



**ENCINA
WASTEWATER
AUTHORITY**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30



Encina Wastewater Authority
6200 Avenida Encinas
Carlsbad, CA 92011



www.encinajpa.com



760-438-3941

**20
23**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2023

PREPARED BY THE



**ENCINA
WASTEWATER
AUTHORITY**

Office of the General Manager
Finance Department
6200 Avenida Encinas
Carlsbad, CA 92011



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 Vista

Buena Sanitation District

Vallecitos Water District

City of Encinitas

Leucadia Wastewater District

BOARD OF DIRECTORS

CALENDAR YEAR 2023

CHAIR

Joy Lyndes

VICE-CHAIR

Jim Hernandez

CITY OF CARLSBAD

Keith Blackburn

CITY OF VISTA & BUENA SANITATION DISTRICT

John Franklin

VALLECITOS WATER DISTRICT

Jim Hernandez

CITY OF ENCINITAS

Bruce Ehlers

LEUCADIA WASTEWATER DISTRICT

Chris Roesink

CITY OF CARLSBAD

Carolyn Luna

CITY OF VISTA & BUENA SANITATION DISTRICT

Joe Green

VALLECITOS WATER DISTRICT

Jim Pennock

CITY OF ENCINITAS

Joy Lyndes

LEUCADIA WASTEWATER DISTRICT

Elaine Sullivan

EXECUTIVE LEADERSHIP TEAM

General Manager

Scott McClelland

Assistant General Manager

Treasurer | Auditor

Jennifer Sabine

General Counsel

Adriana Ochoa

Director of Operations

Octavio Navarrete

Director of Technical Services

Dimitris Papachristoforou

Director of Environmental Compliance

Alicia Appel

Director of Finance

Aaron Beanan

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INTRODUCTORY SECTION

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Government Finance Officers Association Award

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ENCINA WASTEWATER AUTHORITY

A Public Agency

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Carlsbad, CA 92011-1095
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November 17, 2023

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, 2023. 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 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, 2023. We believe that this Report contains all information and disclosures needed to clearly understand EWA's Fiscal Year 2022-23 financial activities.

Moss, Levy, & Hartzheim, LLP has issued an unmodified ("clean") opinion on EWA's financial statements for the fiscal year ended June 30, 2023. 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, 2023 were:

Member Agency	Representative	Representative
City of Carlsbad	Keith Blackburn	Carolyn Luna
City of Vista & Buena Sanitation District	John Franklin	Joe Green
Vallecitos Water District	Jim Hernandez, Vice Chair	Jim Pennock
City of Encinitas	Joy Lyndes, Chair	Bruce Ehlers
Leucadia Wastewater District	Chris Roesink	Elaine Sullivan

CURRENT SERVICES

EWA’s service area is comprised of approximately 123 square miles of coastal north San Diego County with a population of almost 400,000. 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, 2023, the EWPCF treated, recycled, or disposed of 8.7 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 21% 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. Class A biosolids have unrestricted use, which provides EWA with more options for reuse of the product. The

system normally operates eleven days per two week period and produces about 24 tons of Class A biosolids pellets per day.

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 82% 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 2023 EWA received 4.5 million gallons of FOG and brewery waste and earned \$198,156 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 27,000 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 anaerobic 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. Even with 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 easy-to-realize gains have already been made. Future power generation will need to come from alternative sources that due to emissions controls limitations and the pending regulations from APCD will impose reduced permit limits for CO and formaldehyde on Encina's operations. The impacts of this potential change along with an energy resilience assessment to identify alternative energy sources are being assessed during Fiscal Year 2023-24. The current 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. In July 2021 staff was successful in transitioning the EWPCF to net energy metering with SDGE. This change in the metering tariff has created substantial annual savings for the cost of grid supplied electricity.

One Water Strategies

The Water Reuse Feasibility Study, completed in 2018, outlines a potential 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 Fiscal Year 2021-22 to demonstrate the effectiveness of different technologies to meet regulatory and public expectations. Trussell 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 conducts 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 an 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

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 out of service since 1982. 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 will 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 include 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.

Dissolved Air Flotation Tanks Repair Project

The dissolved air flotation tanks (DAFT) are used to thicken waste activated sludge (WAS) from the secondary treatment process prior to digestion. The DAFT Repair Project was originally anticipated to be a replacement project in which the DAFTs were supplanted by rotary drum thickeners. However, staff reevaluated this approach given the DAFTs were near the end of useful life and found opportunities to conduct strategic repairs to maintain safe and reliable operations of this critical plant process. The opportunities identified from the condition assessment are projected to extend the DAFTs useful operating life by another 5-7 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 began a trial billing methodology during Fiscal Year 2022-23 in accordance with Resolution No. 2022-08. This trial billing methodology was created to help more effectively manage cash flow and consists of quarterly projection billings with retrospective true ups to actuals. The trial billing methodology will expire June 30, 2024. Should the Member Agencies and EWPCF agree to formalize this approach, formal changes will be made to the RED. 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 2018-19. This policy strives to fully fund EWA's existing pension liability by Fiscal Year 2021-22 by making additional payments to the California Public Employees' Retirement System (CalPERS) during Fiscal Years ended June 30, 2020, 2021, and 2022. While this objective was largely successful, staff will be proposing a policy for Board consideration that will ensure effective long-term management of EWA's CalPERS pension obligations during Fiscal Year 2023-24.

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

CALIFORNIA ASSOCIATION OF SANITATION AGENCIES

- 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

AMERICAN PUBLIC WORKS ASSOCIATION

- 2023 Project of the Year (Environment) for the Autonomous Underwater Vehicle Plume Transport Assessment of the Encina Ocean Outfall

GOVERNMENT FINANCE OFFICERS ASSOCIATION

- Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2021-22

AMERICAN SOCIETY OF CIVIL ENGINEERS

- Outstanding Water Wastewater Treatment Project for the Encina Primary Effluent Conveyance System Upgrades
- Outstanding Environmental Engineering Project for the Autonomous Underwater Vehicle Plume Transport Assessment of the Encina Ocean Outfall

ENVIRONMENTAL PROTECTION AGENCY

- Green Power Partnership Top 30 On-Site Generation

CALIFORNIA WATER ENVIRONMENT ASSOCIATION

- 2020 Award of Excellence for Innovation & Resiliency for the Primary Effluent Conveyance Rehabilitation Project

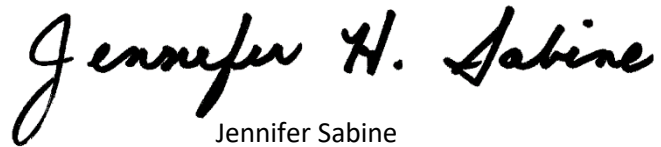
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to EWA for its annual comprehensive financial report for the fiscal year ended June 30, 2022. To be awarded a Certificate of Achievement, a government 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-five 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 Aaron Beanan 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

Joy Lyndes, Chair, City of Encinitas
Jim Hernandez, Vice Chair, Vallecitos Water District
Keith Blackburn, City of Carlsbad
Carolyn Luna, City of Carlsbad
John Franklin, City of Vista and Buena Sanitation District
Joe Green, City of Vista and Buena Sanitation District
Jim Pennock, Vallecitos Water District
Bruce Ehlers, City of Encinitas
Chris Roesink, Leucadia Wastewater District
Elaine Sullivan, Leucadia Wastewater District
Jennifer Sabine, Treasurer/Auditor
Jennifer Basco, Board Secretary

MANAGEMENT

Scott McClelland, P.E., BCEE, General Manager
Jennifer Sabine, Assistant General Manager
Alicia Appel, Director of Environmental Compliance
Octavio Navarrete, Director of Operations
Dimitris Papachristoforou, P.E., Director of Technical Services
Aaron Beanan, Director of Finance

GENERAL COUNSEL

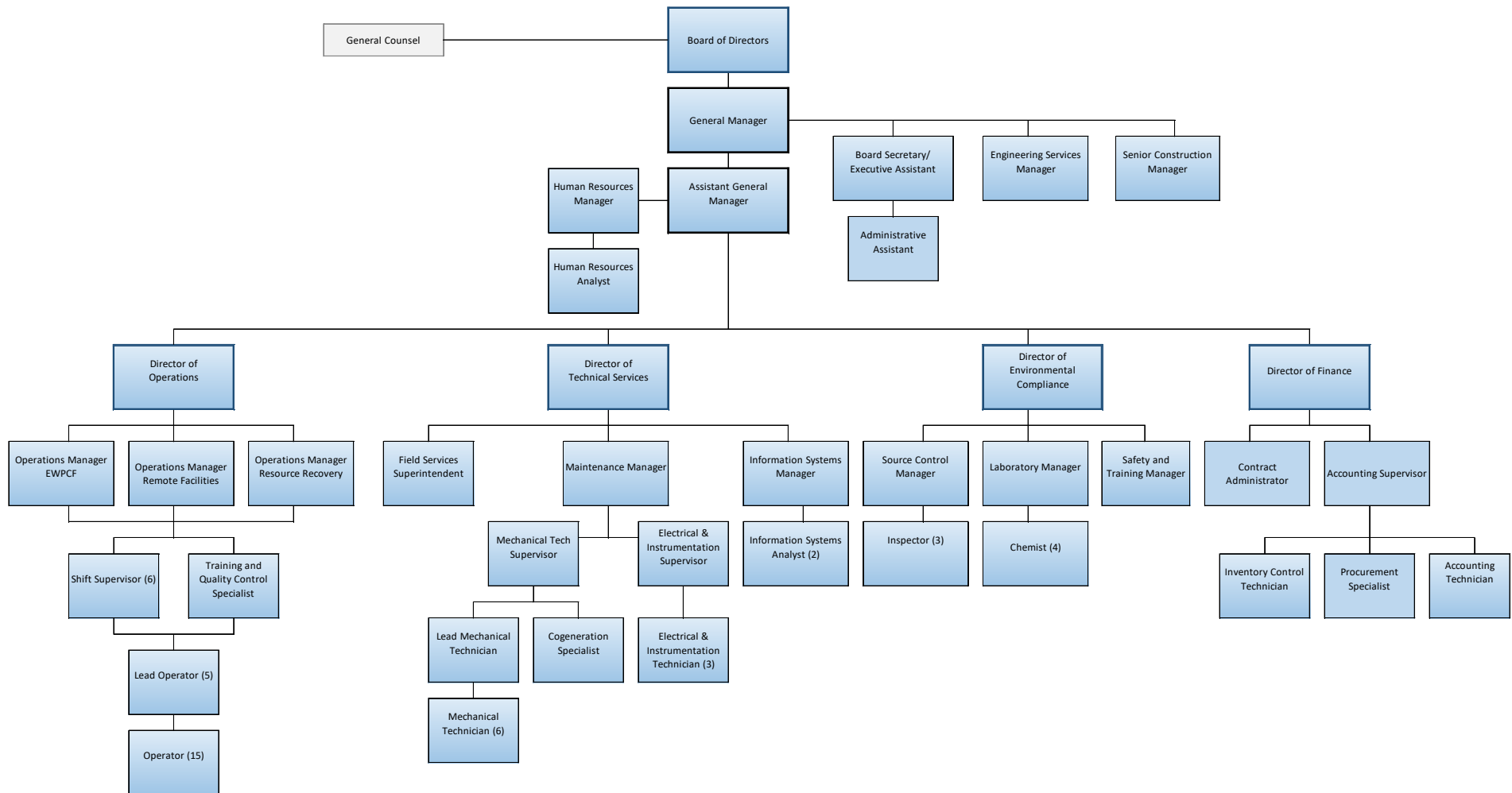
Adriana Ochoa, Procopio Cory Hargreaves & Savitch, LLP
Kevin Davis, Procopio Cory Hargreaves & Savitch, LLP

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

SERVICE AREA



FISCAL YEAR 2022-23 ORGANIZATION (75 FTEs)





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Encina Wastewater Authority
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023, 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, 2023, and the respective changes in financial position and cash flows 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.

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

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 71 through 74 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.

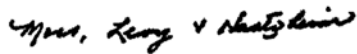
Other Information

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 November 17, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
November 17, 2023

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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 year ended June 30, 2023. 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 decreased by \$2,431,488 from fiscal year 2022 to 2023. This is primarily the result of the implementation of a trial billing methodology in which Member Agencies are billed quarterly in advance based on projected costs, which resulted in significantly lower receivable balances at fiscal year-end when compared to the prior fiscal year. Other significant contributing factors to this decrease were changes in actuarial assumptions and investment performance associated with the Authority's defined benefit pension plan, which resulted in a net pension liability for the current fiscal year, compared to a net pension asset in the prior fiscal year. Deferred outflows of resources are related to the Authority's defined benefits and OPEB plans and have decreased by \$316,187 from fiscal year 2022 to 2023 as a result of actuarial assumption changes. Total liabilities and deferred inflows of resources have increased by \$583,259 from fiscal year 2023 to 2022 primarily as a result of the Authority's trial billing methodology which resulted in owing member agencies from the true up of the billing projection with actuals, and significant changes in the actuarially determined net pension liability, which was a net pension asset in the prior fiscal year.
- The Authority's net position decreased by \$3,330,934 to \$173,162,114 for the fiscal year ended June 30, 2023. This decrease was primarily the result of the true up from the trial billing methodology projection in which the Authority owed funds to the Member Agencies based on expenditures coming in lower than projected along with the board-approved use of reserve funds which reduced Member Agency receivables.
- The Authority's operating revenues decreased from \$19,026,009 for the fiscal year ended June 30, 2022, to \$16,927,328 for the fiscal year ended June 30, 2023, primarily as a result of decreased Member Agency assessments earned.
- The Authority's operating expenses increased from \$31,725,261 for the fiscal year ended June 30, 2022, to \$34,422,253 for the fiscal year ended June 30, 2023. The increase is primarily driven by increased Unit I costs, including utility costs and chemical costs, along with an increase in depreciation expense.

FINANCIAL ANALYSIS OF THE AUTHORITY**Net Position**

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

	2023	(As Restated) 2022
<u>Assets:</u>		
Current and other assets	\$ 13,900,770	\$ 22,501,324
Capital assets	170,262,114	164,093,048
Total Assets	184,162,884	186,594,372
<u>Deferred Outflows of Resources</u>	5,690,562	6,006,749
<u>Liabilities:</u>		
Current liabilities	4,919,568	3,621,530
Noncurrent liabilities	11,626,643	12,039,119
Total Liabilities	16,546,211	15,660,649
<u>Deferred Inflows of Resources</u>	145,121	447,424
<u>Net Position:</u>		
Net Investment in capital assets	167,077,116	161,161,542
Restricted for capital program	10,279,813	11,031,506
Unrestricted	(4,194,815)	4,300,000
Total Net Position	\$ 173,162,114	\$ 176,493,048

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

Net position decreased by \$3,330,934 from fiscal year 2022 to 2023. Net investment in capital assets increased by \$5,915,574 as a result of the amount spent on capital improvements exceeding depreciation expense and the discontinued projects, studies, and assessments. Restricted net position decreased by \$751,693 primarily as a result of the Authority remitting over-collected reimbursements to the Member Agencies as part of the trial billing methodology.

A portion of unrestricted net position (those that can be used to finance day-to-day operations) is internally reserved according to the Authority's financial reserve policy. The reserves were decreased to \$2,900,000 during fiscal year 2023 as part of a trial Member Agency billing methodology. This trial billing methodology will expire June 30, 2024 which will give the Member Agencies time to revise the Revised Basic Agreement or revert back to the original billing methodology. In accordance with the Authority's financial reserve policy, unrestricted net position is reserved as follows:

Remote Facility Reserve	\$ 250,000	Specific ownership
Capital Reserve	<u>2,650,000</u>	Unit I weighted ownership
	<u><u>\$ 2,900,000</u></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>2023</u>	<u>2022</u>
Operating revenues	\$ 16,927,328	\$ 19,026,009
Nonoperating revenues	<u>587,267</u>	<u>2,560</u>
Total Revenues	<u>17,514,595</u>	<u>19,028,569</u>
Depreciation expense	13,444,925	12,699,252
Unit I - EWPCF usage costs	9,270,704	7,388,246
Unit I - EWPCF ownership costs	6,069,757	5,660,728
Pump station facilities	3,498,432	3,568,727
Other operating expenses	2,138,435	2,408,308
Nonoperating expenses	<u>2,529,494</u>	<u>2,595,805</u>
Total Expenses	<u>36,951,747</u>	<u>34,321,066</u>
Loss Before Capital Contributions	(19,437,152)	(15,292,497)
Capital Contributions	<u>16,106,218</u>	<u>28,731,496</u>
Changes in Net Position	(3,330,934)	13,438,999
Total Net Position at Beginning of Fiscal Year	<u>176,493,048</u>	<u>163,054,049</u>
Total Net Position at End of Fiscal Year	<u><u>\$ 173,162,114</u></u>	<u><u>\$ 176,493,048</u></u>

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

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. A trial Member Agency billing methodology has been temporarily adopted and will expire June 30, 2024. This trial billing methodology was created to help more effectively manage cash flow and consists of quarterly projection billings with retrospective true ups to actuals. Should the Member Agencies and Encina agree to formalize this approach, formal changes will be made to the Revised Basic Agreement.

