



Date: March 4, 2024

To: Honorable Board of Directors

From: Kristine Day
Treasurer

Subject: Annual Financial Report for the Fiscal Year Ended June 30, 2023

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the Inland Empire Regional Composting Authority (IERCA/Authority) Annual Financial Report for the Fiscal Year ended June 30, 2023, as presented; and
2. Direct staff to distribute the report, as appropriate, to the various federal, state and local agencies, financial institutions, and other interested parties.

BACKGROUND

The Authority's Annual Financial Report for the fiscal year ended June 30, 2023 was prepared in conformity with generally accepted accounting principles in the United States of America (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). As required by state law, Clifton Larson Allen, LLP (CLA), the Authority's independent audit firm, performed the annual financial audit. A review was also conducted by Internal Audit department of the Inland Empire Utilities Agency. Copies of both reports are attached.

Audit Findings

CLA issued an unmodified ("clean") opinion indicating the financial statements are presented fairly and free of material misstatements. There were no reportable findings.

FY 2022/23 Financial Highlights

Total revenue in FY 2022/23 of \$9.51 million reflects a slight decrease from \$9.76 million reported in the prior fiscal year.

Total expenses of \$12.36 million reflects an increase of \$1.22 million compared to last fiscal year, primarily due to a increase in operating expenses of \$1.21 million plus a increase in non-operating expenses of \$0.01 million.

The total ending net position decreased by \$1.02 million to \$79.11 million as of June 30, 2023, of which approximately \$73.80 million has been invested in capital assets. The remaining \$5.31 million is working capital to support fund balances designated for operating contingencies, self-insurance liability costs, and capital replacement and construction investment. A capital call of \$1.60 million was executed of the \$2.0 million budgeted in FY 2022/23.

PRIOR BOARD ACTION

The Board approved the IERCA Financial Statements for FY 2021/22 in May 2023.

The Board approved the IERCA Budget for FY 2022/23 in May 2023.

IMPACT ON BUDGET

None.

Fiscal Year Ended June 30, 2023



ANNUAL COMPREHENSIVE Financial Report



Rancho Cucamonga, C A
Fiscal Year Ended June 30, 2023

Annual Comprehensive
Financial Report

Fiscal Year Ended
June 30, 2023

**A regional, cost effective
approach to sustainable
organics management.**

**Inland Empire Regional
Composting Facility**

ierca.org

12645 Sixth Street
Rancho Cucamonga,
CA 91739

P.O. Box 2470
Chino Hills, CA 91709

Phone: (909) 993-1500

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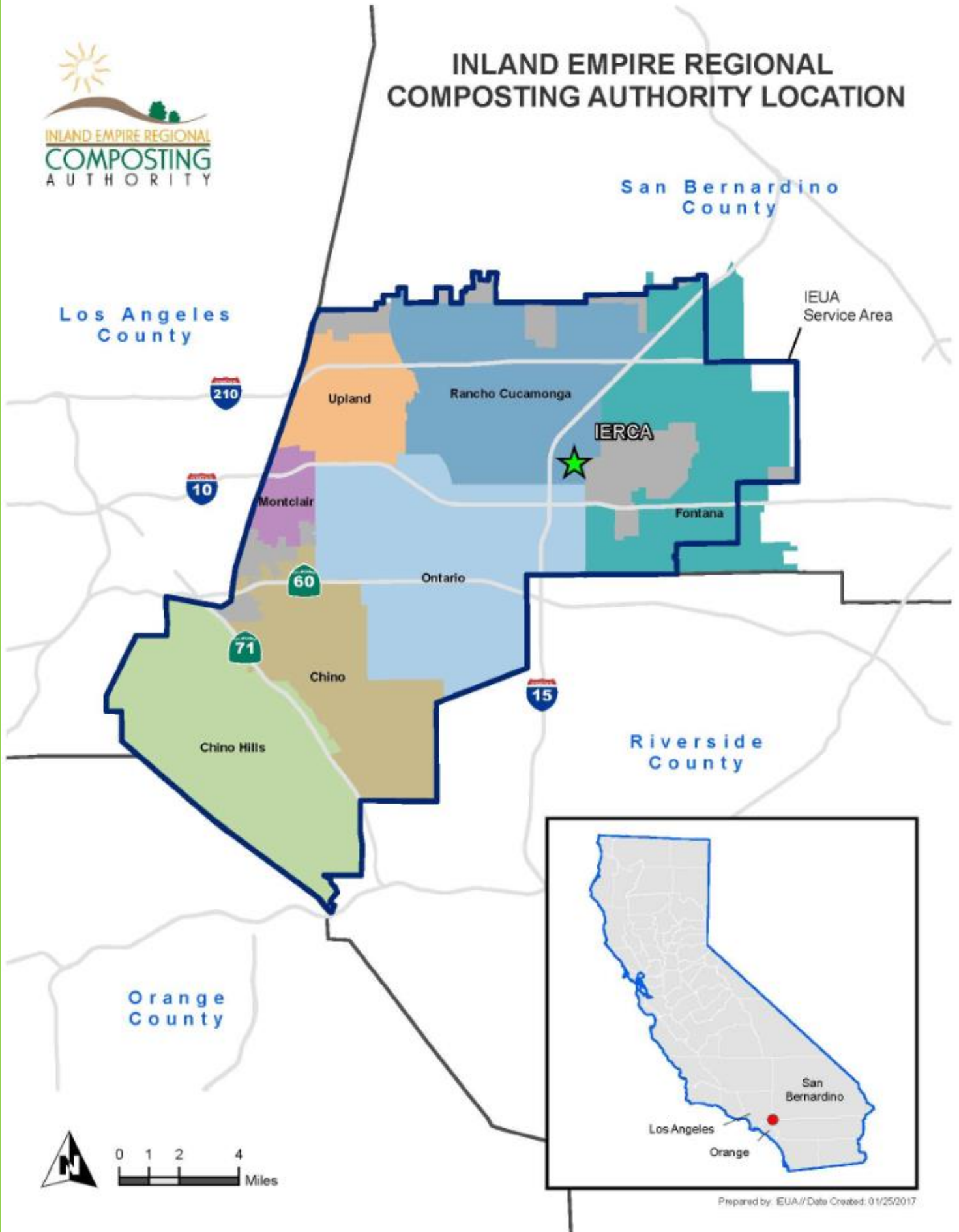
INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
Annual Financial Report
For the Fiscal Year Ended June 30, 2023

