



INDIO WATER AUTHORITY A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA

JUNE 30, 2021

BASIC FINANCIAL STATEMENTS

Focused
on YOU



INDIO WATER AUTHORITY
A COMPONENT UNIT OF
THE CITY OF INDIO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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A COMPONENT UNIT OF
THE CITY OF INDIO, CALIFORNIA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Indio Water Authority
City of Indio, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Indio Water Authority (the "Authority"), a component unit of the City of Indio, California, (the "City") as of and for the year ended June 30, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Authority and are not intended to present fairly the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



To the Board of Directors
Indio Water Authority
City of Indio, California

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.

Other Reporting Responsibilities

Required Supplementary Information

Management has omitted the management's discussion and analysis, the schedules of plan contributions, the schedule of changes in net pension liability and related ratios, and the schedule of changes in the net other post-employment benefits liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Report on Summarized Comparative Information

We have previously audited the Authority's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



To the Board of Directors
Indio Water Authority
City of Indio, California

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions 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 January 24, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
January 24, 2022

INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021
(with comparative totals for June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|--|------------------------------|------------------------------|
| Assets: | | |
| Current Assets: | | |
| Cash and investments | \$ 47,690,233 | \$ 39,900,231 |
| Restricted cash with fiscal agents | 320,952 | 321,170 |
| Accounts receivable | 3,999,186 | 3,764,873 |
| Accrued interest receivable | 10,113 | 55,942 |
| Inventories | 91,117 | 86,430 |
| Prepaid costs | 652,467 | 666,442 |
| Total Current Assets | <u>52,764,068</u> | <u>44,795,088</u> |
| Noncurrent Assets: | | |
| Capital assets - not being depreciated | 2,707,682 | 1,935,224 |
| Capital assets - net of accumulated depreciation | 152,651,945 | 159,640,139 |
| Total Noncurrent Assets | <u>155,359,627</u> | <u>161,575,363</u> |
| Total Assets | <u>208,123,695</u> | <u>206,370,451</u> |
| Deferred Outflows of Resources: | | |
| Deferred charge on refunding | 978,087 | 1,043,293 |
| Pension deferrals | 1,126,864 | 874,421 |
| OPEB deferrals | 1,739,272 | 1,698,969 |
| Total Deferred Outflows of Resources | <u>3,844,223</u> | <u>3,616,683</u> |
| Liabilities: | | |
| Current Liabilities: | | |
| Accounts payable | 1,170,681 | 1,205,306 |
| Accrued liabilities | 839,174 | 551,943 |
| Accrued interest | 499,966 | 525,653 |
| Retentions payable | 5,070 | 4,383 |
| Deposits payable | 415,213 | 537,035 |
| Compensated absences - due in one year | 278,022 | 258,124 |
| Bonds payable - due in one year | 2,211,012 | 2,055,000 |
| Total Current Liabilities | <u>5,419,138</u> | <u>5,137,444</u> |
| Noncurrent Liabilities: | | |
| Compensated absences | 52,269 | 28,614 |
| Bonds payable | 47,863,205 | 50,130,229 |
| Net pension liability | 7,826,781 | 7,366,796 |
| Net other post-employment benefits liability | 9,759,042 | 9,308,056 |
| Total Noncurrent Liabilities | <u>65,501,297</u> | <u>66,833,695</u> |
| Total Liabilities | <u>70,920,435</u> | <u>71,971,139</u> |
| Deferred Inflows of Resources: | | |
| Pension deferrals | 18,871 | 258,518 |
| OPEB deferrals | 103,427 | 166,541 |
| Total Deferred Inflows of Resources | <u>122,298</u> | <u>425,059</u> |
| Net Position: | | |
| Net investment in capital assets | 106,263,497 | 110,433,427 |
| Restricted for debt service | 320,952 | 321,170 |
| Unrestricted | 34,340,736 | 26,836,339 |
| Total Net Position | <u>\$ 140,925,185</u> | <u>\$ 137,590,936</u> |

The notes to financial statements are an integral part of this statement.

INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---|------------------------------|------------------------------|
| Operating Revenues: | | |
| Sales and service charges | \$ 24,789,017 | \$ 23,107,020 |
| Other income | 74,134 | 9,602 |
| Total Operating Revenues | <u>24,863,151</u> | <u>23,116,622</u> |
| Operating Expenses: | | |
| Personnel services | 6,297,152 | 6,446,437 |
| Contractual services | 3,023,225 | 3,863,768 |
| Repairs and maintenance | 1,806,923 | 1,817,885 |
| Depreciation expense | 7,990,347 | 7,956,135 |
| Materials and supplies | 862,884 | 822,506 |
| Rentals and leases | 96,037 | 12,096 |
| Utilities | 1,347,039 | 1,316,930 |
| Total Operating Expenses | <u>21,423,607</u> | <u>22,235,757</u> |
| Operating Income | <u>3,439,544</u> | <u>880,865</u> |
| Nonoperating Revenues (Expenses): | | |
| Interest revenue | (15,357) | 1,306,773 |
| Interest expense | (2,146,418) | (2,215,602) |
| Total Nonoperating Revenues (Expenses) | <u>(2,161,775)</u> | <u>(908,829)</u> |
| Income before Capital Contributions | 1,277,769 | (27,964) |
| Capital grants | 267,189 | 1,337,843 |
| Capital impact fees | 1,789,291 | 1,153,282 |
| Changes in Net Position | 3,334,249 | 2,463,161 |
| Net Position - Beginning | 137,590,936 | 135,127,775 |
| Net Position - Ending | <u>\$ 140,925,185</u> | <u>\$ 137,590,936</u> |

The notes to financial statements are an integral part of this statement.

INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------------|-----------------------------|
| Cash Flows from Operating Activities: | | |
| Receipts from customers and users | \$ 24,507,016 | \$ 25,455,765 |
| Payments to suppliers and service providers | (7,160,758) | (9,376,939) |
| Payments to employees for salaries and benefits | (5,650,904) | (4,847,167) |
| Net Cash Provided by Operating Activities | <u>11,695,354</u> | <u>11,231,659</u> |
| Cash Flows from Capital and Related Financing Activities: | | |
| Capital impact fees | 1,789,291 | 1,153,282 |
| Acquisition and construction of capital assets | (1,774,611) | (1,634,078) |
| Principal paid on capital debt | (2,055,000) | (1,980,000) |
| Interest paid on capital debt | (2,162,911) | (2,220,367) |
| Capital grants | 267,189 | 1,337,843 |
| Net Cash (Used for) Capital and Related Financing Activities | <u>(3,936,042)</u> | <u>(3,343,320)</u> |
| Cash Flows from Investing Activities: | | |
| Interest on investments | 30,472 | 1,332,680 |
| Net Cash Provided by Investing Activities | <u>30,472</u> | <u>1,332,680</u> |
| Net Increase in Cash and Cash Equivalents | 7,789,784 | 9,221,019 |
| Cash and Cash Equivalents, July 1 | 40,221,401 | 31,000,382 |
| Cash and Cash Equivalents, June 30 | <u>\$ 48,011,185</u> | <u>\$ 40,221,401</u> |
| Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Statement of Net Position: | | |
| Cash and cash equivalents | \$ 47,690,233 | \$ 39,900,231 |
| Restricted cash and cash equivalents | 320,952 | 321,170 |
| Total Cash and Cash Equivalents | <u>\$ 48,011,185</u> | <u>\$ 40,221,401</u> |

The notes to financial statements are an integral part of this statement.

INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | |
| Operating income | \$ 3,439,544 | \$ 880,865 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation expense | 7,990,347 | 7,956,135 |
| (Increase) decrease in accounts receivable | (234,313) | 2,353,756 |
| (Increase) decrease in prepaid costs | 13,975 | (1,731) |
| (Increase) decrease in inventories | (4,687) | (9,415) |
| Increase (decrease) in accounts payable | (34,625) | (744,334) |
| Increase (decrease) in accrued liabilities | 287,231 | 31,238 |
| Increase (decrease) in retentions payable | 687 | (138,534) |
| Increase (decrease) in deposits payable | (121,822) | (14,613) |
| Increase (decrease) in compensated absences | 43,553 | 72,511 |
| Increase (decrease) in pension obligations | (32,105) | 1,037,815 |
| Increase (decrease) in OPEB obligations | 347,569 | (192,034) |
| Total Adjustments | <u>8,255,810</u> | <u>10,350,794</u> |
| Net Cash Provided by Operating Activities | <u>\$ 11,695,354</u> | <u>\$ 11,231,659</u> |
| Schedule of Non-Cash Capital and Related Financing Activities and Investing Activities: | | |
| Amortization of bond premium | \$ (56,012) | \$ (56,012) |
| Amortization of deferred charge on refunding | <u>65,206</u> | <u>65,206</u> |
| Total Non-Cash Capital and Related Financing Activities | <u>\$ 9,194</u> | <u>\$ 9,194</u> |
| Unrealized Gain/(Loss) on Investments | <u>\$ (157,040)</u> | <u>\$ 699,998</u> |
| Total Non-Cash Investing Activities | <u>\$ (157,040)</u> | <u>\$ 699,998</u> |

The notes to financial statements are an integral part of this statement.

INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021

| | <u>Custodial Fund</u> |
|---|---------------------------|
| Assets: | |
| Cash and cash equivalents | \$ 192,854 |
| Accrued interest receivable | 46 |
| Capital assets - not being depreciated | <u>126,166</u> |
| Total Assets | <u>319,066</u> |
| Liabilities: | |
| Accounts payable | <u>631</u> |
| Total Liabilities | <u>631</u> |
| Net Position: | |
| Restricted for: | |
| Individuals, organizations, and other governments | <u>318,435</u> |
| Total Net Position | <u>\$ 318,435</u> |

The notes to financial statements are an integral part of this statement.

INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | <u>Custodial Fund</u> |
|--|---------------------------|
| Additions: | |
| Investment Earnings: | |
| Interest and net (decrease) in fair value of investments | \$ (360) |
| Net Investment Income | (360) |
| Intergovernmental | 63,855 |
| Total Additions | 63,495 |
| Deductions: | |
| Administrative expense | 1,663 |
| Contractual services | 3,250 |
| Total Deductions | 4,913 |
| Changes in Net Position | 58,582 |
| Net Position - Beginning, as Originally Reported | - |
| Restatements | 259,853 |
| Net Position - Beginning, as Restated | 259,853 |
| Net Position - Ending | \$ 318,435 |

The notes to financial statements are an integral part of this statement.