Total operating expenses, exclusive of depreciation, increased by \$1,951,319 in fiscal year 2023. This increase was predominantly driven by increased commodity costs in the areas of natural gas, electricity, and process chemicals.

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 2023 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 decreased by \$12,625,278 in fiscal year 2023. The decreased contributions were primarily attributable to the completion of a large capital project, the Primary Area Improvement Project, in the prior fiscal year and the continuation of other large projects during the current fiscal year. Several large projects, such as the Digester Rehabilitation and Secondary Clarifiers & Strainers projects, which are in the middle of construction during fiscal year 2023, are anticipated to be completed during fiscal year 2024.

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:

	2023	2022
<u>Capital Assets Not Being Depreciated:</u>		
Land	\$ 3,598,173	\$ 3,598,173
Construction-in-progress	<u>28,524,252</u>	<u>22,436,250</u>
Total Capital Assets Not Being Depreciated	<u>32,122,425</u>	<u>26,034,423</u>
<u>Capital Assets Being Depreciated:</u>		
Joint wastewater treatment (Unit I)	262,482,723	263,692,494
Joint ocean outfall (Unit J)	14,751,348	14,751,348
Furnishings and office equipment	6,369,987	6,209,667
Pump station facilities	12,519,334	11,638,785
Flow metering system	<u>344,945</u>	<u>344,945</u>
Total Capital Assets Being Depreciated	296,468,337	296,637,239
Less: Accumulated depreciation	<u>(158,328,648)</u>	<u>(158,578,614)</u>
Net Capital Assets Being Depreciated	<u>138,139,689</u>	<u>138,058,625</u>
Net Capital Assets	<u><u>\$ 170,262,114</u></u>	<u><u>\$ 164,093,048</u></u>

The total additions to capital assets for fiscal year 2023, net of removed assets, amounted to \$5,919,100. 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.

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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, have historically been 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. Increasing global volatility is now putting significant upward pressure on the cost of providing wastewater services. Increasing climate volatility, geopolitical instability, and resource scarcity significantly increased operating expenditures for Fiscal Year 2022-23 and are directly increasing the Fiscal Year 2023-24 budget. Significant wet weather swings directly impact EWA's energy, chemical, and insurance costs. Geopolitical instability impacts resources used in EWA's daily operations, especially those dependent on oil in their creation or transportation such as polymers and other treatment plant chemicals. Supply chain challenges, as a result of geopolitics or otherwise, are decreasing the availability of resources used in EWA's daily operations. The lack of goods is driving up prices leading to inflation not seen in decades. As EWA moves into the future, increasing the adaptability, sustainability, and resiliency of its operations and finances will become increasingly more important as global volatility becomes a new normal that all public entities are addressing.

The recommended fiscal year 2024 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 2024 budget was developed and approved with the guidance and collaboration of the Authority's Board of Directors and Member Agencies.

The fiscal year 2024 Recommended Operating Budget is \$23,501,441 with an additional \$51,638 carryforward from fiscal year 2023 for on-going projects, for a total fiscal year 2024 operating budget of \$23,553,079.

The fiscal year 2024 Recommended Capital Program budget is \$25,834,437, with an additional \$12,763,212 in appropriations continued from fiscal year 2023 for on-going projects, for a total fiscal year 2024 capital program budget of \$38,597,649.

The fiscal year 2024 budget reflects 76 authorized positions supporting EWA facilities and five regional facilities with a replacement value totaling approximately \$714 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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)

	2023	(As Restated) 2022
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and cash equivalents - operating (Note 2)	\$ 200,000	\$ 200,000
Member receivables - operating billed	138,915	7,693,246
Member receivables - operating unbilled	159,040	5,278
Other receivables	136,709	117,925
Prepaid expenses	91,092	117,033
Inventory	1,115,614	957,306
Total Unrestricted Assets	<u>1,841,370</u>	<u>9,090,788</u>
Restricted Assets (Note 3):		
Restricted cash and cash equivalents - capital program (Note 2)	10,279,813	3,836,877
Member receivables - capital program	-	7,194,629
Total Restricted Assets	<u>10,279,813</u>	<u>11,031,506</u>
Total Current Assets	<u>12,121,183</u>	<u>20,122,294</u>
Noncurrent Assets:		
Capital Assets		
Nondepreciable capital assets (Note 4)	32,122,425	26,034,423
Depreciable capital assets, net of accumulated depreciation (Note 4)	138,139,689	138,058,625
Total Capital Assets, Net	<u>170,262,114</u>	<u>164,093,048</u>
Other Assets		
Member receivables - pension (Note 1)	1,779,587	-
Member receivables - other postemployment benefits (Note 1)	-	156,148
Net pension asset (Note 8)	-	2,222,882
Total Other Assets	<u>1,779,587</u>	<u>2,379,030</u>
Total Noncurrent Assets	<u>172,041,701</u>	<u>166,472,078</u>
Total Assets	<u>184,162,884</u>	<u>186,594,372</u>
Deferred Outflows of Resources		
Deferred outflows related to pension contributions (Note 8)	950,837	3,594,737
Deferred outflows related to pensions (Note 8)	4,292,119	2,039,563
Deferred outflows related to other postemployment benefits (Note 7)	447,606	372,449
Total Deferred Outflows of Resources	<u>5,690,562</u>	<u>6,006,749</u>

STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)

	2023	(As Restated) 2022
LIABILITIES		
Current Liabilities:		
Accounts payable - operating	\$ 842,225	\$ 790,166
Accrued liabilities	262,721	850,864
Amounts due to member agencies	1,889,015	-
Unearned revenue	1,659,487	1,770,270
Long-term liabilities - due within one year:		
Compensated absences (Note 6)	266,120	210,230
Total Current Liabilities	4,919,568	3,621,530
Noncurrent Liabilities:		
Liabilities Payable From Restricted Assets		
Accounts payable - capital program, payable from restricted assets	2,727,044	2,407,863
Retentions payable - capital program, payable from restricted assets	457,954	523,643
Total Liabilities Payable from Restricted Assets	3,184,998	2,931,506
Other Noncurrent Liabilities		
Net pension liability (Note 8)	6,926,475	-
Amounts due to member agencies - pension (Note 1)	-	7,565,328
Amounts due to member agencies - other postemployment benefits (Note 1)	20,017	-
Net other postemployment benefits liability (Note 7)	378,536	373,027
Compensated absences (Note 6)	1,116,617	1,169,258
Total Other Noncurrent Liabilities	8,441,645	9,107,613
Total Liabilities	16,546,211	15,660,649
Deferred Inflows of Resources		
Deferred inflows related to pensions (Note 8)	96,068	291,854
Deferred inflows related to other postemployment benefits (Note 7)	49,053	155,570
Total Deferred Inflows of Resources	145,121	447,424
NET POSITION		
Net Investment in capital assets	167,077,116	161,161,542
Restricted for capital program	10,279,813	11,031,506
Unrestricted	(4,194,815)	4,300,000
Total Net Position	\$ 173,162,114	\$ 176,493,048

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Member agency assessments	\$ 16,246,784	\$ 18,061,001
Other operating revenues	<u>680,544</u>	<u>965,008</u>
Total Operating Revenues	<u>16,927,328</u>	<u>19,026,009</u>
OPERATING EXPENSES		
Depreciation expense	13,444,925	12,699,252
Unit I - EWPCF usage costs	9,270,704	7,388,246
Unit I - EWPCF ownership costs	6,069,757	5,660,728
Unit J - Encina ocean outfall	821,332	979,486
Directors' meetings	109,218	137,196
Flow metering	344,633	402,380
Source control	863,252	889,246
Agua Hedionda pump station	563,099	618,495
Buena Vista pump station	782,492	711,712
Buena Creek pump station	563,322	577,412
Carlsbad water reclamation facilities	1,343,530	1,414,008
Raceway basin pump station	<u>245,989</u>	<u>247,100</u>
Total Operating Expenses	<u>34,422,253</u>	<u>31,725,261</u>
Operating Loss	<u>(17,494,925)</u>	<u>(12,699,252)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	268,445	2,560
Grant revenues	318,822	-
Discontinued projects, studies, and assessments	<u>(2,529,494)</u>	<u>(2,595,805)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,942,227)</u>	<u>(2,593,245)</u>
Loss Before Capital Contributions	<u>(19,437,152)</u>	<u>(15,292,497)</u>
CAPITAL CONTRIBUTIONS		
Capital contributions	<u>16,106,218</u>	<u>28,731,496</u>
Total Capital Contributions	<u>16,106,218</u>	<u>28,731,496</u>
Changes in Net Position	(3,330,934)	13,438,999
Total Net Position, Beginning of Fiscal Year	<u>176,493,048</u>	<u>163,054,049</u>
Total Net Position, End of Fiscal Year	<u><u>\$ 173,162,114</u></u>	<u><u>\$ 176,493,048</u></u>

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

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from member agencies	\$ 23,770,664	\$ 16,364,425
Cash receipts from other operating activities	708,162	928,450
Cash payments to suppliers for goods and services	(9,690,943)	(9,596,085)
Cash payments to employees for services	<u>(11,951,587)</u>	<u>(8,993,305)</u>
Net Cash Provided by (Used in) Operating Activities	<u>2,836,296</u>	<u>(1,296,515)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(21,889,993)	(29,428,781)
Proceeds from capital contributions	24,909,366	32,358,285
Proceeds from federal grants	<u>318,822</u>	<u>-</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>3,338,195</u>	<u>2,929,504</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	<u>268,445</u>	<u>2,560</u>
Cash Provided by Investing Activities	<u>268,445</u>	<u>2,560</u>
Net Increase in Cash and Cash Equivalents	6,442,936	1,635,549
Cash and Cash Equivalents at Beginning of Fiscal Year	<u>4,036,877</u>	<u>2,401,328</u>
Cash and Cash Equivalents at End of Fiscal Year	<u>\$ 10,479,813</u>	<u>\$ 4,036,877</u>

(Continued)

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

	<u>2023</u>	<u>2022</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:		
Operating loss	\$ (17,494,925)	\$ (12,699,252)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) in Operating Activities:		
Depreciation expense	13,444,925	12,699,252
Changes in assets and liabilities		
Member receivables - operating billed	7,693,246	(2,506,375)
Member receivables - operating unbilled	(292,677)	216,016
Member receivables - pensions	(1,779,587)	4,842,093
Member receivables - other post employment benefits	156,148	15,199
Lease receivable	-	144,758
Net pension asset	2,222,882	(2,222,882)
Other receivables	(18,784)	(28,626)
Prepaid expenses	25,941	(41,227)
Deferred outflows related to pension contributions	2,643,900	1,557,049
Deferred outflows related to pensions	(2,252,556)	(1,009,210)
Deferred outflows related to other post employment benefits	(75,157)	(126,534)
Inventory	(158,308)	(55,629)
Accounts payable - operating	52,059	31,030
Accrued liabilities	(588,143)	618,930
Unearned revenue	169,713	585,851
Amounts due to Member Agencies - pension	(7,565,328)	7,565,328
Amounts due to Member Agencies - other post employment benefits	20,017	-
Net pension liability	6,926,475	(10,785,249)
Net other postemployment benefits liability	5,509	(32,903)
Compensated absences	3,249	(116,485)
Deferred inflows related to pensions	(195,786)	52,871
Deferred inflows related to other post employment benefits	(106,517)	144,238
Deferred inflows related to leases	-	(144,758)
Total Adjustments	<u>20,331,221</u>	<u>11,402,737</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ 2,836,296</u>	<u>\$ (1,296,515)</u>
Cash and Cash Equivalents		
Financial Statement Classification:		
Cash and cash equivalents	\$ 200,000	\$ 200,000
Restricted cash and cash equivalents	<u>10,279,813</u>	<u>3,836,877</u>
Total Cash and Cash Equivalents	<u>\$ 10,479,813</u>	<u>\$ 4,036,877</u>
Supplemental Disclosures of Cash Flow Information:		
Net effect of acquisition and construction of capital assets held in accounts payable	<u>\$ 319,181</u>	<u>\$ (1,123,471)</u>
Net effect of acquisition and construction of capital assets held in retentions payable	<u>\$ (65,689)</u>	<u>\$ 364,772</u>
Net effect of change in receivable related to capital contributions	<u>\$ 7,194,629</u>	<u>\$ 2,450,302</u>

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

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NOTES TO THE FINANCIAL STATEMENTS**JUNE 30, 2023****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, 2023

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, 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 \$1,779,587 and (\$7,565,328) at June 30, 2023 and 2022, respectively. The member receivable – other postemployment benefits totaled (\$20,017) and \$156,148 at June 30, 2023 and 2022, 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 \$13,444,925 and \$12,699,252 for the fiscal years ended June 30, 2023 and 2022, respectively.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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 \$1,382,737 and \$1,379,488 is accrued when incurred and included in current and noncurrent liabilities at June 30, 2023 and 2022, 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. 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, 2023, the Authority participated in CSRMA as follows:

Property Loss - Insured by Alliant Property Insurance Program with a total insurable value \$364,615,846 with \$50,000 deductible.

General Liability - Insured up to \$15,750,000 with a \$25,000 deductible. Excess insurance of \$10,000,000 has been purchased.

Earthquake & Flood – Insured up to \$10,000,000 with a \$50,000 deductible.

Auto Physical Damage Policy - Insured up to \$344,900 total value with a \$1,000 deductible.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Significant Accounting Policies (Continued)

Risk Management (Continued)

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

Public Official’s Liability - Insured up to \$100,000; the Authority currently has six (6) 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.

Crime and Theft Coverage – Insured up to \$1,000,000 with a \$2,500 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 \$843,797 and \$910,340, for the fiscal years ended June 30, 2023 and 2022, 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, 2023, 2022, and 2021.

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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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 has 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, 2023

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 amended on June 27, 2018 with Resolution 2018-05 was temporarily rescinded on May 25, 2022 by Resolution 2022-08. This temporary rescission was done in conjunction with a temporary revised billing approach aimed at increasing cash flow frequency. Reserve levels could be lowered under this temporary billing approach because of the increased cash flow frequency. The temporary Reserve Policy expires June 30, 2024 and provides the following:

- 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.
- Capital reserve established at the average one-month cash flow requirement of the capital program.

Total reserves are reflected as a component of total net position and are comprised of the following:

Member Agency	Remote Facility	Capital Reserve	2023 Total	2022 Total
City of Carlsbad	\$ 70,650	\$ 642,400	\$ 713,050	\$ 3,015,810
City of Vista	129,350	667,800	797,150	3,191,150
Buena Sanitation District	50,000	187,900	237,900	911,435
Vallecitos Water District	-	594,100	594,100	2,724,030
Leucadia Wastewater District	-	445,200	445,200	2,041,200
City of Encinitas	-	112,600	112,600	516,375
Total Reserves	<u>\$ 250,000</u>	<u>\$ 2,650,000</u>	<u>\$ 2,900,000</u>	<u>\$12,400,000</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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, approve change orders 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.

Recent Governmental Accounting StandardsGASB Statement 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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

Recent Governmental Accounting Standards (Continued)

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period – Effective for fiscal years beginning after December 15, 2020 and had no impact on the Authority's financial statements for the fiscal years ended June 30, 2023 and 2022.