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INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY LOCATION





12645 6th Street, Rancho Cucamonga, CA 91739
PO Box 2470 Chino Hills, CA 91709
Phone: (909) 993-1500 Fax: (909) 993-1510

Quality Products for Healthy Soil

February 5, 2024

To the Chairperson of the Inland Empire Regional Composting Authority Board, Members of the Board, and Joint Powers Authority members of the Inland Empire Regional Composting Authority.

The Annual Financial Report of the Inland Empire Regional Composting Authority (IERCA or the Authority) is hereby submitted for the Fiscal Year ended June 30, 2023. State and local ordinances and statutes require the Authority to annually publish a report of its financial condition and activities, audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

Management Responsibility for Financial Information

The Finance and Accounting Department of Inland Empire Utilities Agency (IEUA) prepared this report. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Authority's and IEUA's management. To the best of 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 position and results of operations of the Authority. Disclosures are presented to enable the reader to gain an understanding of the Authority's financial activities.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY PROFILE

Up to the Present

The IERCA was formed February 27, 2002 as a Joint Powers Authority (JPA) to divert organic solids from landfill disposal and to recycle organic products generated from within the community. IEUA and Los Angeles County Sanitation Districts (LACSD) entered into the JPA to implement the shared goal to develop a sustainable biosolids management project.

The Authority is governed by a six-member Board, comprised of two governing board members from each JPA member agency and their respective General Manager. The Assistant General Manager of IEUA serves as the Treasurer of the Authority.

In March 2007, the two joint powers agencies completed construction of the Inland Empire Regional Composting Facility (IERCF). As the nation's largest indoor biosolids composting facility, it consists of 445,275 square feet. The IERCA focuses on producing top quality compost under the guidelines outlined in the US Composting Council's Seal of Testing Assurance (STA) program.

Jon Blickenstaff
Chairman

Paul Hofer
Vice Chairman

Shivaji Deshmukh
Director

Margaret Finlay
Director

Robert Ferrante
Director

Jasmin A. Hall
Director

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY PROFILE (continued):

Up to the Present (continued):

Operations at the facility began in April 2007, and it reached full capacity in December 2008. At full capacity, the IERCF receives and processes over 200,000 wet tons of biosolids and wood waste from local communities and produces approximately 232,000 cubic yards (81,000 tons) of high-quality compost each year.

The facility is staffed by twenty-five full-time IEUA employees, and one part-time employee from LACSD. The employees are onsite Monday through Friday, and conduct all operational activities including production, maintenance, safety and industrial hygiene training, sales, and administration.



The IERCA produces compost using the aerated static pile (ASP) composting method by mixing together organic material in large piles instead of in traditional windrows. Aeration occurs as air is pushed or pulled through the ASP. IERCF pulls air directly from the piles and sends the air to a biofilter along with air exchange through the composting building. The biofilter is 50,000 cubic yards of a special blend of wood chips that treats all of the air by removing odors and other regulated compounds before it is exhausted to the atmosphere.

The entire composting process at the IERCF takes approximately 60 days. Active composting lasts approximately 22 days before the pile is moved into curing. The material is stabilized in curing for 30 to 38 days. After curing, the compost is screened and is then ready for distribution and use.

The composted product, which is marketed as SoilPro Premium Compost, has been sold as a soil conditioner which helps improve water retention resulting in better plant growth and water savings. Compost products are also proven to produce direct benefits to soils and crops in both horticulture (lawns and gardens) and agriculture (vegetables, fruits, nuts, and hay crops).

In order to produce recycled products year-round, the IERCA completed the compost storage facility in 2010 to allow compost storage during the winter season.

Additionally, the Authority entered into two separate agreements to host nearly 10,000 solar panels located on the roof of the facility which provides up to 2.5 megawatts of renewable energy. The system is paired with a shared battery storage system located at IEUA's Regional Water Recycling Plant No. 4. The entire system can provide all the energy required during peak operating hours.

