

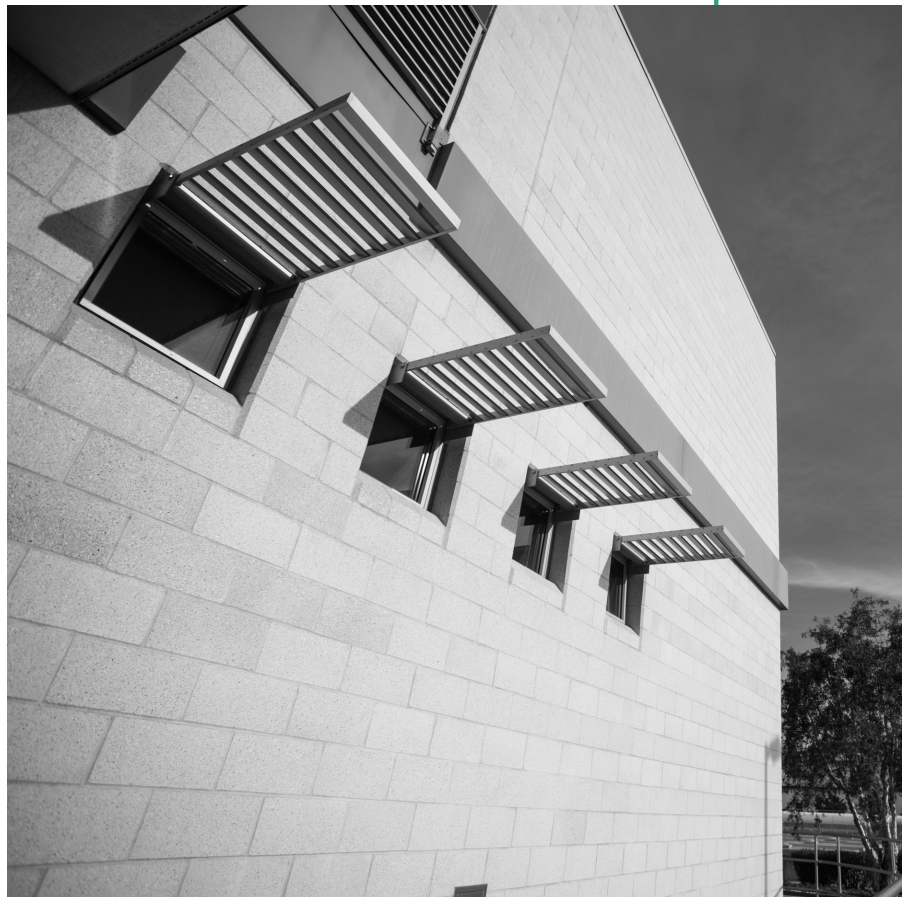
ENCINA WASTEWATER AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Years Ended
June 30, 2022 and 2021**

Office of the General Manager

Encina Wastewater Authority
6200 Avenida Encinas
Carlsbad, CA 92011
(760) 438-3941
www.encinajpa.com



MISSION STATEMENT

As an environmental leader, EWA provides reliable and fiscally responsible wastewater services to the communities we serve while optimizing the use of renewable resources.

PROUDLY SERVING

City of Carlsbad
City of Encinitas
Buena Sanitation District
City of Vista
Vallecitos Water District
Leucadia Wastewater District



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INTRODUCTORY SECTION

Letter of Transmittal

List of Officials

Service Area Map

Organizational Chart

Government Finance Officers Association Award



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ENCINA WASTEWATER AUTHORITY

A Public Agency

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December 6, 2022

The Board of Directors
Encina Wastewater Authority
6200 Avenida Encinas
Carlsbad, CA 92011-1095

Dear Madame Chair and Members of the Board,

We are pleased to submit the Annual Comprehensive Financial Report (Report) of the Encina Wastewater Authority (EWA or the Authority) for the fiscal year ended June 30, 2022. EWA staff remains committed to reaching and maintaining the highest possible standards in financial reporting now and in the future.

EWA's Certified Public Accounting firm, Clifton Larson Allen LLP, and EWA accounting staff prepared the data in this Report. Moss, Levy, & Hartzheim, LLP independently audited the financial statements and related notes. Nonetheless, EWA bears the responsibility for the accuracy of all data presented in this Report. We, EWA's chief executive and financial officers, assume the responsibility for the Report's completeness and fairness of presentation including all disclosures. We affirm that, to the best of our knowledge and belief, information in this Report provides an accurate and fair representation of EWA's financial position and the status of its operations during the fiscal year ended June 30, 2022. We believe that this Report contains all information and disclosures needed to clearly understand EWA's Fiscal Year 2022 financial activities.

Moss, Levy, & Hartzheim, LLP has issued an unmodified ("clean") opinion on EWA's financial statements for the fiscal year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. In addition, the Report includes a statistical and budget performance section which provides information on financial trends, demographic trends, operating and budget activities. These two sections reflect common inquiries by the Member Agencies and serve to provide additional transparency and an easy form of reference.

BACKGROUND

On July 13, 1961 the City of Carlsbad and Vista Sanitation District entered into a Basic Agreement to create a joint powers authority (JPA) for the purpose of acquiring and constructing a joint sewer system. In 1963, the City of Vista incorporated and assumed membership in the JPA. Between 1964 and 1971, additional partners became members of the JPA including: the Buena Sanitation District (January 1964); the Vallecitos Water District (March 1965); and the Leucadia Wastewater District and City of Encinitas (August 1971). These six Member Agencies remain EWA's partners. There are no current plans to alter the EWA purpose or membership.

From 1963 to 1979, the County of San Diego managed the JPA. In 1963, the partners acquired a twenty-five acre site in south Carlsbad near the confluence of the Pacific Ocean and Encinas Creek. The partners completed construction of the Encina Water Pollution Control Facility (EWPCF) in 1965 including a 4.5 million gallon per day (MGD) treatment plant and ocean outfall. By 1971, the Phase I expansion increased treatment capacity to 6.75 MGD. In 1975, the Phase II expansion extended the Encina Ocean Outfall and increased capacity to 13.75 MGD.

The Leucadia Wastewater District managed the JPA from 1979 to 1988. During this time, the Phase III expansion increased capacity to 22.5 MGD, enhanced wastewater treatment facilities to meet stringent secondary treatment standards, and added critical effluent pumping facilities to the Encina Ocean Outfall system. In addition, cogeneration facilities were designed and placed in service to convert treatment process by-product methane and purchased natural gas to the electricity and compressed air required for plant operations.

In 1988, the partners amended the Basic Agreement through a Revised Basic Agreement (RBA). A short time later, the JPA's membership created an independent public entity called the Encina Administrative Agency (EAA) to operate, maintain, and administer the EWPCF, the Agua Hedionda Pump Station, and the Buena Vista Pump Station. In 1991, the EAA changed its name to the Encina Wastewater Authority.

In 1992, the Phase IV Expansion Project increased liquid treatment capacity to 36.0 MGD; enhanced solids treatment capacity to 38.0 MGD; provided interim wastewater flow equalization facilities to optimize treatment plant and Ocean Outfall operations; and implemented extensive odor control facilities to better serve the growing population of the service area. In 1995, EWA purchased the thirty-seven (37) acres adjacent to the southern boundary of the EWPCF now known, and referred to in this Report, as the South Parcel.

The Phase V Expansion Project commenced construction in September 2006 to meet anticipated wastewater flows through 2025. The Phase V Project included replacement of existing dewatering equipment with two decanter centrifuges and the installation of a triple-pass rotary drum heat dryer that produces Class A biosolids pellets. The Phase V Expansion was substantially complete in February 2009 and dedicated in May 2009. The Authority's Board of Directors took final acceptance of the project in December 2009. Permitted Phase V capacity is now 43.3 MGD.

ORGANIZATION AND GOVERNANCE

EWA is organized under the Joint Powers Act (California Government Code 6500 et seq). The Encina Member Agencies adopted the Revised Establishment Document (RED) on December 17, 1990 “to (a) retain EWA as the Operator/Administrator of the Encina Joint Powers and (b) reestablish the organization, administration, rules and specific powers of the EWA.”

The powers enumerated in the RED are exercised subject to the restrictions of the County Water District Law (California Water Code 30000 et seq.). The RED provides for EWA’s governance by two elected officials appointed to EWA’s Board of Directors at the discretion of each Member Agency.

Members and officers of the Board of Directors on June 30, 2022 were:

Member Agency	Representative	Representative
City of Vista & Buena Sanitation District	Judy Ritter, Chair	John Franklin
City of Encinitas	Joe Mosca, Vice Chair	Joy Lyndes
City of Carlsbad	Keith Blackburn	Teresa Acosta
Vallecitos Water District	Jim Hernandez	Mike Sannella
Leucadia Wastewater District	Judy Hanson	Don Omsted

CURRENT SERVICES

EWA’s service area is comprised of approximately 123 square miles of coastal north San Diego County with a population of roughly 371,000. Wastewater is collected from the six districts and arrives at the EWPCF through gravity and force main piping manifolds. During the fiscal year ended June 30, 2022, the EWPCF treated, recycled, or disposed of 8.78 billion gallons of wastewater. EWA also enforces industrial pretreatment regulations in the Encina service area. Additionally, EWA produces tactical and business planning documents that ensure the Encina Joint Facilities continue to meet Member Agency needs in compliance with local, state, and federal regulations.

The EWPCF consists of state-of-the art wastewater treatment and disposal facilities. Primary wastewater treatment facilities include an influent junction structure, bar screens, and grit and sedimentation tanks. Secondary wastewater treatment facilities include aeration basins, clarifiers and dissolved air flotation units to dewater residual secondary solids. Anaerobic digesters stabilize solids generated by primary and secondary treatment processes. After 15-20 days in the digesters, wastewater solids are pumped to the dewatering building where centrifuges spin the solids to remove excess water. The resultant product, which is approximately 22% solids, is considered Class B biosolids. Uses for Class B biosolids are regulated by U.S. Environmental Protection Agency (EPA).

With the Phase V expansion project, a triple-pass rotary drum heat dryer was placed in service in 2009. Biosolids from the centrifuges are pumped to the dryer and heated to approximately 200 degrees Fahrenheit. The heat drying process produces pellets that are more than 90% solids and considered unrestricted use Class A biosolids. The system normally operates five days per week and produces about 24 tons per day of Class A biosolids pellets. Class A biosolids have unrestricted use, which provides EWA with more options for reuse of the product.

The Phase V expansion project also incorporated an upgrade to the Authority's cogeneration facility, including four 1,000hp Caterpillar engines driving 750kW generators. The engines can be fueled by either biogas or natural gas and recovered engine heat is used to heat the plant's anaerobic digesters. These anaerobic digesters produce up to 900,000 cubic feet of digester gas daily to fuel the engine generators. This power system produces over 83.7% of the electricity used at the EWPCF.



In April 2015, the Alternative Fuel Receiving Facility was completed moving the EWPCF closer to energy independence. The project involved the construction of facilities to receive fats, oils and grease (FOG), brewery waste and other high strength organic waste products. This material is fed to existing digesters where it is converted into biogas, which is then used to offset natural gas usage in the cogeneration facility and the biosolids dryer. During fiscal year 2022 EWA received 4.1 million gallons of FOG and brewery waste and earned \$156,936 in alternative fuels tipping fees.

When necessary, equalization basins store high quality secondary effluent water. Flow from the outfall operations is processed through a bottom feed cylindrical sand filter system that produces Title 22 compliant recycled water for use in irrigation, engine cooling, odor reduction, and other EWPCF processes. Secondary treated wastewater not beneficially reused is discharged into the Pacific Ocean through the Encina Ocean Outfall pipe, which extends 1.5 miles offshore. EWA's Laboratory conducts approximately 32,000 tests annually to support EWA's Source Control Program, monitor compliance with ocean discharge permits, and provide contractual services to Encina Member Agencies for wastewater, recycled water, potable water and storm water quality testing.

EWA also operates and maintains the Agua Hedionda, Buena Vista, Buena Creek and Raceway Basin Pump Stations, and the Carlsbad Water Reclamation Facility under contracts with their respective owner agencies.

STRATEGIC BUSINESS PLAN

EWA's 2018-2023 Five-Year Strategic Business Plan serves as the road map to accomplish the Board of Director's policy goals and establishes the basis for EWA's program, budgets, and other resource allocation determinations. The Strategic Plan links the strategic initiatives identified by the Board of Directors with management strategies and objectives to address those key initiatives.

The strategic initiatives are:

1. Enhance workplace safety, health, and wellness.
2. Remain employer of choice.
3. Maintain regulatory compliance.
4. Improve infrastructure performance and reliability.
5. Expand waste resource recovery efforts.
6. Continue fiscal responsibility and revenue generation.
7. Optimize operational performance.
8. Engage key stakeholders.

ORGANIZATIONAL INITIATIVES

Renewable Energy Solutions

EWA has been a leader in the development of energy resources by constructing cogeneration facilities in the early 1980's and later leveraging high strength waste for enhanced biogas production in the anerobic digestion process. These efforts and a commitment to renewable energy supply have been recognized by the EPA through the Better Plants Program. The EPA ranks EWA in the top 30 facilities in the nation for clean power generation. Despite EWA's effort to enhance on-site generation and thus reduce power consumption from the grid, EWPCF power costs continue to rise year over year.

The EWPCF has reached a point where the easy-to-realize gains have already been made. Future power generation will need to come from alternative sources that are not based on biogas production due to emissions controls limitations and the potential for APCD to reduce the permit limits for CO and formaldehyde in the near future. The impacts of this potential change are currently being assessed. The EWPCF power management system relies on two power sources. One from cogeneration using biogas and the other from SDGE or "grid" power. EWPCF operations have optimized these two sources to work in conjunction with each other to minimize the cost to Member Agencies. To identify a path toward increased on-site generation, staff initiated a Microgrid Feasibility Analysis to determine the best approach moving forward.

The Microgrid Feasibility Study includes development of a design concept and a rough order of magnitude (ROM) cost. Based on this study and input received from the Board of Directors, staff is currently pursuing onsite solar power energy generation, batter energy storage and net energy metering with SDGE.

One Water Strategies

The Water Reuse Feasibility Study outlines the best path to full year-round beneficial use of EWA's current and future EWPCF effluent that is now discharged through the ocean outfall. The Study presents background on potable reuse in California, creates a high-level portfolio of options for potable reuse and recycled water projects with descriptions and a comparison of benefits, limitations, and constraints.

The result of the Water Reuse Feasibility Study shows that EWA facilities represent a unique centralized location for large-scale production of recycled water that could capture economies of scale to the benefit of the region. EWA's experience in water treatment and water quality make it suitable to take on the responsibility for the Advanced Water Treatment (AWT) required for potable reuse. The presence and availability of a deep ocean outfall is conducive to siting the AWT facility near the EWPCF. Additionally, the availability of land for the AWT on the South Parcel is consistent with the existing South Parcel Utilization Policy.

Pilot testing activities are typically carried out to demonstrate that the proposed treatment train for a water purification facility is effective and can meet regulatory minimums. The testing provides both the regulators and the public the opportunity to gain confidence in the treatment system. These are two major hurdles that must be overcome to ensure that the project will be successfully implemented. Both hurdles, can be addressed in large part by demonstrating that the technology through pilot testing and careful documentation of results.

EWA was approached by Trussell Technologies (Trussell), an industry leader in water reuse project design and implementation, to participate in a pilot study that began in FY 2022 to demonstrate the effectiveness of different technologies to meet regulatory and public expectations. Trussell has developed the pilot test plan, analyzes the data and produces reports documenting the findings. The pilot equipment has been donated by the manufacturer (SUEZ) and EWA operates the pilot and conduct lab test under the direction of Trussell. Future pilots may or may not be necessary based on the outcome of the pilot results. The objectives of this pilot are to optimize the biological treatment process to reduce footprint and operational cost, determine membrane production rates based on the biological treatment process optimization and confirm product water quality will meet regulatory standards.

Development of a Water Reuse project using the resources that EWA has available will require a dedicated effort and financial commitment from elected officials, staff and other interested parties. EWA is in a unique position for future development of a AWT facility to support a regional potable reuse project. It possesses the largest untapped local water supply in the region, land available for the siting of the treatment facility, staff with technical expertise to develop and implement the project and a deep-water outfall.

Staff is currently developing a Water Reuse Strategic Plan that will include:

- Partner outreach and development of the North County One Water Program
- Development of a Regulatory Strategy
- Refine the needs and approach to EWPCF improvements
- Plan Implementation

High Strength Waste Program

Municipalities across the State of California have been under mandate from AB 1826 to decrease the amount of organic waste being sent to landfills. Regionally this requirement cannot presently be met with the existing infrastructure in place either from composting facilities or wastewater treatment facilities. In addition, the Climate Action Plans (CAPs) of the three cities in the EWA service area and the County of San Diego all reference the use of renewable natural gas (RNG) fuels for vehicles and some also mention waste diversion objectives. The EWPCF has a unique asset profile that would provide the region with a viable opportunity to meet mandates and CAP goals. The EWPCF is centrally located for its Member Agencies and has capital assets in place that would facilitate the digestion of organic food waste for the production of RNG fuel that can then be injected into the regional natural gas pipeline that is adjacent to the plant.

EWA staff and consultants have taken a high-level approach to determining what it would take to implement high strength waste digestion. To implement a project of this magnitude, a coordinated effort between EWA staff, consultants, solid waste haulers, permitting agencies, SoCal Gas, SDGE, and grant funding agencies would be required.

The project scenario that will lead to a balance between revenue and operational reliability and flexibility is one in which the following improvements are made to the EWPCF plant. This list should not be considered all-inclusive but will provide a general understanding of the improvements that are needed.

1. Development of high strength waste (HSW) receiving facilities.
2. Re-habilitation of Digesters 1, 2 and 3 for the purposes of digesting HSW including yard pipping and mechanical equipping.
3. Installing bio-gas conditioning to bring the gas to RNG standards for pipeline injection.
4. Installing a connection to the high-pressure gas pipeline that is adjacent to the EWPCF.
5. Modifications to the solids management system to allow for processing of both Class A and Class B biosolids simultaneously.

The sensitivity in this project, with regards to payback period, is primarily based on the Renewable Identification Number (RIN) values including the Low Carbon Fuel Standard (LCFS) value. RIN credits are a Federal incentive that will provide the majority of the revenue for the project. The current RIN market could be considered a moderate market. The LCFS credits are provided by the State of California and are available until 2030. In addition to the RIN and LCFS credits it is possible that a portion of the capital development costs could be offset through grants.

The timeline to implement this project is dependent on activities such as the gas connection to the pipeline, lead time on the gas conditioning equipment, and funding availability. Once construction has commenced for the Digester 1, 2, and 3 rehabilitation the balance of the project could be completed in two years.

The ultimate successful completion of this project will provide the San Diego region with many benefits. It will provide an outlet for a HSW resource to be converted into a valuable commodity that can provide a long-lasting revenue stream which will directly benefit all of EWA's Member Agencies.

Climate Change Action Plan

On September 12, 2018 the Regional Water Quality Control Board San Diego Region adopted Order No. R-9-2018-0059 requiring multiple special studies, one of which is a Climate Change Action Plan (CCAP). The intent of the CCAP is to make sure National Pollutant Discharge Elimination System dischargers have (1) planned for changes in sea levels and flood plain designations associated with climate change and (2) addressed greenhouse gas emissions as part of their facilities planning. Secondary considerations of the CCAP include documenting that facilities are capable of handling anticipated changes in influent flows and influent water quality, and that corresponding changes in effluent flows and effluent water quality are consistent with applicable regulatory requirements. Order No. R9-2018-0059 requires EWA to address climate change effects on “Facilities”, which includes the EWPCF, Meadowlark Water Reclamation Facility and Carlsbad Water Recycling Facility.

This effort is currently in progress.

CAPITAL PROGRAM INITIATIVES

Digester Rehabilitation and Improvements

The EWPCF has three anaerobic digesters (Digester Nos. 4, 5, and 6), each with a two million gallon capacity, in service and two additional digesters, 330,000 gallon capacity, that have been placed take out of service. The digesters are operated as a conventional, mesophilic anaerobic digestion (MAD) process. Assessments recently performed on Digester Nos. 4, 5, and 6 have identified that the coatings need to be replaced and that the mixing, heating, and dewatering systems need rehabilitation.

The Digester Rehabilitation and Improvements Project will clean digesters Nos. 4 and 5 and replace the gas mixing system for Digester No. 4, constructed in 1982 during the Phase III expansion, with a pump mixing system, and also rehabilitate the pump mixing system for Digester No. 5 which was constructed in 1992 during the Phase IV expansion. In addition, other recommended improvements to the digesters including improvements to the heat exchanger systems, transfer pumps, electrical and instrumentation systems, and waste gas flare system. This effort is currently in progress.

Secondary Clarifiers and Strainers Improvements Project

The secondary clarifiers are used as the final step in wastewater treatment at the EWPCF prior to ocean discharge. The Secondary Clarifiers and Strainers Improvements Project will complete rehabilitation in all seven active clarifiers, including coatings, gate rehabilitation and replacement, and minor structural, electrical, and controls improvements. In addition, the project will replace the entire mechanical systems in Clarifiers 5, 6, and 8, which have been in service for nearly 30 years, as well as two strainers for the plant water strainers, which have been in service for nearly 40 years. This project is currently in progress.

FINANCE AND HUMAN RESOURCE ENVIRONMENT

Internal Controls

EWA's management has established and maintains internal controls designed to ensure assets are adequately protected from loss, theft, or misuse. The objectives of an internal control structure are to ensure that transactions are executed in accordance with EWA policies and are recorded properly to allow preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Budgetary Controls

Each fiscal year, EWA adopts annual Operating and Capital Improvement Program budgets in conformance with the RBA and RED. Each budget sets forth expenditure plans and the allocation of related expenditures among the Member Agencies. The annual budgetary appropriation and control resolution limits management's discretion to amend adopted budgets and contracts approved by the Board of Directors.

Accounting Method

EWA operates on the accrual method of accounting. Funds are encumbered as each purchase is authorized in conformance with EWA policies and procedures. Encumbered funds are not carried forward without specific Board of Director's authorization.

Cash Management

EWA retrospectively bills Member Agencies and maintains appropriate cash reserves in accordance with the Financial Reserve Policy adopted by Resolution No. 2019-03. Any temporarily idle cash is invested in accordance with the California Government Code and a conservative formal investment policy that is annually reviewed and adopted by the Board of Directors. During the fiscal year, all temporarily idle funds were invested in either the State of California's Local Agency Investment Fund or the California Asset Management Program.

Debt Administration

Other than existing pension obligations, EWA has no long-term debt or any contracts granting access to debt facilities of any kind in accordance with RBA requirements.

Pension Obligation Administration

With guidance and collaboration of EWA's Board of Directors and Member Agencies, EWA implemented the CalPERS Pension Liability Funding Policy in fiscal year 2019. This policy strives to pay off EWA's existing pension liability by fiscal year 2022 by paying California Public Employees' Retirement System (CalPERS) an additional \$4.1M over the required minimum payments in fiscal years 2020, 2021, and 2022. The policy provides EWA with flexibility and payment guidelines to use over those three years to ensure the policy appropriately meets its intended expectations.

Independent Audit

EWA's financial accounts and records are independently audited each fiscal year in conformance with requirements prescribed by the State Controller for special districts and accounting principles generally accepted in the United States of America as well as Government Auditing Standards issued by the Comptroller General of the United States. EWA has met this requirement and the opinion and report of its independent auditor, Moss, Levy, & Hartzheim, LLP, Certified Public Accountants, is included in this Report.

Human Resources

Federal and state law, EWA ordinance and resolutions establish employee wages, hours and working conditions. EWA contributes to the CalPERS, a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. In addition, EWA offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is optional and EWA has no fiduciary responsibility for the deferred compensation plan.

