



Annual Comprehensive Financial Report

Years ended

June 30, 2021 and 2020



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MISSION STATEMENT

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

PROUDLY SERVING

City of Carlsbad
City of Encinitas
Buena Sanitation District

City of Vista
Vallecitos Water District
Leucadia Wastewater District



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INTRODUCTORY SECTION

Letter of Transmittal

List of Officials

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Government Finance Officers Association Award

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ENCINA WASTEWATER AUTHORITY

A Public Agency

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December 7, 2021

The Board of Directors
Encina Wastewater Authority
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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, 2021. 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. Vasquez & Company LLP independently audited the financial statements and related notes. Nonetheless, EWA bears the responsibility for the accuracy of all data presented in this Report. We, EWA's chief executive and financial officers, assume the responsibility for the Report's completeness and fairness of presentation including all disclosures. We affirm that, to the best of our knowledge and belief, information in this Report provides an accurate and fair representation of EWA's financial position and the status of its operations during the fiscal year ended June 30, 2021. We believe that this Report contains all information and disclosures needed to clearly understand EWA's Fiscal Year 2021 financial activities.

Vasquez & Company LLP has issued an unmodified ("clean") opinion on EWA's financial statements for the fiscal year ended June 30, 2021. 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, 2021 were:

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

CURRENT SERVICES

EWA’s service area is comprised of approximately 123 square miles of coastal north San Diego County with a population of roughly 377,000. 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, 2021, the EWPCF treated, recycled, or disposed of 7.82 billion gallons of wastewater. EWA also enforces industrial pretreatment regulations in the Encina service area. Additionally, EWA produces tactical and business planning documents that ensure the Encina Joint Facilities continue to meet Member Agency needs in compliance with local, state, and federal regulations.

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

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

The Phase V expansion project also incorporated an upgrade to the Authority's cogeneration facility, including four 1,000hp Caterpillar engines driving 750kW generators. The engines can be fueled by either biogas or natural gas and recovered engine heat is used to heat the plant's anaerobic digesters. These anaerobic digesters produce up to 900,000 cubic feet of digester gas daily to fuel the engine generators. This power system produces over 84.2% 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 2021, EWA received 6.1 million gallons of FOG and brewery waste and earned \$208,861 in alternative fuels tipping fees.

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

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

STRATEGIC BUSINESS PLAN

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

The strategic initiatives are:

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

ORGANIZATIONAL INITIATIVES

Biosolids Management Plan

Biosolids management is a key component of all wastewater treatment. Prior to the installation of the heat dryer in 2008, EWA exclusively produced Class B biosolids. Local measures in nearby counties began to restrict land application of Class B cake (Imperial Co. Measure X), driving the installation of the heat dryer. Additionally, the reduction of truck traffic from the EWPCF site and the potential to minimize odors associated with Class B production were identified as benefits. These actions drove the decision to install a heat dryer, capable of producing Class A biosolids with unrestricted use, thus increasing distribution options, reducing truck traffic and odor generation. The 2008 update of the BMP provided EWA with both short-term and long-term management strategies for the beneficial use and disposal of biosolids. The key recommendations of the original 2008 BMP included:

- Securing 200% disposal capacity by year 2 and 100% beneficial use by year 5
- Reassess the management of biosolids in the future considering changes in regulations, marketing and processing capabilities

In accordance with the second recommendation, there have been significant changes in the drivers associated with the management of biosolids since 2008. Some of these include statewide regulations that repeal initiatives like Measure X that limited land application of Class B biosolids as well as lessons learned from EWA's experience in the processing and marketing of Class A pellets. These changes, as well as specific guidelines identified by the Board at the October 2019 Board of Directors Workshop, have been incorporated into the 2021 BMP Update and include the following items:

- Evaluation of EWA's existing biosolids management program, current regulatory landscape, biosolids management trends and future outlook
- Identification of potential local outlets for biosolids
- Investigation into potential regional solutions
- Incorporation of sustainability metrics into the evaluation process

The BMP has initially determined that in an effort to identify local beneficial use for EWA's biosolids the most promising course of action is to partner with a commercial engineered soils developer who can also provide both a market outlet and the distribution of the product. Proposals to assess this opportunity are being solicited and evaluated in the near term. As the BMP update is completed, additional triggers for the future consideration of a second dryer will be identified. It is anticipated that due to the need to ensure redundant digestion capacity by 2027 with one digester off-line the rehabilitation and reactivation of Digesters 1, 2, and 3 will be necessary. With the increased solids digestion capacity the installation of a second dryer may be postponed until the mid-2030's. This date, based on current projections, is highly dependent on solids loading to the EWPCF and the potential for project drivers such as regulatory changes requiring a reduction in PFAS or other constituents. It will be necessary to reassess the biosolids management plan again in 2030. The BMP is currently in progress.

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. Despite EWA's effort to enhance on-site generation and thus reduce power consumption from the grid, EWPCF power costs continue to rise year over year.

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

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

For the past 2 years, EWA staff has been working with Baker Electric to get a net energy metering (NEM) agreement in place with SDGE. This road has been long with many surprise twists and turns and what feels like one new requirement after another. Undeterred, staff continues to pursue this effort in hopes that one day standby demand charges can be eliminated from the bill.

One Water Strategies

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

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

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

EWA was approached by Trussell Technologies (Trussell), an industry leader in water reuse project design and implementation, to participate in a pilot study that will begin the effort to demonstrate the effectiveness of different technologies to meet regulatory and public expectations. Trussell will develop the pilot test plan, train EWA operations and laboratory staff in the operation of the unit, analyze the data and produce a report documenting the findings. The pilot equipment will be donated by the manufacturer (SUEZ) and EWA will operate the pilot and conduct lab test under the direction of Trussell. Future pilots may or may not be necessary based on the outcome of the pilot results. The objectives of this pilot are to optimize the biological treatment process to reduce footprint and operational cost, determine membrane production rates based on the biological treatment process optimization and confirm product water quality will meet regulatory standards.

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

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

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

High Strength Waste Program

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

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

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

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

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

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

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

Climate Change Action Plan

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

This effort is currently in progress.

CAPITAL PROGRAM INITIATIVES

Primary Area Improvement Project

Primary treatment at the EWPCF consists of three major components: screenings, grit removal, and the sedimentation basins. These facilities are reaching the end of their useful life. The Primary Area Improvements Project (PAIP) is a 730-day critical plant upgrade and improvements construction project that began in late fiscal year 2019 and is comprised of the following:

- Replacement of screening and grit handling equipment within the Screenings Building, including construction of a Grit and Screening Annex next to the existing Screenings Building.
- Repair, rehabilitation, and replacement of aging infrastructure throughout the preliminary and primary areas, including concrete repair and coatings of tanks and channels.
- Earthwork, grading, paving, yard piping, and construction of a new soil-nailed retaining wall to allow for screening bin removal from the annex building.
- Replacement of grit force mains and grit dewatering equipment and modifications of grit pumps.
- Replacement of isolation gates throughout the primary area.
- Replacement of two Motor Control Centers (MCC’s), conduit and wiring to all electrically control equipment in the primary area, and upgrades to the primary area instrumentation and control systems including integration into the plant-wide SCADA network.

The PAIP will require careful sequencing of construction activities to maintain treatment and minimize impacts to plant process. Only portions of the rehabilitation may be taken out of service at a given time to ensure EWA can provide uninterrupted service. Due to the overall complexity of the PAIP, the work requires demonstrated expertise to facilitate successful integration of new facilities into existing systems that is well coordinated and does not inhibit ongoing EWPCF operations. Construction is currently in progress with a late 2021 construction completion date.

Digester Rehabilitation and Improvements

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

The Digester Rehabilitation and Improvements Project will clean digesters Nos. 4 and 5 and replace the gas mixing system for Digester No. 4, constructed in 1982 during the Phase III expansion, with a pump mixing system, and also rehabilitate the pump mixing system for Digester No. 5 which was constructed in 1992 during the Phase IV expansion. In addition, other recommended improvements to the digesters including improvements to the heat exchanger systems, transfer pumps, electrical and instrumentation systems, and waste gas flare system. This effort is currently in its design phase with the project starting construction in late 2021.

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 entered the construction phase in early FY2021.

SCADA Network and Infrastructure Improvement Project

EWA's Supervisory Control and Data Acquisition (SCADA) System is a critical asset EWA relies on for operational control and regulatory compliance. The existing SCADA infrastructure was placed in service during Phase IV construction in 1992 and has been expanded several times since then through various projects. The current system consists of many different hardware products and three different control platforms and is not a fully integrated system.

In addition to objectives outlined in EWA's Technology Master Plan, the Department of Homeland Security (DHS) has designated the EWPCF as critical infrastructure which requires certain cybersecurity requirements be met. The National Institute of Standards and Technology (NIST) 800 series recommends procedures and criteria to assess and document threats and vulnerabilities and to implement security measures to minimize the risk of adverse events. NIST Special Publication 800-82 provides a Guide to Industrial Control Systems (ICS) Security and is a major driver in the Network Improvements.

To achieve the objective of a more standardized, centralized, and secure SCADA system, the Network Improvements Infrastructure Project will encompass physical infrastructure improvements as well as hardware and software elements. Once completed, the EWPCF will have a hardened SCADA Network, and EWA can migrate each process area over to the new platform one by one starting with the Primary Area Improvements Project followed by several other projects throughout the plant.

The Network Improvements have been split into two distinct design packages (Phase 1 and Phase 2), based on time sensitivity. The SCADA Network Infrastructure Improvement Project – Phase 1 focuses on earlier elements that are necessary to migrate the Primaries area to the new SCADA system under the Primary Area improvement Project (PAIP) and has been completed. Phase 2 work is currently in construction and will be completed late 2021. Follow on work to migrate the SCADA controls system from the existing system to a new Schneider Electric based controls system will be completed over the next 5 to 7 years. This phased approach allows for lessons learned to be incorporated in subsequent phases and to spread the cost and complexity of implementation over a longer period. As significant capital rehabilitation efforts commence, such as PAIP and Digesters, these efforts will include both SCADA and electrical controls replacement. Other areas of the plant where major rehab projects are not planned will be addressed in groups where similar scope of work is anticipated and shut down impacts can be mitigated.

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

Accounting Method

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

Cash Management

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

Debt Administration

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

Pension Obligation Administration

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

Effective September 2018, California enacted Assembly Bill No. 1912 making member agencies liable for pension obligations of a terminating Joint Powers Authority. In response, EWA added language to its RED to ensure the methodology used to allocate pension obligations amongst its Member Agencies aligns with EWA's existing billing practices.

Independent Audit

EWA's financial accounts and records are independently audited each year in conformance with requirements prescribed by the State Controller for special districts and accounting principles generally accepted in the United States of America. EWA has met this requirement and the opinion and report of its independent auditor, Vasquez & Company 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

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

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, 2020. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

On a final note, the COVID-19 Pandemic struck the EWA service area in early March 2020. Staff immediately responded to the situation by establishing modified shift schedules, dedicated work zones, additional sanitation, temperature screening and social distancing procedures. Staff also implemented a COVID-19 Preparedness and Response Plan and Exposure Control Plan. Staff’s due diligence and devotion to maintaining a safe environment has allowed for operations to continue without significant impacts from the COVID-19 pandemic.

This report has been a joint effort by each of EWA's seventy-one staff through unwavering dedication to their profession and by helping to create an environment that stimulates and values teamwork. Together, we are a model of excellence and innovation. Additionally, a special note of appreciation goes to EWA's Assistant to the General Manager, Joseph Spence; EWA's Director of Administrative Services, LeeAnn Warchol; Lindsey Guidice, Daniel Langlois and David Forman from Clifton Larson Allen LLP; the Member Agency Finance Officers; and Roger Martinez from Vasquez & Company LLP for their assistance and counsel. 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.

A handwritten signature in black ink, appearing to read "Scott McClelland". The signature is fluid and cursive, with the first name "Scott" and last name "McClelland" clearly distinguishable.

Scott McClelland, P.E., BCEE
Interim General Manager

LIST of OFFICIALS

BOARD OF DIRECTORS AND OFFICERS

- Keith Blackburn**, Chair, City of Carlsbad
- Judy Ritter**, Vice Chair, City of Vista and Buena Sanitation District
- John Franklin**, City of Vista and Buena Sanitation District
- Cori Schumacher**, City of Carlsbad
- Jim Hernandez**, Vallecitos Water District
- Mike Sannella**, Vallecitos Water District
- Judy Hanson**, Leucadia Wastewater District
- Elaine Sullivan**, Leucadia Wastewater District
- Joy Lyndes**, City of Encinitas
- Joe Mosca**, City of Encinitas
- LeeAnn Warchol**, Treasurer/Auditor
- Michael Steinlicht**, Board Secretary

MANAGEMENT

- Michael Steinlicht**, General Manager
- Scott McClelland, P.E., BCEE**, Assistant General Manager
- Doug Campbell**, Director of Environmental Compliance
- Tucker Southern, P.E.**, Director of Technical Services
- Octavio Navarrette**, Director of Operations
- LeeAnn Warchol**, Director of Administrative Services

GENERAL COUNSEL

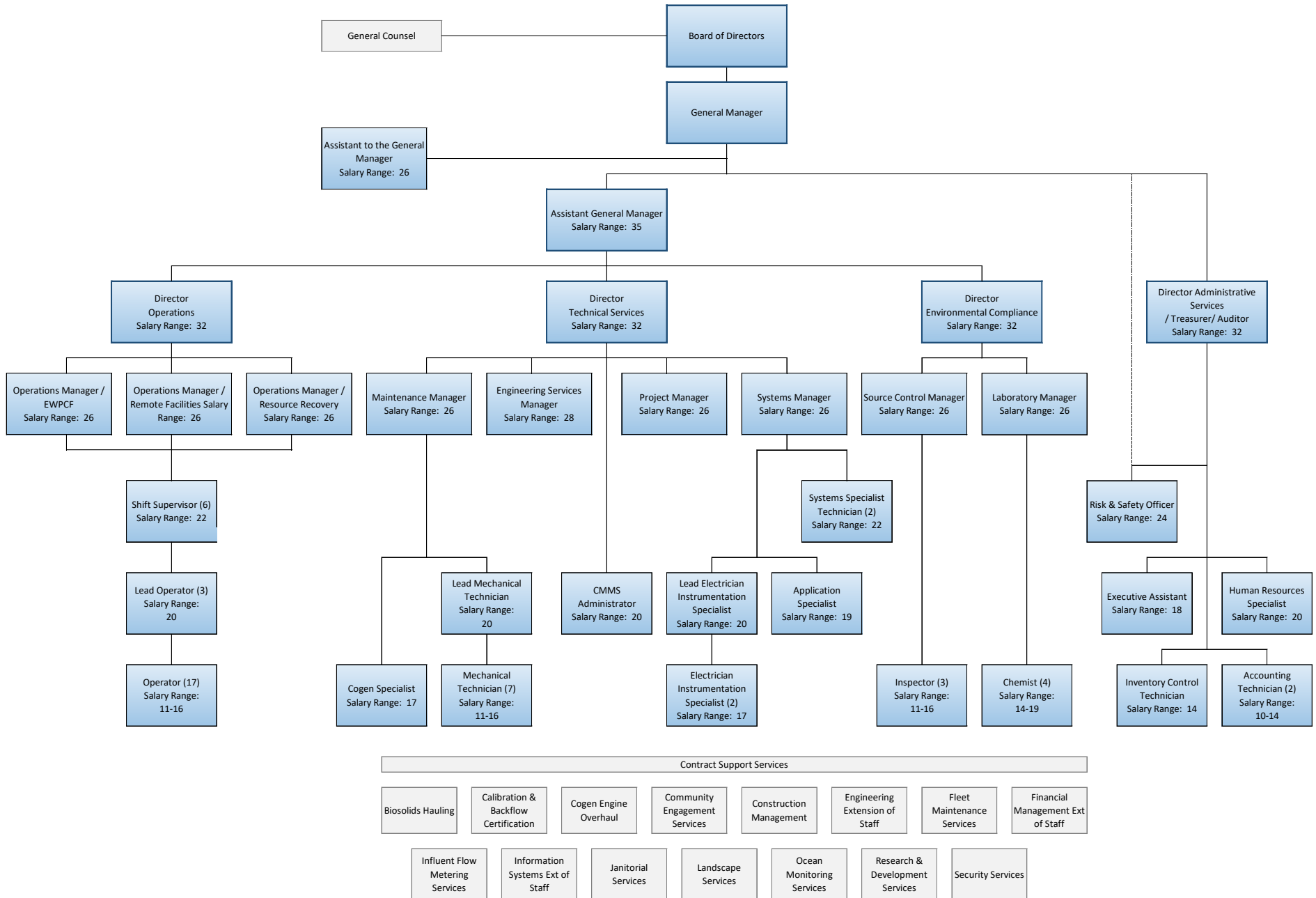
- Gregory Moser**, Procopio Cory Hargreaves & Savitch, LLP
- Adriana Ochoa**, Procopio Cory Hargreaves & Savitch, LLP
- Tracie Stender**, Procopio Cory Hargreaves & Savitch, LLP

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

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**Encina Wastewater Authority
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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

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Independent Auditor's Report

The Honorable Members of the Board of Directors Encina Wastewater Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Encina Wastewater Authority (the Authority) which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021 and 2020, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 27 through 32, the Schedules of Pension Plan's Proportionate Share of the Net Pension Liability and Pension Plan Contributions on pages 70 to 71 and the Schedules of Changes in the Net OPEB Liability and Related Ratios and OPEB Contributions on pages 72 to 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, the supplementary schedules in the financial section, the statistical section and the budget performance section as identified in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules in the financial section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules in the financial section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The introductory section, statistical section, and the budget performance section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Vasquez & Company LLP

Glendale, California
December 7, 2021

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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 years ended June 30, 2021 and 2020. 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:

- 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 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 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 year. This statement may report cash activity in four categories:

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

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

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

FINANCIAL HIGHLIGHTS

- The Authority's total assets increased by \$13,685,347 from fiscal year 2020 to 2021. This is primarily the result of the Authority reinvesting in its capital infrastructure and rehabilitating many aged assets with capital contributions from its Member Agencies. Deferred outflows of resources are related to the Authority's defined benefits plans and have decreased by \$1,374,404 from fiscal year 2020 to 2021 as a result of actuarial assumption changes. Total liabilities and deferred inflows of resources have decreased by \$1,899,883 from fiscal year 2020 to 2021 as a result of the Authority paying down the net pension liability.
- The Authority's net position increased by \$14,210,826 to \$163,054,049 for the year ended June 30, 2021. This increase was the result of increased capital contributions being earned and applied towards capital rehabilitation efforts.
- The Authority's operating revenues increased from \$17,517,982 for the year ended June 30, 2020, to \$18,527,604 for the year ended June 30, 2021, primarily as a result of increased Member Agency assessments earned.
- The Authority's operating expenses increased from \$26,786,995 for the year ended June 30, 2020, to \$29,464,734 for the year ended June 30, 2021. The increase is primarily driven by increased depreciation, though the Authority also incurred increased personnel expenses and higher chemical costs.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Assets:</u>			
Current and other assets	\$ 23,534,646	\$ 24,046,864	\$ 28,596,438
Capital assets	<u>150,718,023</u>	<u>136,520,458</u>	<u>123,904,422</u>
Total Assets	<u>174,252,669</u>	<u>160,567,322</u>	<u>152,500,860</u>
<u>Deferred Outflows of Resources</u>	<u>6,428,054</u>	<u>7,802,458</u>	<u>4,048,620</u>
<u>Liabilities:</u>			
Current liabilities	1,159,314	1,169,228	1,394,804
Noncurrent liabilities	<u>16,217,045</u>	<u>17,503,880</u>	<u>18,052,526</u>
Total Liabilities	<u>17,376,359</u>	<u>18,673,108</u>	<u>19,447,330</u>
<u>Deferred Inflows of Resources</u>	<u>250,315</u>	<u>853,449</u>	<u>800,443</u>
<u>Net Position:</u>			
Investment in capital assets	150,718,023	136,520,458	123,904,422
Restricted for capital program	8,036,026	8,022,765	8,097,285
Unrestricted	<u>4,300,000</u>	<u>4,300,000</u>	<u>4,300,000</u>
Total Net Position	<u>\$ 163,054,049</u>	<u>\$ 148,843,223</u>	<u>\$ 136,301,707</u>

FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)

Net Position (Continued)

As you can see from the table above, net position increased by \$14,210,826 from fiscal year 2020 to 2021. Investment in capital assets increased by \$14,197,565 as a result of the amount spent on capital improvements exceeding depreciation expense and the discontinued projects, studies and assessments. Restricted net position increased by \$13,261 primarily as a result of the Authority collecting reimbursement from the Member Agencies. The Authority will continue to replenish its Capital Reserve balance using the Capital Due from Member Agency Billing Process.