MAJOR INITIATIVES and ACCOMPLISHMENTS

During the fiscal year ended June 30, 2023, the IERCF surpassed 3.45 million cubic yards of compost produced and sold from the facility. There are over 80 active customers who purchase SoilPro products for a variety of applications each year.

There were no changes to the tiered pricing system as the market has remained stable. Tiered pricing offers incentives to customers who purchase large volumes of compost in exchange for pricing discounts. The tiered compost pricing structure is shown in Table 1.

Table 1:

Tier	Cubic Yards (CYDs)/Month	Premium (Cubic Yard)
1	<499	\$5.00
2	500-999	\$4.00
3	≥1,000	\$3.50

Major Initiatives for FY 2023/2024

For the coming fiscal year the compost storage facility cover project will be completed, the feed hopper in the active section of the facility will be replaced, and the operations area upgrade project will be completed.

Major Accomplishments for FY 2022/2023

- Completed operations area landscaping project.
- Completed the year with no recordable or lost time safety incidents.
- Sold all compost produced.
- Met all budgeted targets.



IERCA Main Office

FINANCIAL INFORMATION

Internal Controls

The Management of the Authority is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America.

The internal control structure is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement and that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not outweigh the benefits likely to be derived; and the valuation of costs and benefits requires estimates and judgments by management.

As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Budgetary Controls

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

Independent Audit

State statutes require an annual audit by independent certified public accountants. The Authority's Board of Directors appointed the firm of CliftonLarsonAllen LLP to perform the annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2023 are free of any material misstatement. As part of the independent audit, reviews on a test basis were made to determine the adequacy of internal controls, and to ensure compliance with applicable laws and regulations related to all financial activities conducted by the Authority. Generally accepted auditing standards, issued by the Controller General of the United States of America, were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements is included in the financial section of this report.

The independent audit concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the Inland Empire Regional Composting Authority's financial statements for the year ended June 30, 2023 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

FINANCIAL INFORMATION (continued):

Cash and Investment Management

The Authority has a comprehensive cash and investment program subject to California Government Code Sections 53601, 53607, 53635, 53638, 53646, 53652, and 53653. These regulations are incorporated into the Authority's (Investment Policy), which identifies the types of investments that are authorized and indicates any restrictions.

Consistent with Government Code Section 53646, the Authority annually adopts the Investment Policy that requires the IERCA to invest funds in a manner which will provide: (i) the maximum security; (ii) the funds necessary to meet the daily cash flow demands of the Authority; and (iii) the highest investment return while conforming to all statutes governing the investment of Authority funds within the constraints of the investment policy. By adoption of the policy, it is the intent of the Authority to minimize credit and market risks, while maintaining a competitive yield on its overall portfolio.

The Authority's cash management system is also designed to forecast revenues and expenses, and to invest idle funds to the fullest extent possible. During the Fiscal Year ended June 30, 2022, idle funds were invested in accordance with this policy. These investments consisted primarily of deposits in a pooled investment fund administered by the Los Angeles County Investment Officer and the Local Agency Investment Fund of the California State Treasurer's Office.

In order of priority, the Authority's objectives when investing, reinvesting, purchasing, acquiring, selling, enhancing, and managing public funds are as follows:

1. **Safety:** *Safety of principal is the foremost objective of the investment program. Investments made by the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required to prevent any potential loss on any individual security or depository from exceeding the income generated from the remainder of the portfolio.*

2. **Liquidity:** *The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements that might be reasonably anticipated.*

3. **Return on Investments:** *The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investment is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:*

- A. *A security with declining credit may be sold to minimize loss of principal.*
- B. *A security swap that would improve quality, yield, or target duration in the portfolio.*
- C. *Liquidity needs of the portfolio that require the security to be sold.*

February 5, 2024
To the Chairperson and Members of
The Board of The Inland Empire Regional Composting Authority

FINANCIAL INFORMATION (continued):

Cash and Investment Management (continued):

All cash and investment transactions are conducted in accordance with the Authority's resolutions and Investment Policy. While management recognizes that investment risks may result from issuer defaults, market price changes or various technical complications leading to temporary liquidity, portfolio diversification is employed as a way to minimize these risks.

Acknowledgements

We acknowledge the thorough and professional manner in which the external auditors, CliftonLarsonAllen LLP, conducted the audit. Additionally, we would like to acknowledge the staff from the member agencies of the Authority for their cooperation and contribution in providing the necessary information to complete this report.

Respectfully submitted,



Kristine Day, Treasurer



INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Principal Officials

June 30, 2023

BOARD OF DIRECTORS

Jon Blickenstaff, *Chairperson*

Paul Hofer, *Vice-Chairperson*

Shivaji Deshmukh, *Director*

Robert Ferrante, *Director*

Margaret Finlay, *Director*

Jasmin A. Hall, *Director*

OFFICERS OF THE AUTHORITY

Jeffrey Ziegenbein, *Project Manager*

Mike Sullivan, *Assistant Project Manager*

Kristine Day, *Treasurer*

LEGAL COUNSEL

JC Law Firm

Jean Cihigoyenetche, APC

Chino Hills, California

Inland Empire Regional Composting Authority

Organizational Chart

June 30, 2023

Board Members

Los Angeles County Sanitation Districts
and
Inland Empire Utilities Agency

PROJECT MANAGER
Jeffrey Ziegenbein
(IEUA)