AWARDS AND ACKNOWLEDGEMENTS

Government Finance Officers Association <hr/> "Certificate of Achievement for Excellence in Financial Reporting" for fiscal year 2021	California Water Environment Association <hr/> <ul style="list-style-type: none"> • 2020 Plant of the Year – Large • 2020 Safety Plant of the Year – Medium • 2020 Electrical Instrumentation Person of the Year – Yani Jovenal • 2020 Operator of the Year – Santiago Resendiz <hr/>	California Association of Sanitation Agencies <hr/> 2020 Award of Excellence for Innovation & Resiliency for the Primary Effluent Conveyance Rehab Project
Environmental Protection Agency <hr/> Green Power Partnership Top 30 On-Site Generation	American Society of Civil Engineers <hr/> Outstanding Water Wastewater Treatment Project for the Encina Primary Effluent Conveyance System Upgrades	

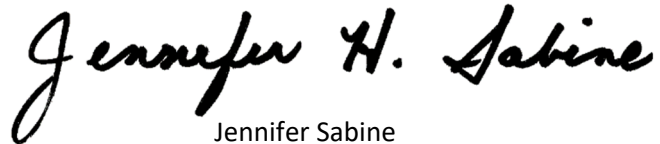
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to EWA for its annual comprehensive financial report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report has been a joint effort by each of EWA's seventy-one staff through unwavering dedication to their profession and by helping to create an environment that stimulates and values teamwork. Together, we are a model of excellence and innovation. Additionally, a special note of appreciation goes to EWA's Joseph Spence and Clifton Larson Allen LLP's Daniel Langlois. Finally, this Report would not be possible without the continuing support of EWA's Board of Directors whose leadership and commitment serve as the foundation for our accomplishments.



Scott McClelland, P.E., BCEE
General Manager



Jennifer Sabine
Assistant General Manager

LIST of OFFICIALS

BOARD OF DIRECTORS AND OFFICERS

Judy Ritter, Chair, City of Vista and Buena Sanitation District
Joe Mosca, Vice Chair, City of Encinitas
John Franklin, City of Vista and Buena Sanitation District
Keith Blackburn, City of Carlsbad
Teresa Acosta, City of Carlsbad
Jim Hernandez, Vallecitos Water District
Mike Sannella, Vallecitos Water District
Judy Hanson, Leucadia Wastewater District
Don Omsted, Leucadia Wastewater District
Joy Lyndes, City of Encinitas
LeeAnn Warchol, Treasurer/Auditor
Scott McClelland, Board Secretary

MANAGEMENT

Scott McClelland, P.E., BCEE, General Manager
Jennifer Sabine, Assistant General Manager
Alicia Appel, Director of Environmental Compliance
Octavio Navarrette, Director of Operations
Tucker Southern, P.E., Director of Technical Services
LeeAnn Warchol, Director of Administrative Services

GENERAL COUNSEL

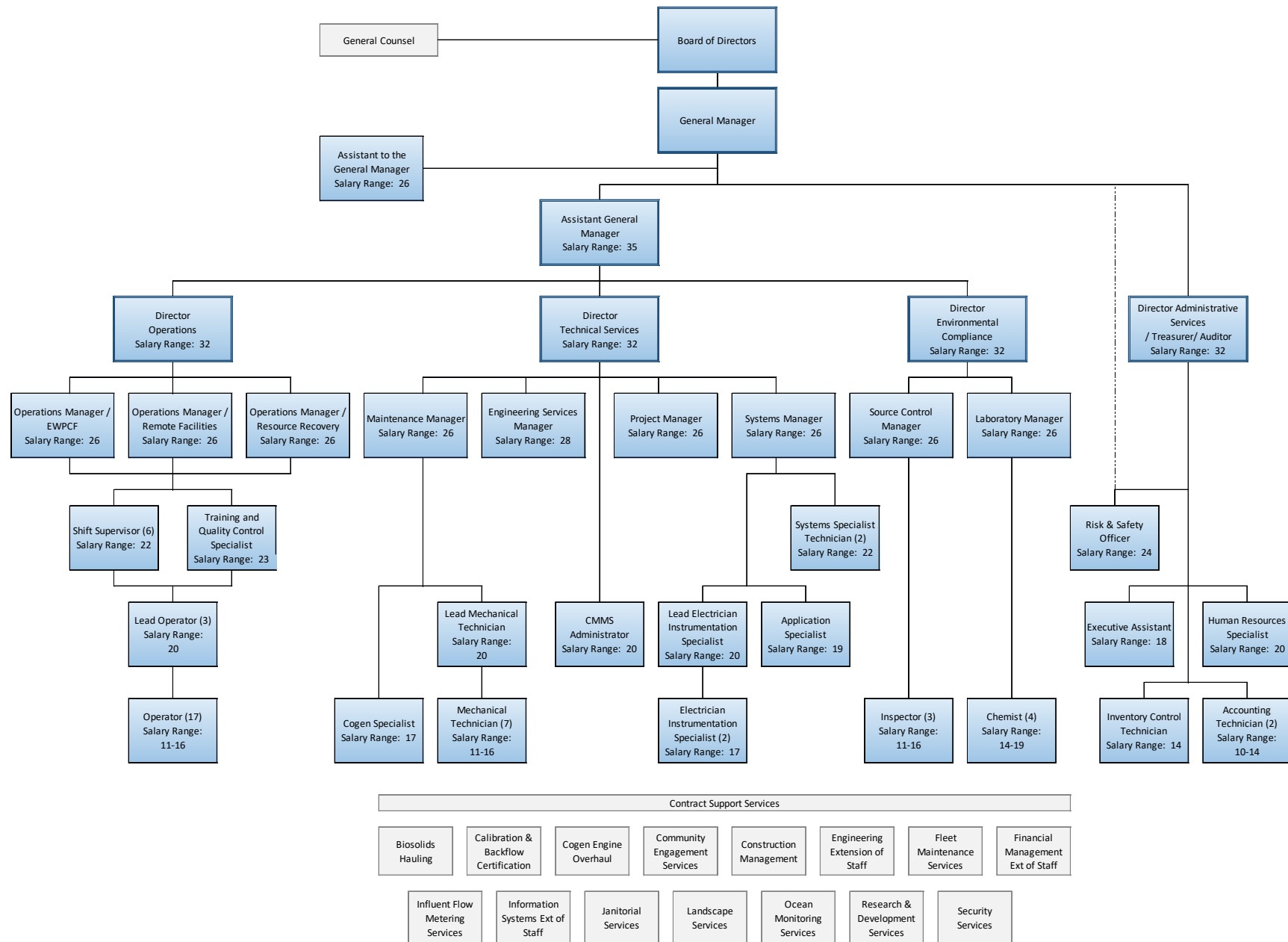
Adriana Ochoa, Procopio Cory Hargreaves & Savitch, LLP
Tracie Stender, Procopio Cory Hargreaves & Savitch, LLP

For additional information visit our website at www.encinajpa.com

SERVICE AREA



FISCAL YEAR 2022 ORGANIZATION CHART (72 FTEs)





Government Finance Officers Association

Certificate of
Achievement
for Excellence
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Presented to

**Encina Wastewater Authority
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information (Unaudited)
Supplementary Schedules (Unaudited)



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MOSS, LEVY & HARTZHEIM LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Encina Wastewater Authority
Carlsbad, California

Report on Audit of the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Encina Wastewater Authority (Authority) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's 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 respective financial position of the business-type activities of the Authority, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the fiscal 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 on pages 23 through 28, the Schedule of Pension Plan's Proportionate Share of the Net Pension Liability, the Schedule of Contributions – Defined Benefit Pension Plan, the Schedule of the Changes in the Net OPEB Liability and Related Ratios, and the Schedule of Contributions – OPEB on pages 67 through 70 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, the supplementary schedules in the financial section, the statistical section, and the budget performance section but does not include the basic financial statements and our auditor's 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 appears to be materially misstated. If, based on the work performed, we conclude 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 6, 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.

Report on Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of the Authority as of and for the fiscal year ended June 30, 2021 were audited by a predecessor auditor which issued an unmodified opinion as of December 7, 2021.



MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
December 6, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of Encina Wastewater Authority (EWA or the "Authority") provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2022 and 2021. Please read it in conjunction with the Authority's financial statements, which follows this section.

FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and a brief description of the Authority's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The Authority's financial statements include four components:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements

The Statements of Net Position include all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position may be displayed in three categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The Statements of Net Position provide the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing its liquidity and financial flexibility.

The Statements of Revenues, Expenses, and Changes in Net Position present information which shows how the Authority's net position changed during the fiscal year. Revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The Statements of Revenues, Expenses, and Changes in Net Position measure the success of the Authority's operations over the past fiscal year and determines whether the Authority has recovered its costs through user fees and other charges.

The Statements of Cash Flows provide information regarding the Authority's cash receipts and cash disbursements during the fiscal year. This statement may report cash activity in four categories:

- Operating
- Capital and related financing
- Noncapital financing
- Investing

These statements differ from the Statements of Revenues, Expenses, and Changes in Net Position because the Statements of Cash Flows only account for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's total assets increased by \$12,196,945 from fiscal year 2021 to 2022. This is primarily the result of the Authority reinvesting in its capital infrastructure and rehabilitating many aged assets with capital contributions from its Member Agencies. Deferred outflows of resources are related to the Authority's defined benefits plans and have decreased by \$421,305 from fiscal year 2021 to 2022 as a result of actuarial assumption changes. Total liabilities and deferred inflows of resources have decreased by \$1,663,359 from fiscal year 2022 to 2021 as a result of the Authority paying down the net pension liability.
- The Authority's net position increased by \$13,438,999 to \$176,493,048 for the fiscal year ended June 30, 2022. This increase was the result of increased capital contributions being earned and applied towards capital rehabilitation efforts.
- The Authority's operating revenues increased from \$18,527,604 for the fiscal year ended June 30, 2021, to \$19,026,009 for the fiscal year ended June 30, 2022, primarily as a result of increased Member Agency assessments earned.
- The Authority's operating expenses increased from \$29,464,734 for the fiscal year ended June 30, 2021, to \$31,725,261 for the fiscal year ended June 30, 2022. The increase is primarily driven by increased depreciation, though the Authority also incurred increased personnel expenses and higher chemical costs.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

The following is a summary of the Authority's statements of net position at June 30:

	2022	(As Restated) 2021	(As Restated) 2020
<u>Assets:</u>			
Current and other assets	\$ 22,501,324	\$ 23,679,404	\$ 24,622,303
Capital assets	164,093,048	150,718,023	136,520,458
Total Assets	186,594,372	174,397,427	161,142,761
<u>Deferred Outflows of Resources</u>	6,006,749	6,428,054	7,802,458
<u>Liabilities:</u>			
Current liabilities	3,621,530	1,159,314	1,169,228
Noncurrent liabilities	12,039,119	16,217,045	17,503,880
Total Liabilities	15,660,649	17,376,359	18,673,108
<u>Deferred Inflows of Resources</u>	447,424	395,073	1,428,888
<u>Net Position:</u>			
Net Investment in capital assets	164,093,048	150,718,023	136,520,458
Restricted for capital program	8,100,000	8,036,026	8,022,765
Unrestricted	4,300,000	4,300,000	4,300,000
Total Net Position	\$ 176,493,048	\$ 163,054,049	\$ 148,843,223

FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)**Net Position (Continued)**

Net position increased by \$13,438,999 from fiscal year 2021 to 2022. Net investment in capital assets increased by \$13,375,025 as a result of the amount spent on capital improvements exceeding depreciation expense and the discontinued projects, studies, and assessments. Restricted net position increased by \$63,974 primarily as a result of the Authority collecting reimbursements from the Member Agencies. The Authority will continue to replenish its Capital Reserve balance using the Capital Due from Member Agency Billing Process.

Unrestricted net position (those that can be used to finance day-to-day operations) remained at \$4,300,000 throughout fiscal year 2022 and, in accordance with the Authority's financial reserve policy, is assigned as follows:

Operating Reserve	\$ 2,750,000	Unit I weighted ownership
Inventory Reserve	1,300,000	Unit I weighted ownership
Remote Facility Reserve	250,000	Specific ownership
	<u>\$ 4,300,000</u>	

Revenues, Expenses, and Changes in Net Position

The following is a summary of the Authority's revenues, expenses, and changes in net position for the fiscal years ended June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 19,026,009	\$ 18,527,604	\$ 17,517,982
Nonoperating revenues	2,560	5,780	66,359
Total Revenues	<u>19,028,569</u>	<u>18,533,384</u>	<u>17,584,341</u>
Depreciation expense	12,699,252	10,937,130	9,269,013
Unit I - EWPCF usage costs	7,388,246	7,170,975	7,459,178
Unit I - EWPCF ownership costs	5,660,728	5,808,278	5,058,889
Pump station facilities	3,568,727	3,317,779	3,076,230
Other operating expenses	2,408,308	2,230,572	1,923,685
Nonoperating expenses	<u>2,595,805</u>	<u>1,816,783</u>	<u>1,835,100</u>
Total Expenses	<u>34,321,066</u>	<u>31,281,517</u>	<u>28,622,095</u>
Loss Before Capital Contributions	(15,292,497)	(12,748,133)	(11,037,754)
Capital Contributions	<u>28,731,496</u>	<u>26,958,959</u>	<u>23,579,270</u>
Changes in Net Position	13,438,999	14,210,826	12,541,516
Total Net Position at Beginning of Fiscal Year	<u>163,054,049</u>	<u>148,843,223</u>	<u>136,301,707</u>
Total Net Position at End of Fiscal Year	<u>\$ 176,493,048</u>	<u>\$ 163,054,049</u>	<u>\$ 148,843,223</u>

FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)**Revenues, Expenses, and Changes in Net Position (Continued)**

A closer examination of the sources of changes in net position reveals the Authority's operating revenues increased by \$498,405 in fiscal year 2022. Total revenues represent assessments to Member Agencies for reimbursement of operating expenses, as well as revenues from south parcel leasing, laboratory services, alternative fuel tipping fees, and other environmental compliance activities.

Total operating expenses, exclusive of depreciation, increased by \$498,405 in fiscal year 2022 as a result of increased professional services along with higher personnel, chemical, and insurance costs.

A loss on disposal of capital assets results when capital items are replaced before they are fully depreciated. Discontinued projects, studies, and assessments result when capital funds have been used towards early development or construction of a capital project, but management has subsequently determined to discontinue the project or has determined there is no future value to the funds expended and must therefore expense the capital project in accordance with generally accepted accounting principles (GAAP). The fiscal year 2022 discontinued projects, studies, and assessments includes projects such as the Biosolids Management Plan Update, the EWPCF Comprehensive Asset Management Plan Update, Plant Wide Asset Paint and Protection Project, Research and Development Services, Regenerative Thermal Oxidizer Media Replacement, and other general plant or remote facility repairs.

Capital contributions increased by \$1,772,537 in fiscal year 2022. The increased contributions were primarily attributable to the Secondary Clarifiers and Strainers Project, the Digester Rehabilitation and Improvements Project, the Primary Area Improvements Project, and the Climate Control at MCC's and Cogeneration Building Project.

The Revised Basic Agreement (RBA) requires the Member Agencies to pay EWA only the actual costs of materials and supplies used or purchased for the operation, maintenance, administration, or capital improvement of the Joint System, contracts let by EWA for the performance of budgeted operations and maintenance work or capital improvement projects, and the salaries and wages of EWA employees. Accounts billed to Member Agencies for operating expenses are offset by other operating revenues and proceeds from the sale of capital assets. In conformance with these limitations, EWA has never billed Member Agencies for depreciation expense. However, the RBA ensures Member Agencies will provide the necessary and appropriate funding for the replacement of EWA's depreciable assets pursuant to recommendations by the Board of Directors and the Joint Advisory Committee. Thus, operating program losses attributable to non-billable depreciation expenses are expected and, thus, do not reflect a deterioration of EWA's financial position.

FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)

Capital Assets

Capital assets consist of the following at June 30:

	2022	2021	2020
<u>Capital Assets Not Being Depreciated:</u>			
Land	\$ 3,598,173	\$ 3,598,173	\$ 3,598,173
Construction-in-progress	22,436,250	29,330,263	26,051,795
 Total Capital Assets Not Being Depreciated	 26,034,423	 32,928,436	 29,649,968
<u>Capital Assets Being Depreciated:</u>			
Joint wastewater treatment (Unit I)	263,692,494	244,516,945	236,893,992
Joint ocean outfall (Unit J)	14,751,348	14,751,348	14,517,397
Furnishings and office equipment	6,209,667	6,002,407	5,517,037
Pump station facilities	11,638,785	8,615,722	8,111,258
Flow metering system	344,945	344,945	344,945
Total Capital Assets Being Depreciated	296,637,239	274,231,367	265,384,629
Less: Accumulated depreciation	(158,578,614)	(156,441,780)	(158,514,139)
 Net Capital Assets Being Depreciated	 138,058,625	 117,789,587	 106,870,490
 Net Capital Assets	 \$ 164,093,048	 \$ 150,718,023	 \$ 136,520,458

The total additions to capital assets for fiscal year 2022, net of removed assets, amounted to \$15,511,859. Capital asset additions consisted of the Secondary Clarifiers and Strainers Project, the Digester Rehabilitation and Improvements Project, the Primary Area Improvements Project, and the Climate Control at MCC's and Cogeneration Building Project. Additional details regarding capital assets can be found in note 4 to the basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As a regional environmental agency providing wholesale treatment and disposal, industrial waste control, laboratory, and facility operations and maintenance services, the Authority's revenue, and therefore its budget, are somewhat less sensitive to regional, national, and international economic trends than its six public entity Member Agencies. However, such trends do impact the Authority's expenses, and therefore its budget, when the price of raw goods and labor increases the cost of the chemicals, energy, and construction projects required to effectively operate, maintain, and administer the Encina Joint System.

The recommended fiscal year 2023 budget reflects the Authority's continuing commitment to provide reliable and fiscally responsible wastewater services to the community it serves while optimizing the use of renewable resources. The recommended fiscal year 2023 budget was developed and approved with the guidance and collaboration of the Authority's Board of Directors and Member Agencies.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

The fiscal year 2023 Recommended Operating Budget is \$19,528,774, which includes \$250,000 in contingency funding for the Authority's normal operations.

The fiscal year 2023 Recommended Capital Improvement Budget is \$27,005,586, with an additional \$8,572,342 in appropriations continued from fiscal year 2022 for on-going projects, for a total fiscal year 2023 capital program budget of \$35,577,928.

The fiscal year 2023 budget reflects 75 authorized positions supporting EWA facilities and five regional facilities totaling more than \$642 million in investments in regional clean water infrastructure. The Authority's employees' proven ability to provide sustainable wastewater services in a cost-effective manner demonstrates their commitment to maintain a workplace based on excellence and innovation.

CONTACTING THE AUTHORITY

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Encina Wastewater Authority at (760) 438-3941 or via the internet at www.encinajpa.com.

STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	(As Restated) 2021
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and cash equivalents - operating (Note 2)	\$ 200,000	\$ 200,000
Member receivables - operating billed	7,693,246	5,186,871
Member receivables - operating unbilled	5,278	221,294
Other receivables	117,925	89,299
Prepaid expenses	117,033	75,806
Inventory	957,306	901,677
Total Unrestricted Assets	<u>9,090,788</u>	<u>6,674,947</u>
Restricted Assets (Note 3):		
Restricted cash and cash equivalents - capital program (Note 2)	3,836,877	2,201,328
Member receivables - capital program	7,194,629	9,644,931
Total Restricted Assets	<u>11,031,506</u>	<u>11,846,259</u>
Total Current Assets	<u>20,122,294</u>	<u>18,521,206</u>
Noncurrent Assets:		
Capital Assets		
Nondepreciable capital assets (Note 4)	26,034,423	32,928,436
Depreciable capital assets, net of accumulated depreciation (Note 4)	138,058,625	117,789,587
Total Capital Assets, Net	<u>164,093,048</u>	<u>150,718,023</u>
Other Assets		
Member receivables - pension (Note 1)	-	4,842,093
Member receivables - other postemployment benefits (Note 1)	156,148	171,347
Lease Receivable (Note 5)	-	144,758
Net pension asset (Note 8)	2,222,882	-
Total Other Assets	<u>2,379,030</u>	<u>5,158,198</u>
Total Noncurrent Assets	<u>166,472,078</u>	<u>155,876,221</u>
Total Assets	<u>186,594,372</u>	<u>174,397,427</u>
Deferred Outflows of Resources		
Deferred outflows related to pension contributions (Note 8)	3,594,737	5,151,786
Deferred outflows related to pensions (Note 8)	2,039,563	1,030,353
Deferred outflows related to other postemployment benefits (Note 7)	372,449	245,915
Total Deferred Outflows of Resources	<u>6,006,749</u>	<u>6,428,054</u>

STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2022 AND 2021

	2022	(As Restated) 2021
LIABILITIES		
Current Liabilities:		
Accounts payable - operating	\$ 790,166	\$ 759,136
Accrued liabilities	850,864	231,934
Unearned revenue	1,770,270	7,932
Long-term liabilities - due within one year:		
Compensated absences (Note 6)	210,230	160,312
Total Current Liabilities	<u>3,621,530</u>	<u>1,159,314</u>
Noncurrent Liabilities:		
Liabilities Payable From Restricted Assets		
Accounts payable - capital program, payable from restricted assets	2,407,863	3,531,334
Retentions payable - capital program, payable from restricted assets	523,643	158,871
Total Liabilities Payable from Restricted Assets	<u>2,931,506</u>	<u>3,690,205</u>
Other Noncurrent Liabilities		
Net pension liability (Note 8)	-	10,785,249
Amounts due to member agencies - pension (Note 1)	7,565,328	-
Net other postemployment benefits liability (Note 7)	373,027	405,930
Compensated absences (Note 6)	1,169,258	1,335,661
Total Other Noncurrent Liabilities	<u>9,107,613</u>	<u>12,526,840</u>
Total Liabilities	<u>15,660,649</u>	<u>17,376,359</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions (Note 8)	291,854	238,983
Deferred inflows related to other postemployment benefits (Note 7)	155,570	11,332
Deferred inflows related to leases (Note 5)	-	144,758
Total Deferred Inflows of Resources	<u>447,424</u>	<u>395,073</u>
NET POSITION		
Net Investment in capital assets	164,093,048	150,718,023
Restricted for capital program	8,100,000	8,036,026
Unrestricted	<u>4,300,000</u>	<u>4,300,000</u>
Total Net Position	<u>\$ 176,493,048</u>	<u>\$ 163,054,049</u>

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Member agency assessments	\$ 18,061,001	\$ 17,414,750
Other operating revenues	<u>965,008</u>	<u>1,112,854</u>
Total Operating Revenues	<u>19,026,009</u>	<u>18,527,604</u>
OPERATING EXPENSES		
Depreciation expense	12,699,252	10,937,130
Unit I - EWPCF usage costs	7,388,246	7,170,975
Unit I - EWPCF ownership costs	5,660,728	5,808,278
Unit J - Encina ocean outfall	979,486	760,394
Directors' meetings	137,196	90,844
Flow metering	402,380	342,464
Source control	889,246	1,036,870
Agua Hedionda pump station	618,495	599,217
Buena Vista pump station	711,712	705,363
Buena Creek pump station	577,412	536,675
Carlsbad water reclamation facilities	1,414,008	1,225,786
Raceway basin pump station	<u>247,100</u>	<u>250,738</u>
Total Operating Expenses	<u>31,725,261</u>	<u>29,464,734</u>
Operating Loss	<u>(12,699,252)</u>	<u>(10,937,130)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	2,560	5,780
Discontinued projects, studies, and assessments	<u>(2,595,805)</u>	<u>(1,816,783)</u>
Total Nonoperating Revenues (Expenses)	<u>(2,593,245)</u>	<u>(1,811,003)</u>
Loss Before Capital Contributions	<u>(15,292,497)</u>	<u>(12,748,133)</u>
CAPITAL CONTRIBUTIONS		
Capital contributions	<u>28,731,496</u>	<u>26,958,959</u>
Total Capital Contributions	<u>28,731,496</u>	<u>26,958,959</u>
Changes in Net Position	13,438,999	14,210,826
Total Net Position, Beginning of Fiscal Year	<u>163,054,049</u>	<u>148,843,223</u>
Total Net Position, End of Fiscal Year	<u><u>\$ 176,493,048</u></u>	<u><u>\$ 163,054,049</u></u>

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from member agencies	\$ 16,364,425	\$ 16,901,380
Cash receipts from other operating activities	928,450	1,097,021
Cash payments to suppliers for goods and services	(9,596,085)	(8,651,550)
Cash payments to employees for services	<u>(8,993,305)</u>	<u>(9,907,530)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(1,296,515)</u>	<u>(560,679)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(29,428,781)	(25,261,126)
Proceeds from capital contributions	<u>32,358,285</u>	<u>27,160,869</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>2,929,504</u>	<u>1,899,743</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	<u>2,560</u>	<u>10,284</u>
Cash Provided by Investing Activities	<u>2,560</u>	<u>10,284</u>
Net Increase in Cash and Cash Equivalents	1,635,549	1,349,348
Cash and Cash Equivalents at Beginning of Fiscal Year	<u>2,401,328</u>	<u>1,051,980</u>
Cash and Cash Equivalents at End of Fiscal Year	<u><u>\$ 4,036,877</u></u>	<u><u>\$ 2,401,328</u></u>

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:		
Operating loss	\$ (12,699,252)	\$ (10,937,130)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) in Operating Activities:		
Depreciation expense	12,699,252	10,937,130
Changes in assets and liabilities		
Member receivables - operating billed	(2,506,375)	(339,627)
Member receivables - operating unbilled	216,016	(173,743)
Member receivables - pensions	4,842,093	2,176,942
Member receivables - other post employment benefits	15,199	68,023
Lease receivable	144,758	430,681
Net pension asset	(2,222,882)	-
Other receivables	(28,626)	30
Prepaid expenses	(41,227)	(10,240)
Deferred outflows related to pension contributions	1,557,049	677,572
Deferred outflows related to pensions	(1,009,210)	758,045
Deferred outflows related to other post employment benefits	(126,534)	(61,213)
Inventory	(55,629)	(66,233)
Accounts payable - operating	31,030	305,030
Accrued liabilities	618,930	(276,844)
Unearned revenue	585,851	(15,863)
Amounts due to Member Agencies - pension	7,565,328	-
Net pension liability	(10,785,249)	(2,998,091)
Net other postemployment benefits liability	(32,903)	(18,142)
Compensated absences	(116,485)	16,809
Deferred inflows related to pensions	52,871	(614,466)
Deferred inflows related to other post employment benefits	144,238	11,332
Deferred inflows related to leases	(144,758)	(430,681)
Total Adjustments	<u>11,402,737</u>	<u>10,376,451</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ (1,296,515)</u>	<u>\$ (560,679)</u>
Cash and Cash Equivalents		
Financial Statement Classification:		
Cash and cash equivalents	\$ 200,000	\$ 200,000
Restricted cash and cash equivalents	3,836,877	2,201,328
Total Cash and Cash Equivalents	<u>\$ 4,036,877</u>	<u>\$ 2,401,328</u>
Supplemental Disclosures of Cash Flow Information:		
Net effect of acquisition and construction of capital assets held in accounts payable	<u>\$ (1,123,471)</u>	<u>\$ 1,621,669</u>
Net effect of acquisition and construction of capital assets held in retentions payable	<u>\$ 364,772</u>	<u>\$ 68,683</u>
Net effect of change in receivable related to capital contributions	<u>\$ 2,450,302</u>	<u>\$ 201,910</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

Organization

On July 13, 1961, the Vista Sanitation District and the City of Carlsbad entered into a joint exercise of power agreement for a joint sewerage system. This “basic agreement” provided for the establishment, construction, operation, and maintenance of facilities for the transmission, treatment, and disposal of wastewater.

