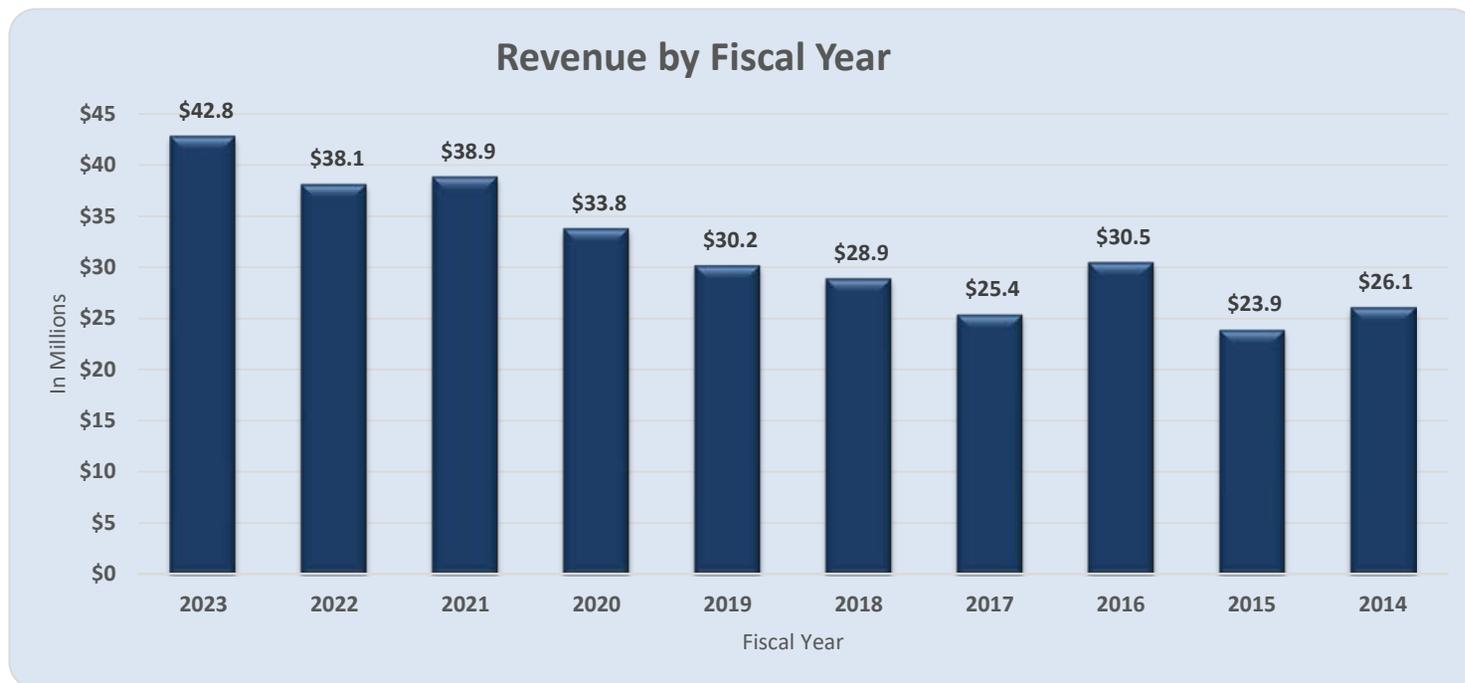
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Operating Revenues	\$ 71,566	\$ 65,701	\$ 60,346	\$ 51,582	\$ 46,615	\$ 42,933	\$ 38,098	\$ 39,082	\$ 35,918	\$ 36,181
Total Operating Expenses (a)	\$ 77,273	\$ 72,102	\$ 63,030	\$ 51,165	\$ 44,314	\$ 39,300	\$ 33,674	\$ 34,841	\$ 34,630	\$ 34,420
Ratio	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.1	1.0	1.1