***ASSISTANT
PROJECT MANAGER***
Mike Sullivan
(LACSD)

SECRETARY
IERCA Board Secretary
Denise Garzaro

TREASURER
Kristine Day

International
Compost Awareness Week

COMPOST



MAY 5 - 11, 2024



INDEPENDENT AUDITORS' REPORT

Board of Directors
Inland Empire Regional Composting Authority
Rancho Cucamonga, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Inland Empire Regional Composting 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 financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023, and the changes in financial position and its cash flows for the year then 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 Auditors' 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

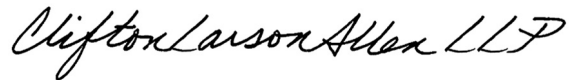
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 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 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.



CliftonLarsonAllen LLP

Irvine, California
December 22, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

The intent of the management's discussion and analysis is to provide highlights of the Authority's financial activities for the fiscal year ended June 30, 2023. Readers are encouraged to read this section in conjunction with the transmittal letter and the accompanying basic financial statements.

The Authority's Operations – an Overview

As a Joint Powers Authority, the Inland Empire Regional Composting Authority (IERCA or the Authority) owns a composting facility on approximately 22 acres of land in Rancho Cucamonga. The property is ideally situated in an industrial area adjacent to Regional Water Recycling Plant No. 4 (RP-4), a wastewater recycling treatment plant owned and operated by Inland Empire Utilities Agency (IEUA). The proximity of the facility to RP-4 provides opportunities to optimize staffing options and energy usage.



Living wall at IERCA headquarters

The 445,275-square foot composting facility is a fully enclosed biosolids processing plant that processed 148,483 tons of biosolids and 44,750 tons of wood and greenwaste into 213,406 cubic yards (167,094 tons) of high-quality compost during the fiscal year.

The facility utilizes aerated static pile composting technology to process a mixture of biosolids, greenwaste and woodwaste to generate Class 'A' Exceptional Quality compost for use in local agriculture and horticulture markets. All the facility's emissions are treated with a biofilter to meet air quality requirements. In FY 2022/23, a total of 193,233 tons of feedstock, equal to 92% permitted capacity, was received by the facility.

As of June 30, 2023, the IERCA had sold over 3.4 million cubic yards of high-quality compost to various customers in Southern California, Arizona, and Nevada and processed nearly 3.04 million tons of recycled materials.

For comparison, 3 million cubic yards of compost can:

- ☀ Fill the Roman Colosseum to the top 1 3/4 times
- ☀ Load 58,000 semi-trucks
- ☀ Increase soil health and water retention for 100,000 football fields

The Authority's Operations – an Overview (continued):

The Inland Empire Regional Composting Facility (IERCF) has maintained an outstanding environmental compliance record recognized throughout the state and across the country resulting in numerous awards. Most recently, it recognized the operations team with an award for more than 2 years with no recordable or lost time accidents. Further, the team has worked with local jurisdictions to provide opportunities to comply with California's SB 1383 (Short Lived Climate Reduction Strategy) by offering discounts on approved compost materials and documentation to comply with the state's mandate.

The team has also set a schedule to complete a project with the Chino Basin Water Conservation District to conduct a water savings quantification project next spring.

Basic Financial Statements

The basic financial statements present a summary of the Authority's financial position as of June 30, 2023. The Authority uses full accrual accounting, which recognizes transactions when they occur, regardless of when cash is exchanged.

The Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2023 reflects the fourteenth year of operations for the IERCF. Total operating revenues were \$9,505,031, a 3% decrease from prior year of \$9,759,688, while total operating expenses increased to \$12,345,408, or a 11% increase compared to prior year total of \$11,139,297. The expenses included \$2,950,431 of depreciation and amortization expense on capitalized assets.

FINANCIAL HIGHLIGHTS

	FY2022/23	FY2021/22	Increase (Decrease) from FY2021/22	
Current assets	\$6,206,801	\$7,262,922	(1,056,121)	-14.54%
Capital & Intangible assets	73,805,633	75,116,991	(1,311,358)	-1.75%
Total Assets	80,012,434	82,379,913	(2,367,479)	-2.87%
Current liabilities	898,844	2,242,320	(1,343,476)	-59.91%
Total Liabilities	898,844	2,242,320	(1,343,476)	-59.91%
Net investment in capital assets	73,795,148	75,116,991	(1,321,843)	-1.76%
Unrestricted	5,318,442	5,020,602	297,840	5.93%
Total net position	\$79,113,590	\$80,137,593	(\$1,024,003)	-1.28%
Operating revenues	\$9,505,031	\$9,759,688	(254,657)	-2.61%
Operating expenses	(12,345,408)	(11,139,297)	(1,206,111)	10.83%
Net operating income (loss)	(2,840,377)	(1,379,609)	(1,460,768)	105.88%
Other Non-operating revenues	64,932	(39,384)	104,316	-264.87%
Other Non-operating expenses	(12,995)	(4,077)	(8,918)	218.74%
Net nonoperating revenues (expenses)	51,937	(43,461)	95,398	-219.50%
Net income (loss) before capital contributions	(2,788,440)	(1,423,070)	(1,365,370)	95.95%
Contributed capital	1,600,000	1,000,000	600,000	0.00%
Capital grant	164,437	0	164,437	0.00%
Total change in net position	(1,024,003)	(423,070)	(600,933)	142.04%
Total net position-beginning, as restated	80,137,593	80,560,663	(423,070)	-0.53%
Total net position- ending	\$79,113,590	\$80,137,593	(\$1,024,003)	-1.28%