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies

The financial statements of the Indio Water Authority, a Joint Powers Authority, and component unit of the City of Indio, California (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

a. Reporting Entity

Creation of Authority

The City of Indio (City) and the Redevelopment Agency of the City of Indio (Agency) entered into a joint exercise of powers agreement (JPA) on April 19, 2000 to form the Indio Water Authority (Authority). Due to the dissolution of the Agency, the City of Indio Housing Authority (Housing Authority) was added as a member to the JPA on June 19, 2012.

Purpose

The Authority was formed to provide an entity which can lease, operate, and maintain the water enterprise of the City (Enterprise) which benefits the residents in and around the City. Upon the formation of the Authority, the Authority entered into a lease agreement with the City including, but not limited to, all facilities, properties, and improvements at any time owned, leased, or operated by the Authority for the collection, treatment, and supply of water to residents served thereby, whether within or without the City, and any necessary lands, rights, entitlements, and other property used or useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed, or installed by the Authority.

Powers of the Authority

The Authority has all of the powers provided in the Joint Powers Law, including but not limited to Article 4 of the Joint Powers Law (commencing with Section 6584). Some of the highlights of the Authority's specific powers for the purpose of acquiring, owning, operating, and improving the Enterprise, include, but are not limited to, any of the following:

- 1) to plan, develop, acquire, construct, manage, maintain, repair, replace, or operate any public capital improvement;
- 2) to acquire, hold lease, sell, or otherwise dispose of any real or personal property, tangible or intangible, and any interest therein, wherever located;
- 3) to issue or incur indebtedness and otherwise to incur debts, liabilities, or obligations for the purpose of acquiring, owning, operating, or improving the Authority, provided that no such indebtedness, debt liability or obligation shall constitute a debt, liability, or obligation of the City or the Housing Authority; and
- 4) to enter into agreements for the creation of separate public entities and agencies pursuant to the Joint Powers Law.

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

Relationship with City of Indio Water System

On May 21, 2001, the City resolved to lease the City's Water System to the Authority, which provides that the Authority would lease the Water System, operate the Water System, make annual rental payments to the City, and provide water service to customers with the City's service area. On June 1, 2015, the lease was amended. According to the lease, the Authority agrees that any such improvements, fixtures, structures or signs, or real property acquisitions, made to or for the Water System during the term of this Sublease shall remain a part of the Water System of the City and, if acquired in the name of the Authority, shall be subject to surrender and conveyance to the City, free and clear of any interest of the Authority, either upon termination of this lease or at such time, and from time to time as directed by the City.

Reporting

Since the Authority's governing body is the same as the governing body of the primary government and there is a financial relationship between the primary government and the Authority it is reported as a blended component unit of the City of Indio.

b. Basis of Accounting

Enterprise Funds

The Authority reports its activities as an enterprise fund, which is used to account for operations that are financed and conducted in a manner similar to a private business enterprise, wherein the intent of the Authority is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and service fees. An enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the statement of net position. The statement of revenues, expenses, and changes in net position reflects revenues in the accounting period in which they are earned, and expenses are recognized in the period incurred. For financial reporting purposes, all of the funds of the Authority have been consolidated and all significant interfund accounts and transactions have been eliminated.

Fiduciary Fund

The Authority uses an agency fund to account for assets administered by the Authority in a pass-through capacity for the East Valley Reclamation Authority (EVRA). The EVRA agency fund only has a Statement of Assets and Liabilities. The agency fund uses the accrual basis of accounting.

c. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of June 30, 2021, and revenues and expenses for the fiscal year then ended. Actual results may significantly differ from those estimates.

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

d. Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their acquisition value at the date of the acquisition. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

The following schedule summarizes capital asset useful lives:

| | |
|------------------------------------|------------|
| Machinery, equipment, and vehicles | 3-20 years |
| Improvements | 40 years |
| Infrastructure | 40 years |
| Water wells and pumps | 70 years |

Depreciation has been provided using the straight-line method over the estimated useful life of assets in the financial statements.

e. Inventories

Inventories consist of water meters, pipes, meter boxes, and other materials required to maintain the Authority's water system. Inventories are recorded at historical cost.

f. Compensated Absences

Employees hired by the City of Indio prior to 1991 that now work for the Authority carry forward, for use in subsequent years, earned but unused vacation and sick leave benefits. Upon termination, the Authority is obligated to compensate those employees for all earned but unused vacation days and 50% to 100% of earned but unused sick leave benefits depending on date of hire.

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances attributable to services being rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including the unused balances of employees currently entitled to receive termination payments, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the Authority.

Other amounts of unused sick leave are excluded from the liability since their payments are contingent solely upon the occurrence of a future event (illness), which is outside the control of the Authority and employees.

g. Contributed Facilities

In accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB Statement No. 33) and GASB Statement No. 34, the Authority reports facilities contributed by developers at their estimated fair value as a separate component of the statement of revenues, expenses, and changes in net position.