Unrestricted net position (those that can be used to finance day-to-day operations) remained at \$4,300,000 throughout fiscal year 2021 and, in accordance with the Authority's financial reserve policy, is assigned as follows:

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

Revenues, Expenses and Changes in Net Position

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 18,527,604	\$ 17,517,982	\$ 16,165,889
Nonoperating revenues	5,780	66,359	2,319,895
Total Revenues	<u>18,533,384</u>	<u>17,584,341</u>	<u>18,485,784</u>
Depreciation expense	10,937,130	9,269,013	9,328,136
Unit I - EWPCF usage costs	7,170,975	7,459,178	6,776,634
Unit I - EWPCF ownership costs	5,808,278	5,058,889	4,723,281
Pump station facilities	3,317,779	3,076,230	2,937,079
Other operating expenses	2,230,572	1,923,685	1,728,895
Nonoperating expenses	<u>1,816,783</u>	<u>1,835,100</u>	<u>1,406,703</u>
Total Expenses	<u>31,281,517</u>	<u>28,622,095</u>	<u>26,900,728</u>
Loss Before Capital Contributions	(12,748,133)	(11,037,754)	(8,414,944)
Capital Contributions	<u>26,958,959</u>	<u>23,579,270</u>	<u>17,148,960</u>
Changes in Net Position	14,210,826	12,541,516	8,734,016
Total Net Position at Beginning of Year	<u>148,843,223</u>	<u>136,301,707</u>	<u>127,567,691</u>
Total Net Position at End of Year	<u>\$ 163,054,049</u>	<u>\$ 148,843,223</u>	<u>\$ 136,301,707</u>

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

A closer examination of the sources of changes in net position reveals the Authority's operating revenues increased by \$1,009,622 in fiscal year 2021. Total revenues represent assessments to Member Agencies for reimbursement of operating expenses, as well as revenues from south parcel leasing, laboratory services, alternative fuel tipping fees, and other environmental compliance activities.

Total operating expenses, exclusive of depreciation, increased by \$1,009,622 in fiscal year 2021 as a result of increased professional services along with higher personnel, chemical, and insurance costs.

A loss on disposal of capital assets results when capital items are replaced before they are fully depreciated. Discontinued projects, studies, and assessments result when capital funds have been used towards early development or construction of a capital project, but management has subsequently determined to discontinue the project or has determined there is no future value to the funds expended and must therefore expense the capital project in accordance with generally accepted accounting principles (GAAP). The fiscal year 2021 discontinued projects, studies, and assessments includes projects such as the Biosolids Management Plan Update, the EWPCF Comprehensive Asset Management Plan Update, Plant Wide Asset Paint and Protection Project, Research and Development Services, Regenerative Thermal Oxidizer Media Replacement, and other general plant or remote facility repairs.

Capital contributions increased by \$3,379,689 in fiscal year 2021. The increased contributions were primarily driven from increased construction in progress activity attributable to the Primary Area Improvements Project, Cogeneration Wall Repair Project, Secondary Clarifiers and Strainers Project, SCADA Network Improvements, Digester Rehabilitation and Improvements, Administration Building and HVAC Improvements, and the Cogeneration Engine Overhaul Project.

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

FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)

Capital Assets

Capital assets consist of the following at June 30:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Capital Assets Not Being Depreciated:</u>			
Land	\$ 3,598,173	\$ 3,598,173	\$ 3,598,173
Construction-in-progress	<u>29,330,263</u>	<u>26,051,795</u>	<u>15,093,501</u>
Total Capital Assets Not Being Depreciated	<u>32,928,436</u>	<u>29,649,968</u>	<u>18,691,674</u>
<u>Capital Assets Being Depreciated:</u>			
Joint wastewater treatment (Unit I)	244,516,945	236,893,992	229,172,451
Joint ocean outfall (Unit J)	14,751,348	14,517,397	14,115,650
Furnishings and office equipment	6,002,407	5,517,037	5,210,372
Pump station facilities	8,615,722	8,111,258	7,928,581
Flow metering system	<u>344,945</u>	<u>344,945</u>	<u>344,945</u>
Total Capital Assets Being Depreciated	274,231,367	265,384,629	256,771,999
Less: Accumulated depreciation	<u>(156,441,780)</u>	<u>(158,514,139)</u>	<u>(151,559,251)</u>
Net Capital Assets Being Depreciated	<u>117,789,587</u>	<u>106,870,490</u>	<u>105,212,748</u>
Net Capital Assets	<u>\$ 150,718,023</u>	<u>\$ 136,520,458</u>	<u>\$ 123,904,422</u>

The total additions to capital assets for fiscal year 2021, net of removed assets, amounted to \$12,125,206. Capital asset additions consisted of the Primary Area Improvements Project, Digester Rehabilitation and Improvements Project, SCADA Network and Infrastructure Improvement Project, Primary Effluent Pipeline Rehabilitation Project, and the Cogen Wall Repair Project. Additional details regarding capital assets can be found in note 4 to the basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The recommended fiscal year 2022 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 2022 budget was developed and approved with the guidance and collaboration of the Authority's Board of Directors and Member Agencies and includes a CalPERS Pension Funding Policy budget of \$4,096,100 which will be used in an effort to aggressively pay down the Authority's pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

The fiscal year 2022 Recommended Operating Budget is \$18,822,867, which includes \$250,000 in contingency funding for the Authority's normal operations.

The fiscal year 2022 Recommended Capital Improvement Budget is \$23,294,844, with an additional \$15,024,284 in appropriations continued from fiscal year 2021 for on-going projects, for a total fiscal year 2022 capital program budget of \$38,319,128.

The fiscal year 2022 budget reflects 72 authorized positions supporting EWA facilities and five regional facilities totaling more than \$530 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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and cash equivalents - operating (Note 2)	\$ 200,000	\$ 200,000
Member receivables - operating billed	5,186,871	4,847,244
Member receivables - operating unbilled	221,294	47,551
Other receivables	89,299	89,329
Prepaid expenses	75,806	65,566
Inventory	901,677	835,444
Total Unrestricted Assets	<u>6,674,947</u>	<u>6,085,134</u>
Restricted Assets (Note 3):		
Restricted cash and cash equivalents - capital program (Note 2)	2,201,328	851,980
Member receivables - capital program	9,644,931	9,846,841
Interest receivables - capital program	-	4,504
Total Restricted Assets	<u>11,846,259</u>	<u>10,703,325</u>
Total Current Assets	<u>18,521,206</u>	<u>16,788,459</u>
Noncurrent Assets:		
Capital Assets		
Nondepreciable capital assets (Note 4)	32,928,436	29,649,968
Depreciable capital assets, net of accumulated depreciation (Note 4)	117,789,587	106,870,490
Total Capital Assets, Net	<u>150,718,023</u>	<u>136,520,458</u>
Other Assets		
Member receivables - pension (Note 1)	4,842,093	7,019,035
Member receivables - other postemployment benefits (Note 1)	171,347	239,370
Total Other Assets	<u>5,013,440</u>	<u>7,258,405</u>
Total Noncurrent Assets	<u>155,731,463</u>	<u>143,778,863</u>
Total Assets	<u>174,252,669</u>	<u>160,567,322</u>
Deferred Outflows of Resources		
Deferred outflows related to pension contributions (Note 7)	5,151,786	5,829,358
Deferred outflows related to pensions (Note 7)	1,030,353	1,788,398
Deferred outflows related to other postemployment benefits (Note 6)	245,915	184,702
Total Deferred Outflows of Resources	<u>6,428,054</u>	<u>7,802,458</u>

STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES		
Current Liabilities:		
Accounts payable - operating	\$ 759,136	\$ 454,106
Accrued liabilities	231,934	508,778
Unearned revenue	7,932	23,795
Long-term liabilities - due within one year:		
Compensated absences (Note 5)	<u>160,312</u>	<u>182,549</u>
Total Current Liabilities	<u>1,159,314</u>	<u>1,169,228</u>
Noncurrent Liabilities:		
Liabilities Payable From Restricted Assets		
Accounts payable - capital program, payable from restricted assets	3,531,334	1,909,665
Retentions payable - capital program, payable from restricted assets	<u>158,871</u>	<u>90,188</u>
Total Liabilities Payable from Restricted Assets	<u>3,690,205</u>	<u>1,999,853</u>
Other Noncurrent Liabilities		
Net pension liability (Note 7)	10,785,249	13,783,340
Net other postemployment benefits liability (Note 6)	405,930	424,072
Compensated absences (Note 5)	<u>1,335,661</u>	<u>1,296,615</u>
Total Other Noncurrent Liabilities	<u>12,526,840</u>	<u>15,504,027</u>
Total Liabilities	<u>17,376,359</u>	<u>18,673,108</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions (Note 7)	238,983	853,449
Deferred inflows related to other postemployment benefits (Note 6)	<u>11,332</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>250,315</u>	<u>853,449</u>
NET POSITION		
Investment in capital assets	150,718,023	136,520,458
Restricted for capital program	8,036,026	8,022,765
Unrestricted	<u>4,300,000</u>	<u>4,300,000</u>
Total Net Position	<u>\$ 163,054,049</u>	<u>\$ 148,843,223</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Member agency assessments	\$ 17,414,750	\$ 16,722,370
Other operating revenues	1,112,854	795,612
	<u>18,527,604</u>	<u>17,517,982</u>
OPERATING EXPENSES		
Depreciation expense	10,937,130	9,269,013
Unit I - EWPCF usage costs	7,170,975	7,459,178
Unit I - EWPCF ownership costs	5,808,278	5,058,889
Unit J - Encina ocean outfall	760,394	613,708
Directors meetings	90,844	66,358
Flow metering	342,464	322,688
Source control	1,036,870	920,931
Agua Hedionda pump station	599,217	656,183
Buena Vista pump station	705,363	653,866
Buena Creek pump station	536,675	390,416
Carlsbad water reclamation facilities	1,225,786	1,151,086
Raceway basin pump station	250,738	224,679
	<u>29,464,734</u>	<u>26,786,995</u>
Total Operating Expenses	<u>29,464,734</u>	<u>26,786,995</u>
Operating Loss	<u>(10,937,130)</u>	<u>(9,269,013)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	5,780	66,359
Discontinued projects, studies and assessments	(1,816,783)	(1,835,100)
Operating, remote facility and inventory reserve contributions	-	-
	<u>(1,811,003)</u>	<u>(1,768,741)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,811,003)</u>	<u>(1,768,741)</u>
Loss Before Capital Contributions	<u>(12,748,133)</u>	<u>(11,037,754)</u>
CAPITAL CONTRIBUTIONS		
Capital contributions	26,958,959	23,579,270
	<u>26,958,959</u>	<u>23,579,270</u>
Total Capital Contributions	<u>26,958,959</u>	<u>23,579,270</u>
Changes in Net Position	14,210,826	12,541,516
Total Net Position, Beginning of Year	<u>148,843,223</u>	<u>136,301,707</u>
Total Net Position, End of Year	<u>\$ 163,054,049</u>	<u>\$ 148,843,223</u>

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from member agencies	\$ 16,901,380	\$ 15,824,618
Cash receipts from other operating activities	1,097,021	803,589
Cash payments to suppliers for goods and services	(8,651,550)	(8,363,639)
Cash payments to employees for services	<u>(9,907,530)</u>	<u>(9,167,535)</u>
Net Cash Used in Operating Activities	<u>(560,679)</u>	<u>(902,967)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(25,261,126)	(25,592,340)
Proceeds from capital contributions	<u>27,160,869</u>	<u>20,915,483</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>1,899,743</u>	<u>(4,676,857)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	<u>10,284</u>	<u>72,684</u>
Cash Provided by Investing Activities	<u>10,284</u>	<u>72,684</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,349,348	(5,507,140)
Cash and Cash Equivalents at Beginning of Year	<u>1,051,980</u>	<u>6,559,120</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,401,328</u></u>	<u><u>\$ 1,051,980</u></u>

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Reconciliation of Operating Income (loss) to Net Cash Used in Operating Activities:		
Operating loss	\$ (10,937,130)	\$ (9,269,013)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation expense	10,937,130	9,269,013
Changes in assets and liabilities		
Member receivables - operating billed	(339,627)	(863,240)
Member receivables - operating unbilled	(173,743)	(34,512)
Member receivables - pensions	2,176,942	2,597,402
Member receivables - other post employment benefits	68,023	38,186
Other receivables	30	28,841
Prepaid expenses	(10,240)	(9,367)
Deferred outflows related to pension contributions	677,572	(4,318,773)
Deferred outflows related to pensions	758,045	631,825
Deferred outflows related to other post employment benefits	(61,213)	(66,890)
Inventory	(66,233)	(57,414)
Accounts payable - operating	305,030	(250,441)
Accrued liabilities	(276,844)	53,140
Unearned revenue	(15,863)	(20,864)
Net pension liability	(2,998,091)	1,027,275
Net other postemployment benefits liability	(18,142)	37,967
Compensated absences	16,809	250,892
Deferred inflows related to pensions	(614,466)	62,269
Deferred inflows related to other post employment benefits	11,332	(9,263)
Total Adjustments	10,376,451	8,366,046
Net Cash Used in Operating Activities	\$ (560,679)	\$ (902,967)
Cash and Cash Equivalents		
Financial Statement Classification:		
Cash and cash equivalents	\$ 200,000	\$ 200,000
Restricted cash and cash equivalents	2,201,328	851,980
Total Cash and Cash Equivalents	\$ 2,401,328	\$ 1,051,980
Supplemental Disclosures of Cash Flow Information:		
Net effect of acquisition and construction of capital assets held in accounts payable	\$ 1,621,669	\$ (1,737,999)
Net effect of acquisition and construction of capital assets held in retentions payable	\$ 68,683	\$ (134,192)
Net effect of change in receivable related to capital contributions	\$ 201,910	\$ (2,663,787)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

Significant Accounting Policies (Continued)

Member Receivable – 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 member receivable - pension totaled \$4,842,093 and \$7,019,035 and the member-receivable – other postemployment benefits totaled \$171,347 and \$239,370 at June 30, 2021 and 2020, 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 \$10,937,130 and \$9,269,013 for the years ended June 30, 2021 and 2020, respectively.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 5).

Compensated Absences

Accumulated and unpaid vacation and sick leave totaling \$1,495,973 and \$1,479,164 is accrued when incurred and included in current and noncurrent liabilities at June 30, 2021 and 2020, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net position by the Authority that is applicable to a future period and an acquisition of net position by the Authority that is applicable to a future reporting period respectively. Deferred outflows of resources and deferred inflows of resources related to pensions are more fully described in Note 7 and the deferred outflows of resources and deferred inflows of resources related to other postemployment benefits are more fully described in Note 6.

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, 2021, the Authority participated in CSRMA as follows:

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

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

Auto Physical Damage Policy - Insured up to \$359,556 total value with a \$1,000 deductible.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

Significant Accounting Policies (Continued)

Risk Management (Continued)

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

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

The Authority pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The Authority’s insurance expense and workers compensation insurance expense was \$593,013 and \$465,262, for the years ended June 30, 2021 and 2020, respectively. There were no instances in the past three years where a settlement exceeded the Authority’s coverage and there were no reductions in the Authority’s insurance coverage during the years ended June 30, 2021, 2020, and 2019.

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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Fair Value Measurements

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

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

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

Allocation of Costs

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

Significant Accounting Policies (Continued)Reserves

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

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

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

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

Member Agency	Operating Reserve	Remote Facility	Inventory Reserve	Capital Reserve	2021 Total	2020 Total
City of Carlsbad	\$ 666,600	\$ 70,650	\$ 315,120	\$ 1,963,440	\$ 3,015,810	\$ 3,015,810
City of Vista	693,000	129,350	327,600	2,041,200	3,191,150	3,191,150
Buena Sanitation District	194,975	50,000	92,170	574,290	911,435	911,435
Vallecitos Water District	616,550	-	291,460	1,816,020	2,724,030	2,724,030
Leucadia Wastewater District	462,000	-	218,400	1,360,800	2,041,200	2,041,200
City of Encinitas	116,875	-	55,250	344,250	516,375	516,375
Total Reserves	<u>\$ 2,750,000</u>	<u>\$ 250,000</u>	<u>\$ 1,300,000</u>	<u>\$ 8,100,000</u>	<u>\$12,400,000</u>	<u>\$12,400,000</u>

The capital reserve balance above has been decreased by the due from member agencies balance of \$63,974.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Significant Accounting Policies (Continued)

Budgetary Controls

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

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

Cash and Cash Equivalents

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

Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through December 7, 2021, the date the financial statements were available to be issued. See also subsequent events discussed in Note 10.