Changes in Financial Conditions of the Authority

- The net decrease of \$1,056,121 in current assets is mainly due to a decrease of \$1,008,403, in cash and investments, a decrease of \$51,391 in customer receivables, a decrease of \$7,678 in inventory, these decreases were partially offset by an increase of \$11,351 in interest receivable, and an increase of \$970 in other receivables.
- The decrease in capital and intangible assets of \$1,311,358 is due to an increase of \$2,950,431 in accumulated depreciation and amortization, partially offset by an increase of \$1,639,073 in jobs in progress.
- The decrease of \$254,657 in operating revenues is due to a decrease of \$208,958 in biosolids recycling tipping fee revenue, and a decrease of \$45,699 in compost sales.
- The \$1,206,111 increase in operating expenses is due to an increase of \$1,503,609 operations and maintenance expenses, partially offset by a decrease of \$114,274 in administration and general expenses, and a decrease of \$183,224 in depreciation and amortization.

Depreciation is the expiration of the service life of capital assets attributable to wear and tear, deterioration, and obsolescence. Depreciation expense is the cost of a capital asset prorated over the service life of the asset and each period is charged with a portion of the cost.

Amortization is the gradual reduction, redemption, or liquidation of intangible capital assets over the service life of the asset. Amortization expense is the cost of a capital intangible asset prorated over the service life of the asset and each period is charged with a portion of the cost. IERCF currently has two intangible assets, emission reduction credits and software licenses.

The accumulated contributed capital from LACSD and IEUA was \$86,864,402 equally split between the partners. Additionally, the JPA partners contributed a total of \$15,116,229 for the original property, which resulted in a total contribution of \$101,580,631. In FY 2022/23, each JPA member was charged \$59 per ton tipping fee for bio-solids deliveries. Orange County Sanitation Districts also delivered 9,662 tons of biosolids at a fee of \$61 per ton. The total net position at June 30, 2023 was \$79,113,590 compared to \$80,137,593 in FY 2021/22.

Capital & Intangible Assets

On June 30, 2023, the Authority had total capital and intangible assets of \$73,805,633, net of depreciation and amortization. Jobs in progress of \$2,263,296 include the cost of all design and construction work, and rehabilitation and replacement (R & R) need to maintain and improve the facility. Please refer to Note #3 to the basic financial statements for additional information regarding capital asset balances.

FINANCIAL HIGHLIGHTS (continued):

Investment Summary

The Authority's investment portfolio is administered by the IEUA staff. The investment strategy continues to take a conservative approach consistent with the Authority's approved Investment Policy.

The net interest gain for FY 2022/23 totaled \$47,839 and includes interest income of \$60,482, offset by unrealized losses on investments in amount of \$12,643. The interest income represents an average yield of 1.677%. The Authority's short-term investment fund balance for the fiscal year ended June 30, 2023 was \$4,282,877 comprised of \$2,034,804 in Sweep Investment Fund with Citizens Business Bank, \$1,238,269 in the Los Angeles County Pooled Surplus Investing Fund (LAC PSIF) and \$1,009,804 in the Local Agency Investment Agency Fund (LAIF). Please see Note #2 of the basic financial statements for additional information regarding investment balances.

Contacting the Authority's Financial Management

This financial report is prepared to provide the Authority's members, our citizens, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the revenues it receives. If you have questions about this report or need additional financial information, please contact the Inland Empire Utilities Agency, Finance and Accounting Department, P.O. Box 9020, Chino Hills, California, 91709.

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
BASIC FINANCIAL STATEMENTS
OVERVIEW**

Financial Statements

The following Basic Financial Statements, along with the Supplementary Notes to the Basic Financial Statements, present a summary of the Authority's financial position at June 30, 2023, and the results of operations and the cash flows of its proprietary fund type for the fiscal year then ended.

The Basic Financial Statements consist of:

- 1) Statement of Net Position – the statement denotes the increase/(decrease) of net position of the Authority.
- 2) Statement of Revenues, Expenses and Changes in Net Position – the statement shows all revenue and expense sources recorded for the period, and their effects on the net position of the Authority.
- 3) Statement of Cash Flows – the statement reflects the Authority's financial activities and their effect on cash. It also denotes the cash position of the Authority at the end of the fiscal period.
- 4) Notes to the Basic Financial Statements.