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

h. Contributed Facilities

Operating revenues and expenses represent revenue earned and the related costs incurred to provide water services to the Authority's customers. Nonoperating revenues and expenditures represent revenue earned and the related costs incurred for activities that do not directly provide water services to the Authority's customers such as revenues and expenditures related to issuance of bonds.

i. Interest

The Authority incurs interest charges on bonds, notes payable, and capital lease obligations. Interest incurred during the fiscal year ended June 30, 2021 totaled \$2,146,418.

j. Deferred Charges

Bond premiums and discounts are deferred and amortized over the term of the bonds by using the straight-line method, which approximates the effective interest method. Bond premiums and discounts are presented as a reduction of the face amount of the bonds payable.

k. Unamortized Loss on Refunding

Losses on refunding debt are deferred and amortized over the shorter of the term of the new debt or the refunded debt using the straight-line method, which approximates the effective interest method. Under GASB 65, deferred losses on refunding are shown as deferred outflows of resources on the statement of net position.

l. Income Taxes

As a governmental entity, the Authority is exempt from income taxation under provisions of the Internal Revenue Code and related state statutes; accordingly, no provision for income taxes has been provided.

m. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the funds shared in the City cash and investment pool. Cash equivalents have an original maturity date of three months or less from the date of purchase.

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

n. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

o. Change in Accounting Principle

The Authority implemented Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* during fiscal year 2020-21. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The change in accounting principle resulted in a prior period adjustment in the amount of \$259,853 being reported for the custodial funds in the Statement of Changes in Fiduciary Net Position.

Note 2: Cash and Investments

Cash and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

| | |
|--|----------------------|
| Statement of Net Position: | |
| Cash and investments | \$ 7,302,777 |
| Cash and investments held by bond trustee | 320,952 |
| Cash and investments pooled with the City of Indio | 40,387,456 |
| Fiduciary Funds: | |
| Cash and investments | 39,319 |
| Pooled cash and investments | <u>153,535</u> |
| Total cash and investments | <u>\$ 48,204,039</u> |

Cash and investments as of June 30, 2021, consist of the following:

| | |
|--|----------------------|
| Cash on hand | \$ 1,750 |
| Deposits with financial institutions | 7,340,346 |
| Cash and investments pooled with the City of Indio | 40,540,991 |
| Investments | <u>320,952</u> |
| Total cash and investments | <u>\$ 48,204,039</u> |

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 2: Cash and Investments (Continued)

Investments Authorized by the California Government

The Authority has funds that are included as part of the City of Indio's investment portfolio. The funds deposited within the City's investment portfolio are subject to the City of Indio's investment policy. Disclosures regarding the City of Indio's investment portfolio are included in the City's Comprehensive Annual Financial Report.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by fiscal agents is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

| Investment Types Authorized by State Law | Authorized by Investment Policy | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment In One Issuer |
|---|---------------------------------------|---------------------|---------------------------------------|---|
| Local Agency Bonds | No | 5 years | None | None |
| U.S. Treasury Obligations | Yes | 2 years | None | None |
| U.S. Agency Securities | Yes | 5 years | None | None |
| Banker's Acceptances | Yes | 180 days | 40% | 5% |
| Commercial Paper | Yes | 270 days | 25% | 10% |
| Certificates of Deposit | Yes | 5 years | 30% | None |
| Repurchase Agreements | Yes | 1 year | None | None |
| Reverse Repurchase Agreements | No | 92 days | 20% of base value | None |
| Medium-Term Notes | No | 5 years | 30% | 5% |
| Mutual Funds | No | N/A | 20% | 10% |
| Money Market Mutual Funds | Yes | N/A | 20% | 10% |
| Mortgage Pass-Through Securities | No | 5 years | 20% | None |
| County Pooled Investment Funds | No | N/A | None | None |
| Local Agency Investment Fund | Yes | N/A | None | None |
| JPA Pools (other investments pools) | No | N/A | None | None |

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates and 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 fiscal agents) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 2: Cash and Investments (Continued)

| Investment Type | Total | Remaining maturing (in months) 12 Months or less |
|---|----------------------|--|
| Cash and investments pooled with the City of Indio | \$ 40,540,991 | \$ 40,540,991 |
| Held by Bond Trustee: Money Market Funds | 320,952 | 320,952 |
| Total | \$ 40,861,943 | \$ 40,861,943 |

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's / Authority's investment policy, or debt agreements, and the actual rating as of fiscal year-end for each investment type.

| Investment Type | Total | Minimum Legal Rating | Moody's Rating as of Fiscal Year End | |
|---|----------------------|----------------------------|---|----------------------|
| | | | AAA | Not Rated |
| Cash and investments pooled with the City of Indio | \$ 40,540,991 | N/A | \$ - | \$ 40,540,991 |
| Held by Bond Trustee: Money Market Funds | 320,952 | AAA | 320,952 | - |
| Total | \$ 40,861,943 | | \$ 320,952 | \$ 40,540,991 |

Custodial Credit Risk

For investments held by fiscal agents, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government. As of June 30, 2020, none of the Authority's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in City Treasury

See the City of Indio's Annual Comprehensive Financial Report for details on the Authority's investments in the City's Treasury.

Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs."