By virtue of subsequent amendments and supplements to this basic agreement, Leucadia Wastewater District, Buena Sanitation District, Vallecitos Water District, and the City of Encinitas also became participants in the facility. The Vista Sanitation District was dissolved in September 1983 and its functions were assumed by the City of Vista.

Leucadia Wastewater District (District) was previously the operator and administrator of the facility and was responsible for the management, maintenance, and operations of the joint system. On August 1, 1988, the Encina Administrative Agency was created and assigned the duties previously performed by the District. The basic agreement and supplements were amended and rewritten on December 17, 1990, and on December 11, 1991, the Agency changed its name to Encina Wastewater Authority (Authority).

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Cod. Sec. 2100, “Defining the Financial Reporting Entity”. The Authority is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the Authority appoints a voting majority of the component unit’s board, or because the component unit will provide a financial benefit or impose a financial burden on the Authority. The Authority has no component units.

Significant Accounting Policies

A summary of the Authority’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Method of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows and inflows of resources, and liabilities (whether current or noncurrent) associated with these activities are included on the Statements of Net Position. The Statements of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Significant Accounting Policies (Continued)

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, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Authority recognizes revenues from wastewater treatment services and other fees when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the Authority considers fees received from sewer services and other fees to be operating revenues. Nonoperating revenue results from investing activities. The Authority recognizes investment income in the period it is earned.

Investments

Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all accounts receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded at June 30, 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Significant Accounting Policies (Continued)

Member Receivable (Payable) – Pension and Other Postemployment Benefits (OPEB)

The Revised Basic Agreement (RBA) requires the Member Agencies to pay the Authority only the actual costs of materials and supplies used or purchased for the operation, maintenance, administration, or capital improvement of the joint system, contracts awarded by the Authority for the performance of budgeted operations and maintenance work, or capital improvement projects and the salaries and wages of employees. Under this agreement the participants are required to fund the net pension liability and net OPEB liability. Because the allocation of the funding of the pension and net OPEB liability is contingent upon future events (i.e. strength and volume of flows), it does not qualify as a “Special Funding Situation” as defined by the Governmental Accounting Standards Board. As such, the Authority has recorded a member receivable – pension and OPEB equal to the net pension liability and net OPEB liability net of any related deferred outflows of resources and deferred inflows of resources. The Authority had an amount (payable) receivable related to the pension activities in the amount of (\$7,565,328) and \$4,842,093 at June 30, 2022 and 2021, respectively. The member receivable – other postemployment benefits totaled \$156,148 and \$171,347 at June 30, 2022 and 2021, respectively.

Inventory

Inventory consists primarily of materials used in the construction and maintenance of capital assets and is valued at weighted average cost using the first-in, first-out (FIFO) method.

Capital Assets

Capital assets purchased or acquired with a cost exceeding \$5,000 and an estimated useful life of more than one year are reported at historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated capital assets, donated works of art, and similar items, and capital assets received in service concession agreements are reported at acquisition value rather than fair value. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Joint wastewater treatment (Unit I)	3 - 50 years
Joint ocean outfall (Unit J)	5 - 75 years
Furnishings and office equipment	3 - 15 years
Pump station facilities	3 - 40 years
Flow metering system	5 - 15 years

Depreciation expense totaled \$12,699,252 and \$10,937,130 for the fiscal years ended June 30, 2022 and 2021, respectively.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Significant Accounting Policies (Continued)Classification of Liabilities

Certain liabilities which are currently payable could be classified as noncurrent because they will be funded from restricted assets. Liabilities are shown as noncurrent unless due within one year (See Note 6).

Compensated Absences

Accumulated and unpaid vacation and sick leave totaling \$1,379,488 and \$1,495,973 is accrued when incurred and included in current and noncurrent liabilities at June 30, 2022 and 2021, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources represent a consumption of net assets, and an acquisition of net assets that applies to future periods, respectively. The fiscal year ended June 30, 2021 has been restated to show deferred inflows of resources related to leases resulting from the implementation of GASB No. 87. Deferred inflows related to leases are more fully described in Note 5. Deferred outflows of resources and deferred inflows of resources related to pensions are more fully described in Note 8 and the deferred outflows of resources and deferred inflows of resources related to other postemployment benefits are more fully described in Note 7.

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 is a member of the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool. The Authority pays a deposit to cover estimated losses for a fiscal year. CSRMA also serves as a joint insurance purchasing entity with respect to certain coverage. Based on pool performance, CSRMA makes additional assessments or refunds excess pool deposits to its members based on a retrospective risk rating adjustment.

At June 30, 2022, the Authority participated in CSRMA as follows:

Property Loss - Insured by Alliant Property Insurance Program with a total insurable value \$311,287,277 with \$50,000 deductible.

General Liability - Insured up to \$15,500,000 with a \$25,000 deductible. Excess insurance of \$10,000,000 has been purchased.

Auto Physical Damage Policy - Insured up to \$339,514,806 total value with a \$1,000 deductible.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Significant Accounting Policies (Continued)

Risk Management (Continued)

Public Official’s Liability - Insured up to \$100,000; the Authority currently has four (4) public official bonds in place for officials.

Worker’s Compensation - Insured up to \$750,000 with no deductible. CSRMA has a self-insured retention of \$1,000,000 and excess insurance for workers’ compensation statutory limits have been purchased.

Cyber Liability Coverage – Insured up to \$2,000,000 with no deductible.

The Authority pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The Authority’s insurance expense and workers compensation insurance expense was \$910,340 and \$593,013, for the fiscal years ended June 30, 2022 and 2021, respectively. There were no instances in the past three fiscal years where a settlement exceeded the Authority’s coverage and there were no reductions in the Authority’s insurance coverage during the fiscal years ended June 30, 2022, 2021, and 2020.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources and pension expense, information about the fiduciary net position and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS financial office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS website under Forms and Publications.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Significant Accounting Policies (Continued)

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority’s OPEB Plan and additions to/deductions from the OPEB Plans’ fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Authority’s OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

GASB Statement No. 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The Authority had no financial instruments that are required to be measured at fair value on a recurring basis.

Allocation of Costs

Expenses are allocated to the various member agencies in accordance with their capacity ownership percentages of the respective units, on usage (strength and/or wastewater flow), on direct costs, and based upon other special allocations, as provided for in the annual budgetary process.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Significant Accounting Policies (Continued)

Reserves

In accordance with the RBA, each member agency agrees to pay its actual portion of operating and capital costs on a quarterly basis. As such, the Authority is not dependent on economic performance, nor is it directly impacted by major structural changes in federal and state government fiscal policy. The Authority has adopted a financial reserve policy to maintain an appropriate amount of cash resources necessary to meet demands during any quarterly period.

The Reserve Policy was amended on June 27, 2018 with Resolution 2018-05, and provides the following:

- Operating reserve established at the highest three and one-half months' worth of the budget operating fund's cash flow requirement.
- Remote facility reserve amount of \$250,000 from each Member Agency that owns a remote facility operated and maintained by the Authority based on ownership percentage.
- Inventory reserve may be set up to \$1,300,000 allocated on the basis of Weighted Unit I Ownership.
- Capital reserve established at the highest three and one-half months' worth of the budgeted capital fund's cash flow requirement.

The total operating, remote facility, and inventory reserve of \$4,300,000 is reported as unrestricted net position. The capital reserve is reported as a component of net position restricted for capital program.

Member Agency	Operating Reserve	Remote Facility	Inventory Reserve	Capital Reserve	2022 Total	2021 Total
City of Carlsbad	\$ 666,600	\$ 70,650	\$ 315,120	\$ 1,963,440	\$ 3,015,810	\$ 3,015,810
City of Vista	693,000	129,350	327,600	2,041,200	3,191,150	3,191,150
Buena Sanitation District	194,975	50,000	92,170	574,290	911,435	911,435
Vallecitos Water District	616,550	-	291,460	1,816,020	2,724,030	2,724,030
Leucadia Wastewater District	462,000	-	218,400	1,360,800	2,041,200	2,041,200
City of Encinitas	116,875	-	55,250	344,250	516,375	516,375
Total Reserves	<u>\$ 2,750,000</u>	<u>\$ 250,000</u>	<u>\$ 1,300,000</u>	<u>\$ 8,100,000</u>	<u>\$12,400,000</u>	<u>\$12,400,000</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Significant Accounting Policies (Continued)Budgetary Controls

The Authority prepares a budget that is approved by the Board of Directors and recommended for Member Agency approval by the Joint Advisory Committee. Upon approval by all Member Agencies, the Authority adopts a resolution appropriating funds and establishing controls on changes in said appropriations. The General Manager is authorized to transfer appropriations between accounts within the operating or capital programs in an amount up to \$50,000 per transfer, up to \$100,000 on any particular contract or agreement, and may also authorize expenditures up to \$50,000. The Board of Directors must approve any expenditure or transfer in excess of \$50,000 and any transfer between operating and capital programs.

Unspent appropriations for the operating budget lapse at fiscal year-end unless designated by Board action to be carried forward to the next budget period. Unspent appropriations for ongoing capital projects are carried forward to the next budget period.

Cash and Cash Equivalents

For purposes of statement of cash flows, the Authority considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

New Governmental Accounting Standards – Current YearGASB No. 87 - Leases

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

GASB No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period

Statement No. 89 had no impact on the Authority's financial statements for the fiscal years ended June 30, 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Significant Accounting Policies (Continued)

New Governmental Accounting Standards – Current Year (Continued)GASB No. 98 – The Annual Comprehensive Financial Report

The provisions of Statement No. 98 are effective for fiscal years ending after December 15, 2021.

Upcoming GASB Pronouncements

The Authority will implement the following GASB pronouncements in future fiscal years, as applicable:

- The provisions of Statement No. 21, *Conduit Debt Obligations*, are effective for reporting periods beginning after December 15, 2021.
- The provisions of Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, are effective for reporting periods beginning after June 15, 2022.
- The provisions of Statement No. 99, *Omnibus 2022*, are effective for fiscal years beginning after June 15, 2023.
- The provisions of Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, are effective for fiscal years beginning after June 15, 2023.
- The provisions of Statement No. 101, *Compensated Absences*, are effective for fiscal years beginning after December 15, 2023.

NOTE 2 - CASH AND INVESTMENTS:

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

The table below identifies the investment types that are authorized for the Authority by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Quality Requirements
California Local Agency Investment Fund (LAIF)	N/A	None	None
Certificates of Deposit	5 years	30%	None
Joint Powers Authority Pool (CAMP)	N/A	None	Multiple

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

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

The Authority's investment policy is more restrictive than the California Government Code. The policy restricts the Authority from investing in anything other than the California Local Agency Investment Fund, the California Asset Management Program, or certificates of deposit. In addition, all certificates of deposit must be collateralized by U.S. Treasury obligations.

Cash and cash equivalents held by the Authority were comprised of the following at June 30:

	Maturity in Years		
	1 Year or Less	2022	2021
Petty cash	\$ 1,000	\$ 1,000	\$ 1,000
California Local Agency Investment Fund (LAIF)	2,823	2,823	1,350,267
California Asset Management Program (CAMP)	944	944	95,940
Deposits with financial institutions	4,032,110	4,032,110	954,121
Total Cash and Investments	<u>\$ 4,036,877</u>	<u>\$ 4,036,877</u>	<u>\$ 2,401,328</u>

Financial Statement Classification:

Current:

Cash and cash equivalents - operating	\$ 200,000	\$ 200,000	\$ 200,000
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Restricted:

Cash and cash equivalents - capital program	3,836,877	3,836,877	2,201,328
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Total Cash and Investments	<u>\$ 4,036,877</u>	<u>\$ 4,036,877</u>	<u>\$ 2,401,328</u>
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by the California Government Code and the Authority’s Investment Policy
(Continued)

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. The Authority manages its exposure to interest rate risk by purchasing shorter term investments in order to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the Authority’s investments to market interest rate fluctuations is provided in the previous table that shows the distribution of the Authority’s investments by maturity as of June 30, 2022.

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 actual rating as of the fiscal year end for each investment type.

<u>Investment</u>	<u>Rating as of Fiscal Year End Standard & Poor’s</u>
California Local Agency Investment Fund (LAIF)	Not Rated
California Asset Management Program (CAMP)	AAAm

Concentration of Credit Risk

Concentration of credit is the risk of loss attributed to the magnitude of the Authority’s investment in a single issue.

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, except that the Authority’s investment policy restricts the Authority to only investing in the LAIF, CAMP, and Certificates of Deposit that are collateralized by U.S. Treasury obligations. The Authority holds no investments in any one issuer (other than external investment pools) that represent 5% or more of total Authority investments at June 30, 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by the California Government Code and the Authority's Investment Policy (Continued)**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer), the Authority 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 the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2022 and 2021, all of the Authority's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

Investment in State Investment Pool

The Authority is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429.1 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in California Asset Management Program (CAMP)

The Authority is a voluntary participant in the CAMP. CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act for the purpose of exercising the common power of its Participants to invest funds. The investments are limited to investments permitted by California Government Code. The Authority reports its investment in CAMP at the fair value amounts provided by CAMP, which is the same value of the pool share. At June 30, 2022 and 2021 the fair value of the investment approximated the Authority's cost.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

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

The statements of cash flows have been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents. Details are as follows:

	<u>2022</u>	<u>2021</u>
California Local Agency Investment Fund (LAIF)	\$ 2,823	\$ 1,350,267
California Asset Management Program (CAMP)	944	95,940
Deposits with financial institutions	4,032,110	954,121
Petty cash	1,000	1,000
Total	<u>\$ 4,036,877</u>	<u>\$ 2,401,328</u>

NOTE 3 - RESTRICTED ASSETS:

Restricted assets were provided by and are to be used for the following at June 30:

<u>Funding Source</u>	<u>Use</u>	<u>2022</u>	<u>2021</u>
Capital contributions from Member			
Agencies and interest earnings	Capital program	<u>\$ 13,600,580</u>	<u>\$ 11,846,259</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 4 - CAPITAL ASSETS:

Capital assets consist of the following at June 30:

	2022		
	Balance at June 30, 2021	Additions	Deletions
Capital Assets Not Being Depreciated:			
Land	\$ 3,598,173	\$ -	\$ -
Construction in progress	29,330,263	28,670,082	(35,564,095)
Total Capital Assets Not Being Depreciated	<u>32,928,436</u>	<u>28,670,082</u>	<u>(35,564,095)</u>
Capital Assets Being Depreciated:			
Joint wastewater treatment (Unit I)	244,516,945	29,616,129	(10,440,580)
Joint wastewater disposal (Unit J)	14,751,348	-	-
Furnishings and office equipment	6,002,407	207,260	-
Pump station facilities	8,615,722	3,144,902	(121,839)
Flow metering system	344,945	-	-
Total Capital Assets Being Depreciated	<u>274,231,367</u>	<u>32,968,291</u>	<u>(10,562,419)</u>
Less Accumulated Depreciation For:			
Joint wastewater treatment (Unit I)	(131,172,473)	(11,471,792)	10,440,580
Joint wastewater disposal (Unit J)	(13,414,793)	(190,023)	-
Furnishings and office equipment	(4,949,957)	(366,659)	-
Pump station facilities	(6,591,315)	(662,758)	121,839
Flow metering system	(313,242)	(8,021)	-
Total Accumulated Depreciation	<u>(156,441,780)</u>	<u>(12,699,253)</u>	<u>10,562,419</u>
Net Capital Assets Being Depreciated	<u>117,789,587</u>	<u>20,269,038</u>	<u>-</u>
Net Capital Assets	<u>\$ 150,718,023</u>	<u>\$ 48,939,120</u>	<u>\$ (35,564,095)</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 4 - CAPITAL ASSETS (CONTINUED):

	2021		
	Balance at June 30, 2020	Additions	Deletions
Capital Assets Not Being Depreciated:			
Land	\$ 3,598,173	\$ -	\$ -
Construction in progress	26,051,795	26,951,479	(23,673,011)
Total Capital Assets Not Being Depreciated	29,649,968	26,951,479	(23,673,011)
Capital Assets Being Depreciated:			
Joint wastewater treatment (Unit I)	236,893,992	20,489,853	(12,866,900)
Joint wastewater disposal (Unit J)	14,517,397	233,951	-
Furnishings and office equipment	5,517,037	485,370	-
Pump station facilities	8,111,258	647,053	(142,589)
Flow metering system	344,945	-	-
Total Capital Assets Being Depreciated	265,384,629	21,856,227	(13,009,489)
Less Accumulated Depreciation For:			
Joint wastewater treatment (Unit I)	(134,102,052)	(9,937,321)	12,866,900
Joint wastewater disposal (Unit J)	(13,218,742)	(196,051)	-
Furnishings and office equipment	(4,569,929)	(380,028)	-
Pump station facilities	(6,321,106)	(412,798)	142,589
Flow metering system	(302,310)	(10,932)	-
Total Accumulated Depreciation	(158,514,139)	(10,937,130)	13,009,489
Net Capital Assets Being Depreciated	106,870,490	10,919,097	-
Net Capital Assets	<u>\$ 136,520,458</u>	<u>\$ 37,870,576</u>	<u>\$ (23,673,011)</u>

NOTE 5 - LEASES:

The Authority, acting as lessor, leases portions of its "South Parcel property" which consists of approximately 29 acres of vacant land adjacent to the Authority's main office, under long-term non-cancelable lease agreements. During the fiscal years ended June 30, 2022 and 2021, the Authority recognized \$494,190 and \$594,044 in long-term lease revenue, respectively, and \$742 and \$7,320 in interest revenue, respectively. As of June 30, 2022, the Authority did not have any outstanding long-term lease contracts, acting as lessor.

The balances for lease receivables and deferred inflows of resourced related to leases have been restated for the fiscal year ended June 30, 2021 due to the implementation of GASB Statement No. 87.

Long-Term TCE/ROW Agreement #1

On January 9, 2019, the Authority, acting as lessor, entered into a 36-month temporary construction easement and right-of-way agreement for the use of approximately 2 acres of its South Parcel property. An initial lease receivable was recorded in the amount of \$173,793. The lessee was required to make monthly fixed payments of \$5,000 throughout the term of the agreement. The Authority applied an interest rate of 1.91% for the lease, which is a rate that approximates what the Authority expects it would pay to obtain debt financing. The value of

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 5 – LEASES (CONTINUED)

Long-Term TCE/ROW Agreement #1 (Continued)

the deferred inflow of resources and the lease receivable related to this lease was \$0 and \$29,834 as of June 30, 2022 and 2021, respectively. The contract did not specify any extension terms or residual value guarantees.

This long-term agreement expired during the fiscal year ended June 30, 2022 according to the terms of the contract.

Long-Term TCE/ROW Agreement #2

On January 10, 2020, the Authority, acting as lessor, entered into a 24-month temporary construction easement and right-of-way agreement for the use of 2 to 4 acres of its South Parcel property. An initial lease receivable was recorded in the amount of \$627,885. The lessee was required to make monthly payments of between \$16,500 and \$33,000 throughout the term of the agreement. The Authority applied an interest rate of 1.91% for the lease, which is a rate that approximates what the Authority expects it would pay to obtain debt financing. The value of the deferred inflow of resources and the lease receivable related to this lease was \$0 and \$114,924 as of June 30, 2022 and 2021, respectively. The contract did not specify any extension terms or residual value guarantees.

This long-term agreement expired during the fiscal year ended June 30, 2022 according to the terms of the contract.

NOTE 6 - NONCURRENT LIABILITIES:

Noncurrent liabilities consist of the following at June 30:

	2022				
	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022	Amount Due Within One Year
Compensated absences (Note 1)	\$ 1,495,973	\$ 986,768	\$ (1,103,253)	\$ 1,379,488	\$ 210,230
Total Noncurrent Liabilities	\$ 1,495,973	\$ 986,768	\$ (1,103,253)	\$ 1,379,488	\$ 210,230

Noncurrent liabilities consist of the following at June 30:

	2021				
	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021	Amount Due Within One Year
Compensated absences (Note 1)	\$ 1,479,164	\$ 959,338	\$ (942,529)	\$ 1,495,973	\$ 160,312
Total Noncurrent Liabilities	\$ 1,479,164	\$ 959,338	\$ (942,529)	\$ 1,495,973	\$ 160,312

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB):

A. General Information about the OPEB Plan:Plan Description

The Authority provides retiree medical (including prescription drug benefits) coverage to eligible employees and their eligible dependents through the CalPERS Health Program, a cost-sharing multiple-employer defined benefit plan. Eligible employees are employees who retire under the California Public Employees' Retirement System (CalPERS) on or after age 50, with at least 5 years of service. The Authority's contribution will continue for the lifetime of the retiree and any surviving eligible spouse. The Authority currently provides a monthly contribution of \$104.30. In April 2016, the Authority established an irrevocable trust fund through the California Employers' Retiree Benefits Trust (CERBT), an agent multiple-employer postemployment healthcare trust administered by CalPERS.