GASB Statement No. 92 – Omnibus 2020 - Effective for fiscal years beginning after June 15, 2020, and interim periods within fiscal years beginning after June 15, 2021.

GASB No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The provisions of Statement No. 94 are effective for reporting periods beginning after June 15, 2022 and had no impact on the Authority's financial statements for the fiscal years ended June 30, 2023.

GASB No. 96 – Subscription-Based Information Technology Arrangements

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

This standard requires governments to recognize a right-to-use subscription asset and a corresponding subscription liability for SBITAs with terms longer than 12 months. The subscription asset represents the government's right to use the software over the subscription period, while the subscription liability represents the government's obligation to make payments to the vendor for that right. Additionally, the standard requires governments to disclose information about their SBITAs in their financial statements, including the nature and terms of the arrangement, the assets and liabilities recognized, and the expenses related to the arrangement.

The provisions of Statement No. 96 are effective for periods beginning after June 15, 2022 and had no impact on the Authority's financial statements for the fiscal year years ended June 30, 2023 and 2022.

GASB No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan – Effective for fiscal years beginning after June 15, 2021.

GASB No. 98 – The Annual Comprehensive Financial Report - Effective for fiscal years ending after December 15, 2021.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Significant Accounting Policies (Continued)

Upcoming GASB Pronouncements

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

- 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, 2023

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	2023	2022
Petty cash	\$ 1,000	\$ 1,000	\$ 1,000
California Local Agency Investment Fund (LAIF)	1,567,249	1,567,249	2,823
California Asset Management Program (CAMP)	6,794,964	6,794,964	944
Deposits with financial institutions	2,116,600	2,116,600	4,032,110
Total Cash and Investments	<u>\$ 10,479,813</u>	<u>\$ 10,479,813</u>	<u>\$ 4,036,877</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	10,279,813	10,279,813	3,836,877
Total Cash and Investments	<u>\$ 10,479,813</u>	<u>\$ 10,479,813</u>	<u>\$ 4,036,877</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023.

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, 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023 and 2022, 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, 2023 and 2022 the fair value of the investment approximated the Authority's cost.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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>2023</u>	<u>2022</u>
California Local Agency Investment Fund (LAIF)	\$ 1,567,249	\$ 2,823
California Asset Management Program (CAMP)	6,794,964	944
Deposits with financial institutions	2,116,600	4,032,110
Petty cash	1,000	1,000
Total	<u>\$ 10,479,813</u>	<u>\$ 4,036,877</u>

NOTE 3 - RESTRICTED ASSETS:

The Authority restricts certain contributions from its member agencies for use in capital projects only. As of June 30, 2023 and 2022, the amount of restricted contributions for capital projects received or receivable on the statement of net position was \$10,279,813 and \$11,031,506, respectively.

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 4 - CAPITAL ASSETS:

Capital assets consist of the following at June 30:

	2023		
	Balance at June 30, 2022	Additions	Balance at June 30, 2023
Capital Assets Not Being Depreciated:			
Land	\$ 3,598,173	\$ -	\$ 3,598,173
Construction in progress	22,436,250	22,143,485	28,524,252
Total Capital Assets Not Being Depreciated	26,034,423	22,143,485	32,122,425
Capital Assets Being Depreciated:			
Joint wastewater treatment (Unit I)	263,692,494	12,380,447	262,482,723
Joint ocean outfall (Unit J)	14,751,348	-	14,751,348
Furnishings and office equipment	6,209,667	160,320	6,369,987
Pump station facilities	11,638,785	985,222	12,519,334
Flow metering system	344,945	-	344,945
Total Capital Assets Being Depreciated	296,637,239	13,525,989	296,468,337
Less Accumulated Depreciation For:			
Joint wastewater treatment (Unit I)	(132,203,685)	(12,087,873)	(130,701,340)
Joint ocean outfall (Unit J)	(13,604,816)	(181,259)	(13,786,075)
Furnishings and office equipment	(5,316,616)	(354,176)	(5,670,792)
Pump station facilities	(7,132,234)	(814,103)	(7,841,664)
Flow metering system	(321,263)	(7,514)	(328,777)
Total Accumulated Depreciation	(158,578,614)	(13,444,925)	(158,328,648)
Net Capital Assets Being Depreciated	138,058,625	81,064	138,139,689
Net Capital Assets	\$ 164,093,048	\$ 22,224,549	\$ 170,262,114

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 4 - CAPITAL ASSETS (CONTINUED):

	2022			
	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 3,598,173	\$ -	\$ -	\$ 3,598,173
Construction in progress	29,330,263	28,670,082	(35,564,095)	22,436,250
Total Capital Assets Not Being Depreciated	32,928,436	28,670,082	(35,564,095)	26,034,423
Capital Assets Being Depreciated:				
Joint wastewater treatment (Unit I)	244,516,945	29,616,128	(10,440,579)	263,692,494
Joint ocean outfall (Unit J)	14,751,348	-	-	14,751,348
Furnishings and office equipment	6,002,407	207,260	-	6,209,667
Pump station facilities	8,615,722	3,144,902	(121,839)	11,638,785
Flow metering system	344,945	-	-	344,945
Total Capital Assets Being Depreciated	274,231,367	32,968,290	(10,562,418)	296,637,239
Less Accumulated Depreciation For:				
Joint wastewater treatment (Unit I)	(131,172,473)	(11,471,791)	10,440,579	(132,203,685)
Joint ocean outfall (Unit J)	(13,414,793)	(190,023)	-	(13,604,816)
Furnishings and office equipment	(4,949,957)	(366,659)	-	(5,316,616)
Pump station facilities	(6,591,315)	(662,758)	121,839	(7,132,234)
Flow metering system	(313,242)	(8,021)	-	(321,263)
Total Accumulated Depreciation	(156,441,780)	(12,699,252)	10,562,418	(158,578,614)
Net Capital Assets Being Depreciated	117,789,587	20,269,038	-	138,058,625
Net Capital Assets	\$ 150,718,023	\$ 48,939,120	\$ (35,564,095)	\$ 164,093,048

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 and short-term cancelable lease agreements. During the fiscal years ended June 30, 2023 and 2022, the Authority recognized \$159,313 and \$494,190 in lease revenue, respectively, and \$0 and \$742 in interest revenue, respectively. As of June 30, 2022, the Authority did not have any outstanding long-term lease contracts, acting as lessor. As of June 30, 2023, the Authority did not have any outstanding long-term or short-term lease contracts, acting as lessor.

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5 – LEASES (CONTINUED)

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

As of June 30, 2022, there was no remaining balance of the lease receivable or deferred inflows of resources associated with this lease. 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. As of June 30, 2022, there was no remaining balance of the lease receivable or deferred inflows of resources associated with this lease. 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 – COMPENSATED ABSENCES:

Compensated absences consist of the following at June 30:

	2023				
	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Amount Due Within One Year
Compensated absences (Note 1)	<u>\$ 1,379,488</u>	<u>\$ 1,090,373</u>	<u>\$ (1,087,124)</u>	<u>\$ 1,382,737</u>	<u>\$ 266,120</u>

Compensated absences 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)	<u>\$ 1,495,973</u>	<u>\$ 986,768</u>	<u>\$ (1,103,253)</u>	<u>\$ 1,379,488</u>	<u>\$ 210,230</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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. For the calendar year 2022 the Authority provided a monthly contribution of \$104.30. For the calendar year 2023 the Authority provides a monthly contribution of \$113.25. 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 for Fiscal Year End June 30, 2023, 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	80

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, 2023, the Authority’s cash contributions were \$102,000 in payments to the trust and the estimated implied subsidy was \$73,557 resulting in payments of \$175,557.

B. Net OPEB Liability:

The Authority’s net OPEB liability was measured as of June 30, 2022 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, 2023

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, 2022
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, 2022 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	100.00%	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2022 are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Measurement Date			
Balance at June 30, 2021	<u>\$ 1,286,282</u>	<u>\$ 913,255</u>	<u>\$ 373,027</u>
Changes in the Fiscal Year:			
Service cost	53,590	-	53,590
Interest on the total OPEB liability	85,585	-	85,585
Contribution - employer	-	273,300	(273,300)
Net investment income	-	(139,379)	139,379
Administrative expenses	-	(255)	255
Benefit payments	(90,300)	(90,300)	-
Net Changes	<u>48,875</u>	<u>43,366</u>	<u>5,509</u>
Measurement Date			
Balance at June 30, 2022	<u>\$ 1,335,157</u>	<u>\$ 956,621</u>	<u>\$ 378,536</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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

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

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	<u>\$ 1,122,422</u>	<u>\$ 716,492</u>	<u>\$ 405,930</u>
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	<u>(64,939)</u>	<u>(64,939)</u>	<u>-</u>
Net Changes	<u>163,860</u>	<u>196,763</u>	<u>(32,903)</u>
Measurement Date			
Balance at June 30, 2021	<u><u>\$ 1,286,282</u></u>	<u><u>\$ 913,255</u></u>	<u><u>\$ 373,027</u></u>

Change of Assumptions

There were no changes of assumptions.

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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

The following presents the net OPEB liability of the Authority as of June 30, 2023, 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	\$ 533,709	\$ 378,536	\$ 248,181

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

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, 2023, 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	\$ 209,991	\$ 378,536	\$ 585,826

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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

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

For the fiscal years ended June 30, 2023 and 2022, the Authority recognized OPEB expense of \$105,973 and \$61,524, respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 175,557	\$ -
Differences between expected and actual experience	165,962	(9,065)
Changes of assumptions	17,609	(39,988)
Net differences between projected and actual earnings on plan investments	88,478	-
Total	<u>\$ 447,606</u>	<u>\$ (49,053)</u>

	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>

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, 2023

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

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

The \$175,557 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, 2024. 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
2024	\$ 34,740
2025	33,402
2026	28,640
2027	58,018
2028	16,580
Thereafter	51,617
	<u>\$ 222,997</u>

F. Payable to the OPEB Plan:

At June 30, 2023, the Authority had no outstanding amount of contributions to the OPEB plan required for the fiscal year ended June 30, 2023.

NOTE 8 - DEFINED BENEFIT PENSION PLAN:

A. General Information About the Pension Plan

Plan 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 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, 2023

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, 2023, are summarized as follows:

	Classic and PEPRAs	
	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	7.96%	7.00%
Required employer contribution rates	14.340%	7.560%

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 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, 2023 and 2022, the Authority reported net pension liabilities (assets) for its proportionate shares of the net pension liability as follows:

	2023	2022
Classic & PEPRAs Plans	\$ 6,926,475	\$ (2,222,882)

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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, 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, 2023

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, 2023 and 2022 was as follows:

	Classic & PEPRA
Proportion - June 30, 2022	-0.117068%
Proportion - June 30, 2023	0.148030%
Change - Increase (Decrease)	0.265098%

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

For the fiscal years ended June 30, 2023 and 2022, the Authority recognized pension expense and income of \$10,295,752 and \$(8,812,684), respectively for the Plan. As of June 30, 2023 and 2022, the Authority reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 950,837	\$ -
Differences between actual and expected experience	139,097	(93,161)
Changes in assumptions	709,762	-
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	2,174,514	-
Net difference between projected and actual earnings on pension plan investments	1,268,746	(2,907)
Total	<u>\$ 5,242,956</u>	<u>\$ (96,068)</u>

	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>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

The \$950,837 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, 2024.

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
2024	\$ 1,359,381
2025	1,250,501
2026	810,162
2027	776,007
2028	-
Thereafter	-
	<u>\$ 4,196,051</u>

Actuarial Assumptions Used to Determine Total Pension Liability

The total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The total pension liability was based on the following assumptions:

Valuation Date	Classic & PEPRA Plans June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.
- (3) Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter. Purchasing Power Protection Allowance (PPPA) is a benefit designed to restore the original purchasing power of CalPERS' retirees to a predetermined limit.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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

In determining the long-term expected rate of return, CalPERS considered long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

Asset Class	New Strategic Allocation	Real Return (a, b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	<u>100.00%</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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 6.90%. 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, 2023, 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 (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	Classic & PEPR
1% Decrease	5.90%
Net Pension Liability	\$ 16,925,412
Current Discount Rate	6.90%
Net Pension Liability	\$ 6,926,475
1% Increase	7.90%
Net Pension Liability (Asset)	\$ (1,300,170)

The following presents the Authority's proportionate share of the net pension liability 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 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 (Asset)	\$ (2,222,882)
1% Increase	8.15%
Net Pension Liability (Asset)	\$ (9,563,387)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023, the Authority has no outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2023.

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	40.51	100.00%	43.31	100.00%	43.31	100.00%

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023 and 2022 are as follows:

Agency	MGD ADF UNIT I					
	2023		2022		Increase (Decrease)	
	MGD	% of Total	MGD	% of Total	MGD	%
Carlsbad	6.32	27.24%	5.74	26.69%	0.58	0.55%
Vista	6.43	27.72%	5.72	26.59%	0.71	1.13%
Buena	1.97	8.49%	1.89	8.79%	0.08	-0.30%
Vallecitos	3.80	16.38%	3.52	16.36%	0.28	0.02%
Leucadia	3.72	16.03%	3.68	17.11%	0.04	-1.08%
Encinitas	0.96	4.14%	0.96	4.46%	-	-0.32%
Total	<u>23.2</u>	<u>100.00%</u>	<u>21.51</u>	<u>100.00%</u>	<u>1.69</u>	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023 and 2022 are as follows:

Agency	BOD LBS/DAY UNIT I					
	2023		2022		Increase (Decrease)	
	BOD	% of Total	BOD	% of Total	BOD	%
Carlsbad	18,271	25.84%	17,639	26.13%	632	-0.29%
Vista	18,572	26.28%	16,619	24.62%	1,953	1.66%
Buena	8,699	12.30%	8,384	12.42%	315	-0.12%
Vallecitos	12,789	18.09%	12,527	18.56%	262	-0.47%
Leucadia	9,177	12.98%	8,954	13.26%	223	-0.28%
Encinitas	3,189	4.51%	3,379	5.01%	(190)	-0.50%
Total	70,697	100.00%	67,502	100.00%	3,195	

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, 2023 and 2022 are as follows:

Agency	SS LBS/Day Unit I					
	2023		2022		Increase (Decrease)	
	SS	% of Total	SS	% of Total	SS	%
Carlsbad	21,540	32.72%	20,790	32.57%	750	0.15%
Vista	13,334	20.25%	11,885	18.62%	1,449	1.63%
Buena	5,666	8.61%	5,251	8.23%	415	0.38%
Vallecitos	13,118	19.93%	13,701	21.47%	(583)	-1.54%
Leucadia	9,177	13.94%	9,100	14.26%	77	-0.32%
Encinitas	2,996	4.55%	3,096	4.85%	(100)	-0.30%
Total	65,831	100.00%	63,823	100.00%	2,008	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023 and 2022 for Unit J are as follows:

Agency	Outfall MGD ADF Unit J					
	2023		2022		Increase (Decrease)	
	MGD	% of Total	MGD	% of Total	MGD	%
Carlsbad	5.02	22.54%	3.82	19.83%	1.20	2.71%
Vista	6.47	29.04%	5.72	29.68%	0.75	-0.64%
Buena	1.98	8.89%	1.89	9.81%	0.09	-0.92%
Vallecitos	4.41	19.79%	3.59	18.63%	0.82	1.16%
Leucadia	3.43	15.39%	3.29	17.07%	0.14	-1.68%
Encinitas	0.97	4.35%	0.96	4.98%	0.01	-0.63%
Total	<u>22.28</u>	<u>100.00%</u>	<u>19.27</u>	<u>100.00%</u>	<u>3.01</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, 2023

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, 2023:

Project	Balance
Digester Rehabilitation and Improvements Projects	\$ 10,245,758
DAFT Repair Projects	3,113,564
Admin Building HVAC Rehabilitation Projects	2,982,492
Water Reuse Projects	1,343,828
Drying Safety Improvements Projects	1,075,518
Other Construction Support Services	480,891
Network Improvements Projects	443,984
SEEBBC	323,074
Odor Control Projects	317,835
Engineering Planning, Modeling, and Support Services	262,746
E-CAMP	136,943
Roofing & HVAC Improvements Projects	133,803
SCADA Integration Services Project	129,451
PSB Rehabilitation Design Project	127,590
Secondary Clarifiers and Strainers Construction Project	120,595
Blowers SCADA Migration	100,021
Carbon Replacement Project	58,081
Condition Assessment Project	52,170
Land Outfall Inspection Project	39,620
Diffuser Membrane Project	39,586
	\$ 21,527,550

Contingencies

Litigation

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.