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 2: Cash and Investments (Continued)

The Authority has the following recurring fair value measurements as of June 30, 2021:

| <u>Investments</u> | <u>Fair Value</u> | <u>Uncategorized</u> | <u>Level 2</u> |
|---|----------------------|----------------------|-------------------|
| Cash and investments pooled with the City of Indio | \$ 40,540,991 | \$ 40,540,991 | \$ - |
| Held by Bond Trustee: Money Market Funds | <u>320,952</u> | <u>-</u> | <u>320,952</u> |
| | <u>\$ 40,861,943</u> | <u>\$ 40,540,991</u> | <u>\$ 320,952</u> |

Note 3: Investment Income and Unrealized Loss on Investments

The Authority records its investments at fair value, in accordance with GASB Statement No. 31 and GASB Statement No. 72. The fair value adjustment for the fiscal year ended June 30, 2021 resulted in an unrealized loss on investments in the amount of \$157,040, which is reported as a component of investment income for the year. The details of investment income are as follows:

| | |
|--|--------------------|
| Interest earned on investments | \$ 141,683 |
| Unrealized loss on fair value of investments | <u>(157,040)</u> |
| Interest revenue, reported | <u>\$ (15,357)</u> |

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 4: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

| | Balance June 30, 2020 | Additions | Deletions | Transfers | Balance June 30, 2021 |
|---|--------------------------|-----------------------|-------------|-------------|--------------------------|
| Structures and improvements | \$ 14,982,420 | \$ - | \$ - | \$ - | \$ 14,982,420 |
| Machinery and equipment | 3,220,384 | 22,038 | - | - | 3,242,422 |
| Vehicles | 2,124,770 | 88,831 | - | - | 2,213,601 |
| Utility distribution system | 292,805,334 | 891,284 | - | - | 293,696,618 |
| Total cost of depreciable assets | 313,132,908 | 1,002,153 | - | - | 314,135,061 |
| Less accumulated depreciation: | | | | | |
| Structures and improvements | 3,542,833 | 374,545 | - | - | 3,917,378 |
| Machinery and equipment | 2,744,295 | 155,488 | - | - | 2,899,783 |
| Vehicles | 1,524,757 | 129,040 | - | - | 1,653,797 |
| Utility distribution system | 145,680,884 | 7,331,274 | - | - | 153,012,158 |
| Total accumulated depreciation | 153,492,769 | 7,990,347 | - | - | 161,483,116 |
| Net depreciable assets | 159,640,139 | (6,988,194) | - | - | 152,651,945 |
| Capital assets not depreciated: | | | | | |
| Construction in process | 226,514 | 772,458 | - | - | 998,972 |
| Land | 1,708,710 | - | - | - | 1,708,710 |
| Total capital assets not depreciated | 1,935,224 | 772,458 | - | - | 2,707,682 |
| Capital assets, net | \$ 161,575,363 | \$ (6,215,736) | \$ - | \$ - | \$ 155,359,627 |

Note 5: Long-Term Liabilities

Changes in long-term obligations for the fiscal year ended June 30, 2021, are as follows:

| | Beginning June 30, 2020 | Addition | Deletion | Ending June 30, 2021 | Due in One Year | Beyond One Year |
|---------------------------------------|----------------------------|-------------|-----------------------|-------------------------|---------------------|----------------------|
| Bonds Payable: | | | | | | |
| 2015A Water Revenue Refunding | \$ 51,065,000 | \$ - | \$ (2,055,000) | \$ 49,010,000 | \$ 2,155,000 | \$ 46,855,000 |
| Unamortized Bond Premiums/(Discounts) | 1,120,229 | - | (56,012) | 1,064,217 | 56,012 | 1,008,205 |
| Total | \$ 52,185,229 | \$ - | \$ (2,111,012) | \$ 50,074,217 | \$ 2,211,012 | \$ 47,863,205 |

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 5: Long-Term Liabilities (Continued)

Water Revenue Refunding Bonds Series 2015A and 2015B (Taxable)

In June 2015, the Indio Water Authority issued \$51,065,000 of Water Revenue Refunding Bonds Series 2015A, and \$9,150,000 of Water Revenue Refunding Bonds Series 2015B (Taxable). The proceeds were used to refund the Authority's 2006 Water Revenue Bonds, finance certain capital improvements to the Authority's water system (only proceeds of the Series 2015A bonds), and to pay costs of issuance of the bonds. In the event of default, there is no acceleration of payments of unpaid principal or interest amounts. The bonds are secured by revenues pledged for the payment of debt service on the bonds.

The 2015A bonds consist of \$32,910,000 of serial bonds and \$18,155,000 of term bonds. The serial bonds accrue interest at rates between 3.250% and 5.000% and the principal amounts mature between April 1, 2021 and April 1, 2040 in amounts ranging from \$1,025,000 to \$3,250,000. Term bonds of \$14,320,000 accrue interest at 4.000% and mature on April 1, 2036, and bonds of \$3,835,000 accrue interest at 4.125% and mature on April 1, 2040. The 2015B bonds consist of \$9,150,000 of serial bonds and accrue interest at rates between 1.033% and 2.820%.

The Series 2015A term bonds maturing in the years 2036 and 2040 are subject to mandatory sinking account redemption on each April 1, commencing on April 1, 2033 and April 1, 2037, respectively, at a redemption price equal to the principal amount thereof together with accrued interest, without premium.