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for CERBT. That report may be obtained from CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	14
Active employees	66
Total	<u>80</u>

Contributions

The OPEB Plan and its contribution requirements are established by the Authority's policy and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2022, the Authority's cash contributions were \$93,000 in payments to the trust and the estimated implied subsidy was \$73,724 resulting in payments of \$166,724.

B. Net OPEB Liability:

The Authority's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

C. Total OPEB Liability:Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.75% (net of expenses)
Inflation	2.50%
Projected Salary Increase	2.75% per annum, in aggregate
Expected long term investment rate of return	6.75%
Healthcare Cost Trend Rates	4%
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality	2017 CalPERS Retiree Mortality for All Employees

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the Authority.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of the measurement date June 30, 2021 are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return
CERBT		
All Equities	59.00%	7.55%
All Fixed Income	25.00%	4.25%
Real Estate Investment Trusts	8.00%	7.25%
All Commodities	3.00%	7.55%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.00%
Total	<u>100.00%</u>	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

C. Total OPEB Liability (Continued):

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that Authority's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

D. Changes in the net OPEB Liability:

The changes in the net OPEB liability during the measurement period ending June 30, 2021 are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Measurement Date			
Balance at June 30, 2020	\$ 1,122,422	\$ 716,492	\$ 405,930
Changes in the Fiscal Year:			
Service cost	43,245	-	43,245
Interest on the total OPEB liability	77,810	-	77,810
Contribution - employer	-	64,939	(64,939)
Difference between expected & actual experience	156,620	-	156,620
Changes of assumptions	(48,876)	-	(48,876)
Net investment income	-	197,034	(197,034)
Administrative expenses	-	(271)	271
Benefit payments	(64,939)	(64,939)	-
Net Changes	<u>163,860</u>	<u>196,763</u>	<u>(32,903)</u>
Measurement Date			
Balance at June 30, 2021	<u>\$ 1,286,282</u>	<u>\$ 913,255</u>	<u>\$ 373,027</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

The changes in the net OPEB liability during the measurement period ending June 30, 2020 are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Measurement Date			
Balance at June 30, 2019	\$ 1,087,252	\$ 663,180	\$ 424,072
Changes in the Year:			
Service cost	42,088	-	42,088
Interest on the total OPEB liability	76,609	-	76,609
Contribution - employer	-	101,062	(101,062)
Difference between expected & actual experience	(12,465)	-	(12,465)
Changes of assumptions	-	-	-
Net investment income	-	23,636	(23,636)
Administrative expenses	-	(324)	324
Benefit payments	(71,062)	(71,062)	-
Net Changes	35,170	53,312	(18,142)
Measurement Date			
Balance at June 30, 2020	\$ 1,122,422	\$ 716,492	\$ 405,930

Change of Assumptions

The discount rate was reduced to 6.75%, the inflation factor was reduced to 2.5% the healthcare trend rate was reduced to 4% and the expected long-term investment rate of return was reduced to 6.75% on the current valuation.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority as of June 30, 2022, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 520,400	\$ 373,027	\$ 249,172

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

D. Changes in the net OPEB Liability (Continued):

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (Continued)

The following presents the net OPEB liability of the Authority as of June 30, 2021, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current discount rate: The following presents the net OPEB liability of the Authority as of June 30, 2021, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current discount rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB Liability	\$ 551,511	\$ 405,930	\$ 285,461

Sensitivity of the Net OPEB Liability to Changes in Health-Care Cost Trend Rates

The following presents the net OPEB liability of the Authority as of June 30, 2022, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (3%) or 1-percentage point higher (5%) than the current healthcare cost trend rates:

	1% Decrease 3.0%	Current Healthcare Cost Trend Rates 4.0%	1% Increase 5.0%
Net OPEB Liability	\$ 224,016	\$ 373,027	\$ 555,617

The following presents the net OPEB liability of the Authority as of June 30, 2021, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (3.5%) or 1-percentage point higher (5.5%) than the current healthcare cost trend rates:

	1% Decrease 3.5%	Current Healthcare Cost Trend Rates 4.5%	1% Increase 5.5%
Net OPEB Liability	\$ 262,070	\$ 405,930	\$ 584,876

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

D. Changes in the net OPEB Liability (Continued):

For the fiscal years ended June 30, 2022 and 2021, the Authority recognized OPEB expense of \$61,524 and \$81,502, respectively. At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 166,724	\$ -
Differences between expected and actual experience	185,601	(10,198)
Changes of assumptions	20,124	(44,433)
Net differences between projected and actual earnings on plan investments	-	(100,939)
Total	<u>\$ 372,449</u>	<u>\$ (155,570)</u>

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 154,939	\$ -
Differences between expected and actual experience	48,624	(11,332)
Changes of assumptions	22,639	-
Net differences between projected and actual earnings on plan investments	19,713	-
Total	<u>\$ 245,915</u>	<u>\$ (11,332)</u>

The net difference between projected and actual earnings on plan investments is amortized over a five-year period. All other deferred outflows will be amortized over the average remaining service lives of all employees (11 years).

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued):

The \$166,724 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2023	\$ (7,085)
2024	(6,700)
2025	(8,038)
2026	(12,797)
2027	16,580
Thereafter	68,195
	<u>\$ 50,155</u>

F. Payable to the OPEB Plan:

At June 30, 2022, the Authority had no outstanding amount of contributions to the OPEB plan required for the fiscal year ended June 30, 2022.

NOTE 8 - DEFINED BENEFIT PENSION PLAN:

A. General Information About the Pension PlanPlan Description:

All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the Authority, a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire between the ages of 50 and 62 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

A. General Information About the Pension Plan (Continued)

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Classic and PEPPRA	
	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates	11.419%	7.266%

Contribution Description:

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year and any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Authority's contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions are classified as plan member contributions.

As of June 30, 2022 and 2021, the Authority reported net pension liabilities (assets) for its proportionate shares of the net pension liability as follows:

	2022	2021
Classic & PEPPRA Plans	\$ (2,222,882)	\$ 10,785,249

The Authority's net pension asset for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The Authority's proportionate share of the net pension liability was based on a projection of the Authority's long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

A. General Information About the Pension Plan (Continued)

The Authority's proportionate share of the net pension liability as of June 30, 2022 and 2021 was as follows:

	Classic & PEPR
Proportion - June 30, 2021	0.255570%
Proportion - June 30, 2022	0.170560%
Change - Increase (Decrease)	-0.085010%

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal years ended June 30, 2022 and 2021, the Authority recognized pension income and expense of \$(8,812,684) and \$2,974,481, respectively for the Plan. As of June 30, 2022 and 2021, the Authority reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 3,594,737	\$ -
Differences between actual and expected experience	-	(249,272)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	99,106	(42,582)
Net difference between projected and actual earnings on pension plan investments	1,940,457	-
Total	<u>\$ 5,634,300</u>	<u>\$ (291,854)</u>

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 5,151,786	\$ -
Differences between actual and expected experience	555,794	-
Changes in assumptions	-	(76,925)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	154,166	(162,058)
Net difference between projected and actual earnings on pension plan investments	320,393	-
Total	<u>\$ 6,182,139</u>	<u>\$ (238,983)</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The \$3,594,737 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 365,126
2024	419,099
2025	427,243
2026	536,241
2027	-
Thereafter	-
	<u>\$ 1,747,709</u>

Actuarial Assumptions Used to Determine Total Pension Liability

The total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The total pension liability was based on the following assumptions:

Valuation Date	Classic & PEPRA Plans June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) available on the CalPERS website.
- (3) Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS used both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10 (b, d)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the System's Annual Comprehensive Financial Report (ACFR), Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.00% used for this period.
- (c) An expected inflation of 2.92% used for this period.
- (d) Figures are based on previous ALM of 2017.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability (asset) for the Plan as of June 30, 2022, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Classic & PEPR
1% Decrease	6.15%
Net Pension Liability	\$ 6,656,556
Current Discount Rate	7.15%
Net Pension Liability	\$ (2,222,882)
1% Increase	8.15%
Net Pension Liability	\$ (9,563,387)

The following presents the Authority's proportionate share of the net pension liability for the Plan as of June 30, 2021, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Classic & PEPR
1% Decrease	6.15%
Net Pension Liability	\$ 19,205,690
Current Discount Rate	7.15%
Net Pension Liability	\$ 10,785,249
1% Increase	8.15%
Net Pension Liability	\$ 3,827,703

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plan

At June 30, 2022, the Authority has no outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2022.

NOTE 9 - OWNERSHIP AND USAGE ALLOCATIONS:

Phase V Ownership

All Phase V expansion and upgrades were completed in December of 2009. On October 22, 2014, the Authority's Board of Directors revised the RBA to reflect post Phase V capacity and ownership allocations, effective July 1, 2013. Unit I was enlarged from 36 million gallons per day (MGD) liquid capacity and 38 MGD solids capacity to 40.51 MD and 43.3 MGD, respectively. The Unit I and Unit J capacities and ownership of Phase V are as follows:

Agency	UNIT I - Treatment Plant				UNIT J - Ocean Outfall	
	Liquids		Solids		Disposal	
	MGD	%	MGD	%	MGD	%
Carlsbad	10.26	25.33%	10.26	23.68%	10.26	23.68%
Vista	10.67	26.34%	10.67	24.64%	10.67	24.64%
Buena	3.00	7.41%	3.00	6.93%	3.00	6.93%
Vallecitos	7.67	18.93%	10.47	24.17%	10.47	24.17%
Leucadia	7.11	17.55%	7.11	16.42%	7.11	16.42%
Encinitas	1.80	4.44%	1.80	4.16%	1.80	4.16%
Total	<u>40.51</u>	<u>100.00%</u>	<u>43.31</u>	<u>100.00%</u>	<u>43.31</u>	<u>100.00%</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 9 - OWNERSHIP AND USAGE ALLOCATIONS (CONTINUED):

Phase V Ownership (Continued)

Allocation of Unit I - Encina plant ownership costs are based on the above two percentages weighted by the design engineers' replacement value breakdown, at June 30, 2008, of areas within the facility that pertain to liquids or solids processing. The following are the weighted average percentages used to allocate Encina plant ownership costs:

Agency	Unit I Weighted Average Percentages
City of Carlsbad	24.24%
City of Vista	25.20%
Buena Sanitation District	7.09%
Vallecitos Water District	22.42%
Leucadia Wastewater Authority	16.80%
City of Encinitas	4.25%
	<u>100.00%</u>

Wastewater Flow and Usage Allocation - Unit I Treatment Plant

Administrative, maintenance, and operation expenses for Unit I of the Joint System are allocated to the Member Agencies based on each agency's percentage of ownership and usage (actual flow and strength) of Unit I influent wastewater. Insurance, administrative, maintenance, laboratory costs, and other costs which are incurred irrespective of the amount of wastewater which enters Unit I are allocated based on ownership. Chemicals, utilities, disposal fees, and other costs which result from wastewater entering Unit I are allocated based on usage (average daily wastewater flows (ADF), biochemical oxygen demand (BOD), and suspended solids (SS)) received at the Encina plant.

Wastewater flow usage is averaged on an annual basis. The usage and percentage of total flow by Member Agency for the fiscal year ended June 30, 2022 and 2021 are as follows:

Agency	MGD ADF UNIT I					
	2022		2021		Increase (Decrease)	
	MGD	% of Total	MGD	% of Total	MGD	%
Carlsbad	5.74	26.69%	6.39	28.62%	(0.65)	-1.93%
Vista	5.72	26.59%	5.45	24.42%	0.27	2.17%
Buena	1.89	8.79%	1.89	8.47%	-	0.32%
Vallecitos	3.52	16.36%	3.80	17.03%	(0.28)	-0.67%
Leucadia	3.68	17.11%	3.82	17.11%	(0.14)	0.00%
Encinitas	0.96	4.46%	0.97	4.35%	(0.01)	0.11%
Total	<u>21.51</u>	<u>100.00%</u>	<u>22.32</u>	<u>100.00%</u>	<u>(0.81)</u>	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 9 - OWNERSHIP AND USAGE ALLOCATIONS (CONTINUED):

Wastewater Flow and Usage Allocation - Unit I Treatment Plant (Continued)

Biochemical oxygen demand usage is averaged on a three-year basis. The usage and percentage of total BOD by Member Agency for the fiscal years ended June 30, 2022 and 2021 are as follows:

Agency	BOD LBS/DAY UNIT I					
	2022		2021		Increase (Decrease)	
	BOD	% of Total	BOD	% of Total	BOD	%
Carlsbad	17,639	26.13%	19,630	28.06%	(1,991)	-1.93%
Vista	16,619	24.62%	14,895	21.28%	1,724	3.34%
Buena	8,384	12.42%	8,282	11.83%	102	0.59%
Vallecitos	12,527	18.56%	14,486	20.70%	(1,959)	-2.14%
Leucadia	8,954	13.26%	9,097	13.00%	(143)	0.26%
Encinitas	3,379	5.01%	3,589	5.13%	(210)	-0.12%
Total	<u>67,502</u>	<u>100.00%</u>	<u>69,979</u>	<u>100.00%</u>	<u>(2,477)</u>	

Suspended solids (SS) are averaged on a three-year basis. The usage and percentage of total SS by Member Agency for the fiscal years ended June 30, 2022 and 2021 are as follows:

Agency	SS LBS/Day Unit I					
	2022		2021		Increase (Decrease)	
	SS	% of Total	SS	% of Total	SS	%
Carlsbad	20,790	32.57%	22,588	33.82%	(1,798)	-1.25%
Vista	11,885	18.62%	10,662	15.96%	1,223	2.66%
Buena	5,251	8.23%	5,002	7.49%	249	0.74%
Vallecitos	13,701	21.47%	16,097	24.10%	(2,396)	-2.63%
Leucadia	9,100	14.26%	9,084	13.60%	16	0.66%
Encinitas	3,096	4.85%	3,363	5.03%	(267)	-0.18%
Total	<u>63,823</u>	<u>100.00%</u>	<u>66,796</u>	<u>100.00%</u>	<u>(2,973)</u>	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 9 - OWNERSHIP AND USAGE ALLOCATIONS (CONTINUED):

Wastewater Flow and Usage Allocation – Unit J Treatment Plant

Treated wastewater flow discharged through Unit J is averaged on an annual basis. The changes for the fiscal years ended June 30, 2022 and 2021 for Unit J are as follows:

Agency	Outfall MGD ADF Unit J					
	2022		2021		Increase (Decrease)	
	MGD	% of Total	MGD	% of Total	MGD	%
Carlsbad	3.82	19.83%	5.45	27.40%	(1.63)	-7.57%
Vista	5.72	29.68%	4.35	21.87%	1.37	7.81%
Buena	1.89	9.81%	1.89	9.50%	-	0.31%
Vallecitos	3.59	18.63%	3.85	19.36%	(0.26)	-0.73%
Leucadia	3.29	17.07%	3.38	16.99%	(0.09)	0.08%
Encinitas	0.96	4.98%	0.97	4.88%	(0.01)	0.10%
Total	<u>19.27</u>	<u>100.00%</u>	<u>19.89</u>	<u>100.00%</u>	<u>(0.62)</u>	

Other Cost Allocations

The expenses for the Agua Hedionda pump station, the Buena Creek pump station, the Buena Vista pump station, the Carlsbad Water Recycling Facility and the Raceway Basin pump station, are allocated based on ownership. Directors' meeting expenses are allocated based on direct costs. Source control and related laboratory expenses are allocated based on direct labor charges, and flow for Unit J. Flow metering costs are allocated based on the number and types of meters and on Unit J ownership.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

Construction Commitments

The Authority had contractual agreements with outside firms for capital program construction and professional services as follows at June 30, 2022:

Project	Balance
Digester Rehabilitation and Improvements Projects	\$ 16,923,464
Dissolved Air Flotation Thickener (DAFT) Repair Project	3,393,081
Drying Safety Improvements Projects	1,639,648
Cogeneration Building Climate Control Rehabilitation Project	1,423,322
Secondary Clarifiers and Strainers Project	1,098,455
Engineering Planning, Modeling, and Support Services	272,888
Network Improvements Projects	256,714
Potable Reuse Study	239,962
Cyber Security and Business Management Services	188,487
SCADA Integration Services Project	167,071
Other Construction Support Services	157,935
Document Management System Upgrade Project	106,178
Primary Area Improvements Project	69,829
CWRF SCADA Improvements and Migration Design Project	49,230
	\$ 25,986,264

ContingenciesLitigation

Legal claims and lawsuits arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Authority's financial position.

NOTE 11 - SUBSEQUENT EVENTS:

Fiscal Year 2023 Budget

On July 27, 2022, the Board of Directors adopted Resolution 2022-10 to appropriate for the fiscal year 2023 the Operating Program (\$19,528,774), the Capital Program Budget (\$27,005,586), and the Continuing Capital Program Budget (\$8,572,342) from the unexpended fiscal year 2022 funds.

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**SCHEDULE OF PENSION PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Plan's Proportion of the Net Pension Liability	(0.117070%)	0.255690%	0.134510%	0.132380%	0.146233%	0.156650%	0.165626%	0.157794%
Plan's Proportionate Share of the Net Pension Liability	\$ (2,222,882)	\$ 10,785,249	\$ 13,783,340	\$ 12,756,065	\$ 14,502,283	\$ 13,555,110	\$ 11,368,400	\$ 9,575,481
Plan's Covered Payroll	\$ 7,569,061	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096	\$ 6,549,482	\$ 6,523,691	\$ 6,078,845	\$ 5,879,239
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	(29.37%)	141.54%	188.58%	186.52%	221.43%	207.78%	187.02%	162.87%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	103.31%	82.96%	75.26%	75.26%	72.12%	70.65%	73.83%	76.84%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 2,732,585	\$ 2,345,251	\$ 1,881,676	\$ 1,614,558	\$ 1,419,358	\$ 1,214,854	\$ 1,109,229	\$ 859,087

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

The inflation rate was decreased from 2.625% to 2.500%.

The investment rate of return was decreased from 7.25% to 7.00%.

From fiscal year June 30, 2021 to June 30, 2022:

The investment rate of return was increased from 7.00% to 7.15%.

* - Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN
LAST TEN YEARS***

	Miscellaneous							
Fiscal year ended	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 3,594,737	\$ 5,151,786	\$ 5,829,358	\$ 1,510,585	\$ 2,562,580	\$ 2,339,966	\$ 1,543,996	\$ 1,398,994
Contributions in relation to the actuarially determined contributions	<u>(3,594,737)</u>	<u>(5,151,786)</u>	<u>(5,829,358)</u>	<u>(1,510,585)</u>	<u>(2,562,580)</u>	<u>(2,339,966)</u>	<u>(1,543,996)</u>	<u>(1,398,994)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,516,092	\$ 7,569,061	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096	\$ 6,549,482	\$ 6,523,691	\$ 6,078,845
Contributions as a percentage of covered payroll	47.83%	68.06%	76.50%	20.67%	37.47%	35.73%	23.67%	23.01%
Notes to Schedule:								
Valuation Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Methods and Assumptions Used to Determine Contribution Rates:								
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 55 for classic and 62 for PEPRA

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* - Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS*

Fiscal year end	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:					
Service cost	\$ 43,245	\$ 42,088	\$ 36,418	\$ 35,357	\$ 33,044
Interest on total OPEB liability	77,810	76,609	66,700	62,221	57,799
Differences between expected and actual experience	156,620	(12,465)	59,429	-	-
Changes of assumptions	(48,876)	-	27,669	-	-
Benefit payments	(64,939)	(71,062)	(38,812)	(30,487)	(29,470)
Net Change in Total OPEB Liability	163,860	35,170	151,404	67,091	61,373
Total OPEB Liability - Beginning of Year	1,122,422	1,087,252	935,848	868,757	807,384
Total OPEB Liability - End of Year (a)	1,286,282	1,122,422	1,087,252	935,848	868,757
Plan Fiduciary Net Position:					
Contributions - employer	64,939	101,062	117,812	102,487	49,970
Net investment income	197,034	23,636	34,555	35,444	40,344
Administrative expenses	(271)	(324)	(118)	(237)	(205)
Benefit payments	(64,939)	(71,062)	(38,812)	(30,487)	(29,470)
Other expense	-	-	-	(587)	-
Net Change in Plan Fiduciary Net Position	196,763	53,312	113,437	106,620	60,639
Plan Fiduciary Net Position - Beginning of Year	716,492	663,180	549,743	443,123	382,484
Plan Fiduciary Net Position - End of Year (b)	913,255	716,492	663,180	549,743	443,123
Net OPEB Liability - Ending (a)-(b)	\$ 373,027	\$ 405,930	\$ 424,072	\$ 386,105	\$ 425,634
Plan fiduciary net position as a percentage of the total OPEB liability	71.00%	63.83%	61.00%	58.74%	51.01%
Covered payroll	\$ 7,569,061	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096	\$ 6,549,482
Net OPEB liability as percentage of covered payroll	4.93%	5.33%	5.80%	5.65%	6.50%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The interest assumption changed from 7.00% to 6.75%.

* Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN YEARS*

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 92,563	\$ 88,783	\$ 87,535	\$ 78,011	\$ 57,445
Contributions in relation to the actuarially determined contributions	<u>(166,724)</u>	<u>(154,939)</u>	<u>(100,172)</u>	<u>(102,487)</u>	<u>(49,970)</u>
Contribution deficiency (excess)	<u>\$ (74,161)</u>	<u>\$ (66,156)</u>	<u>\$ (12,637)</u>	<u>\$ (24,476)</u>	<u>\$ 7,475</u>
Covered payroll	\$ 7,516,092	\$ 7,569,061	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096
Contributions as a percentage of covered payroll	2.22%	2.05%	1.31%	1.40%	0.73%

Notes to Schedule:

Valuation Date	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market Value
Discount rate	6.75%
Inflation	2.75%
Salary increases	2.75% plus merit scale
Mortality	CalPERS Pension Plan

* Fiscal year 2018 was the first year of implementation; therefore, five years are shown.