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:

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

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

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	N/A	None	Multiple

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

	Maturity		
	in Years		
	1 Year or Less	2021	2020
Petty cash	\$ 1,000	\$ 1,000	\$ 1,000
California Local Agency Investment Fund (LAIF)	1,350,267	1,350,267	279,131
California Asset Management Program (CAMP)	95,940	95,940	95,792
Deposits with financial institutions	954,121	954,121	676,057
Total Cash and Investments	\$ 2,401,328	\$ 2,401,328	\$ 1,051,980

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	2,201,328	2,201,328	851,980
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Total Cash and Investments	\$ 2,401,328	\$ 2,401,328	\$ 1,051,980
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2021.

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 year end for each investment type.

<u>Investment</u>	<u>Rating as of 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, 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2021 and 2020, 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, 2021 and 2020 the fair value of the investment approximated the Authority's cost.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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>2021</u>	<u>2020</u>
California Local Agency Investment Fund (LAIF)	\$ 1,350,267	\$ 279,131
California Asset Management Program (CAMP)	95,940	95,792
Deposits with financial institutions	954,121	676,057
Petty cash	1,000	1,000
Total	<u>\$ 2,401,328</u>	<u>\$ 1,051,980</u>

NOTE 3 - RESTRICTED ASSETS:

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

<u>Funding Source</u>	<u>Use</u>	<u>2021</u>	<u>2020</u>
Capital contributions from Member			
Agencies and interest earnings	Capital program	\$ 11,846,259	\$ 10,703,325
		<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 4 - CAPITAL ASSETS:

Capital assets consist of the following at June 30:

	2021			Balance at June 30, 2021
	Balance at June 30, 2020	Additions	Deletions	
Capital Assets Not Being Depreciated:				
Land	\$ 3,598,173	\$ -	\$ -	\$ 3,598,173
Construction in progress	26,051,795	26,951,479	(23,673,011)	29,330,263
Total Capital Assets Not Being Depreciated	<u>29,649,968</u>	<u>26,951,479</u>	<u>(23,673,011)</u>	<u>32,928,436</u>
Capital Assets Being Depreciated:				
Joint wastewater treatment (Unit I)	236,893,992	20,489,853	(12,866,900)	244,516,945
Joint wastewater disposal (Unit J)	14,517,397	233,951	-	14,751,348
Furnishings and office equipment	5,517,037	485,370	-	6,002,407
Pump station facilities	8,111,258	647,053	(142,589)	8,615,722
Flow metering system	344,945	-	-	344,945
Total Capital Assets Being Depreciated	<u>265,384,629</u>	<u>21,856,227</u>	<u>(13,009,489)</u>	<u>274,231,367</u>
Less Accumulated Depreciation For:				
Joint wastewater treatment (Unit I)	(134,102,052)	(9,937,321)	12,866,900	(131,172,473)
Joint wastewater disposal (Unit J)	(13,218,742)	(196,051)	-	(13,414,793)
Furnishings and office equipment	(4,569,929)	(380,028)	-	(4,949,957)
Pump station facilities	(6,321,106)	(412,798)	142,589	(6,591,315)
Flow metering system	(302,310)	(10,932)	-	(313,242)
Total Accumulated Depreciation	<u>(158,514,139)</u>	<u>(10,937,130)</u>	<u>13,009,489</u>	<u>(156,441,780)</u>
Net Capital Assets Being Depreciated	<u>106,870,490</u>	<u>10,919,097</u>	<u>-</u>	<u>117,789,587</u>
Net Capital Assets	<u>\$ 136,520,458</u>	<u>\$ 37,870,576</u>	<u>\$ (23,673,011)</u>	<u>\$ 150,718,023</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 4 - CAPITAL ASSETS (CONTINUED):

	2020			
	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 3,598,173	\$ -	\$ -	\$ 3,598,173
Construction in progress	15,093,501	23,720,150	(12,761,856)	26,051,795
Total Capital Assets Not Being Depreciated	<u>18,691,674</u>	<u>23,720,150</u>	<u>(12,761,856)</u>	<u>29,649,968</u>
Capital Assets Being Depreciated:				
Joint wastewater treatment (Unit I)	229,172,451	9,967,745	(2,246,204)	236,893,992
Joint wastewater disposal (Unit J)	14,115,650	401,747	-	14,517,397
Furnishings and office equipment	5,210,372	306,665	-	5,517,037
Pump station facilities	7,928,581	250,598	(67,921)	8,111,258
Flow metering system	344,945	-	-	344,945
Total Capital Assets Being Depreciated	<u>256,771,999</u>	<u>10,926,755</u>	<u>(2,314,125)</u>	<u>265,384,629</u>
Less Accumulated Depreciation For:				
Joint wastewater treatment (Unit I)	(127,911,554)	(8,436,702)	2,246,204	(134,102,052)
Joint wastewater disposal (Unit J)	(13,028,359)	(190,383)	-	(13,218,742)
Furnishings and office equipment	(4,276,104)	(293,825)	-	(4,569,929)
Pump station facilities	(6,051,861)	(337,166)	67,921	(6,321,106)
Flow metering system	(291,373)	(10,937)	-	(302,310)
Total Accumulated Depreciation	<u>(151,559,251)</u>	<u>(9,269,013)</u>	<u>2,314,125</u>	<u>(158,514,139)</u>
Net Capital Assets Being Depreciated	<u>105,212,748</u>	<u>1,657,742</u>	<u>-</u>	<u>106,870,490</u>
Net Capital Assets	<u>\$ 123,904,422</u>	<u>\$ 25,377,892</u>	<u>\$ (12,761,856)</u>	<u>\$ 136,520,458</u>

NOTE 5 - NONCURRENT LIABILITIES:

Noncurrent liabilities consist of the following at June 30:

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 - NONCURRENT LIABILITIES (CONTINUED):

Noncurrent liabilities consist of the following at June 30:

	2020				
Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Amount Due Within One Year	
Compensated absences (Note 1)	\$ 1,228,272	\$ 924,974	\$ (674,082)	\$ 1,479,164	\$ 182,549
Total Noncurrent Liabilities	\$ 1,228,272	\$ 924,974	\$ (674,082)	\$ 1,479,164	\$ 182,549

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (OPEB):

A. General Information about the OPEB Plan:

Plan Description

The Authority provides retiree medical (including prescription drug benefits) coverage to eligible employees and their eligible dependents through the CalPERS Health Program, a cost-sharing multiple-employer defined benefit plan. Eligible employees are employees who retire under the California Public Employees’ Retirement System (CalPERS) on or after age 50, with at least 5 years of service. The Authority’s contribution will continue for the lifetime of the retiree and any surviving eligible spouse. The Authority currently provides a monthly contribution of \$92.95. 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, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees or beneficiaries entitled to but not yet receiving benefits	33
Active employees	74
Total	116

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

A. General Information about the OPEB Plan (Continued):

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, 2021, the Authority’s cash contributions were \$90,000 in payments to the trust and the estimated implied subsidy was \$64,939 resulting in payments of \$154,939.

B. Net OPEB Liability:

The Authority’s net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

C. Total OPEB Liability:

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Projected Salary Increase	2.75% per annum, in aggregate
Expected long term investment rate of return	7.00%
Healthcare Cost Trend Rates	6.25% HMO/6.25% PPO, decreasing to 4.50%HMO/4.50% PPO
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

The actuarial assumptions used in the July 1, 2019 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the Authority.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

C. Total OPEB Liability (Continued):

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, 2020 are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return
CERBT		
Global Equity	59.00%	5.50%
Global Debt Securities	25.00%	2.35%
Inflation assets	5.00%	1.50%
Commodities	3.00%	1.75%
REITs	8.00%	3.65%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

D. Changes in the net OPEB Liability:

The changes in the net OPEB liability during the measurement period are as follows:

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

Change of Assumptions

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, 2021 AND 2020

NOTE 6 – 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 well as what the Authority’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current discount rate:

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

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

The following presents the net OPEB liability of the Authority, as 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 (5.25% HMO/5.25% PPO decreasing to 3.25% HMO/3.25% PPO) or 1-percentage point higher (7.25% HMO/7.25% PPO decreasing to 5.50% HMO/5.50% PPO) than the current healthcare cost trend rates:

	1% Decrease (5.25% HMO/ 5.25% PPO decreasing to 3.50% HMO/ 3.50% PPO)	Current Healthcare Cost Trend Rates (6.25% HMO/ 6.25% PPO decreasing to 4.50% HMO/ 4.50% PPO)	1% Increase (7.25% HMO/ 7.25% PPO decreasing to 5.50% HMO/ 5.50% PPO)
Net OPEB Liability	\$ 262,070	\$ 405,930	\$ 584,876

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

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

For the years ended June 30, 2021 and 2020, the Authority recognized OPEB expense of \$81,502 and \$71,249 respectively. At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 100,172	\$ -
Differences between expected and actual experience	54,026	-
Changes of assumptions	25,154	-
Net differences between projected and actual earnings on plan investments	5,350	-
Total	<u>\$ 184,702</u>	<u>\$ -</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, 2021 AND 2020

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

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

The \$154,939 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 year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2022	\$ 9,925
2023	12,498
2024	12,883
2025	11,545
2026	6,784
Thereafter	26,009
	\$ 79,644

F. Payable to the OPEB Plan:

At June 30, 2021, the Authority had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

NOTE 7 - 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 the CalPERS website.

Benefits Provided:

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

A. General Information About the Pension Plan (Continued)

The Plan’s provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Classic and PEPRA	
	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	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates	14.508%	7.794%

Contribution Description:

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The Plans 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, 2021 and 2020, the Authority reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	2021	2020
Classic & PEPRA Plans	<u>\$ 10,785,249</u>	<u>\$ 13,783,340</u>

The Authority’s net pension liability 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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, 2021 AND 2020

NOTE 7 - 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, 2021 and 2020 was as follows:

	Classic & PEPRA
Proportion - June 30, 2020	0.344200%
Proportion - June 30, 2021	0.255570%
Change - Increase (Decrease)	<u>-0.088630%</u>

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

For the years ended June 30, 2021 and 2020, the Authority recognized pension expense of \$2,974,481 and \$3,231,955, respectively for the Plan. As of June 30, 2021 and 2020, the Authority reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>2021</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 5,151,786	\$ -
Differences between actual and expected experience	555,794	-
Changes in assumptions	-	(76,925)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	154,166	(162,058)
Net difference between projected and actual earnings on pension plan investments	320,393	-
Total	<u>\$ 6,182,139</u>	<u>\$ (238,983)</u>
	<u>2020</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 5,829,358	\$ -
Differences between actual and expected experience	957,311	(74,172)
Changes in assumptions	657,253	(232,991)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	173,834	(305,310)
Net difference between projected and actual earnings on pension plan investments	-	(240,976)
Total	<u>\$ 7,617,756</u>	<u>\$ (853,449)</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

The \$5,151,786 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 year ending June 30, 2022.

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 54,550
2023	307,607
2024	275,544
2025	153,671
2026	-
Thereafter	-
	\$ 791,372

Actuarial Assumptions Used to Determine Total Pension Liability

The total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The total pension liability was based on the following assumptions:

	Classic & PEPRA Plans
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.
- (3) The less of contract COLA or 2.5% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.5% thereafter.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

Actuarial Assumptions Used to Determine Total Pension Liability (Continued)

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS’ website under Forms and Publications.

Long-term Expected Rate of Return

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

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

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

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

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(b) An expected inflation of 2.00% used for this period

(c) An expected inflation of 2.92% used for this period

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

Discount Rate

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

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

The following presents the Authority’s proportionate share of the net pension liability for the Plan, 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 or 1-percentage point higher than the current rate:

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

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Pension Plan Fiduciary Net Position

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

C. Payable to the Pension Plan

At June 30, 2021, the Authority has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

NOTE 8 - 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%

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%
	100.00%

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 8 - OWNERSHIP AND USAGE ALLOCATIONS (CONTINUED):

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, 2021 and 2020 are as follows:

Agency	MGD ADF UNIT I					
	2021		2020		Increase (Decrease)	
	MGD	% of Total	MGD	% of Total	MGD	%
Carlsbad	6.39	28.62%	6.32	26.72%	0.07	1.90%
Vista	5.45	24.42%	6.32	26.71%	(0.87)	-2.29%
Buena	1.89	8.47%	1.92	8.11%	(0.03)	0.36%
Vallecitos	3.80	17.03%	4.3	18.17%	(0.50)	-1.14%
Leucadia	3.82	17.11%	3.85	16.27%	(0.03)	0.84%
Encinitas	0.97	4.35%	0.95	4.02%	0.02	0.33%
Total	<u>22.32</u>	<u>100.00%</u>	<u>23.66</u>	<u>100.00%</u>	<u>(1.34)</u>	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 8 - 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, 2021 and 2020 are as follows:

Agency	BOD LBS/DAY UNIT I					
	2021		2020		Increase (Decrease)	
	BOD	% of Total	BOD	% of Total	BOD	%
Carlsbad	19,630	28.06%	19,538	26.16%	92	1.90%
Vista	14,895	21.28%	17,388	23.29%	(2,493)	-2.01%
Buena	8,282	11.83%	8,645	11.58%	(363)	0.25%
Vallecitos	14,486	20.70%	16,352	21.90%	(1,866)	-1.20%
Leucadia	9,097	13.00%	9,212	12.34%	(115)	0.66%
Encinitas	3,589	5.13%	3,531	4.73%	58	0.40%
Total	69,979	100.00%	74,666	100.00%	(4,687)	

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, 2021 and 2020 are as follows:

Agency	SS LBS/Day Unit I					
	2021		2020		Increase (Decrease)	
	SS	% of Total	SS	% of Total	SS	%
Carlsbad	22,588	33.82%	24,128	33.34%	(1,540)	0.48%
Vista	10,662	15.96%	12,637	17.46%	(1,975)	-1.50%
Buena	5,002	7.49%	5,146	7.11%	(144)	0.38%
Vallecitos	16,097	24.10%	18,047	24.94%	(1,950)	-0.84%
Leucadia	9,084	13.60%	9,088	12.56%	(4)	1.04%
Encinitas	3,363	5.03%	3,318	4.59%	45	0.44%
Total	66,796	100.00%	72,364	100.00%	(5,568)	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 8 - 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, 2021 and 2020 for Unit J are as follows:

Agency	Outfall MGD ADF Unit J					
	2021		2020		Increase (Decrease)	
	MGD	% of Total	MGD	% of Total	MGD	%
Carlsbad	5.45	27.40%	4.49	20.40%	0.96	7.00%
Vista	4.35	21.87%	6.32	28.73%	(1.97)	-6.86%
Buena	1.89	9.50%	1.92	8.73%	(0.03)	0.77%
Vallecitos	3.85	19.36%	4.69	21.32%	(0.84)	-1.96%
Leucadia	3.38	16.99%	3.63	16.50%	(0.25)	0.49%
Encinitas	0.97	4.88%	0.95	4.32%	0.02	0.56%
Total	<u>19.89</u>	<u>100.00%</u>	<u>22.00</u>	<u>100.00%</u>	<u>(2.11)</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, 2021 AND 2020

NOTE 9 - 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, 2021:

Secondary Clarifiers and Strainers Project	\$ 5,122,806
Climate Control Rehabilitation for Cogeneration Building Project	3,330,260
Primary Area Improvements Project	2,731,064
Network Improvements Projects	1,434,190
Secondary Flow Equalization Basin Settlement Project	1,653,258
Other Construction Support Services	377,187
Cogeneration Engine Full Overhaul Project	368,784
Engineering Planning, Modeling and Support Services	299,793
Digester Rehabilitation and Improvements Projects	398,445
Document Management System Upgrade Project	149,250
Drying Safety Improvements Projects	135,736
Source Control Program Evaluation Project	125,882
Biosolids Management Plan Update	109,405
Administration Building HVAC Chiller Replacement Project	64,765
CWRF SCADA Improvements and Migration Design Project	60,814
Ocean Outfall Bathymetric Survey	59,923
Odor Reduction Facility Carbon Media Replacement Project	54,225
Ocean Outfall Integrity Assessment Project	45,078
Plant Wide Asset Paint & Protection Project	37,854
	\$ 16,558,717

ContingenciesLitigation

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

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of an outbreak of a new strain of coronavirus (the "COVID-19 outbreak") and the risks that it posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Authority's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the Authority's financial condition, liquidity, operations and workforce. We have seen volatility in materials markets and global

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED):

Contingencies (Continued)

COVID-19 (Continued)

supply chains lead to longer lead times and increased costs, but these conditions have not caused significant disruption to the Authority's operations or impact on the Authority's finances. The Authority cannot estimate the length or severity of the impact of the COVID-19 outbreak at this time, but based on the experience of FY2020-21, which elapsed entirely within the span of the pandemic, we do not anticipate any material effect on the Authority's results of future operations or financial position in FY2021-22.

NOTE 10 - SUBSEQUENT EVENTS:

Fiscal Year 2022 Budget

On July 28, 2021, the Board of Directors adopted Resolution 2021-03 to appropriate for the fiscal year 2022 Pension Policy (\$4,096,100), the Operating Program (\$18,822,867), the Capital Program Budget (\$23,294,844), and the Continuing Capital Program Budget (\$15,024,284) from the unexpended fiscal year 2021 funds.

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Plan's Proportion of the Net Pension Liability	0.255690%	0.134510%	0.132380%	0.146233%	0.156650%	0.165626%	0.157794%
Plan's Proportionate Share of the Net Pension Liability	\$ 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	\$ 7,619,948	\$ 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	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	82.96%	75.26%	75.26%	72.12%	70.65%	73.83%	76.84%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 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%.

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

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

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

Fiscal year ended	Miscellaneous						
	<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)	\$ 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>(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>
Covered payroll	\$ 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	68.06%	76.50%	20.67%	37.47%	35.73%	23.67%	23.01%
Notes to Schedule:							
Valuation Date	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
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	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)
Mortality	(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 seven years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS*

Fiscal year end	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement date	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB Liability:				
Service cost	\$ 42,088	\$ 36,418	\$ 35,357	\$ 33,044
Interest on total OPEB liability	76,609	66,700	62,221	57,799
Differences between expected and actual experience	(12,465)	59,429	-	-
Changes of assumptions	-	27,669	-	-
Benefit payments, including refunds of	<u>(71,062)</u>	<u>(38,812)</u>	<u>(30,487)</u>	<u>(29,470)</u>
Net Change in Total OPEB Liability	35,170	151,404	67,091	61,373
Total OPEB Liability - Beginning of Year	<u>1,087,252</u>	<u>935,848</u>	<u>868,757</u>	<u>807,384</u>
Total OPEB Liability - End of Year (a)	<u>1,122,422</u>	<u>1,087,252</u>	<u>935,848</u>	<u>868,757</u>
Plan Fiduciary Net Position:				
Contributions - employer	101,062	117,812	102,487	49,970
Net investment income	23,636	34,555	35,444	40,344
Administrative expenses	(324)	(118)	(237)	(205)
Benefit payments	(71,062)	(38,812)	(30,487)	(29,470)
Other expense	-	-	(587)	-
Net Change in Plan Fiduciary Net Position	53,312	113,437	106,620	60,639
Plan Fiduciary Net Position - Beginning of Year	<u>663,180</u>	<u>549,743</u>	<u>443,123</u>	<u>382,484</u>
Plan Fiduciary Net Position - End of Year (b)	<u>716,492</u>	<u>663,180</u>	<u>549,743</u>	<u>443,123</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 405,930</u>	<u>\$ 424,072</u>	<u>\$ 386,105</u>	<u>\$ 425,634</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63.80%	61.00%	58.74%	51.01%
Covered payroll	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096	\$ 6,549,482
Net OPEB liability as percentage of covered payroll	5.33%	5.80%	5.65%	6.50%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The percent of salary increases decreased from 3.00% to 2.75%.