Inland Empire Regional Composting Authority
Statement of Net Position
June 30, 2023

	<u>2023</u>
ASSETS	
Current assets	
Cash & Investments (Note 2)	\$ 4,120,907
Accounts receivable, net	1,834,801
Interest receivable	13,418
Other receivables	970
Inventory	<u>236,705</u>
Total current assets	<u>6,206,801</u>
Noncurrent assets	
Land	4,285,096
Jobs in progress	2,263,296
Capital assets, net of accumulated depreciation	66,509,475
Intangible assets, net of accumulated amortization	<u>747,766</u>
Total capital assets	<u>73,805,633</u>
Total noncurrent assets	<u>73,805,633</u>
Total assets	<u>80,012,434</u>
LIABILITIES	
Current liabilities	
Accounts payable	886,671
Accrued liabilities other	1,688
Retentions payable	<u>10,485</u>
Total current liabilities	<u>898,844</u>
Total liabilities	<u>898,844</u>
NET POSITION	
Net investment in capital assets	73,795,148
Unrestricted	<u>5,318,442</u>
Total net position	<u>\$ 79,113,590</u>

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

Inland Empire Regional Composting Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

	<u>2023</u>
Operating revenues	
Biosolids Recycling Tipping Fees	\$ 8,820,277
Sale of compost	<u>684,754</u>
Total operating revenues	<u>9,505,031</u>
Operating expenses	
Operations and maintenance	8,791,419
Administration and general	603,558
Depreciation and amortization	<u>2,950,431</u>
Total operating expenses	<u>12,345,408</u>
Operating income (loss)	<u>(2,840,377)</u>
Nonoperating revenues (expenses)	
Interest income	47,839
Other nonoperating revenues	17,093
Other nonoperating expenses	<u>(12,995)</u>
Net nonoperating revenues (expenses)	<u>51,937</u>
Income (loss) before capital contributions	<u>(2,788,440)</u>
Capital contributions	
Contributed Capital	1,600,000
Capital Grant	<u>164,437</u>
Change in net position	(1,024,003)
Total net position - beginning	<u>80,137,593</u>
Total net position - ending	<u>\$ 79,113,590</u>

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

Inland Empire Regional Composting Authority
Statement of Cash Flows
Year Ended June 30, 2023

	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 9,728,535
Cash payments to suppliers for goods and services	(6,898,610)
Cash payments for contract labor	<u>(3,837,391)</u>
Net cash provided (used) by operating activities	<u>(1,007,466)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contract reimbursement from other (Other Non Op Rev)	17,093
Cash paid to others (Other Non Op Exp)	<u>(12,995)</u>
Net cash provided (used) by noncapital financing activities	<u>4,098</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,639,073)
Contributed capital	1,600,000
Changes in contractor deposits/retentions	<u>(2,450)</u>
Net cash provided (used) by capital and related financing activities	<u>(41,523)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	49,131
Change in Fair Value	<u>(12,643)</u>
Net cash provided (used) by investing activities	<u>36,488</u>
Net increase (decrease) in cash and cash equivalents	(1,008,403)
Cash and cash equivalents - beginning	<u>5,129,310</u>
Cash and cash equivalents - ending	<u><u>\$ 4,120,907</u></u>

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

Inland Empire Regional Composting Authority
Statement of Cash Flows (Continued)
Year Ended June 30, 2023

	<u>2023</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (2,840,377)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	2,950,431
(Increase) decrease in operating assets:	
Accounts receivable	216,796
Other receivable	(970)
Inventory	7,678
Increase (decrease) in operating liabilities:	
Accounts payable	(1,341,548)
Other accrued liabilities	<u>524</u>
Net cash provided (used) by operating activities	<u><u>\$ (1,007,466)</u></u>

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

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Index of Notes to the Basic Financial Statements

JUNE 30, 2023

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NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Description of the Reporting Entity

The Inland Empire Regional Composting Authority, a Joint Powers Authority (JPA), was formed in February of 2002. The JPA consists of two partners, Inland Empire Utilities Agency (IEUA), a municipal water district in California, and Los Angeles County Sanitation Districts (LACSD), a special district organized and operating pursuant to the County Sanitation District Act, Health and Safety Code Section 4700, et seq. All capital contribution investments related to the JPA are shared equally by both partners. Beginning FY 2009/2010 the Authority implemented a cost-of-service rate (tipping fees) to support the operational costs. Tipping fees paid by each JPA partner are based on the tonnage of biosolids shipped to the facility for recycling. As defined by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the Authority as the primary government. The Authority has no legally separate component units that require blended or discrete presentation.

Subject to the limitations imposed by the Constitution of California, and pursuant to its charter, all powers of the Authority not defined are vested in a six-member Board of Directors. For the purposes of transacting business of the Board, a quorum shall consist of four of the six members of the Board, provided that there is a minimum of two Board members from each partner. The principal office of the Authority is established by resolution of the Board. The Authority has appointed a Secretary, a Treasurer and a Project Manager. The appointed officers come from the membership of the Authority.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as they relate to governmental units. The Authority applies all relevant GASB pronouncements.

Fund Accounting

The accounts of the Authority are organized on the basis of funds. All transactions are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses, as appropriate, the Authority's accounts for its activities in an "Enterprise Fund". An Enterprise Fund is presented in the financial statements as a "Proprietary Fund Type".

Proprietary Fund Types

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

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

Proprietary Fund Types (continued):

Enterprise Funds

An Enterprise Fund is used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation and amortization) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting

Basis of accounting refers to the timing when revenues and expenses are recognized in the accounts, and reported in the financial statements, regardless of the measurement focus applied. The Authority prepares its financial statements on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred regardless of when the related cash flows take place.