NOTES TO THE FINANCIAL STATEMENTS**JUNE 30, 2023****NOTE 11 - SUBSEQUENT EVENTS:****Fiscal Year 2024 Budget**

On July 26, 2023, the Board of Directors adopted Resolution 2023-05 to appropriate for the fiscal year 2024 the Operating Program (\$24,030,441), the Capital Program Budget (\$25,834,437), and the Continuing Capital Program Budget (\$76,086) from the unexpended fiscal year 2023 funds.

NOTE 12 - RESTATEMENT:

Amounts presented on the financial statements for the fiscal year ended June 30, 2022 have been provided for comparison purposes only. The amounts presented as net investment in capital assets and net position restricted for capital program as of and for the fiscal year ended June 30, 2022 have been restated to reflect reclassifications between the categories of net position to remain comparable with the amounts presented for the current fiscal year.

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**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's Proportion of the Net Pension Liability	0.148030%	(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	\$ 6,926,475	\$ (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	\$ 7,516,092	\$ 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	92.16%	(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	90.56%	103.31%	82.96%	75.26%	75.26%	72.12%	70.65%	73.83%	76.84%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 3,445,444	\$ 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%.

From fiscal year June 30, 2022 to June 30, 2023:

The investment rate of return was increased from decreased from 7.15% to 6.90%

The inflation rate was decreased from 2.50% to 2.30%

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

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	Miscellaneous								
Fiscal year ended	<u>June 30, 2023</u>	<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)	\$ 950,837	\$ 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>(950,837)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 8,109,024	\$ 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	11.73%	47.83%	68.06%	76.50%	20.67%	37.47%	35.73%	23.67%	23.01%
Notes to Schedule:									
Valuation Date	6/30/2021	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	Entry age
Amortization method	(1)	(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	Market Value	15 Year Smoothed Market Method
Inflation	2.300%	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)	(2)
Investment rate of return	6.90% (3)	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)	(4)
Mortality	(5)	(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 nine years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS*

Fiscal year end	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:						
Service cost	\$ 53,590	\$ 43,245	\$ 42,088	\$ 36,418	\$ 35,357	\$ 33,044
Interest on total OPEB liability	85,585	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	(90,300)	(64,939)	(71,062)	(38,812)	(30,487)	(29,470)
Net Change in Total OPEB Liability	48,875	163,860	35,170	151,404	67,091	61,373
Total OPEB Liability - Beginning of Year	1,286,282	1,122,422	1,087,252	935,848	868,757	807,384
Total OPEB Liability - End of Year (a)	1,335,157	1,286,282	1,122,422	1,087,252	935,848	868,757
Plan Fiduciary Net Position:						
Contributions - employer	273,300	64,939	101,062	117,812	102,487	49,970
Net investment income	(139,379)	197,034	23,636	34,555	35,444	40,344
Administrative expenses	(255)	(271)	(324)	(118)	(237)	(205)
Benefit payments	(90,300)	(64,939)	(71,062)	(38,812)	(30,487)	(29,470)
Other expense	-	-	-	-	(587)	-
Net Change in Plan Fiduciary Net Position	43,366	196,763	53,312	113,437	106,620	60,639
Plan Fiduciary Net Position - Beginning of Year	913,255	716,492	663,180	549,743	443,123	382,484
Plan Fiduciary Net Position - End of Year (b)	956,621	913,255	716,492	663,180	549,743	443,123
Net OPEB Liability - Ending (a)-(b)	\$ 378,536	\$ 373,027	\$ 405,930	\$ 424,072	\$ 386,105	\$ 425,634
Plan fiduciary net position as a percentage of the total OPEB liability	71.65%	71.00%	63.83%	61.00%	58.74%	51.01%
Covered payroll	\$ 7,516,092	\$ 7,569,061	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096	\$ 6,549,482
Net OPEB liability as percentage of covered payroll	5.04%	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 six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN YEARS*

	<u>6/30/2023</u>	<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	\$ 73,139	\$ 92,563	\$ 88,783	\$ 87,535	\$ 78,011	\$ 57,445
Contributions in relation to the actuarially determined contributions	(175,557)	(166,724)	(154,939)	(100,172)	(102,487)	(49,970)
Contribution deficiency (excess)	<u>\$ (102,418)</u>	<u>\$ (74,161)</u>	<u>\$ (66,156)</u>	<u>\$ (12,637)</u>	<u>\$ (24,476)</u>	<u>\$ 7,475</u>
Covered payroll	\$ 8,109,024	\$ 7,516,092	\$ 7,569,061	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096
Contributions as a percentage of covered payroll	2.16%	2.22%	2.05%	1.31%	1.40%	0.73%

Notes to Schedule:

Valuation Date	6/30/2022	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	2.50%
Salary increases	2.75% plus merit scale
Mortality	CalPERS Pension Plan

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

SUPPLEMENTARY SCHEDULE OF INVESTMENT IN CAPITAL ASSETS
AT JUNE 30, 2023

ASSET							TOTAL	MEMBER AGENCY OWNERSHIP AT COST					
	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	June 30, 2023	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas
PLANT													
Joint Wastewater Treatment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	\$ 262,482,724	\$ 62,369,750	\$ 70,203,808	\$ 16,635,798	\$ 62,372,433	\$ 40,568,135	\$ 10,332,800
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%	6,369,987	1,560,167	1,503,946	481,822	1,366,643	1,170,038	287,371
Buena Vista Pump Station (BVPS)	10.40%	89.60%	-	-	-	-	4,584,601	476,799	4,107,802	-	-	-	-
Agua Hedionda Pump Station (AHPS)	30.90%	69.10%	-	-	-	-	2,420,094	747,809	1,672,285	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	100.00%	-	-	-	-	-	3,901,278	3,901,278	-	-	-	-	-
Buena Creek Pump Station (BCPS)	-	-	100.00%	-	-	-	1,014,978	-	-	1,014,978	-	-	-
Raceway Basin Pump Station (RBPS)	-	100.00%	-	-	-	-	598,382	-	598,382	-	-	-	-
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							296,468,337	72,714,087	81,339,106	19,540,744	66,727,276	44,795,913	11,351,211
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%	28,524,252	6,914,280	7,188,108	2,022,370	6,395,138	4,792,075	1,212,281
SUB-TOTAL: CONSTRUCTION IN PROGRESS							28,524,252	6,914,280	7,188,108	2,022,370	6,395,138	4,792,075	1,212,281
TOTAL INVESTMENT IN CAPITAL ASSETS							328,590,762	80,521,074	89,304,780	21,856,725	73,850,684	50,319,856	12,737,643
ACCUMULATED DEPRECIATION													
Joint Wastewater Treatment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	(130,701,340)	(31,653,459)	(32,026,020)	(9,321,726)	(29,050,102)	(22,989,645)	(5,660,388)
Joint Wastewater Disposal (Unit J)	23.69%	24.63%	6.93%	24.17%	16.42%	4.16%	(13,786,075)	(3,352,046)	(2,923,874)	(1,271,167)	(2,740,156)	(2,846,042)	(652,790)
Furnishings and Office Equipment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	(5,670,792)	(1,390,574)	(1,328,433)	(432,045)	(1,210,297)	(1,051,900)	(257,543)
Buena Vista Pump Station (BVPS)	10.40%	89.60%	-	-	-	-	(3,289,803)	(342,140)	(2,947,663)	-	-	-	-
Agua Hedionda Vista Pump Station (AHPS)	30.90%	69.10%	-	-	-	-	(2,177,262)	(672,774)	(1,504,488)	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	100.00%	-	-	-	-	-	(1,311,701)	(1,311,701)	-	-	-	-	-
Buena Creek Pump Station (BCPS)	-	-	100.00%	-	-	-	(683,523)	-	-	(683,523)	-	-	-
Raceway Basin Pump Station (RBPS)	-	100.00%	-	-	-	-	(379,375)	-	(379,375)	-	-	-	-
Flow Metering System	(Based on Type and Location of Required Meters)						(328,777)	(70,749)	(103,122)	(58,487)	(30,735)	(30,953)	(34,731)
TOTAL ACCUMULATED DEPRECIATION							(158,328,648)	(38,793,443)	(41,212,975)	(11,766,948)	(33,031,290)	(26,918,540)	(6,605,452)
INVESTMENT IN CAPITAL ASSETS							\$ 170,262,114	\$ 41,727,631	\$ 48,091,805	\$ 10,089,777	\$ 40,819,394	\$ 23,401,316	\$ 6,132,191

**SUPPLEMENTARY SUMMARY SCHEDULE OF
OPERATING PROGRAM AMOUNT DUE FROM/(TO) MEMBER AGENCIES
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

	2023	2022
OPERATING REVENUES		
Member Assessments Billed	\$ 16,087,744	\$ 18,055,723
South Parcel Leasing	159,313	494,933
CSRMA Dividends (Unit I Ownership)	-	176,633
PureGreen Sales	40,923	119,747
Alternative Fuels Tipping Fees	166,011	81,906
Lab Contract Services Receipts (Unit I Ownership)	128,174	69,139
Environmental Enforcement Receipts (Jurisdiction)	106,850	22,650
Miscellaneous Receipts (Unit I Ownership)	79,273	-
	<hr/>	<hr/>
TOTAL OPERATING REVENUES - BILLED	16,768,288	19,020,731
	<hr/>	<hr/>
OPERATING EXPENSES INCURRED		
Encina Water Pollution Control Facilities		
Unit I - Treatment Plant Usage	9,270,704	7,388,246
Unit I - Treatment Plant Ownership	6,069,757	5,660,728
Unit J - Ocean Outfall	821,332	979,486
Board of Directors	109,218	137,196
Flow Metering	344,633	402,380
Encina Water Pollution Control Facilities Sub-Total	16,615,644	14,568,036
	<hr/>	<hr/>
Source Control	863,252	889,246
Agua Hedionda Pump Station	563,099	618,495
Buena Vista Pump Station	782,492	711,712
Buena Creek Pump Station	563,322	577,412
Carlsbad Water Recycling Facility	1,343,530	1,414,008
Raceway Basin Pump Station	245,989	247,100
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES INCURRED	20,977,328	19,026,009
	<hr/>	<hr/>
OPERATING REVENUES BILLED (OVER)/UNDER EXPENSES INCURRED	4,209,040	5,278
	<hr/>	<hr/>
LESS BOARD-APPROVED USE OF RESERVE FUNDS	(4,050,000)	-
	<hr/>	<hr/>
AMOUNT DUE FROM/(TO) MEMBER AGENCIES END OF FISCAL YEAR	\$ 159,040	\$ 5,278
	<hr/>	<hr/>

**SUPPLEMENTARY DETAIL SCHEDULE OF OPERATING PROGRAM AMOUNT DUE FROM/(TO) MEMBER AGENCIES
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<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	\$ 16,087,744	\$ 5,092,019	\$ 4,439,260	\$ 1,833,043	\$ 2,403,861	\$ 1,738,335	\$ 581,226
South Parcel Lease Revenue	159,313	38,617	40,147	11,295	35,718	26,765	6,771
PureGreen Sales	40,923	13,257	8,199	3,487	8,541	5,604	1,835
Alternative Fuels Tipping Fees	166,011	40,241	41,835	11,770	37,220	27,890	7,055
Lab Contract Services Billed (Unit I Ownership)	128,174	31,069	32,300	9,088	28,737	21,533	5,447
Environmental Enforcement Actions Billed (Jurisdiction)	106,850	55,550	51,200	-	100	-	-
Miscellaneous Receipts (Unit I Ownership)	79,273	19,216	19,976	5,621	17,773	13,318	3,369
	<u>16,768,288</u>	<u>5,289,969</u>	<u>4,632,917</u>	<u>1,874,304</u>	<u>2,531,950</u>	<u>1,833,445</u>	<u>605,703</u>
TOTAL OPERATING REVENUES - BILLED							
OPERATING EXPENSES							
Encina Water Pollution Control Facilities							
Plant-Unit I Usage	9,270,704	2,632,876	2,199,245	976,655	1,815,714	1,233,456	412,758
Plant-Unit I Ownership	6,069,757	1,471,307	1,529,580	430,346	1,360,840	1,019,719	257,965
Outfall-Unit J	821,332	184,928	238,655	73,142	162,441	126,593	35,573
Board of Directors	109,218	22,511	11,139	11,139	21,467	21,266	21,696
Flow Metering	344,633	87,879	83,993	61,485	46,173	44,118	20,985
Encina Water Pollution Control Facilities Sub-Total	<u>16,615,644</u>	<u>4,399,501</u>	<u>4,062,612</u>	<u>1,552,767</u>	<u>3,406,635</u>	<u>2,445,152</u>	<u>748,977</u>
Source Control	863,252	268,725	284,544	67,879	139,258	71,655	31,191
Agua Hedionda Pump Station	563,099	173,997	389,102	-	-	-	-
Buena Vista Pump Station	782,492	81,379	701,113	-	-	-	-
Buena Creek Pump Station	563,322	-	-	563,322	-	-	-
Carlsbad Water Recycling Facility	1,343,530	1,343,530	-	-	-	-	-
Raceway Basin Pump Station	245,989	-	245,989	-	-	-	-
	<u>20,977,328</u>	<u>6,267,132</u>	<u>5,683,360</u>	<u>2,183,968</u>	<u>3,545,893</u>	<u>2,516,807</u>	<u>780,168</u>
TOTAL OPERATING EXPENSES							
LESS BOARD-APPROVED USE OF RESERVE FUNDS	<u>(4,050,000)</u>	<u>(981,720)</u>	<u>(1,020,600)</u>	<u>(287,145)</u>	<u>(908,010)</u>	<u>(680,400)</u>	<u>(172,125)</u>
DUE FROM (TO) MEMBER AGENCIES JUNE 30, 2023	<u>\$ 159,040</u>	<u>\$ (4,557)</u>	<u>\$ 29,843</u>	<u>\$ 22,519</u>	<u>\$ 105,933</u>	<u>\$ 2,962</u>	<u>\$ 2,340</u>

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

CITY OF CARLSBAD	2023	% of Total	2022	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 2,632,876	41.9%	\$ 2,146,366	\$ 486,510	22.7%
Unit I Encina Treatment Plant Ownership	1,471,307	23.5%	1,372,160	99,147	7.2%
Unit J Encina Ocean Outfall	184,928	3.0%	193,966	(9,038)	-4.7%
Board of Directors	22,511	0.4%	26,996	(4,485)	-16.6%
Flow Metering	87,879	1.4%	91,901	(4,022)	-4.4%
Source Control	268,725	4.3%	191,949	76,776	40.0%
Agua Hedionda Pump Station	173,997	2.8%	191,115	(17,118)	-9.0%
Buena Vista Pump Station	81,379	1.3%	74,018	7,361	9.9%
Carlsbad Water Recycling Facility	1,343,530	21.4%	1,414,009	(70,479)	-5.0%
TOTALS	\$ 6,267,132	100.0%	\$ 5,702,480	\$ 564,652	9.9%
CITY OF VISTA					
Unit I Encina Treatment Plant Usage	\$ 2,199,245	38.8%	\$ 1,627,791	\$ 571,454	35.1%
Unit I Encina Treatment Plant Ownership	1,529,580	26.9%	1,426,504	103,076	7.2%
Unit J Encina Ocean Outfall	238,655	4.2%	290,863	(52,208)	-17.9%
Board of Directors	11,139	0.2%	13,731	(2,592)	-18.9%
Flow Metering	83,993	1.5%	108,990	(24,997)	-22.9%
Source Control	284,544	5.0%	258,295	26,249	10.2%
Agua Hedionda Pump Station	389,102	6.8%	427,380	(38,278)	-9.0%
Buena Vista Pump Station	701,113	12.3%	637,694	63,419	9.9%
Raceway Basin Pump Station	245,989	4.3%	247,100	(1,111)	-0.4%
TOTALS	\$ 5,683,360	100.0%	\$ 5,038,348	\$ 645,012	12.8%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

(CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

BUENA SANITATION DISTRICT	2023	% of Total	2022	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 976,655	44.8%	\$ 764,584	\$ 212,071	27.7%
Unit I Encina Treatment Plant Ownership	430,346	19.7%	401,345	29,001	7.2%
Unit J Encina Ocean Outfall	73,142	3.3%	95,839	(22,697)	-23.7%
Board of Directors	11,139	0.5%	13,951	(2,812)	-20.2%
Flow Metering	61,485	2.8%	86,695	(25,210)	-29.1%
Source Control	67,879	3.1%	87,859	(19,980)	-22.7%
Buena Creek Pump Station	563,322	25.8%	577,412	(14,090)	-2.4%
TOTALS	\$ 2,183,968	100.0%	\$ 2,027,685	\$ 156,283	7.7%
VALLECITOS WATER DISTRICT					
Unit I Encina Treatment Plant Usage	\$ 1,815,714	51.2%	\$ 1,459,051	\$ 356,663	24.4%
Unit I Encina Treatment Plant Ownership	1,360,840	38.4%	1,269,134	91,706	7.2%
Unit J Encina Ocean Outfall	162,441	4.6%	182,483	(20,042)	-11.0%
Board of Directors	21,467	0.6%	27,076	(5,609)	-20.7%
Flow Metering	46,173	1.3%	47,034	(861)	-1.8%
Source Control	139,258	3.9%	157,798	(18,540)	-11.7%
TOTALS	\$ 3,545,893	100.0%	\$ 3,142,576	\$ 403,317	12.8%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

(CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

LEUCADIA WASTEWATER DISTRICT	2023	% of Total	2022	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 1,233,456	49.1%	\$ 1,027,850	\$ 205,606	20.0%
Unit I Encina Treatment Plant Ownership	1,019,719	40.5%	951,002	68,717	7.2%
Unit J Encina Ocean Outfall	126,593	5.0%	167,442	(40,849)	-24.4%
Board of Directors	21,266	0.8%	28,374	(7,108)	-25.1%
Flow Metering	44,118	1.8%	45,654	(1,536)	-3.4%
Source Control	71,655	2.8%	146,563	(74,908)	-51.1%
TOTALS	\$ 2,516,807	100.0%	\$ 2,366,885	\$ 149,922	6.3%
CITY OF ENCINITAS					
Unit I Encina Treatment Plant Usage	\$ 412,758	52.8%	\$ 362,604	\$ 50,154	13.8%
Unit I Encina Treatment Plant Ownership	257,965	33.1%	240,581	17,384	7.2%
Unit J Encina Ocean Outfall	35,573	4.6%	48,894	(13,321)	-27.2%
Board of Directors	21,696	2.8%	27,069	(5,373)	-19.8%
Flow Metering	20,985	2.7%	22,106	(1,121)	-5.1%
Source Control	31,191	4.0%	46,781	(15,590)	-33.3%
TOTALS	\$ 780,168	100.0%	\$ 748,035	\$ 32,133	4.3%
Total Operating Expense All Member Agencies	\$ 20,977,328		\$ 19,026,009	\$ 1,951,319	10.3%

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

	2023	% of Total	2022	Change \$	Change %
UNIT I: ENCINA TREATMENT PLANT USAGE					
City of Carlsbad	\$ 2,632,876	28.4%	\$ 2,146,366	\$ 486,510	22.7%
City of Vista	2,199,245	23.7%	1,627,791	571,454	35.1%
Buena Sanitation District	976,655	10.5%	764,584	212,071	27.7%
Vallecitos Water District	1,815,714	19.6%	1,459,051	356,663	24.4%
Leucadia Wastewater District	1,233,456	13.3%	1,027,850	205,606	20.0%
City of Encinitas	412,758	4.5%	362,604	50,154	13.8%
TOTALS	\$ 9,270,704	100.0%	\$ 7,388,246	\$ 1,882,458	25.5%
UNIT I: ENCINA TREATMENT PLANT OWNERSHIP					
City of Carlsbad	\$ 1,471,307	24.2%	\$ 1,372,160	\$ 99,147	7.2%
City of Vista	1,529,580	25.2%	1,426,504	103,076	7.2%
Buena Sanitation District	430,346	7.1%	401,345	29,001	7.2%
Vallecitos Water District	1,360,840	22.4%	1,269,134	91,706	7.2%
Leucadia Wastewater District	1,019,719	16.8%	951,002	68,717	7.2%
City of Encinitas	257,965	4.3%	240,581	17,384	7.2%
TOTALS	\$ 6,069,757	100.0%	\$ 5,660,726	\$ 409,031	7.2%
UNIT J: ENCINA OCEAN OUTFALL					
City of Carlsbad	\$ 184,928	22.5%	\$ 193,966	\$ (9,038)	-4.7%
City of Vista	238,655	29.1%	290,863	(52,208)	-17.9%
Buena Sanitation District	73,142	8.9%	95,839	(22,697)	-23.7%
Vallecitos Water District	162,441	19.8%	182,483	(20,042)	-11.0%
Leucadia Wastewater District	126,593	15.4%	167,442	(40,849)	-24.4%
City of Encinitas	35,573	4.3%	48,894	(13,321)	-27.2%
TOTALS	\$ 821,332	100.0%	\$ 979,487	\$ (158,155)	-16.1%
BOARD OF DIRECTORS					
City of Carlsbad	\$ 22,511	20.6%	\$ 26,996	\$ (4,485)	-16.6%
City of Vista	11,139	10.2%	13,731	(2,592)	-18.9%
Buena Sanitation District	11,139	10.2%	13,951	(2,812)	-20.2%
Vallecitos Water District	21,467	19.7%	27,076	(5,609)	-20.7%
Leucadia Wastewater District	21,266	19.5%	28,374	(7,108)	-25.1%
City of Encinitas	21,696	19.9%	27,069	(5,373)	-19.8%
TOTALS	\$ 109,218	100.0%	\$ 137,197	\$ (27,979)	-20.4%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

	2023	% of Total	2022	Change \$	Change %
FLOW METERING PROGRAM					
City of Carlsbad	\$ 87,879	25.5%	\$ 91,901	\$ (4,022)	-4.4%
City of Vista	83,993	24.4%	108,990	(24,997)	-22.9%
Buena Sanitation District	61,485	17.8%	86,695	(25,210)	-29.1%
Vallecitos Water District	46,173	13.4%	47,034	(861)	-1.8%
Leucadia Wastewater District	44,118	12.8%	45,654	(1,536)	-3.4%
City of Encinitas	20,985	6.1%	22,106	(1,121)	-5.1%
TOTALS	\$ 344,633	100.0%	\$ 402,380	\$ (57,747)	-14.4%
TOTAL ENCINA WATER POLLUTION CONTROL FACILITIES					
City of Carlsbad	\$ 4,399,501	26.4%	\$ 3,831,389	\$ 568,112	14.8%
City of Vista	4,062,612	24.6%	3,467,879	594,733	17.1%
Buena Sanitation District	1,552,767	9.3%	1,362,414	190,353	14.0%
Vallecitos Water District	3,406,635	20.5%	2,984,778	421,857	14.1%
Leucadia Wastewater District	2,445,152	14.7%	2,220,322	224,830	10.1%
City of Encinitas	748,977	4.5%	701,254	47,723	6.8%
TOTALS	\$ 16,615,644	100.0%	\$ 14,568,036	\$ 2,047,608	14.1%
SOURCE CONTROL PROGRAM					
City of Carlsbad	\$ 268,725	31.1%	\$ 191,949	\$ 76,776	40.0%
City of Vista	284,544	33.0%	258,295	26,249	10.2%
Buena Sanitation District	67,879	7.9%	87,859	(19,980)	-22.7%
Vallecitos Water District	139,258	16.1%	157,798	(18,540)	-11.7%
Leucadia Wastewater District	71,655	8.3%	146,563	(74,908)	-51.1%
City of Encinitas	31,191	3.6%	46,781	(15,590)	-33.3%
TOTALS	\$ 863,252	100.0%	\$ 889,245	\$ (25,993)	-2.9%
AGUA HEDIONDA PUMP STATION					
City of Carlsbad	\$ 173,997	30.9%	\$ 191,115	\$ (17,118)	-9.0%
City of Vista	389,102	69.1%	427,380	(38,278)	-9.0%
TOTALS	\$ 563,099	100.0%	\$ 618,495	\$ (55,396)	-9.0%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

	2023	% of Total	2022	Change \$	Change %
BUENA VISTA PUMP STATION					
City of Carlsbad	\$ 81,379	10.4%	\$ 74,018	\$ 7,361	9.9%
City of Vista	701,113	89.6%	637,694	63,419	9.9%
TOTALS	\$ 782,492	100.0%	\$ 711,712	\$ 70,780	9.9%
BUENA CREEK PUMP STATION					
Buena Sanitation District	\$ 563,322	100.0%	\$ 577,412	\$ (14,090)	-2.4%
TOTALS	\$ 563,322	100.0%	\$ 577,412	\$ (14,090)	-2.4%
CARLSBAD WATER RECYCLING FACILITY					
City of Carlsbad	\$ 1,343,530	100.0%	\$ 1,414,009	\$ (70,479)	-5.0%
TOTALS	\$ 1,343,530	100.0%	\$ 1,414,009	\$ (70,479)	-5.0%
RACEWAY BASIN PUMP STATION					
City of Vista	\$ 245,989	100.0%	\$ 247,100	\$ (1,111)	-0.4%
TOTALS	\$ 245,989	100.0%	\$ 247,100	\$ (1,111)	-0.4%
TOTAL OPERATING EXPENSE					
City of Carlsbad	\$ 6,267,132	29.9%	\$ 5,702,480	\$ 564,652	9.9%
City of Vista	5,683,360	27.1%	5,038,348	645,012	12.8%
Buena Sanitation District	2,183,968	10.4%	2,027,685	156,283	7.7%
Vallecitos Water District	3,545,893	16.9%	3,142,576	403,317	12.8%
Leucadia Wastewater District	2,516,807	12.0%	2,366,885	149,922	6.3%
City of Encinitas	780,168	3.7%	748,035	32,133	4.3%
TOTALS	\$ 20,977,328	100.0%	\$ 19,026,009	\$ 1,951,319	10.3%

**SUPPLEMENTARY SCHEDULE OF CHANGES IN NET POSITION RESERVED FOR
CAPITAL IMPROVEMENT PROGRAM
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
CAPITAL CONTRIBUTIONS		
Member Assessments	\$ 16,106,218	\$ 28,731,496
TOTAL CAPITAL CONTRIBUTIONS	<u>16,106,218</u>	<u>28,731,496</u>
CAPITAL EXPENDITURES		
Encina Water Pollution Control Facility (EWPCF) Capital Acquisitions	420,088	392,628
Agua Hedionda Pump Station (AHPS) Capital Acquisitions	381,819	112,954
Buena Vista Pump Station (BVPS) Capital Acquisitions	257,614	328,977
Buena Creek Pump Station (BCPS) Capital Acquisitions	247,447	256,690
Carlsbad Water Reclamation Facility (CWRF) Capital Acquisitions	237,719	2,447,955
Raceway Basin Pump Station (RBPS) Capital Acquisitions	169,503	101,181
EWPCF Planned Asset Replacement	1,687,407	1,708,586
EWPCF Major Plant Rehabilitation Program		
Liquid Process Improvements	1,302,526	8,679,531
Outfall	6,991	114,399
Solids Process Improvements	9,573,251	5,237,052
Energy Management	532,122	539,693
General Improvements	4,998,538	6,031,718
Engineering Services	517,367	502,887
Technology Master Plan	<u>1,811,093</u>	<u>2,215,831</u>
TOTAL CAPITAL EXPENDITURES	<u>22,143,485</u>	<u>28,670,082</u>
CAPITAL CONTRIBUTIONS OVER/(UNDER) CAPITAL EXPENDITURES	(6,037,267)	61,414
NONOPERATING REVENUES		
Investment and other capital income	268,445	2,560
Grant revenues	<u>318,822</u>	<u>-</u>
TOTAL NONOPERATING REVENUES	<u>587,267</u>	<u>2,560</u>
NET POSITION RESERVED FOR CIP, BEGINNING OF FISCAL YEAR	<u>8,100,000</u>	<u>8,036,026</u>
NET POSITION RESERVED FOR CIP, END OF FISCAL YEAR	<u>\$ 2,650,000</u>	<u>\$ 8,100,000</u>

SUPPLEMENTARY SCHEDULE OF NET POSITION RESERVED FOR CAPITAL IMPROVEMENT PROGRAM BY PROJECT
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PROJECTS	Balance June 30, 2022	Member Billings	Other Income	Capital Expenditures	Balance June 30, 2023
<u>Continuing Projects</u>					
EWPCF Major Plant Rehabilitation Program					
Liquid Process Improvements	\$ -	\$ (1,302,526)	\$ -	\$ 1,302,526	\$ -
Outfall	114,399	(121,390)	-	6,991	-
Solids Process Improvements	-	(9,573,251)	-	9,573,251	-
Energy Management	-	(532,122)	-	532,122	-
General Improvements	(118,377)	(4,880,161)	-	4,998,538	-
Engineering Services	-	(517,367)	-	517,367	-
Technology Master Plan	-	(1,811,093)	-	1,811,093	-
Sub Total Continuing Projects	<u>(3,978)</u>	<u>(18,737,910)</u>	<u>-</u>	<u>18,741,888</u>	<u>-</u>
<u>Other</u>					
Capital Acquisitions					
EWPCF	3,978	(424,066)	-	420,088	-
Remote Facilities	-	(1,294,102)	-	1,294,102	-
Planned Asset Replacement	-	(1,687,407)	-	1,687,407	-
Capital Reserve	(8,100,000)	5,450,000	-	-	(2,650,000) **
Income On Capital Reserve Funds	-	268,445	(268,445)	-	-
Grant Revenues	-	318,822	(318,822)	-	-
Sub Total Other	<u>(8,096,022)</u>	<u>2,631,692</u>	<u>(587,267)</u>	<u>3,401,597</u>	<u>(2,650,000)</u>
Total Capital Improvement Program	<u>\$ (8,100,000)</u>	<u>\$ (16,106,218)</u>	<u>\$ (587,267)</u>	<u>\$ 22,143,485</u>	<u>\$ (2,650,000)</u>

** The capital reserve was reduced by \$5,450,000 for the capital reserve credit issued during the fiscal year ended June 30, 2023

SUPPLEMENTARY SCHEDULE OF NET POSITION RESERVED FOR CAPITAL IMPROVEMENT PROGRAM BY MEMBER AGENCY
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PROJECTS	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Balance June 30, 2023
Other							
Capital Reserve	<u>\$ (642,400)</u>	<u>\$ (667,800)</u>	<u>\$ (187,900)</u>	<u>\$ (594,100)</u>	<u>\$ (445,200)</u>	<u>\$ (112,600)</u>	<u>\$ (2,650,000)</u>
Total Capital Improvement Program	<u>\$ (642,400)</u>	<u>\$ (667,800)</u>	<u>\$ (187,900)</u>	<u>\$ (594,100)</u>	<u>\$ (445,200)</u>	<u>\$ (112,600)</u>	<u>\$ (2,650,000)</u>