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

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN YEARS***

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

Notes to Schedule:

Valuation Date	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	7.00%
Inflation	2.75%
Salary increases	2.75% plus merit scale
Mortality	CalPERS Pension Plan

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

**SUPPLEMENTARY SCHEDULE OF INVESTMENT IN CAPITAL ASSETS
AT JUNE 30, 2021**

ASSET	TOTAL						MEMBER AGENCY OWNERSHIP AT COST						
	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	June 30, 2021	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas
PLANT													
Joint Wastewater Treatment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	\$ 244,516,945	\$ 58,119,738	\$ 65,015,791	\$ 15,558,929	\$ 57,943,335	\$ 38,201,324	\$ 9,677,828
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%	6,002,407	1,471,066	1,411,316	455,760	1,284,232	1,108,284	271,749
Buena Vista Pump Station (BVPS)	10.40%	89.60%	-	-	-	-	4,360,611	453,504	3,907,107	-	-	-	-
Agua Hedionda Pump Station (AHPS)	30.90%	69.10%	-	-	-	-	2,170,723	670,753	1,499,970	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	100.00%	-	-	-	-	-	990,714	990,714	-	-	-	-	-
Buena Creek Pump Station (BCPS)	-	-	100.00%	-	-	-	699,663	-	-	699,663	-	-	-
Raceway Basin Pump Station (RBPS)	-	100.00%	-	-	-	-	394,011	-	394,011	-	-	-	-
Flow Metering System							344,945	74,761	106,616	59,806	34,007	34,242	35,513
							(Based on Type and Location of Required Meters)						
SUB-TOTAL: PLANT							274,231,367	65,364,059	75,481,078	18,122,498	62,215,767	42,367,348	10,680,617
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%	29,330,263	7,109,656	7,391,226	2,079,516	6,575,845	4,927,484	1,246,536
SUB-TOTAL: CONSTRUCTION IN PROGRESS							29,330,263	7,109,656	7,391,226	2,079,516	6,575,845	4,927,484	1,246,536
TOTAL INVESTMENT IN CAPITAL ASSETS							307,159,803	73,366,422	83,649,870	20,495,625	69,519,882	48,026,700	12,101,304
ACCUMULATED DEPRECIATION													
Joint Wastewater Treatment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	(131,172,473)	(31,840,683)	(31,665,329)	(9,494,147)	(28,869,972)	(23,543,929)	(5,758,413)
Joint Wastewater Disposal (Unit J)	23.69%	24.63%	6.93%	24.17%	16.42%	4.16%	(13,414,793)	(3,262,151)	(2,843,043)	(1,238,329)	(2,663,741)	(2,771,969)	(635,560)
Furnishings and Office Equipment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	(4,949,957)	(1,215,799)	(1,147,067)	(380,853)	(1,048,860)	(930,517)	(226,861)
Buena Vista Pump Station (BVPS)	10.40%	89.60%	-	-	-	-	(3,070,109)	(319,291)	(2,750,818)	-	-	-	-
Agua Hedionda Vista Pump Station (AHPS)	30.90%	69.10%	-	-	-	-	(2,057,018)	(635,619)	(1,421,399)	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	100.00%	-	-	-	-	-	(653,268)	(653,268)	-	-	-	-	-
Buena Creek Pump Station (BCPS)	-	-	100.00%	-	-	-	(513,848)	-	-	(513,848)	-	-	-
Raceway Basin Pump Station (RBPS)	-	100.00%	-	-	-	-	(297,072)	-	(297,072)	-	-	-	-
Flow Metering System							(313,242)	(66,915)	(99,707)	(57,161)	(27,656)	(27,859)	(33,944)
TOTAL ACCUMULATED DEPRECIATION							(156,441,780)	(37,993,726)	(40,224,435)	(11,684,338)	(32,610,229)	(27,274,274)	(6,654,778)
INVESTMENT IN CAPITAL ASSETS							\$ 150,718,023	\$ 35,372,696	\$ 43,425,435	\$ 8,811,287	\$ 36,909,653	\$ 20,752,426	\$ 5,446,526

**SUPPLEMENTARY SUMMARY SCHEDULE OF
OPERATING PROGRAM AMOUNT DUE FROM/(TO) MEMBER AGENCIES
AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Member Assessments Billed	\$ 17,193,456	\$ 16,674,819
South Parcel Leasing	583,362	273,009
Lab Contract Services Receipts (Unit I Ownership)	190,328	191,224
Alternative Fuels Tipping Fees	155,309	144,581
Miscellaneous Receipts (Unit I Ownership)	91,477	85,711
CSRMA Dividends	43,504	43,024
PureGreen Sales	41,124	41,399
Environmental Enforcement Receipts (Jurisdiction)	7,750	16,664
	<u>18,306,310</u>	<u>17,470,431</u>
TOTAL OPERATING REVENUES - BILLED	<u>\$ 18,306,310</u>	<u>\$ 17,470,431</u>
OPERATING EXPENSES INCURRED		
Encina Water Pollution Control Facilities		
Unit I - Treatment Plant Usage	\$ 7,170,974	\$ 7,459,178
Unit I - Treatment Plant Ownership	5,808,277	5,058,889
Unit J - Ocean Outfall	760,394	613,708
Flow Metering	342,464	322,688
Board of Directors	90,845	66,358
Encina Water Pollution Control Facilities Sub-Total	<u>\$ 14,172,954</u>	<u>\$ 13,520,821</u>
Source Control	\$ 1,036,871	\$ 920,931
Agua Hedionda Pump Station	599,217	656,183
Buena Vista Pump Station	705,363	653,866
Buena Creek Pump Station	536,675	390,416
Carlsbad Water Recycling Facility	1,225,786	1,151,086
Raceway Basin Pump Station	250,738	224,679
	<u>18,527,604</u>	<u>17,517,982</u>
TOTAL OPERATING EXPENSES INCURRED	<u>\$ 18,527,604</u>	<u>\$ 17,517,982</u>
OPERATING REVENUES BILLED (OVER)/UNDER EXPENSES INCURRED	<u>\$ 221,294</u>	<u>\$ 47,551</u>
AMOUNT DUE FROM/(TO) MEMBER AGENCIES END OF YEAR	<u>\$ 221,294</u>	<u>\$ 47,551</u>

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

AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

	<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	\$ 17,193,456	\$ 5,264,484	\$ 4,462,008	\$ 1,849,637	\$ 2,942,558	\$ 2,004,884	\$ 669,885
South Parcel Leasing	583,362	141,407	147,007	41,360	130,790	98,005	24,793
Lab Contract Services Billed (Unit I Ownership)	190,328	46,135	47,963	13,494	42,672	31,975	8,089
Alternative Fuels Tipping Fees	155,309	37,647	39,138	11,011	34,820	26,092	6,601
Miscellaneous Receipts (Unit I Ownership)	91,477	22,174	23,052	6,486	20,509	15,368	3,888
CSRMA Dividends (Unit I Ownership)	43,504	10,545	10,963	3,084	9,754	7,309	1,849
PureGreen Sales	41,124	13,907	6,564	3,080	9,910	5,593	2,070
Environmental Enforcement Actions Billed (Jurisdiction)	7,750	1,850	600	5,300	-	-	-
TOTAL OPERATING REVENUES - BILLED	18,306,310	5,538,149	4,737,295	1,933,452	3,191,013	2,189,226	717,175
OPERATING EXPENSES							
Encina Water Pollution Control Facilities							
Plant-Unit I Usage	7,170,974	2,137,471	1,427,265	740,000	1,539,822	964,318	362,098
Plant-Unit I Ownership	5,808,277	1,407,926	1,463,686	411,807	1,302,216	975,790	246,852
Outfall-Unit J	760,394	166,317	208,319	72,435	147,133	129,160	37,030
Flow Metering	342,464	83,641	84,692	62,753	45,833	44,249	21,296
Board of Directors	90,845	18,622	9,267	9,301	16,600	19,585	17,470
Encina Water Pollution Control Facilities Sub-Total	14,172,954	3,813,977	3,193,229	1,296,296	3,051,604	2,133,102	684,746
Source Control	1,036,871	289,359	324,150	122,123	175,084	85,751	40,404
Agua Hedionda Pump Station	599,217	185,158	414,059	-	-	-	-
Buena Vista Pump Station	705,363	73,358	632,005	-	-	-	-
Buena Creek Pump Station	536,675	-	-	536,675	-	-	-
Carlsbad Water Recycling Facility	1,225,786	1,225,786	-	-	-	-	-
Raceway Basin Pump Station	250,738	-	250,738	-	-	-	-
TOTAL OPERATING EXPENSES	18,527,604	5,587,638	4,814,181	1,955,094	3,226,688	2,218,853	725,150
DUE FROM (TO) MEMBER AGENCIES JUNE 30, 2021	\$ 221,294	\$ 49,489	\$ 76,886	\$ 21,642	\$ 35,675	\$ 29,627	\$ 7,975

**SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

CITY OF CARLSBAD	2021	% of Total	2020	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 2,137,471	38.3%	\$ 2,115,416	\$ 22,055	1.0%
Unit I Encina Treatment Plant Ownership	1,407,926	25.2%	1,226,275	181,651	14.8%
Unit J Encina Ocean Outfall	166,317	3.0%	125,308	41,009	32.7%
Board of Directors	18,622	0.3%	12,615	6,007	47.6%
Flow Metering	83,641	1.5%	82,398	1,243	1.5%
Source Control	289,359	5.2%	234,793	54,566	23.2%
Agua Hedionda Pump Station	185,158	3.3%	202,760	(17,602)	-8.7%
Buena Vista Pump Station	73,358	1.3%	68,002	5,356	7.9%
Carlsbad Water Recycling Facility	1,225,786	21.9%	1,151,086	74,700	6.5%
TOTALS	\$ 5,587,638	100.0%	\$ 5,218,653	\$ 368,985	7.1%
CITY OF VISTA					
Unit I Encina Treatment Plant Usage	\$ 1,427,265	29.7%	\$ 1,621,920	\$ (194,655)	-12.0%
Unit I Encina Treatment Plant Ownership	1,463,686	30.4%	1,274,840	188,846	14.8%
Unit J Encina Ocean Outfall	208,319	4.3%	176,365	31,954	18.1%
Board of Directors	9,267	0.2%	7,398	1,869	25.3%
Flow Metering	84,692	1.8%	78,628	6,064	7.7%
Source Control	324,150	6.7%	299,971	24,179	8.1%
Agua Hedionda Pump Station	414,059	8.6%	453,423	(39,364)	-8.7%
Buena Vista Pump Station	632,005	13.1%	585,864	46,141	7.9%
Raceway Basin Pump Station	250,738	5.2%	224,679	26,059	11.6%
TOTALS	\$ 4,814,181	100.0%	\$ 4,723,088	\$ 65,034	1.4%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

(CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

BUENA SANITATION DISTRICT	2021	% of Total	2020	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 740,000	37.8%	\$ 747,582	\$ (7,582)	-1.0%
Unit I Encina Treatment Plant Ownership	411,807	21.1%	358,675	53,132	14.8%
Unit J Encina Ocean Outfall	72,435	3.7%	53,567	18,868	35.2%
Board of Directors	9,301	0.5%	7,398	1,903	25.7%
Flow Metering	62,753	3.2%	58,260	4,493	7.7%
Source Control	122,123	6.2%	114,465	7,658	6.7%
Buena Creek Pump Station	536,675	27.5%	390,416	146,259	37.5%
TOTALS	\$ 1,955,094	100.0%	\$ 1,730,363	\$ 224,731	13.0%
VALLECITOS WATER DISTRICT					
Unit I Encina Treatment Plant Usage	\$ 1,539,822	47.7%	\$ 1,684,817	\$ (144,995)	-8.6%
Unit I Encina Treatment Plant Ownership	1,302,216	40.4%	1,134,203	168,013	14.8%
Unit J Encina Ocean Outfall	147,133	4.6%	130,768	16,365	12.5%
Board of Directors	16,600	0.5%	13,360	3,240	24.3%
Flow Metering	45,833	1.4%	42,551	3,282	7.7%
Source Control	175,084	5.4%	172,217	2,867	1.7%
TOTALS	\$ 3,226,688	100.0%	\$ 3,177,916	\$ 48,772	1.5%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

(CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

LEUCADIA WASTEWATER DISTRICT	2021	% of Total	2020	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 964,318	43.4%	\$ 943,177	\$ 21,141	2.2%
Unit I Encina Treatment Plant Ownership	975,790	44.0%	849,893	125,897	14.8%
Unit J Encina Ocean Outfall	129,160	5.8%	101,161	27,999	27.7%
Board of Directors	19,585	0.9%	13,293	6,292	47.3%
Flow Metering	44,249	2.0%	41,080	3,169	7.7%
Source Control	85,751	3.9%	68,569	17,182	25.1%
TOTALS	\$ 2,218,853	100.0%	\$ 2,017,173	\$ 201,680	10.0%
CITY OF ENCINITAS					
Unit I Encina Treatment Plant Usage	\$ 362,098	50.0%	\$ 346,266	\$ 15,832	4.6%
Unit I Encina Treatment Plant Ownership	246,852	34.0%	215,003	31,849	14.8%
Unit J Encina Ocean Outfall	37,030	5.1%	26,539	10,491	39.5%
Board of Directors	17,470	2.4%	12,294	5,176	42.1%
Flow Metering	21,296	2.9%	19,771	1,525	7.7%
Source Control	40,404	5.6%	30,916	9,488	30.7%
TOTALS	\$ 725,150	100.0%	\$ 650,789	\$ 74,361	11.4%
Total Operating Expense All Member Agencies	\$ 18,527,604		\$ 17,517,982	\$ 983,563	5.6%

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	% of Total	2020	Change \$	Change %
UNIT I: ENCINA TREATMENT PLANT USAGE					
City of Carlsbad	\$ 2,137,471	29.9%	\$ 2,115,416	\$ 22,055	1.0%
City of Vista	1,427,265	19.9%	1,621,920	(194,655)	-12.0%
Buena Sanitation District	740,000	10.3%	747,582	(7,582)	-1.0%
Vallecitos Water District	1,539,822	21.5%	1,684,817	(144,995)	-8.6%
Leucadia Wastewater District	964,318	13.4%	943,177	21,141	2.2%
City of Encinitas	362,098	5.0%	346,266	15,832	4.6%
TOTALS	\$ 7,170,974	100.0%	\$ 7,459,178	\$ (288,204)	-3.9%
UNIT I: ENCINA TREATMENT PLANT OWNERSHIP					
City of Carlsbad	\$ 1,407,926	24.2%	\$ 1,226,275	\$ 181,651	14.8%
City of Vista	1,463,686	25.2%	1,274,840	188,846	14.8%
Buena Sanitation District	411,807	7.1%	358,675	53,132	14.8%
Vallecitos Water District	1,302,216	22.4%	1,134,203	168,013	14.8%
Leucadia Wastewater District	975,790	16.8%	849,893	125,897	14.8%
City of Encinitas	246,852	4.3%	215,003	31,849	14.8%
TOTALS	\$ 5,808,277	100.0%	\$ 5,058,889	\$ 749,388	14.8%
UNIT J: ENCINA OCEAN OUTFALL					
City of Carlsbad	\$ 166,317	21.9%	\$ 125,308	\$ 41,009	32.7%
City of Vista	208,319	27.4%	176,365	31,954	18.1%
Buena Sanitation District	72,435	9.5%	53,567	18,868	35.2%
Vallecitos Water District	147,133	19.3%	130,768	16,365	12.5%
Leucadia Wastewater District	129,160	17.0%	101,161	27,999	27.7%
City of Encinitas	37,030	4.9%	26,539	10,491	39.5%
TOTALS	\$ 760,394	100.0%	\$ 613,708	\$ 146,686	23.9%
BOARD OF DIRECTORS					
City of Carlsbad	\$ 18,622	20.5%	\$ 12,615	\$ 6,007	47.6%
City of Vista	9,267	10.2%	7,398	1,869	25.3%
Buena Sanitation District	9,301	10.2%	7,398	1,903	25.7%
Vallecitos Water District	16,600	18.3%	13,360	3,240	24.3%
Leucadia Wastewater District	19,585	21.6%	13,293	6,292	47.3%
City of Encinitas	17,470	19.2%	12,294	5,176	42.1%
TOTALS	\$ 90,845	100.0%	\$ 66,358	\$ 24,487	36.9%

Continued

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

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>% of Total</u>	<u>2020</u>	<u>Change \$</u>	<u>Change %</u>
FLOW METERING PROGRAM					
City of Carlsbad	\$ 83,641	24.5%	\$ 82,398	\$ 1,243	1.5%
City of Vista	84,692	24.7%	78,628	6,064	7.7%
Buena Sanitation District	62,753	18.3%	58,260	4,493	7.7%
Vallecitos Water District	45,833	13.4%	42,551	3,282	7.7%
Leucadia Wastewater District	44,249	12.9%	41,080	3,169	7.7%
City of Encinitas	21,296	6.2%	19,771	1,525	7.7%
TOTALS	<u>\$ 342,464</u>	<u>100.0%</u>	<u>\$ 322,688</u>	<u>\$ 19,776</u>	<u>6.1%</u>
TOTAL ENCINA WATER POLLUTION CONTROL FACILITIES					
City of Carlsbad	\$ 3,813,977	26.9%	\$ 3,562,012	\$ 251,965	7.1%
City of Vista	3,193,229	22.6%	3,159,151	34,078	1.1%
Buena Sanitation District	1,296,296	9.1%	1,225,482	70,814	5.8%
Vallecitos Water District	3,051,604	21.5%	3,005,699	45,905	1.5%
Leucadia Wastewater District	2,133,102	15.1%	1,948,604	184,498	9.5%
City of Encinitas	684,746	4.8%	619,873	64,873	10.5%
TOTALS	<u>\$ 14,172,954</u>	<u>100.0%</u>	<u>\$ 13,520,821</u>	<u>\$ 652,133</u>	<u>4.8%</u>
SOURCE CONTROL PROGRAM					
City of Carlsbad	\$ 289,359	27.8%	\$ 234,793	\$ 54,566	23.2%
City of Vista	324,150	31.3%	299,971	24,179	8.1%
Buena Sanitation District	122,123	11.8%	114,465	7,658	6.7%
Vallecitos Water District	175,084	16.9%	172,217	2,867	1.7%
Leucadia Wastewater District	85,751	8.3%	68,569	17,182	25.1%
City of Encinitas	40,404	3.9%	30,916	9,488	30.7%
TOTALS	<u>\$ 1,036,871</u>	<u>100.0%</u>	<u>\$ 920,931</u>	<u>\$ 115,940</u>	<u>12.6%</u>
AGUA HEDIONDA PUMP STATION					
City of Carlsbad	\$ 185,158	30.9%	\$ 202,760	\$ (17,602)	-8.7%
City of Vista	414,059	69.1%	453,423	(39,364)	-8.7%
TOTALS	<u>\$ 599,217</u>	<u>100.0%</u>	<u>\$ 656,183</u>	<u>\$ (56,966)</u>	<u>-8.7%</u>