(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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
O&M Assessments	\$ 32.4	\$ 27.7	\$ 26.6	\$ 23.4	\$ 20.8	\$ 19.4	\$ 17.0	\$ 16.6	\$ 14.1	\$ 14.1
MWD Contributions	2.8	3.6	3.6	2.7	2.7	2.7	2.7	2.4	2.8	4.5
Total Operating Revenue	35.2	31.3	30.2	26.1	23.5	22.1	19.7	19.0	16.9	18.6
Fixed Project Assessments	7.2	6.8	8.5	7.0	6.2	6.5	5.6	10.8	6.6	7.0
Other Nonoperating Revenue	0.4	-	0.2	0.7	0.5	0.3	0.1	0.7	0.4	0.5
Total Nonoperating Revenue	7.6	6.8	8.7	7.7	6.7	6.8	5.7	11.5	7.0	7.5
Total Combined Revenues	\$ 42.8	\$ 38.1	\$ 38.9	\$ 33.8	\$ 30.2	\$ 28.9	\$ 25.4	\$ 30.5	\$ 23.9	\$ 26.1



Source: Chino Basin Desalter Authority's Financial Statements

CHINO BASIN DESALTER AUTHORITY
Operating Indicators
FY2022-2023 Staffing Allocations
As of June 30, 2023

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

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

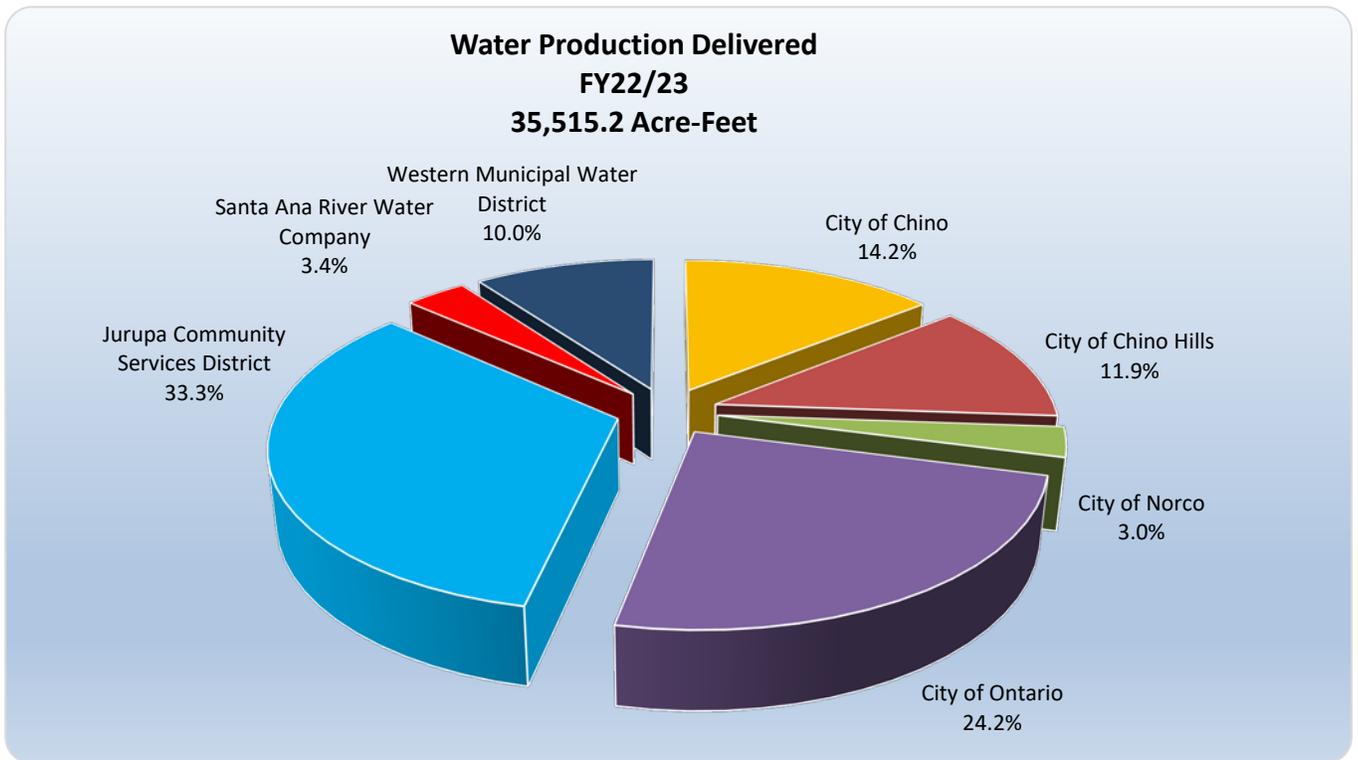
Fiscal Year	Revenue Bonds	Other Non-Current Liabilities	Total Debt	Total Assets	Total Debt Per Total Assets
2023	\$ 53,522,095	\$ 296,252	\$ 53,818,347	\$ 306,018,270	18%
2022	57,016,021	80,000	57,096,021	309,281,174	18%
2021	60,354,946	80,000	60,434,946	314,860,756	19%
2020	63,563,870	80,000	63,643,870	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%
2014	80,505,396	80,000	80,585,396	275,352,005	29%