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

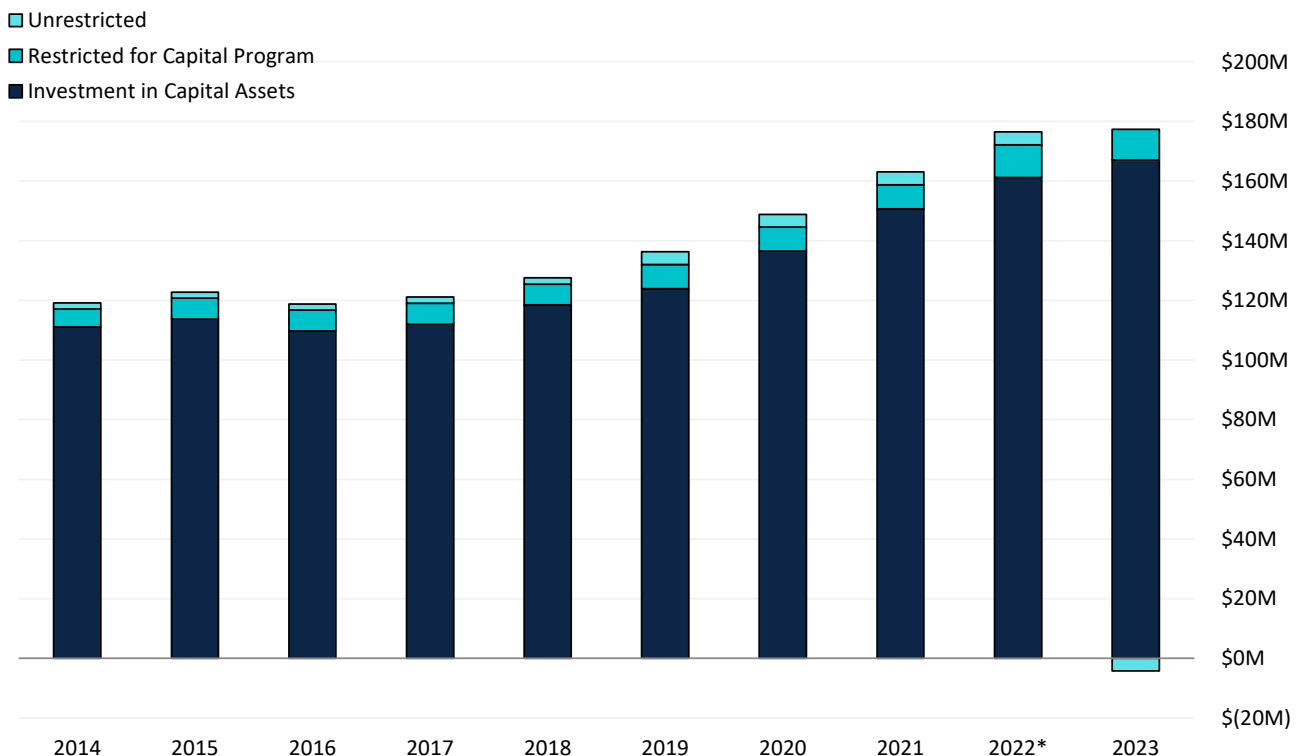
Operating Information

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
2023	\$ 167,077,116	\$ 10,279,813	\$ (4,194,815)	\$ 173,162,114
2022*	161,161,542	11,031,506	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	122,712,777
2015	113,689,724	7,023,053	2,000,000	119,113,179
2014	111,134,272	5,978,907	2,000,000	123,935,232



- FY 2023 reflects increased investments in capital improvement projects including the Secondary Clarifiers and Strainers Project, the Digester Rehabilitation & Improvements Project and Admin Building HVAC Project.
- 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.

* As restated.

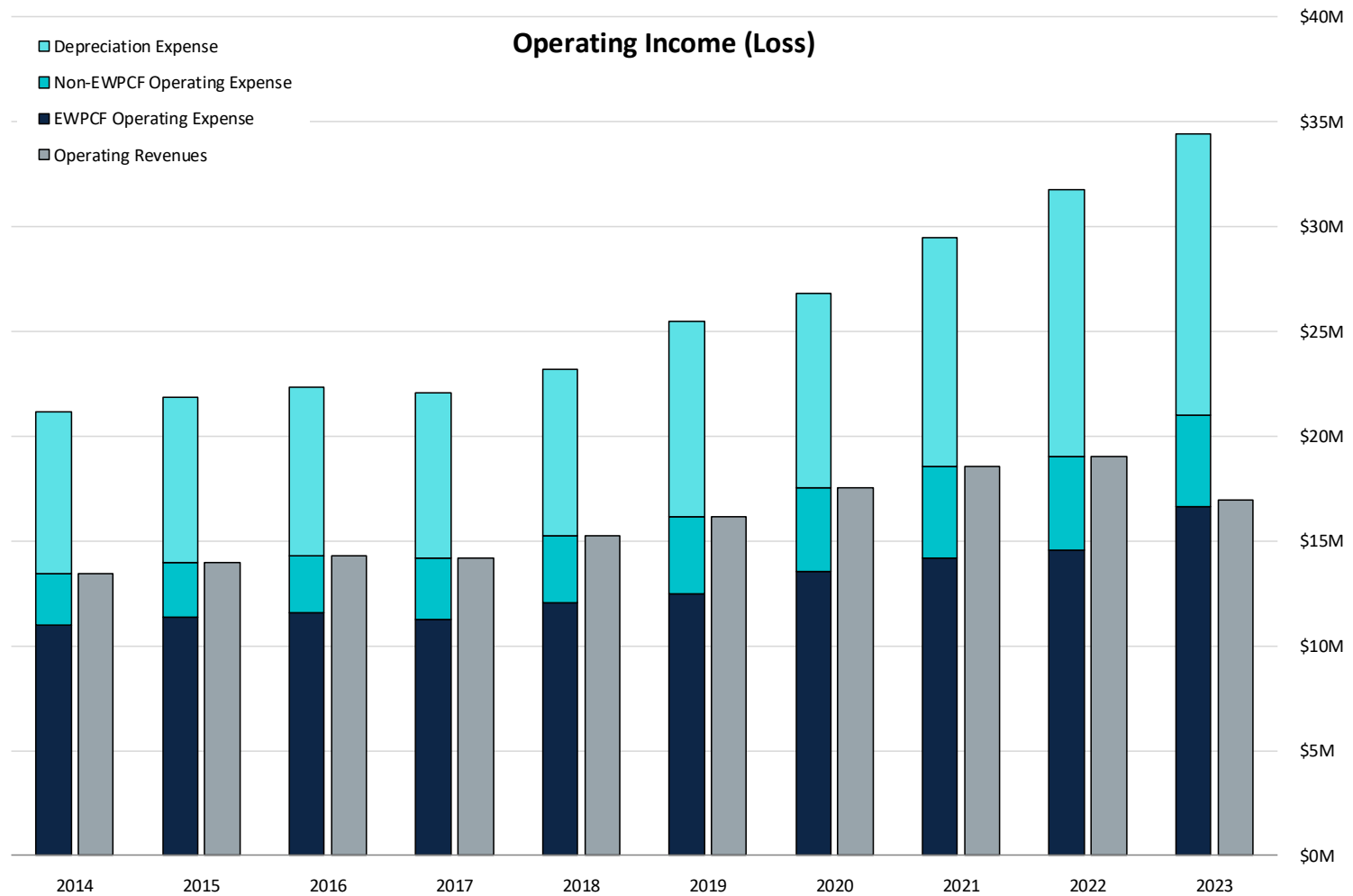
Source: Encina Wastewater Authority

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues										
Member Agency Assessments	\$ 16,247	\$ 18,061	\$ 17,415	\$ 16,722	\$ 15,416	\$ 14,719	\$ 13,614	\$ 13,515	\$ 13,637	\$ 13,005
Other Operating Revenues	681	965	1,113	796	750	548	561	793	314	442
Total Operating Revenues	16,927	19,026	18,528	17,518	16,166	15,268	14,174	14,308	13,951	13,447
Operating Expenses										
Unit I - EWPCF Usage Costs	9,271	7,388	7,171	7,459	6,777	6,575	6,020	6,356	6,219	6,289
Unit I - EWPCF Ownership Costs	6,070	5,661	5,808	5,059	4,723	4,629	4,405	4,335	4,278	4,138
Unit J - Encina Ocean Outfall	821	979	760	614	589	497	495	523	523	268
Directors Meetings	109	137	91	66	64	63	57	52	74	57
Flow Metering	345	402	342	323	305	316	295	332	272	262
Subtotal Encina Wastewater Pollution Control Facilities (EWPCF)	16,616	14,567	14,172	13,521	12,458	12,081	11,272	11,598	11,366	11,014
Source Control	863	889	1,037	921	771	692	688	638	588	664
Aqua Hedionda Pump Station	563	618	599	656	673	315	297	303	286	269
Buena Vista Pump Station	782	712	705	654	580	627	427	438	407	395
Buena Creek Pump Station	563	577	537	390	367	334	330	328	311	297
Carlsbad Water Reclamation Facilities	1,344	1,414	1,226	1,151	1,107	1,028	979	831	811	650
Raceway Basin Pump Station	246	247	251	225	210	189	182	172	183	158
Depreciation expense	13,445	12,699	10,937	9,269	9,328	7,937	7,907	8,043	7,904	7,725
Total Operating Expenses	34,422	31,723	29,464	26,787	25,494	23,205	22,082	22,351	21,855	21,172
Operating Loss	(17,495)	(12,697)	(10,936)	(9,269)	(9,328)	(7,937)	(7,908)	(8,043)	(7,905)	(7,725)
Nonoperating Revenues (Expenses)										
Discontinued Projects, Studies and Assessments	(2,529)	(2,596)	(1,817)	(1,835)	(1,407)	(2,365)	(1,286)	(2,327)	(1,573)	(1,586)
Investment & Other Capital Income	268	3	6	66	120	36	27	17	5	8
Other Nonoperating Revenues	319	-	-	-	2,200	-	100	-	-	-
Total Nonoperating Revenues (Expenses)	(1,942)	(2,593)	(1,811)	(1,769)	913	(2,329)	(1,158)	(2,310)	(1,570)	(1,578)
Loss Before Contributions and Distributions	(19,437)	(15,292)	(12,747)	(11,038)	(8,415)	(10,266)	(9,067)	(10,354)	(9,475)	(9,303)
Capital Contributions and Distributions										
Member Agency Assessments	16,106	28,731	26,959	23,579	16,049	16,676	11,456	6,408	13,073	6,775
Contributions (Distributions) from (to) Mem. Agen.	-	-	-	-	1,100	-	-	-	-	(2,295)
Total Capital Contributions	16,106	28,731	26,959	23,579	17,149	16,676	11,456	6,408	13,073	4,480
Increase (Decrease) in Net Position	\$ (3,331)	\$ 13,439	\$ 14,212	\$ 12,542	\$ 8,734	\$ 6,410	\$ 2,390	\$ (3,946)	\$ 3,600	\$ (4,823)

Source: Encina Wastewater Authority

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



- FY 2023: reflects higher utility, chemical, and insurance costs along with higher personnel costs.
- 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

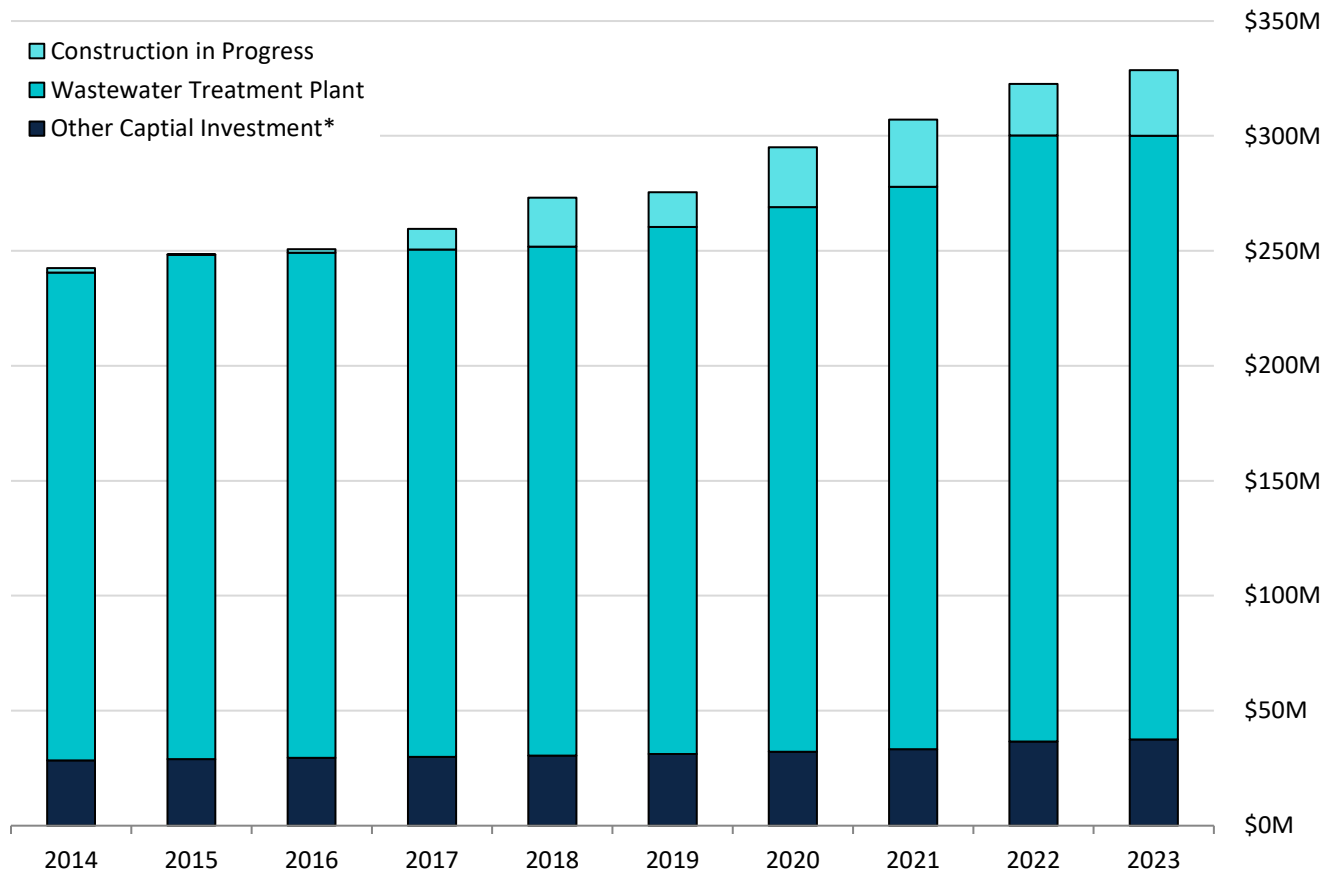
Source: Encina Wastewater Authority

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
2023	\$ 262,482,723	\$ 14,751,348	\$ 12,519,334	\$ 6,369,987	\$ 344,945	\$ 3,598,173	\$ 28,524,252	\$ (158,328,648)	\$ 170,262,114
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

Investment in Capital Assets by Category Excluding Depreciation



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

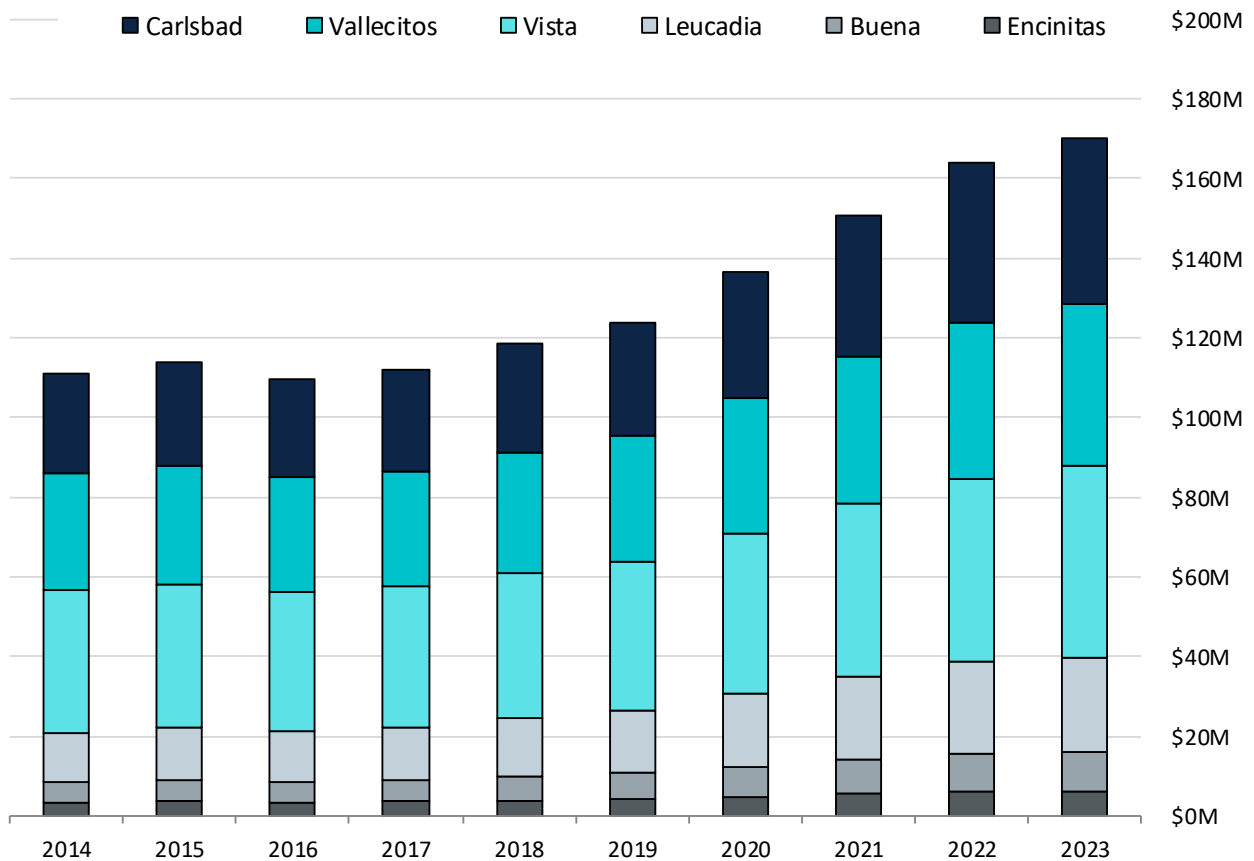
Source: Encina Wastewater Authority

INVESTMENT IN CAPITAL ASSETS LAST TEN FISCAL YEARS

By Member Agency

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total
2023	\$ 41,727,631	\$ 48,091,805	\$ 10,089,777	\$ 40,819,394	\$ 23,401,316	\$ 6,132,191	\$ 170,262,114
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