Continued

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

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>% of Total</u>	<u>2020</u>	<u>Change \$</u>	<u>Change %</u>
BUENA VISTA PUMP STATION					
City of Carlsbad	\$ 73,358	10.4%	\$ 68,002	\$ 5,356	7.9%
City of Vista	632,005	89.6%	585,864	46,141	7.9%
TOTALS	<u>\$ 705,363</u>	<u>100.0%</u>	<u>\$ 653,866</u>	<u>\$ 51,497</u>	<u>7.9%</u>
BUENA CREEK PUMP STATION					
Buena Sanitation District	\$ 536,675	100.0%	\$ 390,416	\$ 146,259	37.5%
TOTALS	<u>\$ 536,675</u>	<u>100.0%</u>	<u>\$ 390,416</u>	<u>\$ 146,259</u>	<u>37.5%</u>
CARLSBAD WATER RECYCLING FACILITY					
City of Carlsbad	\$ 1,225,786	100.0%	\$ 1,151,086	\$ 74,700	6.5%
TOTALS	<u>\$ 1,225,786</u>	<u>100.0%</u>	<u>\$ 1,151,086</u>	<u>\$ 74,700</u>	<u>6.5%</u>
RACEWAY BASIN PUMP STATION					
City of Vista	\$ 250,738	100.0%	\$ 224,679	\$ 26,059	11.6%
TOTALS	<u>\$ 250,738</u>	<u>100.0%</u>	<u>\$ 224,679</u>	<u>\$ 26,059</u>	<u>11.6%</u>
TOTAL OPERATING EXPENSE					
City of Carlsbad	\$ 5,587,638	30.1%	\$ 5,218,653	\$ 368,985	7.1%
City of Vista	4,814,181	26.0%	4,723,088	91,093	1.9%
Buena Sanitation District	1,955,094	10.6%	1,730,363	224,731	13.0%
Vallecitos Water District	3,226,688	17.4%	3,177,916	48,772	1.5%
Leucadia Wastewater District	2,218,853	12.0%	2,017,173	201,680	10.0%
City of Encinitas	725,150	3.9%	650,789	74,361	11.4%
TOTALS	<u>\$ 18,527,604</u>	<u>100.0%</u>	<u>\$ 17,517,982</u>	<u>\$ 1,009,622</u>	<u>5.8%</u>

SUPPLEMENTARY SCHEDULE OF CHANGES IN NET POSITION RESTRICTED -

CAPITAL IMPROVEMENT PROGRAM

AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CAPITAL CONTRIBUTIONS		
Member Assessments	\$ 26,958,959	\$ 23,579,270
TOTAL CAPITAL CONTRIBUTIONS	<u>26,958,959</u>	<u>23,579,270</u>
CAPITAL EXPENDITURES		
Encina Water Pollution Control Facility (EWPCF) Capital Acquisitions	264,961	402,000
Agua Hedionda Pump Station (AHPS) Capital Acquisitions	54,091	149,077
Buena Vista Pump Station (BVPS) Capital Acquisitions	314,031	132,559
Buena Creek Pump Station (BCPS) Capital Acquisitions	233,865	98,951
Carlsbad Water Reclamation Facility (CWRF) Capital Acquisitions	748,433	163,407
Raceway Basin Pump Station (RBPS) Capital Acquisitions	123,125	62,233
EWPCF Planned Asset Replacement	1,588,693	1,744,966
EWPCF Major Plant Rehabilitation Program		
Liquid Process Improvements	11,194,126	9,752,127
Outfall	239,189	387,669
Solids Process Improvements	2,094,215	3,231,476
Energy Management	3,820,415	1,927,868
General Improvements	3,101,574	1,458,597
Engineering Services	449,930	1,193,444
Technology Master Plan	<u>2,724,830</u>	<u>3,015,774</u>
TOTAL CAPITAL EXPENDITURES	<u>26,951,478</u>	<u>23,720,148</u>
CAPITAL CONTRIBUTIONS OVER/(UNDER) CAPITAL EXPENDITURES	7,481	(140,878)
NONOPERATING REVENUES		
Investment and other capital income	<u>5,780</u>	<u>66,358</u>
TOTAL NONOPERATING REVENUES	<u>5,780</u>	<u>66,358</u>
NET POSITION RESTRICTED FOR CIP, BEGINNING OF FISCAL YEAR	<u>8,022,765</u>	<u>8,097,285</u>
NET POSITION RESTRICTED FOR CIP, END OF FISCAL YEAR	<u>\$ 8,036,026</u>	<u>\$ 8,022,765</u>

SUPPLEMENTARY SCHEDULE OF NET POSITION RESTRICTED BY PROJECT - CAPITAL IMPROVEMENT PROGRAM

AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

<u>PROJECTS</u>	<u>Balance June 30, 2020</u>	<u>Member Billings</u>	<u>Other Income</u>	<u>Capital Expenditures</u>	<u>Balance June 30, 2021</u>
<u>Continuing Projects</u>					
EWPCF Major Plant Rehabilitation Program					
Liquid Process Improvements	\$ -	\$ (11,194,126)	\$ -	\$ 11,194,126	\$ -
Outfall	387,669	(387,669)	-	239,189	239,189 *
Solids Process Improvements	-	(2,094,215)	-	2,094,215	-
Energy Management	-	(3,820,415)	-	3,820,415	-
General Improvements	(310,434)	(2,966,355)	-	3,101,574	(175,215) *
Engineering Services	-	(449,930)	-	449,930	-
Technology Master Plan	-	(2,724,830)	-	2,724,830	-
Sub Total Continuing Projects	<u>77,235</u>	<u>(23,637,540)</u>	<u>-</u>	<u>23,624,279</u>	<u>63,974 *</u>
<u>Other</u>					
Capital Acquisitions					
EWPCF	-	(264,961)	-	264,961	-
Remote Facilities	-	(1,473,545)	-	1,473,545	-
Planned Asset Replacement	-	(1,588,693)	-	1,588,693	-
Capital Reserve	(8,100,000)	-	-	-	(8,100,000)
Income On Capital Reserve Funds	-	5,780	(5,780)	-	-
Sub Total Other	<u>(8,100,000)</u>	<u>(3,321,419)</u>	<u>(5,780)</u>	<u>3,327,199</u>	<u>(8,100,000)</u>
Total Capital Improvement Program	<u>\$ (8,022,765)</u>	<u>\$ (26,958,959)</u>	<u>\$ (5,780)</u>	<u>\$ 26,951,478</u>	<u>\$ (8,036,026)</u>

* Indicates amounts due from/(to) Member Agencies

\$ 63,974 *

SUPPLEMENTARY SCHEDULE OF NET POSITION RESTRICTED BY MEMBER AGENCY - CAPITAL IMPROVEMENT PROGRAM

AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

PROJECTS	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Balance June 30, 2021
<u>Continuing Projects</u>							
Major Plant Rehabilitation Program							
Outfall	\$ 56,664	\$ 58,912	\$ 16,576	\$ 57,812	\$ 39,275	\$ 9,950	\$ 239,189 *
General Improvements	(42,472)	(44,154)	(12,423)	(39,283)	(29,436)	(7,447)	(175,215) *
Sub Total Continuing Projects	<u>14,192</u>	<u>14,758</u>	<u>4,153</u>	<u>18,529</u>	<u>9,839</u>	<u>2,503</u>	<u>63,974</u>
<u>Other</u>							
Capital Reserve	(1,963,440)	(2,041,200)	(574,290)	(1,816,020)	(1,360,800)	(344,250)	(8,100,000)
Sub Total Other	<u>(1,963,440)</u>	<u>(2,041,200)</u>	<u>(574,290)</u>	<u>(1,816,020)</u>	<u>(1,360,800)</u>	<u>(344,250)</u>	<u>(8,100,000)</u>
Total Capital Improvement Program	<u>\$ (1,949,248)</u>	<u>\$ (2,026,442)</u>	<u>\$ (570,137)</u>	<u>\$ (1,797,491)</u>	<u>\$ (1,350,961)</u>	<u>\$ (341,747)</u>	<u>\$ (8,036,026)</u>
Member Agency Billing, Net	\$ 14,192	\$ 14,758	\$ 4,153	\$ 18,529	\$ 9,839	\$ 2,503	\$ 63,974 *
	<u>\$ 14,192</u>	<u>\$ 14,758</u>	<u>\$ 4,153</u>	<u>\$ 18,529</u>	<u>\$ 9,839</u>	<u>\$ 2,503</u>	<u>\$ 63,974</u>

* Indicates amounts due from/(to) Member Agencies

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STATISTICAL SECTION (UNAUDITED)

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

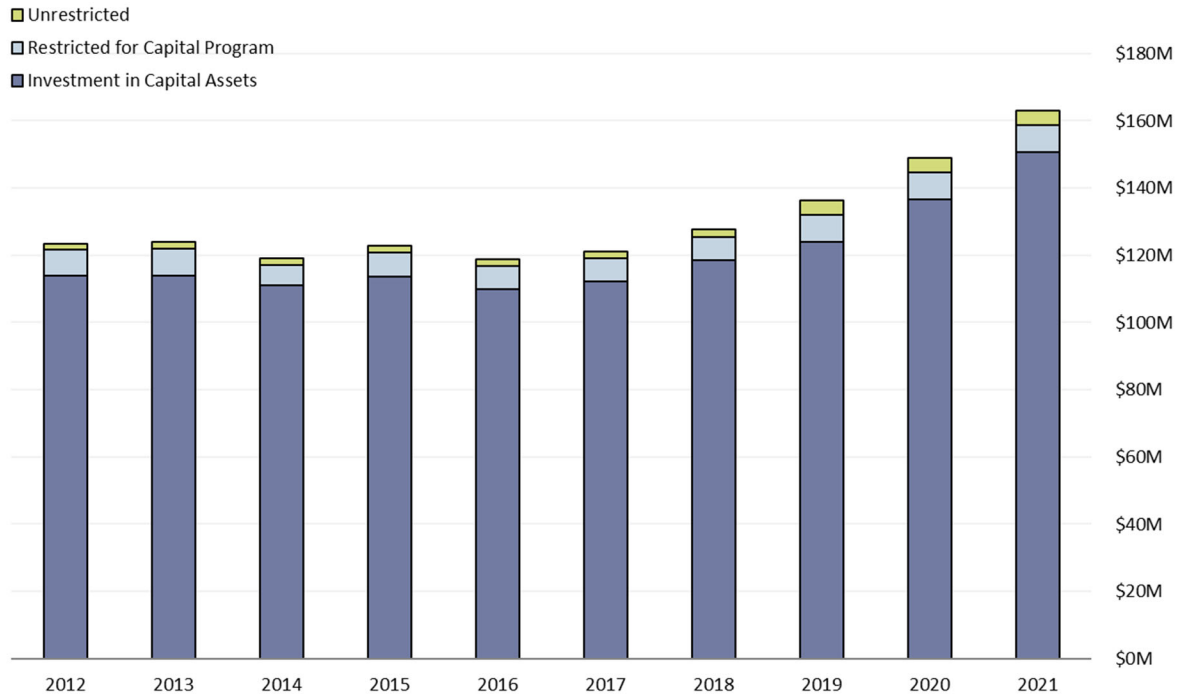
Operating Information

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
2021	\$ 150,718,023	\$ 8,036,026	\$ 4,300,000	\$ 163,054,049
2020	136,520,458	8,022,765	4,300,000	148,843,223
2019	123,904,422	8,097,285	4,300,000	136,301,707
2018	118,467,691	7,000,000	2,100,000	127,567,691
2017	112,047,443	7,010,247	2,100,000	121,157,690
2016	109,764,177	7,003,009	2,000,000	118,767,186
2015	113,689,724	7,023,053	2,000,000	122,712,777
2014	111,134,272	5,978,907	2,000,000	119,113,179
2013	113,943,637	7,991,595	2,000,000	123,935,232
2012	113,893,325	7,623,977	2,000,000	123,517,302



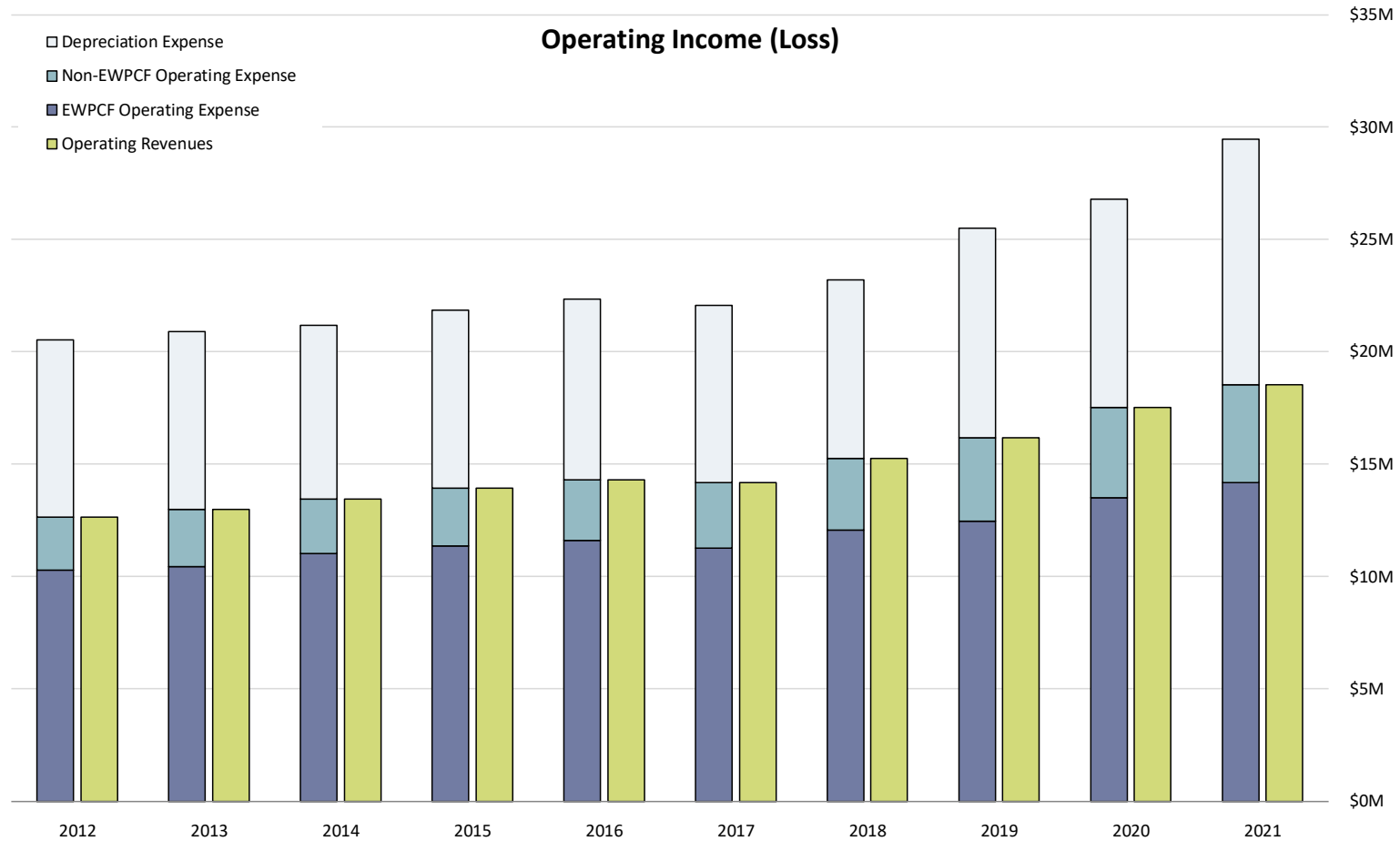
- ▶ FY 2021 & 2020 reflects increased investments in capital improvement projects including the Primary Area Improvements Project, Digester Rehab and Improvements Project, the SCADA Network and Infrastructure Improvement Project, and Secondary Clarifiers & Strainers Project.
- ▶ FY 2019 reflects increased investment in rehabilitating the capital infrastructure along with an increase in the Reserve balances.
- ▶ FY 2018 reflects increased construction in progress activities attributed to the FY15 Major Plant Rehab Project efforts.
- ▶ FY 2017 reflects increased construction in progress activities and a \$100K increase to the Unrestricted - Remote Facility Reserve
- ▶ FY 2016 reflects increased depreciation exceeding the year's investment in capital assets and construction in progress.
- ▶ FY 2015 reflects significant FY12 major plant rehabilitation projects and alternative fuel receiving facility in addition to \$1M increase in capital reserves.
- ▶ FY 2014 reflects 3rd centrifuge engine project, FY12 major plant rehabilitation projects and influent junction structure improvements
- ▶ FY 2013 reflects blower electrical improvements and natural gas pipeline replacement
- ▶ FY 2012 reflects increasing depreciation and a loss on disposal of capital assets