SUPPLEMENTARY SCHEDULE OF INVESTMENT IN CAPITAL ASSETS
AT JUNE 30, 2022

ASSET							TOTAL	MEMBER AGENCY OWNERSHIP AT COST					
	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	June 30, 2022	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas
PLANT													
Joint Wastewater Treatment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	\$ 263,692,494	\$ 62,715,850	\$ 70,175,794	\$ 16,820,785	\$ 62,441,526	\$ 41,099,617	\$ 10,438,922
Joint Wastewater Disposal (Unit J)	23.69%	24.63%	6.93%	24.17%	16.42%	4.16%	14,751,348	3,583,523	3,146,267	1,348,340	2,954,193	3,023,498	695,527
Furnishings and Office Equipment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	6,209,667	1,521,306	1,463,545	470,455	1,330,699	1,143,104	280,558
Buena Vista Pump Station (BVPS)	10.40%	89.60%	-	-	-	-	4,461,263	463,971	3,997,292	-	-	-	-
Agua Hedionda Pump Station (AHPS)	30.90%	69.10%	-	-	-	-	2,170,723	670,754	1,499,969	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	100.00%	-	-	-	-	-	3,742,780	3,742,780	-	-	-	-	-
Buena Creek Pump Station (BCPS)	-	-	100.00%	-	-	-	818,413	-	-	818,413	-	-	-
Raceway Basin Pump Station (RBPS)	-	100.00%	-	-	-	-	445,606	-	445,606	-	-	-	-
Flow Metering System	(Based on Type and Location of Required Meters)						344,945	74,761	106,616	59,806	34,007	34,242	35,513
SUB-TOTAL: PLANT							296,637,239	72,772,945	80,835,089	19,517,799	66,760,425	45,300,461	11,450,520
REAL PROPERTY													
South Parcel (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	3,412,173	846,560	737,371	278,433	690,624	694,036	165,149
Encina Water Pollution Control Facilities (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	186,000	46,147	40,195	15,178	37,646	37,832	9,002
SUB-TOTAL: REAL PROPERTY							3,598,173	892,707	777,566	293,611	728,270	731,868	174,151
CONSTRUCTION IN PROGRESS													
Major Plant Rehab (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	22,436,250	5,438,548	5,653,932	1,590,730	5,030,208	3,769,291	953,541
SUB-TOTAL: CONSTRUCTION IN PROGRESS							22,436,250	5,438,548	5,653,932	1,590,730	5,030,208	3,769,291	953,541
TOTAL INVESTMENT IN CAPITAL ASSETS							322,671,662	79,104,200	87,266,587	21,402,140	72,518,903	49,801,620	12,578,212
ACCUMULATED DEPRECIATION													
Joint Wastewater Treatment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	(132,203,685)	(31,963,496)	(32,551,384)	(9,345,960)	(29,529,449)	(23,121,130)	(5,692,266)
Joint Wastewater Disposal (Unit J)	23.69%	24.63%	6.93%	24.17%	16.42%	4.16%	(13,604,816)	(3,308,164)	(2,884,386)	(1,255,153)	(2,702,818)	(2,809,912)	(644,383)
Furnishings and Office Equipment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	(5,316,616)	(1,304,705)	(1,239,282)	(406,904)	(1,130,954)	(992,297)	(242,474)
Buena Vista Pump Station (BVPS)	10.40%	89.60%	-	-	-	-	(3,160,403)	(328,682)	(2,831,721)	-	-	-	-
Agua Hedionda Vista Pump Station (AHPS)	30.90%	69.10%	-	-	-	-	(2,086,524)	(644,736)	(1,441,788)	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	100.00%	-	-	-	-	-	(972,645)	(972,645)	-	-	-	-	-
Buena Creek Pump Station (BCPS)	-	-	100.00%	-	-	-	(586,594)	-	-	(586,594)	-	-	-
Raceway Basin Pump Station (RBPS)	-	100.00%	-	-	-	-	(326,068)	-	(326,068)	-	-	-	-
Flow Metering System	(Based on Type and Location of Required Meters)						(321,263)	(68,885)	(101,499)	(57,873)	(29,214)	(29,425)	(34,367)
TOTAL ACCUMULATED DEPRECIATION							(158,578,614)	(38,591,313)	(41,376,128)	(11,652,484)	(33,392,435)	(26,952,764)	(6,613,490)
INVESTMENT IN CAPITAL ASSETS							\$ 164,093,048	\$ 40,512,887	\$ 45,890,459	\$ 9,749,656	\$ 39,126,468	\$ 22,848,856	\$ 5,964,722

**SUPPLEMENTARY SUMMARY SCHEDULE OF
OPERATING PROGRAM AMOUNT DUE FROM/(TO) MEMBER AGENCIES
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
OPERATING REVENUES		
Member Assessments Billed	\$ 18,055,723	\$ 17,193,456
South Parcel Leasing	494,933	583,362
CSRMA Dividends (Unit I Ownership)	176,633	43,504
PureGreen Sales	119,747	41,124
Alternative Fuels Tipping Fees	81,906	155,309
Lab Contract Services Receipts (Unit I Ownership)	69,139	190,328
Environmental Enforcement Receipts (Jurisdiction)	22,650	7,750
Miscellaneous Receipts (Unit I Ownership)	-	91,477
TOTAL OPERATING REVENUES - BILLED	<u>\$ 19,020,731</u>	<u>\$ 18,306,310</u>
OPERATING EXPENSES INCURRED		
Encina Water Pollution Control Facilities		
Unit I - Treatment Plant Usage	\$ 7,388,246	\$ 7,170,974
Unit I - Treatment Plant Ownership	5,660,726	5,808,277
Unit J - Ocean Outfall	979,487	760,394
Board of Directors	137,197	342,464
Flow Metering	402,380	90,845
Encina Water Pollution Control Facilities Sub-Total	<u>\$ 14,568,036</u>	<u>\$ 14,172,954</u>
Source Control	\$ 889,245	\$ 1,036,871
Agua Hedionda Pump Station	618,495	599,217
Buena Vista Pump Station	711,712	705,363
Buena Creek Pump Station	577,412	536,675
Carlsbad Water Recycling Facility	1,414,009	1,225,786
Raceway Basin Pump Station	<u>247,100</u>	<u>250,738</u>
TOTAL OPERATING EXPENSES INCURRED	<u>\$ 19,026,009</u>	<u>\$ 18,527,604</u>
OPERATING REVENUES BILLED (OVER)/UNDER EXPENSES INCURRED	<u>\$ 5,278</u>	<u>\$ 221,294</u>
AMOUNT DUE FROM/(TO) MEMBER AGENCIES END OF FISCAL YEAR	<u>\$ 5,278</u>	<u>\$ 221,294</u>

SUPPLEMENTARY DETAIL SCHEDULE OF OPERATING PROGRAM AMOUNT DUE FROM/(TO) MEMBER AGENCIES

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Totals</u>	<u>Carlsbad</u>	<u>Vista</u>	<u>Buena</u>	<u>Vallecitos</u>	<u>Leucadia</u>	<u>Encinitas</u>
OPERATING REVENUES - BILLED							
Member Assessments Billed	\$ 18,055,723	\$ 5,438,320	\$ 4,802,912	\$ 1,961,550	\$ 2,928,996	\$ 2,217,284	\$ 706,661
South Parcel Lease Revenue	494,933	119,971	124,723	35,091	110,964	83,149	21,035
Lab Contract Services Billed (Unit I Ownership)	176,633	42,816	44,512	12,523	39,601	29,674	7,507
Alternative Fuels Tipping Fees	119,747	29,027	30,176.00	8,490	26,847	20,118	5,089
Miscellaneous Receipts (Unit I Ownership)	81,906	19,855	20,640	5,807	18,363	13,760	3,481
PureGreen Sales	69,139	22,522	12,875	5,688	14,842	9,858	3,354
Environmental Enforcement Actions Billed (Jurisdiction)	22,650	1,900	20,750	-	-	-	-
TOTAL OPERATING REVENUES - BILLED	<u>19,020,731</u>	<u>5,674,411</u>	<u>5,056,588</u>	<u>2,029,149</u>	<u>3,139,613</u>	<u>2,373,843</u>	<u>747,127</u>
OPERATING EXPENSES							
Encina Water Pollution Control Facilities							
Plant-Unit I Usage	7,388,246	2,146,366	1,627,791	764,584	1,459,051	1,027,850	362,604
Plant-Unit I Ownership	5,660,726	1,372,160	1,426,504	401,345	1,269,134	951,002	240,581
Outfall-Unit J	979,487	193,966	290,863	95,839	182,483	167,442	48,894
Board of Directors	137,197	26,996	13,731	13,951	27,076	28,374	27,069
Flow Metering	402,380	91,901	108,990	86,695	47,034	45,654	22,106
Encina Water Pollution Control Facilities Sub-Total	<u>14,568,036</u>	<u>3,831,389</u>	<u>3,467,879</u>	<u>1,362,414</u>	<u>2,984,778</u>	<u>2,220,322</u>	<u>701,254</u>
Source Control	889,245	191,949	258,295	87,859	157,798	146,563	46,781
Agua Hedionda Pump Station	618,495	191,115	427,380	-	-	-	-
Buena Vista Pump Station	711,712	74,018	637,694	-	-	-	-
Buena Creek Pump Station	577,412	-	-	577,412	-	-	-
Carlsbad Water Recycling Facility	1,414,009	1,414,009	-	-	-	-	-
Raceway Basin Pump Station	247,100	-	247,100	-	-	-	-
TOTAL OPERATING EXPENSES	<u>19,026,009</u>	<u>5,702,480</u>	<u>5,038,348</u>	<u>2,027,685</u>	<u>3,142,576</u>	<u>2,366,885</u>	<u>748,035</u>
DUE FROM (TO) MEMBER AGENCIES JUNE 30, 2022	<u>\$ 5,278</u>	<u>\$ 28,069</u>	<u>\$ (18,240)</u>	<u>\$ (1,464)</u>	<u>\$ 2,963</u>	<u>\$ (6,958)</u>	<u>\$ 908</u>

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

CITY OF CARLSBAD	2022	% of Total	2021	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 2,146,366	37.5%	\$ 2,137,471	\$ 8,895	0.4%
Unit I Encina Treatment Plant Ownership	1,372,160	24.1%	1,407,926	(35,766)	-2.5%
Unit J Encina Ocean Outfall	193,966	3.4%	166,317	27,649	16.6%
Board of Directors	26,996	0.5%	18,622	8,374	45.0%
Flow Metering	91,901	1.6%	83,641	8,260	9.9%
Source Control	191,949	3.4%	289,359	(97,410)	-33.7%
Agua Hedionda Pump Station	191,115	3.4%	185,158	5,957	3.2%
Buena Vista Pump Station	74,018	1.3%	73,358	660	0.9%
Carlsbad Water Recycling Facility	1,414,009	24.8%	1,225,786	188,223	15.4%
TOTALS	\$ 5,702,480	100.0%	\$ 5,587,638	\$ 114,842	2.1%
CITY OF VISTA					
Unit I Encina Treatment Plant Usage	\$ 1,627,791	32.2%	\$ 1,427,265	\$ 200,526	14.0%
Unit I Encina Treatment Plant Ownership	1,426,504	28.3%	1,463,686	(37,182)	-2.5%
Unit J Encina Ocean Outfall	290,863	5.8%	208,319	82,544	39.6%
Board of Directors	13,731	0.3%	9,267	4,464	48.2%
Flow Metering	108,990	2.2%	84,692	24,298	28.7%
Source Control	258,295	5.1%	324,150	(65,855)	-20.3%
Agua Hedionda Pump Station	427,380	8.5%	414,059	13,321	3.2%
Buena Vista Pump Station	637,694	12.7%	632,005	5,689	0.9%
Raceway Basin Pump Station	247,100	4.9%	250,738	(3,638)	-1.5%
TOTALS	\$ 5,038,348	100.0%	\$ 4,814,181	\$ 227,805	4.7%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

(CONTINUED)

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

BUENA SANITATION DISTRICT	2022	% of Total	2021	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 764,584	37.7%	\$ 740,000	\$ 24,584	3.3%
Unit I Encina Treatment Plant Ownership	401,345	19.8%	411,807	(10,462)	-2.5%
Unit J Encina Ocean Outfall	95,839	4.7%	72,435	23,404	32.3%
Board of Directors	13,951	0.7%	9,301	4,650	50.0%
Flow Metering	86,695	4.3%	62,753	23,942	38.2%
Source Control	87,859	4.3%	122,123	(34,264)	-28.1%
Buena Creek Pump Station	577,412	28.5%	536,675	40,737	7.6%
TOTALS	\$ 2,027,685	100.0%	\$ 1,955,094	\$ 72,591	3.7%
 VALLECITOS WATER DISTRICT					
Unit I Encina Treatment Plant Usage	\$ 1,459,051	46.4%	\$ 1,539,822	\$ (80,771)	-5.2%
Unit I Encina Treatment Plant Ownership	1,269,134	40.4%	1,302,216	(33,082)	-2.5%
Unit J Encina Ocean Outfall	182,483	5.8%	147,133	35,350	24.0%
Board of Directors	27,076	0.9%	16,600	10,476	63.1%
Flow Metering	47,034	1.5%	45,833	1,201	2.6%
Source Control	157,798	5.0%	175,084	(17,286)	-9.9%
TOTALS	\$ 3,142,576	100.0%	\$ 3,226,688	\$ (84,112)	-2.6%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

(CONTINUED)

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

LEUCADIA WASTEWATER DISTRICT	2022	% of Total	2021	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 1,027,850	43.4%	\$ 964,318	\$ 63,532	6.6%
Unit I Encina Treatment Plant Ownership	951,002	40.2%	975,790	(24,788)	-2.5%
Unit J Encina Ocean Outfall	167,442	7.1%	129,160	38,282	29.6%
Board of Directors	28,374	1.2%	19,585	8,789	44.9%
Flow Metering	45,654	1.9%	44,249	1,405	3.2%
Source Control	146,563	6.2%	85,751	60,812	70.9%
TOTALS	\$ 2,366,885	100.0%	\$ 2,218,853	\$ 148,032	6.7%
CITY OF ENCINITAS					
Unit I Encina Treatment Plant Usage	\$ 362,604	48.4%	\$ 362,098	\$ 506	0.1%
Unit I Encina Treatment Plant Ownership	240,581	32.2%	246,852	(6,271)	-2.5%
Unit J Encina Ocean Outfall	48,894	6.5%	37,030	11,864	32.0%
Board of Directors	27,069	3.6%	17,470	9,599	54.9%
Flow Metering	22,106	3.0%	21,296	810	3.8%
Source Control	46,781	6.3%	40,404	6,377	15.8%
TOTALS	\$ 748,035	100.0%	\$ 725,150	\$ 22,885	3.2%
Total Operating Expense All Member Agencies	\$ 19,026,009		\$ 18,527,604	\$ 502,043	2.7%

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	2022	% of Total	2021	Change \$	Change %
UNIT I: ENCINA TREATMENT PLANT USAGE					
City of Carlsbad	\$ 2,146,366	29.2%	\$ 2,137,471	\$ 8,895	0.4%
City of Vista	1,627,791	22.0%	1,427,265	200,526	14.0%
Buena Sanitation District	764,584	10.3%	740,000	24,584	3.3%
Vallecitos Water District	1,459,051	19.7%	1,539,822	(80,771)	-5.2%
Leucadia Wastewater District	1,027,850	13.9%	964,318	63,532	6.6%
City of Encinitas	362,604	4.9%	362,098	506	0.1%
TOTALS	\$ 7,388,246	100.0%	\$ 7,170,974	\$ 217,272	3.0%
UNIT I: ENCINA TREATMENT PLANT OWNERSHIP					
City of Carlsbad	\$ 1,372,160	24.2%	\$ 1,407,926	\$ (35,766)	-2.5%
City of Vista	1,426,504	25.2%	1,463,686	(37,182)	-2.5%
Buena Sanitation District	401,345	7.1%	411,807	(10,462)	-2.5%
Vallecitos Water District	1,269,134	22.4%	1,302,216	(33,082)	-2.5%
Leucadia Wastewater District	951,002	16.8%	975,790	(24,788)	-2.5%
City of Encinitas	240,581	4.3%	246,852	(6,271)	-2.5%
TOTALS	\$ 5,660,726	100.0%	\$ 5,808,277	\$ (147,551)	-2.5%
UNIT J: ENCINA OCEAN OUTFALL					
City of Carlsbad	\$ 193,966	19.8%	\$ 166,317	\$ 27,649	16.6%
City of Vista	290,863	29.7%	208,319	82,544	39.6%
Buena Sanitation District	95,839	9.8%	72,435	23,404	32.3%
Vallecitos Water District	182,483	18.6%	147,133	35,350	24.0%
Leucadia Wastewater District	167,442	17.1%	129,160	38,282	29.6%
City of Encinitas	48,894	5.0%	37,030	11,864	32.0%
TOTALS	\$ 979,487	100.0%	\$ 760,394	\$ 219,093	28.8%
BOARD OF DIRECTORS					
City of Carlsbad	\$ 26,996	19.7%	\$ 18,622	\$ 8,374	45.0%
City of Vista	13,731	10.0%	9,267	4,464	48.2%
Buena Sanitation District	13,951	10.2%	9,301	4,650	50.0%
Vallecitos Water District	27,076	19.7%	16,600	10,476	63.1%
Leucadia Wastewater District	28,374	20.7%	19,585	8,789	44.9%
City of Encinitas	27,069	19.7%	17,470	9,599	54.9%
TOTALS	\$ 137,197	100.0%	\$ 90,845	\$ 46,352	51.0%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>% of Total</u>	<u>2021</u>	<u>Change \$</u>	<u>Change %</u>
FLOW METERING PROGRAM					
City of Carlsbad	\$ 91,901	22.9%	\$ 83,641	\$ 8,260	9.9%
City of Vista	108,990	27.1%	84,692	24,298	28.7%
Buena Sanitation District	86,695	21.5%	62,753	23,942	38.2%
Vallecitos Water District	47,034	11.7%	45,833	1,201	2.6%
Leucadia Wastewater District	45,654	11.3%	44,249	1,405	3.2%
City of Encinitas	22,106	5.5%	21,296	810	3.8%
TOTALS	\$ 402,380	100.0%	\$ 342,464	\$ 59,916	17.5%
TOTAL ENCINA WATER POLLUTION CONTROL FACILITIES					
City of Carlsbad	\$ 3,831,389	26.2%	\$ 3,813,977	\$ 17,412	0.5%
City of Vista	3,467,879	23.9%	3,193,229	274,650	8.6%
Buena Sanitation District	1,362,414	9.4%	1,296,296	66,118	5.1%
Vallecitos Water District	2,984,778	20.5%	3,051,604	(66,826)	-2.2%
Leucadia Wastewater District	2,220,322	15.2%	2,133,102	87,220	4.1%
City of Encinitas	701,254	4.8%	684,746	16,508	2.4%
TOTALS	\$ 14,568,036	100.0%	\$ 14,172,954	\$ 395,082	2.8%
SOURCE CONTROL PROGRAM					
City of Carlsbad	\$ 191,949	21.6%	\$ 289,359	\$ (97,410)	-33.7%
City of Vista	258,295	29.0%	324,150	(65,855)	-20.3%
Buena Sanitation District	87,859	9.9%	122,123	(34,264)	-28.1%
Vallecitos Water District	157,798	17.7%	175,084	(17,286)	-9.9%
Leucadia Wastewater District	146,563	16.5%	85,751	60,812	70.9%
City of Encinitas	46,781	5.3%	40,404	6,377	15.8%
TOTALS	\$ 889,245	100.0%	\$ 1,036,871	\$ (147,626)	-14.2%
AGUA HEDIONDA PUMP STATION					
City of Carlsbad	\$ 191,115	30.9%	\$ 185,158	\$ 5,957	3.2%
City of Vista	427,380	69.1%	414,059	13,321	3.2%
TOTALS	\$ 618,495	100.0%	\$ 599,217	\$ 19,278	3.2%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>% of Total</u>	<u>2021</u>	<u>Change \$</u>	<u>Change %</u>
BUENA VISTA PUMP STATION					
City of Carlsbad	\$ 74,018	10.4%	\$ 73,358	\$ 660	0.9%
City of Vista	637,694	89.6%	632,005	5,689	0.9%
TOTALS	<u>\$ 711,712</u>	<u>100.0%</u>	<u>\$ 705,363</u>	<u>\$ 6,349</u>	<u>0.9%</u>
BUENA CREEK PUMP STATION					
Buena Sanitation District	\$ 577,412	100.0%	\$ 536,675	\$ 40,737	7.6%
TOTALS	<u>\$ 577,412</u>	<u>100.0%</u>	<u>\$ 536,675</u>	<u>\$ 40,737</u>	<u>7.6%</u>
CARLSBAD WATER RECYCLING FACILITY					
City of Carlsbad	\$ 1,414,009	100.0%	\$ 1,225,786	\$ 188,223	15.4%
TOTALS	<u>\$ 1,414,009</u>	<u>100.0%</u>	<u>\$ 1,225,786</u>	<u>\$ 188,223</u>	<u>15.4%</u>
RACEWAY BASIN PUMP STATION					
City of Vista	\$ 247,100	100.0%	\$ 250,738	\$ (3,638)	-1.5%
TOTALS	<u>\$ 247,100</u>	<u>100.0%</u>	<u>\$ 250,738</u>	<u>\$ (3,638)</u>	<u>-1.5%</u>
TOTAL OPERATING EXPENSE					
City of Carlsbad	\$ 5,702,480	30.0%	\$ 5,587,638	\$ 114,842	2.1%
City of Vista	5,038,348	26.5%	4,814,181	224,167	4.7%
Buena Sanitation District	2,027,685	10.7%	1,955,094	72,591	3.7%
Vallecitos Water District	3,142,576	16.5%	3,226,688	(84,112)	-2.6%
Leucadia Wastewater District	2,366,885	12.4%	2,218,853	148,032	6.7%
City of Encinitas	748,035	3.9%	725,150	22,885	3.2%
TOTALS	<u>\$ 19,026,009</u>	<u>100.0%</u>	<u>\$ 18,527,604</u>	<u>\$ 498,405</u>	<u>2.7%</u>

SUPPLEMENTARY SCHEDULE OF CHANGES IN NET POSITION RESTRICTED -

CAPITAL IMPROVEMENT PROGRAM

AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CAPITAL CONTRIBUTIONS		
Member Assessments	\$ 28,731,496	\$ 26,958,959
TOTAL CAPITAL CONTRIBUTIONS	<u>28,731,496</u>	<u>26,958,959</u>
CAPITAL EXPENDITURES		
Encina Water Pollution Control Facility		
(EWPCF) Capital Acquisitions	392,628	264,961
Agua Hedionda Pump Station (AHPS) Capital Acquisitions	112,954	54,091
Buena Vista Pump Station (BVPS) Capital Acquisitions	328,977	314,031
Buena Creek Pump Station (BCPS) Capital Acquisitions	256,690	233,865
Carlsbad Water Reclamation Facility (CWRF) Capital Acquisitions	2,447,955	748,433
Raceway Basin Pump Station (RBPS) Capital Acquisitions	101,181	123,125
EWPCF Planned Asset Replacement	1,708,586	1,588,693
EWPCF Major Plant Rehabilitation Program		
Liquid Process Improvements	8,679,531	11,194,126
Outfall	114,399	239,189
Solids Process Improvements	5,237,052	2,094,215
Energy Management	539,693	3,820,415
General Improvements	6,031,718	3,101,574
Engineering Services	502,887	449,930
Technology Master Plan	<u>2,215,831</u>	<u>2,724,830</u>
TOTAL CAPITAL EXPENDITURES	<u>28,670,082</u>	<u>26,951,478</u>
CAPITAL CONTRIBUTIONS OVER/(UNDER) CAPITAL EXPENDITURES	61,414	7,481
NONOPERATING REVENUES		
Investment and other capital income	<u>2,560</u>	<u>5,780</u>
TOTAL NONOPERATING REVENUES	<u>2,560</u>	<u>5,780</u>
NET POSITION RESTRICTED FOR CIP, BEGINNING OF FISCAL YEAR	<u>8,036,026</u>	<u>8,022,765</u>
NET POSITION RESTRICTED FOR CIP, END OF FISCAL YEAR	<u>\$ 8,100,000</u>	<u>\$ 8,036,026</u>

SUPPLEMENTARY SCHEDULE OF NET POSITION RESTRICTED BY PROJECT - CAPITAL IMPROVEMENT PROGRAM
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PROJECTS	Balance June 30, 2021	Member Billings	Other Income	Capital Expenditures	Balance June 30, 2022
<u>Continuing Projects</u>					
EWPCF Major Plant Rehabilitation Program					
Liquid Process Improvements	\$ -	\$ (8,679,531)	\$ -	\$ 8,679,531	\$ -
Outfall	239,189	(239,189)	-	114,399	114,399 *
Solids Process Improvements	-	(5,237,052)	-	5,237,052	-
Energy Management	-	(539,693)	-	539,693	-
General Improvements	(175,215)	(5,974,880)	-	6,031,718	(118,377) *
Engineering Services	-	(502,887)	-	502,887	-
Technology Master Plan	-	(2,215,831)	-	2,215,831	-
Sub Total Continuing Projects	<u>63,974</u>	<u>(23,389,063)</u>	<u>-</u>	<u>23,321,111</u>	<u>(3,978) *</u>
<u>Other</u>					
Capital Acquisitions					
EWPCF	-	(388,650)	-	392,628	3,978 *
Remote Facilities	-	(3,247,757)	-	3,247,757	-
Planned Asset Replacement	-	(1,708,586)	-	1,708,586	-
Capital Reserve	(8,100,000)	-	-	-	(8,100,000)
Income On Capital Reserve Funds	-	2,560	(2,560)	-	-
Sub Total Other	<u>(8,100,000)</u>	<u>(5,342,433)</u>	<u>(2,560)</u>	<u>5,348,971</u>	<u>(8,096,022)</u>
Total Capital Improvement Program	<u>\$ (8,036,026)</u>	<u>\$ (28,731,496)</u>	<u>\$ (2,560)</u>	<u>\$ 28,670,082</u>	<u>\$ (8,100,000)</u>

* Indicates amounts due from/(to) Member Agencies

\$ - *

SUPPLEMENTARY SCHEDULE OF NET POSITION RESTRICTED BY MEMBER AGENCY - CAPITAL IMPROVEMENT PROGRAM
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PROJECTS	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Balance June 30, 2022
<u>Continuing Projects</u>							
Major Plant Rehabilitation Program							
Outfall	\$ 27,101	\$ 28,176	\$ 7,928	\$ 27,650	\$ 18,784	\$ 4,759	\$ 114,399 *
General Improvements	(28,695)	(29,831)	(8,393)	(26,540)	(19,887)	(5,031)	(118,377) *
Sub Total Continuing Projects	(1,594)	(1,655)	(465)	1,110	(1,103)	(272)	(3,978)
<u>Other</u>							
Capital Reserve	(1,963,440)	(2,041,200)	(574,290)	(1,816,020)	(1,360,800)	(344,250)	(8,100,000)
Sub Total Other	(1,963,440)	(2,041,200)	(574,290)	(1,816,020)	(1,360,800)	(344,250)	(8,100,000)
 Total Capital Improvement Program	<u>\$ (1,965,034)</u>	<u>\$ (2,042,855)</u>	<u>\$ (574,755)</u>	<u>\$ (1,814,910)</u>	<u>\$ (1,361,903)</u>	<u>\$ (344,522)</u>	<u>\$ (8,103,978)</u>
 Member Agency Billing, Net	\$ 2,385	\$ (1,655)	\$ (465)	\$ 1,110	\$ (1,103)	\$ (272)	\$ - *
	<u>\$ 2,385</u>	<u>\$ (1,655)</u>	<u>\$ (465)</u>	<u>\$ 1,110</u>	<u>\$ (1,103)</u>	<u>\$ (272)</u>	<u>\$ -</u>

* Indicates amounts due from/(to) Member Agencies

STATISTICAL SECTION

Financial Trends
Demographic and Economic Information
Operating Information



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STATISTICAL SECTION

This part of the Encina Wastewater Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and other supplementary information says about the Authority's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

- Net Position
- Changes in Net Position
- Investment in Capital Assets

Revenue Capacity

The principal source of revenue to the Authority is assessments to Member Agencies for reimbursement of expenses. Therefore, an analysis of revenue capacity is not applicable. Data on sources of revenue are presented in this section under Operating Information.