Investment in Capital Assets by Member Agency



Fiscal Year 2022-23 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)*
2022	370,000	-1.9%	\$ 28,320	\$ 76,542	5.1%	\$ 85,041
2021	370,000	-1.9%	\$ 26,277	\$ 71,020	6.0%	\$ 81,982
2020	377,000	0.0%	\$ 23,623	\$ 62,661	9.9%	\$ 78,163
2019	377,000	0.0%	\$ 23,402	\$ 62,075	2.9%	\$ 73,894
2018	377,000	0.0%	\$ 22,449	\$ 59,547	3.4%	\$ 65,857
2017	377,000	1.3%	\$ 21,494	\$ 57,013	4.0%	\$ 62,174
2016	372,000	3.3%	\$ 20,463	\$ 55,008	4.4%	\$ 58,929
2015	360,000	0.2%	\$ 19,055	\$ 52,930	4.3%	\$ 55,705
2014	359,411	0.7%	\$ 17,842	\$ 49,641	5.6%	\$ 51,804
2013	356,989	1.6%	\$ 16,809	\$ 47,084	6.5%	\$ 50,235

* 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	4,213	5.40%	Carlsbad
Legoland California, LLC	Hospitality/Tourism	2,300	2.95%	Carlsbad
San Marcos Unified School District	Education	3,334	7.21%	San Marcos
California State University San Marcos	Education	1,924	4.16%	San Marcos
Vista Unified School District	Education	2,952	6.70%	Vista
Watkins Manufacturing Corp	Manufacturing	885	2.01%	Vista

** within specified Member Agency jurisdiction

Principal Property Taxpayers

Taxpayer	2022 Assessed Taxable Value	Member Agency
Poseidon Resources	\$ 416,869,887	Carlsbad
La Costa Glen Retirement Community	281,090,008	Carlsbad
MG Preserve of Melrose Apartment	142,388,439	Vista
PMI Monarch LLC	116,400,000	Vista
TRC Encinitas Village	104,406,211	Encinitas
Collwood Pines Apartments	84,311,756	Encinitas

- Data presented is a composite of data from FY 2022-23 ACFRs 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 Encinitas is representative of the Leucadia Wastewater District
- Unemployment data was gathered from the U.S. Bureau of Labor Statistics or respective Member Agencies

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	370,000	
Wastewater Treatment & Disposal Capacity (permitted)	43.30	MGD
Average Daily Wastewater Flow	23.04	MGD
Average Daily Biochemical Oxygen Demand (influent)	70,697	PPD
Average Suspended Solids (influent)	65,831	PPD
Average Treated Wastewater Reclaimed	2.39	MGD
Average Treated Wastewater Disposal	21.09	MGD
Average Years of Employee Service	8.50	years

Industrial User Discharge: Top 10 by Average Flow (Rounded, Gallons per Day)

Prudential Overall Supply	Industrial laundry	80,000	
Cintas Corporation	Industrial laundry	70,000	
Javo Beverage Company	Beverage producer	43,000	
Hollandia Dairy	Beverage producer	41,000	
Captek Softgel (formerly J&D Labs)	Pharmaceutical Manufacturing	30,000	
Fresh Creative Foods	Food Processing	18,000	
Hughes Circuits, Inc.	Metal Finisher	15,000	
Pizza Port Brewing Company	Brewery	10,000	
Poseidon Resources (Channelside) LP	Desalination plant	9,000	
Dr. Bronner's Magical Soap	Soap Manufacturing	8,000	

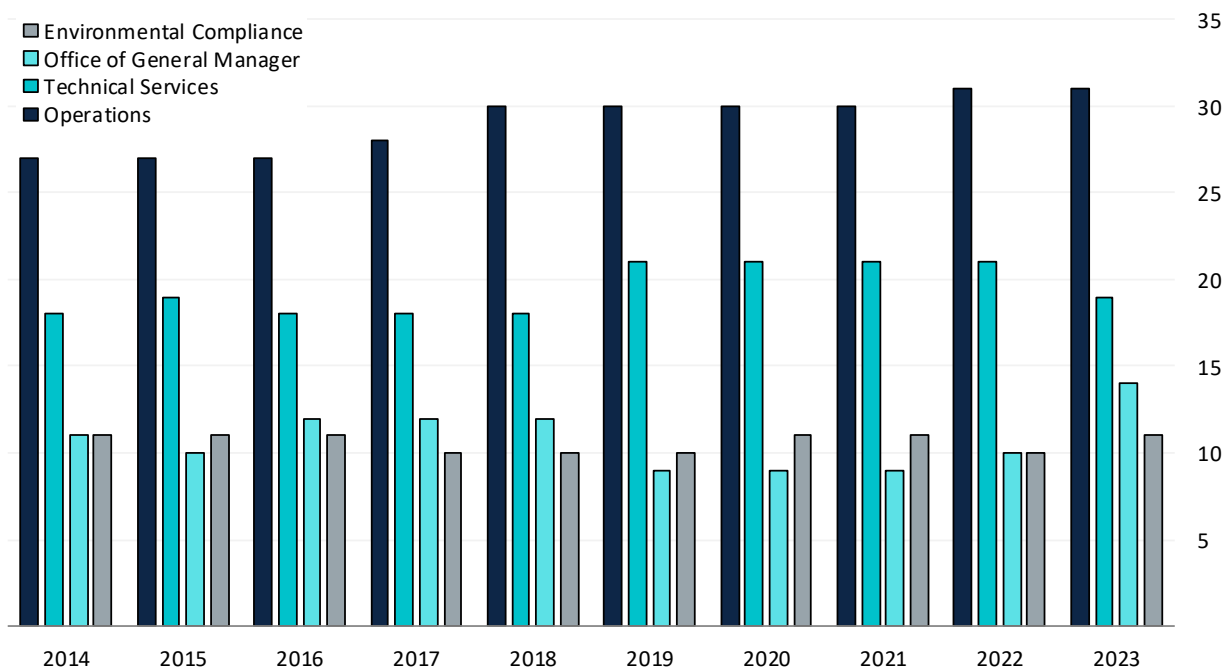
► MGD = million gallons per day

► 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
2023	31.00	19.00	14.00	11.00	75.00
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



- FY 2023 : Various transfers between groups. Administrative Assistant, Contract Administrator, and Procurement Specialist positions added.
- 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

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
2023	\$ 5,289,969	\$ 4,632,917	\$ 1,874,304	\$ 2,531,950	\$ 1,833,445	\$ 605,703	\$ 16,768,288	-11.8%
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%

Operating Expenses, excluding Depreciation

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total	YOY Change
2023	\$ 6,267,132	\$ 5,683,360	\$ 2,183,968	\$ 3,545,893	\$ 2,516,807	\$ 780,168	\$ 20,977,328	10.3%
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%

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

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total
2023	\$ 977,163	\$ 1,050,443	\$ 309,664	\$ 1,013,943	\$ 683,362	\$ 174,465	\$ 4,209,040
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

- 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.
- Fiscal Year 2022-23 included the return of reserves under a trial billing methodology. This was net with Member Agency billings.

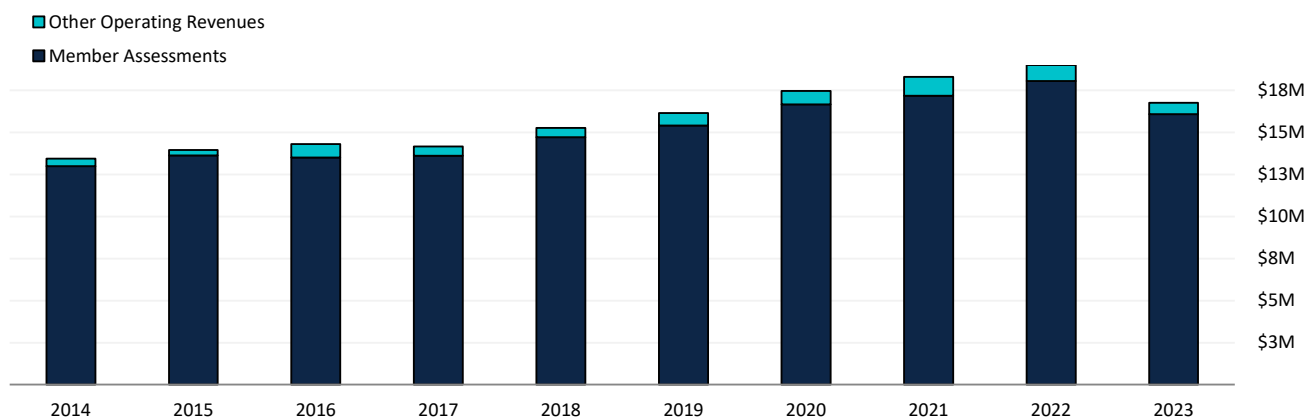
Source: Encina Wastewater Authority

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

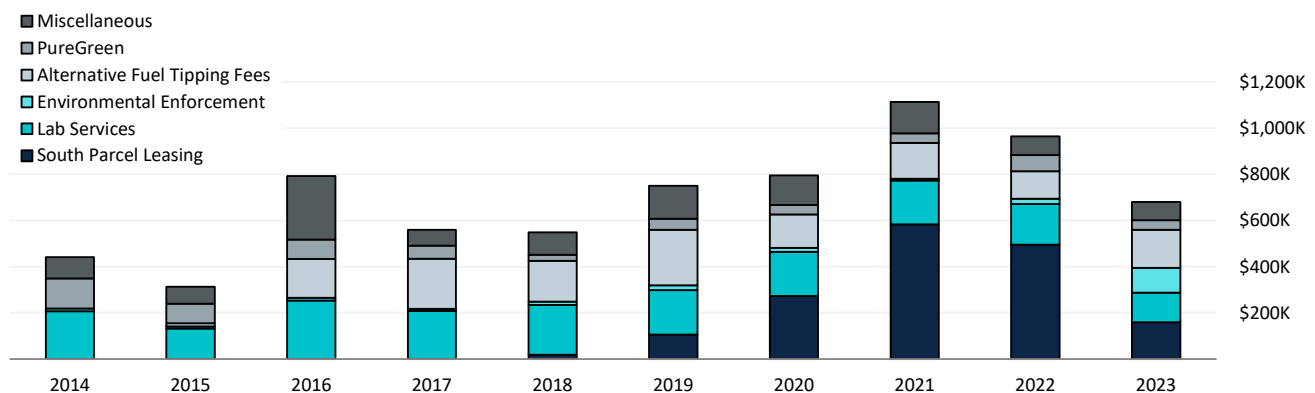
Operating Revenues

Fiscal Year	Member Assessments	Alternative Fuel Tipping Fees	South Parcel Leasing	PureGreen	Lab Services	Environmental Enforcement	Miscellaneous	Total
2023	\$ 16,246,784	\$ 166,011	\$ 159,313	\$ 40,923	\$ 128,174	\$ 106,850	\$ 79,273	\$ 16,927,328
2022	18,061,001	119,747	494,933	69,139	176,633	22,650	81,906	19,026,009
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

Total Operating Revenues



Other Operating Revenues



- FY 2023: Revenues are lower as a trial billing methodology resulted in the return of previously held reserves. These were net with 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.

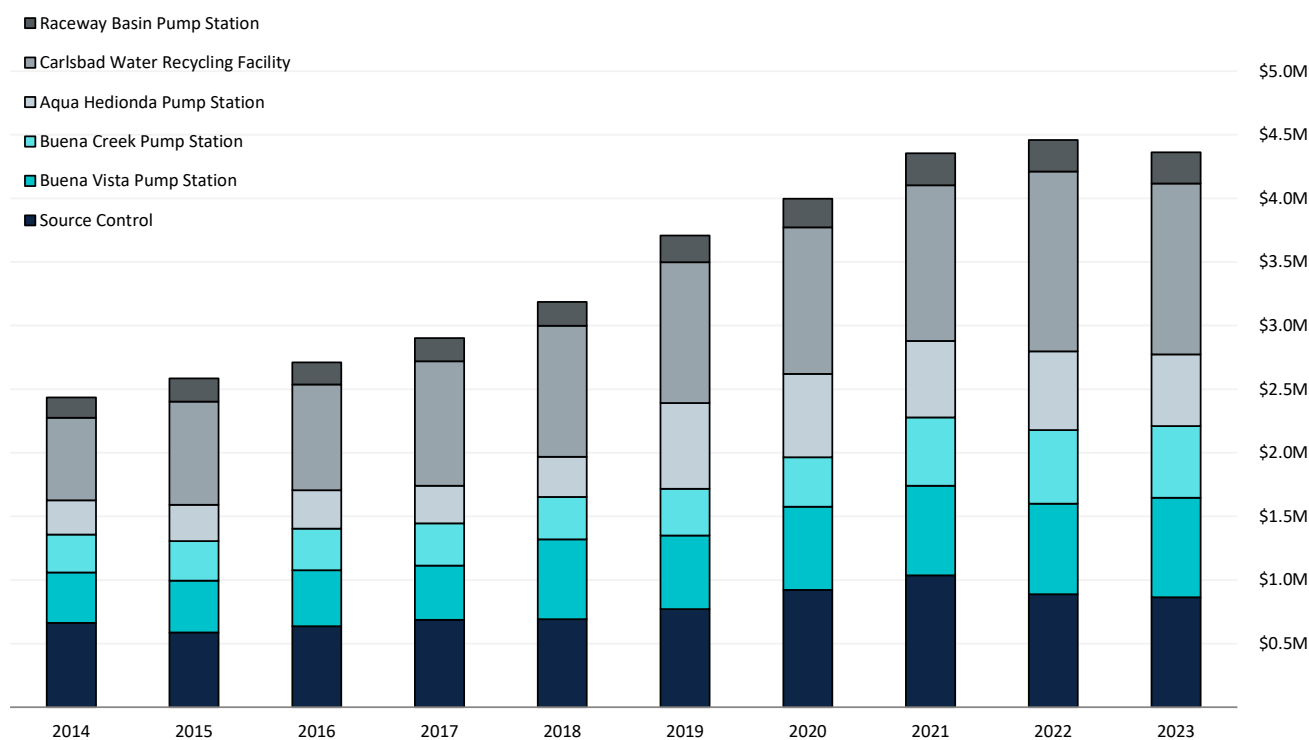
Source: Encina Wastewater Authority

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
2023	\$ 16,615,645	\$ 863,252	\$ 563,100	\$ 782,492	\$ 563,322	\$ 1,343,528	\$ 245,989	\$ 20,977,328
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