Source: Encina Wastewater Authority

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenues										
Member Agency Assessments	\$ 17,415	\$ 16,722	\$ 15,416	\$ 14,719	\$ 13,614	\$ 13,515	\$ 13,637	\$ 13,005	\$ 12,646	\$ 12,384
Other Operating Revenues	1,113	796	750	548	561	793	314	442	347	265
Total Operating Revenues	18,528	17,518	16,166	15,268	14,174	14,308	13,951	13,447	12,993	12,650
Operating Expenses										
Unit I - EWPCF Usage Costs	7,171	7,459	6,777	6,575	6,020	6,356	6,219	6,289	5,910	5,904
Unit I - EWPCF Ownership Costs	5,808	5,059	4,723	4,629	4,405	4,335	4,278	4,138	3,936	3,754
Unit J - Encina Ocean Outfall	760	614	589	497	495	523	523	268	265	308
Directors Meetings	91	66	64	63	57	52	74	57	65	57
Flow Metering	342	323	305	316	295	332	272	262	264	273
Subtotal Encina Wastewater Pollution Control Facilities (EWPCF)	14,173	13,521	12,458	12,081	11,272	11,598	11,367	11,012	10,440	10,296
Source Control	1,037	921	771	692	688	638	588	664	620	623
Aqua Hedionda Pump Station	599	656	673	315	297	303	286	269	259	247
Buena Vista Pump Station	705	654	580	627	427	438	407	395	386	348
Buena Creek Pump Station	537	390	367	334	330	328	311	297	296	215
Carlsbad Water Reclamation Facilities	1,226	1,151	1,107	1,028	979	831	811	650	844	772
Raceway Basin Pump Station	251	225	210	189	182	172	183	158	147	147
Depreciation expense	10,937	9,269	9,328	7,937	7,907	8,043	7,904	7,725	7,917	7,900
Total Operating Expenses	29,465	26,787	25,494	23,205	22,081	22,351	21,856	21,171	20,910	20,549
Operating Loss	(10,937)	(9,269)	(9,328)	(7,937)	(7,907)	(8,043)	(7,904)	(7,725)	(7,917)	(7,900)
Nonoperating Revenues (Expenses)										
Discontinued Projects, Studies and Assessments	(1,817)	(1,835)	(1,407)	(2,365)	(1,285)	(2,327)	(1,575)	(1,586)	(1,328)	(841)
Investment & Other Capital Income	6	66	120	36	27	17	5	8	10	17
Other Nonoperating Revenues	-	-	2,200	-	100	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(1,811)	(1,769)	913	(2,329)	(1,159)	(2,310)	(1,569)	(1,577)	(1,318)	(824)
Loss Before Contributions and Distributions	(12,748)	(11,038)	(8,415)	(10,266)	(9,066)	(10,354)	(9,473)	(9,302)	(9,235)	(8,724)
Capital Contributions and Distributions										
Member Agency Assessments	26,959	23,579	16,049	16,676	11,456	6,408	13,073	6,775	9,652	7,806
Contributions (Distributions) from (to) Member Agenc	-	-	1,100	-	-	-	-	(2,295)	-	-
Total Capital Contributions	26,959	23,579	17,149	16,676	11,456	6,408	13,073	4,480	9,652	7,806
Increase (Decrease) in Net Position	\$ 14,211	\$ 12,542	\$ 8,734	\$ 6,409	\$ 2,391	\$ (3,946)	\$ 3,600	\$ (4,822)	\$ 418	\$ (917)

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



- ▶ FY 2021: reflects increased professional services along with higher personnel, chemical, and insurance costs.
- ▶ FY 2020: reflects increased personnel and chemical costs along with additional biosolid loads being dispersed.
- ▶ FY 2019: reflects significant energy cost increases
- ▶ FY 2018: reflects increased personnel costs, information technology costs and a general improvement of budget execution
- ▶ FY 2017: reflects operational savings through reduced energy consumption, chemical contract negotiations and select services being brought back in-house
- ▶ FY 2016: non-EWPCF Operating Expense captures Process Master Plan and increased studies and designs
- ▶ FY 2015: reflects significant FY12 major plant rehabilitation projects and alternative fuel receiving facility
- ▶ FY 2014: reflects 3rd centrifuge engine project, FY12 major plant rehabilitation projects and influent junction structure improvements
- ▶ FY 2013: Capital expense increased from designs and studies, Energy Strategic Plan, 2040 Facility Master Plan Study and Record Drawings & Manuals Project.
- ▶ FY 2012: Depreciation increased as a result of aeration pipeline infrastructure completion, replacement of a waste digester gas flare system and rehab of aging clarifiers.

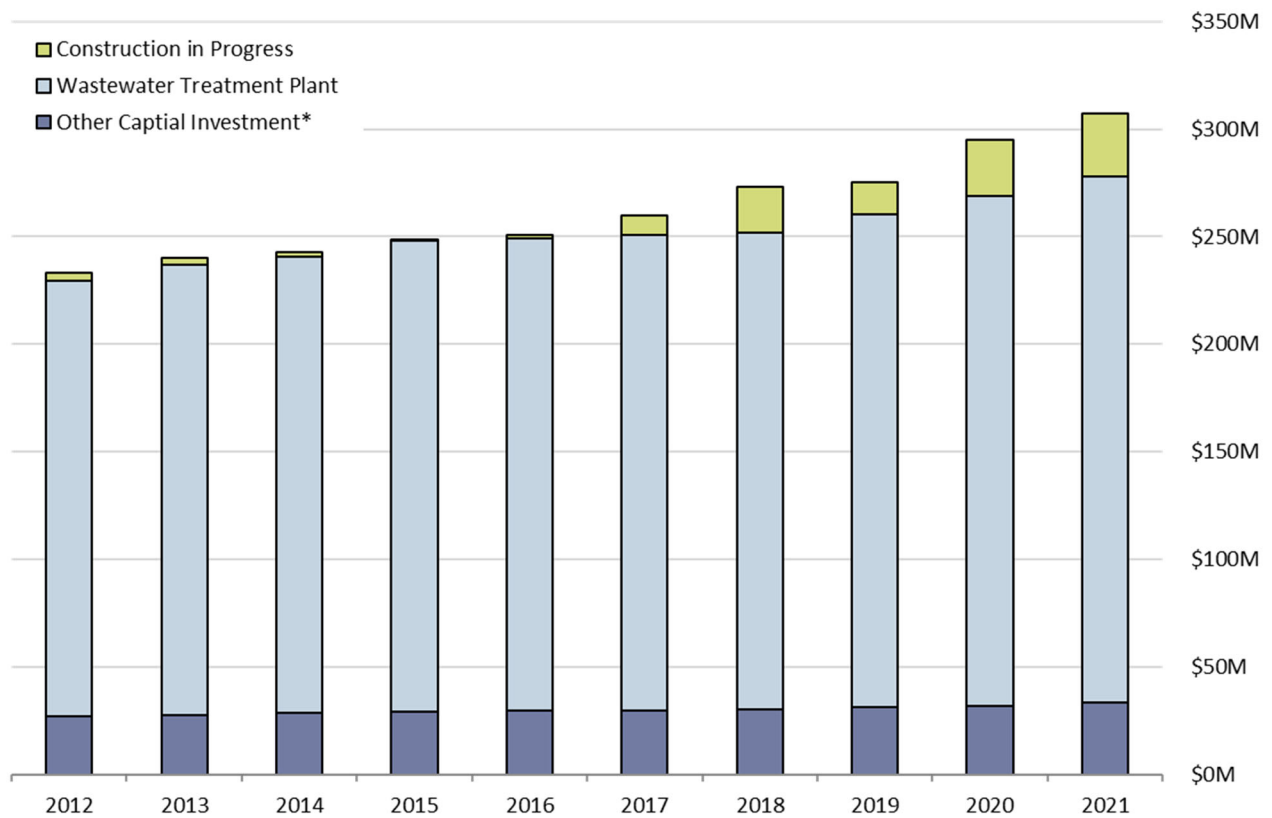
Source: Encina Wastewater Authority

**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
2021	\$ 244,516,945	\$ 14,751,348	\$ 8,615,722	\$ 6,002,407	\$ 344,945	\$ 3,598,173	\$ 29,330,263	\$ (156,441,780)	\$ 150,718,023
2020	236,893,992	14,517,397	8,111,258	5,517,037	344,945	3,598,173	26,051,795	(158,514,139)	136,520,458
2019	229,172,451	14,115,650	7,928,581	5,210,372	344,945	3,598,173	15,093,501	(151,559,251)	123,904,422
2018	221,355,330	14,115,650	7,603,411	4,794,834	344,945	3,598,173	21,288,567	(154,633,219)	118,467,691
2017	220,536,997	14,115,650	7,506,388	4,397,250	344,945	3,598,173	9,116,097	(147,568,057)	112,047,443
2016	219,644,465	14,115,650	7,235,023	4,236,888	340,489	3,598,173	1,555,579	(140,962,090)	109,764,177
2015	219,293,160	14,115,650	7,069,872	3,900,554	314,269	3,598,173	157,990	(134,759,944)	113,689,724
2014	212,138,613	14,115,650	7,026,591	3,328,489	314,269	3,598,173	2,025,302	(131,412,815)	111,134,272
2013	209,110,243	14,115,650	6,860,710	2,821,468	314,269	3,598,173	3,075,422	(125,952,298)	113,943,637
2012	202,104,971	14,102,005	6,749,955	2,341,392	299,059	3,598,173	4,054,328	(119,356,558)	113,893,325

Investment in Capital Assets by Category Excluding Depreciation



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

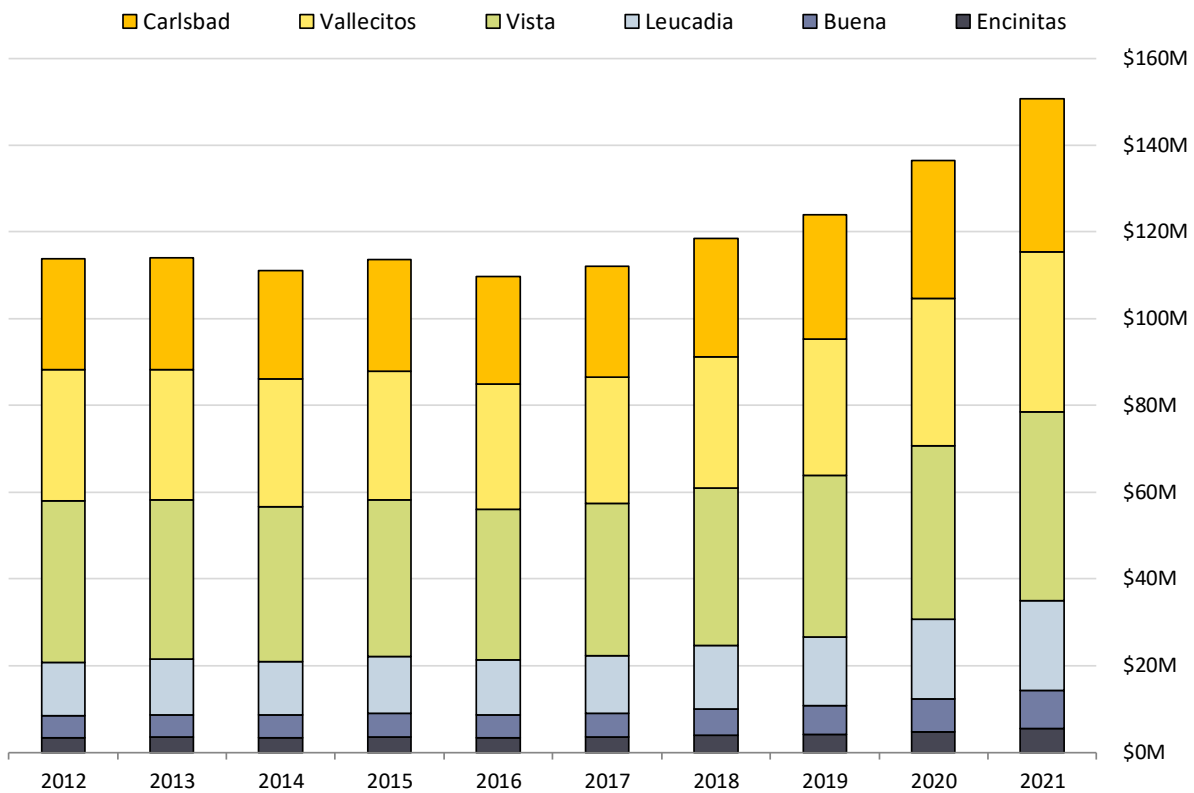
Source: Encina Wastewater Authority

**INVESTMENT IN CAPITAL ASSETS
LAST TEN FISCAL YEARS**

By Member Agency

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total
2021	\$ 35,372,696	\$ 43,425,435	\$ 8,811,287	\$ 36,909,653	\$ 20,752,426	\$ 5,446,526	\$ 150,718,023
2020	31,804,517	40,123,490	7,646,346	33,991,883	18,153,798	4,800,424	136,520,458
2019	28,657,855	37,301,026	6,631,957	31,345,588	15,759,863	4,208,134	123,904,422
2018	27,202,591	36,284,780	6,101,920	30,350,470	14,601,267	3,926,664	118,467,691
2017	25,574,386	35,044,264	5,523,537	29,067,979	13,243,432	3,593,845	112,047,443
2016	24,878,977	34,865,953	5,228,868	28,735,212	12,612,139	3,443,028	109,764,177
2015	25,777,202	36,102,270	5,435,237	29,783,001	13,036,766	3,555,248	113,689,724
2014	25,096,031	35,757,254	5,181,764	29,347,614	12,360,296	3,391,313	111,134,272
2013	25,726,787	36,685,069	5,255,587	30,063,361	12,731,372	3,481,461	113,943,637
2012	25,612,883	37,154,594	5,084,767	30,362,230	12,285,583	3,393,268	113,893,325

Investment in Capital Assets by Member Agency



Fiscal year 2021 activity reflects an increase in construction-in-progress activity driven by the following projects:

- ▶ Primary Area Improvements Project
- ▶ Cogen Wall Repair Project
- ▶ Secondary Clarifiers and Strainers Project
- ▶ SCADA Network and Infrastructure Improvement Project
- ▶ Digester Rehabilitation and Improvements 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)*
2020	377,000	0.0%	\$ 23,543	\$ 62,449	12.8%	\$ 78,380
2019	377,000	0.0%	\$ 23,402	\$ 62,075	3.3%	\$ 72,711
2018	377,000	0.0%	\$ 22,449	\$ 59,547	3.5%	\$ 64,947
2017	377,000	1.3%	\$ 21,494	\$ 57,013	4.0%	\$ 61,504
2016	372,000	1.4%	\$ 20,463	\$ 55,008	4.7%	\$ 58,409
2015	367,000	1.9%	\$ 19,055	\$ 51,921	4.5%	\$ 55,239
2014	360,000	0.6%	\$ 17,842	\$ 49,560	5.6%	\$ 51,050
2013	358,000	1.0%	\$ 16,809	\$ 46,952	7.0%	\$ 49,511
2012	354,290	0.8%	\$ 16,466	\$ 46,477	8.2%	\$ 49,370
2011	351,348	0.8%	\$ 15,589	\$ 44,368	9.2%	\$ 49,357

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

Principal Employers

Employer	Business Category	Number of Employees	Percent of Total Employment**	Member Agency
ViaSat, Inc.	Information Technology	2,345	2.97%	Carlsbad
Legoland California, LLC	Hospitality/Tourism	2,300	2.91%	Carlsbad
San Marcos Unified School District	Education	2,407	5.20%	San Marcos
California State University San Marcos	Education	1,791	3.87%	San Marcos
Vista Unified School District	Education	3,039	6.68%	Vista
Vista Community Clinic	Healthcare	781	1.65%	Vista

** within specified Member Agency jurisdiction

Principal Property Taxpayers

Taxpayer	2020 Assessed Taxable Value	Member Agency
Poseidon Resources	\$ 435,303,442	Carlsbad
Grand Pacific Carlsbad LP	356,844,999	Carlsbad
Prominence Willmark Communities	97,373,070	San Marcos
Camden USA, Inc.	94,692,538	San Marcos
MG Preserve of Melrose Apartment	138,165,120	Vista
PMI Monarch LLC	117,300,000	Vista
TRC Encinitas Village	102,502,299	Encinitas
Collwood Pines Apartments	81,811,027	Encinitas

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

Source: Encina Wastewater Authority

FACTS & FIGURES

Establishment History

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

Member Agencies

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

Statistics

Encina Wastewater Pollution Control Facility Area	25	acres
System Service Area	123	sq.mi.
Population of Service Area	377,000	
Wastewater Treatment & Disposal Capacity (permitted)	43.30	MGD
Average Daily Wastewater Flow	22.32	MGD
Average Daily Biochemical Oxygen Demand (influent)	74,666	PPD
Average Suspended Solids (influent)	72,364	PPD
Average Treated Wastewater Reclaimed	3.40	MGD
Average Treated Wastewater Disposal	18.03	MGD
Average Years of Employee Service	9.37	years

Top 10 Source Permits (Gallons per Day)

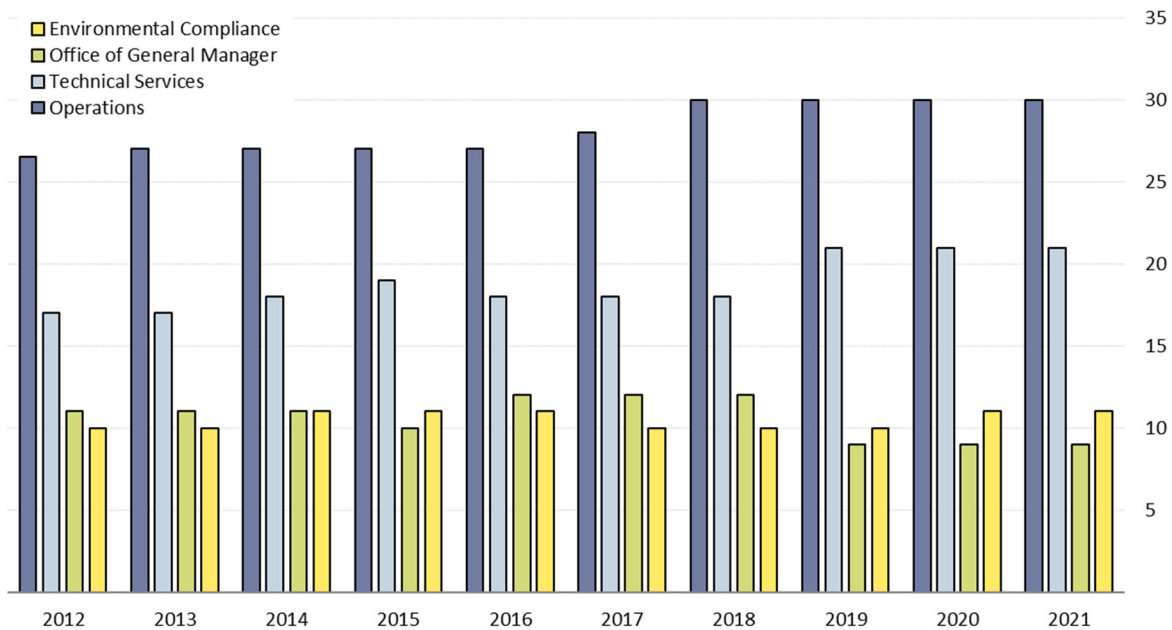
Cintas Corporation	Industrial laundry	67,594	
Prudential Overall Supply	Industrial laundry	50,000	
Hollandia Dairy	Beverage producer	40,588	
Fresh Creative Foods	Food Processing	17,776	
Captex Softgel (formerly J&D Labs)	Manufacturing	12,100	
Pizza Port Brewing Company	Brewery	10,000	
Hughes Circuits, Inc.	Manufacturing	9,595	
Poseidon Resources (Channelside) LP	Desalination plant	5,354	
Versum Materials US, LLC	Manufacturing	5,200	
Select Supplements, Inc.	Manufacturing	4,300	