At June 30, 2021, the outstanding balance of the Series 2015A bonds was \$49,010,000 and the Series 2015B bonds were fully matured with no balance outstanding.

Concurrent with the issuance of the bonds, Build America Mutual Assurance Company (BAM) issued a municipal bond insurance policy for the bonds with guarantees the scheduled payments of principal and interest on the bonds when due.

The Authority and the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each fiscal year:

- a. which shall be at least sufficient to yield gross water revenues for the Water Authority which are sufficient to pay the following amounts in the following order of priority:
 - i. all operation and maintenance costs estimated by the City, in consultation with the Authority and based on information provided by the Authority, to become due and payable in such fiscal year.
 - ii. the base rental payments and the principal of and interest on any outstanding parity water obligations as they become due and payable during such fiscal year, without preference or priority.
 - iii. the amount, if any, required to restore the balance in the reserve subaccounts to the full amount of the respective reserve requirements and, with respect to any other outstanding parity water obligations, to restore the balance in the related debt service reserve fund to the full amount of the applicable reserve requirement; and
 - iv. All other additional rental and other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon gross water revenues during such fiscal year.

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 5: Long-Term Liabilities (Continued)

b. So that gross water revenues less operation and maintenance costs will be at least equal to 120% of the annual parity obligation payments for such fiscal year.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bonds are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|----------------------|----------------------|----------------------|
| 2022 | \$ 2,155,000 | \$ 1,999,863 | \$ 4,154,863 |
| 2023 | 2,260,000 | 1,892,113 | 4,152,113 |
| 2024 | 2,375,000 | 1,779,113 | 4,154,113 |
| 2025 | 2,495,000 | 1,660,363 | 4,155,363 |
| 2026 | 2,620,000 | 1,535,613 | 4,155,613 |
| 2027-2031 | 14,675,000 | 6,102,063 | 20,777,063 |
| 2032-2036 | 17,570,000 | 3,201,894 | 20,771,894 |
| 2037-2040 | 4,860,000 | 547,375 | 5,407,375 |
| | <u>\$ 49,010,000</u> | <u>\$ 18,718,397</u> | <u>\$ 67,728,397</u> |

Note 6: Defined Benefit Plan

Employees of IWA are members of the Public Employees' Retirement System (PERS) the cost of which is paid by IWA. Pension expense allocated to IWA by the City for IWA employees totaled \$1,912,438. IWA's accounts with PERS are merged with those of the City of Indio and its employees, and it is not practical to attempt splitting the two for disclosure purposes within this report. For further details regarding actuarial assumptions etc., refer to the City of Indio's Comprehensive Annual Financial Report.

The City implemented GASB Statement Nos. 68 and 71 as of July 1, 2014, which affects the way pension liabilities are reported. Due to these Statements, the City is required to report its entire liability for pension benefits. The IWA, based on allocation formula, has reported a net pension liability as of June 30, 2021 of \$7,826,781.

Note 7: Other Post-Employment Benefits

Employees of IWA are eligible for PERS benefits are also eligible for other post-employment healthcare benefits (OPEB) the cost of which is paid by IWA. OPEB expense allocated to IWA by the City for IWA employees totaled \$163,556. IWA's accounts for OPEB are merged with those of the City of Indio and its employees, and it is not practical to attempt splitting the two for disclosure purposes within this report. For further details regarding actuarial assumptions etc., refer to the City of Indio's Comprehensive Annual Financial Report.

The City implemented GASB Statement No. 75 as of July 1, 2019, which affects the way OPEB liabilities are reported. Due to this statement, the City is required to report its entire liability for pension benefits. The IWA, based on allocation formula, has reported a net OPEB liability as of June 30, 2021 of \$9,759,042.

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 8: Operating Lease

On May 21, 2001, the Authority entered into an operating lease agreement with the City for the City's Water System. The Authority agreed to operate the Water System, make annual rental payments to the City, and provide water service to customers within the City's service area.

The original lease was amended and restated on June 1, 2015, and the IWA prepaid the lease in the amount of \$7,343,916 during the fiscal year ended June 30, 2015. The future minimum lease payments relating to this lease are as follows:

| Fiscal Year Ending June 30, | Amount |
|--------------------------------|--------------|
| 2022 | \$ 5 |
| 2023 | 5 |
| 2024 | 5 |
| 2025 | 5 |
| 2026 | 5 |
| 2027-2031 | 25 |
| 2032-2036 | 25 |
| 2037 | 5 |
| | <u>\$ 80</u> |

Note 9: Deferred Inflows and Outflows of Resources

The deferred outflows of resources in the amounts of \$978,087, \$1,126,864, and \$1,739,272 represents the deferred loss on refunding of the 2006 Water Revenue bonds, deferred pension-related items, and deferred OPEB-related items, respectively. For more information on the outflows related to pensions and OPEB, refer to the City of Indio's Annual Comprehensive Financial Report.

The deferred inflows of resources in the amounts of \$18,871 and \$103,427 represents deferred pension-related items and deferred OPEB-related items, respectively. For more information on the inflows related to pensions and OPEB, refer to the City of Indio's Annual Comprehensive Financial Report.