Source: Chino Basin Desalter Authority's Financial Data

CHINO BASIN DESALTER AUTHORITY
Water Production Delivered to Member Agencies
For Fiscal Year Ended June 30, 2023

CDA Members	Total Acre-Feet *	Percentage of Acre- Feet Total
City of Chino	5,045.1	14.2%
City of Chino Hills	4,240.0	11.9%
City of Norco	1,049.4	3.0%
City of Ontario	8,588.8	24.2%
Jurupa Community Services District	11,821.1	33.3%
Santa Ana River Water Company	1,206.4	3.4%
Western Municipal Water District	3,564.4	10.0%
Total	35,515.2	100.0%

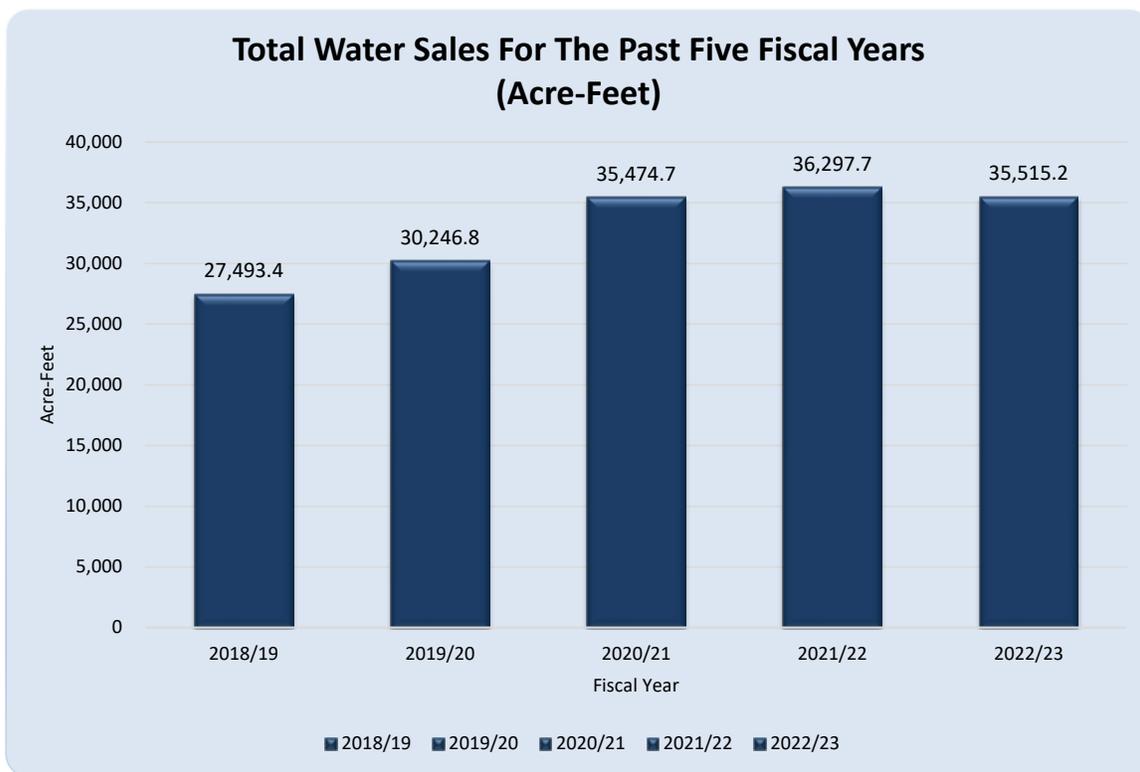
**AF (Acre-Feet) is a unit of measurement equal to 325,900 gallons of water*



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
2018/19	5,018.2	4,269.7	1,013.2	6,642.1	9,350.2	1,200.0	0.0	27,493.4
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