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Operating and Non-Operating Revenues and Expenses

Operating revenues relate to revenue 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. Examples include biosolids recycling, compost delivery services, compost sales and the sale of renewable energy credits. Non-operating revenues are transactions incurred infrequently, during the course of the Authority's business. These types of transaction are generally not directly related to the general business of the Authority, such as 1) interest earnings; 2) gain on sales of assets; and 3) miscellaneous other revenues.

The Authority classifies expense types based upon the goods and/or services directly related to the operations of the Authority. Typically, operating expenses include such items as operations, maintenance, and administrative costs. In contrast, non-operating expenses are not directly related to the Authority's core operations, such as interest expense and the cost of financial services.

Budgetary Policy and Control

The Authority's Board approves each year's budget submitted by the Treasurer prior to the beginning of the new fiscal year. The Authority is not required to present budget comparisons; therefore budgetary data is not presented in the accompanying financial statements.

The Authority maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board. All appropriations which are not obligated, encumbered, or expended at the end of the fiscal year lapse at year-end, except for multi-year capital appropriations. Any encumbrance and commitments needed to support ongoing projects or activities are carried forward to the following fiscal year following Board approval.

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

Cash and Investments

All investments are carried at fair value.

For financial presentation purposes, cash and cash equivalents are considered to be demand deposits and short-term highly liquid investments with an initial maturity of three months or less.

Accounts Receivables

All receivables are shown net of an allowance for uncollectible accounts. The Authority extends credit to customers in the normal course of operations. Management has evaluated the accounts and approved an allowance for uncollectible accounts of \$33,388 for the fiscal year ended at June 30, 2023. When an account is determined to be uncollectible, it is written off against the allowance following Board approval.

Inventories

Inventory is valued at the weighted average cost of items on hand. Inventories of operating supplies are maintained and accounted for.

Capital Assets

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

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




The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized.

Improvements are capitalized and depreciated, as applicable, over the remaining useful life of the related capital assets. Donated capital assets are recorded at acquisition value.

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

Capital Assets (continued):

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

Estimated useful lives are:	Ω Furniture, machinery and equipment	3 - 15 years
	 Improvements	15 years
	 Buildings and plants	5 - 50 years
	 Intangible Assets	3 - 50 years

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 secures liability, boiler, and machinery insurance to protect itself from any risk exposure, relative to its business operations. Since the Authority has no employees and the operations and management of its facility is contracted out to IEUA, worker's compensation insurance is carried by IEUA.

- The Authority maintains insurance for commercial general liability, up to \$1,000,000 per occurrence, subject to a \$10,000 deductible per occurrence
- The Authority maintains auto liability insurance up to \$1,000,000 per accident, with zero deductible.
- IERCF is included in the Districts' excess liability policy which provides coverage up to \$4,000,000.
- Insurance for property damage has an \$25,000,000 per occurrence coverage limit, subject to a \$100,000 deductible per occurrence.

Settled claims from the risks discussed herein have not exceeded commercial insurance coverage in any of the last three fiscal years ending June 30, 2023, 2022, and 2021.

(2) Cash and Investments

Cash Deposits

The Authority's cash accounts are maintained with financial institutions that provide deposit protection for the account balance through participation in the Federal Deposit Insurance Corporation (FDIC). The California Government Code (CGC§53652 and 53667) requires banks and savings and loan associations to secure local agency deposits by placing appropriate and adequate securities as collateral with an approved trustee.

For deposits in commercial banks, the California Government Code allows the Authority to waive the preceding requirement for that portion of each deposit insured pursuant to the FDIC regulations; with the remainder of the deposit being secured by collateral (U. S. Government Securities) with a market value of at least ten percent (10%) greater than that remaining amount. The Authority has chosen to enter into these agreements.

In addition, the Authority investment policy requires financial institutions to meet other minimum criteria. Financial institutions must: (a) have been in business for at least three years; have total assets in excess of ten (\$10) billion dollars; and a core capital/asset ratio of five percent (5%) or better; or, (b) have total assets in excess of five hundred million dollars (\$500,000,000); and a core capital/asset ratio of six percent (6%) or better. State statutes and the Authority's investment policy authorize the Authority to maintain cash deposits in demand accounts, savings accounts, and in certificates of deposit.

The bank balance reflects the amount credited by a financial institution to the Authority's account as opposed to the Authority's own ledger balance for the account. The carrying value reflects the ledger balance, which includes checks written by the Authority that have not cleared the bank as of June 30, 2023. On June 30, 2023, the carrying amount of the Authority's deposits was \$(161,970) and the bank balance was \$600,000. The \$761,970 difference represents the outstanding checks.

Investments

In FY 2022/2023, the Authority invested in the Los Angeles County Pooled Surplus Investment Fund (LAC PSIF), which is also managed by Los Angeles County Investment Officer. The Authority invests in the Local Agency Investment Fund (LAIF), which is an investment pool managed by the Treasurer of the State of California. The fair value of the Authority's investment in these pools are reported in the accompanying financial statements at amounts based on the Authority's pro rata share of the fair value provided by LAIF and LAC PSIF for the entire LAIF and LAC PSIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis and are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the Authority has sufficient amounts to meet the redemption request. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made based on one dollar and not fair value. Accordingly, the Authority's investment in this pool is measured on uncategorized inputs not defined as Level 1 or 2. LAIF and LAC PSIF are authorized by California statutes to enter into investments on behalf of municipalities within California.