- ▶ 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
2021	30.00	21.00	9.00	11.00	71.00
2020	30.00	21.00	9.00	11.00	71.00
2019	30.00	21.00	9.00	10.00	70.00
2018	30.00	18.00	12.00	10.00	70.00
2017	28.00	18.00	12.00	10.00	68.00
2016	27.00	18.00	12.00	11.00	68.00
2015	27.00	19.00	10.00	11.00	67.00
2014	27.00	18.00	11.00	11.00	67.00
2013	27.00	17.00	11.00	10.00	65.00
2012	26.50	17.00	11.00	10.00	64.50



- ▶ FY 2020 : Industrial Waste Control Inspector I position added
- ▶ FY 2019 : Project Manager position replaced with CMMS Administrator
- ▶ FY 2018 : Two operator positions added to Heat Dryer operations for safety purposes
- ▶ FY 2017 : Biosolids Coordinator position converted to Operator
- ▶ FY 2016 : Director of Engineering position added, Inventory Control Technician moved from GS to OGM
- ▶ FY 2015 : Open Engineer position reorganized to Systems Specialist in GS
- ▶ FY 2014 : One Mechanical Technician position and one Biosolids Coordinator position added
- ▶ FY 2013 : Operator-in-Training converted to Operator FTE
- ▶ FY 2012 : One Receptionist, 0.5 Operator-in-Training added
- ▶ FY 2011 & FY 2010: reclassifications occurred between functions; Administration retitled Office of General Manager

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
2021	\$ 5,538,148	\$ 4,737,295	\$ 1,933,453	\$ 3,191,013	\$ 2,189,226	\$ 717,175	\$ 18,306,310	4.8%
2020	5,204,162	4,706,476	1,725,700	3,174,000	2,011,571	648,522	17,470,431	8.2%
2019	4,901,586	4,460,937	1,569,679	2,696,066	1,901,533	623,049	16,152,850	5.8%
2018	4,723,102	4,112,520	1,512,951	2,499,448	1,840,725	577,734	15,266,480	7.7%
2017	4,374,908	3,496,760	1,444,634	2,524,071	1,735,485	593,079	14,168,937	-1.0%
2016	4,118,055	3,685,592	1,363,951	2,735,673	1,791,922	615,451	14,310,644	2.4%
2015	4,102,472	3,524,984	1,333,738	2,657,520	1,785,125	571,496	13,975,335	4.4%
2014	3,836,196	3,330,764	1,324,208	2,591,053	1,746,870	563,620	13,392,711	5.4%
2013	3,827,257	2,916,646	1,223,734	2,364,992	1,828,803	546,491	12,707,923	4.1%
2012	3,677,363	2,894,508	1,122,452	2,211,874	1,780,750	525,297	12,212,244	-2.5%

Operating Expenses, excluding Depreciation

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total	YOY Change
2021	\$ 5,587,638	\$ 4,814,181	\$ 1,955,094	\$ 3,226,688	\$ 2,218,853	\$ 725,150	\$ 18,527,604	5.8%
2020	5,218,653	4,723,088	1,730,363	3,177,916	2,017,173	650,789	17,517,982	8.4%
2019	4,905,117	4,464,106	1,570,663	2,698,767	1,903,591	623,645	16,165,889	5.9%
2018	4,723,232	4,112,639	1,512,988	2,499,530	1,840,787	577,750	15,266,926	7.7%
2017	4,376,266	3,497,640	1,445,321	2,525,408	1,736,273	593,413	14,174,321	-0.9%
2016	4,131,572	3,679,177	1,363,235	2,729,669	1,789,303	614,878	14,307,834	2.6%
2015	4,081,787	3,563,175	1,339,122	2,548,702	1,822,529	595,571	13,950,886	3.8%
2014	3,801,706	3,415,378	1,338,393	2,499,407	1,804,515	587,225	13,446,624	3.5%
2013	3,929,390	3,028,237	1,308,964	2,328,462	1,834,336	563,925	12,993,314	2.7%
2012	3,854,579	2,972,735	1,219,645	2,267,470	1,787,779	547,312	12,649,520	0.4%

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

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total
2021	\$ 49,490	\$ 76,886	\$ 21,641	\$ 35,675	\$ 29,627	\$ 7,975	\$ 221,294
2020	14,491	16,612	4,663	3,916	5,602	2,267	47,551
2019	3,531	3,169	984	2,701	2,058	596	13,039
2018	130	119	37	82	62	16	446
2017	1,358	880	687	1,337	788	334	5,384
2016	13,517	(6,415)	(716)	(6,004)	(2,619)	(573)	(2,810)
2015	(20,685)	38,191	5,384	(108,818)	37,404	24,075	(24,449)
2014	(34,490)	84,614	14,185	(91,646)	57,645	23,605	53,913
2013	102,133	111,591	85,230	(36,530)	5,533	17,434	285,391
2012	177,216	78,227	97,193	55,596	7,029	22,015	437,276

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

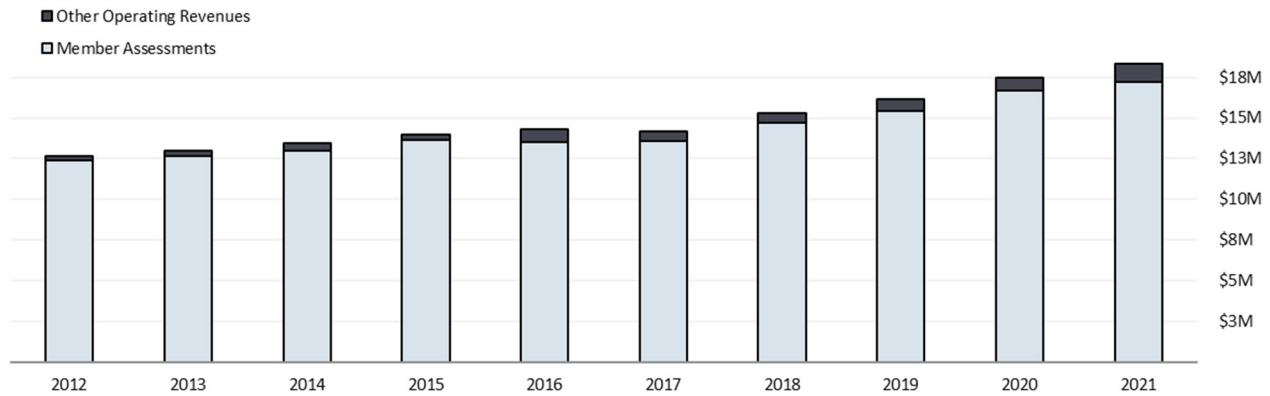
Source: Encina Wastewater Authority

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

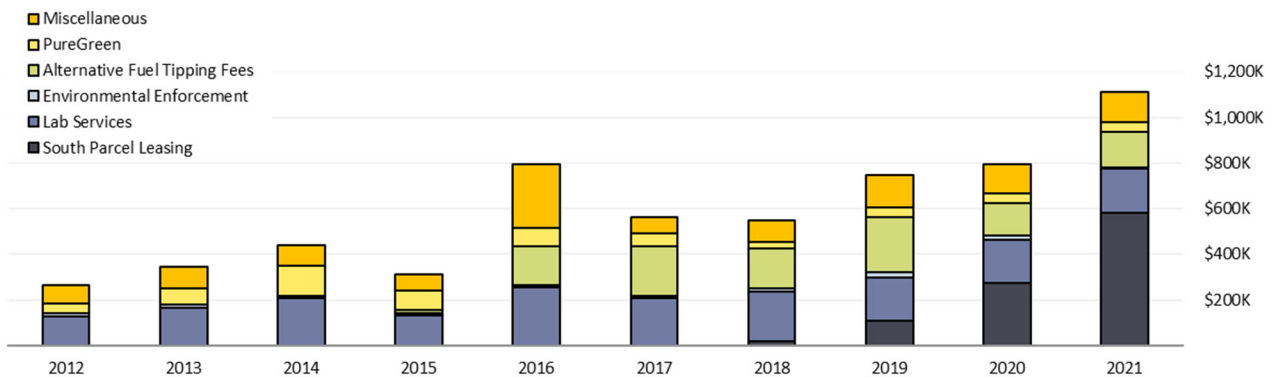
Operating Revenues

Fiscal Year	Member Assessments	Alternative Fuel Tipping Fees	South Parcel Leasing	PureGreen	Lab Services	Environmental Enforcement	Miscellaneous	Total
2021	\$ 17,193,454	\$ 155,309	\$ 583,363	\$ 41,124	\$ 190,328	\$ 7,750	\$ 134,980	\$ 18,306,308
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	13,446,623
2013	12,646,345	-	-	75,646	163,918	12,888	94,517	12,993,314
2012	12,383,770	-	-	42,937	125,404	14,830	82,579	12,649,520

Total Operating Revenues



Other Operating Revenues



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

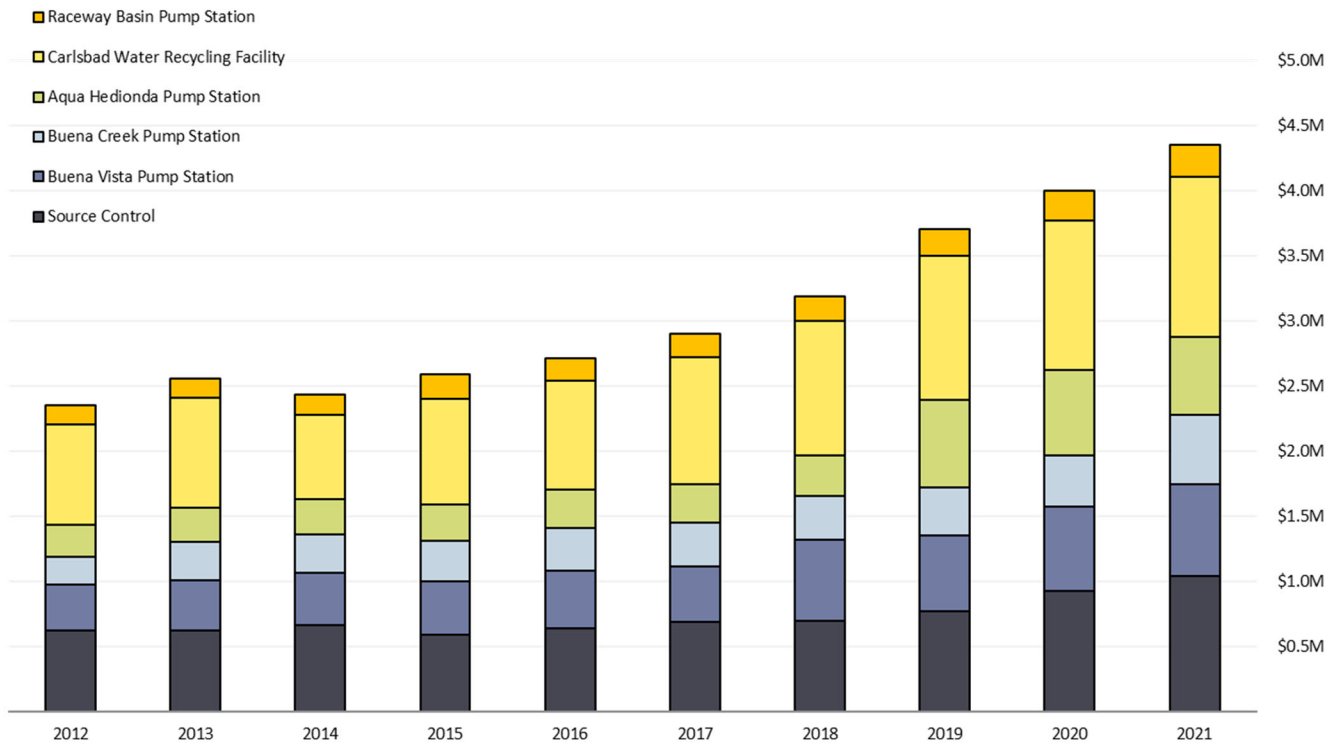
Source: Encina Wastewater Authority

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

Operating Expenses

Fiscal Year	EWPCF	Source Control	Aqua Hedionda Pump Station	Buena Vista Pump Station	Buena Creek Pump Station	Carlsbad Water Recycling Facility	Raceway Basin Pump Station	Total
2021	\$ 14,172,954	\$ 1,036,871	\$ 599,217	\$ 705,363	\$ 536,675	\$ 1,225,786	\$ 250,738	\$ 18,527,604
2020	13,520,821	920,931	656,183	653,866	390,416	1,151,086	224,679	17,517,982
2019	12,457,968	770,842	672,563	579,628	367,226	1,107,357	210,305	16,165,889
2018	12,080,625	692,301	315,269	627,262	334,278	1,028,469	188,722	15,266,926
2017	11,272,007	687,678	297,059	427,136	329,876	978,967	181,598	14,174,321
2016	11,597,641	637,700	302,966	438,134	328,200	830,701	172,492	14,307,834
2015	11,365,544	587,980	286,446	406,595	310,637	810,972	182,712	13,950,886
2014	11,012,498	664,209	269,050	395,013	297,139	650,499	158,216	13,446,624
2013	10,439,519	620,480	259,394	386,485	296,435	843,994	147,007	12,993,314
2012	10,296,088	623,461	247,392	348,184	215,234	772,107	147,054	12,649,520

Other Operating Expenses



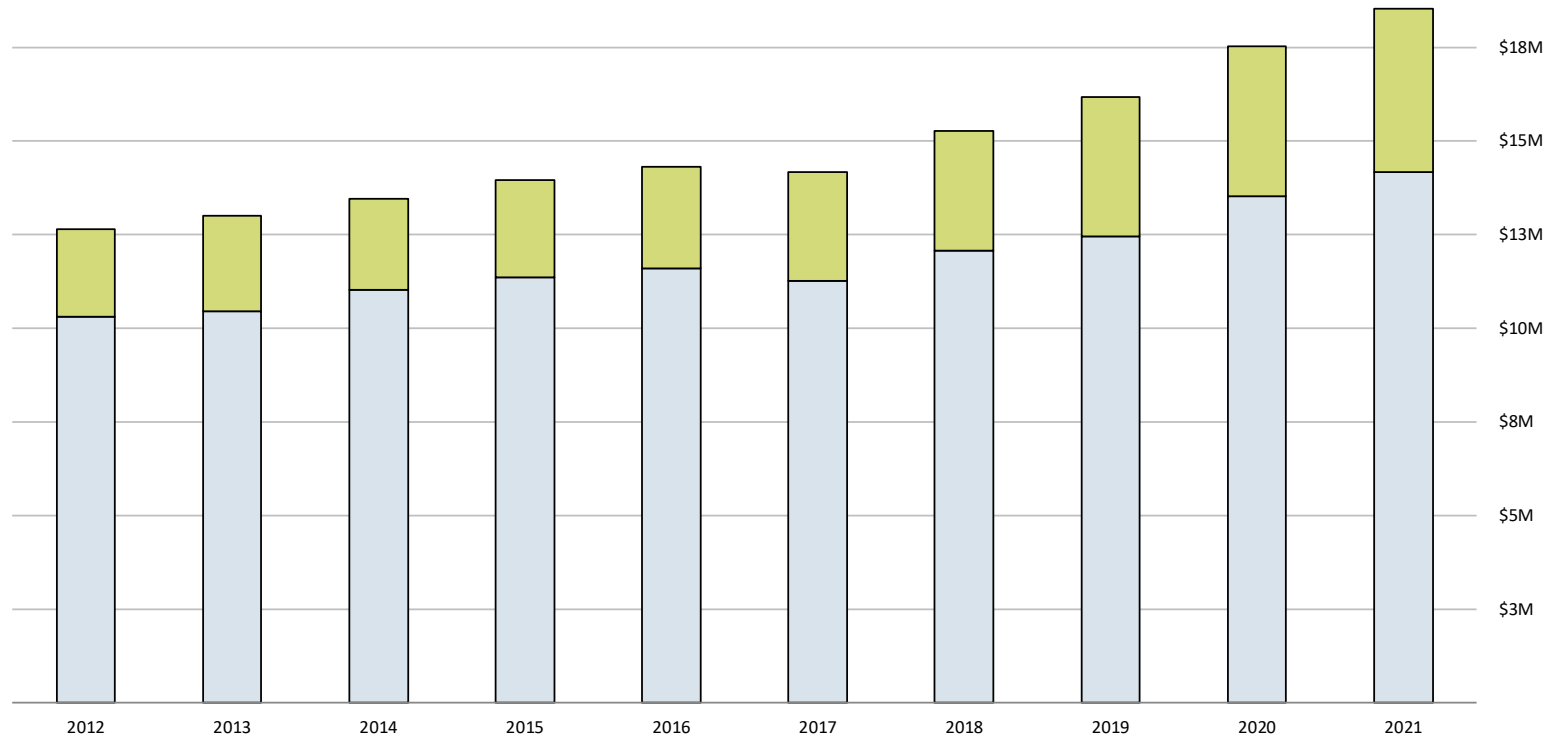
- ▶ FY 2021: reflects increased professional services along with higher personnel, chemical, and insurance costs.
- ▶ FY2020: Operating costs reflect increased personnel and chemical costs, along with additional biosolid loads being dispersed.
- ▶ FY2019: Operating costs reflect significant electricity 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.
- ▶ FY2017: EWPCF reflects significant energy savings captured from the Aeration Basin & Diffuser Replacement Project being completed
- ▶ Member Agencies are billed the amount of Operating Expenses less Other Operating Revenues