Debt Capacity

The Authority does not currently maintain any long-term debt and has not maintained any debt in the past ten years. Therefore, information on debt capacity is not applicable.

Demographic and Economic Information

This information offers demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

- Population and Property Data
- Principal Employers
- Principal Property Taxpayers

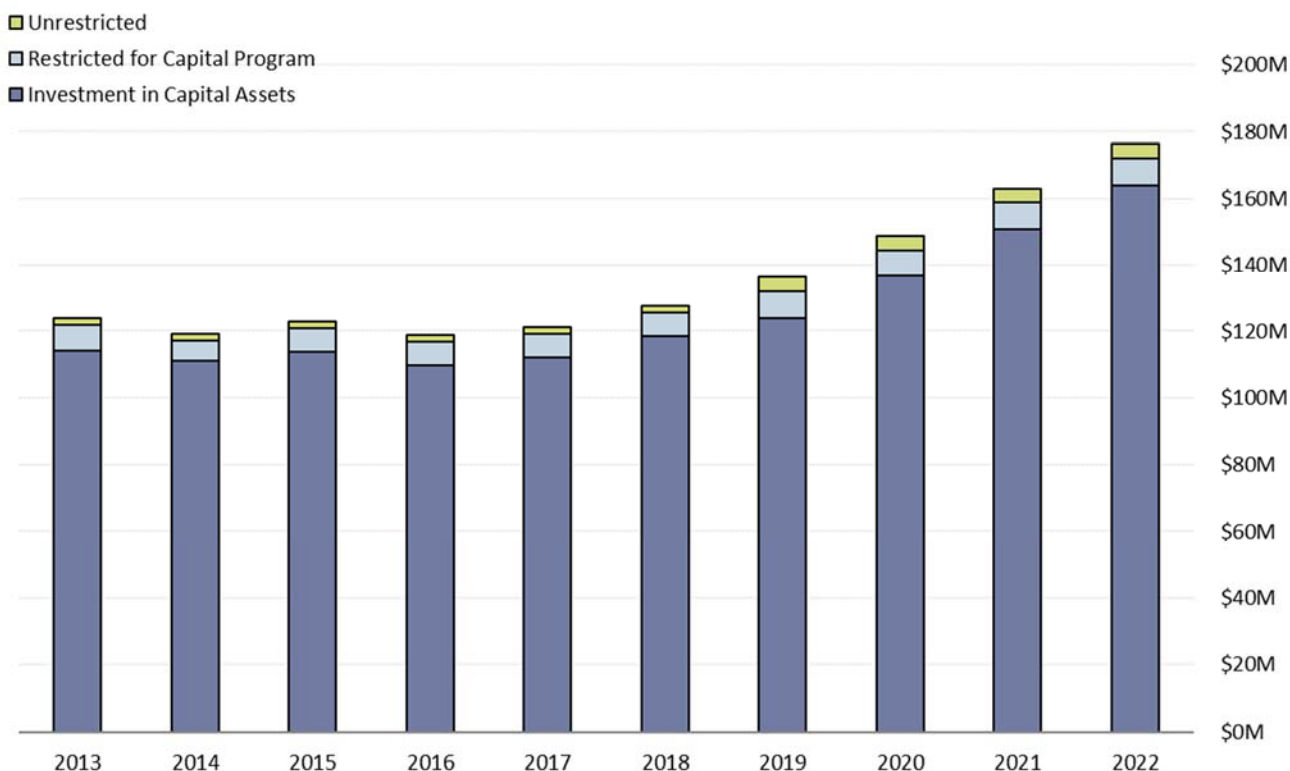
Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the government provides and the activities it performs.

- Facts and Figures
- Full-time Equivalent Employees by Function
- Operating Revenues and Expenses by Major Source and Use
- Operating Revenues and Expenses by Member Agency
- Operating Expenses per Million Gallons

NET POSITION
LAST TEN FISCAL YEARS

Fiscal Year	Investment in Capital Assets	Restricted for Capital Program	Unrestricted	Total
2022	\$ 164,093,048	\$ 8,100,000	\$ 4,300,000	\$ 176,493,048
2021	150,718,023	8,036,026	4,300,000	163,054,049
2020	136,520,458	8,022,765	4,300,000	148,843,223
2019	123,904,422	8,097,285	4,300,000	136,301,707
2018	118,467,691	7,000,000	2,100,000	127,567,691
2017	112,047,443	7,010,247	2,100,000	121,157,690
2016	109,764,177	7,003,009	2,000,000	118,767,186
2015	113,689,724	7,023,053	2,000,000	122,712,777
2014	111,134,272	5,978,907	2,000,000	119,113,179
2013	113,943,637	7,991,595	2,000,000	123,935,232



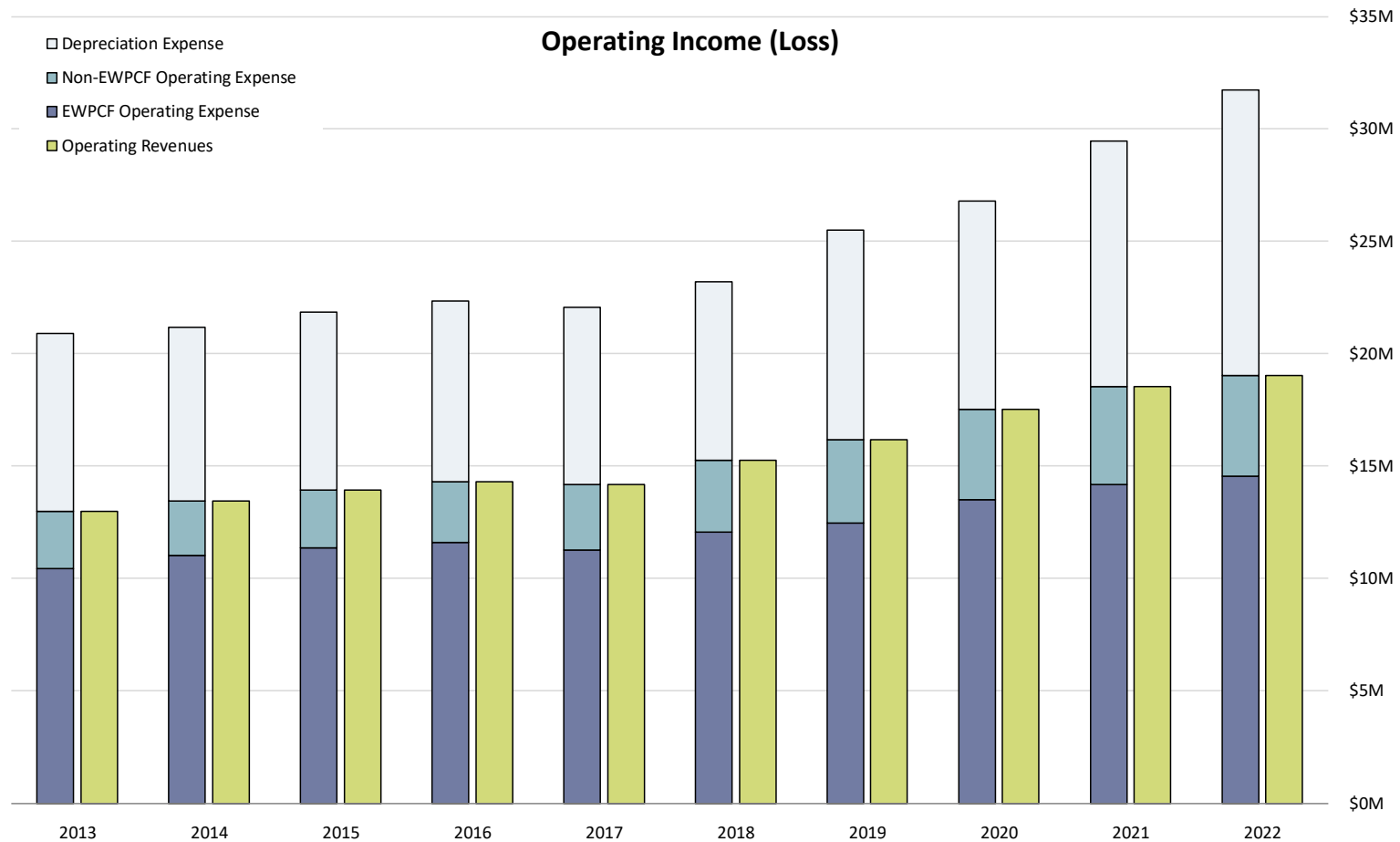
- FY 2022 reflects increased investments in capital improvement projects including the Secondary Clarifiers and Strainers Project
- FY 2021 & 2020 reflects increased investments in capital improvement projects including the Primary Area Improvements Project, Digester Rehab and Improvements Project, the SCADA Network and Infrastructure Improvement Project, and Secondary Clarifiers & Strainers Project.
- FY 2019 reflects increased investment in rehabilitating the capital infrastructure along with an increase in the Reserve balances.
- FY 2018 reflects increased construction in progress activities attributed to the FY15 Major Plant Rehab Project efforts.
- FY 2017 reflects increased construction in progress activities and a \$100K increase to the Unrestricted - Remote Facility Reserve
- FY 2016 reflects increased depreciation exceeding the year's investment in capital assets and construction in progress.
- FY 2015 reflects significant FY12 major plant rehabilitation projects and alternative fuel receiving facility in addition to \$1M increase in capital reserves.
- FY 2014 reflects 3rd centrifuge engine project, FY12 major plant rehabilitation projects and influent junction structure improvements
- FY 2013 reflects blower electrical improvements and natural gas pipeline replacement

Source: Encina Wastewater Authority

CHANGES IN NET POSITION (IN THOUSANDS)
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating Revenues										
Member Agency Assessments	\$ 18,061	\$ 17,415	\$ 16,722	\$ 15,416	\$ 14,719	\$ 13,614	\$ 13,515	\$ 13,637	\$ 13,005	\$ 12,646
Other Operating Revenues	965	1,113	796	750	548	561	793	314	442	347
Total Operating Revenues	19,026	18,528	17,518	16,166	15,268	14,174	14,308	13,951	13,447	12,994
Operating Expenses										
Unit I - EWPCF Usage Costs	7,388	7,171	7,459	6,777	6,575	6,020	6,356	6,219	6,289	5,910
Unit I - EWPCF Ownership Costs	5,661	5,808	5,059	4,723	4,629	4,405	4,335	4,278	4,138	3,936
Unit J - Encina Ocean Outfall	979	760	614	589	497	495	523	523	268	265
Directors Meetings	137	91	66	64	63	57	52	74	57	65
Flow Metering	402	342	323	305	316	295	332	272	262	264
Subtotal Encina Wastewater Pollution Control Facilities (EWPCF)	14,567	14,172	13,521	12,458	12,081	11,272	11,598	11,366	11,014	10,440
Source Control	889	1,037	921	771	692	688	638	588	664	620
Aqua Hedionda Pump Station	618	599	656	673	315	297	303	286	269	259
Buena Vista Pump Station	712	705	654	580	627	427	438	407	395	386
Buena Creek Pump Station	577	537	390	367	334	330	328	311	297	296
Carlsbad Water Reclamation Facilities	1,414	1,226	1,151	1,107	1,028	979	831	811	650	844
Raceway Basin Pump Station	247	251	225	210	189	182	172	183	158	147
Depreciation expense	12,699	10,937	9,269	9,328	7,937	7,907	8,043	7,904	7,725	7,917
Total Operating Expenses	31,723	29,464	26,787	25,494	23,205	22,082	22,351	21,855	21,172	20,909
Operating Loss	(12,697)	(10,936)	(9,269)	(9,328)	(7,937)	(7,908)	(8,043)	(7,905)	(7,725)	(7,916)
Nonoperating Revenues (Expenses)										
Discontinued Projects, Studies and Assessments	(2,596)	(1,817)	(1,835)	(1,407)	(2,365)	(1,286)	(2,327)	(1,573)	(1,586)	(1,328)
Investment & Other Capital Income	3	6	66	120	36	27	17	5	8	10
Other Nonoperating Revenues	-	-	-	2,200	-	100	-	-	-	-
Total Nonoperating Revenues (Expenses)	(2,593)	(1,811)	(1,769)	913	(2,329)	(1,158)	(2,310)	(1,570)	(1,578)	(1,318)
Loss Before Contributions and Distributions	(15,292)	(12,747)	(11,038)	(8,415)	(10,266)	(9,067)	(10,354)	(9,475)	(9,303)	(9,234)
Capital Contributions and Distributions										
Member Agency Assessments	28,731	26,959	23,579	16,049	16,676	11,456	6,408	13,073	6,775	9,653
Contributions (Distributions) from (to) Member Agency	-	-	-	1,100	-	-	-	-	(2,295)	-
Total Capital Contributions	28,731	26,959	23,579	17,149	16,676	11,456	6,408	13,073	4,480	9,652
Increase (Decrease) in Net Position	\$ 13,439	\$ 14,212	\$ 12,542	\$ 8,734	\$ 6,410	\$ 2,390	\$ (3,946)	\$ 3,600	\$ (4,823)	\$ 419

CHANGES IN NET POSITION (IN THOUSANDS)
LAST TEN FISCAL YEARS



- FY 2022 & 2021: reflects increased professional services along with higher personnel, chemical, and insurance costs.
- FY 2020: reflects increased personnel and chemical costs along with additional biosolid loads being dispersed.
- FY 2019: reflects significant energy cost increases
- FY 2018: reflects increased personnel costs, information technology costs and a general improvement of budget execution
- FY 2017: reflects operational savings through reduced energy consumption, chemical contract negotiations and select services being brought back in-house
- FY 2016: non-EWPCF Operating Expense captures Process Master Plan and increased studies and designs
- FY 2015: reflects significant FY12 major plant rehabilitation projects and alternative fuel receiving facility
- FY 2014: reflects 3rd centrifuge engine project, FY12 major plant rehabilitation projects and influent junction structure improvements
- FY 2013: Capital expense increased from designs and studies, Energy Strategic Plan, 2040 Facility Master Plan Study and Record Drawings & Manuals Project.

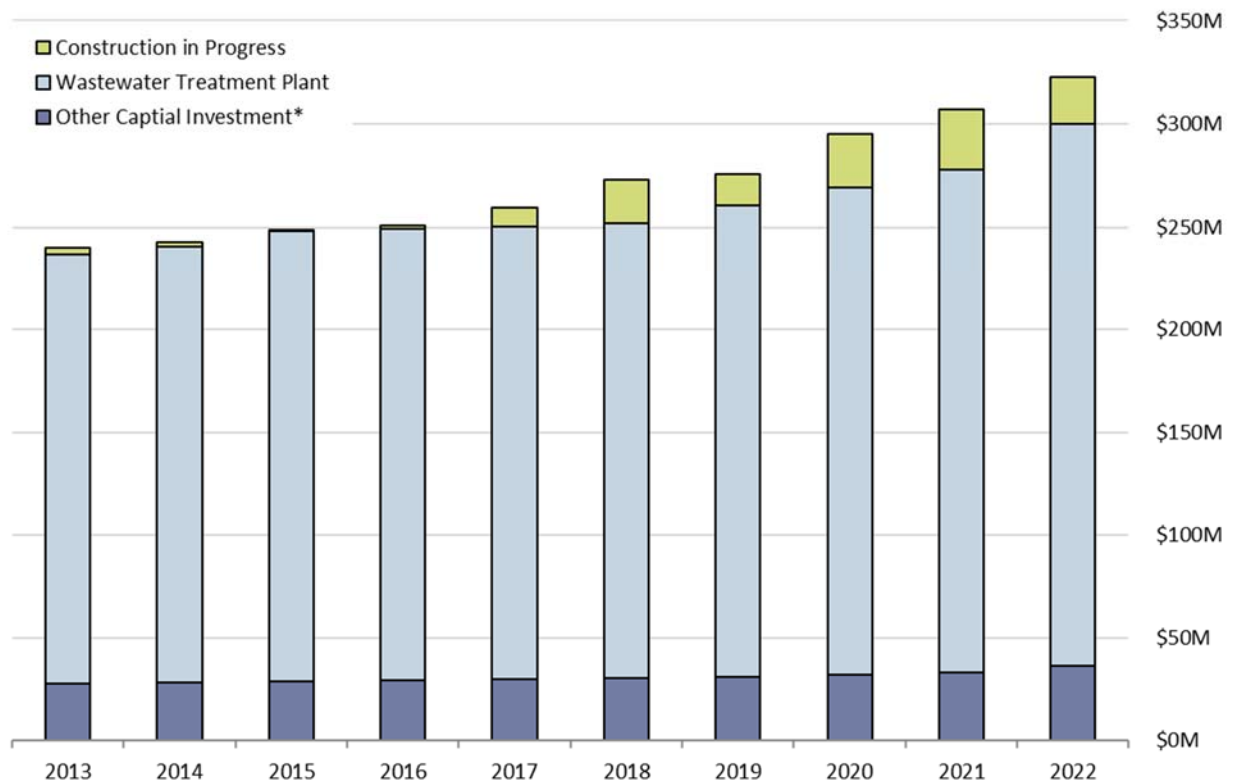
Source: Encina Wastewater Authority

INVESTMENT IN CAPITAL ASSETS LAST TEN FISCAL YEARS

By Function

Fiscal Year	Wastewater Treatment Plant	Ocean Outfall	Pump Station Facilities	Furnishings and Office Equipment	Flow Metering System	Real Property	Construction in Progress	Accumulated Depreciation	Total
2022	\$ 263,692,494	\$ 14,751,348	\$ 11,638,785	\$ 6,209,667	\$ 344,945	\$ 3,598,173	\$ 22,436,250	\$ (158,578,614)	\$ 164,093,048
2021	244,516,945	14,751,348	8,615,722	6,002,407	344,945	3,598,173	29,330,263	(156,441,780)	150,718,023
2020	236,893,992	14,517,397	8,111,258	5,517,037	344,945	3,598,173	26,051,795	(158,514,139)	136,520,458
2019	229,172,451	14,115,650	7,928,581	5,210,372	344,945	3,598,173	15,093,501	(151,559,251)	123,904,422
2018	221,355,330	14,115,650	7,603,411	4,794,834	344,945	3,598,173	21,288,567	(154,633,219)	118,467,691
2017	220,536,997	14,115,650	7,506,388	4,397,250	344,945	3,598,173	9,116,097	(147,568,057)	112,047,443
2016	219,644,465	14,115,650	7,235,023	4,236,888	340,489	3,598,173	1,555,579	(140,962,090)	109,764,177
2015	219,293,160	14,115,650	7,069,872	3,900,554	314,269	3,598,173	157,990	(134,759,944)	113,689,724
2014	212,138,613	14,115,650	7,026,591	3,328,489	314,269	3,598,173	2,025,302	(131,412,815)	111,134,272
2013	209,110,243	14,115,650	6,860,710	2,821,468	314,269	3,598,173	3,075,422	(125,952,298)	113,943,637

Investment in Capital Assets by Category Excluding Depreciation



* includes ocean outfall, pump station facilities, furnishings and office equipment, flow metering system, and real property

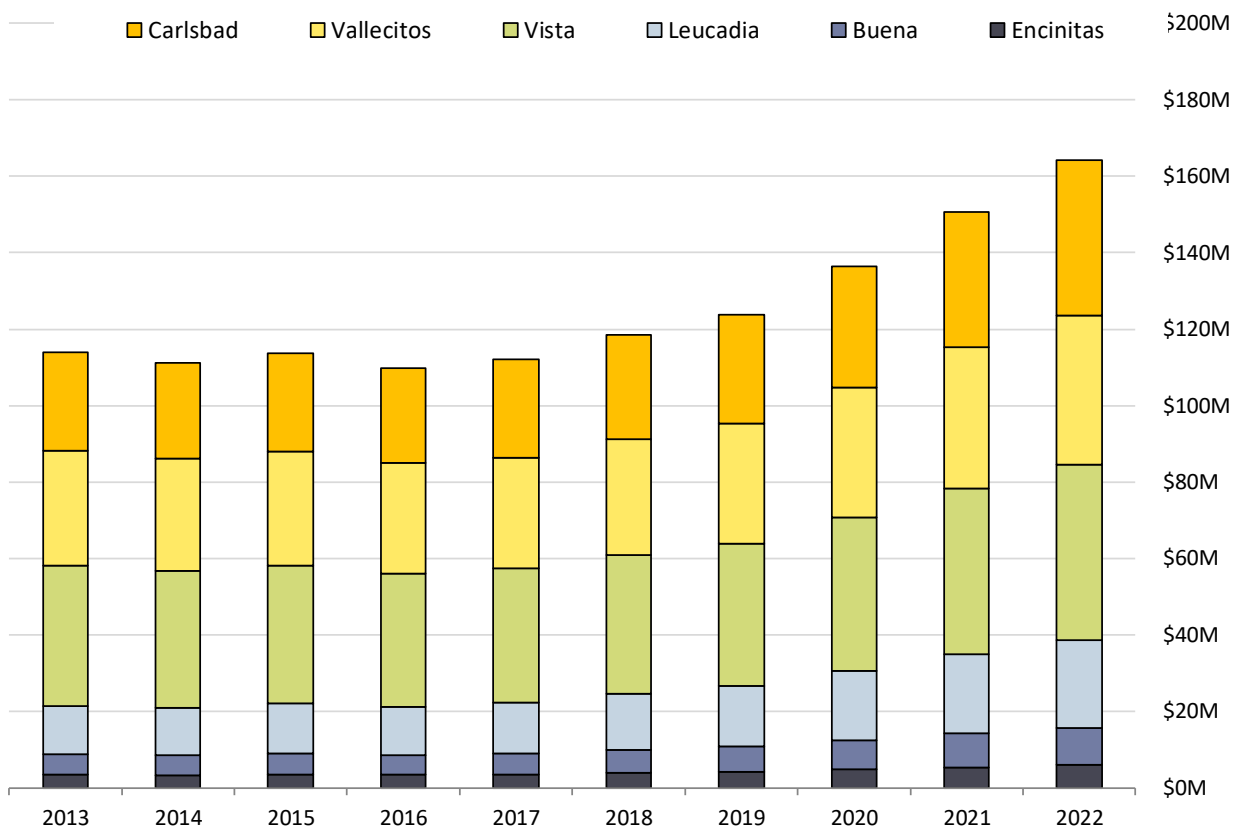
Source: Encina Wastewater Authority

INVESTMENT IN CAPITAL ASSETS LAST TEN FISCAL YEARS

By Member Agency

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total
2022	\$ 40,512,887	\$ 45,890,459	\$ 9,749,656	\$ 39,126,468	\$ 22,848,856	\$ 5,964,722	\$ 164,093,048
2021	35,372,696	43,425,435	8,811,287	36,909,653	20,752,426	5,446,526	150,718,023
2020	31,804,517	40,123,490	7,646,346	33,991,883	18,153,798	4,800,424	136,520,458
2019	28,657,855	37,301,026	6,631,957	31,345,588	15,759,863	4,208,134	123,904,422
2018	27,202,591	36,284,780	6,101,920	30,350,470	14,601,267	3,926,664	118,467,691
2017	25,574,386	35,044,264	5,523,537	29,067,979	13,243,432	3,593,845	112,047,443
2016	24,878,977	34,865,953	5,228,868	28,735,212	12,612,139	3,443,028	109,764,177
2015	25,777,202	36,102,270	5,435,237	29,783,001	13,036,766	3,555,248	113,689,724
2014	25,096,031	35,757,254	5,181,764	29,347,614	12,360,296	3,391,313	111,134,272
2013	25,726,787	36,685,069	5,255,587	30,063,361	12,731,372	3,481,461	113,943,637