Source: Chino Basin Desalter Authority's Production Report

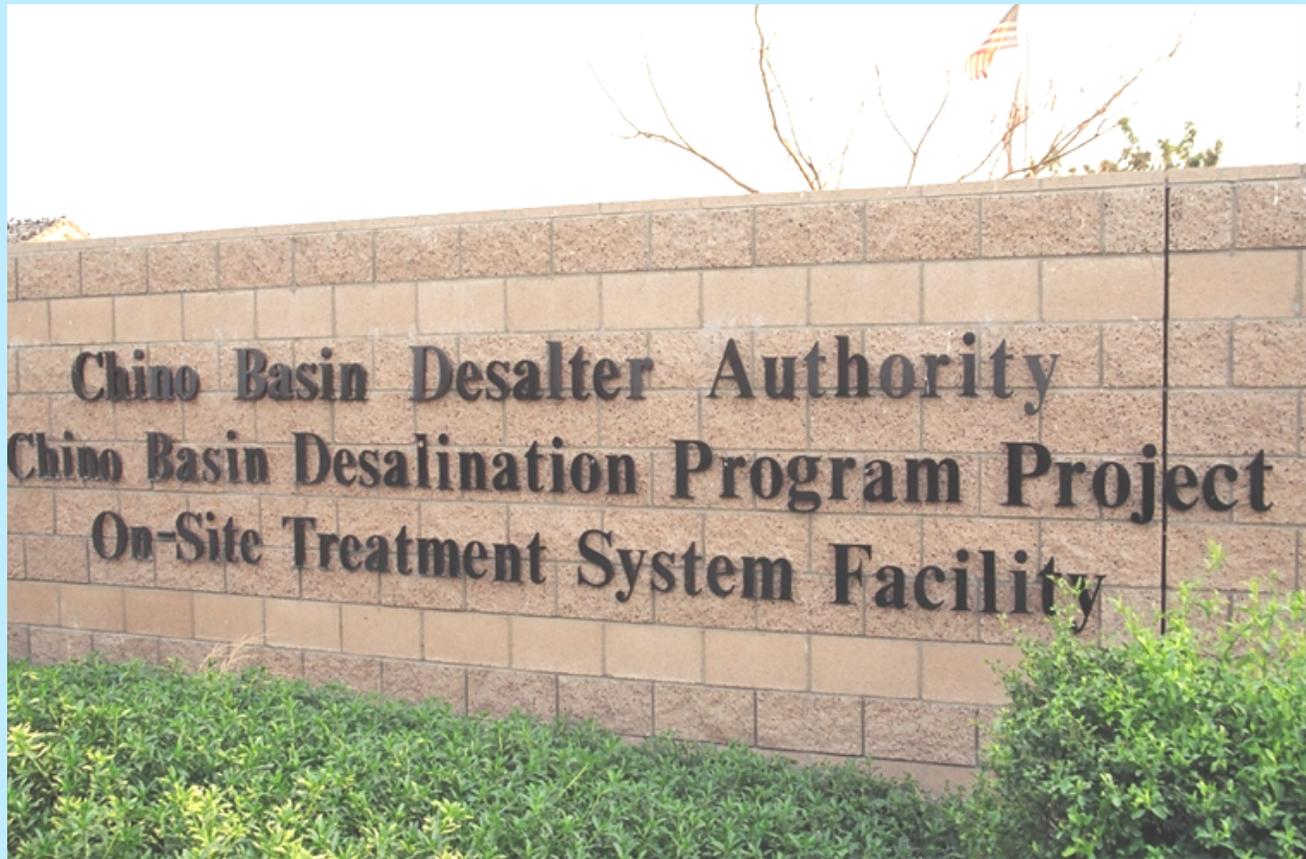
CHINO BASIN DESALTER AUTHORITY
Demographic and Economic Statistics
Population Served by Member Agencies
June 30, 2023

CDA Members	Population	% of Total
Western Municipal Water District*	1,000,000	63%
City of Ontario	180,554	11%
Jurupa Community Services District	181,099	12%
City of Chino	96,276	6%
City of Chino Hills	78,907	5%
City of Norco	26,333	2%
Santa Ana River Water Company*	9,500	1%
	1,572,669	100%

*Estimated

Sources: World Population Review
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 Agency

Western Municipal Water District

Chino Basin Desalter Authority

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