Note 10: Joint Powers Agency

The East Valley Reclamation Authority (EVRA) was created on December 18, 2013 under a joint powers agreement between The City of Indio through the Indio Water Authority (IWA) and Valley Sanitary District (VSD) to plan, implement and operate a recycled water program including the tertiary or enhanced treatment of water, as well as the lease, ownership, operation and maintenance of Facilities and the financing costs relation to Public Capital Improvements. Primary funding for the EVRA is through contributions from IWA and VSD. The EVRA is governed by a Board appointed by IWA and VSD and administered by either IWA or VSD based on a rotation determined by the Board. For the fiscal year ended June 30, 2021, IWA was the administrator of the EVRA and therefore maintains the books and records of the EVRA. IWA's contribution to the EVRA for the fiscal year ended June 30, 2021 was \$31,927 for operations. Audited financial statements may be obtained from the Indio Water Authority at 83-101 Avenue 45, Indio, California 92201.

**INDIO WATER AUTHORITY
A COMPONENT UNIT OF THE CITY OF INDIO, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 11: Commitments and Contingencies

In the normal course of operations, the City has been subjected to certain routine litigation matters which are relevant to the Authority. The ultimate outcome of these lawsuits is not presently determinable; however, in the opinion of management, the amount of losses that might be sustained, if any, would not materially affect the financial position of the Authority.

Note 12: Net Position Reserves

Indio Water Authority's net position policies provide for an operating reserve and an emergency reserve. The operating reserve provides 25 percent of the operating budget to preserve the credit worthiness of the Authority and to provide liquidity for ongoing operations. Of the Authority's \$34,340,736 in unrestricted net position, \$5,300,000 is designated for the operating reserve. The emergency reserve is established for responding to natural disasters and/or other emergencies and is funded at a minimum of 2.5 percent of current net depreciated assets. Of the Authority's \$34,340,736 in unrestricted net position, \$4,100,000 is designated for the emergency reserve.

STATISTICAL SECTION

INDIO WATER AUTHORITY
Water Sold by Type of Customer
Last Ten Fiscal Years

(in hundred cubic feet)

| Type of Customer: | Fiscal Year | | | | | | | | | |
|---------------------------|------------------|------------------|------------------|------------------|----------------|----------------|------------------|----------------|----------------|------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Single-Family Residential | 5,413,435 | 5,392,718 | 5,392,822 | 4,982,247 | 4,236,748 | 4,459,372 | 4,891,183 | 4,734,130 | 4,905,070 | 5,363,606 |
| Multi-Family Residential | 1,165,519 | 1,066,970 | 978,114 | 838,995 | 639,273 | 661,020 | 755,878 | 785,314 | 782,526 | 805,082 |
| Commercial/Institutional | 1,195,118 | 1,138,652 | 1,228,943 | 1,158,582 | 1,091,004 | 1,097,366 | 1,194,031 | 1,188,760 | 1,063,772 | 1,137,018 |
| Industrial | 59,114 | 61,707 | 72,389 | 66,423 | 54,401 | 58,018 | 60,552 | 64,585 | 66,865 | 66,052 |
| Landscaped Irrigation | <u>1,229,869</u> | <u>1,067,837</u> | <u>1,205,557</u> | <u>1,023,955</u> | <u>743,594</u> | <u>924,444</u> | <u>1,049,375</u> | <u>976,302</u> | <u>938,291</u> | <u>1,051,466</u> |
| Total | 9,063,055 | 8,727,884 | 8,877,825 | 8,070,202 | 6,765,020 | 7,200,220 | 7,951,019 | 7,749,091 | 7,756,524 | 8,423,224 |

| | | | | | | | | | | |
|---|----|------|----|------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total commodity rate per 100 cubic feet | \$ | 1.16 | \$ | 1.16 | Tiered Rates | Tiered Rates | Tiered Rates | Tiered Rates | Tiered Rates | Tiered Rates |
|---|----|------|----|------|--------------|--------------|--------------|--------------|--------------|--------------|

Note:
During FY 2013-2014, IWA changed its rate structure to a customized water budget with a five tiered rate structure.

Source: Indio Water Authority

INDIO WATER AUTHORITY

Water Rates
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|-------------------------|-------------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Monthly Base Rate | 9.24 | 9.24 | 15.55 | 16.79 | 18.14 | 19.59 | 21.16 | 21.16 | 21.16 | 21.16 |
| Rate Per 100 Cubic Feet | | | | | | | | | | |
| Tier 1 | 1.16 | 1.16 | 0.77 | 0.83 | 0.90 | 0.97 | 1.05 | 1.05 | 1.05 | 1.05 |
| Tier 2 | n/a | n/a | 1.16 | 1.25 | 1.35 | 1.31 | 1.41 | 1.41 | 1.41 | 1.41 |
| Tier 3 | n/a | n/a | 1.55 | 1.67 | 1.81 | 1.95 | 2.11 | 2.11 | 2.11 | 2.11 |
| Tier 4 | n/a | n/a | 2.32 | 2.51 | 2.71 | 2.92 | 3.16 | 3.16 | 3.16 | 3.16 |
| Tier 5 | n/a | n/a | 3.09 | 3.34 | 3.60 | 3.89 | 4.20 | 4.20 | 4.20 | 4.20 |

(1) Rates are based on a 3/4" x 1" meter size, which is the standard household meter size.