Investment in Capital Assets by Member Agency



Fiscal year 2022 activity reflects an increase in construction-in-progress activity driven by the following projects:

- ▶ Secondary Clarifiers and Strainers Project
- ▶ Digester Rehabilitation and Improvements Project
- ▶ Primary Area Improvements Project
- ▶ Climate Control at MCC's and Cogeneration Building Project

Source: Encina Wastewater Authority

DEMOGRAPHIC & ECONOMIC INFORMATION

LAST TEN FISCAL YEARS

Population & Property Data

Fiscal Year	Population	% Change from previous year	Personal Income (in millions)	Personal Income (Per Capita)	Unemployment Rate*	Assessed Value of Taxable Property (in millions)*
2021	371,000	-1.6%	\$ 25,921	\$ 69,868	6.4%	\$ 81,982
2020	377,000	0.0%	\$ 23,623	\$ 62,661	12.8%	\$ 78,380
2019	377,000	0.0%	\$ 23,402	\$ 62,075	3.3%	\$ 72,711
2018	377,000	0.0%	\$ 22,449	\$ 59,547	3.5%	\$ 64,947
2017	377,000	1.3%	\$ 21,494	\$ 57,013	4.0%	\$ 61,504
2016	372,000	1.4%	\$ 20,463	\$ 55,008	4.7%	\$ 58,409
2015	367,000	1.9%	\$ 19,055	\$ 51,921	4.5%	\$ 55,239
2014	360,000	0.6%	\$ 17,842	\$ 49,560	5.6%	\$ 51,050
2013	358,000	1.0%	\$ 16,809	\$ 46,952	7.0%	\$ 49,511
2012	354,290	0.8%	\$ 16,466	\$ 46,477	8.2%	\$ 49,370

* historical information revised from earlier reports as a result of more accurate data becoming available

Principal Employers

Employer	Business Category	Number of Employees	Percent of Total Employment**	Member Agency
ViaSat, Inc.	Information Technology	2,481	3.23%	Carlsbad
Legoland California, LLC	Hospitality/Tourism	2,300	2.99%	Carlsbad
San Marcos Unified School District	Education	2,464	5.33%	San Marcos
California State University San Marcos	Education	1,800	3.89%	San Marcos
Vista Unified School District	Education	2,897	6.42%	Vista
Watkins Manufacturing Corp	Manufacturing	659	1.46%	Vista

** within specified Member Agency jurisdiction

Principal Property Taxpayers

Taxpayer	2021 Assessed Taxable Value	Member Agency
Poseidon Resources	\$ 424,822,973	Carlsbad
La Costa Glen Retirement Community	276,265,671	Carlsbad
MG Preserve of Melrose Apartment	140,928,422	Vista
PMI Monarch LLC	119,646,000	Vista
TRC Encinitas Village	104,552,344	Encinitas
Collwood Pines Apartments	83,447,246	Encinitas

- Data presented is a composite of data from FY 2020 CAFRs of EWA Member Agencies or their representative cities
- Data for the City of Vista is representative of the Buena Sanitation District
- Data for the City of San Marcos is representative of the Vallecitos Water District
- Data for the City of Encinitas is representative of the Leucadia Wastewater District
- Unemployment data was gathered from the U.S. Bureau of Labor Statistics

Source: Encina Wastewater Authority

FACTS & FIGURES

Establishment History

City of Carlsbad and Vista Sanitation District (City of Vista) formed Joint Powers Authority	July 1961
Buena Sanitation District joined JPA	January 1964
Vallecitos Water District joined JPA	March 1965
Leucadia Wastewater District joined JPA	August 1971
Encinitas Sanitary District (City of Encinitas) joined JPA	August 1971
Encina Administrative Agency created	August 1988
Revised Establishment Document and Revised Basic Agreement approved by Member Agencies	October 1990
Encina Administrative Agency renamed Encina Wastewater Authority	December 1991
Revised Basic Agreement approved by Member Agencies	October 2014
Revised Establishment Document amendment approved by Member Agencies	November 2019

Member Agencies

Cities	3
Water Districts	1
Wastewater/Sanitation Districts	2
Total	6

Statistics

Encina Wastewater Pollution Control Facility Area	25	acres
System Service Area	123	sq.mi.
Population of Service Area	371,000	
Wastewater Treatment & Disposal Capacity (permitted)	43.30	MGD
Average Daily Wastewater Flow	21.51	MGD
Average Daily Biochemical Oxygen Demand (influent)	74,666	PPD
Average Suspended Solids (influent)	72,364	PPD
Average Treated Wastewater Reclaimed	3.38	MGD
Average Treated Wastewater Disposal	17.95	MGD
Average Years of Employee Service	9.37	years

Top 10 Source Permits (Gallons per Day)

Cintas Corporation	Industrial laundry	70,245	
Prudential Overall Supply	Industrial laundry	58,953	
Hollandia Dairy	Beverage producer	44,326	
Captek Softgel (formerly J&D Labs)	Pharmaceutical Manufacturing	25,075	
Fresh Creative Foods	Food Processing	17,318	
Pizza Port Brewing Company	Brewery	10,000	
Orion Construction	Groundwater Dewatering	9,726	
Hughes Circuits, Inc.	Metal Finisher	8,443	
Poseidon Resources (Channelside) LP	Desalination plant	6,554	
Dr. Bronner's Magical Soap	Soap Manufacturing	4,899	

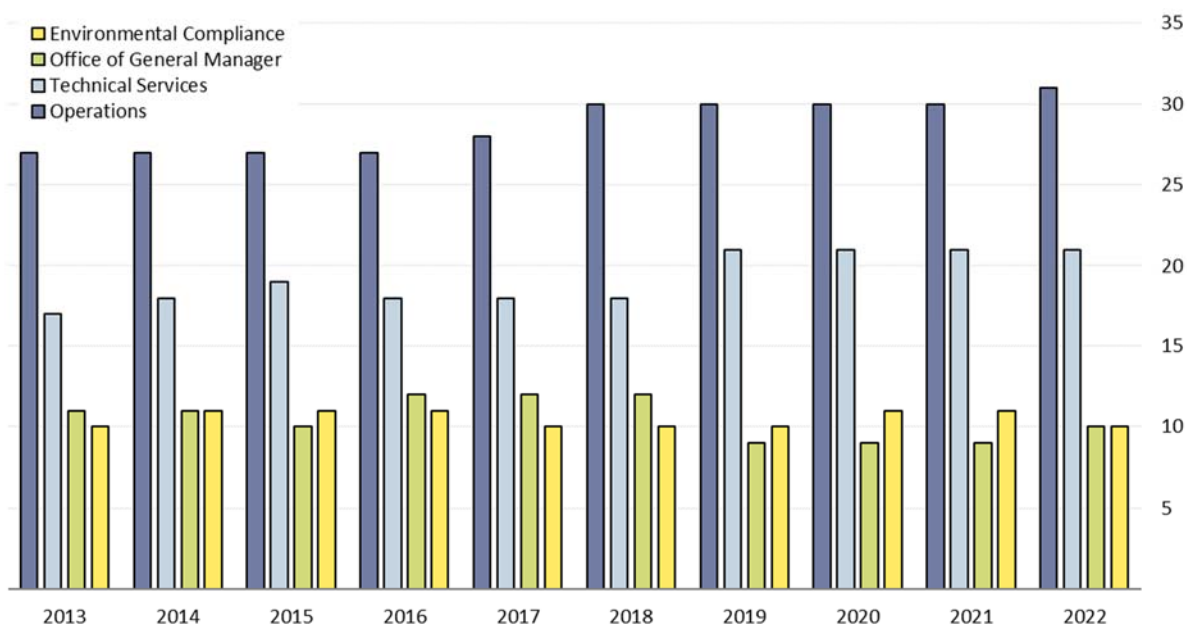
► MGD = million gallons per day

► PPD = pounds per day

Source: Encina Wastewater Authority

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Fiscal Year	Operations	Technical Services	Office of General Manager	Environmental Compliance	Total FTE
2022	31.00	21.00	10.00	10.00	72.00
2021	30.00	21.00	9.00	11.00	71.00
2020	30.00	21.00	9.00	11.00	71.00
2019	30.00	21.00	9.00	10.00	70.00
2018	30.00	18.00	12.00	10.00	70.00
2017	28.00	18.00	12.00	10.00	68.00
2016	27.00	18.00	12.00	11.00	68.00
2015	27.00	19.00	10.00	11.00	67.00
2014	27.00	18.00	11.00	11.00	67.00
2013	27.00	17.00	11.00	10.00	65.00



- FY 2022 : Safety Specialist transferred to General Manager. Operations Trainer position added
- FY 2020 : Industrial Waste Control Inspector I position added
- FY 2019 : Project Manager position replaced with CMMS Administrator
- FY 2018 : Two operator positions added to Heat Dryer operations for safety purposes
- FY 2017 : Biosolids Coordinator position converted to Operator
- FY 2016 : Director of Engineering position added, Inventory Control Technician moved from GS to OGM
- FY 2015 : Open Engineer position reorganized to Systems Specialist in GS
- FY 2014 : One Mechanical Technician position and one Biosolids Coordinator position added
- FY 2013 : Operator-in-Training converted to Operator FTE

Source: Encina Wastewater Authority

**OPERATING REVENUES AND EXPENSES BY MEMBER AGENCY WITH AMOUNT DUE TO/(FROM) MEMBER AGENCIES
LAST TEN FISCAL YEARS**

Operating Revenues: Member Agency Assessments Billed, Net of Other Sources

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total	YOY Change
2022	\$ 5,674,411	\$ 5,056,588	\$ 2,029,149	\$ 3,139,613	\$ 2,373,843	\$ 747,127	\$ 19,020,731	3.9%
2021	5,538,148	4,737,295	1,933,453	3,191,013	2,189,226	717,175	18,306,310	4.8%
2020	5,204,162	4,706,476	1,725,700	3,174,000	2,011,571	648,522	17,470,431	8.2%
2019	4,901,586	4,460,937	1,569,679	2,696,066	1,901,533	623,049	16,152,850	5.8%
2018	4,723,102	4,112,520	1,512,951	2,499,448	1,840,725	577,734	15,266,480	7.7%
2017	4,374,908	3,496,760	1,444,634	2,524,071	1,735,485	593,079	14,168,937	-1.0%
2016	4,118,055	3,685,592	1,363,951	2,735,673	1,791,922	615,451	14,310,644	2.4%
2015	4,102,472	3,524,984	1,333,738	2,657,520	1,785,125	571,496	13,975,335	4.4%
2014	3,836,196	3,330,764	1,324,208	2,591,053	1,746,870	563,620	13,392,711	5.4%
2013	3,827,257	2,916,646	1,223,734	2,364,992	1,828,803	546,491	12,707,923	1.5%

Operating Expenses, excluding Depreciation

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total	YOY Change
2022	\$ 5,702,480	\$ 5,038,348	\$ 2,027,685	\$ 3,142,576	\$ 2,366,885	\$ 748,035	\$ 19,026,009	2.7%
2021	5,587,638	4,814,181	1,955,094	3,226,688	2,218,853	725,150	18,527,604	5.8%
2020	5,218,653	4,723,088	1,730,363	3,177,916	2,017,173	650,789	17,517,982	8.4%
2019	4,905,117	4,464,106	1,570,663	2,698,767	1,903,591	623,645	16,165,889	5.9%
2018	4,723,232	4,112,639	1,512,988	2,499,530	1,840,787	577,750	15,266,926	7.7%
2017	4,376,266	3,497,640	1,445,321	2,525,408	1,736,273	593,413	14,174,321	-0.9%
2016	4,131,572	3,679,177	1,363,235	2,729,669	1,789,303	614,878	14,307,834	2.6%
2015	4,081,787	3,563,175	1,339,122	2,548,702	1,822,529	595,571	13,950,886	3.8%
2014	3,801,706	3,415,378	1,338,393	2,499,407	1,804,515	587,225	13,446,624	3.5%
2013	3,929,390	3,028,237	1,308,964	2,328,462	1,834,336	563,925	12,993,314	3.1%

**Operating Revenues (Over) Under Operating Expenses
Amount Due (To) From by Member Agency**

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total
2022	\$ 28,069	\$ (18,240)	\$ (1,464)	\$ 2,963	\$ (6,958)	\$ 908	\$ 5,278
2021	49,490	76,886	21,641	35,675	29,627	7,975	221,294
2020	14,491	16,612	4,663	3,916	5,602	2,267	47,551
2019	3,531	3,169	984	2,701	2,058	596	13,039
2018	130	119	37	82	62	16	446
2017	1,358	880	687	1,337	788	334	5,384
2016	13,517	(6,415)	(716)	(6,004)	(2,619)	(573)	(2,810)
2015	(20,685)	38,191	5,384	(108,818)	37,404	24,075	(24,449)
2014	(34,490)	84,614	14,185	(91,646)	57,645	23,605	53,913
2013	102,133	111,591	85,230	(36,530)	5,533	17,434	285,391

► Amounts Due (To) From arise from the fiscal year's close taking place subsequent to the fiscal year's 4th quarter billing to the Member Agencies.

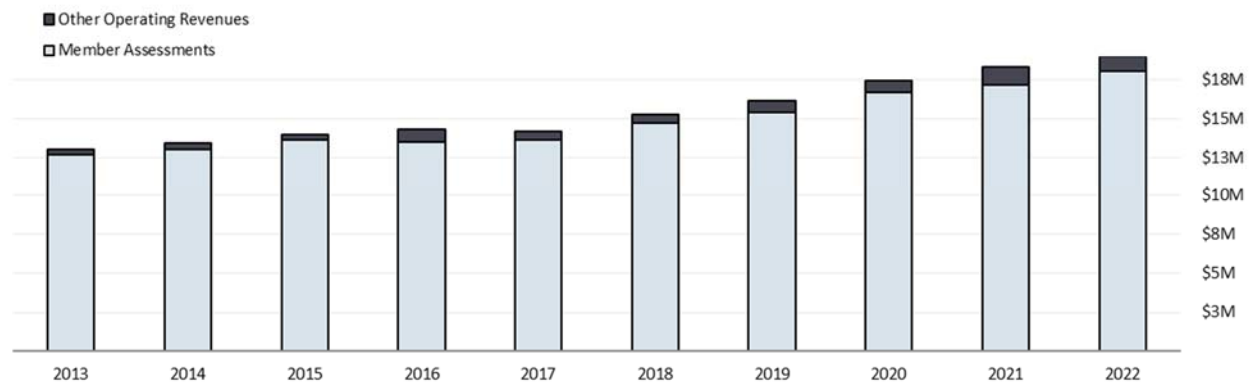
Source: Encina Wastewater Authority

OPERATING REVENUES AND EXPENSES BY MAJOR SOURCE AND USE LAST TEN FISCAL YEARS

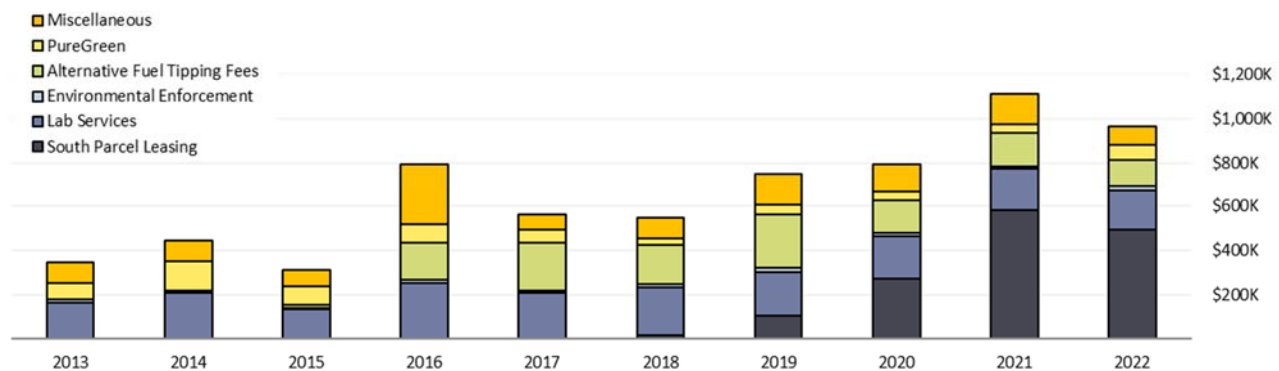
Operating Revenues

Fiscal Year	Member Assessments	Alternative Fuel Tipping Fees	South Parcel Leasing	PureGreen	Lab Services	Environmental Enforcement	Miscellaneous	Total
2022	\$ 18,055,723	\$ 119,747	\$ 494,933	\$ 69,139	\$ 176,633	\$ 22,650	\$ 81,906	\$ 19,020,731
2021	17,193,454	155,309	583,363	41,124	190,328	7,750	134,982	18,306,310
2020	16,674,819	144,581	273,009	41,399	191,224	16,664	128,735	17,470,431
2019	15,416,312	241,108	106,319	46,940	192,940	20,100	142,170	16,165,889
2018	14,718,859	177,113	18,436	26,239	215,347	14,500	96,432	15,266,926
2017	13,613,755	216,909	-	57,925	207,972	9,150	68,610	14,174,321
2016	13,515,144	167,689	-	83,956	253,526	12,150	275,369	14,307,834
2015	13,637,230	14,806	-	84,138	131,738	9,150	73,824	13,950,886
2014	13,004,951	-	-	131,141	207,365	10,731	92,436	13,446,624
2013	12,646,345	-	-	75,646	163,918	12,888	94,517	12,993,314

Total Operating Revenues



Other Operating Revenues



- FY 2020 & 2021: South Parcel leasing revenue increasing as a result of temporary construction easements. Alternative fuels tipping fees reduced due to Digester Improvements project.
- FY 2019: Misc income includes the benefit of a settlement from a class action lawsuit in which EWA did not have any direct involvement in
- FY 2018: South parcel leasing revenue initiated
- FY 2016: First full year of the Alternative Fuel Receiving Facility being live. Misc revenues captures a one-time \$150K award from SDG&E.
- FY 2015: Alternative fuel tipping fees generated from receipt of fats, oils, grease and other organics into the Alternative Fuel Receiving Facility

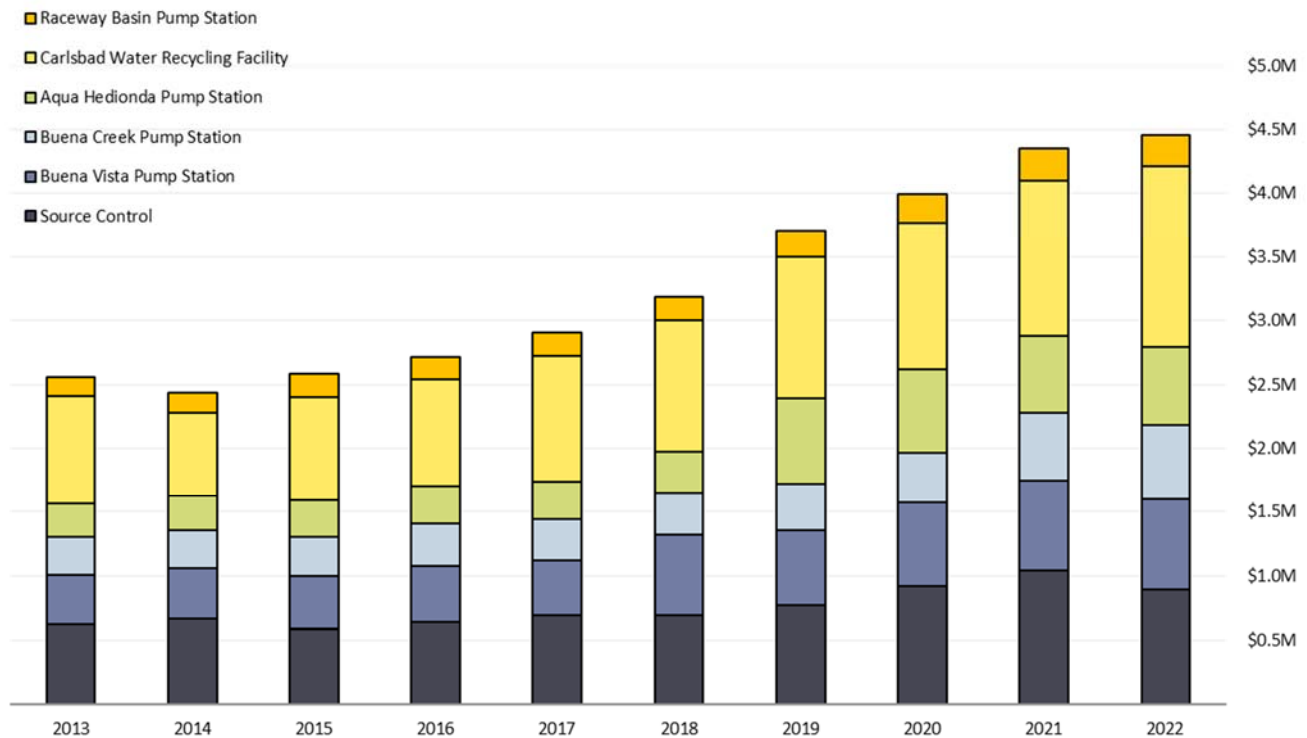
Source: Encina Wastewater Authority

OPERATING REVENUES AND EXPENSES BY MAJOR SOURCE AND USE
LAST TEN FISCAL YEARS

Operating Expenses

Fiscal Year	EWPCF	Source Control	Aqua Hedionda Pump Station	Buena Vista Pump Station	Buena Creek Pump Station	Carlsbad Water Recycling Facility	Raceway Basin Pump Station	Total
2022	\$ 14,568,036	\$ 889,245	\$ 618,495	\$ 711,712	\$ 577,412	\$ 1,414,009	\$ 247,100	\$ 19,026,009
2021	14,172,954	1,036,871	599,217	705,363	536,675	1,225,786	250,738	18,527,604
2020	13,520,821	920,931	656,183	653,866	390,416	1,151,086	224,679	17,517,982
2019	12,457,968	770,842	672,563	579,628	367,226	1,107,357	210,305	16,165,889
2018	12,080,625	692,301	315,269	627,262	334,278	1,028,469	188,722	15,266,926
2017	11,272,007	687,678	297,059	427,136	329,876	978,967	181,598	14,174,321
2016	11,597,641	637,700	302,966	438,134	328,200	830,701	172,492	14,307,834
2015	11,365,544	587,980	286,446	406,595	310,637	810,972	182,712	13,950,886
2014	11,012,498	664,209	269,050	395,013	297,139	650,499	158,216	13,446,624
2013	10,439,519	620,480	259,394	386,485	296,435	843,994	147,007	12,993,314