Other Operating Expenses

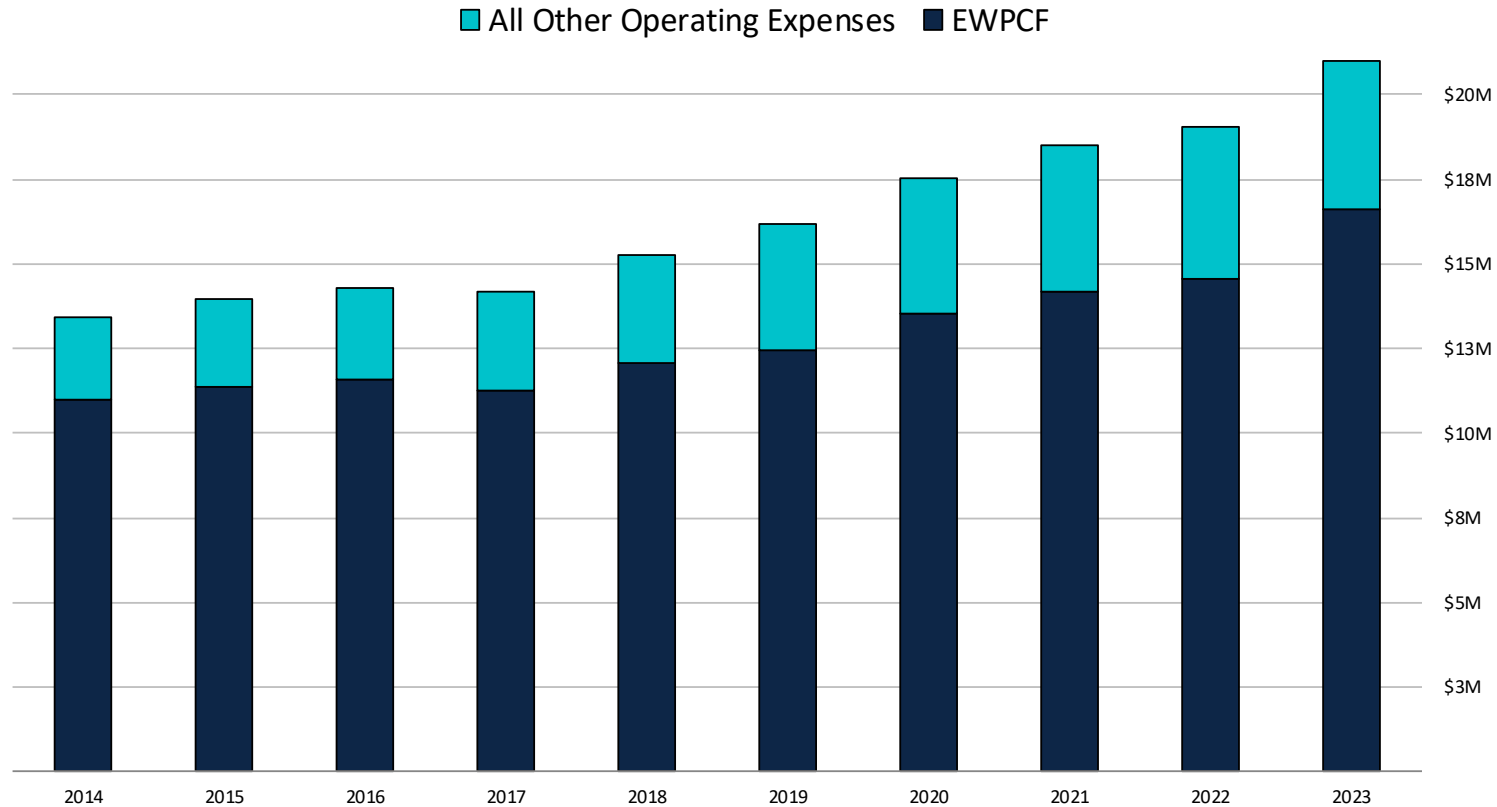


- FY 2023: Reflects increased utility, chemical, and insurance costs, along with higher personnel expenses.
- FY 2021: Reflects increased professional services along with higher personnel, chemical, and insurance costs.
- FY2020: Operating costs reflect increased personnel and chemical costs, along with additional biosolid loads being dispersed.
- FY2019: Operating costs reflect significant electricity and natural gas price & usage increases. 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.
- 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



- ▶ FY 2023: Reflects increased utility, chemical, and insurance costs, along with higher personnel expenses.
- ▶ 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.
- ▶ Member Agencies are billed the amount of Operating Expenses less Other Operating Revenues

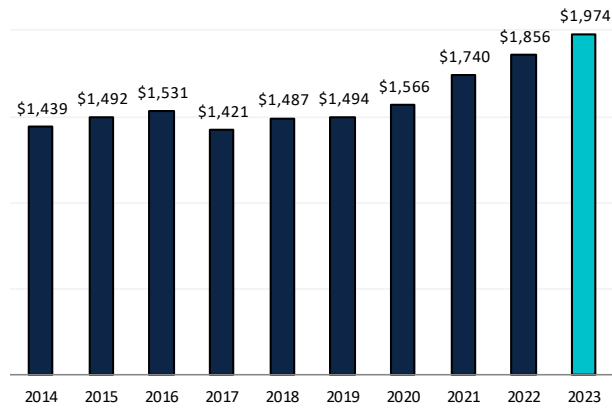
Source: Encina Wastewater Authority

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

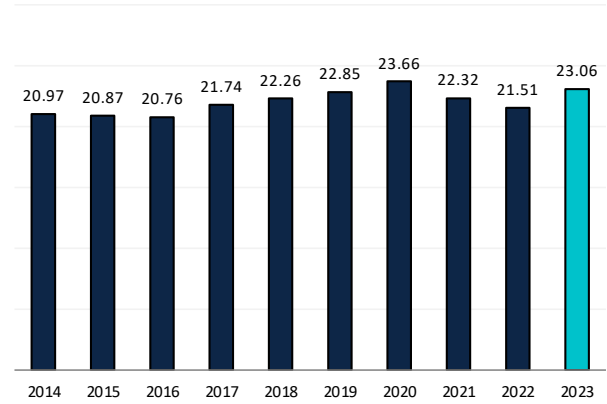
Year Ended	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	EWPCF Totals
June 30, 2023							
Operating Expenses	\$ 4,422,771	\$ 4,082,654	\$ 1,561,633	\$ 3,328,722	\$ 2,465,600	\$ 754,264	\$ 16,615,644
Avg. Daily Flow in MG	6.18	6.43	1.97	3.80	3.72	0.96	23.06
Annualized Flow in MG	2255.70	2346.95	719.05	1387.00	1357.80	350.40	8416.90
Cost Per MG	\$ 1,960.71	\$ 1,739.56	\$ 2,171.80	\$ 2,399.94	\$ 1,815.88	\$ 2,152.58	\$ 1,974.08
MG cost change from prior year	7.22%	4.73%	9.97%	3.31%	9.85%	7.56%	6.39%
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

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

Operating Expenses per Million Gallons

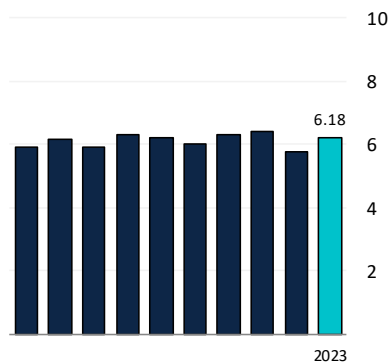


Total Average Daily Flow (MGD)

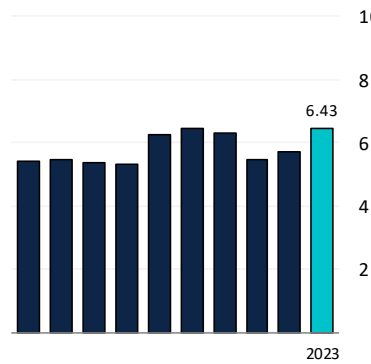


Average Daily Flow (MGD) by Member Agency

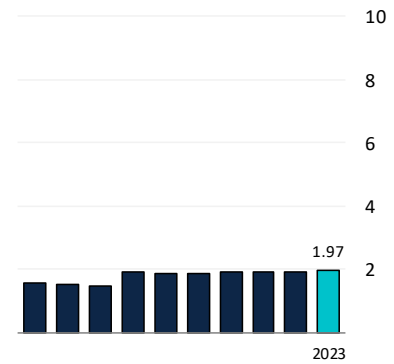
Carlsbad



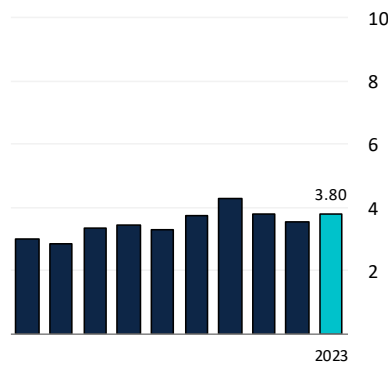
Vista



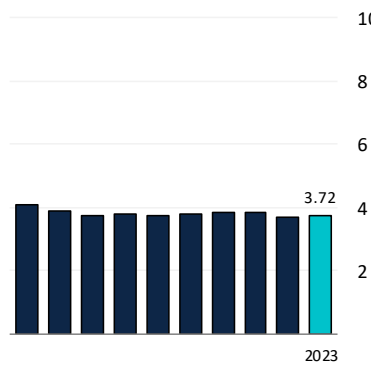
Buena



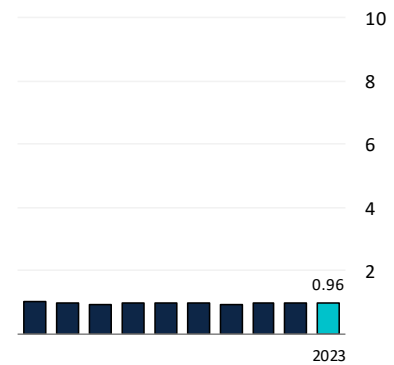
Vallecitos



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

Source: Encina Wastewater Authority

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BUDGET PERFORMANCE SECTION

Operating Program
Personnel Expenses
Capital Program

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**SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM BUDGET PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Actual to Budget</u>
Revenues:					
Member Assessments	\$ 19,528,775	\$ 19,528,775	\$ 16,246,784	\$ (3,281,991)	83.2%
Other	818,000	818,000	680,544	(137,456)	83.2%
Total Revenues	<u>\$20,346,775</u>	<u>\$ 20,346,775</u>	<u>\$16,927,328</u>	<u>(\$3,419,447)</u>	<u>83.2%</u>
Expenses:					
Personnel Expense	\$ 9,905,775	\$ 10,030,610	\$ 9,741,635	\$ 288,975	97.1%
Chemicals	2,192,750	2,436,995	2,352,342	84,653	96.5%
Biosolids	599,000	717,725	717,569	156	100.0%
Utilities	2,670,700	3,647,935	3,723,530	(75,595)	102.1%
Other Non-Personnel	4,728,550	4,632,010	4,442,252	189,758	95.9%
Contingency	250,000	108,000	-	108,000	0.0%
Total Expenses	<u>\$ 20,346,775</u>	<u>\$ 21,573,275</u>	<u>\$ 20,977,328</u>	<u>\$595,947</u>	<u>97.2%</u>

**SUPPLEMENTARY SCHEDULE OF OPERATING EXPENSES BY MAJOR CATEGORY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022)**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel Expense	\$ 9,741,635	\$ 9,389,949	\$ 351,686	3.7%
Chemicals	2,352,342	1,733,124	619,218	35.7%
Biosolids	717,569	633,558	84,011	13.3%
Utilities	3,723,530	2,549,454	1,174,076	46.1%
Other Non-Personnel	4,442,252	4,719,921	(277,669)	-5.9%
Total	<u>\$ 20,977,328</u>	<u>\$ 19,026,006</u>	<u>\$ 1,951,322</u>	<u>10.3%</u>

Source: Encina Wastewater Authority

SUPPLEMENTARY SCHEDULE OF PERSONNEL EXPENSE BY PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Adopted Budget	Revised Budget	Actual	\$ Variance	% Actual to Budget
Programs					
EWPCF	\$ 7,298,852	\$ 7,456,519	\$ 7,441,107	\$ 15,412	99.8%
Source Control	752,261	730,363	728,558	1,805	99.8%
Remote Facilities					
Agua Hedionda Pump Station	426,010	428,213	296,277	131,936	69.2%
Buena Vista Pump Station	272,440	263,666	234,008	29,658	88.8%
Buena Creek Pump Station	307,866	299,862	265,034	34,828	88.4%
Carlsbad Water Reclamation Facility	662,826	665,457	617,077	48,380	92.7%
Raceway Basin Pump Station	185,520	186,530	159,574	26,956	85.5%
Total Remote Facilities	1,854,662	1,843,728	1,571,970	271,758	85.3%
Subtotal Operating Program	9,905,775	10,030,610	9,741,635	288,975	97.1%
Capital Program	2,911,786	2,894,961	2,498,525	396,436	86.3%
Total Personnel	\$ 12,817,561	\$ 12,925,571	\$ 12,240,160	\$ 685,411	94.7%

Source: Encina Wastewater Authority

SUPPLEMENTARY SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

BY PROJECT	APPROPRIATIONS BEGINNING OF FISCAL YEAR REPORTED	FY 2023 NEW APPROPRIATIONS	TRANSFERS IN(OUT)	ALLOCATED PERSONNEL EXPENSE	TOTAL CAPITAL EXPENSES	APPROPRIATION BALANCES ON JUNE 30, 2023	CONTINUING APPROPRIATIONS JULY 1, 2023
SALARIES & BENEFITS	\$ -	\$ 2,911,787	\$ 54,767	\$ (2,964,385)	\$ -	\$ 2,169	\$ -
EWPCF CAPITAL ACQUISITIONS	-	436,000	16,490	-	(420,088)	32,402	22,789
AHPS CAPITAL ACQUISITIONS	-	410,000	(2,000)	-	(381,819)	26,181	26,181
BVPS CAPITAL ACQUISITIONS	-	394,500	-	-	(257,614)	136,886	-
BCPS CAPITAL ACQUISITIONS	-	254,500	-	-	(247,447)	7,053	1,858
CWRF CAPITAL ACQUISITIONS	24,400	365,800	-	-	(237,719)	152,481	19,008
RBPS CAPITAL ACQUISITIONS	-	177,000	-	-	(169,503)	7,497	-
PLANNED ASSET REPLACEMENT	10,200	1,156,000	37,884	494,753	(1,687,406)	11,431	11,431
MAJOR PLANT REHAB PROGRAM	<u>8,545,868</u>	<u>20,900,000</u>	<u>(107,141)</u>	<u>2,469,632</u>	<u>(18,741,889)</u>	<u>13,066,470</u>	<u>12,681,945</u>
 TOTAL	 <u>\$ 8,580,468</u>	 <u>\$ 27,005,587</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (22,143,485)</u>	 <u>\$ 13,442,570</u>	 <u>\$ 12,763,212</u>

Source: Encina Wastewater Authority

SUPPLEMENTARY SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS (CONTINUED)
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<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>
EWPCF CAPITAL ACQUISITIONS	\$ 5,523	\$ 5,743	\$ 1,616	\$ 5,109	\$ 3,829	\$ 969	\$ 22,789
AHPS CAPITAL ACQUISITIONS	8,090	18,091	-	-	-	-	26,181
BCPS CAPITAL ACQUISITIONS	-	-	1,858	-	-	-	1,858
CWRF CAPITAL ACQUISITIONS	19,008	-	-	-	-	-	19,008
PLANNED ASSET REPLACEMENT	2,771	2,881	810	2,563	1,920	486	11,431
MAJOR PLANT REHAB PROGRAM	<u>3,074,103</u>	<u>3,195,850</u>	<u>899,150</u>	<u>2,843,292</u>	<u>2,130,567</u>	<u>538,983</u>	<u>12,681,945</u>
TOTAL	<u>\$ 3,109,495</u>	<u>\$ 3,222,565</u>	<u>\$ 903,434</u>	<u>\$ 2,850,964</u>	<u>\$ 2,136,316</u>	<u>\$ 540,438</u>	<u>\$ 12,763,212</u>

Source: Encina Wastewater Authority