Note:

During FY 2013-2014, IWA changed its rate structure to a customized water budget with a five tiered water rate structure.

Source: Indio Water Authority

INDIO WATER AUTHORITY
Ten Largest Water Customers
Last Five Fiscal Years

| Water Customer | Account Class | 2017 | | 2018 | | 2019 | | 2020 | | 2021 | |
|--------------------------------|------------------|-------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|
| | | Water Charges | Percent of Total Water Revenues | Water Charges | Percent of Total Water Revenues | Water Charges | Percent of Total Water Revenues | Water Charges | Percent of Total Water Revenues | Water Charges | Percent of Total Water Revenues |
| ACDW Properties Inc. | Apartments | \$ - | - | \$ - | - | \$ - | - | \$ - | - | \$ - | - |
| Arabian Gardens MHP | Mobile Home Park | | | | | | | | | | |
| Artic Glacier USA | Commercial | | | | | | | | | | |
| Cabazon Indian Reservation | Casino | | | | | | | | | | |
| Capital Foresight Comm., LP | Apartments | 131,378 | 0.75% | | | | | 107,086 | 0.52% | 133,758 | 0.60% |
| Casa Monroe Apartments | Apartments | | | | | 88,665 | 0.43% | | | | |
| CV Housing | Apartments | | | | | | | | | | |
| Desert Air Homeowner's Assoc | RV Park | | | | | | | | | | |
| DSUSD - Indio High School | School | - | | | | 98,604 | 0.48% | 92,242 | 0.45% | | |
| DSUSD - Amistad HS | School | 81,101 | 0.46% | | | | | | | | |
| DSUSD - Middle School | School | 149,551 | 0.86% | | | | | | | | |
| Empire Polo Club | Commercial | 53,553 | 0.31% | | | | | | | | |
| Fantasy Springs Casino | Commercial | 76,469 | 0.44% | 123,672 | 0.63% | 140,371 | 0.68% | 149,644 | 0.73% | 172,599 | 0.78% |
| Indian Palms Country Club | Residential | | | 87,411 | 0.44% | | | | | 106,638 | 0.48% |
| Indio Housing Authority | Apartments | | | | | | | | | | |
| Indio Housing Corporation | Apartments | | | | | | | | | | |
| John F. Kennedy Memorial Hosp | Hospital | 67,536 | 0.39% | | | | | | | | |
| Motorcoach CC POA, Inc | | | | 110,141 | 0.56% | 119,108 | 0.58% | 118,361 | 0.57% | 119,735 | 0.54% |
| Monte Azul Housing | | | | 93,703 | 0.47% | | | | | | |
| Philip S Moreau | RV Park | 88,927 | 0.51% | | | | | | | | |
| Polo Estates Ventures | Commercial | | 0.00% | 214,724 | 1.09% | 195,465 | 0.95% | 150,299 | 0.73% | 220,507 | 1.00% |
| Pueblo Del Sol | Mobile Home Park | 76,973 | 0.44% | | | | | | | | |
| Rancho Casa Blanca | Mobile Home Park | | | | | | | | | | |
| Riverside County | Government | 62,822 | 0.36% | 230,789 | 1.17% | 303,855 | 1.47% | 248,708 | 1.21% | 133,970 | 0.61% |
| Riverside County-Juvenile Hall | Government | | | | | | | | | | |
| Smoketree Apartments | Apartments | | | 87,874 | 0.44% | 90,651 | 0.44% | 96,975 | 0.47% | 102,554 | 0.46% |
| Summerbreeze Homeowner's Assoc | Apartments | | | | | 90,263 | 0.44% | 89,414 | 0.43% | 103,868 | 0.47% |
| Summerfield Apartments | Apartments | | | 101,150 | 0.51% | 104,292 | 0.51% | 107,790 | 0.52% | 115,682 | 0.52% |
| Sunrise Point Apartments | Apartments | | | | | | | | | | |
| Terra Lago | Commercial | | | 102,310 | 0.52% | | | | | | |
| The Club Worldmark | Time Share | | | 143,387 | 0.73% | 136,515 | 0.66% | 119,226 | 0.58% | 116,155 | 0.52% |
| Waller Tract Water - HAML | Residential | 66,154 | 0.38% | | | | | | | | |
| | | <u>\$ 854,464</u> | 4.90% | <u>\$ 1,295,161</u> | 6.56% | <u>\$ 1,367,789</u> | 6.64% | <u>\$ 1,279,745</u> | 6.21% | <u>\$ 1,325,466</u> | 5.98% |

Source: Indio Water Authority

CITY OF INDIO
 Capital Asset Statistics
 and Operating Indicators
 Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|-------------|------|------|------|------|------|------|------|------|------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Capital Asset Statistics: | | | | | | | | | | |
| Water mains (miles) | 327 | 327 | 329 | 332 | 342 | 343 | 343 | 344 | 344 | 346 |
| Maximum daily capacity (millions of gallons) | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 |
| Operating Indicators: | | | | | | | | | | |
| New connections | 0 | 258 | 488 | 397 | 223 | 320 | 302 | 316 | 245 | 517 |
| Average daily consumption (millions of gallons) | 18 | 18 | 20 | 18 | 15 | 15 | 15 | 15 | 16 | 18 |

Source: City of Indio