State statutes and the Authority's investment policy also allows the Authority to invest (short-term and long-term) in U.S. Treasury Obligations, U.S. agency issues and instrumentalities, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Records, negotiable certificate of deposit, LAIF and medium-term notes.

The custodial credit for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than as required for the California Government Code for deposits.

(2) Cash and Investments (continued):

Investments (continued):

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

Cash and Investments

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

	<u>2023</u>
Statement of Net Position:	
Cash & Investments	<u>\$4,120,907</u>
Total Cash and Investments	<u><u>\$4,120,907</u></u>

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

The table below identifies the investment types that are authorized for the Authority by the Authority's investment policy. The table also identifies certain provisions of the Authority's investment policy that address interest rate risk and concentration of credit risk.

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates 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.

Disclosures Relating to Interest Rate Risk (continued):

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investment by maturity:

<u>Investment Type</u>	<u>Remaining Maturity</u> (In Months)	
	<u>Fair Value</u>	<u>12 or Less</u>
Los Angeles County Investment Pooled Investment Fund	\$ 1,238,269	\$ 1,238,269
Repurchase Agreement	2,034,804	2,034,804
Local Agency Investment Fund	1,009,804	1,009,804
Total	\$ 4,282,877	\$ 4,282,877

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 the Authority's investment policy, and the actual Standard and Poor's rating as of fiscal year ended June 30, 2023 for each investment type:

<u>Investment Type</u>	<u>Value</u>	<u>Minimum</u>	
		<u>Legal Rating</u>	<u>Unrated</u>
Los Angeles County Investment Pooled Investment Fund	\$ 1,238,269	N/A	\$ 1,238,269
Repurchase Agreement	2,034,804	N/A	2,034,804
Local Agency Investment Fund	1,009,804	N/A	1,009,804
Total	\$ 4,282,877		\$ 4,282,877

Fair Value Measurement (GASB 72)

The information below shows the Authority's investments fair value measurements (market approach) as of June 30, 2023. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions.

<u>Investments by Fair Value Level</u>	<u>June 30, 2023</u>	<u>Level 1 (A)</u>	<u>Level 2 (B)</u>	<u>Uncategorized</u>
Los Angeles County Investment Pooled Investment Fund	\$ 1,238,269			\$ 1,238,269
Repurchase Agreement	2,034,804		2,034,804	
Local Agency Investment Fund	1,009,804			1,009,804
Total	\$ 4,282,877	\$ -	\$ 2,034,804	\$ 2,248,073

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

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

(3) Changes in Capital Assets

The following is a summary of capital assets, jobs in progress and intangible assets at June 30, 2023:

Capital assets	Balance at 6/30/2022	Additions	Transfers, Sales & Retirements	Balance at 6/30/2023
Capital assets, not being depreciated:				
Land	\$4,285,096	\$0	\$0	\$4,285,096
Jobs in progress	624,223	1,639,073	0	2,263,296
Total capital assets, not being depreciated	\$4,909,319	\$1,639,073	\$0	\$6,548,392
Capital assets, being depreciated:				
Facility	10,831,133	0	0	10,831,133
Structures & improvements	73,920,844	0	0	73,920,844
Operations equipment	20,816,562	0	0	20,816,562
Total capital assets, being depreciated	\$105,568,539	\$0	\$0	\$105,568,539
Less accumulated depreciation for:				
Facility	(3,141,029)	(216,623)	0	(3,357,652)
Structures & improvements	(20,714,165)	(1,518,616)	0	(22,232,781)
Operations equipment	(12,278,061)	(1,190,571)		(13,468,632)
Total accumulated depreciation	(\$36,133,254)	(\$2,925,810)	\$0	(\$39,059,064)
Total capital assets, being depreciated, net	\$69,435,285	(\$2,925,810)	\$0	\$66,509,475
Intangible assets, being amortized:				
Software license	43,615	0	0	43,615
Emission reduction credits	993,472	0	0	993,472
Total intangible assets, being amortized	\$1,037,087	\$0	\$0	\$1,037,087
Less accumulated amortization for:				
Software license	(19,627)	(4,362)	0	(23,989)
Emission reduction credits	(245,073)	(20,259)	0	(265,332)
Total accumulated amortization	(\$264,700)	(\$24,621)	\$0	(\$289,321)
Total intangible assets, being amortized, net	\$772,387	(\$24,621)	\$0	\$747,766
Total capital assets, net	\$75,116,991	(\$1,311,358)	\$0	\$73,805,633

In FY 2022/23, the Authority added \$1,639,073 assets as job in progress, and increased accumulated depreciation and amortization by \$2,950,431.

(3) Changes in Capital Assets (continued):

Jobs in Progress

As of fiscal Year-end June 30, 2023, the Authority had two capital modification and improvement projects and sub-projects in progress.

RCA Capital Replacement	\$	1,040,334
IERCF Front End Loader Replacement		<u>1,222,962</u>
Total Jobs in Progress	\$	<u>2,263,296</u>



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