Other Operating Expenses



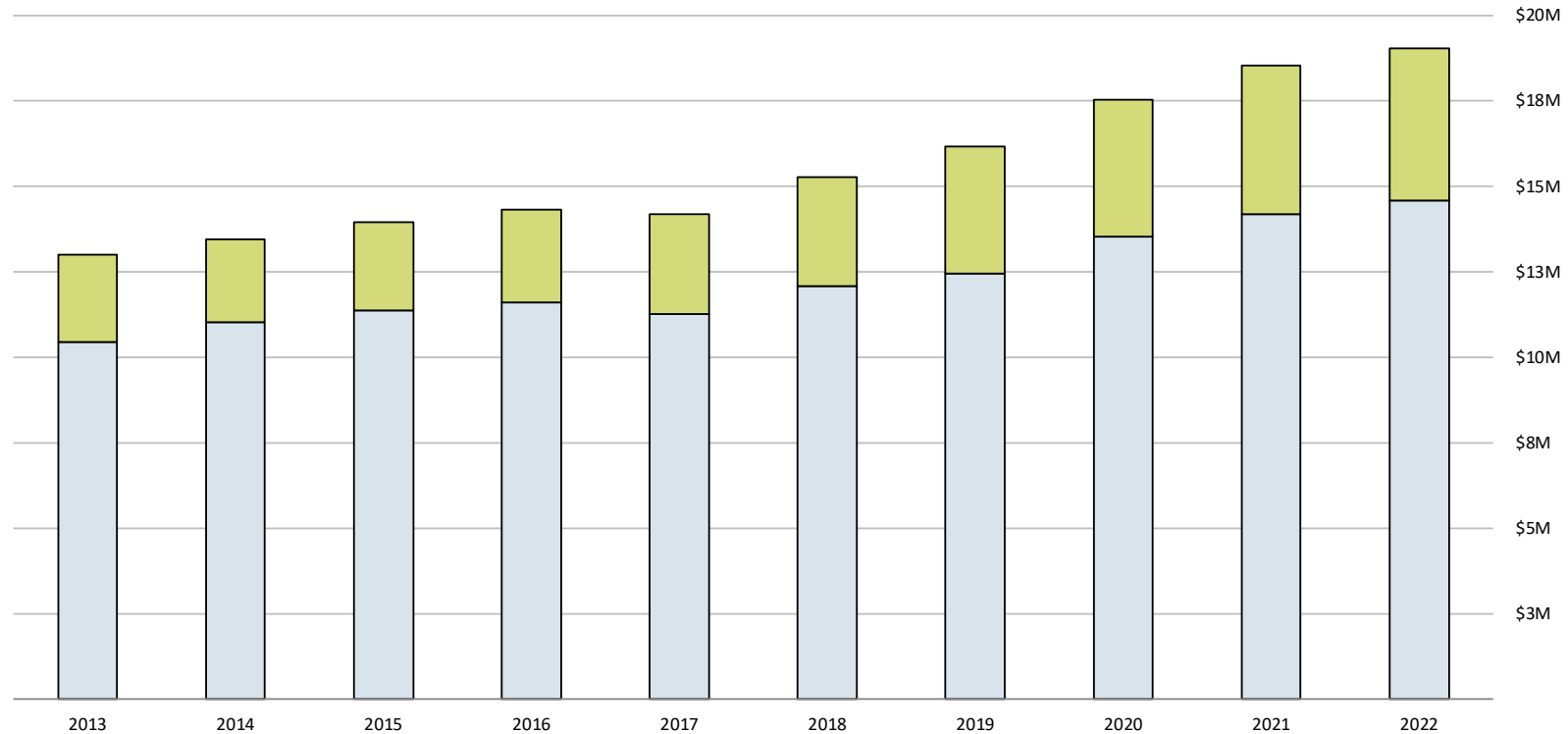
- FY2021: reflects increased professional services along with higher personnel, chemical, and insurance costs.
- FY2020: Operating costs reflect increased personnel and chemical costs, along with additional biosolid loads being dispersed.
- FY2019: Operating costs reflect significant electricity and natural gas price & usage increases. In addition, AHPS witnessed a bar screen failure mid-year leading to a shift of labor costs from EWPCF to AHPS.
- FY2018: Operating costs reflect the addition of two operators to assist with heat dryer operations, increased information technology costs and improved budget execution.
- FY2017: EWPCF reflects significant energy savings captured from the Aeration Basin & Diffuser Replacement Project being completed
- Member Agencies are billed the amount of Operating Expenses less Other Operating Revenues

Source: Encina Wastewater Authority

**OPERATING REVENUES AND EXPENSES BY MAJOR SOURCE AND USE
LAST TEN YEARS**

Operating Expenses

■ All Other Operating Expenses ■ EWPCF



- ▶ FY 2021: reflects increased professional services along with higher personnel, chemical, and insurance costs.
- ▶ FY2020: Operating costs reflect increased personnel and chemical costs, along with additional biosolid loads being dispersed.
- ▶ FY2019: Operating costs reflect significant electricity and natural gas price & usage increases throughout EWPCF and the Remote Facilities. In addition, AHPS witnessed a bar screen failure mid-year leading to a shift of labor costs from EWPCF to AHPS.
- ▶ FY2018: Operating costs reflect the addition of two operators to assist with heat dryer operations, increased information technology costs and improved budget execution.
- ▶ FY 2017: EWPCF reflects significant energy savings captured from the Aeration Basin & Diffuser Replacement Project being completed. Increased activity occurring at CWRF.
- ▶ Member Agencies are billed the amount of Operating Expenses less Other Operating Revenues

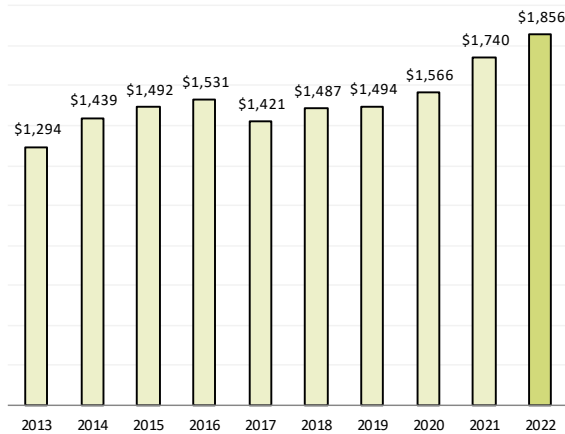
Source: Encina Wastewater Authority

OPERATING EXPENSES PER MILLION GALLONS (MG)
LAST TEN FISCAL YEARS

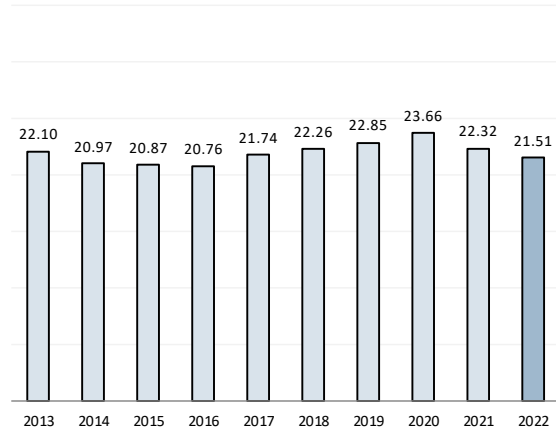
Year Ended	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	EWPCF Totals
June 30, 2022							
Operating Expenses	\$ 3,831,389	\$ 3,467,879	\$ 1,362,414	\$ 2,984,778	\$ 2,220,322	\$ 701,254	\$ 14,568,036
Avg. Daily Flow in MG	5.74	5.72	1.89	3.52	3.68	0.96	21.51
Annualized Flow in MG	2095.10	2087.80	689.85	1284.80	1343.20	350.40	7851.15
Cost Per MG	\$ 1,828.74	\$ 1,661.02	\$ 1,974.94	\$ 2,323.15	\$ 1,653.01	\$ 2,001.30	\$ 1,855.53
MG cost change from prior year	11.83%	3.47%	5.10%	5.59%	8.05%	3.48%	6.66%
June 30, 2021							
Operating Expenses	\$ 3,813,977	\$ 3,193,229	\$ 1,296,296	\$ 3,051,604	\$ 2,133,102	\$ 684,746	\$ 14,172,954
Avg. Daily Flow in MG	6.39	5.45	1.89	3.80	3.82	0.97	22.32
Annualized Flow in MG	2332.35	1989.25	689.85	1387.00	1394.30	354.05	8146.80
Cost Per MG	\$ 1,635.25	\$ 1,605.24	\$ 1,879.10	\$ 2,200.15	\$ 1,529.87	\$ 1,934.04	\$ 1,739.70
MG cost change from prior year	5.90%	17.21%	7.46%	14.89%	10.33%	8.19%	11.12%
June 30, 2020							
Operating Expenses	\$ 3,562,012	\$ 3,159,151	\$ 1,225,482	\$ 3,005,699	\$ 1,948,604	\$ 619,873	\$ 13,520,821
Avg. Daily Flow in MG	6.32	6.32	1.92	4.30	3.85	0.95	23.66
Annualized Flow in MG	2306.80	2306.80	700.80	1569.50	1405.25	346.75	8635.90
Cost Per MG	\$ 1,544.14	\$ 1,369.49	\$ 1,748.69	\$ 1,915.07	\$ 1,386.66	\$ 1,787.67	\$ 1,565.65
MG cost change from prior year	2.70%	6.42%	4.90%	1.69%	5.21%	8.66%	4.82%
June 30, 2019							
Operating Expenses	\$ 3,303,695	\$ 3,020,312	\$ 1,137,774	\$ 2,584,515	\$ 1,823,188	\$ 588,484	\$ 12,457,968
Avg. Daily Flow in MG	6.02	6.43	1.87	3.76	3.79	0.98	22.85
Annualized Flow in MG	2197.30	2346.95	682.55	1372.40	1383.35	357.70	8340.25
Cost Per MG	\$ 1,503.52	\$ 1,286.91	\$ 1,666.95	\$ 1,883.21	\$ 1,317.95	\$ 1,645.19	\$ 1,493.72
MG cost change from prior year	2.92%	-0.50%	0.81%	-5.38%	1.25%	3.41%	0.46%
June 30, 2018							
Operating Expenses	\$ 3,295,342	\$ 2,945,663	\$ 1,110,530	\$ 2,389,949	\$ 1,781,655	\$ 557,486	\$ 12,080,625
Avg. Daily Flow in MG	6.18	6.24	1.84	3.29	3.75	0.96	22.26
Annualized Flow in MG	2255.70	2277.60	671.60	1200.85	1368.75	350.40	8124.90
Cost Per MG	\$ 1,460.90	\$ 1,293.32	\$ 1,653.56	\$ 1,990.21	\$ 1,301.67	\$ 1,591.00	\$ 1,486.86
MG cost change from prior year	11.09%	-1.77%	9.16%	3.12%	8.06%	3.15%	4.67%
June 30, 2017							
Operating Expenses	\$ 3,033,663	\$ 2,551,773	\$ 1,056,083	\$ 2,409,195	\$ 1,675,199	\$ 546,094	\$ 11,272,007
Avg. Daily Flow in MG	6.32	5.31	1.91	3.42	3.81	0.97	21.74
Annualized Flow in MG	2306.80	1938.15	697.15	1248.30	1390.65	354.05	7935.10
Cost Per MG	\$ 1,315.10	\$ 1,316.60	\$ 1,514.86	\$ 1,929.98	\$ 1,204.62	\$ 1,542.42	\$ 1,420.52
MG cost change from prior year	-4.77%	-5.03%	-15.80%	-11.02%	-5.11%	-6.77%	-7.19%
June 30, 2016							
Operating Expenses	\$ 2,973,999	\$ 2,712,247	\$ 971,876	\$ 2,628,340	\$ 1,737,527	\$ 573,651	\$ 11,597,640
Avg. Daily Flow in MG	5.90	5.36	1.48	3.32	3.75	0.95	20.76
Annualized Flow in MG	2153.50	1956.40	540.20	1211.80	1368.75	346.75	7577.40
Cost Per MG	\$ 1,381.01	\$ 1,386.35	\$ 1,799.10	\$ 2,168.96	\$ 1,269.43	\$ 1,654.36	\$ 1,530.56
MG cost change from prior year	5.24%	4.07%	3.35%	-7.95%	2.33%	2.14%	2.58%
June 30, 2015							
Operating Expenses	\$ 2,955,115	\$ 2,650,019	\$ 959,439	\$ 2,451,148	\$ 1,770,450	\$ 579,373	\$ 11,365,544
Avg. Daily Flow in MG	6.17	5.45	1.51	2.85	3.91	0.98	20.87
Annualized Flow in MG	2252.05	1989.25	551.15	1040.25	1427.15	357.70	7617.55
Cost Per MG	\$ 1,312.19	\$ 1,332.17	\$ 1,740.79	\$ 2,356.31	\$ 1,240.55	\$ 1,619.72	\$ 1,492.02
MG cost change from prior year	-0.05%	4.28%	4.42%	7.64%	5.36%	6.48%	3.70%
June 30, 2014							
Operating Expenses	\$ 2,827,172	\$ 2,527,266	\$ 949,290	\$ 2,388,957	\$ 1,753,506	\$ 566,307	\$ 11,012,498
Avg. Daily Flow in MG	5.90	5.42	1.56	2.99	4.08	1.02	20.97
Annualized Flow in MG	2153.50	1978.30	569.40	1091.35	1489.20	372.30	7654.05
Cost Per MG	\$ 1,312.83	\$ 1,277.49	\$ 1,667.18	\$ 2,188.99	\$ 1,177.48	\$ 1,521.10	\$ 1,438.78
MG cost change from prior year	12.76%	14.10%	6.37%	24.70%	-1.84%	6.67%	11.17%
June 30, 2013							
Operating Expenses	\$ 2,774,976	\$ 2,186,301	\$ 932,447	\$ 2,204,088	\$ 1,795,180	\$ 546,527	\$ 10,439,519
Avg. Daily Flow in MG	6.53	5.35	1.63	3.44	4.10	1.05	22.10
Annualized Flow in MG	2383.45	1952.75	594.95	1255.60	1496.50	383.25	8066.50
Cost Per MG	\$ 1,164.27	\$ 1,119.60	\$ 1,567.27	\$ 1,755.41	\$ 1,199.59	\$ 1,426.03	\$ 1,294.18

OPERATING EXPENSES PER MILLION GALLONS (MG) LAST TEN FISCAL YEARS

Operating Expenses per Million Gallons

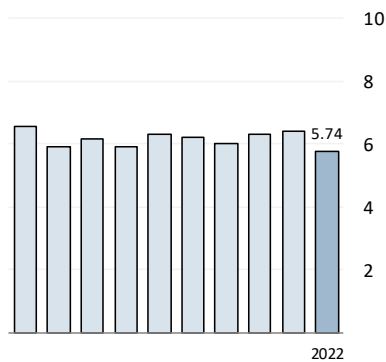


Total Average Daily Flow (MGD)

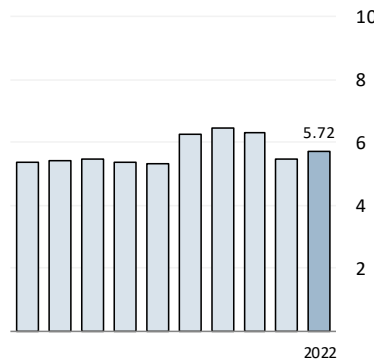


Average Daily Flow (MGD) by Member Agency

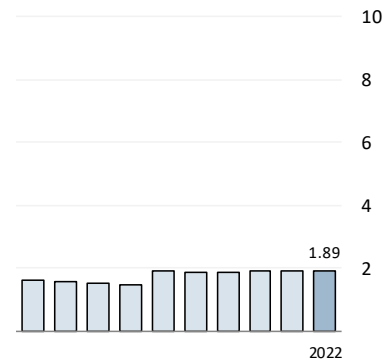
Carlsbad



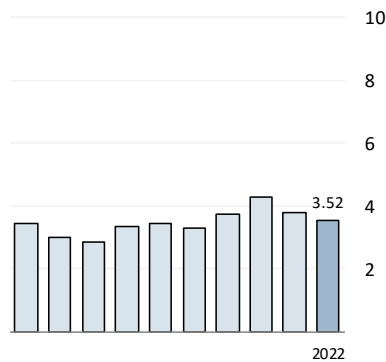
Vista



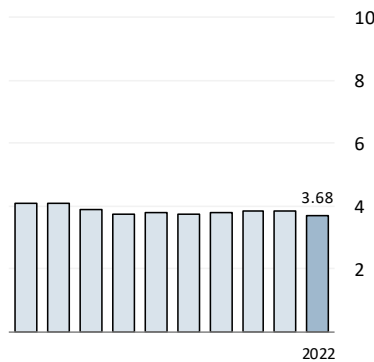
Buena



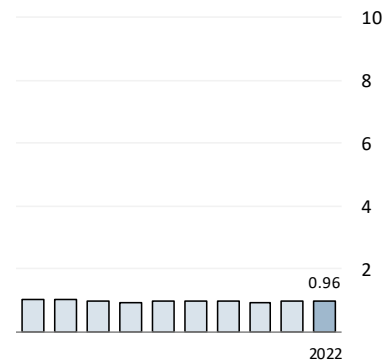
Vallecitos



Leucadia



Encinitas



- FY 2018 reflects the first year of flows from City of Oceanside beginning to be routed into EWA through Vista channels
- FY 2014-2016 reflects impact of CA three year drought
- FY 2013 reflects impact of Meadowlark expansion and water conservation.
- FY 2009 and FY 2010 reflect impact of water conservation mandates compounded by Phase V startup activities.

Source: Encina Wastewater Authority

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BUDGET PERFORMANCE SECTION (UNAUDITED)

Operating Program
Personnel Expenses
Capital Program



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SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM BUDGET PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Adopted Budget	Revised Budget	Actual	\$ Variance	% Actual to Budget
Revenues:					
Member Assessments	\$ 18,822,867	\$ 18,822,867	\$ 18,055,723	\$ (767,144)	95.9%
Other	712,000	712,000	970,283	258,283	136.3%
Total Revenues	\$19,534,867	\$ 19,534,867	\$19,026,006	(\$508,861)	97.4%
Expenses:					
Personnel Expense	\$ 9,949,557	\$ 9,949,557	\$ 9,389,949	\$ 559,608	94.4%
Chemicals	1,743,700	1,743,700	1,733,124	\$10,576	99.4%
Biosolids	575,400	575,400	633,558	(\$58,158)	110.1%
Utilities	2,927,450	2,927,450	2,549,454	\$377,996	87.1%
Other Non-Personnel	4,088,760	4,088,760	4,719,921	(631,161)	115.4%
Contingency	250,000	250,000	-	250,000	0.0%
Total Expenses	\$ 19,534,867	\$19,534,867	\$19,026,006	\$508,861	97.4%

SUPPLEMENTARY SCHEDULE OF OPERATING EXPENSES BY MAJOR CATEGORY
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	June 30, 2022	June 30, 2021	\$ Variance	% Variance
Personnel Expense	\$ 9,389,949	\$ 9,762,628	\$ (372,679)	-3.8%
Chemicals	1,733,124	1,688,434	44,690	2.6%
Biosolids	633,558	551,151	82,407	15.0%
Utilities	2,549,454	2,797,053	(247,599)	-8.9%
Other Non-Personnel	4,719,921	3,728,338	991,583	26.6%
Total	\$ 19,026,006	\$ 18,527,604	\$ 498,402	2.7%

Source: Encina Wastewater Authority

SUPPLEMENTARY SCHEDULE OF PERSONNEL EXPENSE BY PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Adopted Budget	Revised Budget	Actual	\$ Variance	% Actual to Budget
Programs					
EWPCF	\$ 7,091,951	\$ 7,091,951	\$ 6,867,946	\$ 224,005	96.8%
Source Control	812,370	812,370	752,018	60,352	92.6%
Remote Facilities					
Agua Hedionda Pump Station	570,236	570,236	336,242	233,994	59.0%
Buena Vista Pump Station	274,198	274,198	257,093	17,105	93.8%
Buena Creek Pump Station	298,338	298,338	305,934	(7,596)	102.5%
Carlsbad Water Reclamation Facility	706,205	706,205	703,698	2,507	99.6%
Raceway Basin Pump Station	196,259	196,259	167,018	29,241	85.1%
Total Remote Facilities	2,045,236	2,045,236	1,769,985	275,251	86.5%
Subtotal Operating Program	9,949,557	9,949,557	9,389,949	559,608	94.4%
Capital Program	2,902,344	2,902,344	2,663,590	238,754	91.8%
Total Personnel	<u>\$ 12,851,901</u>	<u>\$ 12,851,901</u>	<u>\$ 12,053,539</u>	<u>\$ 798,362</u>	<u>93.8%</u>

Source: Encina Wastewater Authority

SUPPLEMENTARY SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

BY PROJECT	APPROPRIATIONS BEGINNING OF FISCAL YEAR REPORTED	FY 2022 NEW APPROPRIATIONS	TRANSFERS IN(OUT)	ALLOCATED PERSONNEL EXPENSE	TOTAL CAPITAL EXPENSES	APPROPRIATION BALANCES ON JUNE 30, 2022	CONTINUING APPROPRIATIONS JULY 1, 2022
SALARIES & BENEFITS	\$ -	\$ 2,902,344	\$ -	\$ (2,663,590)	-	\$ 238,754	\$ -
EWPCF CAPITAL ACQUISITIONS	-	349,000	24,284	-	(388,650)	(15,366)	-
AHPS CAPITAL ACQUISITIONS	-	125,000	-	-	(112,954)	12,046	-
BVPS CAPITAL ACQUISITIONS	46,276	396,000	(46,276)	-	(328,977)	67,023	-
BCPS CAPITAL ACQUISITIONS	-	338,000	-	-	(256,690)	81,310	-
CWRF CAPITAL ACQUISITIONS	1,561,583	1,455,000	-	-	(2,447,955)	568,628	24,400
RBPS CAPITAL ACQUISITIONS	-	174,500	-	-	(101,181)	73,319	-
PLANNED ASSET REPLACEMENT	12,163	1,101,000	21,992	723,131	(1,780,822)	77,464	10,200
MAJOR PLANT REHAB PROGRAM	13,404,262	16,454,000	-	1,940,459	(23,252,853)	8,545,868	8,545,868
TOTAL	\$ 15,024,284	\$ 23,294,844	\$ -	\$ -	\$ (28,670,082)	\$ 9,649,046	\$ 8,580,468

Source: Encina Wastewater Authority

SUPPLEMENTARY SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS (CONTINUED)

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>BY MEMBER AGENCY</u>	<u>CARLSBAD</u>	<u>VISTA</u>	<u>BUENA</u>	<u>VALLECITOS</u>	<u>LEUCADIA</u>	<u>ENCINITAS</u>	<u>TOTAL</u>
CWRF CAPITAL ACQUISITIONS	\$ 24,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,400
PLANNED ASSET REPLACEMENT	2,472	2,570	723	2,287	1,714	434	10,200
MAJOR PLANT REHAB PROGRAM	<u>2,071,518</u>	<u>2,153,559</u>	<u>605,902</u>	<u>1,915,984</u>	<u>1,435,706</u>	<u>363,199</u>	<u>8,545,868</u>
 TOTAL	 <u>\$ 2,098,390</u>	 <u>\$ 2,156,129</u>	 <u>\$ 606,625</u>	 <u>\$ 1,918,271</u>	 <u>\$ 1,437,420</u>	 <u>\$ 363,633</u>	 <u>\$ 8,580,468</u>

Source: Encina Wastewater Authority