Source: Encina Wastewater Authority

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

Operating Expenses

■ All Other Operating Expenses □ EWPCF



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

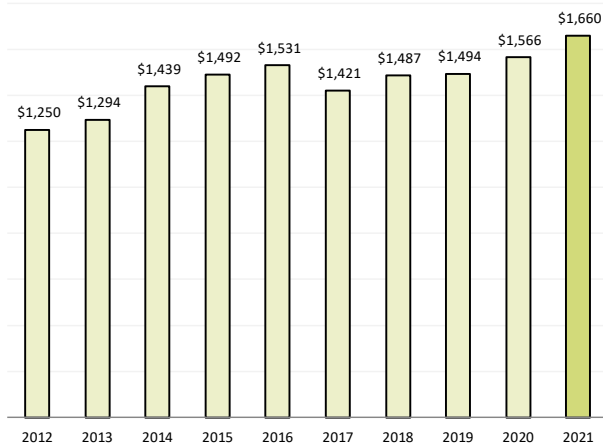
Source: Encina Wastewater Authority

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

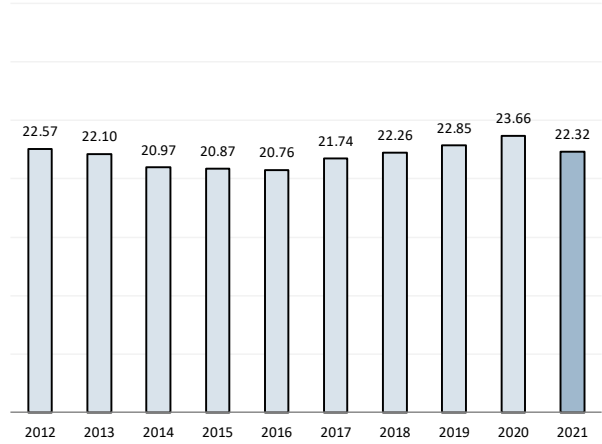
Year Ended	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	EWPCF Totals
June 30, 2021							
Operating Expenses	\$ 3,813,977	\$ 3,193,229	\$ 1,296,296	\$ 3,051,604	\$ 2,133,102	\$ 684,746	\$ 14,172,954
Avg. Daily Flow in MG	6.39	5.45	1.89	3.80	3.82	0.97	22.32
Annualized Flow in MG	2332.35	1989.25	689.85	1387.00	1394.30	354.05	8146.80
Cost Per MG	\$ 1,635.25	\$ 1,605.24	\$ 1,879.10	\$ 2,200.15	\$ 1,529.87	\$ 1,934.04	\$ 1,739.70
MG cost change from prior year	5.90%	17.21%	7.46%	14.89%	10.33%	8.19%	11.12%
June 30, 2020							
Operating Expenses	\$ 3,562,012	\$ 3,159,151	\$ 1,225,482	\$ 3,005,699	\$ 1,948,604	\$ 619,873	\$ 13,520,821
Avg. Daily Flow in MG	6.32	6.32	1.92	4.30	3.85	0.95	23.66
Annualized Flow in MG	2306.80	2306.80	700.80	1569.50	1405.25	346.75	8635.90
Cost Per MG	\$ 1,544.14	\$ 1,369.49	\$ 1,748.69	\$ 1,915.07	\$ 1,386.66	\$ 1,787.67	\$ 1,565.65
MG cost change from prior year	2.70%	6.42%	4.90%	1.69%	5.21%	8.66%	4.82%
June 30, 2019							
Operating Expenses	\$ 3,303,695	\$ 3,020,312	\$ 1,137,774	\$ 2,584,515	\$ 1,823,188	\$ 588,484	\$ 12,457,968
Avg. Daily Flow in MG	6.02	6.43	1.87	3.76	3.79	0.98	22.85
Annualized Flow in MG	2197.30	2346.95	682.55	1372.40	1383.35	357.70	8340.25
Cost Per MG	\$ 1,503.52	\$ 1,286.91	\$ 1,666.95	\$ 1,883.21	\$ 1,317.95	\$ 1,645.19	\$ 1,493.72
MG cost change from prior year	2.92%	-0.50%	0.81%	-5.38%	1.25%	3.41%	0.46%
June 30, 2018							
Operating Expenses	\$ 3,295,342	\$ 2,945,663	\$ 1,110,530	\$ 2,389,949	\$ 1,781,655	\$ 557,486	\$ 12,080,625
Avg. Daily Flow in MG	6.18	6.24	1.84	3.29	3.75	0.96	22.26
Annualized Flow in MG	2255.70	2277.60	671.60	1200.85	1368.75	350.40	8124.90
Cost Per MG	\$ 1,460.90	\$ 1,293.32	\$ 1,653.56	\$ 1,990.21	\$ 1,301.67	\$ 1,591.00	\$ 1,486.86
MG cost change from prior year	11.09%	-1.77%	9.16%	3.12%	8.06%	3.15%	4.67%
June 30, 2017							
Operating Expenses	\$ 3,033,663	\$ 2,551,773	\$ 1,056,083	\$ 2,409,195	\$ 1,675,199	\$ 546,094	\$ 11,272,007
Avg. Daily Flow in MG	6.32	5.31	1.91	3.42	3.81	0.97	21.74
Annualized Flow in MG	2306.80	1938.15	697.15	1248.30	1390.65	354.05	7935.10
Cost Per MG	\$ 1,315.10	\$ 1,316.60	\$ 1,514.86	\$ 1,929.98	\$ 1,204.62	\$ 1,542.42	\$ 1,420.52
MG cost change from prior year	-4.77%	-5.03%	-15.80%	-11.02%	-5.11%	-6.77%	-7.19%
June 30, 2016							
Operating Expenses	\$ 2,973,999	\$ 2,712,247	\$ 971,876	\$ 2,628,340	\$ 1,737,527	\$ 573,651	\$ 11,597,640
Avg. Daily Flow in MG	5.90	5.36	1.48	3.32	3.75	0.95	20.76
Annualized Flow in MG	2153.50	1956.40	540.20	1211.80	1368.75	346.75	7577.40
Cost Per MG	\$ 1,381.01	\$ 1,386.35	\$ 1,799.10	\$ 2,168.96	\$ 1,269.43	\$ 1,654.36	\$ 1,530.56
MG cost change from prior year	5.24%	4.07%	3.35%	-7.95%	2.33%	2.14%	2.58%
June 30, 2015							
Operating Expenses	\$ 2,955,115	\$ 2,650,019	\$ 959,439	\$ 2,451,148	\$ 1,770,450	\$ 579,373	\$ 11,365,544
Avg. Daily Flow in MG	6.17	5.45	1.51	2.85	3.91	0.98	20.87
Annualized Flow in MG	2252.05	1989.25	551.15	1040.25	1427.15	357.70	7617.55
Cost Per MG	\$ 1,312.19	\$ 1,332.17	\$ 1,740.79	\$ 2,356.31	\$ 1,240.55	\$ 1,619.72	\$ 1,492.02
MG cost change from prior year	-0.05%	4.28%	4.42%	7.64%	5.36%	6.48%	3.70%
June 30, 2014							
Operating Expenses	\$ 2,827,172	\$ 2,527,266	\$ 949,290	\$ 2,388,957	\$ 1,753,506	\$ 566,307	\$ 11,012,498
Avg. Daily Flow in MG	5.90	5.42	1.56	2.99	4.08	1.02	20.97
Annualized Flow in MG	2153.50	1978.30	569.40	1091.35	1489.20	372.30	7654.05
Cost Per MG	\$ 1,312.83	\$ 1,277.49	\$ 1,667.18	\$ 2,188.99	\$ 1,177.48	\$ 1,521.10	\$ 1,438.78
MG cost change from prior year	12.76%	14.10%	6.37%	24.70%	-1.84%	6.67%	11.17%
June 30, 2013							
Operating Expenses	\$ 2,774,976	\$ 2,186,301	\$ 932,447	\$ 2,204,088	\$ 1,795,180	\$ 546,527	\$ 10,439,519
Avg. Daily Flow in MG	6.53	5.35	1.63	3.44	4.10	1.05	22.10
Annualized Flow in MG	2383.45	1952.75	594.95	1255.60	1496.50	383.25	8066.50
Cost Per MG	\$ 1,164.27	\$ 1,119.60	\$ 1,567.27	\$ 1,755.41	\$ 1,199.59	\$ 1,426.03	\$ 1,294.18
MG cost change from prior year	5.33%	1.22%	2.39%	3.28%	2.91%	6.48%	3.55%
June 30, 2012							
Operating Expenses	\$ 2,792,012	\$ 2,164,079	\$ 910,702	\$ 2,152,635	\$ 1,748,725	\$ 527,935	\$ 10,296,088
Avg. Daily Flow in MG	6.92	5.36	1.63	3.47	4.11	1.08	22.57
Annualized Flow in MG	2525.80	1956.40	594.95	1266.55	1500.15	394.20	8238.05
Cost Per MG	\$ 1,105.40	\$ 1,106.15	\$ 1,530.72	\$ 1,699.61	\$ 1,165.70	\$ 1,339.26	\$ 1,249.82

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

Operating Expenses per Million Gallons

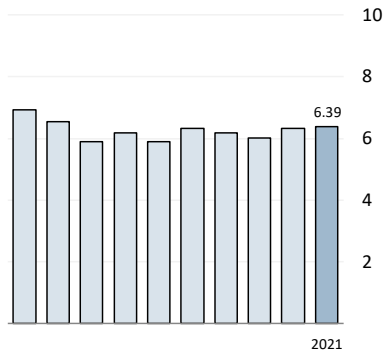


Total Average Daily Flow (MGD)

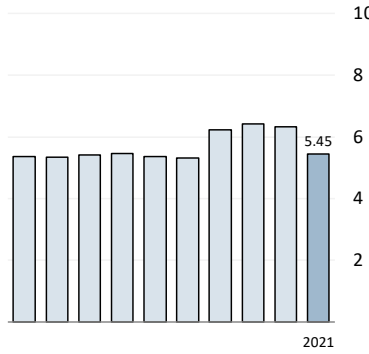


Average Daily Flow (MGD) by Member Agency

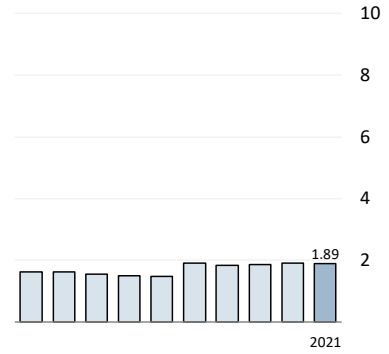
Carlsbad



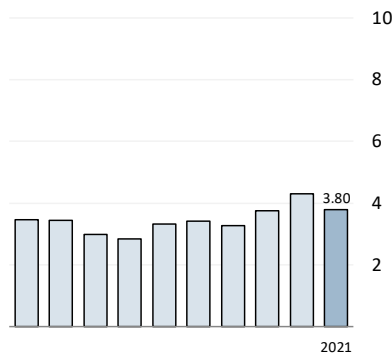
Vista



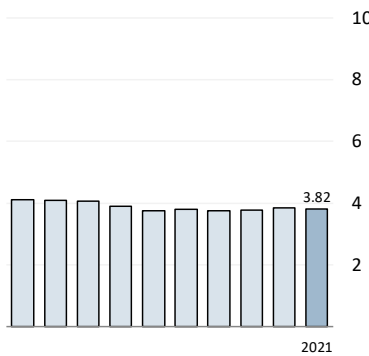
Buena



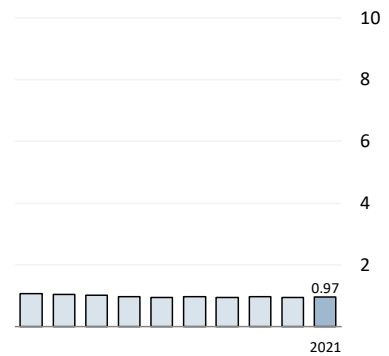
Vallecitos



Leucadia



Encinitas



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

Source: Encina Wastewater Authority

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BUDGET PERFORMANCE SECTION (UNAUDITED)

Operating Program

Personnel Expenses

Capital Program

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**SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM BUDGET PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Actual to Budget</u>
Revenues:					
Member Assessments	\$ 18,211,358	\$ 18,211,358	\$ 17,414,750	\$ (796,608)	95.6%
Other	962,000	1,172,100	1,112,854	(59,246)	94.9%
Total Revenues	<u>\$19,173,358</u>	<u>\$ 19,383,458</u>	<u>\$18,527,604</u>	<u>(\$855,854)</u>	<u>95.6%</u>
Expenses:					
Personnel Expense	\$ 9,710,709	\$ 9,710,709	\$ 9,762,628	\$ (51,919)	100.5%
Chemicals	1,694,600	1,731,706	1,688,434	\$43,272	97.5%
Biosolids	698,400	675,857	551,151	\$124,706	81.5%
Utilities	2,741,500	2,748,200	2,797,053	(\$48,853)	101.8%
Other Non-Personnel	4,078,149	4,266,986	3,728,338	538,648	87.4%
Contingency	250,000	250,000	-	250,000	0.0%
Total Expenses	<u>\$ 19,173,358</u>	<u>\$19,383,458</u>	<u>\$18,527,604</u>	<u>\$855,854</u>	<u>95.6%</u>

**SUPPLEMENTARY SCHEDULE OF OPERATING EXPENSES BY MAJOR CATEGORY
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel Expense	\$ 9,762,628	\$ 9,565,967	\$ 196,661	2.1%
Chemicals	1,688,434	1,533,085	155,349	10.1%
Biosolids	551,151	646,104	(94,953)	-14.7%
Utilities	2,797,053	2,673,473	123,580	4.6%
Other Non-Personnel	3,728,338	3,099,353	628,985	20.3%
Total	<u>\$ 18,527,604</u>	<u>\$ 17,517,982</u>	<u>\$ 1,009,622</u>	<u>5.8%</u>

Source: Encina Wastewater Authority

SUPPLEMENTARY SCHEDULE OF PERSONNEL EXPENSE BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 2021

	Adopted Budget	Revised Budget	Actual	\$ Variance	% Actual to Budget
Programs					
EWPCF	\$ 6,925,021	\$ 6,925,021	\$ 7,025,693	\$ (100,672)	101.5%
Source Control	868,364	868,364	905,353	(36,989)	104.3%
Remote Facilities					
Agua Hedionda Pump Station	549,780	549,780	355,886	193,894	64.7%
Buena Vista Pump Station	242,582	242,582	298,510	(55,928)	123.1%
Buena Creek Pump Station	221,578	221,578	322,543	(100,965)	145.6%
Carlsbad Water Reclamation Facility	724,172	724,172	663,126	61,046	91.6%
Raceway Basin Pump Station	179,212	179,212	191,517	(12,305)	106.9%
Total Remote Facilities	<u>1,917,324</u>	<u>1,917,324</u>	<u>1,831,582</u>	<u>85,742</u>	<u>95.5%</u>
Subtotal Operating Program	<u>9,710,709</u>	<u>9,710,709</u>	<u>9,762,628</u>	<u>(51,919)</u>	<u>100.5%</u>
Capital Program	2,815,323	2,815,323	2,713,732	101,591	96.4%
Total Personnel	<u>\$ 12,526,032</u>	<u>\$ 12,526,032</u>	<u>\$ 12,476,360</u>	<u>\$ 49,672</u>	<u>99.6%</u>

Source: Encina Wastewater Authority

SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

BY PROJECT	CONTINUING APPROPRIATIONS BEGINNING OF YEAR REPORTED	FY 2021 NEW APPROPRIATIONS	TRANSFERS IN(OUT)	ALLOCATED PERSONNEL EXPENSE	TOTAL CAPITAL EXPENSES	APPROPRIATION BALANCES ON JUNE 30, 2021	CONTINUING APPROPRIATIONS JULY 1, 2021
SALARIES & BENEFITS	\$ -	\$ 2,815,323	\$ -	\$ (2,713,732)	-	\$ 101,591	\$ -
EWPCF CAPITAL ACQUISITIONS	-	346,700	(18,000)	-	(264,961)	63,739	46,276
AHPS CAPITAL ACQUISITIONS	-	103,000	-	-	(54,091)	48,909	-
BVPS CAPITAL ACQUISITIONS	65,000	281,000	-	-	(314,031)	31,969	-
BCPS CAPITAL ACQUISITIONS	-	309,000	-	-	(233,865)	75,135	-
CWRF CAPITAL ACQUISITIONS	-	2,326,000	-	-	(748,433)	1,577,567	1,561,583
RBPS CAPITAL ACQUISITIONS	-	157,500	-	-	(123,125)	34,375	-
PLANNED ASSET REPLACEMENT	-	924,500	39,107	673,905	(1,588,693)	48,819	12,163
MAJOR PLANT REHAB PROGRAM	-						
Liquid Process Improvements	4,647,198	7,500,000	768,101	1,296,188	(11,194,126)	3,017,361	3,017,361
Outfall	335,852	226,000	(105,953)	27,696	(239,188)	244,407	244,407
Solids Process Improvements	4,074,179	1,660,000	(48,112)	242,494	(2,094,217)	3,834,344	3,834,344
Energy Management	1,214,193	2,400,000	(116,262)	442,373	(3,820,415)	119,889	119,889
General Improvements	4,128,364	2,531,000	(363,878)	291,157	(3,101,573)	3,485,070	3,485,070
Engineering Services	711,152	1,284,000	(200,003)	(575,594)	(449,930)	769,625	769,625
Technology Master Plan	2,912,883	1,385,000	45,000	315,513	(2,724,830)	1,933,566	1,933,566
Total Major Plant Rehab Program	<u>18,023,821</u>	<u>16,986,000</u>	<u>(21,107)</u>	<u>2,039,827</u>	<u>(23,624,279)</u>	<u>13,404,262</u>	<u>13,404,262</u>
TOTAL	<u>\$ 18,088,821</u>	<u>\$ 24,249,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,951,478)</u>	<u>\$ 15,386,366</u>	<u>\$ 15,024,284</u>

Source: Encina Wastewater Authority

SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

<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	\$ 11,217	\$ 11,662	\$ 3,281	\$ 10,375	\$ 7,774	\$ 1,967	\$ 46,276
CWRF CAPITAL ACQUISITIONS	1,561,583	-	-	-	-	-	1,561,583
PLANNED ASSET REPLACEMENT	2,949	3,065	862	2,727	2,043	517	12,163
MAJOR PLANT REHAB PROGRAM							
Liquid Process Improvements	731,408	760,375	213,931	676,492	506,917	128,238	3,017,361
Outfall	57,901	60,197	16,937	59,073	40,132	10,167	244,407
Solids Process Improvements	929,444	966,255	271,855	859,660	644,170	162,960	3,834,344
Energy Management	29,062	30,212	8,500	26,879	20,141	5,095	119,889
General Improvements	844,781	878,238	247,091	781,353	585,492	148,115	3,485,070
Engineering Services	186,557	193,946	54,566	172,550	129,297	32,709	769,625
Technology Master Plan	468,696	487,259	137,090	433,505	324,839	82,177	1,933,566
Total Major Plant Rehab Program	<u>3,247,849</u>	<u>3,376,482</u>	<u>949,970</u>	<u>3,009,512</u>	<u>2,250,988</u>	<u>569,461</u>	<u>13,404,262</u>
TOTAL	<u>\$ 4,823,598</u>	<u>\$ 3,391,209</u>	<u>\$ 954,113</u>	<u>\$ 3,022,614</u>	<u>\$ 2,260,805</u>	<u>\$ 571,945</u>	<u>\$ 15,024,284</u>

Source: Encina Wastewater Authority